Wholesale Electricity Market
Submission to Rule Change Proposal

RC_2013_10
Harmonisation of Supply-Side and Demand-Side Capacity Resources

Submitted by

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Newmont understands that certain of the proposals in the IMO paper are based on the assumption in the Lantau report (Section 3.2.1) that that any qualifying resource should be able to provide an equivalent service

Indeed the underlying premise for DSM is that that a demand side response may be more efficient (in the true economic sense)

is unclear why the IMO has not given consideration to using this equipment rather than imposing additional costs on potential DSM providers.

(c) the proposed changes to the DMO (Issue 5) state that all facilities (generation and DSM) with the same price will be ranked on the basis of the time since last dispatch. As DSM and many of the liquids generation facilities price at the Alternative Maximum STEM Price the result of the ranking will be that DSM facilities will be dispatched -

Our understanding of the current arrangements is that all generation facilities are dispatched before any DSM is dispatched, perhaps because System Management is holding the limited DSM resource in reserve for when there are more pressures on the SWIS. Thus the proposed changes will result in more frequent dispatch of individual DSM participants.

This will also be taken into account by businesses when making a decision to participate or not participate in any DSM program, as it increases the likelihood of being dispatched up to the 1500 hours in a year.

The resultant reduction in DSM will result in increased costs to business as they will no longer receive IMO payments for DSM, and will result in increased funding demands on generation as the need for additional generation capacity is brought forward.

Other comments

Newmont notes that the IMO proposals have not taken

(ii) their IT costs associated with connection

In addition all consumers will face higher costs due to the pass through of the IMO and System Management costs of implementation and operation.

The expected decrease in DSM participants (due to the higher cost of being available for more hours) will ultimat

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.

$100,000 to $200,000. It is unclear whether this is a one-off cost (in which case the ongoing costs have not been specified) or an annual cost. Newmont is not in a position to comment on these estimates as it not aware of the requirements for any system, but notes that revenue from a DSM program in the order of 1000kW would be required to cover the cost of such a system.

the proposed rule changes, should it elect to continue to participate in the DSM program. Using publically available information, the value of metal sales
Mine is in the order of $1,100Mpa. Currently this production can potentially be disrupted under a DSM call for a maximum of 24hrs/year (when opportunistic maintenance can be undertaken). This disruption will increase to 1500hrs/year (or 17% of the time) under the proposed rule change.

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

Newmont makes no comment on this topic.