

Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2012_09 Clarification and Calculation of Availability Curve

Submitted by

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Submission

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

Background

Clause 4.5.10(e) of the Market Rules places an obligation on the Independent Market Operator (IMO) to develop a two dimensional curve for each of the 2nd and 3rd Capacity Years of the Long Term PASA Study Horizon with reference to the information described in clause 4.5.12.

System Management is of the opinion that the Market Rules and the Market Procedures do not give any guidance as to how to calculate all of the points of the Availability Curve, bar a single point being the maximum.

Change Proposal

System Management submitted Rule Change Proposal RC_2012_09 "Clarification and Calculation of Availability Curve" on 27 July 2012.

System Management proposed to amend clause 4.5.10 of the Market Rules to specifically require a forecast of the minimum capacity requirement to be performed for each Trading

Interval. Furthermore, System Management proposed to remove the reference to the information contained in clause 4.5.12 from clause 4.5.10(e) and instead reference the information that must be taken into account when forecasting the minimum capacity requirement for each Trading Interval within clause 4.5.10(e) itself. The proposed information that must be taken into account is different to that in clause 4.5.12 and is listed as being the sum of:

- The forecast demand (including transmission losses and allowing for intermittent loads) for that Trading Interval under the scenario described in clause 4.5.10(a)(iv), and
- The reserve margin for the Capacity Year described in clause 4.5.9(a), and
- The forecast Minimum Frequency Keeping Capacity for the Capacity Year.

Perth Energy's Views

Perth Energy supports the intention of making the Market Rules more transparent in relation to the way the Availability Curve is constructed. This topic was also an issue in the recent consultation on RC 2011_14 "Calculation of Availability Class Quantity Correction".

Perth Energy also believes that System Management's proposed approach of mandating a forecast of each Trading Interval as being the sum of the forecast demand (based on 1/10 year demand), the reserve margin and an allowance for frequency control to be sensible and in line with what Perth Energy understands is the approach that has indeed been adopted from a practical point of view.

However, Perth Energy queries how the proposed new wording for clause 4.5.10(e) will interact with the existing clause 4.5.12. The current version of clause 4.5.10(e) compels the IMO to develop the Availability Curve based on the information in 4.5.12. With the proposed changes to clause 4.5.10(e) there is no longer any reference to clause 4.5.12 and clause 4.5.12 therefore seems to become a standalone clause describing the information in an Availability Curve without the Market Rules compelling anyone to construct the curve. The Availability Curve and associated Availability Classes are made use of in other parts of the Market Rules. It is also not clear to Perth Energy whether the intention of System Management's proposed changes to clause 4.5.10(e) were to replace the requirements of an Availability Curve as defined in 4.5.12 or to merely provide further guidance as to how to construct the Availability Curve in each Trading Interval.

Perth Energy notes that System Management has not proposed to amend the definition of "Availability Curve". The definition would continue to be "A curve developed by the IMO under clause 4.5.10(e). As already mentioned above, the amended clause 4.5.10(e) no longer references clause 4.5.12 which contains the concept of an "Availability Curve".

In the interest of providing absolute clarity Perth Energy also proposes that the term "duration curve" that appears in the proposed text for 4.5.10(e) should be explicitly defined along the lines of a duration curve being "a curve representing the MW forecast minimum capacity requirement for each Trading Interval during the Capacity Year sorted by value with the

highest MW forecast appearing first, followed by the second highest MW forecast and so on finishing with the lowest MW forecast”.

Subject to the comments above about further clarifications and improvements Perth Energy supports the intention of the proposed changes. However, Perth Energy considers it important that these further issues are properly addressed to ensure the integrity of the Market Rules.

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

Perth Energy considers that the proposed changes to the Market Rules, subject to our comments above, would improve the transparency of the Market Rules around how the Availability Curve is constructed. Provided that our comments above can be addressed (and we believe they can be) Perth Energy’s view is that the proposed amendments would better facilitate achievement of Market Objective (a)¹ relating to the safe operation of the system and economic efficiency.

Perth Energy has not identified any impacts on the other Market Objectives.

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.

Perth Energy will not be impacted by the proposed changes.

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

Perth Energy will not require any lead time to implement the proposed changes.

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.