

watt's on

IMO to Host Apex Regional Meeting in 2010

It gives the IMO great pleasure to announce that it will host the third APEx (Association of Power Exchanges) Asia-Pacific meeting to be held in Perth in March, 2010. This annual meeting provides an ideal opportunity for fellow APEx members to meet their Asia-Pacific industry partners.

APEx membership is open to electricity market operators from around the globe. Currently there are 42 members globally. Asia-Pacific members include:

- Energy Market Company (EMC) - Singapore
- Energy Market Authority (EMA) - Singapore
- India Energy Exchange (IEX)
- Japan Electric Power Exchange (JEPX)
- Korea Power Exchange (KPX)
- Philippines Electricity Market Corporation (PEMC)
- The Marketplace Company (M-co) New Zealand
- Transpower New Zealand
- National Electricity Market Management Company (NEMMCO) - Australia
- Tenaga Nasional Berhad (TNB) (Associate member) - Malaysia



APEx Regional Meeting Breakfast 2010

As part of the APEx Regional Meeting to be held in Perth next March, the IMO is hosting a breakfast on Wednesday 17 March 2010. We invite you to take the opportunity to join us at this special event where you will be able to meet some of your global industry partners over a full breakfast at the Parmelia Hilton. The event will include representatives from other electricity markets sharing their experiences. Tickets will be \$80 for Market Participants and \$90 for non-Market Participants. We will have further details on the event and confirmed speakers in the next IMO newsletter. In the meantime, please register your interest early and reserve your table or seats at a table, by contacting **Justine Oxley, Event Organiser**
T: 9254 4352 E: justine.oxley@imowa.com.au

APEx was formed to facilitate the development and communication of ideas and practices in the operation of electricity markets.

Each year the regional meeting aims to provide a forum where electricity market operators within the region can discuss issues of mutual interest. The meeting aims to encourage co-operation between members.

The theme we have proposed for next year's meeting is 'Managing Capacity In Your Market'. Western Australia's record of implementing an electricity market in a relatively tight supply situation provides many lessons for developing regions and we look forward to sharing our experiences with the members.

The venue is rotated amongst members. The inaugural meeting was held in Singapore in 2008 and in the Philippines in 2009. As custodians of the third annual meeting in 2010, the IMO welcomes the opportunity to host visiting delegates.

Participation at the meeting is limited to APEx members, associates and observers from jurisdictions that are considering implementing competitive electricity market structures. The IMO will be seeking sponsorship from our vendors and stakeholders to assist with the event.

Breakfast with Industry

REGISTER YOUR INTEREST NOW

Date : **Wednesday 17 March**
Time : **8.00am - 10.00am**
Where : **Parmelia Hilton**
Cost : **\$80 Market Participants,**
\$90 non-Market participant

Tables of 8 **\$575 Market Participant**
\$650 non-Market participant



The Market sets the IMO's Priorities



Chris Brown, ERA, and Anne Hill, Office of Energy.

The Market Advisory Committee (MAC) was established in December 2006 to advise the IMO on rule changes, procedure changes and general electricity market operation matters.

Last year, the IMO produced the inaugural Market Rules Evolution Plan which incorporated a list of issues that had been raised by various stakeholders since the commencement of the Market. The IMO has worked through a number of the Market Development Reviews that were identified in this plan.

In early 2009, the IMO approached Rule Participants to assist it in identifying the areas of the Market Rules that required further work as part of the 2009 Market Rules Evolution Plan update.

The MAC now plays a role in setting market evolution priorities and, as a result, the issues facing the Wholesale Electricity Market in Western Australia are looked at strategically and in order of their importance.

In June, the IMO asked the MAC to prioritise market evolution issues to be dealt with over the coming three years. A Market Rules Evolution Plan issues paper (<http://www.imowa.com.au/market-rules>) was presented to each member of the MAC identifying areas of the Wholesale Electricity Market Rules and market design that require further development.

