

The background of the lower section is a photograph of a wind farm and power lines, overlaid with a semi-transparent blue filter. On the left, several white wind turbines are visible, with their blades extending outwards. On the right, a tall metal lattice tower for power lines stands prominently. The overall scene is set against a clear sky.

Independent Market Operator

Rule Change Notice
Title: Adjustment of
Relevant Level for Intermittent
Generation Capacity

Ref: RC_2010_24

Standard Rule Change Process

Date: 9 August 2010

CONTENTS

1. THE RULE CHANGE PROPOSAL	3
1.1. The Submission	3
1.2. Details of the Proposal	3
1.3. The Proposal and the Wholesale Market Objectives	4
2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER	4
3. CALL FOR SUBMISSIONS.....	5
4. PROPOSED AMENDING RULES	5
5. ABOUT RULE CHANGE PROPOSALS	6

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1. THE RULE CHANGE PROPOSAL

1.1. The Submission

On 3 August 2010 Alinta submitted a Rule Change Proposal regarding amendments to clause 4.11.3A of the Wholesale Electricity Market Rules (Market Rules).

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

1.1.1 Submission details

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Date submitted:	3 August 2010
Urgency:	2-medium
Change Proposal title:	Adjustment of Relevant Level for Intermittent Generation Capacity
Market Rules affected:	4.11.3A

1.2. Details of the Proposal

Alinta notes in its Rule Change Proposal that clause 4.11.1(d) of the Wholesale Electricity Market Rules (Market Rules) requires that the IMO assign Certified Reserve Capacity for a Non-Scheduled Generator based on its "Relevant Level", which is to be determined in accordance with clause 4.11.3A.

The methodology set out in clause 4.11.3A is as follows.

- (a) Take all the Trading Intervals that fell within the last three years up to, and including, the last Hot Season.
- (b) Determine the amount of electricity (in MWh) sent out by the Facility in accordance with metered data submissions received by the IMO in accordance with clause 8.4 during these Trading Intervals.
- (c) If the Generator has not entered service, or if it entered service during the period referred to in step (a), estimate the amount of electricity (in MWh) that would have been sent out by the facility, had it been in service, for all Trading Intervals occurring during the period referred to in (a) which are prior to it entering service.
- (d) Set the Relevant Level as double the sum of the quantities determined in (b) and (c) divided by 52,560.



Alinta considers that to the extent that a Market Participant receives (downward) dispatch instructions from System Management under clause 7.7.1 in respect of a Facility that is an Intermittent Generator, and the Market Participant confirms its ability to comply with the Dispatch Instruction, the amount of electricity sent out by the Facility, as measured by meter data submissions received by the IMO, will be lower than would have been the case in the absence of the Dispatch Instruction.

Further, Alinta notes that to the extent that a Facility that is an Intermittent Generator has a Planned or Consequential Outage, the amount of electricity sent out by the Facility, as measured by meter data submissions received by the IMO, will be lower than would have been the case in the absence of the Planned or Consequential Outage.

As a result, Alinta notes that the Relevant Level, and the Certified Reserve Capacity assigned to a Facility that is an Intermittent Generator, will be lower than would have been the case in the absence of the Dispatch Instruction, Planned Outage or Consequential Outage.

To the extent that the Certified Reserve Capacity assigned to a Facility that is an Intermittent Generator is reduced due to Dispatch Instructions from System Management, Planned Outages or Consequential Outages, Alinta considers that the assigned Certified Reserve Capacity is not consistent with the capacity contribution that the Facility can make and the Market Participant is disadvantaged financially.

1.3. The Proposal and the Wholesale Market Objectives

Alinta submits that the quantity of Certified Reserve Capacity assigned to a Facility that is a Scheduled Generator is not affected by Dispatch Instructions from System Management, Planned Outages or Consequential Outages. Consequently, a Market Participant with a Facility that is an Intermittent Generator is discriminated against, and because the effect of Dispatch Instructions, Planned Outages or Consequential Outages are to unambiguously decrease the quantity of Certified Reserve Capacity assigned to a Facility that is an Intermittent Generator, is financially disadvantaged by the Market Rules.

As a result, Alinta considers that the proposed amendments are necessary to support Market Objective (c), as they avoid discrimination 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.

Alinta also considers that the proposed amendments to clause 4.11.3A are consistent with Market Objectives (a), (b) and (d), and are not inconsistent with Market Objective (e).

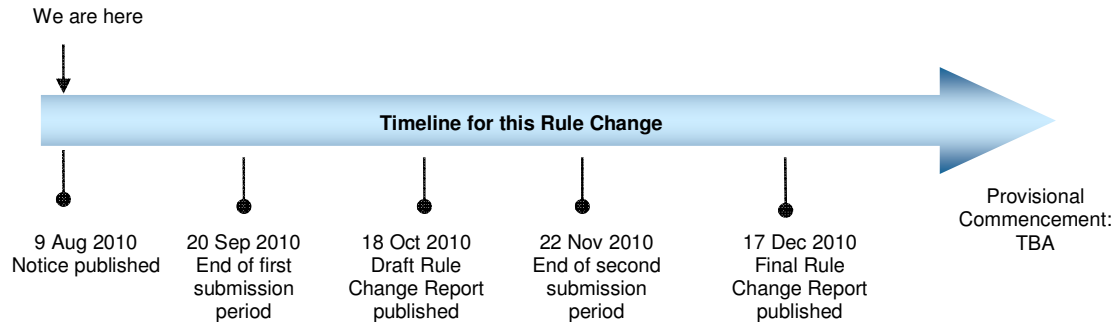
2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that Market Participants should be given an opportunity to provide submissions as part of the rule change process.



This Rule Change Proposal will be processed using the Standard Rule Change Process, described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:



3. CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is 30 Business Days from the publication date of this Rule Change Notice. Submissions must be delivered to the IMO by 5:00pm on **Monday, 20 September 2010**.

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/rule-changes>.

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

Independent Market Operator
Attn: General Manager, Development
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4399

4. PROPOSED AMENDING RULES

Alinta proposes the following amendments to the Market Rules (~~deleted text~~, added text):

4.11.3A. The Relevant Level in respect of a Facility at a point in time is determined by the IMO following these steps:

- (a) take all the Trading Intervals that fell within the last three years up to, and including, the last Hot Season;

- (b) determine the amount of electricity (in MWh) sent out by the Facility in accordance with metered data submissions received by the IMO in accordance with clause 8.4 during these Trading Intervals;
- (c) If the Generator has not entered service, or if it entered service during the period referred to in step (a), estimate the amount of electricity (in MWh) that would have been sent out by the facility, had it been in service, for all Trading Intervals occurring during the period referred to in (a) which are prior to it entering service;
- (cA) If evidence is provided by the Market Generator that during the period described in step (a), the amount of electricity (in MWh) sent out by the Facility was reduced because the Facility complied with a Dispatch Instruction from System Management, or because of a Planned Outage or a Consequential Outage, estimate the amount of electricity (in MWh) that would have been sent out by the facility, had it not complied with the Dispatch Instruction or been affected by a Planned Outage or a Consequential Outage.
- (d) set the Relevant Level as double the sum of the quantities determined in (b), ~~and (c)~~ and (cA) divided by 52,560.

5. ABOUT RULE CHANGE PROPOSALS

Any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submitting this to the IMO (Clause 2.5.1 of the Market Rules).

The IMO will assess the proposal and, within 5 Business Days of receiving the proposal form, will notify the proponent whether the 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 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.

A Rule Change Proposal can be processed using a Standard Rule Change Process or a Fast Track Rule Change 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.