
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2010_06 Application of Spinning Reserve to Aggregated Facilities

Submitted by

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Submission

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

Background

Although the Market Rules provide for two Facilities to be aggregated, physically (and operationally) the aggregated Facility would generally be expected to remain the sum of two (or more) separate physical Facilities.

Nevertheless, the formula in Appendix 2 of the Market Rules attributes a proportionately greater amount of Spinning Reserve costs the larger the Generator.

Thus aggregation of Facilities is likely to increase the proportionate cost of Spinning Reserve paid by the aggregated Facility should the aggregated Facility shift into a higher block range in Table 1 of Appendix 2.

Rule Change Proposal

RC_2010_06 would amend the Market Rules so that, for the purposes of attributing Spinning Reserve Costs under Appendix 2, the aggregated Facility would be treated as separate Facilities.

Alinta's views

In principle, Alinta supports RC_2010_06.

However, it is suggested that System Management be asked to advise whether in determining the required amount of Spinning Reserve, it treats (or would treat) aggregated Facilities as a single Facility or as separate Facilities.

To the extent that System Management does (or would) determine the required amount of Spinning Reserve by treating aggregated Facilities as separate Facilities, the changes to the Market Rules contemplated by RC_2010_06 appear appropriate.

The IMO may also like to consider whether the reference in proposed new Market Rule 2.30.7A should instead be to “Reserve_Share” (i.e. the allocation of the costs of Spinning Reserve to a Scheduled Generator) in place of “Spinning Reserve”.

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.

To the extent that System Management does (or would) determine the required amount of Spinning Reserve by treating aggregated Facilities as separate Facilities, it appears that RC_2010_06 is likely to be consistent with Market Objectives (a), (b) and (c).

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_2010_06 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_2010_06 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.