

RESPONSE TO VERVE ENERGY'S SUBMISSION ON RC_2007_22

Verve Energy's submission on this rule change proposal is generally supportive of the idea to be implemented ten years later for Net or Control Service Agreements as too inflexible and that this prevents the optimal outcomes in the absence of net or control agreements and the ability to delay capital expenditure in favour of alternative solutions.

Despite this, Verve Energy noted the ability for a supplier of coal generation to enter into a Dispatch Support Agreement directly with the coal net or operator. Verve Energy expressed its ongoing belief that ancillary services, particularly dispatch support, are best negotiated directly between the supplier and receiver of the service in question and that the market operators in agreement in the change are inefficient and unnecessary.

That being the case, Verve Energy proposed that the Net or Control Service Provisions under the Market Rules could be dispensed with and that Dispatch Support Agreements could be the exclusive mechanism for dealing with net or control services. Verve Energy suggested that a further alternative right for the shorter term arrangements to be covered by a Dispatch Support Agreement with the Net or Control Service Agreement up to ten years to accommodate the establishment of major generation solutions, which significantly delay, or even circumvent, a major capital outlay on net or generation.

Verve Energy concluded its submission saying that it supported the rule change as proposed, but believed that there might be more efficient ways to achieve the desired change.

The alternative changes that Verve Energy suggested for consideration, including dispensing with Chapter 3, are of a magnitude that could not have been properly dealt with by the best practice rule change process. That being the case and in light of Verve Energy's overall support for the rule change, the submission has not changed the MO's decision to proceed with the rule change in the form proposed by Western Power.

The MO also notes that Western Power System Management already has the ability to enter into a Dispatch Support Agreement without the involvement of the MO.