



INDEPENDENT
MARKET
OPERATOR

Wholesale Electricity Market Submission to Rule Change Proposal

RC_2012_07 Loss Factor Determination

Submitted by

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

Western Power was pleased to be consulted and involved with the IMO in the preparation of this Rule Change, and supports the Independent Market Operator's (IMO's) proposal to:

- clarify uncertainties regarding how Loss Factors must be published and how frequently the Loss Factor for a particular connection point may change,
- remove ambiguity and discrepancies which exist between the Market Rules, the Market Procedure and current practice regarding the determination of Loss Factors for Non-Dispatchable Loads.

Western Power notes that, apart from the proposed changes to the calculation of the Notional Wholesale Meter Distribution Loss Factor and the removal of the requirement to provide Loss Factors for non-interval metered Loads, this Rule Change Proposal does not generally seek to change current practices for the determination and provision of Loss Factors.

However, Western Power would like to suggest one more small clarification which is consistent with existing practice and the National Electricity Rules (NER). The NER generally provides for:

- a) distribution loss factors to be determined on an average basis,
- b) transmission loss factors to be determined on a marginal basis,
- c) average transmission loss factors to be determined for virtual transmission nodes at which distribution connection points may be assigned.

Under the NER, an adjacent group of transmission network connection points within a single region can be collectively defined as a virtual transmission node, and an associated transmission loss factor is then calculated as the volume-weighted average of the marginal transmission loss factors of the constituent transmission network connection points.

Current practice in the WEM is consistent with the NER and consequently, to remove any ambiguity, Western Power would like to suggest amending the new clause 2.27.5(e) as follows:

“Western Power must assign the Notional Wholesale Meter to:

- i. a Transmission Loss Factor Class that represents system wide average marginal losses over Western Power’s transmission system; “

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

Western Power considers that the proposed amendments are consistent with all of the Wholesale Market Objectives and improve the clarity and integrity of the Market Rules.

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.

With the exception of the change to the methodology for calculating the Distribution Loss Factor for the Notional Wholesale Meter Western Power will not need any significant changes to existing systems or processes or incur any significant costs to implement this Rule Change. The change to the calculation of the Notional Wholesale Meter is relatively straightforward and can be readily implemented in the existing model.

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

Western Power will not need any significant time to implement this Rule Change.