



Taking Stock: Western Australia's Electricity Market – 3 years on

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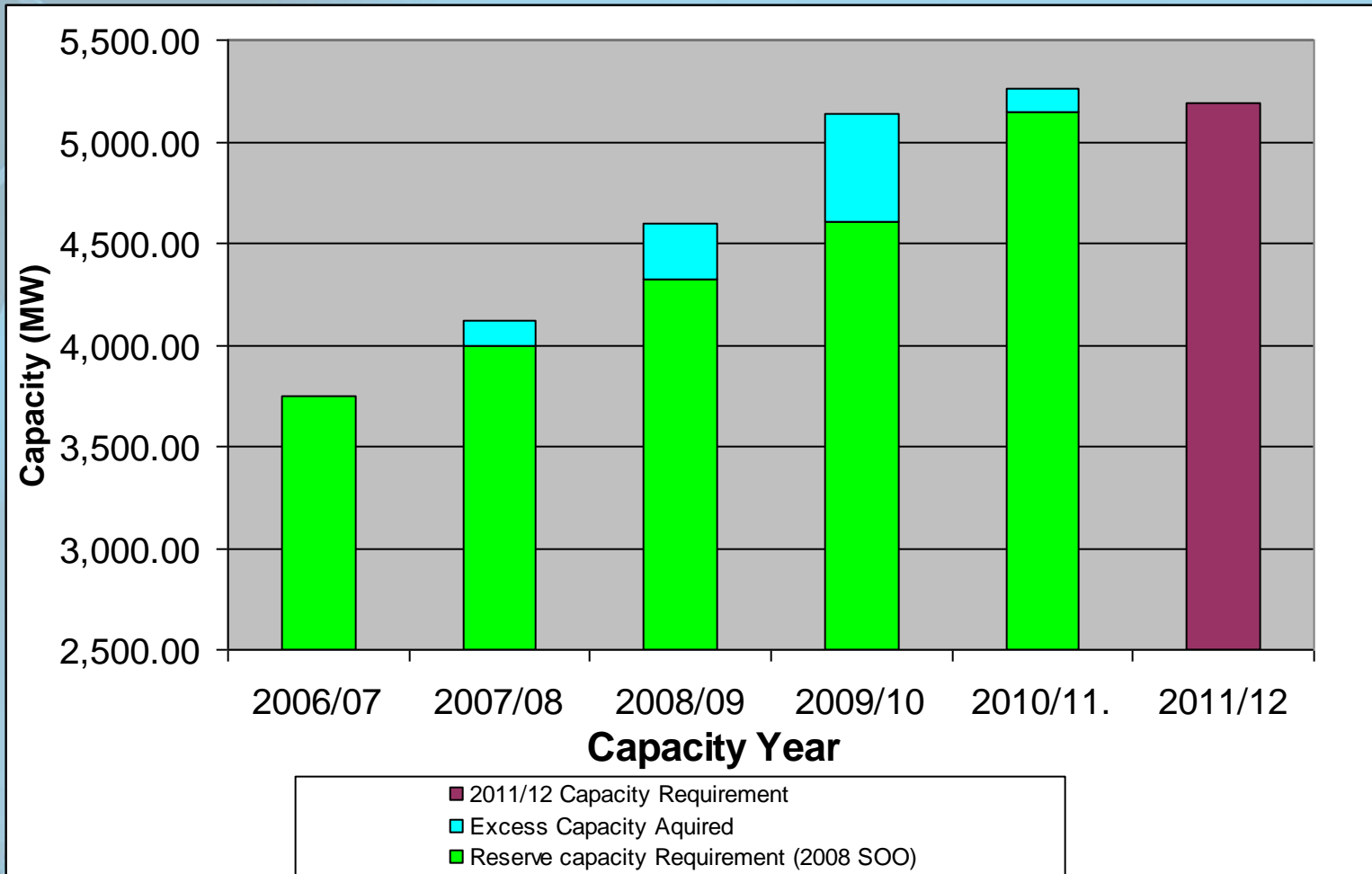
- New Zealand
- Singapore
- Western Australia

- Aimed at minimising the risks associated with the reform process **by an evolutionary rather than revolutionary approach** to market design
- Had to be specific to Western Australia, and more “reliable”, that is, it had to demonstrably avoid the problems experienced in other jurisdictions

