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Wholesale Electricity Market  
Rule Change Proposal Submission Form

RC\_2010\_14 Certification of Reserve Capacity

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Submitted by

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Submission

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1. Please provide your views on the proposal, including any objections or suggested revisions.

Synergy supports Rule Change Proposal RC\_2010\_14, which acts to amend the Market Rules to improve the Reserve Capacity certification process which occurs in July/August each year and is designed to ensure that a Facility assigned Capacity Credits can meet its obligations and provide the requisite capacity when required.

In its previous submission on this Rule Change Proposal Synergy noted that, whilst the publication by the IMO of the quantity of Certified Reserve Capacity assigned to each Facility could assist participants in assessing whether to withdraw some Certified Reserve Capacity in an over-supply scenario, thereby reducing the number of Capacity Credits and lowering the total cost of capacity in the market, there may be a risk that publication could encourage participants to force a Reserve Capacity Auction and a potentially higher Reserve Capacity Price if the level of Certified Reserve Capacity bilaterally traded failed to reach the Reserve Capacity Requirement. Nevertheless, Synergy supported this publication as it brings greater transparency to the market, thereby improving market efficiency.

Synergy notes that the IMO has decided to remove new clause 4.9.9A from the proposed amendments, citing that, although there could be benefits in providing this additional information, there is also a clear potential for gaming, particularly by forcing a Reserve Capacity Auction which may not otherwise have taken place.

However, publishing the Certified Reserve Capacity assigned to each Facility after bilateral trade declarations have been made as per clause 4.14.1 would ensure benefits to the market whilst preventing any gaming of the sort described above. Synergy therefore suggests the IMO retain new clause 4.9.9A but with reference to a further new clause 4.1.12A.

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