
 **Independent Electricity Market Operator Commission Proposal**

Commission Proposal No. RC_2007_22
Accepted Date

- (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;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Detail of the proposed Market Rule Change

Description of the concern raised by the proposed Market Rule Change

At present the Market Rules require that all Network Control Service Contracts must have a minimum period of ten years. This minimum period appears to be appropriate for contracts for medium to large scale generation, however may not always be appropriate for smaller scale solutions. The optimum solution for a network constraint, which minimises the overall cost, may involve a Network Control Service Contract for a relatively small amount of generation for a relatively short period followed by a network augmentation in the medium term. It is proposed therefore to allow the Network Operator to determine the minimum period over which the

Given that such incremental costs are factored into the economic decision making in each case, these cost effects will inevitably be outweighed by the overall cost benefit of choosing an optimum term less than a prescribed minimum of 10 years or other notional period.