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

**RC_2010_06 Application of Spinning Reserve to Aggregated
Facilities**

Submitted by

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Date submitted:	15 June 2010

Submission

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

ERM Power supports rule change RC_2010_06 put forward by Griffin Energy. Under the current Market Rules, Market Generators with multiple generation units at one location face the decision of registering as individual facilities or as an aggregated facility. For Independent Power Producers (IPPs), the advantage of registering as an aggregated facility is the ability to maximise operational efficiency when delivering energy to the target of a single resource plan. The disadvantage is the exposure to higher spinning reserve charges and facility forced outage refunds (penalties). This rule change appears to address the disadvantage of higher spinning reserve charges and should therefore provide encouragement for IPPs to aggregate multiple facilities into a single aggregated facility. It does not appear reasonable for Market Generators to incur higher spinning reserve charges for an aggregated facility where system management would treat the reserve requirements for the facility on an individual basis.

There have been concerns raised that this rule change would potentially allow intermittent generators with many small generators to register as an aggregated facility to avoid spinning reserve charges. If this is a valid concern then the rule change may require specifications regarding the registration of the aggregated facility. A possible requirement is for each

individual facility included in the aggregated facility to have its own station transformer connected to the transmission/distribution system.

As noted by Griffin, it is difficult to quantify the efficiency gains that will be achieved by aggregating facilities, however, it is expected that there can only be improvements in efficiency and a reduction in the upward balancing requirements from balancing suppliers.

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

This rule change will encourage IPPs to register multiple units as an aggregated facility operating to the target of one resource plan. This should result in a more efficient operation of IPP generation plant, a reduction in balancing requirements and a long-term reduction in delivery of energy.

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.

ERM Power does not expect the proposed rule change to have an impact on its business processes or IT systems.

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

No changes will be required.