



**Independent Market Operator**

**Rule Change Notice**

**Title: Calculation of Net STEM Shortfall**

**Ref: RC\_2009\_42**

**Date: 24 December 2009**

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### DOCUMENT DETAILS

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## 1. THE RULE CHANGE PROPOSAL

### 1.1. The Submission

On 17 December 2009, Griffin Energy submitted a Rule Change Proposal regarding amendments to Clauses 4.26.2, 4.26.2B and 4.26.5 of the Wholesale Electricity Market Rules (Market Rules).

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

#### 1.1.1 Submission details

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## Issue

The Net STEM Shortfall formula specifies that Reserve Capacity Obligation Quantities (RCOQs), real-time Forced Outage quantities (RTFOs), Dispatch Schedule quantities (DSQs), and Metered Schedule quantities (MSQs) are to be summed over all of a participant's Facilities before being used in the calculation. The effect of this approach is that, if a participant has one Facility that is undergoing a Forced Outage, and another Facility that has unused capacity (RCOQ > DSQ), then its Net STEM Shortfall will be inflated by the amount of that unused capacity.

For example, suppose that a participant has two Facilities as follows:

	Facility 1	Facility 2	Total
RCOQ	100	20	120
RTFO	40	0	40
DSQ	100	0	100
MSQ	60	0	60
Real-time Shortfall	0	0	20

Facility 1 has suffered a partial Forced Outage; although it was expected to deliver 100MW, it is able to deliver only 60MW. Facility 2 has not been dispatched. The pre-STEM component of the Net STEM Shortfall is zero, as the participant's Resource Plan did offer the required capacity to

### **1.3. The Proposal and the Wholesale Market Objectives**

Griffin Energy contends that the Market Rules as amended by this Rule Change Proposal would better meet the intention of the Reserve Capacity refund mechanism, which forms part of the pricing signals that incentivise capacity availabil



Loss Factor adjustments so as to be a sent out quantity in accordance with clause 4.26.2A; plus

- iv. double the total MWh quantity to be provided as Ancillary Services as specified by the IMO in accordance with clause 6.3A.2(e)(i) for the Electricity Generation Corporation corrected for Loss Factor adjustments so as to be a sent out quantity in accordance with clause 4.26.2A; plus

