Wholesale Electricity Market
Rule Change Proposal Submission Form

RC_2010_03 Calculation of Net STEM Shortfall

Submitted by

Name:	Corey Dykstra
Phone:	9486 3749
Fax:	9221 9128
Email:	corey.dykstra@alinta.net.au
Organisation:	Alinta Sales Pty Ltd
Address:	12-14 The Esplanade PERTH WA 6000
Date submitted:	25 March 2010

Alinta's views

Alinta supports RC_2010_03.

The interim solution proposed by RC_2010_03 is clearly necessary to rectify a manifest error in the Market Rules. That the outcome in relation to Curtailable Loads is a manifest error appears self evident.

At this stage, Alinta is not persuaded that the outcome of the current Market Rules, which may provide a benefit to Market Participants with a mixture of schedulable generators and Intermittent Loads, is a manifest error.

Market Rule 4.26.2 is clearly intended to operate across all facilities operated by a Market Participant. While this may given some benefit to some generators depending on their facility portfolio, it is unclear that this is necessarily unintended or inappropriate.

Alinta considers that prior to any further future amendments to Market Rule 4.26.2, consideration will need to be given to whether the benefit that might be received by a Market Participant resulted in an actual cost to the market as a whole (or vice versa). That is, do the Market Rules simply allow a Market Participant to avoid a cost in a situation where it has satisfied its obligations to the market, albeit in a different manner than originally intended. If the market is not adversely impacted by the operation of Market Rule 4.26.2 (as amended by RC_2010_03), then it should not be considered to be a manifest error.

Market Rule 4.26.2 potentially provides an incentive to invest in intermittent generation as part of a diversified generation portfolio. It is not clear that it is not the intent of the current Market Rule to provide such an incentive, and therefore it is also not clear that the potential outcome of Market Rule 4.26.2 (as amended by RC_2010_03) is either unintended or inappropriate. Again, what should be considered is whether the market is adversely impacted by the operation of the current Market Rule 4.26.2.

Nevertheless, Alinta agrees that irrespective of the intent behind Market Rule 4.26.2 when the Market Rules were developed, it would be appropriate that the outcomes associated with Market Rule 4.26.2 be reviewed and assessed against the Market Objectives.

For this reason, the longer term solutions that were identified in the IMO's Concept Paper (CP_2010_01) should also be assessed against the Market Objectives.

---

2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.

Market Rule 2.4.2 states that the IMO must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives. The Wholesale Market Objectives are as follows.

(a) To promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.