



RULE CHANGE NOTICE
INTERMITTENT LOADS ELIGIBILITY CRITERIA
(RC_2012_01)

This notice is given under clause 2.5.7 of the Market Rules.

Date Submitted: 29 February 2012

Submitter : Greg Ruthven, IMO

THE PROPOSAL

The IMO has developed the Rule Change Proposal: Intermittent Loads Eligibility Criteria (RC_2012_01) to address an error in the eligibility criteria for Intermittent Loads prescribed in clause 2.30B.2 of the Market Rules. Clause 2.30B.2 sets out a number of conditions that a Load must meet to be eligible to be an Intermittent Load, including the requirement that “the Load shall reasonably be expected to have a net consumption of energy for not more than 4320 Trading Intervals in any Capacity Year”.

Clauses 2.30B.2(a)(i) and 2.30B.10 allow for situations where only part of a Load is



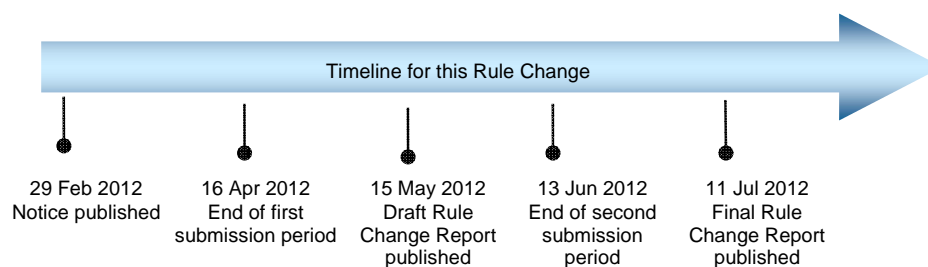


DECISION TO PROGRESS THE RULE CHANGE

The IMO has decided to progress the Rule Change Proposal on the basis that Rule Participants should be given an opportunity to provide submissions as part of the rule change process.

TIMELINE

The projected timelines for processing this proposal are:



CALL FOR SUBMISSIONS

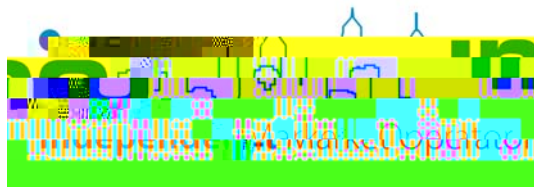
The IMO is seeking submissions regarding this proposal. The submission period is 30 Business Days from the publication date of this Rule Change Notice. Submissions must be delivered to the IMO by 5:00pm on Monday 16 April 2012.

The IMO prefers to receive submissions by email to market.development@imowa.com.au using the submission form available on the IMO website: <http://www.imowa.com.au/rule-changes>.

Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator
Attn: Group Manager, Market Development
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4399





Wholesale Electricity Market Rule Change Proposal

Rule change Proposal No: RC_2012_01
Received date: 29 February 2012

Change requested by:

Name:	Greg Ruthven
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Email:	greg.ruthven@imowa.com.au
Organisation:	IMO
Address:	Level 3, Governor Stirling Tower, 197 St Georges Terrace
Date submitted:	29 February 2012
Urgency:	<i>Medium</i>
Change Proposal title:	Intermittent Loads Eligibility Criteria
Market Rules affected:	Clauses 2.30B.1, 2.30B.2, 2.30B.5, 2.30B.6, 2.30B.6A, 2.30B.7, 2.30B.8 and 2.30B.11.

Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

This Change Proposal can be posted, faxed or emailed to:

Independent Market Operator

Attn: Group Manager Market Development

PO Box 7096

Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4339

Email: market.development@imowa.com.au

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
 - (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
 - (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
 - (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
 - (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.
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Issue

The Market Rules, specifically clauses 2.30B.2(a)(i), 2.30B.10 and Appendix 1(f)(viii), consider that the regular consumption of the Load may exceed the capacity of the embedded generator. In this scenario, only a portion of the consumption of the Load is treated as Intermittent Load. The remainder of the consumption is treated as Non-Dispatchable Load and is required to fund Capacity Credits like any other non-Intermittent Load.

However, clause 2.30B.2(b) contradicts this, requiring that “the Load shall reasonably be expected to have net consumption of energy for not more than 4,320 Trading Intervals in any Capacity Year”. The drafting of this clause fails to consider the scenario described above, where the capacity of the embedded generator is less than the regular consumption of the Load.

For example, a constant 100 MW Load may be served by an 80 MW embedded generator with a high capacity factor. This Load would fail the eligibility test in clause 2.30B.2(b) as the Load would have net consumption of energy for all Trading Intervals in the year. However, clauses 2.30B.2(a)(i) and 2.30B.10 consider that the Load is comprised of 80 MW of Intermittent Load and 20 MW of Non-Dispatchable Load. The 80 MW Intermittent Load would be considered unlikely to have net consumption of energy for 25% of the year.

Proposal

The IMO proposes that the contradiction between clauses be rectified by amending clause 2.30B as specified in the proposed amendments below.

2. Explain the reason for the degree of urgency:

The IMO proposes that this Rule Change Proposal be progressed through the Standard Rule Change Process.

3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strikethrough~~ where words are deleted and underline words added)

2.30B.1 An Intermittent Load is a Load, or a part of a Load associated with consumption in excess of a level specified by the Market Participant, that satisfies the requirements of clause 2.30B.2 and is recorded in Standing Data as being an Intermittent Load.

2.30B.2. For a Load or part of a Load to be eligible to be an Intermittent Load the IMO must be satisfied that the following conditions are met:

- (a) a generation system must exist:
 - i. which can typically supply the maximum amount of that Load to be treated as Intermittent Load either in accordance with clause

2.30B.11 or without requiring energy to be withdrawn from a Network. Where clause 2.30B.11 applies then, for the purpose of this clause 2.30B.2(a)(i), the amount that the generation system can supply must be Loss Factor adjusted from the connection point of the generation system to the connection point of the Intermittent Load;

ii. the output of which is netted off consumption of the Load either in accordance with clause 2.30B.12 or by the meter registered to that Load; and

iii. which would in the view of the IMO, if it were not serving an Intermittent Load, be eligible to hold an amount of Certified Reserve Capacity, determined in accordance with clause 2.30B.4, at least sufficient to cover its Loss Factor adjusted from the connection point of the generation system to the connection point of the Intermittent Load.

5. Provide any identifiable costs and benefits of the change:

Costs: