

Independent Market Operator

Rule Change Notice Title Calculation of IRCR

Ref/RC 00

Standard Rule Change Process

Date November 00

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DOCUMENT DETAILS

IMO Notice No.: RC_2008_32
Report Title: Rule Change Notice: Calculation of IRCR
Release Status: Public
Confidentiality Status: Public domain
Published in accordance with Market Rule 2.5.7

Independent Market Operator
Level 3, Governor Stirling Tower
197 St George's Terrace, Perth WA 6000
PO Box 7096, Cloisters Square, Perth WA 6850
Tel. (08) 9254 4300
Fax. (08) 9254 4399
Email: imo@imowa.com.au
Website: www.imowa.com.au

1. THE RULE CHANGE PROPOSAL

1.1. The Submission

On 2 October 2008 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding changes to clause 8.6.1 and Appendix 5 of the Wholesale Electricity Market Rules (Market Rules).

This Rule Change Notice is published according to Market Rule 2.5.7, which requires the IMO to publish a notice within 7 Business Days of receiving a Rule Change Proposal.

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Name	Allan Dawson
Phone	+61 8 9254 4300
Fax	+61 8 9254 4399
Email	imo@imowa.com.au
Organisation	ndependen M e pe o
Address	Level 3, Governor Stirling Tower, 197 St George's Terrace
Date submitted	c o e
Urgency	
Change Proposal title	Calculation of IRCR

1.2. Details of the Proposal

The IMO's rule change proposal comprises amendments to the content of meter data submissions as set out in clause 8.6.1 and the addition of Step 5A in Appendix 5 to bring about a more equitable treatment of non-interval or accumulation meters and interval meters in the calculation of a retailer's IRCR.

A retailer's IRCR is determined by two factors: the contribution of its customer loads to the system peak demands and the size of the Reserve Capacity requirement on the system. Each month, a retailer's IRCR (its share of Reserve Capacity) is updated to reflect the new interval meters which have been connected and are serviced by the retailer. However, the Notional Wholesale Meter, which covers all non-interval or accumulation meters is only updated annually to reflect the increase in the number of these meters. The disparity in the frequency with which the Notional Wholesale Meter is updated to reflect the addition of new meters compared with how often other retailers' IRCRs are updated is a cause of concern for independent power providers since it adversely affects their share of Reserve Capacity.

As specified under clause 8.6.1, meter data submissions are provided by Metering Data Agents to the IMO on a regular basis. Meter data submissions contain specific information on each meter within the Metering Data Agent's database and on each Trading Interval in a particular Trading Month.

The IMO proposes to add to the information that needs to be provided in the meter data submission to assist the IMO in approximating the monthly growth of the Notional Wholesale Meter. The IMO proposes to include the number of non-interval or accumulation meters in existence at the end of any one trading month and the difference between the number of newly installed and disconnected non-interval meters in any given trading month as extra information within the meter data submission.

The IMO submits that the inclusion of this material in meter data submissions will enable the IMO to derive the growth of non-interval meters on a monthly basis and thereby estimate the IRCR corresponding to new accumulation meters for a particular Trading Month. The IMO proposes to follow the method outlined in a new Step 5A in Appendix 5 to estimate the growth of the Notional Wholesale Meter. Step 5A introduces a new variable termed 'New Notional Wholesale Meter' which is the key element in calculating an IRCR for all new non-interval meters during a capacity year.

1.3. *The Proposal and the Wholesale Market Objectives*

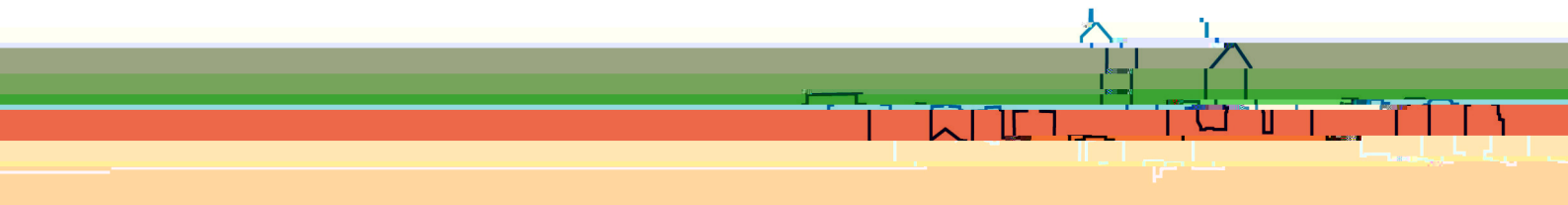
The IMO submits that the proposal supports market objective (b) since it will promote competition by placing Synergy on a level playing f

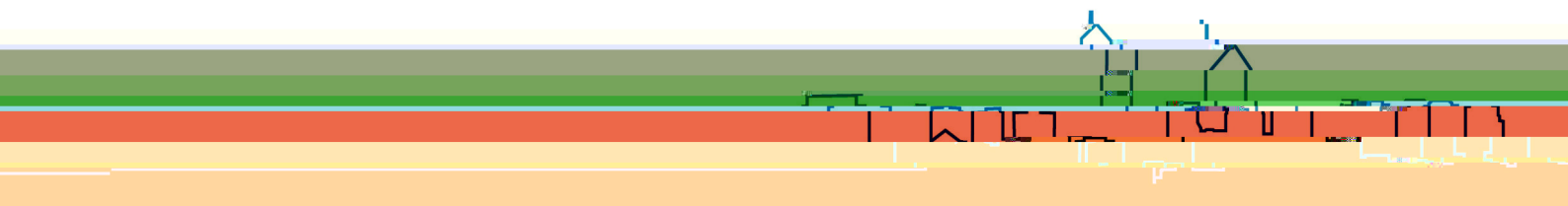
. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

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 Wholesale Market Objectives.

The IMO has decided to process this Rule Change Proposal using the Standard Rule Change Process, described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:





. PROPOSED AMENDING RULES

The IMO proposes the following amendments to the Market Rules (~~deleted words~~, added words):

8.6.1. A meter data submission must comprise:

- (a) the identity of the Metering Data Agent;
- (b) the Trading Month to which the meter data relates;
- (c) for each interval meter and each Trading Interval in the Trading Month described in (b):
 - i. the identity of the meter;
 - ii. the MWh quantity measured by the meter; and
 - iii. whether the quantity described in (ii) is based on an actual meter reading or an estimate, and if based on an estimate, the applicable code describing the reason for the estimate;
- (d) [Blank]; and
- (e) Meter adjustments that stem from actual meter d

- (g) the number of new non-interval or accumulation meters connected during the Trading Month to which the meter data relates; and
- (h) the number of non-interval or accumulation meters abolished during the Trading Month to which the meter data relates.

Find the MW figure formed by doubling the median value of the metered consumption for the Notional Wholesale Meter v^* , during the 4 Peak SWIS Trading Intervals of Trading Month n-3 ("Median Notional Wholesale Meter").

Divide the Median Notional Wholesale Meter by the number of non-interval or accumulation meters that existed at the end of Trading Month n-3 ("Average Non-Interval Meter").

Subtract the number of non-interval or accumulation meters disconnected during Trading Month n-3 from the number of non-interval or accumulation meters connected during Trading Month n-3 ("Non-Interval Meter Growth").

Multiply the Non-Interval Meter Growth and the Average Non-Interval Meter. ("New Notional Wholesale Meter")

For the New Notional Wholesale Meter set NMTDCR(v) equal to be 1.3 times the New Notional Wholesale Meter.

. ABOUT RULE CHANGE PROPOSALS

