



**Wholesale Electricity Market
Rule Change Proposal Submission Form**

**RC_2012_03 Assignment of Capacity Credits to network Control
Service Facilities**

Submitted by

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Submission

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Issues

The Independent Market Operator (IMO) has identified a number of issues relating to the treatment of NCS Facilities and the interaction with the capacity market. The issues are as follows:

1. NCS Facilities and Facilities that have been assigned Long Term Special Price Arrangements (LTSPA) are not assigned Capacity Credits for their CRC in clause 4.20.5A. This is despite:



The ability of NCS Facilities to provide both network support and contribute to system capacity using the same Facility should be welcomed if this can drive economic efficiencies in delivering services to users of the SWIS. It will be important that Western Power takes into account the potential value of capacity payments that NCS providers may receive when assessing offers from NCS providers against alternative solutions. Otherwise, it may be possible for NCS providers to be significantly overcompensated for its services by extracting the value of its capacity both from Western Power for the provision of NCS and from the market for provision of CRC. Perth Energy welcomes the proposal to rectify some of the inconsistencies that currently exist in the Market Rules relating to the treatment of CRC from these Facilities.

The issues around NCS Facilities and CRC have been debated for quite some time, including with the Public Utilities Office (PUO), the Economic Regulation Authority (ERA) and by the members of the Market Advisory Committee (MAC). Perth Energy's main concern in relation to the issue of providing CRC payments to NCS Facilities has been to ensure that these Facilities are able to deliver both of the services that they are being paid for. In other words, if they are being paid a contract fee from Western Power for NCS and receive CRC payments at the same time then those Facilities must be available to provide capacity to the SWIS.

Perth Energy understands