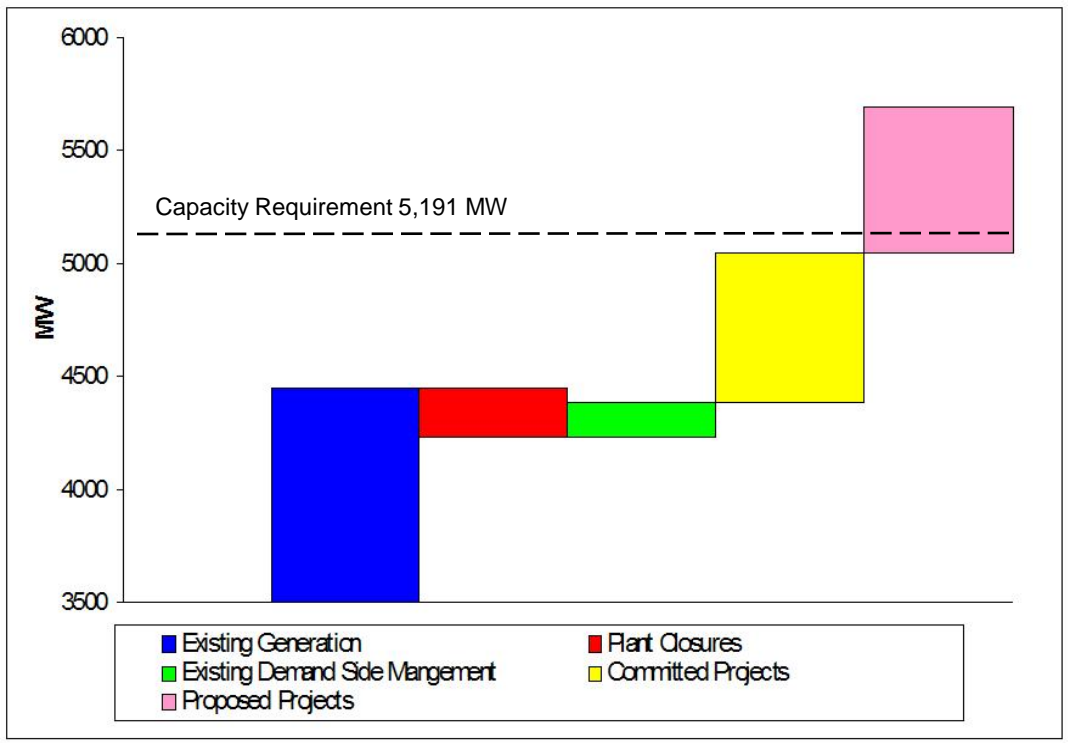
- Small isolated system
- Significance of reliability objective to government
- Desire to reduce risk and encourage private investment
- Provide downward pressure on prices
- Recognise current limited competitive tensions
- Fairness for all technology and energy options

- Reliability B+
- Encourage private investment A
- Prices B
- Fairness to technologies C

