
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2009_18 Reserve Capacity Refund price calculation

Submitted by

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Submission

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

Background

The calculation of Capacity Payment refunds under Market Rule 4.26.1 is linked to the annual Maximum Reserve Capacity Price determined by the IMO divided by 12. However, the calculation of the refunds does not take account of the Excess Capacity Adjustment (ECA), which is also applied in Market Rule 4.29.1(b)(ii) when converting the annual Maximum Reserve Capacity Price into the Monthly Reserve Capacity Price.

Rule Change Proposal

RC_2009_18 would amend Market Rule 4.26.1 so that the calculation of refunds under Market Rule 4.26.1 is directly linked to the Monthly Reserve Capacity Price calculated by the IMO under Market Rule 4.29.1(b)(ii).

Alinta's views

Alinta supports RC_2009_18.

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 Market Rules, as proposed to be amended or replaced by RC_2009_18, are likely to be consistent with Wholesale Market Objectives (a), (b) and (d). This is because the Market Rules, as amended, would

increase the level of transparency with respect to the number of Capacity Credits held by individual Facilities, which in the longer term, is likely to assist the efficient and effective operation of the market.

Further RC_2009_18 is unlikely to be inconsistent with Market Objectives (c) and (e). However, the Rule Change Proposal:

- 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_18 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_18 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.
