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**Wholesale Electricity Market  
Rule Change Proposal Submission Form**

**RC\_2007\_22 Network Control Service Procurement Requirements**

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**Submitted by**

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**Submission**

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**1. Please provide your views on the proposal, including any objections or suggested revisions.**

Verve Energy supports Western Power's view that the inflexibility of a ten year fixed term for Network Control Service agreements prevents the achievement of optimum outcomes in the balance between network augmentation and the ability to delay capital expenditure on that augmentation in favour of alternative solutions.

Verve Energy strongly supports the adoption of local generation solutions, even if it is only short-term, if it efficiently delays major capital expenditure on network augmentation. While it is understood that suppliers of that local generation may want the surety of a long-term commitment to warrant its investment, such surety is of no use if it discourages the network operator from employing it. The parties need greater flexibility to enable an equilibrium to be found if one exists.

Notwithstanding the above, Verve Energy notes the ability under the Market Rules for a supplier of local generation to enter into a Dispatch Support Agreement directly with the network operator. Verve Energy has long held the view that ancillary services, particularly dispatch support, are best negotiated directly between the supplier and the receiver of the service and that the market operator's involvement in that commercial arrangement may be inefficient and unnecessary.

It could be argued that the Network Control Services provisions under the Market Rules could be dispensed with and network control services covered exclusively by a Dispatch Support Agreement. An alternative, if that is not acceptable, may be for the shorter-term arrangements to be covered by a Dispatch Support Agreement with the Network Control Service Agreement

retained as a ten year arrangement to accommodate the establishment of major generation solutions which significantly delay, or maybe even circumvent, major capital outlay on network augmentation. This would not be the optimum solution however.

In conclusion, Verve Energy supports the need for Western Power to have greater flexibility when procuring network control (aka dispatch support) and , while it has no objection to the proposed rule change, believes that there is, as discussed above, a more efficient way of achieving the desired outcome.

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**2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.**

Verve Energy, notwithstanding the discussion above re the inefficiency in general of Network Control Services agreements, agrees with Western Power that the proposed rule change supports Market Objectives (a) and (d) ie:

(a) “ ...promote the economically efficient ....supply of electricity...” , and

(d) “ ...to minimise the long-term cost of electricity ....”

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**3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.**

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**4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.**

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