

Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2010_20 Market Fees

Submitted by

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Submission

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

Background

Clauses 2.22 to 2.24 of the Market Rules set out the process for determining and publishing the level of a fee that is levied on a per MWh basis on both generation and loads in the Wholesale Electricity Market (WEM). The fee comprises three separate items:

- a component to recover the Independent Market Operator's (IMO) budget (the Market Fee)
- a component to recover the Economic Regulation Authority's (ERA) Wholesale Electricity Market (WEM) related budget (the Regulator Fee)
- a component to recover System Management's WEM related budget (the System Operation Fee).

For the purposes of this submission, Perth Energy refers to the three components collectively as the "Fee". The Market Rules prescribe that the IMO must publish the Fee rate prior to the

start of the Financial Year, that is, on or before 30 June each year. The deadline was not met in 2010, due to the IMO's budget not being approved by the Minister until after 30 June. Perth Energy notes that the Minister has a similar role in approving System Management's budget. Consideration of the timeline and process for approval of the IMO's budget this year has highlighted that the Market Rules currently do not prescribe what should happen if the IMO does not have all the necessary information to calculate the new Fee rate available by the 30th of June.

Change Proposal

On 8 October the IMO submitted RC_2010_20 "Market Fees". The rule change proposal seeks to amend the Market Rules to allow the IMO to publish its best estimate of the Fee rate on occasions when it does not have all the necessary information available by the 30 June deadline. The estimated Fee rate would be used in settlements until such time an accurate Fee rate can be calculated and published. Where an estimated Fee rate is used, the IMO has proposed that the settlement adjustment process be utilised to reconcile all Fee payments to reflect the final Fee rate once that has been properly established.

Perth Energy's Views

Perth Energy supports the IMO's rule change proposal. Perth Energy considers it would be helpful for all market participants to have transparency in the Market Rules in regards to what will happen in the case when the IMO is unable to calculate the new Fee rate due to the IMO not being furnished with required information from System Management, the ERA or the Minister (as the case may be).

Perth Energy also considers the IMO's proposal to publish and make use of a "best estimate" level for the Fee rate in the interim period until an accurate rate can be established to be a sensible and pragmatic approach.

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

Perth Energy considers the change would better facilitate the achievement of Market Objective¹ (b) by making the Market Rules more transparent and clear with regards to the

¹ The objectives of the market are:

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

treatment of the calculation of the Fee rate in cases where the IMO does not receive all the required information to calculate an accurate Fee rate by 30 June.

- 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.**

There will be no impact for Perth Energy.

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

Perth Energy does not require any lead time to implement the change.