
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2009_08 Updates to Commissioning Provisions

Submitted by

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Date submitted:	9 June 2009

Submission

1. Please provide your views on the proposal, including any objections or suggested revisions.

Background

The current Market Rules include a number of concessions for new Facilities that are being 'commissioned'. For example, such Facilities are:

- exempt from having to provide a Resource Plan (and are not subject to the Upward Deviation Administered Price and the Downward Deviation Administered Price);
- relieved from a number of the Reserve Capacity Obligations, including the need to pay Capacity Cost Refunds; and
- allowed to nominate when the Facility is to receive payments for Capacity Credits (and therefore then become subject to all Reserve Capacity Obligations).

However, Market Rule 3.21A.3 provides that a Commissioning Test may only be requested by, and System Management may only approve a Commissioning Test for:

- a new generating system expecting to be registered as a Scheduled Generator that wishes to have its output capability verified (prior to 30 November); or
- an existing Scheduled Generator that has undergone significant maintenance and is returning to service and wishes to confirm its output capability.

Under the current Market Rules, System Management is unable to approve a Commissioning Test for a new Facility after 30 November.

To the extent that a new Facility is unable to complete Commissioning Tests by 30 November, the effect of the Market Rules is to oblige the Facility to verify its output capability while being required to trade in the energy market. This means that a Facility commissioning after 30 November does so without the benefit of relief from the full provisions of the energy market, including the requirement to submit Resource Plans and consequent exposure to penalty balancing prices and compliance issues.

Rule Change Proposal

RC_2009_08 would amend to Market Rules to allow new Facilities to conduct Commissioning Tests for a four month period from the date of first connection to the South West Interconnected System (SWIS).

During the commissioning period, the new Facility would not be required to operating in the energy market. That is, it would not be required to submit Resource Plans, and would not be subject to the Upward Deviation Administered Price and the Downward Deviation Administered Price.

However, new Facilities would become subject to all Reserve Capacity Obligations from no later than 1 December. As a result, new Facilities would continue to be liable to pay Capacity Cost Refunds for Forced Outages from at least that date.

Alinta's views

Alinta supports RC_2009_08.

The amended Market Rules would retain a strong financial incentive for Market Participants to complete commissioning of new Facilities ahead of periods of peak system demand. However, to the extent this cannot be achieved, the amended Market Rules would ensure that efforts by Market Participants to complete commissioning as soon as possible after 1 December were not unduly impeded.

2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.

Market Rule 2.4.2 states that the IMO must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives. The Wholesale Market Objectives are as follows.

- (a) To promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.
- (b) To encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors.
- (c) To avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions.

- (d) To minimise the long-term cost of electricity supplied to customers from the South West interconnected system.
- (e) To encourage the taking of measures to manage the amount of electricity used and when it is used.

Alinta considers that the IMO can be satisfied that the Market Rules, as proposed to be amended or replaced by RC_2009_08, are consistent with Wholesale Market Objectives (a), (b) and (d). This is because the Market Rules, as amended, would retain a strong financial incentive for Market Participants to complete commissioning of new Facilities ahead of periods of peak system demand. However, to the extent this cannot be achieved, the amended Market Rules would ensure that efforts by Market Participants to complete commissioning as soon as possible after 1 December were not unduly impeded.

While RC_2009_08 may not be inconsistent with Market Objectives (c) and (e):

- it is unlikely to affect the manner in which the market treats particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions; and
- it is unlikely to affect the taking of measures to manage the amount of electricity used and when it is used.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

The changes to the Market Rules contemplated by RC_2009_08 would not require Alinta to change its IT or business systems, and hence there are no IT or business costs associated with the rule change proposal.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

The changes to the Market Rules contemplated by RC_2009_08 would not require Alinta to change its IT or business systems, and hence there is no specific period of time that would be required to implement the changes arising from the rule change proposal.
