



TRANCHE 1

EXPLANATORY MEMORANDUM

Background

The Tranche 1 Amending Rules combine multiple projects under the Foundation Regulatory Frameworks work stream of the Energy Transformation Strategy that have been the subject of industry consultation throughout 2020. These include:

- a new framework for generator performance standards, including their monitoring and compliance:
 - changes to Chapter 1 outline the process for existing generators to transition to the new compliance and monitoring framework under Chapter 3A;
 - a new Chapter 3A sets out the process for negotiating standards for new generator connections and modifications to existing generators; the process for obtaining an approved generator monitoring program; and a framework to ensure ongoing compliance; and
 - a new Appendix 12 outlines the technical requirements for generators connecting to the transmission network;
- the movement of frequency operating standards from Western Power's Technical Rules into the Wholesale Electricity Market Rules (WEM) Rules under a new Chapter 3B and Appendix 13; and
- a framework for contingency events captured under the new section 3.8A.

In addition, Tranche 1 also includes a suite of minor administrative amendments that have not previously been subject to release. These amendments, which are designed to improve the clarity and readability of the WEM Rules, include:

- the removal of redundant clauses;
- the amendment of common terms to better reflect their intent;
- the removal of references to System Management (including as a function and an entity) to improve clarity; references to the entity will refer to the Australian Energy Market Operator (AEMO), while references to the function will be System Operation Function; and
- Minor changes to improve consistency and provide additional clarity, where required.

While the administrative amendments are comprehensive (covering almost every page of the WEM Rules) most are minor, requiring only the replacement of single words. For ease of reading, these minor amendments are listed in a separate document. The more substantial administrative amendments, such as deleted clauses considered redundant and clauses that have been edited

to improve clarity, have been included within the main Tranche 1 package and are discussed further below.

The remainder of this Explanatory Memorandum provides an overview of each of these topics, as they apply to the Tranche 1 Amending Rules.

Commencement and Procedures

The Commencement Date for the Tranche 1 Amending Rules is 1 February 2021 [glossary]. This applies for various elements of Tranche 1, including the date from which Chapter 3A and Appendix 12 will apply to new generator connections; the date of which existing generators will commence the transitional process under sections 1.39 to 1.42, and the date from which administrative amendments are to commence.

Prior to the commencement date, AEMO, Western Power, and the Coordinator of Energy are required to develop various WEM Procedures. Sections 1.38.2 – 1.38.4 specify that stakeholder consultation is required in developing these procedures, although the existing procedural change process is not required to be undertaken. In order for the framework to operate as intended, these procedures will be deemed to be relevant procedures from the commencement date. The responsible procedure owners may amend their WEM Procedures for a period of 6 months from the Tranche 1 Commencement Date without undertaking the Procedure Change Process, but only following industry consultation [cl 1.38.4].

Generator Performance Standards, Compliance and Monitoring

In July 2019, the Energy Transformation Taskforce approved the relocation of generator performance standards and associated negotiation frameworks from Western Power's Technical Rules to the WEM Rules. The decision achieves two main objectives. Firstly, it allows AEMO to have a shared role (along with Western Power) in the negotiation of standards for generators connecting to the South West Interconnected System (SWIS). Secondly, the framework under the WEM Rules provides for a more targeted and responsive compliance regime, when compared to the Technical Rules.

The new framework applies only to Market Participants with transmission connected generating systems. Those generators connecting to the distribution system, or who do not wish to participate in the WEM, are referred to Western Power's Technical Rules.

The majority of the framework is given effect under a new Chapter 3A and an Appendix 12. The new Chapter 3A includes four main components: a negotiating framework for generators connecting to the SWIS [s 3A.3.5]; a self-monitoring program to monitor compliance with registered performance standards [section 3A.3.6]; a register to document all agreed standards and monitoring plans [s 3A.3.7]; and a compliance framework, including processes to identify and rectify early non-compliance with immunity [s 3A.11 and 3A.12].

The new Appendix 12, which provides the technical requirements for new generator connections and modifications, is consistent with those standards contained in the [Generator Performance Guideline](#) published by AEMO and Western Power in December 2018 (with some minor exceptions).

Each of the various elements of the new framework are outlined below. The transitional rules for existing generators are provided in the following main section.

Exemptions for Network Operators

Section 1.37 exempts all network operators, other than Western Power, from all of Chapter 3A and Appendix 12. The drafting of this section allows for the future application of Chapter 3A to other network operators if this is considered necessary in the future. While future application is allowed for, there is currently no intention to apply Chapter 3A or Appendix 12 to any particular network operators in future.

Functions and disputes

Amendments to sections 2.1A and 2.2C outline new functions for the Network Operator and AEMO, with the ability for AEMO to recover costs provided for these new functions under new sub-clause 2.22A.1(d).

