



15 April 2013

Independent Market Operator
Attn: Kate Ryan, Group Manager, Development & Capacity
PO Box 7096
Cloisters Square Perth WA 6850

By email: market.development@imowa.com.au

Dear Kate

RE: Rule Change Proposal (RC_2012_03) - Assignment of Capacity Credits to Network Control Service Facilities

ERM Power ('ERM') welcomes the opportunity to provide input regarding the Rule Changes outlining the assignment of Capacity Credits to Network Control Service ('NCS') Facilities in the Wholesale Electricity Market ('WEM').

Consistent with the agreed view of the Independent Market Operator ('IMO'), Western Power, the Economic Regulation Authority and Public Utilities Office expressed at the February 2013 workshop, ERM supports the Rule Change Proposal to ensure NCS Facilities and LT-SPA Facilities (including Facilities with existing agreements) are automatically assigned Capacity Credits. ERM agrees that such changes encourage market efficiency and network reliability by more appropriately informing the IMO in determining sufficient reserve capacity requirements for the WEM. In addition, ERM shares the consensus view that the Market Participant who operates a NCS Facility should be paid capacity income directly; the income should not be paid to the Network Operator.

ERM emphasises the importance of Facilities' ability to engage in NCS contracts and receive Capacity Credits concurrently under the Market Rules. ERM believes this arrangement is conducive to broader development opportunities that may address the requirements for network augmentation and capacity simultaneously, thereby facilitating more efficient market outcomes. On this basis, ERM further endorses the Rule Change Proposal.

Should you have any queries regarding the above submission, please contact me on (08) 9481 1100.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Sutherland', written over a white background.

Andrew Sutherland
General Manager – WA Projects