

Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: RC_2009_08
Received date: 21 April 2009

Change requested by

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| Date submitted: | 21 April 2009 |
| Urgency: | High |
| Change Proposal title: | Updates to Commissioning Provisions |
| Market Rule(s) affected: | Clauses 3.21A.3, 3.21A.7, 3.21A.7A, 3.21A.16 (new), 4.12.6(c), |

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

- Allow a Market Participant to nominate when the Facility will be eligible to receive payments for Capacity Credits (and therefore subject to its Reserve Capacity Obligations). The Market Participant can nominate new dates in its quarterly progress reports that must be submitted to the IMO under the Market Rules.

However, as they currently stand, the Market Rules (clause 3.21A.7A) precludes System Management from approving a commissioning test for a new generator if that test is to occur after 30 November of the year in which the new Generators capacity obligations take effect.

This means that a new Facility commissioning after this date must operate and technically commission while trading in the energy market [unless it postpones entering the market for several months]. In effect, this means that a Facility commissioning after 30 November does so without the benefit of relief from the full provisions of the energy market, including the requirement to submit Resource Plans and consequent exposure to penalty balancing prices and compliance issues

Where a new generator has not completed commissioning by 30 November, and therefore unable to conduct Commissioning Tests pursuant to clause 3.21A of the Market Rules, this current obligation to trade in the energy market may serve to prevent the new generator completing its commissioning requirements, and therefore may preclude additional capacity being available.

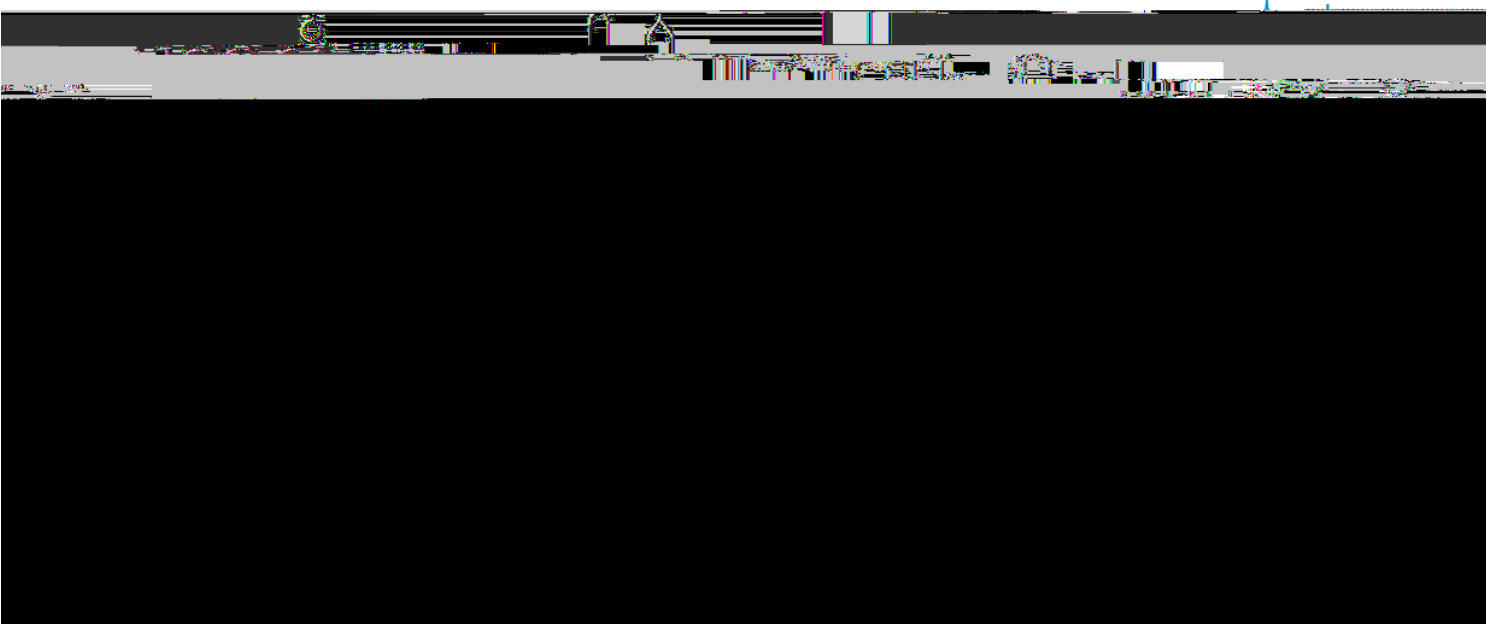
Clause 7.9.4 of the Market Rules specifies that System Management must grant permission to synchronise unless a Scheduled Generator unless the synchronisation is not in accordance with the relevant Resource Plan or Dispatch Instruction. As it currently stands this clause has the potential to preclude new generators from being able to synchronise as they may have neither a relevant Resource Plan or Dispatch instruction.

Proposal

The objective of this Rule Change Proposal is to remove the inconsistency referred to above in relation to the treatment of Facilities in the energy market when commissioning.

The IMO proposes:

- A separation of the treatment of commissioning in the Reserve Capacity Market and the energy market; and



interconnected system (OWIS) for testing purposes. System management must not approve a commissioning date more than four (4) months after this initial connection date.

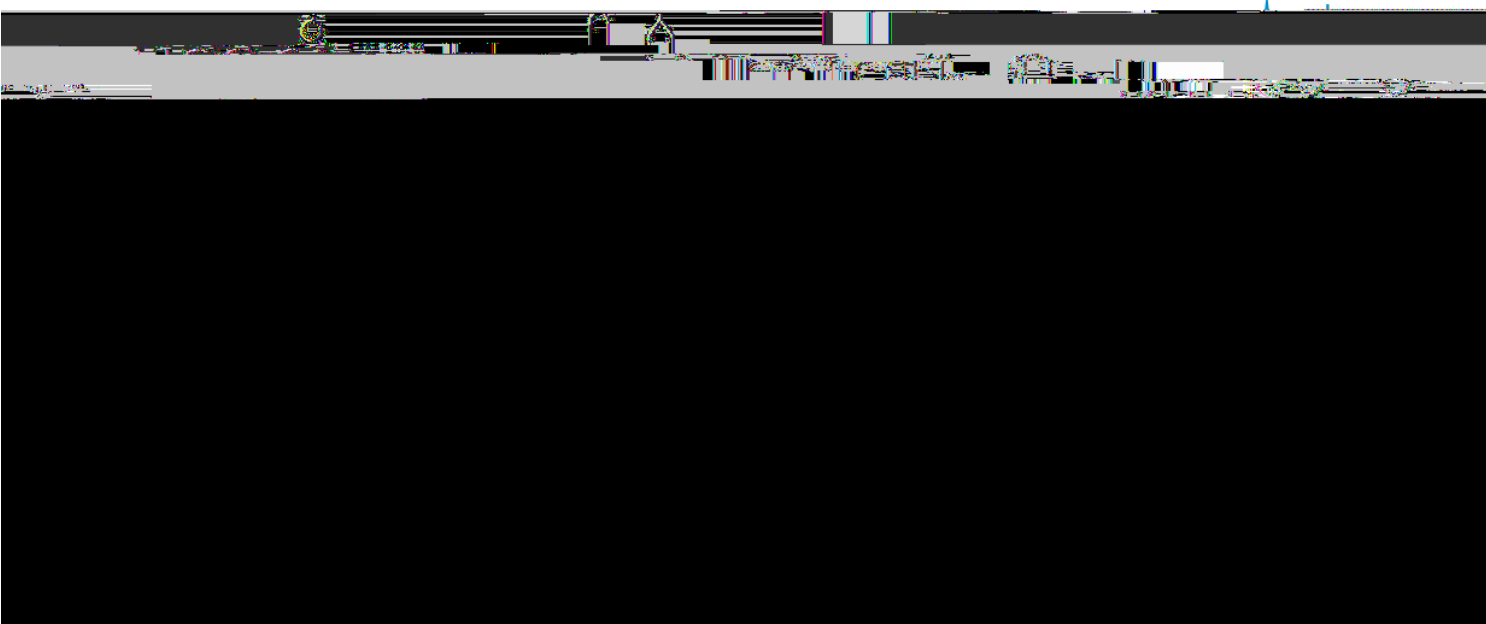
It should be noted that Facilities commissioning after 30 November will still be subject to any Capacity Cost Refunds arising from the late commissioning (as they are under the current rules).

