



**Independent Market Operator**

**Final Market Rule Change  
Report**

**Title: Updates to Reserve  
Capacity Obligation  
Provisions**

**Ref: RC\_2010\_16**

**Date: 29 July 2010**

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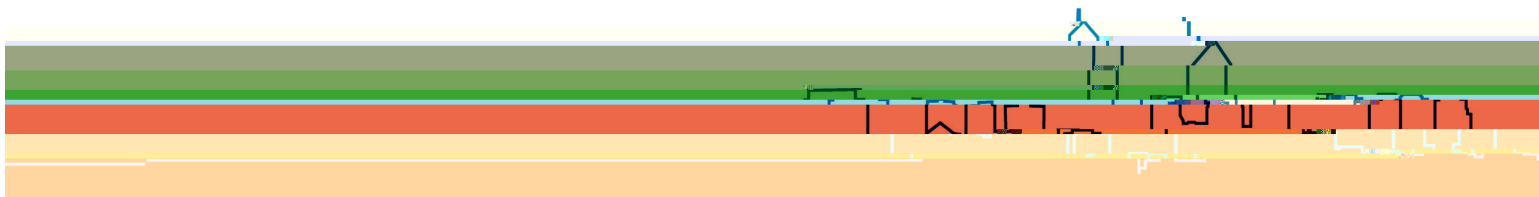
## 1. INTRODUCTION

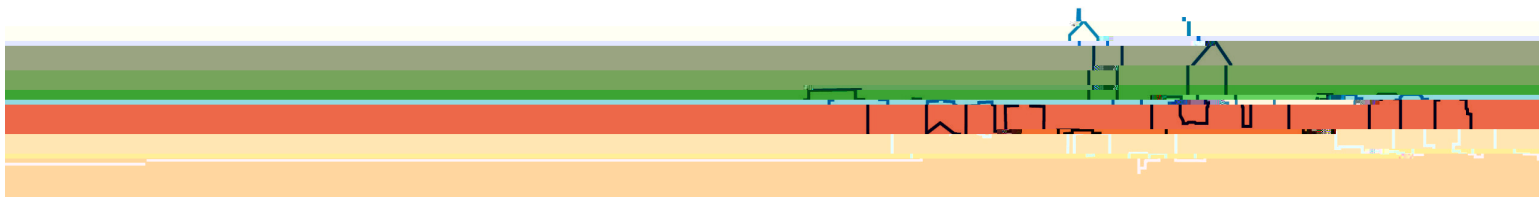
On 0 June 2010 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding amendments to clauses 1.1 and 1.1A of the Wholesale Electricity Market Rules (Market Rules).

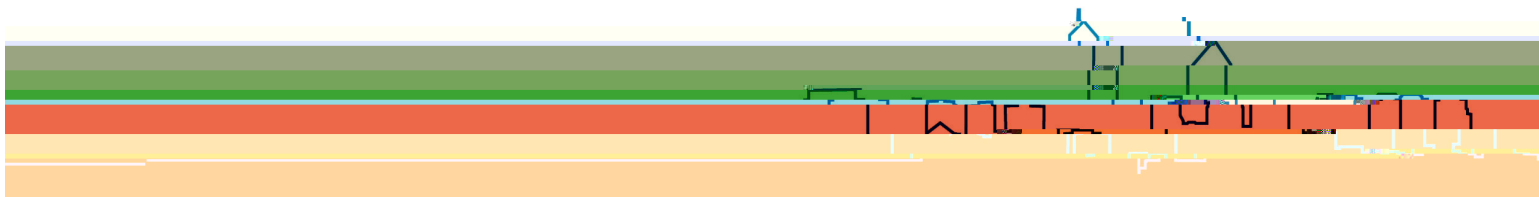
This Proposal was processed using the Fast Track Rule Change Process, described in section 1.1 of the Market Rules.

