
Wholesale Electricity Market Pre Market Rule Change Discussion Paper

Submitted by

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Date submitted:	TBA
Urgency:	High
Change Proposal Title:	Energy Price Limits Methodology
Market Rule(s) affected:	2.3414, 6.18.1, 6.18.2, 6.18.3, 6.20.1, 6.20.5, 6.20.7, 6.20.8, 10.5.1 and Appendix 1

Introduction

This Pre Market Rule Change Discussion Paper can be posted, faxed or emailed to:

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The discussion paper should explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market

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:

In accordance with Market Rule 6.20.6, the IMO must annually review the appropriateness of the value of the Energy Price Limits. In 2007 the annual review also examined the cost assumptions and methodology for determining the prices caps. Subsequent to the review, MAC convened the Energy Price Limits Working Group to consider various issues raised in the review's final report.

Three rule change proposals have been put forward by the Energy Price Limits Working Group as a result of its deliberations:

- 1) Currently, the Market Rules prescribe the use of the average of the heat rates at

2) Explain the reason for the degree of urgency:

This rule change is subject to the Standard Rule Change Process.

3) Provide any proposed specific changes to particular Rules

- (a) for each additional start up required of a Scheduled Generator during a Peak

v. ~~variable fuel costs of that unit expressed in \$/GJ; and~~

vi. ~~variable operating and maintenance costs of that unit, expressed in \$/MWh.~~

10.5.1.

- (e) details of bid, offer and clearing price limits as approved by the Economic Regulation Authority including:
- i. the Maximum Reserve Capacity Price;
 - ii. the Maximum STEM Price;
 - iii. the Alternative Maximum STEM Price;
 - iv. the Minimum STEM Price; ~~and~~
 - v. ~~the Maximum Shutdown Price,~~

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Energy Price Limits: The set of price limits comprising the Maximum STEM Price, the Alternative Maximum STEM Price, and the Minimum STEM Price ~~and the Maximum Shutdown Price.~~

~~**Maximum Shutdown Price:** The maximum per MW price, determined under clause 6.20.5, that can be used in setting the level of compensation a Market Participant other than the Electricity Generation Corporation requires in response to being requested by System Management to shutdown a Scheduled Generator.~~

Appendix 1

- (c) for a Scheduled Generator not registered to the Electricity Generation Corporation:
- i. a commitment ~~and decommitment~~ cost data comprising:
 1. a whole dollar amount representing the cost of committing the facility, where this amount must represent reasonable costs incurred in the typical start-up as justified by supporting evidence.
 2. ~~a whole dollar amount representing the cost of de-committing the facility, where this amount must not exceed the Maximum Shutdown Price multiplied by the minimum dispatchable loading level defined in b(xiv);~~

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

Costs