

Independent Market Operator

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For enquiries or further information, email imo@imowa.com.au or alternatively contact the IMO at

PO Box 7096
Cloisters Square
Perth WA 6850

Expression of Interest

The second Reserve Capacity Cycle for the provision of generating and demand side management capacity into the South West Interconnected System (SWIS) in Western Australia commenced with the issue of a Request for Expressions of Interest (Eol) on 31 January 2006.

The release of this document is the first step in a process to secure new capacity that is required for service from October 2008 through to September 2009.

"The major purpose in calling for Eols is to alert prospective bidders to the Reserve Capacity process. It is not a screening process and interested parties may offer capacity into the process at a later date," said Ms Anne Nolan, Chair of the Independent Market Operator (IMO).

However, interested parties who are considering developing proposals are strongly encouraged to submit an Eol to ensure they received all the information regarding the Reserve Capacity process.

Interested parties are also strongly encouraged to commence seeking access to the transmission system and securing environmental approvals. These are two significant steps required for any new power project.

For further information on any aspect of these processes, interested parties are encouraged to contact the IMO directly on **(08) 9254 4300** or imo@imowa.com.au.

A copy of the Request for Eol is available from the IMO's website www.imowa.com.au.

Timetable for Eol process

Below is a timeframe for the Expression of Interest process for Reserve Capacity. This timeframe is not subject to change and is set out in the Wholesale Electricity Market Rules.

Interested parties who wish to participate in the Reserve Capacity process are encouraged to note these significant dates.

For further information regarding this timeframe, please contact the IMO office on **9254 4300** or **email imo@imowa.com.au**.

Monday	9.00am	1 May 2006	Participants may apply for certification of capacity.
Monday	5.00pm	1 May 2006	Close of Expressions of Interest.
Monday	5.00pm	15 May 2006	Announcement of the results of the Expressions of Interest.
Monday	5.00pm	3 July 2006	IMO issues a 2006 Statement of Opportunities.
Monday	5.00pm	3 July 2006	IMO releases Reserve Capacity Information Pack.
Monday	5.00pm	17 July 2006	Publish the Reserve Capacity Information Pack on website.
Thursday	5.00pm	20 July 2006	Applications for reserve capacity certification close.
Friday	5.00pm	4 August 2006	IMO advises assignment of Certified Reserve Capacity (CRC).
Thursday	5.00pm	10 August 2006	Market participants provide security deposits for CRC that will be bilaterally traded.
Thursday	5.00pm	10 August 2006	Market participants advise how much of their certified reserve capacity will be traded bilaterally and how much will be offered into the auction.
Friday	5.00pm	11 August 2006	IMO confirms to market participants the amount of certified bilateral capacity that can be traded bilaterally from sources that are not available in all hours of the year.
Friday	5.00pm	18 August 2006	IMO advises whether a Reserve Capacity Auction (RCA) is required.
Monday	9.00am	21 August 2006	Lodgement of reserve capacity offers opens (if auction required).
Tuesday	5.00pm	29 August 2006	Lodgement of reserve capacity offers closes (if auction required).
Tuesday	5.00pm	29 August 2006	Market Recipients provide security deposits for CRC offered into RCA.
Friday	5.00pm	1 September 2006	RCA run (if required) and results published.
Wednesday	5.00pm	20 December 2006	Market participants advise IMO how many capacity credits each facility will provide.
Wednesday	5.00pm	20 December 2006	Market participants notify IMO of any long-term special price arrangements to be accepted.
Friday	5.00pm	22 December 2006	IMO returns security deposits to facilities that have not secured capacity credits in the auction.

Market training

In the lead up to the opening of the Wholesale Electricity Market, a series of training sessions have been organised for Market Participants who may be considering entry into the new market.

The first training session was held on 19 January 2006. Ms Anne Nolan, Chair of the IMO opened the training session and thanked Market Participants for their contribution during the development of the Wholesale Electricity Market Rules.

Ms Nolan urged all organisations intending on entering the new market to ensure that appropriate staff members attend as many training sessions as possible.

The training sessions focus on a range of areas. These areas include:

- > An overview of the Wholesale Electricity Market.
- > Information regarding standing data.
- > Energy market submissions, schedules and prices.
- > Metering, settlement, invoicing and prudential support.

There are a number of training sessions planned over the next two months. Training is scheduled to be completed in April 2006.

Information regarding the schedule or to obtain information provided at the training sessions, visit the IMO's website at http://www.imowa.com.au/Market_Training.htm.