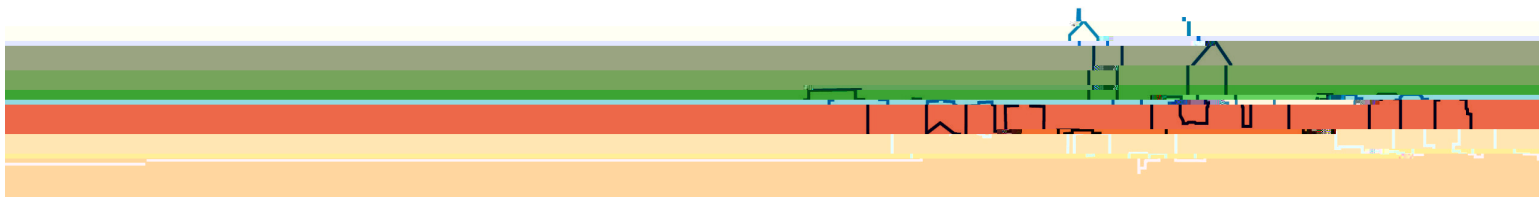
The fast track process adheres to the following timelines:

The key dates in processing this Rule Change Proposal are:









### **4.3 Views expressed in submissions**

Perth Energy's submission and the out-of-session submissions from LGP and Synergy all supported the Rule Change Proposal.

### **4.4 Views of the Market Advisory Committee**

The MAC did not meet to discuss this Rule Change Proposal.

## **5. THE IMO'S FINAL DECISION**

The IMO's final decision is to implement the amendments to clause 1A. A, 1.1 and 1.1A of the Market Rules as proposed in the Rule Change Proposal and amended following the consultation period.

### **5.1 Reasons for the decision**

The IMO has made its decision on the basis that the Amending Rules:

- are consistent with the Wholesale Market Objectives

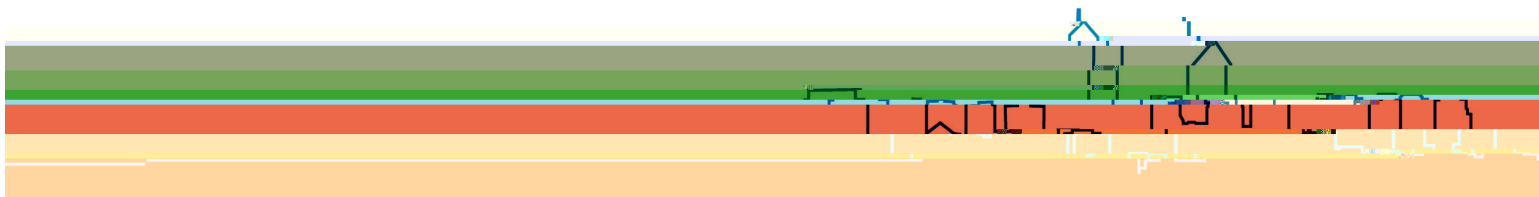


- .1. Reserve Capacity Obligations apply:
- (a) in the case of the first Reserve Capacity Cycle:
    - i. from the Initial Time, for Facilities that were commissioned before Energy Market Commencement
    - ii. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause .10.1(c)(iii)( ), for Scheduled Generators and Non-Scheduled Generators commissioned between Energy Market Commencement and 0 November 2000 , inclusive and
    - iii. from the Trading Day commencing on 1 October 2000 for Interruptible Loads, Curtailable Loads or Dispatchable Loads commissioned after Energy Market Commencement and
  - (b) for subsequent Reserve Capacity Cycles up to and including 2000 :
    - i. from the Trading Day commencing on 1 October of Year , for Facilities that were commissioned as at the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause .1.1 (a) or for Facilities which have provided Capacity Credits in one or both of the two previous Reserve Capacity Cycles and
    - ii. from the Trading Day commencing on the scheduled date of



generating system, the number of Capacity Credits associated with the relevant Facility and

- (b) the total value of the Capacity Credit payments associated with the relevant Facility paid or to be paid under these Market Rules to the relevant Market Participant for the 1 Trading Months commencing at the start of the Trading Day of the most recent 1 October, assuming the IMO acquires all of the Capacity Credits associated with that Facility and the cost of each Capacity Credit so acquired is determined in accordance with clause (b), (c) and (d) (as applicable), less all Facility Forced Outage Refunds applicable to the Facility in previous Trading Months falling in the same Capacity Year.



