

RULE CHANGE NOTICE
INTERMITTENT LOADS ELIGIBILITY CRITERIA
(RC_2012_01)

This notice is given under clause 2.5.7 of the Market Rules.

Date Submitted: 29 February 2012

Submitter: Greg Ruthven, IMO

THE PROPOSAL

The IMO has developed the Rule Change Proposal: Intermittent Loads Eligibility Criteria (RC_2012_01) to address an error in the eligibility criteria for Intermittent Loads prescribed in clause 2.30B.2 of the Market Rules. Clause 2.30B.2 sets out a number of conditions that a Load must meet to be eligible to be an Intermittent Load, including the requirement that “the Load shall reasonably be expected to have a net consumption of energy for not more than 4320 Trading Intervals in any Capacity Year”.

Clauses 2.30B.2(a)(i) and 2.30B.10 allow for situations where only part of a Load is registered as an Intermittent Load, with the remaining part being treated as a Non-Dispatchable Load. However, the IMO considers that the current drafting of clause 2.30B.2(b) fails to account for this scenario, making it unclear how the consumption test should be applied.

The Rule Change Proposal suggests alternative wording for clause 2.30B to clarify that it is possible for only part of a Load to be registered as an Intermittent Load and to remove the apparent contradiction in the eligibility criteria.

Appendix 1 contains the Rule Change Proposal and gives complete information about:

- the proposed amendments to the Market Rules;
- relevant references to clauses of the Market Rules and any proposed specific amendments to those clauses; and
- the submitter’s description of how the proposed amendments would allow the Market Rules to better address the Wholesale Market Objectives.



DECISION TO PROGRESS THE RULE CHANGE

The IMO has decided to progress the Rule Change Proposal on the basis that Rule Participants should be given an opportunity to provide submissions as part of the rule change process.

TIMELINE

The projected timelines for processing this proposal are:



CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is 30 Business Days from the publication date of this Rule Change Notice. Submissions must be delivered to the IMO by 5:00pm on **Monday 16 April 2012**.

The IMO prefers to receive submissions by email to market.development@imowa.com.au using the submission form available on the IMO website: <http://www.imowa.com.au/rule-changes>.

Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator
Attn: Group Manager, Market Development
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4399



Wholesale Electricity Market Rule Change Proposal

Rule change Proposal No: RC_2012_01
Received date: 29 February 2012

Change requested by:

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Organisation:	IMO
Address:	Level 3, Governor Stirling Tower, 197 St Georges Terrace
Date submitted:	29 February 2012
Urgency:	<i>Medium</i>
Change Proposal title:	Intermittent Loads Eligibility Criteria
Market Rules affected:	Clauses 2.30B.1, 2.30B.2, 2.30B.5, 2.30B.6, 2.30B.6A, 2.30B.7, 2.30B.8 and 2.30B.11.

Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

This Change Proposal can be posted, faxed or emailed to:

Independent Market Operator
Attn: Group Manager Market Development
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4339
Email: market.development@imowa.com.au

The Independent Market Operator will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. 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.

Details of the proposed Market Rule Change

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:

Background

An Intermittent Load is a load that is normally served by an embedded generator. Clause 2.30B.2 of the Market Rules states that a Load must meet the following conditions to be eligible to be an Intermittent Load:

- it must have a generation system that can typically supply the maximum amount of that Load to be treated as Intermittent Load;
- the output of the generation system is netted off consumption of the Load;
- the generation system would be eligible for Certified Reserve Capacity if it were not serving an Intermittent Load;
- the Load shall reasonably be expected to have net consumption of energy for not more than 4,320 Trading Intervals in any Capacity Year (approximately 25% of a year);
- the Market Customer must have an arrangement for access with a Network Operator to allow energy to be supplied to the Load;
- the Load must be an Interruptible Load or a Non-Dispatchable Load; and
- the Load is not expected to be associated with a Demand Side Programme.

Issue

The Market Rules, specifically clauses 2.30B.2(a)(i), 2.30B.10 and Appendix 1(f)(viii), consider that the regular consumption of the Load may exceed the capacity of the embedded generator. In this scenario, only a portion of the consumption of the Load is treated as Intermittent Load. The remainder of the consumption is treated as Non-Dispatchable Load and is required to fund Capacity Credits like any other non-Intermittent Load.

However, clause 2.30B.2(b) contradicts this, requiring that “the Load shall reasonably be expected to have net consumption of energy for not more than 4,320 Trading Intervals in any Capacity Year”. The drafting of this clause fails to consider the scenario described above, where the capacity of the embedded generator is less than the regular consumption of the Load.

For example, a constant 100 MW Load may be served by an 80 MW embedded generator with a high capacity factor. This Load would fail the eligibility test in clause 2.30B.2(b) as the Load would have net consumption of energy for all Trading Intervals in the year. However, clauses 2.30B.2(a)(i) and 2.30B.10 consider that the Load is comprised of 80 MW of Intermittent Load and 20 MW of Non-Dispatchable Load. The 80 MW Intermittent Load would be considered unlikely to have net consumption of energy for 25% of the year.

