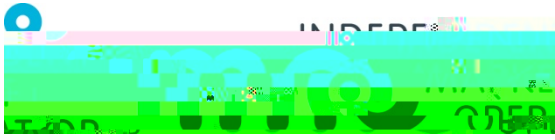
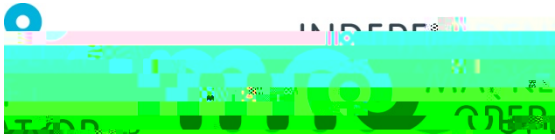




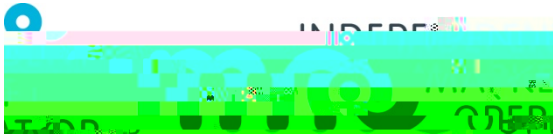
**Wholesale Electricity Market
Rule Change Proposal Submission Form**

**RC_2013_09 Incentives to Improve Availability of Scheduled
Generators**





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Specifically, Synergy notes that the IMO is undertaking a significant review of the definition of a Forced Outage, which will in turn impact on the definition of a Planned Outage. Synergy is concerned that should there be a significant change to those definitions, then the proposed caps may no longer be appropriate. Synergy recognises that the IMO committed, at the 8 May 2013 public workshop, to undertake a further review if needed. Synergy would like to reiterate the importance of that further review on the proposed caps once the definitions of outages are complete.

In addition, in its first submission Verve Energy noted its concern that this Rule Change Proposal and the dynamic refunds proposal (both of which provide incentives for generators to maximise their availability) did not seem to have been adequately considered together. Synergy has now had the opportunity to review the proposed dynamic Reserve Capacity refund regime and is concerned that there now may be additional, undue, risk for Market Generators which have Facilities above the refund exempt Planned Outage cap who make a decision to undertake further Planned Outages.

The IMO has quite rightly recognised that a rational Market Participant would not risk the high costs of plant failure by failing to undertake necessary maintenance, even where a Facility has reached the proposed cap on refund exempt Planned Outages. A rational Market Participant would appropriately schedule this additional maintenance for a time when there is sufficient margin available to ensure system security can be maintained. However, under the proposed dynamic Reserve Capacity refund regime, the Market Participant – despite having scheduled its maintenance at an appropriate time - may now be exposed to a far higher refund factor resulting from unforeseen supply interruptions. Synergy considers that this is not the correct outcome for the Market Participant who has acted appropriately by scheduling its maintenance at a time that was deemed suitable for the market (via its approval from System Management).

The IMO has noted that the proposed dynamic Reserve Capacity refund regime is “expected



PSOP change could be completed and able to commence by the proposed commencement date for RC_2013_09. Synergy provided this feedback to System Management during its recent informal submission on the Facility Outages PSOP. However, System Management did not include this in its procedure change proposal published on 10 February 2014.

- In PRC_2013_09: Market Procedure for Reserve Capacity Performance Monitoring the IMO outlined some additional proposed changes to the Amending Rules for this proposal, which it intends to include in the Final Rule Change Report. This included the removal of the reference to “the target and actual availability and reliability of the Facility as measured by Industry Standard Generation Performance Indicators” in clause 4.27.4A(b). Accordingly the IMO noted that it intends to replace clause 4.27.4A(b) with a requirement for the Market Participant to provide details of any changes to the expected maximum number of days of Planned Outages previously provided by the Market Participant for a Trading Month, including adequate explanations for each change. Synergy notes that clause 4.11.1E of the proposed Amending Rules also includes a reference to Industry Standard Generation Performance Indicators.
- The definition of Refund Exempt Planned Outage Count excludes Planned Outages