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## Wholesale Electricity Market Submission to Procedure Change Proposal

### PC\_2013\_06: Changes to Market Procedure for Certification of Reserve Capacity

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#### Submitted by

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<b>Date submitted:</b>	10 March 2014

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#### Submission

Clause 2.10.7 of the Wholesale Electricity Market Amending Rules provides that any person may make a submission for a Procedure Change Proposal by filling in this Procedure Change Submission form.

Submissions for Procedure Changes that relate to the Power System Operation Procedures and IMO Market Procedures should be submitted to:

#### Independent Market Operator

Attn: Group Manager, Market Development  
PO Box 7096  
Cloisters Square, Perth, WA 6850  
Fax: (08) 9254 4399  
Email: market.development@imowa.com.au

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### 1. Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions:

#### *Proposed changes*

The Independent Market Operator (IMO) proposes a number of changes to the Market Procedure for Certification of Reserve Capacity (CRC) to implement a number of rule changes including:

- RC\_2012\_20: Consideration of Network Constraints for CRC;

- RC\_2013\_09: Incentives for the Availability of Scheduled Generators; and
- RC\_2013\_10: Harmonisation of Supply-Side and Demand-Side Capacity Resources.

In addition to ensuring the Market Procedure remains consistent with the Amending Rules resulting from the above-mentioned rule changes the IMO also proposes to:

- Provide details of the factors that may be considered by the IMO when determining whether a Facility that has not been in Commercial Operation for 36 months meets the criteria outlined in clause 4.11.1(h)(ii);
- Provide details of the process the IMO will use if it receives multiple certification applications relating to a shared DSOC and the sum of the levels of unconstrained network access nominated by the applications exceeds the DSOC;
- Clarify how the IMO will determine the quantity referred to in clause 4.11.1(a) where the applicant nominates more than one fuel for certification under clause 4.10.1(e)(v);
- Clarify how the IMO will assess fuel supply, staffing constraints and other restrictions when assigning CRC to Scheduled Generators; and
- Improve the clarity and integrity of the Market Procedure and its consistency with the IMO's standard format for Market Procedures.

### ***Alinta's views***

Alinta has been actively involved in the consultation processes for both RC\_2013\_09 and RC\_2013\_10 and notes that the views provided in this submission are intended to supplement those views presented previously and so should be read in conjunction with Alinta's formal submissions on the relevant rule changes. Rather than simply re-stating Alinta's position on each of the rule changes this submission is intended to provide additional suggestions that relate directly to the proposed amendments to the Market Procedure. Alinta's specific comments on the proposed amended Market Procedure are provided in the next section of this submission.

Alinta however notes that those suggestions with respect to fuel requirements that we provided during our second round submission on RC\_2013\_10 remain entirely relevant for the purposes of this Market Procedure. In particular, we recommended that should the IMO continue down the pathway of removing prescriptive fuel requirements then to address concerns raised around regulatory uncertainty the IMO should:

- provide a formal confirmation that going forward the fuel requirements will be no higher than those currently prescribed (i.e. 14 hours for primary fuel and 12 hours for dual fuel). This will ensure that unnecessary additional costs are not incurred by the market

and will act to set a “maximum” fuel requirement for certification – which is particularly important for potential new entrants. Alinta understands that the IMO will be providing this confirmation in the Final Rule Change Report and/or within a comment box in the Market Procedure.

- outline the principle underpinning the IMO’s fuel assessments for the purposes of certification in an appropriate regulatory instrument so as to provide certainty to the market of the context for the IMO’s decision making (given that the rules will now remain silent on this matter).

In recognition of the difficulties faced by the IMO in defining “peak periods” Alinta recommended the following:

*“In assessing applications for Certification of Reserve Capacity the IMO must take into consideration whether the relevant Facility would be reasonably expected to have fuel available for periods of low system reserve during the relevant Capacity Year.”*

- outline how it will apply the new test prescribed in the Market Procedure when assessing fuel for the purposes of certification. For example it is unclear whether the IMO will continue to be interested in whether a facility has a defined number of hours of fuel stock or rather simply that the facility has appropriate arrangements for the supply of fuel in place.

To the extent that the test is simply that appropriate access to fuel has been arranged it may be appropriate to clarify this when prescribing the principle underpinning the IMO’s assessment of fuel when making certification decisions.

### ***Proposed changes to Market Procedure***

Alinta is generally supportive of the IMO’s proposed amendments to the Market Procedure for CRC. We offer the following more specific comment on the proposed amendments:

- Step 3.2.2 – It would be valuable to specify the timelines for the IMO to request information from a Market Participant where it considers that the information is insufficient to make its certification assessment. Alinta appreciates that it may not be possible to hardwire a requirement and so suggests that the obligation be “as soon as practicable”. This will ensure that participants will have the maximum available time to provide additional information.