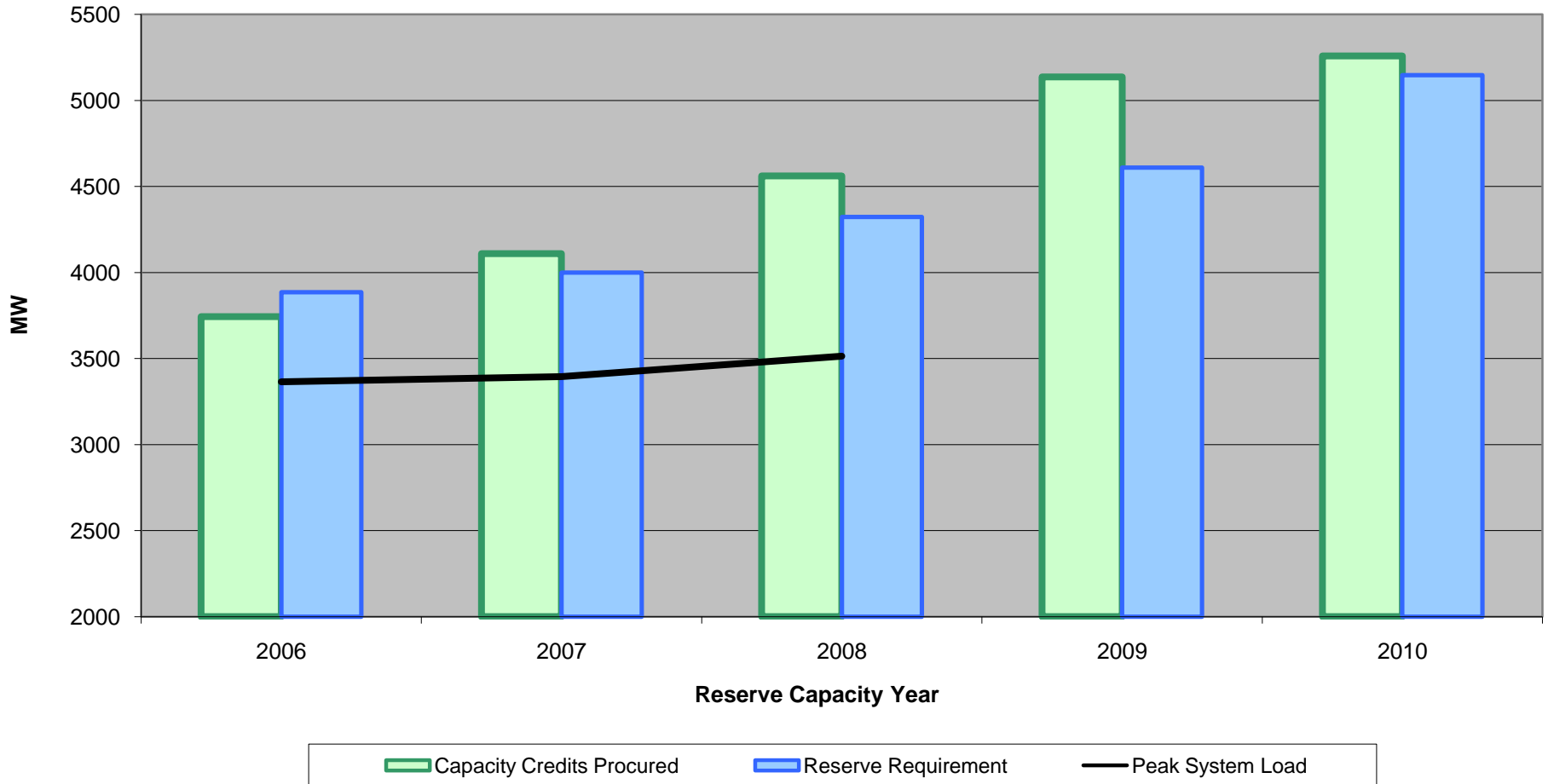
- To promote the economically efficient, safe and reliable production and supply of electricity and related services in the South West Inter-connected System (SWIS) - *Electricity Industry Act 2004*

