



Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2013_21

Limits to Early Entry Capacity Payments

Submitted by

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Submission

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

Background

Originally, the Market Rules provided for capacity from new Facilities to be made available to the market at any time during a four-month window (between 1 August and 30 November) centralised around 1 October. Market Participants were able to nominate any date within the window, and could revise their expected entry date as the project nears completion. Capacity credit refunds applied from 1 December onwards.

RC_2009_11 amended the Market Rules to allow capacity from new Facilities to be made available to the market and receive Capacity Credit income during a four-month window between 1 June and 1 October, centralised around 1 August, with Capacity Credit refunds applying from 1 October onwards. The changes were i



IMO noted that as further work would be required to develop and assess this option and so it included the issue into its Rule Issues Log for further consideration.

In October 2013 the Market Advisory Committee (MAC) discussed the continuing priorities for the Market Rules Evolution Plan, where the removal of early entry capacity payments where there is excess capacity in the market was agreed to be a priority for the IMO to remove the unnecessary, inefficient associated costs to the market.

Proposed changes

The IMO proposes to remove early entry capacity payments where the market has excess capacity. This will be implemented via the following process:

- The IMO will determine whether the Reserve Capacity Requirement (RCR) has already been met by existing capacity for which a Reserve Capacity Security is not required in each Capacity Year.
- Based on its determination, the IMO will publish a notice as to whether early entry capacity payments will be available for that Capacity Year.

The IMO also proposes to enable early entry capacity payments to be available for facilities that were provided Early Certified Reserve Capacity under clause 4.28C.

Alinta's views

Alinta supports the proposed amendments which will result in early entry capacity payments only being available to facilities where there is a shortage of capacity. This would result in a more resilient market design and remove unnecessary costs that are currently being incurred by the market (estimated by the IMO to be approximately \$1.55 million per annum).

Alinta notes that its views around the necessity of early entry payments for DSM have not changed from those presented in its second round submission for RC_2012_10¹.

¹ A copy of Alinta's submission is available via the following link: http://www.imowa.com.au/rules/rule-changes/wem-rule-changes/rejected/rule-change-rc_2012_10