Proposal

The IMO proposes that the contradiction between clauses be rectified by amending clause 2.30B as specified in the proposed amendments below.

2. Explain the reason for the degree of urgency:

The IMO proposes that this Rule Change Proposal be progressed through the Standard Rule Change Process.

3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strikethrough~~ where words are deleted and underline words added)

2.30B.1 An Intermittent Load is a Load, or a part of a Load associated with consumption in excess of a level specified by the Market Participant, that satisfies the requirements of clause 2.30B.2 and is recorded in Standing Data as being an Intermittent Load.

2.30B.2. For a Load or part of a Load to be eligible to be an Intermittent Load the IMO must be satisfied that the following conditions are met:

- (a) a generation system must exist:
 - i. which can typically supply the maximum amount of that Load to be treated as Intermittent Load either in accordance with clause

2.30B.11 or without requiring energy to be withdrawn from a Network. Where clause 2.30B.11 applies then, for the purpose of this clause 2.30B.2(a)(i), the amount that the generation system can supply must be Loss Factor adjusted from the connection point of the generation system to the connection point of the Intermittent Load;

- ii. the output of which is netted off consumption of the Load either in accordance with clause 2.30B.12 or by the meter registered to that Load; and
 - iii. which would in the view of the IMO, if it were not serving an Intermittent Load, be eligible to hold an amount of Certified Reserve Capacity, determined in accordance with clause 2.30B.4, at least sufficient to supply the amount of energy that the generation system is required by clause 2.30B.2(a)(i) to be able to supply while simultaneously being able to satisfy obligations on any Capacity Credits associated with that generation system;
- (b) the Intermittent Load shall reasonably be expected to have net consumption of energy (based on Metered Schedules calculated in accordance with the methodology prescribed in clause 2.30B.10) for not more than 4320 Trading Intervals in any Capacity Year;
- (c) the Market Customer for that Load must have an agreement in place with a Network Operator to allow energy to be supplied to the Load from a Network;
- (d) the Load is an Interruptible Load or a Non-Dispatchable Load; and
- (e) the Load is not expected (based on applications accepted by the IMO under clause 2.29.5D and any amendments accepted by the IMO under clause 2.29.5K) to be associated with any Demand Side Programme for any period following the registration of the Load or part of the Load as an Intermittent Load.

2.30B.5. A Market Customer, or applicant to become a Market Customer, may apply for a Load or part of a Load to be treated as an Intermittent Load as part of Market Customer registration (for a Non-Dispatchable Load) or Facility registration (for an Interruptible Load).

2.30B.6. Subject to clause 2.30B.6A, the IMO must accept an application for a Load or part of a Load to be an Intermittent Load if the requirements of clause 2.30B.2 are satisfied.

2.30B.6A. Where a Load referred to in clause 2.30B.6 is to be supplied by a generating system to which clause 2.30B.11 pertains, then the Load or part of the Load is to

only be treated as an Intermittent Load from the first Trading Day in which both the Load and generating system are operating and until the commencement of the next Capacity Year.

- 2.30B.7. The IMO may cease to treat a Load or part of a Load as an Intermittent Load and require a Market Participant to modify its Standing Data in accordance with clause 2.34.11 from the commencement of a Trading Month if the IMO considers that the requirements of clause 2.30B.2 are no longer satisfied.
- 2.30B.8. The IMO may consult with System Management in determining whether or not to accept, or continue to accept, a Load or part of a Load as satisfying the requirements of clause 2.30B.2.
- 2.30B.11. The generation system described in clause 2.30B.2(a) is deemed to satisfy the requirements of clause 2.30B.2(a)(i) if it is located at a different connection point to that of the Load to which clause 2.30B.2 pertains and all of the following conditions are satisfied prior to the Load or part of the Load commencing to be an Intermittent Load:
- (a) the generation system must be a registered Facility;
 - (b) the Load to which clause 2.30B.2 pertains must have a nominated maximum consumption quantity specified in its Standing Data of not less than 40 MWh;
 - (c) the output of the generation system must be measured by an interval meter registered with a Metering Data Agent;
 - (d) the generation system must have no Capacity Credits associated with it for the Capacity Year during which it is expected to commence operation;
 - (f) the generation system must be constructed with the intention of serving the Intermittent Load;
 - (g) the generation system must not be part of an Aggregate Facility with other generation systems; and
 - (h) the IMO was notified of the use of such a generation system to serve the Intermittent Load in accordance with clause 4.5.3A(b)(iii) prior to the registration of that Intermittent Load.

4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The IMO considers that the proposed changes, which will improve the integrity of the Market Rules, are consistent with the Wholesale Market Objectives.

5. Provide any identifiable costs and benefits of the change:

Costs:

No costs associated with implementing the proposed change have been identified.

Benefits:

The proposed change will remove an inconsistency in the Market Rules and provide greater clarity around the eligibility criteria for Intermittent Loads.