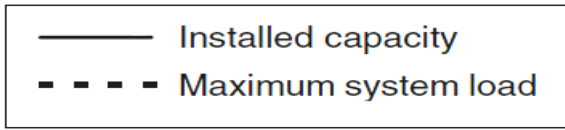
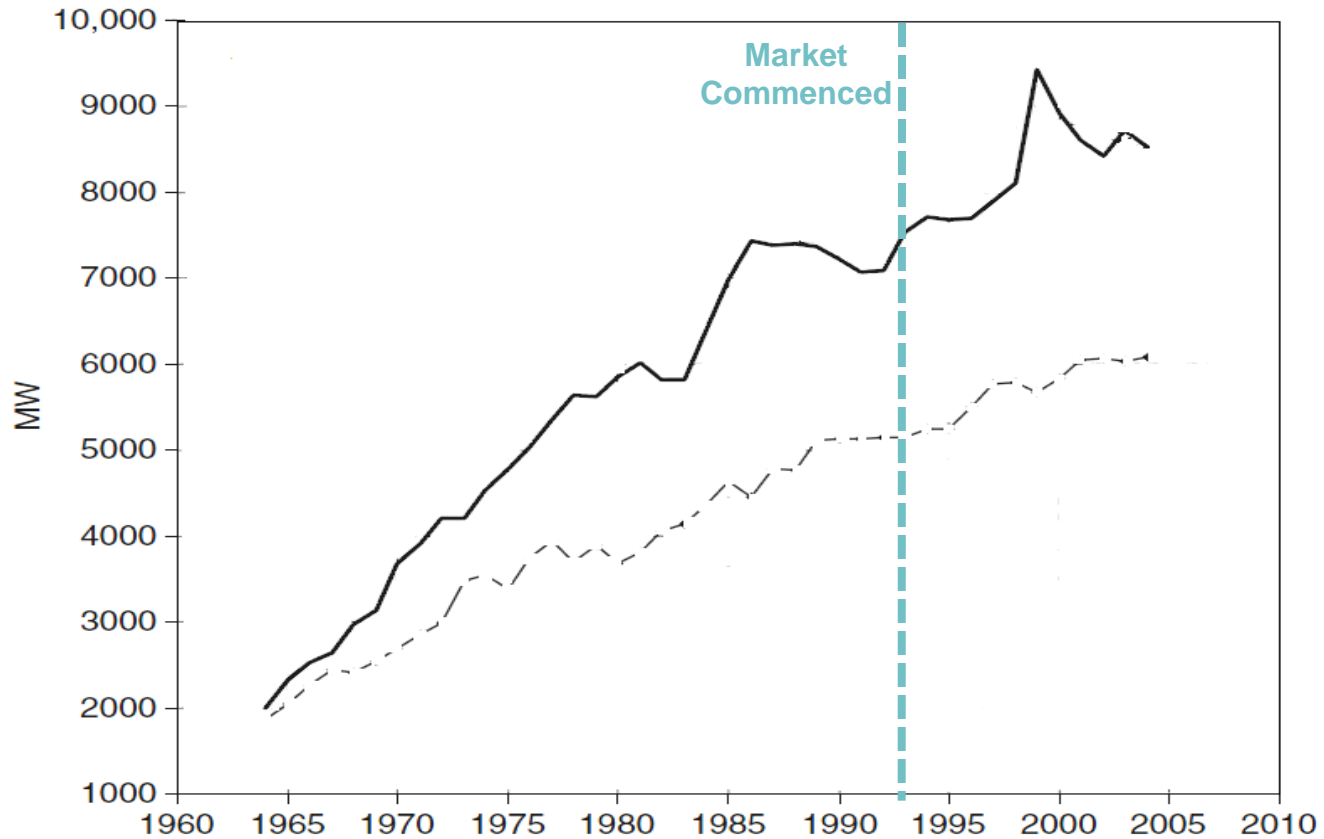


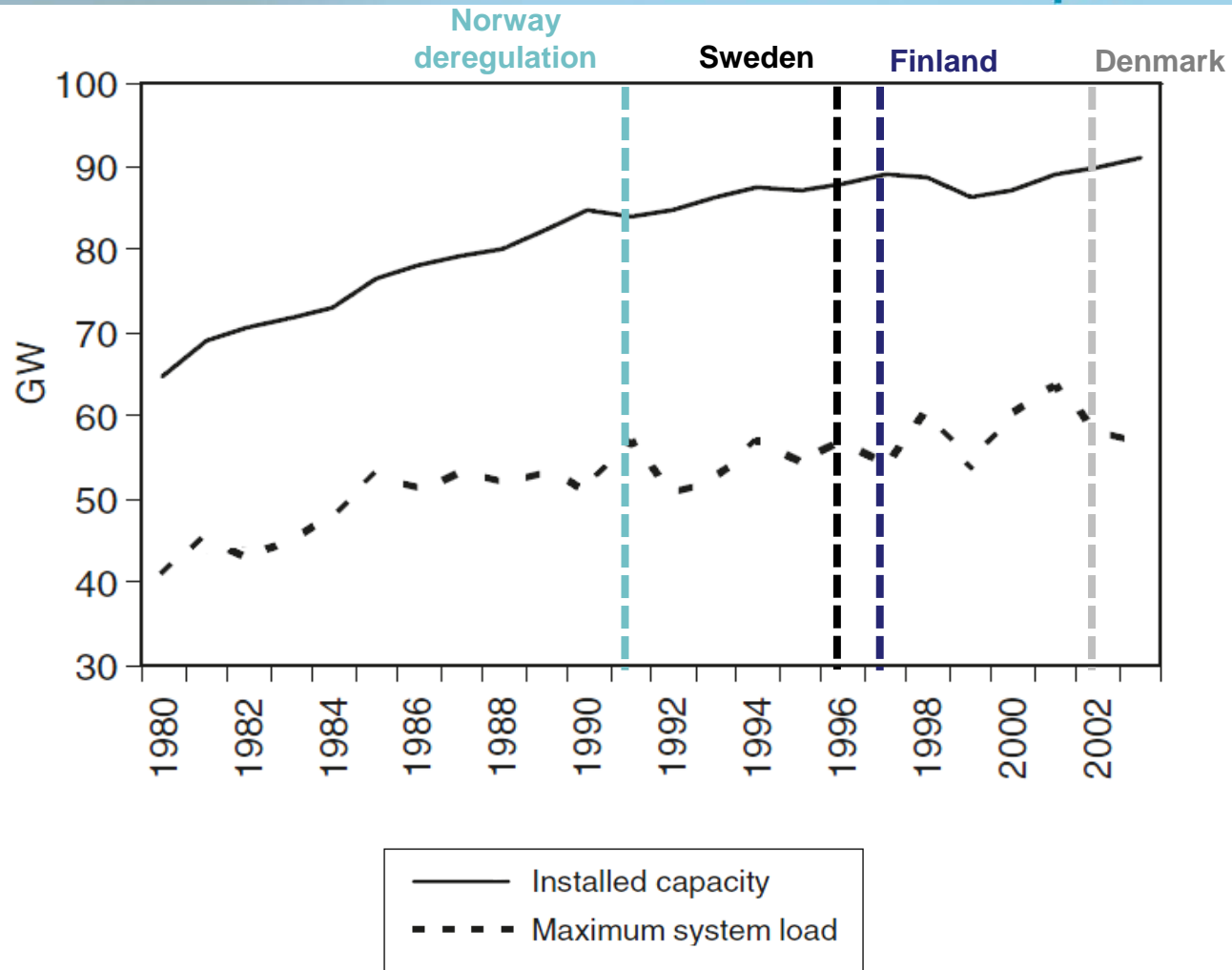
- Capacity requirement 5191 MW
- Expressions of Interest 1280 MW
- Reasonably likely 640 MW
- System needs 145 MW