Maximum reserve price

On 23 January 2006, the Economic Regulation Authority approved the Maximum Reserve Capacity Price for the Western Australian Wholesale Electricity Market. The approved Maximum Reserve Price for 2008/09 is \$122,500/MW.

The Maximum Reserve Capacity Price is used as a basis for payment of Reserve Capacity Credits in year three of the Reserve Capacity cycle.

The Maximum Reserve Capacity Price for 2007/08 was set at \$150,000 per megawatt. This was the maximum price to be paid by the IMO for Capacity Credits in this Reserve Capacity year.

Each year, the IMO is required to review the Maximum Reserve Capacity Price and assess the appropriateness of the input values used in the price computation listed under the Wholesale Electricity Market Rules. As part of this process, SKM Consulting was engaged to undertake a review of the 2008/09 Maximum Reserve Capacity Price.

On 21 December 2005, the IMO sought public comment on the proposed revised Maximum Reserve Capacity Price for 2008/09.

The IMO received submissions from various sectors of the Western Australian energy industry. Details on the submission process and public submissions can be found on the IMO's website www.imowa.com.au.

Achievements and developments since the last edition...

Following is a list of achievements and points of information for Market Participants to note before the opening of the Wholesale Electricity Market.

Testing of the IT Market System

- > Testing of the Wholesale Electricity Market Systems is ongoing, though expected to be completed by 9 March 2006.
- > Field Trials are expected to begin on 10 March 2006.

Market Procedures

- > The Settlement Calendar and the Data/IT Interface- Systems Requirements procedures have progressed through the Industry Working Group.
- > The next meeting of the Market Procedures Working Group is scheduled for the 7 March 2006.
- > The next meeting of the Operating Procedures Working Group is scheduled for the 8 March 2006.
- > The next meeting of the Market Readiness Committee is scheduled for the 22 March 2006.

Training for Market Participants

Training in preparation of the opening of the Wholesale Electricity Market has commenced. Training sessions for the remainder of February and March are as follows:

Date and Time	Title of Session	Venue	Who should attend?
16 February 11-1pm	Reserve Capacity and Network Control Services (1)	QV1 Centre	All generators and retailers
16 February 2-4pm	Reserve Capacity and Network Control Services (2)	QV1 Centre	All generators and retailers
23 February 11-1pm	Energy Market Submissions, Schedules and Prices (1)	Forrest Centre	All energy market participants
23 February 2-4pm	Energy Market Submissions, Schedules and Prices (2)	Forrest Centre	All energy market participants
7 March 9-12am	Metering, Settlement, Invoicing and Prudential Support	Forrest Centre	All generators and retailers
9 March 1-2.30pm	Small and Intermittent Generators	Forrest Centre	All participants with interests in small or intermittent generation
9 March 3-4.30pm	Demand Side Management (DSM)	Forrest Centre	All participants with interests in DSM
16 March 1-4pm	System Operation for Participants	Forrest Centre	All generators and participants with curtailable loads

Market Participants are requested to regularly check the IMO's website for changes to any of these details.

Participant Registration with AustraClear

All Participants must register with AustraClear prior to Market Start. Austraclear is a real time funds transfer process. Austraclear is currently being used by Market Participants in the National Electricity Market. To ensure Market Participants are operational prior to Market Start, it is recommended that organisations register with Austraclear by 1 June 2006. For further information regarding registering with AustraClear, please contact the IMO on **9254 4300**.

New staff

The IMO is now nearing its full complement of staff. During the month of January, a number of people have joined the IMO team.

Mr Bill Truscott and Ms Dora Guzeleva have taken up positions as Manager, Market Operations and Manager, Market Administration, respectively.

The Manager, Market Administration, Ms Guzeleva will be responsible for identifying and implementing improvements to the Market Rules and Operating Procedures. She will also undertake market surveillance and identifying breaches to the Market Rules.

Working with Ms Guzeleva on these matters, is Mr Tim Armstrong, Ms Noleen Kitis and Mr Matthew Fairclough.

Together they will also be responsible for implementing changes to the Wholesale Electricity Market Rules after consulting market participants.

As Manager, Market Operations Mr Truscott will be responsible for the day to day operation of the Wholesale Electricity Market, in particular the Short Term Energy Market and balancing process. He will also be responsible for ensuring IMO compliance to the Wholesale Electricity Market Rules. These are critical roles within the Wholesale Electricity Market, which will commence in July 2006.

Interviews have recent completed to fill positions for operators. It is expected that four operators will work with Mr Truscott in the daily operation of the market.