
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2010_14 Certification of Reserve Capacity

Submitted by

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Submission

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

Synergy supports Rule Change Proposal RC_2010_14, which acts to amend the Market Rules to improve the Reserve Capacity certification process which occurs in July/August each year and is designed to ensure that a Facility assigned Capacity Credits can meet its obligations and provide the requisite capacity when required.

In its previous submission on this Rule Change Proposal Synergy noted that, whilst the publication by the IMO of the quantity of Certified Reserve Capacity assigned to each Facility could assist participants in assessing whether to withdraw some Certified Reserve Capacity in an over-supply scenario, thereby reducing the number of Capacity Credits and lowering the total cost of capacity in the market, there may be a risk that publication could encourage participants to force a Reserve Capacity Auction and a potentially higher Reserve Capacity Price if the level of Certified Reserve Capacity bilaterally traded failed to reach the Reserve Capacity Requirement. Nevertheless, Synergy supported this publication as it brings greater transparency to the market, thereby improving market efficiency.

Synergy notes that the IMO has decided to remove new clause 4.9.9A from the proposed amendments, citing that, although there could be benefits in providing this additional information, there is also a clear potential for gaming, particularly by forcing a Reserve Capacity Auction which may not otherwise have taken place.

However, publishing the Certified Reserve Capacity assigned to each Facility *after* bilateral trade declarations have been made as per clause 4.14.1 would ensure benefits to the market whilst preventing any gaming of the sort described above. Synergy therefore suggests the IMO retain new clause 4.9.9A but with reference to a further new clause 4.1.12A.

(~~deleted text~~, added text)

4.9.9A The IMO must publish, by the date and time specified in clause 4.1.12A, the level of Certified Reserve Capacity assigned to each Facility.

4.1.12A The IMO must publish the Certified Reserve Capacity for each Facility by 5 PM of the last Business Day on, or before, x August of Year 1 of the Reserve Capacity Cycle but not before 5 August of Year 1 of the Reserve Capacity Cycle.

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

Synergy believes that the Rule Change Proposal will allow the Market Rules to better address Market Objectives (a), (b), (c) 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;*
- (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.*

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.

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.