Limited exemptions are provided under the WEM Rules disputes framework, whereby a Market Participant cannot use the dispute process under 2.18 – 2.20 of the WEM Rules [cl 2.18.1(f)].

Negotiating connection standards

Section 3A.5 sets out the framework for negotiating generator performance standards when connecting a new generator (or modifying an existing generator) to the transmission network. It refers to the technical requirements under Appendix 12, most of which include an 'ideal' and 'minimum' standard, with negotiation only permitted within this range. Many technical requirements also include 'common requirements', which will apply to both the ideal and minimum standard. Some technical requirements also include 'negotiation criteria', specifying information to be considered in reviewing a proposed negotiated standard. The framework places obligations on generators to address these elements when proposing negotiated standards [cl 3A.5.2].

The new framework provides that any proposed standard that meets or exceeds the ideal standard must be accepted [cl 3A.5.4] and any proposed standard that is below the minimum must be rejected [cl 3A.5.17]. Generators proposing a negotiated standard within the range must provide justification for not meeting the ideal standard [cl 3A.5.9]. Similarly, the Network Operator must justify rejecting any proposed negotiated standard and may provide an alternative standard that it would accept [cl 3A.15].

Under the framework, the Network Operator will be the generator's main contact in negotiating. However, the Network Operator is required to consult with AEMO on any proposed negotiated standard (below the ideal) [cl 3A.5.10] and cannot accept the proposed standard unless AEMO agrees [cl 3A.5.17(b)]. While nothing in the framework will prevent a generator from directly discussing their proposed negotiated standards with AEMO if they choose to do so, the framework is designed to prevent generators having to negotiate separately with two different parties. This improves efficiency of the process by ensuring everyone has access to the same information through a single source, minimising the potential for delays, confusion or mistakes.

The framework allows for trigger events to be included within negotiated standards [cl 3A.5.6]. Trigger events allow generators to negotiate standards below the ideal until such time that a trigger occurs, after which action must be taken by the generator. The trigger is often a time period, but may include other triggers, such as a certain volume of network utilisation. The action will likely be modifications to the generating system to comply with a higher standard, but could also include other actions to mitigate the impact of the lower standard. The framework also allows for trigger events to be modified in the future, by agreement between the generator, Network Operator and AEMO [cl 3A.5.8].

Register

The Network Operator will be required to establish a register containing minimum information for each relevant generator on the SWIS [cl 3A.7.1 and 3A.7.3]. This register will become the single source of information and standards against which compliance will be measured. Timeframes are required for the updating of the register to allow for standards to be in place prior to the generator commencing operation [cl 3A.7.4]. Generator's whose information is to be contained in the register must provide the relevant information to the Network Operator [cl 3A.7.2] and notify of any changes affecting the contents of the register [cl 3A.7.5]

The register will not be public; however AEMO must classify the register as Rule Participant Network Restricted information [cl 3A.7.6]. As such, the Network Operator may share the register with AEMO and the Economic Regulation Authority (ERA) to ensure these parties can undertake their functions under the WEM Rules.

Self-monitoring Program

Section 3A.6 establishes the framework for a self-monitoring program for generators to monitor compliance with their registered standards. The framework requires the development of a WEM Procedure by AEMO, which includes a template self-monitoring plan [cl 3A.6.2]. Generators are required to develop their own self-monitoring plan consistent with the template, unless variations can be justified [cl 3A.6.4]. AEMO is responsible for approving all self-monitoring plans, which must be in place before a generator receives its final approval to generate [cl 3A.6.1(b)].

AEMO may modify the template over time, with generators affected being provided with 6 months in which to undertake any required changes and resubmit for AEMO approval [cl 3A.6.9]. Generators may also seek approval to modify their self-monitoring plans at any time, for any other reason [cl 3A.6.10]. AEMO is required to approve any self-monitoring plan that is consistent with the template, or where variations are justified [cl 3A.6.5 and 3A.6.11].

Once approved, generators will be required to commence monitoring in accordance with the plan [cl 3A.6.1(a)] and advise immediately of any non-compliance with registered standards or their self-monitoring plan [cl 3A.10.1(a)]. The ERA, AEMO or the Network Operator may request, at any time, information on the outcomes of a monitoring plan [cl 3A.6.13]. Where requested by AEMO or the Network Operator, the reasons for the request must relate to their functions [cl 3A.6.14 – 3A.6.15]. Generators must provide any information requested within 5 business days, or a longer period if agreed [cl 3A.6.16].

Compliance

The framework allows for non-compliance or suspected non-compliance to be detected through a generator's own monitoring, or by the Network Operator or AEMO through central monitoring activities or other observation [cl 3A.6.17].