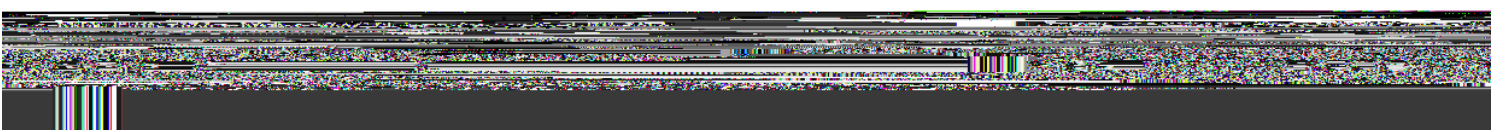
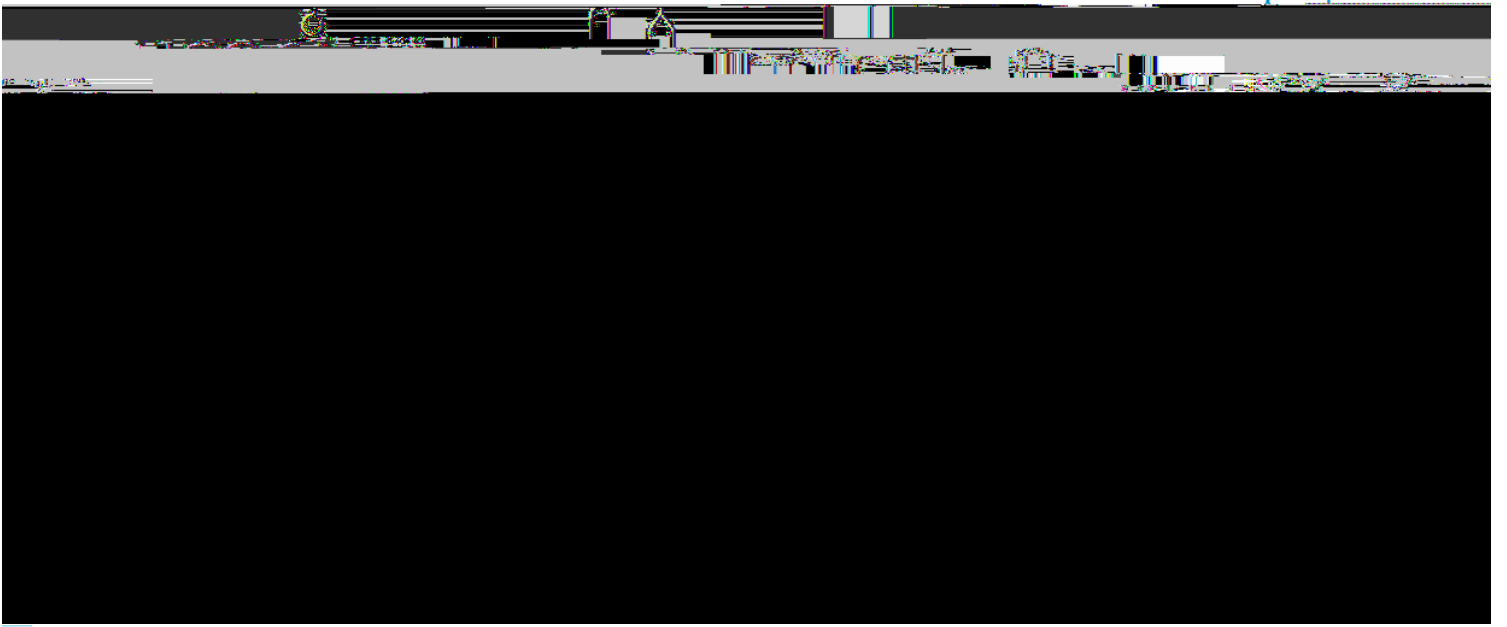
The following diagram compares the proposal against the status quo:

This Rule Change Proposal will allow for a number o



| | Before 1 August | 1 August | |
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- For completeness it should be noted that while no changes have been made to these particular clauses, clause 4.27.11B still allows the Facility to receive its Capacity Credits, and to attract Capacity Costs Refunds under 4.26.1A.
 - The proposed amendment to clause 7.9.4 will allow System Management to grant permission to a new generator carrying out Commissioning Tests to synchronise.



