



Independent Market Operator

Rule Change Extension Notice Title: Early Certified Reserve Capacity

Ref: RC_2009_10

Standard Rule Change Process

Date: 17 August 2009

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DOCUMENT DETAILS

IMO Notice No.: RC_2009_10
Report Title: Rule Change Extension Notice: Early

1. THE RULE CHANGE PROPOSAL

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In accordance with clause 2.5.10 of the Wholesale Electricity Market Rules (Market Rules) the Independent Market Operator (IMO) has decided to extend the timeframe for preparing the Final Rule Change Report for this Rule Change Proposal until 15 September 2009. A notice of this extension was published under clause 2.5.12 on the IMO website on 17 August 2009.

This Rule Change Notice has been updated with the revised timelines following the notice of extension. All other parts of this document remain unchanged from the original version published on 24 April 2009.

A on

On 21 April 2009 the IMO submitted a Rule Change Proposal regarding changes to clauses 4.1.1A, 4.5.2, 4.9.3, 4.11.1, 4.12.6, 4.15.1, 4.15.2, Chapter 11 Glossary and Appendix 3, and the addition of clauses 4.28C, 4.28C.1, 4.28C.2, 4.28C.3, 4.28C.4, 4.28C.5, 4.28C.6, 4.28C.7, 4.28C.8, 4.28C.9, 4.28C.10, 4.28C.11, 4.28C.12, 4.28C.13, 4.28C.14, 4.28C.15 to the Market Rules.

- In the interest of maintaining an equivalent basis between Facilities granted ERCR and Facilities granted CRC the security provided at the time of ECRC will be revised in year 1 of the Reserve capacity Cycle to which it relates [outlined in proposed new clause 4.28C.12].

The concept of ECRC was discussed by the Market Advisory Committee (MAC) at its December

Please note that the commencement date is provisional and may be subject to change in the Final Rule Change Report.

4. PROPOSED AMENDING RULES

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

The Reserve Capacity Cycle

4.1. The Reserve Capacity Cycle

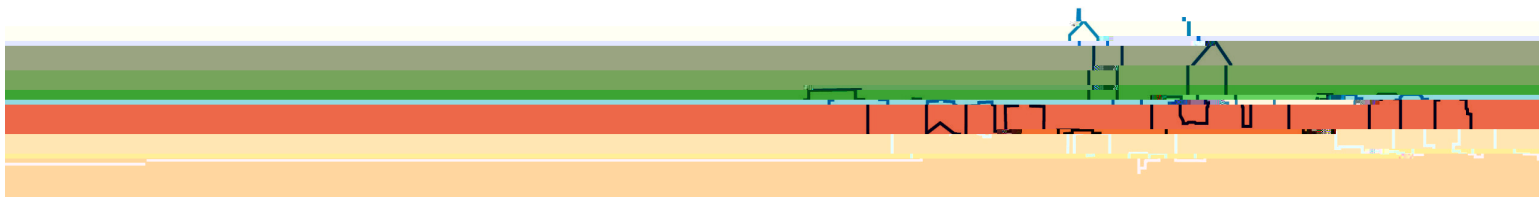
4.1.1. This clause 4.1 sets out the timetable by which the key events described in this Chapter in respect of each Reserve Capacity Auction must occur. The events described below comprise a single Reserve Capacity Cycle, except where otherwise indicated. The Reserve Capacity Cycle will be repeated for each Reserve Capacity Auction.

4.1.1A. Clause 4.28B and 4.28C takes precedence over this clause 4.1 and events described in clause 4.28B and 4.28C are not required to comply with the timetable of this section 4.1 except where specified in clause 4.28B and 4.28C.

...

4.5.2. The Long Term PASA Study must take into account:

- (a) demand growth scenarios, including peak and annual energy requirements;
- (b) expected Demand Side Management capabilities and taking into account clause 4.28.10;
- (c) generation capacity expected to be available, including details ~~on~~ of any Early Certified Reserve Capacity, seasonal capacities, Ancillary Service capabilities,



Cycle will be met without an auction, then, by the date and time specified in clause 4.1.16, the IMO must publish a notice specifying for that Reserve Capacity Cycle:

- (a) that the Reserve Capacity Auction has been cancelled;
- (b) the Reserve Capacity Requirement;
- (c) the total amount of Certified Reserve Capacity;
- (cA) Capacity Credits assigned under clause 4.28C;
- (d) the total amount of Certified Reserve Capacity that would have been made available in the Reserve Capacity Auction had one been held; and
- (e) the total amount of Certified Reserve Capacity covered by pre-existing Special Price Arrangements;

4.15.2. If the Reserve Capacity Auction for a Reserve Capacity Cycle is not cancelled in accordance with clause 4.15.1, then, by the date and time specified in clause 4.1.16, the IMO must publish a notice specifying:

- (a) that the Reserve Capacity Auction will be held;
- (b) the Reserve Capacity Auction Requirement, where this equals the ~~Reserve Capacity Requirement less the total amount of Certified Reserve Capacity~~ which:
 - i. ~~the IMO has notified Market Participants can be traded bilaterally under clause 4.14.9; or Reserve Capacity Requirement; less~~
 - ii. the total amount of Certified Reserve Capacity which the IMO has notified Market Participants can be traded bilaterally under clause 4.14.9 or is covered by a pre-existing Special Price Arrangement; and less
 - iii. the amount of Capacity Credits assigned under clause 4.28C for the relevant Reserve Capacity Cycle; and
- (c) ...

4.28C. Early Certification of Reserve Capacity

4.28C.1. This section 4.28C is applicable to Registered Facilities to which the following conditions apply:

- (a) the Facility is a new Facility;
- (b) the Facility is a generating system; and
- (c) the Facility is deemed by the IMO to be committed.

- ii The amount of Capacity Credits assigned under clause 4.28C for the period to which the Reserve Capacity Requirement applies

where the capacity is certified as belonging to Availability Class “a” and is not subject to a bilateral trade.

Y[a] represents the amount by which $(X[a] + Y[a-1])$ exceeds Q[a], with the exception that $Y[0] = 0$.

...

5. ABOUT RULE CHANGE PROPOSALS

Market Rule 2.5.1 of the Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the IMO.

The IMO will assess the proposal and, within 5 Business Days of receiving the proposal form, will notify the proponent whether the proposal will be progressed further.

In order for the proposal to be progressed the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives. The market objectives are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (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.

A Rule Change Proposal can be processed using a Standard Rule Change Process or a Fast Track Rule Change Process. The standard process involves a combined 10 weeks public submission period, while the fast track process involves the IMO consulting with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.