Generators will have the option to submit a Rectification Plan in relation to any identified non-compliance to AEMO within 10 business days of the non-compliance being detected (or longer by mutual agreement) [cl 3A.11.1]. Rectification Plans must be agreed by AEMO, and prior to agreeing, AEMO must seek the approval of the Network Operator [cl 3A.11.4 – 3A.11.6].

Generators will be immune from investigation in relation to the non-compliance if a Rectification Plan is being developed; is in the process of being considered by AEMO; is approved and in progress; or where it has been successfully completed [cl 3A.12.1]. Clause 2.13.9C has been amended to refer to clauses under Chapter 3A to allow the ERA to suspend investigations while Rectification Plans are active. Exceptions to this immunity apply in very serious incidences, or where the non-compliance is a repeat occurrence [cl 3A.12.3].

Once established, the framework provides a process for Rectification Plans to be modified by mutual agreement, if required, with immunity maintained [cl 3A.11.11]. AEMO may also cancel a Rectification Plan if it believes a generator is not complying with the plan [cl 3A.11.19].

There are minimum information requirements for Rectification Plans [cl 3A.11.2], and AEMO will be required to ensure that the ERA is aware of Rectification Plans [cl 3A.10.6], and any changes to these [cl 3A.11.17] at all times. Once a Rectification Plan is successfully completed, the ERA will be advised and the process will end without investigation or penalty for the generator [cl 3A.11.21]. However, where a Rectification Plan is not proposed by the generator, cannot be successfully negotiated with AEMO, or is cancelled, the ERA will commence an investigation [cl 3A.12.3]. Civil penalties are proposed, as indicated in the Amending Rules.

Interim and final approval to generate phases

Section 3A.8 provides for two separate stages of connection, being the granting of an Interim Approval to Generate Notification, and an Approval to Generate Notification. The former is an interim stage, after which a generator can commence generating electricity and participate in the WEM, but before all testing can be completed to fully demonstrate compliance. This interim phase can include conditions being placed on a generator to mitigate any concerns that may be held on its potential performance (i.e. based on modelling, or observation by either the generator, AEMO or the Network Operator) [cl 3A.8.2 – 3A.8.4].

While generators during the interim phase must still immediately notify of any non-compliance [cl 3A.8.5], a key difference in the interim phase is that non-compliance with standards is not itself a breach of the WEM Rules. Rather, failing to address non-compliance can result in the revocation of the interim approval to generate notification [cl 3A.8.10], which will mean that a generator must immediately cease generating electricity or is otherwise in breach of clause 3A.8.1 (a civil penalty provision).

Non-compliance in the interim phase may be addressed through a Rectification Plan, or by another form of agreement with the Network Operator (subject to consultation with AEMO) [cl 3A.8.5 - 3A.8.7]. Generators are also able to renegotiate standards during the interim phase, but only with the agreement of the Network Operator and AEMO [cl 3A.8.5(b)(ii) and 3A.8.8 – 3A.8.9].

The Approval to Generate Notification is the final step in the connection process and is provided once all generator testing is complete and the generator has demonstrated compliance with its registered standards [cl 3A.8.11].

Generator modifications

In response to stakeholder input, the new framework provides greater guidance on how generator modifications are to be defined and actioned. A definition is provided for a Proposed Relevant Generator Modification [cl 3A.13.1], and generators undertaking modifications that meet this definition must advise the Network Operator [cl 3A.13.3]. Importantly, the definition of a Potential Relevant Generator Modification excludes replacement of equipment where the capacity of the generator to meet its registered standards remains unchanged.

The Network Operator is required to consider any Potential Relevant Generator Modifications submitted to it and, in consultation with AEMO, determine whether it will classify it as a Relevant Generator Modification [cl 3A.13.4 – 3A.13.7].

Where a Potential Relevant Generator Modification is declared to be Relevant Generator Modification, the generator must negotiate standards affected by the Relevant Generator Modification, as well as changes to its self-monitoring plan (if required) [cl 3A.14.1].

Acknowledging the very broad range of generator modifications that could be undertaken, the Network Operator is required to publish guidelines to provide examples of Potential Relevant Generator Modifications and Relevant Generator Modifications [cl 3A.13.2].

Testing

AEMO is required under the framework to develop a WEM Procedure outlining the range of testing requirements for generators [cl 3A.9.1]. The intention is not to change the types of tests required (although there is potential for minor changes), but rather to consolidate the range of testing requirements that currently exist into a single instrument. Testing requirements under the WEM Procedure will affect multiple stages of a generator's lifecycle, including connection (the interim and final approval to operate phases); under the template self-monitoring plan; and as part of ongoing compliance activities.