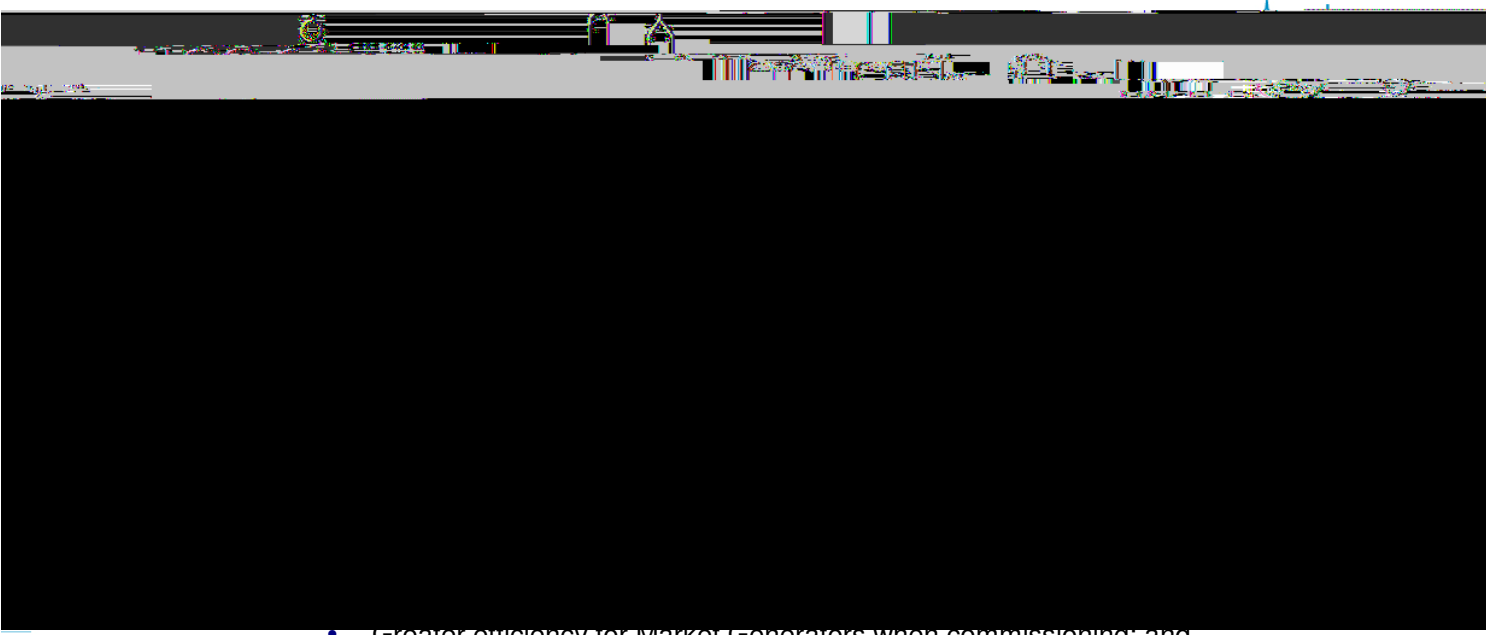
iii. the Settlement System software; and

(f) information supplied under clause 3.21A.16 by System Management related to approved Commissioning Tests.

4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale 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 IMO submits that the proposed changes will support market objective (b) by facilitating the efficient entry of new competitors. In particular the proposed amendments will allow the energy market payments and the reserve capacity market obligations to be decoupled during commissioning of new generators. This will mean that the new generators will not be subject to UDAP and DDAP payments if commissioning post 30 November. These payments will not apply for a four month period after first connection to the SWIS and which will reduce the financial risk associated with entering the market

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- Greater efficiency for Market Generators when commissioning; and.
 - Visibility of Commissioning Test planning to all Market Participants.
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