

**PROCEDURE CHANGE PC_2009_12:
MARKET PROCEDURE FOR THE DETERMINATION OF
MAXIMUM RESERVE CAPACITY PRICE**

Public Workshop

Each year the IMO is required to conduct a review of the Maximum Reserve Capacity Price (MRCP). As part of this review the IMO determines the Weighted Average Cost of Capital (WACC) to be applied to various costing components of the MRCP. The WACC is comprised of two different components; the minor components, which require review annually, and the major components, which require review less frequently.

Due to the impact of the Global Financial Crisis, the IMO requested The Allen Consulting Group to review the major components of the WACC used in calculation of the MRCP to apply for the 2010 Reserve Capacity Cycle. As an outcome of this review a number of changes to the major components incorporated into the review have been suggested. A copy of The Allen Consulting Group's report is available on the IMO's webpage: <http://www.imowa.com.au/mrcp>.

To implement the recommended changes into the calculation of the MRCP the Determination of the Maximum Reserve Capacity Price Market Procedure needs to be updated. Consequently, the IMO has released a Procedure Change Proposal (PC_2009_12) to allow the public consultation processes for both the Procedure Change Proposal and the 2010 MRCP to occur in parallel. Further details of the PC_2009_12 are available on the IMO's webpage: www.imowa.com.au/PC_2009_12.

As part of the Procedure Change Process, a Market Participant notified the IMO that the proposal would benefit from discussion at the Market Advisory Committee. The IMO supports this suggestion, but considers that the Procedure Change Proposal could benefit from discussion with a wider stakeholder group than the MAC. Therefore the IMO wishes to notify Rule Participants of its intention to hold a workshop:

Date: Wednesday 2 December 2009

Time: 10.00am – 12.00 pm

Location: TBA

The IMO invites Rule Participants to submit questions about the Procedure Change Proposal, which will form a basis for the workshop discussion, by **12.00pm, Monday 30 November 2009**.



Additional details, including a draft agenda for the workshop and a consolidated list of questions and/or discussion points, will be circulated to all participants. This information will also be available on the IMO website prior to the workshop at:

http://www.imowa.com.au/PC_2009_12

If you would like to register for the workshop, please email your Name and Details to market.development@imowa.com.au by **12.00pm, Monday 30 November 2009**.

Notwithstanding your potential participation in the workshop, the IMO would still encourage written input on the Procedure Change Proposal. The submissions are due by **4.00pm, Friday, 18 December 2009**.

TROY FORWARD

MANAGER MARKET DEVELOPMENT AND SYSTEM CAPACITY