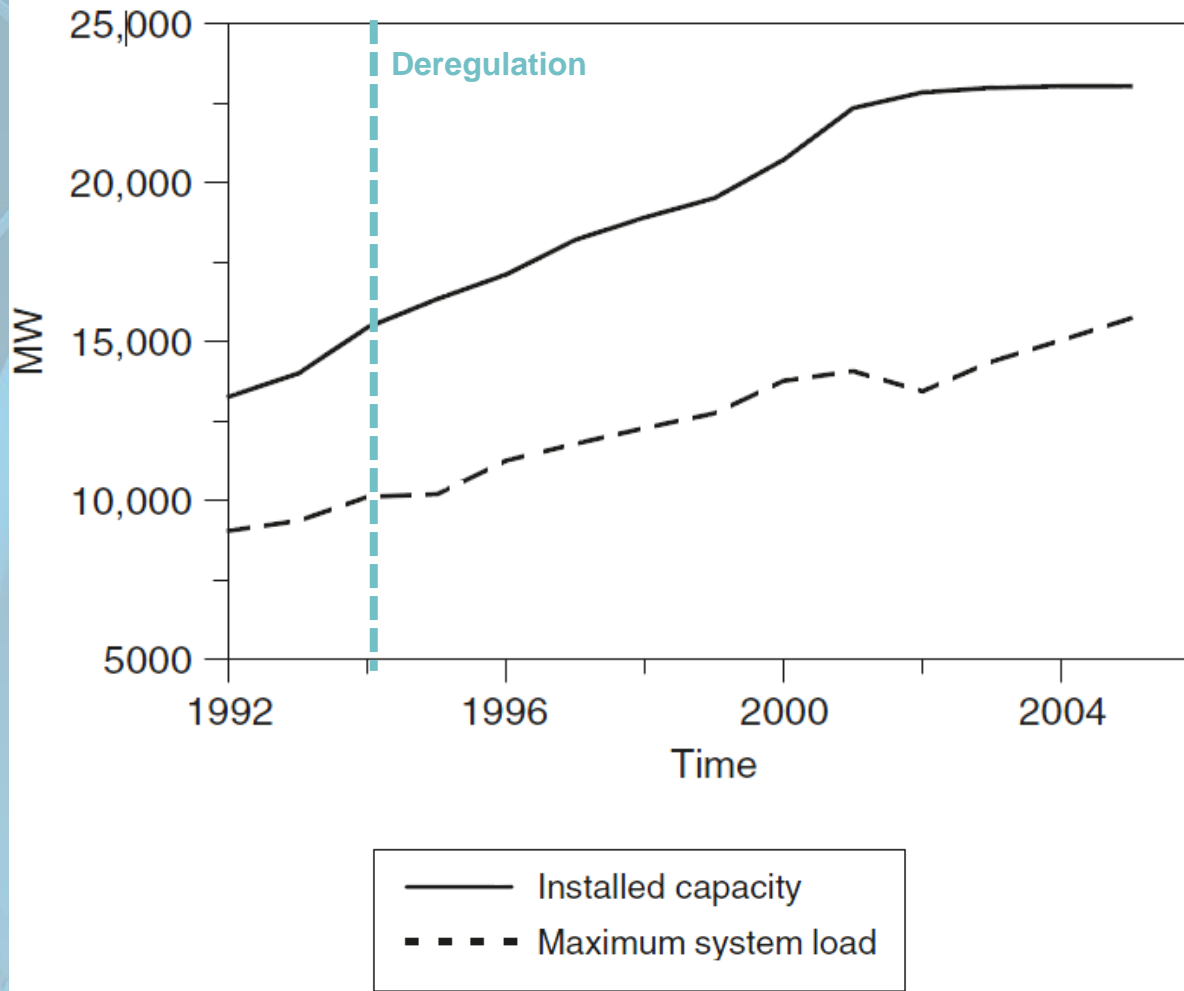


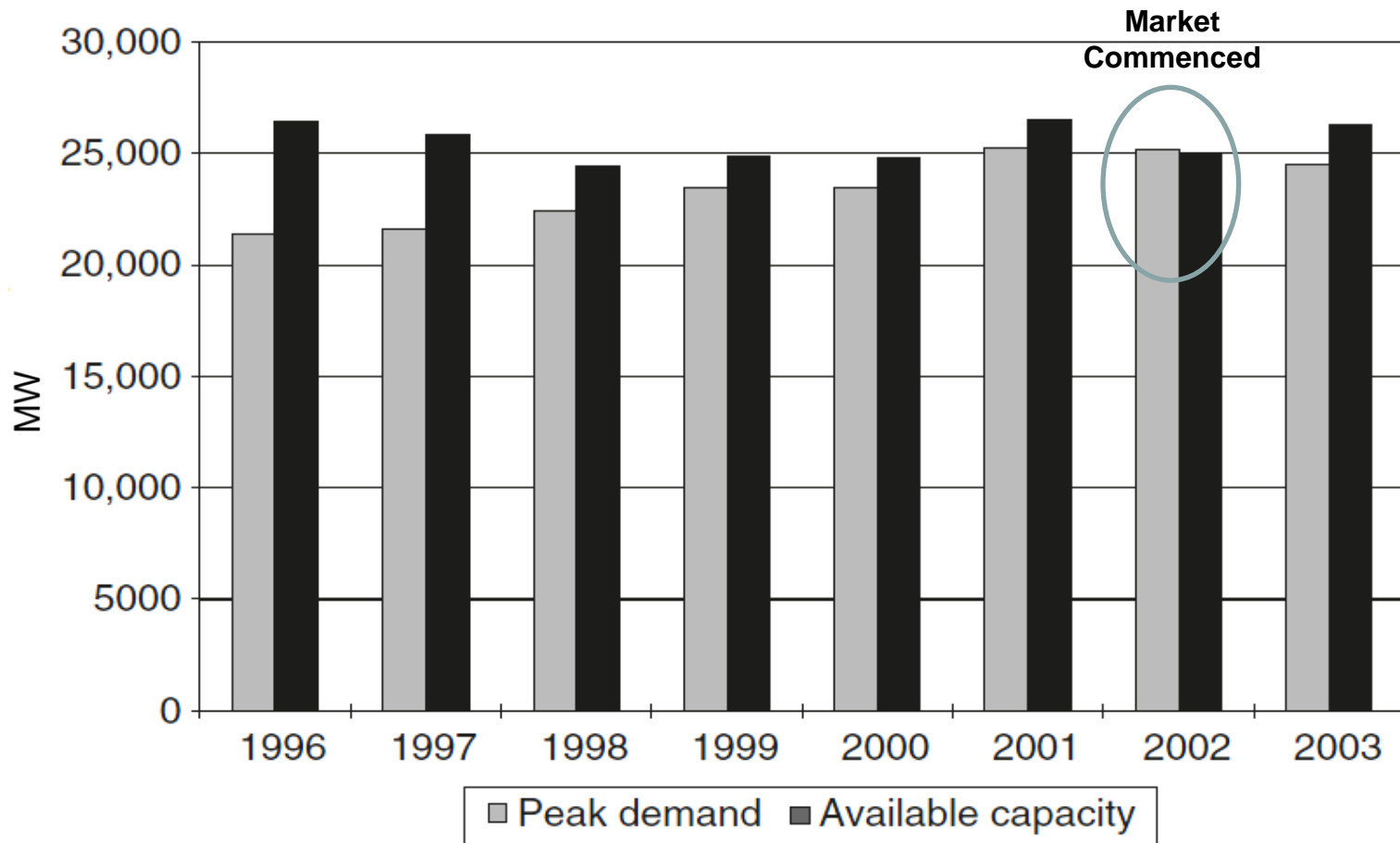
Capacity Credit Target vs Actual Procured

