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## Wholesale Electricity Market Rule Change Proposal Submission Form

### RC\_2010\_22 Partial Commissioning of Intermittent Generators

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#### Submitted by

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<b>Date submitted:</b>	20/01/2011

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#### Submission

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

As per Griffins submission to RC\_2010\_12 (Required Level and Reserve capacity Security), we believe that the IMO is introducing a layer of complexity into the market in order to continue to try to apply one-size-fits-all mechanisms to very different technologies. We would prefer the IMO approach issues relating to intermittent generators (IGs) differently to that of scheduled generators, recognising the inherent differences in the technologies and the roles they play in the market. We propose the following for consideration<sup>1</sup>.

An IG is required to submit a report from an IMO accredited expert in order to determine its likely capacity credit level when first applying for capacity credits. This is because of the variables of intermittency – and that they can only ever be forecast ex-ante<sup>2</sup>. An IG is not paid capacity credits based on its installed capacity, even though it will be very likely to generate vastly more MWh and operate more often at or near its installed capacity than most liquid peakers or DSM facilities in any given year. As such, it does not pay capacity refunds based on adhering to resource plans in the same way scheduled generators are – a quid-pro-quo so to speak.

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<sup>1</sup> With the caveat that it is high level only and has not been considered in detail.

<sup>2</sup> Unlike a scheduled generator, where the OEM can specify the level of output based on a number of known parameters.

The issue at hand here is around the partial commissioning of IGs. A simpler methodology may be to require the IG to provide a report from an IMO accredited expert as to the completeness of the facility at the time scheduled generators are deemed to be commissioned (01 December). This could be provided earlier by the IG if it has completed the construction and commissioning of the facility prior to this date. Based on the report, the IG would refund to the IMO an amount proportionate to the shortfall in installed capacity<sup>3</sup>. An IG may wish to provide further updated reports to the IMO each month (by a specified time) as an incomplete facility progresses, thus reducing its refund liability. At the end of the capacity year, the IG forfeits the amount of its security bond equal to the proportion of the facility still incomplete.

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

Griffin generally accepts that the proposed changes do not adversely impact the Market Objectives, however we are concerned at the level of complexity being introduced to the Rules on the basis, it seems, to continue to try to apply consistent treatment under the Rules of very different technologies. We believe simpler approaches specific to differing technologies are justified. While this may mean adopting new approaches as new technologies are brought into the market (that do not fit any existing technology types), this is preferable to adopting a one-size-fits-all approach which ends up producing poor incentives across the board.

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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.**

NA

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

NA

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<sup>3</sup> This would not be linked to the capacity refund table as per a scheduled generator, but be on a one-to-one basis.