

Independent Market Operator

Independent Market Operator (IMO) is a company that is responsible for the operation of the electricity market.

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CONTENTS

1. INTRODUCTION 2

2. THE RULE CHANGE PROPOSAL 2

 2.1. The Submission 2

 2.2. Details of the Proposal 3

 2.3. The Proposal and the Market Objectives 4

3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER 5

4. CALL FOR SUBMISSIONS 5

5. PROPOSED AMENDING RULES 6

DOCUMENT DETAILS

IMO Notice No.: RC_2007_18
Report Title: Rule Change Notice: Reserve Capacity Testing Payments
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1. INTRODUCTION

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person

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The IMO proposes to amend the Market Rules to clarify the payments Participants receive when a facility is undergoing Reserve Capacity tests or Commissioning tests.

In general, the IMO uses Dispatch Instructions to determine the Dispatch Instruction

operational testing, or at times when liquid fuels are likely to be used to meet normal market operations. This will assist Participants to prove the ability to operate their facilities at their maximum Reserve Capacity Level with minimal additional costs.

1.2.1 Market Objectives

The objectives of the market as set out in clause 1.2.1 of the Market Rules are:

- (a) *to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.*

The proposed changes will promote economic efficiency by treating all Participants equally. It clarifies that both Verve Energy and all other participants will be treated equally with respect to the payments they receive in the event of Reserve Capacity tests. The IMO considers that the proposed changes therefore are consistent with, the operation of objective (a) of the Market Objectives.

- (b) *to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors.*

The proposed changes will provide clarity to Participants and potential investors in regard to payments for Reserve Capacity tests. The IMO considers that the proposed changes, therefore, is therefore consistent with the operation of objective (b) of the Market Objectives.

- (c) *to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions.*

The IMO considers that the proposed changes do not impact on, and therefore are consistent with the operation of objective (c) of the Market Objectives.

- (d) *to minimise the long-term cost of electricity supplied to customers from the South West interconnected system*

The IMO considers that the proposed changes do not impact on, and therefore are consistent with, the operation of objective (d) of the Market Objectives.

- (e) *to encourage the taking of measures to manage the amount of electricity used and when it is used.*

The IMO considers that the proposed changes do not impact on, and therefore are consistent with, the operation of objective (e) of the Market Objectives.

3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicated that the proposal is consistent with the Market Objectives.

The proposal will be progressed according to the Standard Rule Change Process described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:

- This Rule Change Notice published 17/09/2007
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5. PROPOSED AMENDING RULES

The IMO proposes the following amendments to the Market Rules (added words are underlined>):

6.17.6. The Dispatch Instruction Payment, $DIP(p,d,t)$, for Market Participant p and Trading Interval t of Trading Day d equals the sum of:

- (a) zero, if Market Participant p :
 - i is the Electricity Generation Corporation; or
 - ii was issued no Dispatch Instructions or was issued instructions described by either (c) or (d) for the Trading Interval;
- (b) the sum over all Scheduled Generators and Dispatchable Loads registered by the Market Participant of the following amounts for Trading Interval t :
 - i. if the Dispatch Schedule for the Registered Facility is set in accordance with clause 6.15.1(a) for Trading Interval t , the Balancing Support Contract energy dispatched from the Facility in Trading Interval t as specified by System Management in accordance with clause 7.13(dA) is zero (where for the purpose of this calculation a Loss Factor adjustment is to be applied to no Dispatch Instructions specified by System Management so ti

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4.25.10 apply, that System Management issued for each Trading Interval in the Trading Day by Market Participant and Facility, incl 4.706 0 Td (n)1.3223