



Independent Market Operator

Amended Rule Change Notice

**Title: Capacity credits for
solar facilities**

Ref: RC_2008_31

Standard Rule Change Process

Date: 12 March 2009

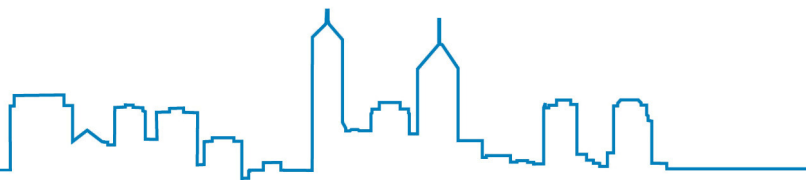
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1. THE RULE CHANGE PROPOSAL

1.1. *Extension of the First Submission Period*

In accordance with clause 2.5.10 of the Wholesale Electricity Market Rules the IMO decided to extend the timeframe for the second submission period for this Rule Change Proposal until 24 April 2009. A notice of this extension was published under clause 2.5.12 on the IMO website on 10 March 2009.

This Rule Change Notice has been updated with the revised timelines following the notice of extension. All other parts of this document remain unchanged from the original version published on 18 December 2008.

1.2. *The Submission*

On 15 December 2008 Synergy submitted a Rule Change Proposal regarding changes to clauses 4.11.2, 4.11.3, 4.11.3A, and 4.11.3B in the Wholesale Electricity Market Rules (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.

1.1.1 *Submission details*

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Date submitted:	<i>5 September 2008</i>
Urgency:	<i>Medium</i>
Change Proposal title:	Capacity Credits for Solar Facilities

1.3. *Details of the Proposal*

Market Participants may currently nominate to have the certified capacity of an intermittent generator assessed under the methodology outlined under clause 4.11.2(b) of the Rules. This requires the IMO to utilise the calculation process outlined in clause 4.11.3A of the Rules to determine the “Relevant Level” for this capacity certification.

Clause 4.11.3A uses the average output of the facility to determine the certified capacity of an Intermittent Generator facility. This clause replaced an earlier provision of the Rules (Clause 4.11.3) that determined the Relevant Level by considering the capacity available with 90% confidence. The Rules were amended in 2005 to remove clause 4.11.3 following the insertion of clause 4.11.3A.

The averaging approach under the current certification process for intermittent generators acts to reduce the amount of certification that would be afforded to solar power station facilities below that available during peak demand. It may therefore act as a potential disincentive to the establishment of such facilities within the SWIS.

It is considered that the arrangements under the previous Clause 4.11.3 would be more appropriate for the application of the certification process to solar power station facilities that are eligible for certification under the Rules. This alternate certification mechanism would more closely approximate the capacity of the facility that will be available during periods of peak system demand, given that the electricity load within the SWIS is largely temperature dependent.

Synergy views that the current methodology must be changed to ensure that the current capacity certification process does not discriminate against solar powered facilities.

1.4. *The Proposal and the Wholesale Market Objectives*

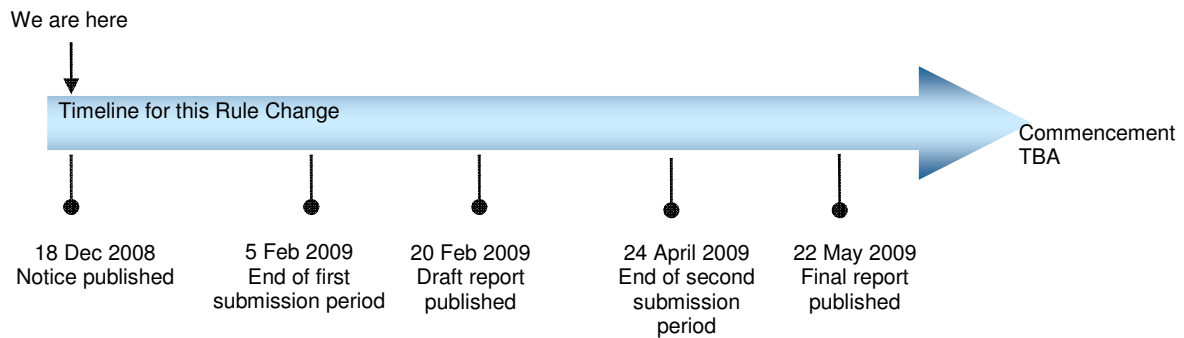
Advancing this rule change will support the Wholesale Market Objectives, most notably, (b), facilitating efficient entry of new competitors; and (c), avoiding discrimination against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions.

2. 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 Wholesale Market Objectives.

The IMO has decided to process this Rule Change Proposal 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 six weeks from the publication date of this notice. Submissions must be delivered to the IMO by close of business on **Friday 24 April 2009**.

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_MarketRulesChangeSummary.html

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

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

Fax: (08) 9254 4399

4. PROPOSED AMENDING RULES

Synergy proposes the following amendments to the Market Rules (~~deleted words~~, added words):

- 4.11.2. Where an applicant nominates under clause 4.10.1(i) to have the IMO use the methodology described in clause 4.11.2(b) to apply to a Scheduled Generator or a Non-Scheduled Generator, the IMO:
- (a) may reject the nomination if the IMO reasonably believes that the capacity of the Facility has permanently declined, or is anticipated to permanently decline prior to or during the Reserve Capacity Cycle to which the Certified Reserve Capacity relates. If the IMO rejects such a nomination it must process the application as it would if no nomination to use the method described in clause 4.11.2(b) had been made;
 - (b) if it has not rejected the nomination under paragraph (a), must assign a quantity of Certified Reserve Capacity to the relevant Facility for the Reserve Capacity Cycle equal to the Relevant Level determined by the IMO in accordance with either clause 4.11.3A or clause 4.11.3B (as elected by the applicant) but subject to clauses 4.11.1(b), 4.11.1(c), 4.11.1(f), 4.11.1(g), 4.11.1(h) and 4.11.1(i).
- 4.11.3. [Blank]
- 4.11.3A. Where an applicant elects under clause 4.11.2(b) to have the IMO determine the Relevant Level in respect of a Facility at a point in time under this clause is ~~determined by the IMO~~ will 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;

- (d) set the Relevant Level as double the sum of the quantities determined in (b) and (c) divided by 52,560.

4.11.3B. Where an applicant elects under clause 4.11.2(b) to have the IMO determine the Relevant Level in respect of a Facility at a point in time under this clause The Relevant Level in respect of a Facility at a point in time is determined by the IMO will following these steps:

- (a) take all the Trading Intervals that fell within the last full Hot Season before that time;
- (b) identify the 250 Trading Intervals from those referred to in step (a) during which the demand for electricity on the SWIS is highest, where demand refers to total demand, net of embedded generation;
- (c) remove any Trading Intervals from those identified in step (b) during which System Management instructed the Facility to reduce its electricity sent out;
- (d) determine the level of electricity sent out by the Facility during each of those remaining Trading Intervals (ignoring Losses), in accordance with metered data submissions received by the IMO for that Facility in accordance with clause 8.4;
- (e) rank the levels determined under step (d) from highest to lowest, with the higher levels having priority over a lower level; and
- (f) set the Relevant Level as the level which the IMO determines to be the lowest 10% percentile level of the ranking in step (e).

5. ABOUT RULE CHANGE PROPOSALS

Market Rule 2.5.1 of the Wholesale Electricity Market Rules (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 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.