Some key issues identified as having priority are:

- **improving the balancing mechanism** to provide an ability to handle unexpected events between the clearing of the STEM and real time and a wider portfolio of generators to contribute towards balancing;
- **a review of the Reserve Capacity Mechanism** which may include analysis of:

1. the Expressions of Interest process;
 2. the Maximum Reserve Capacity Price and Weighted Average Cost of Capital;
 3. a secondary market for Capacity Credits;
 4. reducing the lead time for entry; and
 5. the Capacity Cost Refund mechanism;
- **further analysis and potential improvements to the Short Term Energy Market (STEM).**

We view this prioritisation process as a significant step change in the Market's maturity as the IMO responds to the needs and requests of our stakeholders.

The results of this process will assist with short to medium term planning for the evolution of the Rules and for setting IMO and MAC work priorities over the coming months and years. A work plan and a resource allocation for the following twelve months will be presented at the October MAC meeting. We expect the work plan to be flexible enough to accommodate new priorities as (and when) they emerge.

The IMO will review and update the Market Rules Evolution Plan regularly and present this to MAC for its re-prioritisation annually.

The ultimate challenge in developing a vision and work plan for Market Rules evolution will be to achieve consistency between where the market collectively wants to go and the overall Market Objectives.



Troy Forward, IMO, with Ken Brown, System Management, and Steve Gould, Landfill Gas & Power.

Reserve Capacity Certification

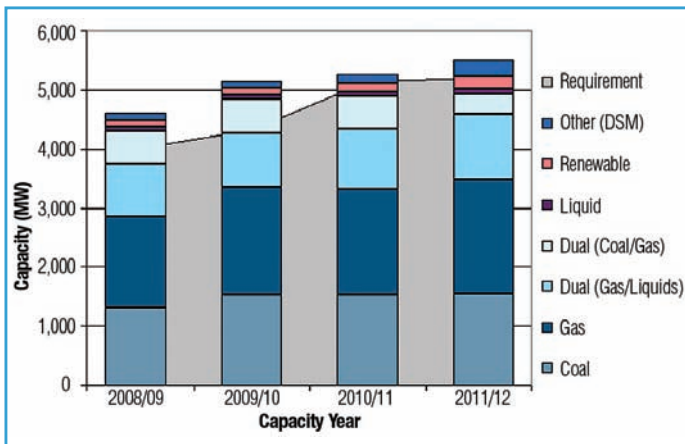
The Certification of Reserve Capacity is an important step in the Reserve Capacity Mechanism. All facilities are required to apply for Certified Reserve Capacity and must do so each year in order to be able to apply for Capacity Credits.

This year, the IMO certified 5,793 MW of capacity for the 2011/12 Reserve Capacity Year. Of this capacity, 5,493 MW was assigned Capacity Credits through the Bilateral Trade Declaration assignment process.

The Reserve Capacity Requirement of 5,191 MW was met for the 2011/12 Reserve Capacity Year meaning that there will be a projected surplus of 302 MW.

A total of 91 applications for certification of Reserve Capacity were received. Of these, 50 required detailed review. This was completed by 5 August 2009.

Fig 1: The breakdown of Capacity Credits assigned against the required capacity over the years 2008 to 2012.



The above graph shows that the Market has been able to source sufficient capacity and that a healthy fuel mix has been maintained.

New projects and facilities included Verve Energy's high efficiency gas turbines at Kwinana, Tesla Corporation's liquid fuelled peaking plant at Picton and Kemerton (embedded in the distribution network), Energy Response's second demand side management program, DMT demand side management program and Investec's Collgar Wind Farm.

The following table illustrates the number of Capacity Credits assigned by Market Participants:

