
Wholesale Electricity Market – Procedure Change Proposal

Procedure Change No: PC_2012_07

Change requested by:

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Date submitted:	3 September 2012
Procedure change title:	Changes to Market Procedure for Certification of Reserve Capacity
Market Procedure affected:	Market Procedure for Certification of Reserve Capacity

Introduction

The Independent Market Operator (IMO) or System Management, as applicable, may initiate the Procedure Change Process by developing a Procedure Change Proposal. Rule Participants may notify the IMO or System Management, as applicable, where they consider an amendment or replacement of a Market Procedure would be appropriate.

If an Amending Rule requires the IMO or System Management to develop new Market Procedures or to amend or replace existing Market Procedures, then the IMO or System Management, as applicable, is responsible for the development, amendment, or replacement of Market Procedures so as to comply with the Amending Rule.

Market Procedures:

- (a) must:
 - i. be developed, amended or replaced in accordance with the process in the Market Rules;
 - ii. be consistent with the Wholesale Market Objectives; and
 - iii. be consistent with the Market Rules, the Electricity Industry Act and Regulations; and
- (b) may be amended or replaced in accordance with clause 2.10 and must be amended or replaced in accordance with clause 2.10 where a change is required to maintain consistency with Amending Rules.

The Wholesale Market Objectives 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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Details of Procedure Change Requested

1. Provide a reason for the proposed new, amended or replacement Market Procedure:

The Reserve Capacity Procedure for Certification of Reserve Capacity (Procedure) outlines the processes to be followed by the IMO and Market Participants with respect to applications for Certified Reserve Capacity or Early Certified Reserve Capacity. The Procedure also provides details of the process the IMO follows in approving Capacity Credits associated with Early Certified Reserve Capacity and specifies the format of data required to be submitted in application for certification of Reserve Capacity.

The IMO proposes to update the Procedure to:

- reflect the IMO's new format arising from its Market Procedure project. Note that a substantive rewrite of the Procedure has been undertaken by the IMO to improve the structure and level of detail provided in the Procedure. This is intended to ensure greater usability by Market Participants (and potential investors) when applying for certification of Reserve Capacity and Early Certified Reserve Capacity.
- ensure consistency with the Amending Rules that commenced since the Procedure was last updated on 15 December 2010, including the following Rule Change Proposals:
 - Certification of Reserve Capacity (RC_2010_14);
 - Curtailable Loads and Demand Side Programmes (RC_2010_29);
 - Calculation of the Capacity Value of Intermittent Generation – Methodology 1 (IMO) (RC_2010_25); and
 - Competitive Load Following and Balancing Market (RC_2011_10).

Given the substantive restructuring and rewrite of this Procedure the IMO has not shown its proposed changes in tracked changes but rather presented a final version of the Market Procedure.

The proposed amended Market Procedure was discussed by the IMO Procedure Change and Development Working Group at the 14 August 2012 meeting. Minutes from the meeting are available on the following webpage: <http://www.imowa.com.au/IMO-Procedures-Working-Group>

The IMO is seeking submissions regarding this proposal. The submission period is 20 Business Days from the publication of this Procedure Change Proposal. Submissions must be delivered to the IMO by **Tuesday, 2 October 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/procedure-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

2. Provide the wording of the Procedure

The proposed amended Procedure is provided as an attachment to this proposal.

3. Describe how the proposed changes to the Market Procedure would be consistent with the Market Rules, the Electricity Industry Act and Regulations

The proposed amended Procedure has been reviewed as a whole by the IMO to ensure compliance of the Procedure with the relevant provisions in the:

- Market Rules;
- Electricity Industry Act; and
- Regulations.

4. Describe how the proposed changes to the Market Procedure would be consistent with the Wholesale Market Objectives

The steps described in the proposed amended Procedure facilitate the IMO's Early Certified Reserve Capacity and Certified Reserve Capacity processes as described in chapter 4 of the Market Rules.

The IMO considers that the steps are drafted in a way that does not change the operation or objectives of the Market Rules. As a result the IMO considers that the amended Procedure, as a whole, is consistent with the Wholesale Market Objectives.