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## Wholesale Electricity Market Rule Change Proposal Submission Form

### RC\_2013\_03 LFAS Facility definition

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#### Submitted by

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#### Submission

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

Verve Energy supports the intent of the Rule Change Proposal to amend the glossary definition of LFAS Facility to include the Verve Energy Balancing Portfolio (VEBP). However, Verve Energy is concerned that the proposed drafting of the definition could exclude a Stand Alone Facility from being classed as an LFAS Facility.

Part (a) of the proposed LFAS Facility definition is as follows:

a Scheduled Generator or a Non-Scheduled Generator registered to a Market Participant other than Verve Energy or a Stand Alone Facility for which:

Verve Energy considers that part (a) of the proposed definition is supposed to be read as covering two distinct parts i.e. “a Scheduled Generator or a Non-Scheduled Generator registered to a Market Participant other than Verve Energy” or a “Stand Alone Facility”. However, Verve Energy is concerned that the “other than” statement in part (a) of the definition could be read to apply to both “Verve Energy” and a “Stand Alone Facility”, which is clearly not the intent.

As such, Verve Energy considers that it may be clearer to draft part (a) of the definition as follows (added text, ~~deleted text~~):

A Stand Alone Facility or a Scheduled Generator or a Non-Scheduled Generator registered to a Market Participant other than Verve Energy ~~or a Stand Alone Facility~~ for which:

Verve Energy notes the Independent Market Operator's (IMO) proposal includes a number of minor amendments to related definitions and clauses to ensure that they align with the updated definition. Verve Energy agrees with these additional amendments. However, while reviewing these amendments Verve Energy has identified some additional areas in both chapter 7B and the glossary that the IMO may wish to also review/investigate, either as part of this Rule Change Proposal process or as part of a future Rule Change Proposal:

**Issue 1: Ability for a Stand Alone Facility to be compensated for providing Downwards LFAS Backup Enablement and Upwards LFAS Backup Enablement**

System Management can use either the VEBP or a Stand Alone Facility to provide Downwards LFAS Backup Enablement and Upwards LFAS Backup Enablement however, there appears to be no mechanism for Verve Energy to provide a price for a Stand Alone Facility to provide such a service.

Clause 7B.4.1 of the Market Rules allows System Management to use the VEBP or a Stand Alone Facility to provide LFAS Quantity Balance and/or the Increased LFAS Quantity.

The definitions for both Downwards LFAS Backup Enablement and Upwards LFAS Backup Enablement refer to the capacity of a Registered Facility of Verve Energy which System Management activates under clause 7B.4.1. In the context of these definitions Verve Energy assumes that the phrase "Registered Facility of Verve Energy" means both the VEBP and any Stand Alone Facility.

The definitions for Backup Downwards LFAS Price and Backup Upwards LFAS Price refer to the cost referred to in clause 7B.2.6 for Verve Energy providing the Downwards or Upwards LFAS Backup Enablement. Clause 7B.2.6 then notes that Verve Energy, in its LFAS Submission for the VEBP, must include a cost for providing any Downwards LFAS Backup Enablement and Upwards LFAS Backup Enablement. This clause does not include the provision of a cost for providing any Downwards LFAS Backup Enablement and Upwards LFAS Backup Enablement for a Stand Alone Facility.

Clause 7B.2.1 notes that a Market Participant may submit an LFAS Submission for any LFAS Facility (other than the VEBP) in accordance with clause 7B.2.7 of the Market Rules. This is the rule under which a Stand Alone Facility may submit an LFAS Submission. However, there appears to be no mechanism a Stand Alone facility to include a price to provide Downwards LFAS Backup Enablement and Upwards LFAS Backup Enablement. As such, Verve Energy is concerned that is System Management used a Stand Alone Facility to provide backup LFAS, the Stand Alone Facility may not be compensated for providing such a service.

## Issue 2:

Clause 7B.3.7 notes that where the IMO is unable to publish an LFAS Merit Order then System Management must use the Registered Facilities of Verve Energy to provide LFAS for that Trading Interval. Verve Energy assumes that the phrase “Registered Facility of Verve Energy” means both the VEBP and any Stand Alone Facility. As outlined in issue 1 above, Verve Energy is concerned that there appears to be no mechanism for it to provide a price for a Stand Alone Facility to provide Downwards LFAS Backup Enablement and Upwards LFAS Backup Enablement. As such, Verve Energy is concerned that is System Management used a Stand Alone Facility to provide backup LFAS, the Stand Alone Facility may not be compensated for providing such a service.

## Issue 3: Consistency in drafting

Clause 7B.2.3 notes that “Subject to clause 7B.2.5, Verve Energy must immediately before 6:00 PM submit an LFAS Submission for one or more...”.

Clause 7B.2.6 states that “Verve Energy, in its LFAS Submission for the Verve Energy Balancing Portfolio...”

Verve Energy considers that, while clause 7B.2.3 is not broken, it may benefit from the drafting being made consistent with clause 7B.2.6 - as follows (added text):

“Subject to clause 7B.2.5, Verve Energy must immediately before 6:00 PM submit an LFAS Submission for the Verve Energy Balancing Portfolio for one or more...”.

## Issue 4: Additional amendments to definitions

- The definitions of both Upwards and Downwards LFAS Enablement refer to a Scheduled Generator, a Non Scheduled Generator and the VEBP. Verve Energy questions why this clause has not been amended to refer to LFAS Facility?
- The definition of LFAS Market refers to “Facilities, including the VEBP as a single Facility”. Verve Energy questions whether this definition should also be amended as a result of the Rule Change Proposal.

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

Verve Energy agrees with the IMO’s assessment that the Rule Change Proposal promotes Wholesale Electricity Market Objective (c) and is consistent with the remaining Wholesale Market Objectives.

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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.**

Verve Energy would not require any changes to its IT or business systems, nor incur any organisation costs as a consequence of adopting the changes.

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

Verve Energy does not need to undertake any actions to implement this Rule Change Proposal.

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