



INDEPENDENT
MARKET
OPERATOR



Initial Assessment of Impact of Ministerial Direction (2014 Reserve Capacity Cycle)

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Ministerial direction

- On 29 April, the Minister for Energy directed the IMO to defer the following processes in the 2014 Reserve Capacity Cycle by one year:
 - Certification of Reserve Capacity
 - Bilateral Trade Declarations
 - Assignment of Capacity Credits
 - Processes associated with the Reserve Capacity Auction (excluding the running of the auction)
- Direction instructs the IMO to extend the relevant dates in accordance with clause 4.1.32 of the Market Rules
- Direction issued under section 39 of the *Electricity Industry (Independent Market Operator) Regulations 2004*, becomes effective after 7 days

IMO's immediate actions

- 30 Apr: IMO issued notice to extend the date for opening applications for Certified Reserve Capacity (CRC) from 1 May to 14 May
- 1 May: IMO conducting briefing sessions for stakeholders
- 1 May: Closing date for submission of Expressions of Interest
- 7 May: Once direction becomes effective, IMO to issue extension notice to defer the date for opening applications for CRC and deadlines as specified in Ministerial direction to 2015
- 15 May: IMO to publish summary of Expressions of Interest

2014/15 and 2015/16 Capacity Years

- Direction only affects 2016/17 Capacity Year
- Direction does not cover the 2014/15 or 2015/16 Capacity Years, for which Capacity Credits assigned previously
- All Reserve Capacity Mechanism activities related to these Capacity Years will continue

2014 Statement of Opportunities (SOO)

- Ministerial direction does not explicitly extend the publication date for the 2014 SOO
- 2014 SOO must include Reserve Capacity Requirement for 2016/17
- IMO Board considering implications:
 - Conducting 2014 Reserve Capacity Cycle based on demand forecasts that may be out of date
 - Potential impacts on other Reserve Capacity Mechanism processes if 2014 SOO not published first
- IMO may extend publication of 2014 SOO until 2015, but would still publish substantial document in 2014, including market analysis and demand forecasts

2014 Reserve Capacity Auction

- Timing of Reserve Capacity Auction stated in MR 4.1.18
- MR 4.1.32 prevents the IMO from extending this date
- Direction provides no instruction to cancel or defer the 2014 Reserve Capacity Auction
 - Information to decide whether auction required not available until 2015
- Initial analysis indicates IMO may already be able to cancel the 2014 auction
- IMO still exploring ramifications and options, including potential requirement for a Rule Change Proposal

Simultaneous running of 2014 and 2015 cycles

- IMO investigating logistics of conducting both 2014 and 2015 Reserve Capacity Cycles during 2015
- From Market Rules perspective:
 - IMO able to simultaneously process applications for CRC for 2016/17 and 2017/18 Capacity Years
 - If the 2014 auction is required, the results of this auction must be known to run some 2015 processes
- Capability of IT systems to allow simultaneous processes to be assessed
- IMO will provide a further update to Market Participants once outcomes of Electricity Market Review are known, prior to conducting 2014 and 2015 cycles

2014 Reserve Capacity Cycle – steps to be extended in accordance with the direction (1)

Market Rule clause	Description of deadline	Deadline as directed	Previous deadline
4.1.10	Reserve Capacity Information Pack	17 Jun 2015	17 Jun 2014
4.1.11	Close applications for CRC	1 Jul 2015	1 Jul 2014
4.1.12	IMO assigns CRC	19 Aug 2015	19 Aug 2014
4.1.13(b)(i)	Provision of Reserve Capacity Security (no auction)	2 Sep 2015	2 Sep 2014
4.1.13(b)(ii)	Provision of Reserve Capacity Security (auction occurs)	14 Sep 2015	14 Sep 2014
4.1.14	Submit Bilateral Trade Declarations	2 Sep 2015	2 Sep 2014
4.1.15	IMO confirms Bilateral Trade Declarations	3 Sep 2015	3 Sep 2014
4.1.15A	IMO publishes CRC for each Facility	4 Sep 2015	4 Sep 2014
4.1.16	IMO announces whether auction will proceed, assigns Capacity Credits if auction cancelled	4 Sep 2015	4 Sep 2014

2014 Reserve Capacity Cycle – steps to be extended in accordance with the direction (2)

Market Rule clause	Description of deadline	Deadline as directed	Previous deadline
4.1.17(a)	Window for submitting auction offers opens	7 Sep 2015	5 Sep 2014
4.1.17(b)	Window for submitting auction offers closes	14 Sep 2015	12 Sep 2014
4.1.20	Capacity Credit and Long Term Special Price Arrangement submissions	21 Sep 2015	19 Sep 2014
4.1.21	Recalculation of Reserve Capacity Security (if applicable)	24 Sep 2015	24 Sep 2014
4.1.21A	IMO assigns Capacity Credits (if auction held)	24 Sep 2015	24 Sep 2014

Questions