

## **Provision of electricity generating capacity for 2007/08 in the South West Interconnected System**

The State Government has completed a major step in the process to secure future power supplies within the South West Interconnected System with finalisation of commitments to generation capacity for the 2007/08 year.

Commitments have been secured from 11 companies to provide 4115.4 MW of generation and demand side management capacity during the 2007/08 year. This is a comfortable margin above the minimum requirement of 4000 MW of capacity.

These companies were selected through the Reserve Capacity Mechanism developed as part of the Government's energy market reform process and operated by the Independent Market Operator.

The Independent Market Operator has assigned capacity credits to these companies – this means that the IMO will pay these companies for providing the capacity in exchange for a commitment that the capacity will be made available as and when required to meet demand.

Much of this capacity is already in place or under construction, but it includes a substantial commitment to additional capacity by Alinta.

Capacity will be provided by both traditional plant as well as generators powered by renewable energy. These include wind farms as well as land fill gas.

Two companies have committed to providing a total of 131 MW of capacity through demand side management arrangements in which large customers contract to reduce their usage when system demand is very high.

The success of this process shows that private sector infrastructure providers have real confidence in the new Wholesale Electricity Market that is being introduced by Government.

It follows on from the very successful Expression of Interest process undertaken at the end of 2004 when 14 companies expressed their interest in providing new capacity for 2007/08.

The success of the process to date means that the IMO does not need to proceed with its fallback mechanism of running a reserve capacity auction this year.

Looking ahead, the additional capacity secured through this process, plus that secured through the power procurement process, means that adequate capacity is already committed to meet the requirement for the summer of 2008/09 as set out in the Statement of Opportunities Report.

**Summary of capacity credits assigned for the period October 2007  
through to September 2008**

<b>Provider</b>	<b>Capacity</b>	<b>Fuel source</b>
AGL (Gosnells and Rockingham)	3.1 MW	Landfill gas
Alinta Pinjarra	258.0 MW	Gas
Alinta Walkaway Windfarm	40.7 MW	Wind
Alinta Wagerup	351.0 MW	Gas
Emu Downs Windfarm	31.1 MW	Wind
Goldfields Power	61.4 MW	Gas
International Power	4.5 MW	Gas
Landfill Gas and Power	12.1 MW	Landfill gas
Landfill Management Services	4.1 MW	Landfill gas
Southern Cross Energy	19.1 MW	Gas
Water Corporation (DSM)	11.0 MW	DSM
Western Power Generation	3152.8 MW	Coal, Gas, Diesel
Western Power Demand Side Management	120.0 MW	DSM
Worsley Alumina	46.5 MW	Coal, gas
<b>Total</b>	<b>4115.4 MW</b>	

**Note:** *DSM – demand side management*