



Wholesale Electricity Market Rule Change Proposal Submission

RC_2017_06

Reduction of the prudential exposure in the Reserve Capacity Mechanism

Submitted by

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Date submitted:	11-SEP-2017

Submissions on Rule Change Proposals can be sent by:

Email to: rcp.secretariat@rcpwa.com.au

Post to: Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

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

Community Electricity supports the proposal, with particular emphasis on the principles of:

- i) keep the magnitude of prudential support fit-for-purpose so as to properly protect the market from default without unnecessarily increasing the capital required;
- ii) permit excess capacity allocations and liquidate them at the market price and offset against the prudential requirement;
- iii) reduce the N-3 lag & overhang as close as practicable to real time

We suggest care be taken in the wording of the transitional provisions to ensure that during the first month of application the liability in respect of a load is proportioned across the three month period rather than corrupted into charges being applied for all three months all at the

same. In particular, we perceive that clause 1.21.3 could benefit from clarification to the following effect, **in this font**.

1.21.3 For the first Trading Month during which the Post-Amended Rules come into effect, the references to “Trading Month n” in relation to $d(u,i)$ and $d(v,i)$ values in Step