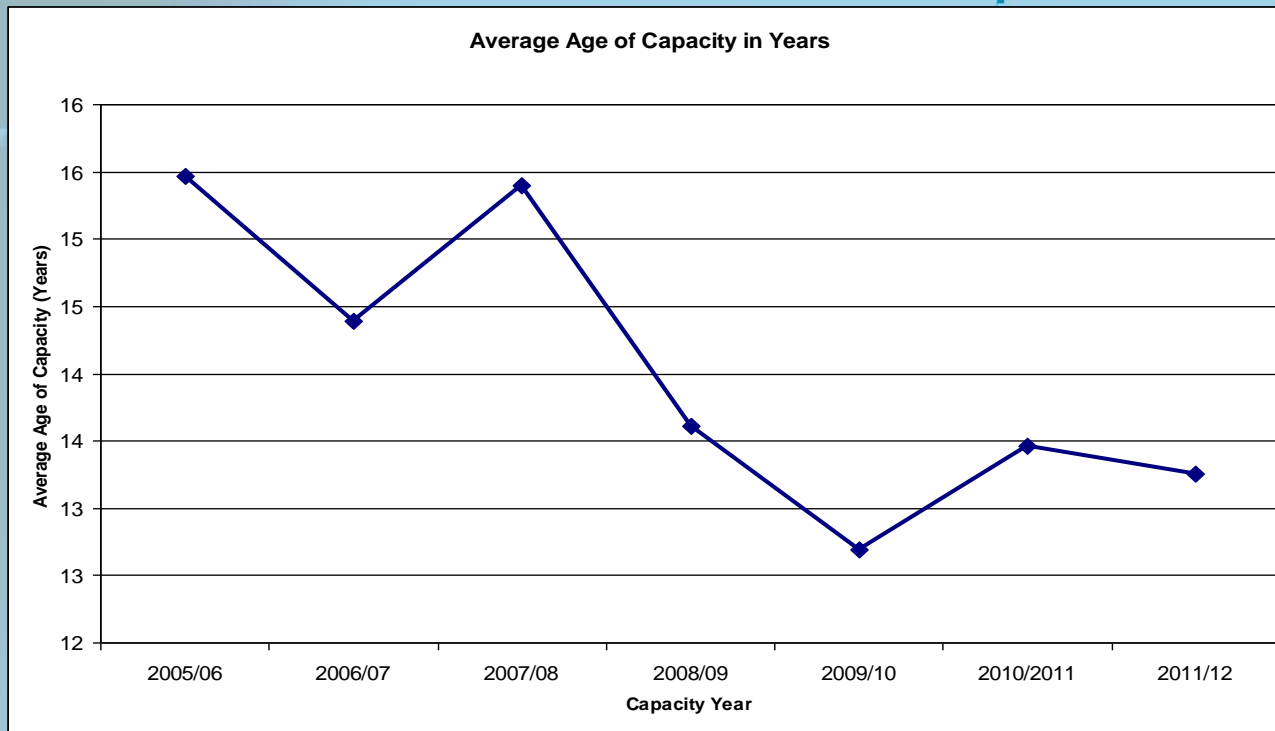










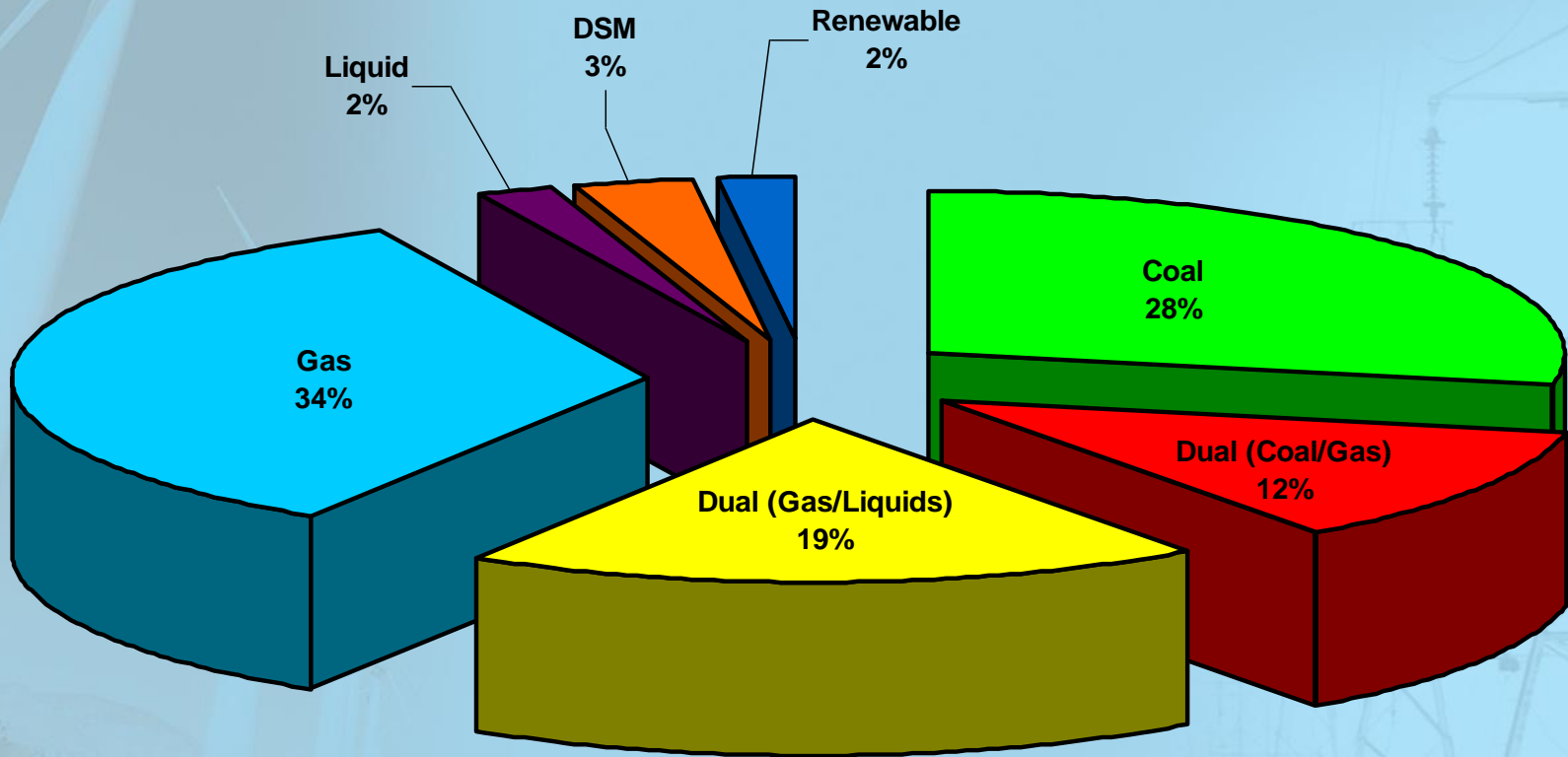


- The average age of capacity in the SWIS has progressively decreased
- New facilities will bring the average age of the fleet down further

Capacity Year	State Government Owned Generation	Private Sector Owned Generation
2006-07	89%	11%
2007-08	78%	22%
2008-09	66%	34%
2009-10	60%	40%
2010-11	58%	42%

- Steady increase in private-sector market share since market start
- Increased competition and lower reliance on state owned generation

Capacity By Fuel Type 2008/09



- Energy only markets
 - New Zealand
 - Singapore
- Energy with short term capacity
 - NEM
- Energy with long term capacity markets
 - PJM
 - West Australia

- Reliability and Emergency Reserve Trader
- Directions Power – compensation for Market Participants

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- Federal renewable policy
- Competitive balancing
- Transmission capacity
- Convergence of gas and electricity markets