
Wholesale Electricity Market – Rule Change Proposal Submission Form

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The use of tolerance levels by System Management

Submitted by

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Submission

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

LGP offers qualified support for the Rule Change proposal.

We note that a Resource Plan provides a required average MW value over a half hour period – and consequently, unreasonable instantaneous deviations are difficult to identify because the Resource Plan does not specify the required actual output of the Facility at any particular moment. If the emphasis is placed on complying with the delivery of a quantity of energy, it might be expected that a facility would seek to 'catch up' or 'back off' throughout a period, especially towards the end.

We support the following principles:

- i) System Management should not be required to report to the IMO alleged breaches even if they are trivial.
- ii) System Management should be subject to only reasonable monitoring and reporting obligations, and this should not be permitted to become a bureaucratic ritual.
- iii) The Market Rules should be changed to reflect the long standing practices of System Management, (and not the other way around).
- iv) Such a change should not have an adverse impact upon system security or reliability, or affect settlement outcomes nor constrain the ability of the IMO to investigate the behaviour of market participants.

- v) System Management should use a tolerance range in assessing whether a Market Participant is complying with its obligations.
- vi) System Management should be obligated to report only breaches that will or might have had a material impact on the system, or otherwise at its discretion.

While we support the bulk of the proposal, we are not persuaded that the Rule Change should go beyond traditional practice in respect of the assignment of tolerance levels. Rather than the elaborate process set out in 2.13.6D, we would advocate a reasonableness approach based on the values traditionally used.

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

LGP supports System Management's contentions that the Market Objectives are supported 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. (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system.

Economic efficiency will be promoted by avoiding significant and unnecessary compliance costs being imposed.

(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.

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

No impact

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 changes.

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 the changes immediately.