Further details regarding RC 2010 11 are available on the IMO's webpage:  
[http://www.imowa.com.au/RC\\_2010\\_11](http://www.imowa.com.au/RC_2010_11)

**Updates to Commissioning Provisions (RC 2009 08)**

This Rule Change Proposal, which commenced 1 June 2010, introduced the concept of allowing for late commissioning in the Market Rules. In particular, new generators can now conduct Commissioning Tests post 30 November (for the 2010 Capacity Year onwards) for a period of up to four months from first connection to the SWIS without:

- needing to operate in the energy market
- submitting Resource Plans or
- being subject to UDAP and DDAP payments.

The proposal also separated the treatment of the Reserve Capacity Market and the energy market for new entrants as follows (for the 2010 Capacity Year onwards):

- has yet to have commenced operation and will have a Commissioning Test Period after 1 October (that is it will be late commissioning).

Further details regarding RC 00 0 are available on the IMO's webpage: [http://www.imowa.com.au/RC\\_00\\_0](http://www.imowa.com.au/RC_00_0)

#### **Issue with clause 4.1.26**

The IMO noted that under the current drafting of clause 4.1.26 it is unclear when the Reserve

## APPENDIX 2: PROPOSED AMENDING RULES IN RULE CHANGE PROPOSAL

1. Reserve Capacity Obligations apply:
- (a) in the case of the first Reserve Capacity Cycle:
    - i. from the Initial Time, for Facilities that were commissioned before Energy Market Commencement
    - ii. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause 10.1(c)(iii)( ), for Scheduled Generators and Non-Scheduled Generators commissioned between Energy Market Commencement and 0 November 2000 , inclusive and
    - iii. from the Trading Day commencing on 1 October 2000 for Interruptible Loads, Curtailable Loads or Dispatchable Loads commissioned after Energy Market Commencement and
  - (b) for subsequent Reserve Capacity Cycles up to and including 2000 :
    - i. from the Trading Day commencing on 1 October of Year , for Facilities that were commissioned as at the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 1.1 (a) or for Facilities which have provided Capacity Credits in one or both of the two previous Reserve Capacity Cycles and
    - ii. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause 10.1(c)(iii)( ), or as revised in accordance with clause 11A or clause 11D, for Facilities commissioned between 1 August of Year and 0 November of Year and
    - iii. from the Trading Day commencing on 0 November of Year , for new generating systems undertaking Commissioning Tests after 0 November of Year and
  - (c) for subsequent Reserve Capacity Cycles from 2010 onwards:
    - i. from the Trading Day commencing on 1 October of Year , for Facilities that were commissioned as at the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 1.1 (a) or for Facilities which have provided Capacity Credits in one or both of the two previous Reserve Capacity Cycles
    - ii. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause 10.1(c)(iii)( ),

or as revised in accordance with clause 11A or clause 11D,  
for Facilities commissioned between 1 June of Year and 1 October of  
Year and

- iii. from the Trading Day commencing on 1 October of Year , for new  
generating systems undertaking Commissioning Tests after 1 October  
of Year .

1A. The IMO must calculate the Forced Outage refund for each Facility (**Facility Forced  
Outage Refund** ) as the lesser of:

- (a) the sum over all Trading Intervals  $t$  in Trading Month  $m$  of the product of:
  - i. the Off-Peak Trading Interval Rate or Peak Tradi



generating system, the number of Capacity Credits a