

Addressing Climate Change in the WEM

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- National climate change policy will have a considerable impact on the Wholesale Electricity Market (WEM).
- The IMO is working with industry to ensure that regulatory frameworks exist to allow renewable generation to compete in the WEM.

- Renewable Energy Generation Working Group was formed as a sub-committee to the Market Advisory Committee (MAC) on 12 March 2008.
- The Working Group was established to consider and assess market and system issues stemming from climate change policy.

1. To identify issues arising, or that could arise, from increasing penetration of intermittent renewable energy generation in the SWIS; and
2. To determine the appropriate framework for analysis of the issues and options for resolving them against the Market Objectives; and
3. Submit its assessment, analysis and conclusions in a report to the Market Advisory Committee (MAC).

- Troy Forward (IMO) – Chairman
- Ken Brown (System Management)
- Peter Mattner (Western Power)
- Shane Cremin (Griffin Energy)
- Corey Dykstra (Alinta)
- Steve Gould (Landfill Gas and Power)
- Jenni Conroy (Synergy)
- Mark Headland (Investec)
- Jason Banks (Office of Energy)
- Ian McCullough (IMO) – Secretary

- A Scope of Works to Assess the Impact of Increased Penetration of Intermittent Generation in the SWIS. (IMO)
- Review of the Treatment of Intermittent Generation in the Capacity Market. (Office of Energy)

- Reserve Capacity Mechanism currently assigns capacity to intermittent generators based on an average capacity factor calculation.
- A number of market stakeholders have raised issues with the current methodology and if it over estimates reserve capacity for intermittent generators (wind).
- Review of the Treatment of Intermittent Generation in the Capacity Market which is being conducted by Senergy Econnect.

- The review sought to assess:
 - Intermittent generators' expected contribution to system reliability;
 - The effect of changes to capacity credit allocation rules that may better reflect the contribution of intermittent generators (in line with the objectives and operation of the Reserve Capacity Mechanism); and
 - The potential value of diversifying wind farm generation locations.

- Scope of Works was developed by Sinclair Knight Merz to identify the issues that would be investigated in the Works Program.
- Comparisons with similar jurisdictions were made and mutual issues were identified.
- Consultation with System Management, Western Power, Office of Energy and REG WG.
- Scope document out for consultation – www.imowa.com.au

- The IMO has gained the agreement of the MAC to undertake the Works Program.
- The Works Program has been included in the IMO's 2009/2010 Operational Plan.
- The estimated cost of the Works Program is \$560,000 to \$704,000.