
Wholesale Electricity Market – Submission to Procedure Change Proposal

Procedure Change No: PC_2009_12

Amendments to the Market Procedure for Determination of Maximum Reserve Capacity Price

Submitted by

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| Date submitted: | 17.12.09 |

Submission

Clause 2.10.7 of the Wholesale Electricity Market Amending Rules provides that any person may make a submission for a Procedure Change Proposal by filling in this Procedure Change Submission form.

Submissions for Procedure Changes that relate to the Power System Operation Procedures should be submitted to:

Western Power Networks - System Management Division
Attn: Alistair Butcher, Market Strategic Development Manager
GPO Box L921
Perth WA 6842
Fax: (08) 9427 4228
Email: market.development@westernpower.com.au

Submissions for Procedure Changes that relate to IMO Market Procedures should be submitted to:

Independent Market Operator
Attn: Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399
Email: marketadmin@imowa.com.au

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

LGP supports the proposed Procedure Change on the grounds that it will facilitate the determination of a MRCP that reflects the true cost of bringing capacity into the WEM through revision of the major components to be included in the determination of the WACC. We consider this a proper response to the impact of the Global Financial Crisis, which has demonstrated the volatility of financial parameters.

While LGP supports the principle of minimal intervention to implement the change, we consider that clauses 1.3. 5&6 should also apply to both the Major and Minor components.

2. Please provide an assessment whether the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Amending Rules.

LGP considers that the proposed change supports Market Objectives (a) [to promote the economically efficient, safe and reliable production and supply of electricity...] (b) [to encourage competition among generators and retailers...., including by facilitating efficient entry of new competitors] and (d) [to minimise the long-term cost of electricity supplied to customers.]

[We would also add that perhaps the opportunity should be taken to relocate the word “and” in clause 1.12.1 a]

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

The procedure change will not impact adversely on LGP.

4. Please indicate the time required for your organisation to implement the changes, should they be accepted as proposed.

LGP could implement the changes immediately.