Participant	Capacity Credits assigned in MW		
	2009/10	2010/11	2011/12
ALCOA	11.0	14.5	24.0
ALINTA	666.5	669.5	669.3
EMU DOWNS WINDFARM	31.1	31.1	29.9
GOLDFIELDS POWER	61.4	61.4	61.4
GRIFFIN POWER	224.0	224.0	235.9
KANOWNNA BELLE MINE (DSM)	12.6	12.0	9.0
LANDFILL GAS AND POWER	9.0	8.7	8.3
MOUNT HERON POWER STATION	1.3	0.7	0.2
NEWGEN	320.0	320.0	320.0
PERTH POWER PARTNERS	76.9	76.9	76.9
PERTH ENERGY	6.1	90.9	6.0
SOUTHERN CROSS	10.3	0.0	12.0
WATER CORPORATION (DSM)	11.0	31.5	52.5
WASTE GAS RESOURCES	2.9	2.7	2.7
VERVE ENERGY	3079.6	3066.0	3031.5
SYNERGY	38.0	40.0	40.0
GRIFFIN2	204.0	204.0	215.9
NEWGEN NEERABUP	330.6	330.6	330.6
SKY FARMING		0.9	0.9
PREMIER POWER (DSM)		10.0	31.6
ENERGY RESPONSE (DSM)		23.0	73.0
WA BIOMASS	40.0	40.0	40.0
TESLA			9.9
DMT ENERGY			17.0
WESTERN ENERGY			105.0
COLLGAR			90.0
Total	5136.4	5258.6	5493.5

IMO/Office of Energy joint visit to AEMO

A delegation from the IMO accompanied personnel from the Office of Energy to Melbourne this month to visit the Australian Energy Market Operator (AEMO), to investigate the development of a gas market in Western Australia.

The IMO welcomes the opportunity to work with the Office of Energy to investigate the prospect of delivering a robust gas market to WA.

Training Update

As reported in last issue of WATT'S ON, the IMO has experienced an unusually high demand for our industry training courses this year. In response to the demand, an additional four courses were scheduled however these were also quickly filled. The courses, which now run weekly, demonstrate the continued and expanding interest in our Market and the desire for knowledge and information amongst our Participants.

Unfortunately, the IMO is not able to offer any additional training courses this year however, dates for training up until April next year are now available on our website. Please register your interest early to avoid disappointment.

Courses are free to Market Participants. A fee of \$155 is charged to non-Market Participants.

For more information, visit www.imowa.com.au/training or contact **Tonia Tardivel-Jones, Front Office Administrator**
T: 9254 4300 E: tonia.tardivel-jones@imowa.com.au

Contact the IMO:

We welcome your feedback at any time. If you would like more information or would like to receive a copy of WATT'S ON, please email us at imo@imowa.com.au

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Spotlight William Street

William works as part of the System Capacity team under Troy Forward. The primary focus of his role is the administration and operation of the Reserve Capacity Mechanism and the provision of analytical support to the other teams within the IMO.

Since graduating with a Bachelor of Computer and Mathematical Sciences from the University of Western Australia, William worked at the Office of Energy and was involved in the final stages of the implementation of the Wholesale Electricity Market. He then joined the IMO as part of the Market Operations team, moving to the System Capacity team in 2008. William enjoys basketball and working out at the gym, is a self-confessed technophile and loves cars, electronics and food!

IMO Website Update

The new IMO website went live at the end of August. The site features our updated corporate branding and improved navigation. All information, including supporting and historical documents found on the previous site, has been retained but is now presented in a more organised format.

We've aimed to create a better tool for all users however, the site is a work in progress and it will continue to evolve over time as we aim to improve features, layout and content where possible.

As the site is for the benefit of our stakeholders, should you have any suggestions as to how it might work better for you, we would be grateful for your input. Please do not hesitate to contact us at imo@imowa.com.au.

Fuel Security Study Nearing Completion

The IMO Board in February this year, reviewed the Reserve Capacity Review Report and noted the relatively lower increase in dual fuel generation (Gas/Liquids) compared with the other fuel types.

The IMO Board acknowledged the important role dual-fuel plants have played in system security situations historically. In particular this was highlighted during the Vanarus Island gas supply disruption.

The IMO had previously commissioned a study into the minimum fuel requirements to secure capacity in the Reserve Capacity Mechanism. This study was expanded at the request of the IMO Board to evaluate the possibility of incentivising dual fuel generation that maintained a minimum inventory of liquid fuel through the Reserve Capacity Mechanism.

The IMO fuel study is nearing completion and is expected to be presented at the Market Advisory Committee in November.