

Independent Market Operator



Rule Change Notice

Title: Non Temperature Dependant Loads Timelines

Ref: RC_2007_19

Date: 17 September 2007

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Independent Market Operator

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1. INTRODUCTION

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the Independent Market Operator) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the Independent Market Operator (IMO).

The IMO will assess the proposal and, within 5 Business Days of receiving the Rule Change Proposal Form, will notify the proponent whether the Rule Change Proposal will be progressed further.

In order for the proposal to be progressed the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives. The objectives of the market 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.

A Rule Change Proposal can be processed using a Standard Process or a Fast Track Process. The Standard Process involves a combined 10 weeks public submission period, while the Fast Track Process involves the IMO consulting with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.

2. THE RULE CHANGE PROPOSAL

2.1. The Submission

Wesfarmers Premier Power Sales (Premier Power) submitted, on 13 September 2007, a Rule Change Proposal regarding changes to clause 4.28.8 in the Wholesale Electricity Market Rules.

This Rule Change Notice is published according to Market Rule 2.5.7, which requires the IMO to publish a notice within 7 Business Days of receiving a Rule Change Proposal.

2.1.1. Submission details

Name:	Paul Keay
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Organisation:	Wesfarmers Premier Power Sales
Address:	PO Box 4184, Myaree WA 6960
Date submitted:	13 September, 2007
Urgency:	High
Change Proposal title:	Non Temperature Dependant Loads Timelines
Market Rule(s) affected:	4.28

2.2. Details of the Proposal

Premier Power proposes to amend the Market Rules to change the timelines related to consideration of Non Temperature Dependant Load (NTDL).

Under the Market Rules, the IMO determines and publishes an initial Individual Reserve Capacity Requirement (IRCR) for each Market Customer on the last Business Day falling on or before 10 September of each year.

To assist the IMO in determining these initial IRCRs, Market Customers, by the last Business Day falling on or before 20 August, provide to the IMO:

- a list of interval meters associated with that Market Customer that the Market Customer wants the IMO to treat as NTDLs;
- details of any Demand Side Management (DSM) measures that the Market Customer has implemented since the previous Hot Season, including the expected MW reduction in peak consumption resulting from those measures; and
- nominations of capacity requirements for Intermittent Loads.

Once the initial IRCR's are determined and published, every month between 1 October and 30 September of the Reserve Capacity year, the IMO updates the values of each Market Participant's IRCR. However, the current rules do not provide Market Customers with the ability to nominate NTDLs or DSM measures for the purpose of these monthly IRCR updates.

Premier Power is concerned that it is not currently possible to nominate a load as non-temperature dependant upon its churn during a Reserve Capacity year. Premier Power submits that so far the only opportunity to make this nomination, in accordance with the Market Rules, was prior to market start. In addition, Premier Power is concerned that when a customer load (or part of it) ceases effective operation during the Reserve Capacity year, under the current Market Rules its IRCR will remain unchanged and thus still be passed onto the retailer for the rest of the Reserve Capacity Year.

Premier Power submits that, if a customer should have previously been nominated as a NTDL or the load has ceased to consume but the retailer is still being charged an IRCR, customers may incur costs (where these are passed through under their contracts) or retailers may be forced to absorb these costs.

Premier Power proposes, therefore, to amend the rules to provide Market Customers with the ability to nominate NTDLs or DSM measures for the purpose of the monthly IRCR updates during a Reserve Capacity year.

2.3. The Proposal and the Market Objectives

Premier Power submits that the proposed change promotes economic efficiency and minimises the long-term cost to customers on the SWIS.

3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicated that the proposal is consistent with the Market Objectives.

The proposal will be progressed according to the Standard Rule Change Process described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:

- This Rule Change Notice published 17/09/2007
- First Submission period 17/09/2007 - 29/10/2007
- Draft Report published 26/11/2007
- Second submission period 26/11/2007 - 24/12/2007
- Final Report published 24/01/2008

4. CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is 6 weeks from the publication date of this notice. Submissions must be delivered to the IMO by close of business on **Monday 29 October 2007**.

The IMO prefers to receive submissions by email to **marketadmin@imowa.com.au** , using the submission form available on the IMO website:

http://www.imowa.com.au/10_5_1_a_v_open_rule_change_proposals.htm

Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator
Attn: Dora Guzeleva, Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

5. PROPOSED AMENDING RULES

Premier Power proposes the following amendments to the Market Rules (added words are underlined):

- 4.28.8. To assist the IMO in determining Individual Reserve Capacity Requirements in accordance with clause 4.28.7 and updating Individual Reserve Capacity Requirement in accordance with clause 4.28.11, Market Customers must, by the date and time specified in clause 4.1.23 and no later than by 5:00 PM on the Business Day being twenty Business Days prior to the date and time specified in clause 4.1.28(b), provide to the IMO:
- (a) a list of interval meters associated with that Market Customer that the Market Customer wants the IMO to treat as Non-Temperature Dependent Loads;
 - (b) details of any Demand Side Management measures that the Market Customer has implemented since the previous Hot Season, including the expected MW reduction in peak consumption resulting from those measures; and
 - (c) nominations of capacity requirements for Intermittent Loads, expressed in MW, where the nominated quantity cannot exceed the greater of:
 - i. the maximum allowed level of Intermittent Load specified in Standing Data for that Intermittent Load at the time of providing the data; and
 - ii. the maximum Contractual Maximum Demand expected to be associated with that Intermittent Load during the Capacity Year to which the nomination relates. The Market Customer must provide evidence to the IMO of this Contractual Maximum Demand level unless the IMO has previously been provided with that evidence.