

## Wholesale Electricity Market Rule Change Proposal Submission Form

### RC\_2010\_16 Updates to Reserve Capacity Obligation Provision

#### Submitted by

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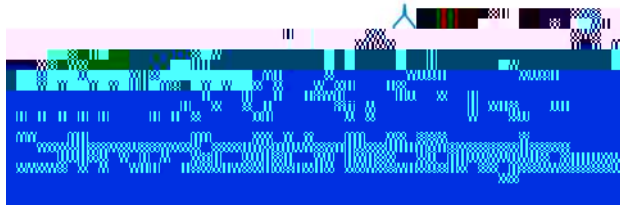
#### Submission

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

#### Background

The Independent Market Operator (IMO) has identified some manifest errors with drafting amendments adopted to implement Rule Change Proposals RC\_2009\_11 (“Changing the Window of Entry into the Reserve Capacity Mechanism”) and RC\_2009\_08 (“Updates to Commissioning Provisions”).

RC\_2009\_11 changed the window for entry into the Reserve Capacity Mechanism from being between 1 August and 30 November to being between 1 June and 1 October of the relevant Capacity Year, applicable for the 2010 Reserve Capacity Cycle onwards. There was no retroactive change, so all Facilities that were certified prior to the 2010 Reserve Capacity Cycle continued to have the window for entry as being between 1 August and 30 November.



RC\_2009\_08 made a number of changes in relation to commissioning provisions, including allowing for Market Participants to continue with commissioning activities beyond 30 November for a period up to four months from the day of first connection to the South West Interconnected System (SWIS). During this extended period of commissioning RC\_2009\_08 allowed for Facilities to exclude themselves from operating in the energy market, submitting Resource Plans or being subject to UDAP and DDAP payments. RC\_2009\_08 also introduced a change so that all Facilities that were not fully commissioned by 1 October would be subject to a 100% Forced Outage payment. This change was also not meant to apply retroactively.

The IMO has identified that the drafting amendments to the Market Rules to implement RC\_2009\_11 and RC\_2009\_08 were deficient in that the drafting was not adequately transparent in identifying that:

- The changes to the window of entry only apply to 2010 Reserve Capacity Cycle onwards; and
- The application of a 100% Forced Outage payment from 1 October only applies for the 2010 Reserve Capacity Cycle onwards.

## **Change Proposal**

On 30 June 2010, the IMO submitted a Fast Track Rule change to rectify the manifest errors identified above. The IMO proposed to amend clause 4.1.26 and 4.26.1A to clarify that the changes implemented by RC\_2009\_11 and RC\_2009\_08 were not to be applied retroactively.

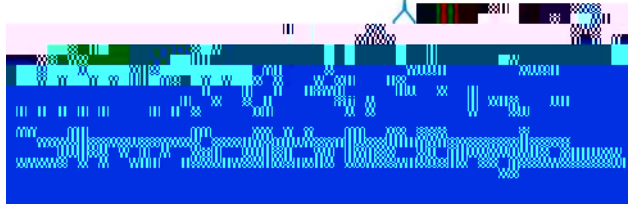
## **Perth Energy's Views**

Perth Energy agrees with the IMO that there were manifest errors in the drafting amendments adopted to implement RC\_2009\_11 and RC\_2009\_08. Perth Energy therefore agrees that it is appropriate to advance this Rule Change Proposal via the Fast Track provisions of the Market Rules.

Perth Energy agrees with the IMO that the change should be made to correct the manifest error.

Perth Energy queries whether the proposed drafting amendments to implement RC\_2010\_16 should refer to "1 December" rather than "30 November" in the following clauses:

- 4.1.26(b)(iii);
- 4.26.1A(a)(v); and
- 4.26.1A(a)(vi).



Perth Energy highlights to the IMO its preference for the period of Commissioning (and the application of the Forced Outage payment) to be amended from a conclusion of 1 October to 1 December of any given Reserve Capacity Cycle. This will reduce the risk to Market Generators when commissioning new plants, encouraging their participation and reducing the risk premiums associated with pricing within the Reserve Capacity Mechanism. Perth Energy acknowledges that such a change to the drafting is not contemplated within the Fast Track Rule Change process for RC\_2010\_16 and Perth Energy will therefore progress this change through a separate Rule Change process.

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

Perth Energy considers the Rule Change Proposal would marginally better facilitate the achievement of Market Objective<sup>1</sup>