
**Wholesale Electricity Market
Pre Market Rule Change Discussion Paper**

Submitted by

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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:

Clause 4.26.1 includes a Refund Table that sets the levels of Reserve Capacity Refunds that would be applied in the event that a Market Participant which holds Capacity Credits does not meet its Reserve Capacity Obligations. The Reserve Capacity Obligations are calculated in accordance with clause 4.12.1. The refund quantities are calculated across the sum of all facilities held by a Market Participant under the current provisions of clause 4.26.1.

The Refund Table includes a term "Maximum Refund". The IMO understands that it is widely accepted that this limits the level of refunds associated with any individual Facility to the amount of capacity credit payments accruing to that individual Facility. However, as the rule is written, and has been implemented, the "Maximum Refund" applies to the entire Facility portfolio associated with a Market Participant rather than to individual Facilities.

In practice, the Maximum Refund for a major outage of a Facility that is the sole Facility owned by a Market Participant cannot exceed the value of

REFUND TABLE

Dates	1 April to 1 October	1 October to 1 December	1 December to 1 February	1 February to 1 April
Business Days Off-Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	0.25 x Y	0.25 x Y	0.5 x Y	0.75 x Y
Business Days Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	1.5 x Y	1.5 x Y	4 x Y	6 x Y
Non-Business Days Off-Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	0.25 x Y	0.25 x Y	0.5 x Y	0.75 x Y
Non-Business Days Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	0.75 x Y	0.75 x Y	1.5 x Y	2 x Y

4.26.2D. The IMO must calculate the maximum facility refund (“**Maximum Facility Refund**”) for each Facility as the lesser of:

(a) the Facility Refunds applicable to the Facility in Trading Month m and in all previous Trading Months falling in the same Capacity Year as trading Month m; and

(b) the total value of the Capacity Credit payments associated with the relevant Facility paid or to be paid under these Market Rules to the relevant Market Participant for the 12 Trading Months commencing at the start of the Trading Day of the previous 1 October assuming the IMO acquires all of the Capacity Credits associated with that Facility and the cost of each Capacity Credit so acquired is determined in accordance with clause 4.28.2(b), (c) and (d) (as applicable).

4.26.2E The IMO must calculate the maximum refund (“**Maximum Refund**”) for each Market Participant as the sum of the Maximum Facility Refunds for each facility registered to the relevant Market Participant.

4.26.3 For each Market Participant holding Capacity Credits, the IMO must determine the amount of the refund (“Capacity Cost Re

number of Market Participants, as a result of the current Rules favouring Market Participants with single plant portfolios.

By enhancing the efficiency of Market Participant operations, the proposed rule change would also support the Market O15818(t)-4.7781h6991()1.780.57(t)6.09787(e033 0 .5454545454211.420.999