







## 2. THE RULE CHANGE PROPOSAL

### .1. *Submission Details*

|                               |  |
|-------------------------------|--|
| <b>Name:</b>                  | Allan Dawson   |
| <b>Phone:</b>                 | (08) 9254 4300   |
| <b>Email:</b>                 | imo@imowa.com.au                                       |
| <b>Organisation:</b>          | Independent Market Operator                            |
| <b>Address:</b>               | 221 St George's Terrace, Perth WA 6000                 |
| <b>Date submitted:</b>        | 10/04/2008   |
| <b>Urgency:</b>               | Medium   |
| <b>Change Proposal title:</b> | Commissioning Tests and the Reserve Capacity Mechanism |

### . . *Details of the Proposal*

The IMO submitted that the Rule Change Proposal aimed to improve the clarity regarding the provisions for a new Facility transitioning from commissioning to an in-service state with regard to the Reserve Capacity Mechanism. This transition occurs when a Facility is fully capable of meeting its Reserve Capacity Obligations and hence is eligible to receive Reserve Capacity payments.

When a new Facility undergoes initial Commissioning Tests it is relieved from a number of the Reserve Capacity Obligations, including the need to pay Capacity Cost Refunds. When a Market Participant nominates the Facility to be eligible to receive payments for Capacity Credits, then the Facility also becomes subject to these obligations.

Under the current arrangements, the commissioning dates, and the dates when the



3.21A.7. System Management must accept a request for a Commissioning Test unless:

- (a) inadequate information is provided in the request; or
- (b) the conduct of the test at the proposed time would pose a threat to Power System Security or Power System Reliability; or
- (c) clause 3.21A.7A applies.

3.21A.7A. System Management may not accept a request for a Commissioning Test, for Facilities that are yet to commence operation, if the information provided in accordance with clause 3.21A.4(b) includes Trading Intervals after the commencement of the Trading Day commencing on the date specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A or clause 4.27.11D.

4.1.26. Reserve Capacity Obligations apply:

...

- (b) in the case of subsequent Reserve Capacity Cycles:
  - i. from the Trading Day commencing on 1 October of Year 3, for Facilities that were commissioned as at the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 4.1.18(a) or for Facilities which have provided Capacity Credits in one or both of the two previous Reserve Capacity Cycles; and
  - ii. from the Trading Day commencing on the date specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A or clause 4.27.11D, for Facilities commissioned between 1 August of Year 3 and 30 November of Year 3.

4.10.1. The information to be submitted with an application for certification of Reserve Capacity must pertain to the Reserve Capacity Cycle to which the certification relates and must include:

...

- (c) if the Facility, or part of the Facility, is yet to enter service:
  - ...
  - iii. key project dates occurring after the date the request is submitted to the IMO, including, as applicable, but not limited to:

## Public Domain

1. when all approvals will be finalised or, in the case of Interruptible Loads and Curtailable Loads all required contracts will be in place;
2. when financing will be finalised;
3. when site preparation will begin;
4. when construction will commence;
5. when generating equipment or Dispatchable Load equipment will be installed or, in the case of Interruptible Loads and Curtailable Loads all required control equipment will be in place;
6. when the Facility , or part of the Facility, will be ready for ~~commissioning trials~~ to undertake Commissioning Tests; and
7. when the Facility , or part of the Facility, will have

m iss60948( )-4.60948(C35326(e)6 all 2.01048(a) dntg 26(g)-9(2) 83568.9(26(9276(5) 4160384

4.27.11B From the commencement of the calendar year in which the date referred to in clause 4.10.1(c)(iii)(7) falls, the IMO must consult with System Management when conducting its assessment in accordance with clause 4.27.11A of a nomination for a date to which clause 4.10.1(c)(iii)(7) refers. The IMO must not approve that nomination if, in System Management's opinion, the Facility, or part of the Facility, is unlikely to have completed all Commissioning Tests by the nominated date.

4.27.11C If, in accordance with clause 4.27.11A, the IMO does not approve one or more



### 3. SUBMISSIONS

The IMO received one submission, from Landfill Gas & Power Pty Ltd, on the changes

**Public Domain**



#### 1 The IMO's Assessment

According to clause 2.4.2 of the Market Rules the IMO's proposed Amending Rules will have the following impact on how the Market Rules address the Wholesale Market Objectives:

The IMO considers that the proposed Amending Rules will have the following impact on how the Market Rules address the Wholesale Market Objectives:

The IMO's assessment against market objective (a) is as follows:

Proposed amendments will improve economic efficiency and reliability of supply of electricity and electricity security of supply of the interconnected system.

The proposed amendments allow the Market Rules to better address market objective (a) by improving reliability and security of supply in regard to new facilities that are entering the Wholesale Electricity Market. This will be accomplished by improving clarity in the processes of the Reserve Capacity Mechanism, and by allowing more appropriate and timely reporting of the progress of new Facilities. In its submission, LGP agreed with this assessment.

In accordance with Clause 2.4.3(b) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must also have regard to the practicality and cost of implementing the Amending Rules.

. . . **IMO's Draft Decision**

The IMO's draft decision is to implement the proposed amendments to 3.21A.7, 4.1.26, 4.10.1, 4.27.10, 4.27.11, 4.27.12, 6.5.1A and 6.5.1C, and the new clauses 3.21A.7A, 4.27.10A and 4.27.11A-D with the amendments outlined in section 4.1.2 of this Draft Rule Change Report.

The IMO has made its draft decision on the basis that the resulting Amending Rules will allow the Market Rules to better address the Wholesale Market Objectives.

The wording of the relevant Amending Rules is presented in section 6 of this Report.









4.27.11. The report described in clause 4.27.10 must include the current ~~revised~~ nominations of each date to which clause 4.10.1(c)(iii) refers.

4.27.11A On receiving the report described in clause 4.27.10, the IMO must conduct an assessment and approve or not approve the current nominations for each date provided in accordance with clause 4.27.11. The IMO must not approve a nomination for a date which would have prevented the IMO from assigning Certified Reserve Capacity to a Facility.

4.27.11B Fthe II repest iseomrs.e IMuiyede ssiteissiuMwou IMue ch er



