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## Wholesale Electricity Market Rule Change Proposal Submission Form

### RC\_2010\_11 Removal of Network Control Services expression of interest and tender process from the Market Rules

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#### Submitted by

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#### Submission

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

Synergy supports Rule Change Proposal RC\_2010\_11 which acts to:

- (i) Remove the Network Control Service (**NCS**) expression of interest, tender and contracting processes from the Market Rules. Instead, these processes will be undertaken in accordance with the Electricity Networks Access Code (**Access Code**); and
- (ii) Amend the Market Rules so that the energy price paid by the market to NCS providers is the Marginal Cost Administered Price (**MCAP**) for NCS provided through generation and zero for NCS provided through Demand Side Management (**DSM**).

This Rule Change Proposal should commence following legislative amendments that give the Economic Regulation Authority of Western Australia (**ERA**) regulatory oversight of the NCS processes under the Access Code.

Additionally, Synergy sees further benefit in extending the concept of a zero payment for DSM dispatched via an NCS to a zero payment for all DSM dispatched under the Market Rules. A DSM Facility already receives an availability payment under its Reserve Capacity obligations. It should not receive a further payment when dispatched as it produces no additional energy and incurs no additional cost that would require an energy payment that is not already covered by a capacity payment. Unlike a DSM Facility, a Scheduled Generator incurs a cost associated with the provision of additional energy into the market and should be paid the appropriate dispatch cost.

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

Synergy agrees with the IMO that the proposed amendments allow a Network Operator to more effectively manage its risk in contracting for NCS and remove the potential for energy payment cross subsidy from Market Participants to users benefitting from an NCS. Synergy believes that the proposed changes will better facilitate the achievement of Market Objectives (a) and (d):

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

(d) *to minimise the long-term cost of electricity supplied to customers from the South West interconnected system.*

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**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.**

Synergy would not require any changes to IT or business systems, nor incur any organisational costs as a consequence of adopting the proposed change.

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

Synergy would be able to implement this rule change immediately.

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