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**Wholesale Electricity Market – Rule Change Proposal Submission Form**

**RC\_2009\_11**

**Changing the Window of Entry into the Reserve Capacity Market**

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**Submitted by**

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<b>Date submitted:</b>	30 April 2009

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**Submission**

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

LGP supports the Rule Change proposal on the grounds that bringing forward the 4 month entry window to commence on 1 June encourages the availability of the capacity for the Hot Season, when it is most needed. In particular, the earlier commencement of refunds from 1 October, when refunds are relatively low, incentivises new plant to commission and optimise operation prior to the Hot Season. The earlier start window also permits simpler projects of shorter construction time to come on line earlier.

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

LGP supports the IMO's contention that the Rule Change promotes:

i) Market Objective (a) (promoting the reliable production and supply of electricity) through earlier entry into the market and thereby increasing the probability of optimal operation during the Hot Season. This will also potentially reduce the need to call Supplementary Reserve Capacity (SRC).

ii) Market Objective (b) (encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors) by facilitating efficient entry of new competitors into the Reserve Capacity Market by providing access to an earlier income stream and reducing the risk premiums associated with new projects, which will potentially result in a greater amount of investment in new projects.

The proposed changes are otherwise consistent with the other market objectives.

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**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**

LGP would incur no organisational costs as a consequence of adopting the change.

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

LGP would be able to implement this Rule Change immediately.

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