
Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: RC_2009_17
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Change requested by

Name:	Ben Williams
Phone:	9254 4300
Fax:	9254 4399
Email:	imo@imowa.com.au
Organisation:	Independent Market Operator
Address:	Level 3, 197 St Georges Tce, Perth, WA 6000
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Urgency:	2 Medium
Change Proposal title:	Transparency of Capacity Credit Allocation
Market Rule(s) affected:	10.5.1(f) (iv)

Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the Independent Market Operator (IMO)) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

This Change Proposal can be posted, faxed or emailed to:

Independent Market Operator
Attn: Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4339
Email: marketadmin@imowa.com.au

The IMO will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market are:

- (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; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Details of the proposed Market Rule Change

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:

Each year, the Independent Market Operator (IMO) assigns Capacity Credits to generation and Demand Side Management Facilities to meet the Reserve Capacity Requirement. In accordance with Clause 10.5.1(f) (iv) of the Wholesale Electricity Market Rules (Market Rules), the number of Capacity Credits held by each supplier, for each Reserve Capacity Year, is published as public information on the IMO website. An example of this can be found at:

http://www.imowa.com.au/Attachments/RC_Attachments/SummaryofCapacityCreditsfor2008ReserveCapacityCycle.pdf

Currently the IMO publishes the aggregated number of Capacity Credits assigned to each Market Participant. For Market Participants with only one Facility, this will represent the size of that Facility. The aggregated information for Market Participants with a portfolio of generation and DSM capacity represents a lower level of transparency.

In the interests of increasing the level of transparency and for the avoidance of discrimination, the IMO proposes to publish the amount of Capacity Credits held in relation to each Facility, rather than a summary for each Market Participant as is the current practice.

2. Explain the reason for the degree of urgency:

The IMO submits that this Rule Change Proposal be progressed using the Standard Rule Change Process.

3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strikethrough~~ where words are deleted and underline words added)

10.5.1. The IMO must set the class of confidentiality status for the following information under clause 10.2.1, as Public and the IMO must make each item of information available from the Market Web-Site after that item of information becomes available to the IMO:

...

- (f) the following Reserve Capacity information (if applicable):
 - i. Requests for Expressions of Interest described in clause 4.2.3 for the previous five Reserve Capacity Cycles;
 - ii. the summary of Requests for Expressions of Interest described in clause 4.2.7 for the previous five Reserve Capacity Cycles;
 - iii. the Reserve Capacity Information Pack published in accordance with clause 4.7.2 for the previous five Reserve Capacity Cycles;
 - iv. ~~the total amount of Capacity Credits held by each supplier of Capacity Credits;~~ For each Market Participant holding Capacity Credits, the amount of Capacity Credits held in relation to each Facility for each Reserve Capacity Cycle.
 - v. the identity of each Market Participant from which the IMO procured Capacity Credits in the most recent Reserve Capacity Auction, and the total amount procured, where this information is to be published by January 7th of the year following the Reserve Capacity Auction;

...

4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The proposed changes will allow the Market Rules to better address market objectives (a), (b) and (c).

- (a) *to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;*

The IMO submits that the proposed changes will support market objective (a) by creating greater transparency particularly around the publication of data and information. The IMO considers that the increased transparency may promote economically efficient investment decisions by the market as a whole.

- (b) *to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;*

The IMO submits that the proposed changes will support market objective (b) by facilitating efficient entry of new competitors into the Reserve Capacity Market. This will be achieved by enabling existing and new Market Participants to better understand the composition of generation capacity within the market.

- (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;*

The IMO submits that the proposed changes will support market objective (c) by removing a discriminatory clause which currently only offers transparency to the market for small Market Participants.

The IMO considers that the proposed changes are consistent with market objectives (d) and (e).

5. Provide any identifiable costs and benefits of the change:

Costs: No significant costs have been identified with this Rule Change Proposal over and above the normal administrative costs already associated with administering the Reserve Capacity Mechanism. Some IT development costs may be incurred by the IMO. These will be estimated and presented in the Draft Report.

Benefits: Improved transparency, particularly around the publication of data and information, will promote efficient investment decisions by the market as a whole.