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## Wholesale Electricity Market – Procedure Change Proposal

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Procedure Change No: PC\_2008\_04

### Change requested by

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<b>Date submitted:</b>	17 April 2008
<b>Procedure change title:</b>	Amendments to the Market Procedure for Certification of Reserve Capacity
<b>Market Procedure(s) affected:</b>	Certification of Reserve Capacity

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### Introduction

The IMO or System Management, as applicable, may initiate the Procedure Change Process by developing a Procedure Change Proposal. Rule Participants may notify the IMO or System Management, as applicable, where they consider an amendment or replacement of a Market Procedure would be appropriate.

If an Amending Rule requires the IMO or System Management to develop new Market Procedures or to amend or replace existing Market Procedures, then the IMO or System Management, as applicable, is responsible for the development of, amendment of or replacement for, Market Procedures so as to comply with the Amending Rule.

Market Procedures:

- (a) must:
  - i. be developed, amended or replaced in accordance with the process in the Market Rules;
  - ii. be consistent with the Wholesale Market Objectives; and
  - iii. be consistent with these Market Rules, the Electricity Industry Act and Regulations; and

- (b) may be amended or replaced in accordance with clause 2.10 and must be amended or replaced in accordance with clause 2.10 where a change is required to maintain consistency with Amending Rules.

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.

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## **Details of Procedure Change Requested**

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### **1. Provide a reason for the proposed new, amended or replacement Market Procedure:**

The current procedure for Certification of Reserve Capacity was developed before the start of the Wholesale Electricity Market in September 2006. Practical experience, together with the implementation of the Wholesale Electricity Market System (WEMS) requires that the procedure be updated to reflect the way in which Certified Reserve Capacity applications are submitted, assessed and approved in practice.

This procedure is proposed to be amended in order to reflect the actual steps taken by Market Participants and the IMO when progressing through the Certified Reserve Capacity process. The amendments will enable the procedure to be better aligned with the requirements of the Market Rules and the functionality of the WEMS.

The proposed amendments have been assessed by the IMO Market Procedure Development Group, a group of Industry Representatives set up by the Market Advisory Committee to assist the IMO in developing Market Procedures.

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### **2. Provide the wording of the new or amended Procedure *(as applicable)***

The proposed amendments to the current Market Procedure for Certification of Reserve Capacity is provided as an attachment to this proposal.

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