
Wholesale Electricity Market Submission to Procedure Change Proposal

PC_2013_09 Changes to the Market Procedure for Reserve Capacity Performance Monitoring

Submitted by

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Submission

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

Synergy¹ notes that the Independent Market Operator (IMO) is proposing to amend the Market Procedure for Certification of Reserve Capacity to reflect amendments to the Wholesale Electricity Market Rules (Market Rules) arising from:

- RC_2010_14: Certification of Reserve Capacity; and
- RC_2013_09: Incentives to Improve Availability of Scheduled Generators.

Summary of views on the Rule Change Proposals relevant to this Procedure Change Proposal

In order to provide context around Synergy's comments on this Procedure Change Proposal the following sections provide a summary of the views on the relevant Rule Change

¹ Effective from 1 January 2014, the Electricity Generation Corporation trading as Verve Energy changed its name to Electricity Generation and Retail Corporation trading as Synergy. This name change was instituted to reflect the merger of Verve Energy and the Electricity Retail Corporation trading as Synergy as detailed in the Electricity Corporations Amendment Bill 2013 (WA) (passed by the parliament of Western Australia on 12 December 2013 and received Royal Assent on 18 December 2013).

Proposals, as previously presented by the pre-merger corporations and the post-merger corporation (where applicable).

Where this submission refers to “Synergy” it refers to the post-merger corporation. For clarity “Electricity Retail Corporation” will be used to refer to the pre-merger corporation (also known as Synergy).

RC 2012 14: Certification of Reserve Capacity

The Electricity Retail Corporation supported the Rule Change Proposal, albeit with a suggestion to publish the CRC assigned to each Facility after the bilateral trade declarations which would ensure benefits to the market whilst preventing any gaming.

RC 2013 09: Incentives to Improve Availability of Scheduled Generators

Verve Energy noted in its first submission that it considered that the Rule Change Proposal:

- was an over-reaction to a current set of circumstances in the WEM which will lead to additional, unnecessary costs for Market Generators (which will be ultimately passed onto end users);
- did not take into account the natural, and very strong, incentives to be available in a predominantly bilateral contract market;
- did not recognise that availability of a generation facility varies greatly depending on the type of fuel, the design of the facility, how the facility is operated/dispatched, and the stage of its lifecycle that the facility is at; and
- when assessed in its entirety, was heavy handed, introduced onerous obligations, was unnecessarily invasive and simply not needed.

Verve Energy considered that the IMO could achieve the same outcome (i.e. appropriate incentives for availability) by implementing a subset of, and/or modification to, the measures outlined in the Rule Change Proposal. While commending the IMO for its response to certain issues raised in the first submission period, Synergy reiterated the above over-arching view on the proposal during the second submission period.

Synergy’s approach to this submission

While Synergy is still of the view that the proposals outlined in RC_2013_09 are not necessary in their entirety, and the IMO could achieve the same outcome by implementing a subset of, and/or modification to, the measures outlined in the Rule Change Proposal, Synergy has not repeated those views in this submission.

Synergy has instead focussed on reviewing the operational processes outlined in this Procedure Change Proposal. Noting this, nothing in this submission should be interpreted as a change to Synergy’s views on RC_2013_09.

Synergy's views on the Procedure Change Proposal

Synergy offers the following suggestions for the IMO to consider:

- Step 2.2.3: Synergy considers that the IMO's request for a Reserve Capacity Performance Report should also indicate the 12 Trading Months that the report pertains to. The reason for this is that there could be up to 20 Business Days until the IMO requests the report (step 2.2.2), and the participant then has a further 20 Business Days to provide the report (step 2.2.4) and there may be uncertainty as to the reporting period which the report is required to cover. Further, the Reserve Capacity Performance Report template should also refer to the time period that the report pertains to.
- Step 2.2.4(b): Synergy considers that the words "in an attachment" are superfluous and should be deleted.
- Step 2.2.18: For the avoidance of doubt Synergy would prefer this step to be drafted as follows:

If the IMO makes a payment to a person for providing an opinion on a Reserve Capacity Performance Report or Reserve Capacity Performance Improvement Report, the IMO must as soon as practicable provide to the relevant Market Participant:

- (a) by email, evidence of the costs incurred by the IMO for the provision of the opinion; and
- (b) by mail and email, an invoice for the amount of the ~~IMO's costs~~ incurred by the IMO for the provision of the opinion.

Synergy's views on the templates associated with the Procedure Change Proposal

As outlined above, Synergy considers that the templates should include a reference to the time period that the report pertains to, as suggested below:

Facility Details

Name of the Facility:

Dates:

Date of Report:

Trading Months to which this report pertains to:

The declaration section of the report templates notes "This needs to be provided by an Authorised Officer, as defined in the Market Rules". Synergy considers that the words "as defined in the Market Rules" are superfluous as the capitalisation of the term indicates that it is defined in the Market Rules.