Under section 3A.9, if AEMO suspects that a generator may not be compliant, it may ask the generator for an explanation [cl 3A.9.2], and if not satisfied with the response, may require that testing is undertaken [cl 3A.9.3]. Clause 3A.9.4 requires that AEMO and the generator use best endeavours to agree on a suitable time for testing to occur. If non-compliance is detected, the generator may submit a Rectification Plan to address the non-compliance.

Exemptions

Section 3A.3 allows the Network Operator (in consultation with AEMO) to exempt a generator from the requirements under Chapter 3A and Appendix 12, except those sections that relate to exemptions and generator modifications. While it is not expected that this section will be used often, its purpose is to ensure that generators can be considered under the Technical Rules framework where it is clear that compliance with Chapter 3A would be overly burdensome (i.e. Market Customers that may apply to connect small-scale rooftop PV).

Transitional Rules for Existing Transmission Connected Generating Systems

Section 1.38 to 1.43 outline the process for Market Participants with existing transmission connected generating systems are to register their standards and develop a suitable self-monitoring plan. The framework is somewhat different for these existing generators, compared to new generator connections, acknowledging that:

- the standards to be contained with the new register (see Appendix 12) include some new standards that were not applicable at the time of connection for existing generators;
- the standards for existing generators are sometimes difficult to identify, particularly those for generators that connected prior to 2007 when the Technical Rules were introduced;
- complying with current standards and the template monitoring plan (to be published by AEMO) may be significantly cost prohibitive for some older generators; and
- most generators connecting since 2007 have existing self-monitoring plans.

Acknowledging the above differences, the draft Amending Rules for existing generators include:

- the use of standards agreed at the time of connection, as per written agreements between the Network Operator and the generator (including any exemptions obtained);

- where possible, the use of reference standards,¹ in situations where relevant standards are not identifiable within existing contractual documentation;
- the potential to use of 'minimum' standards under Appendix 12 to populate the register for new standards;
- where documentation addressing specific standards does not exist, the ability for generators and Western Power to negotiate standards that are not the reference standards or 'minimum' standards, where a generator can demonstrate that it is not reasonably able to comply with the reference standards or 'minimum' standards;
- retaining existing monitoring plans agreed between Western Power and the generator, with modifications to allow for the monitoring of any standards not be covered within these existing plans;
- the ability for generators and AEMO to negotiate monitoring plans that deviate from the template monitoring plan where a generator can demonstrate that it is not able to comply with the template, or that the cost of complying with the template is unreasonable; and
- a bespoke dispute resolution mechanism where negotiations between the generator, Western Power, and/or AEMO fail to reach agreement in relation to standards or the self-monitoring plan.

Each of the various elements of the transitional framework are outlined below.

Functions and consequential amendments

Under the proposed framework, the Coordinator of Energy will have new functions in relation to the dispute resolution process (as outlined in new section 2.2D) including responsibility for the development of procedures. New sections 1.7.5 and 2.9.2CB, and amendments to sections 1.4.1, 1.5.1, 2.10 and 2.11 are consequential amendments that provide baseline obligations and responsibilities associated with procedures., .

Application of Chapter 3A to Existing Transmission Connected Generating Systems

Section 1.39 outlines the application of Chapter 3A to existing generators. The detail of determining standards and a monitoring plan are outlined in further sections 1.40 and 1.41, and therefore should be read in conjunction with these sections.

Existing generators are exempt from most of Chapter 3A until such time that standards are registered for that generator, and an approved self-monitoring plan is in place [cl 1.39.1 and 1.39.13]. Timeframes are provided for these actions to be completed [cl 1.39.2 and 1.39.7], with the ability to extend these timeframes by mutual agreement [cl 1.39.4 – 1.39.6 and 1.39.9 – 1.39.11]. Where timeframes expire without an agreed extension, the dispute resolution process will commence [cl 1.39.3 and 1.39.8].

Generator performance standards for Existing Transmission Connected Generating Systems

¹ Reference standards are written standards that existed at the time of a generator's connection.

Section 1.40 sets out the process for determining the standards to be registered for each existing generator. The relevant standards, referred to as technical requirements are contained in Appendix 12.

Where there are documented standards at the time of connection (or approved modification), these will be used, irrespective of whether they fall below the minimum standard in Appendix 12 [cl 1.40.4]. Documented standards may exist within contracts, or by other written means. Both the Network Operator and the generator must share information relevant to previously agreed standards [cl 1.40.2 – 1.40.3].

Where a standard is not known, reference standards will be used [cl 1.40.5]. The reference standards are as follows:

- For generators connecting since 2007, Western Power's Technical Rules;
- for generators connecting between 1997 and 2007 these are Western Power's Technical Code; and
- for generator's connecting prior to 1997, internal Western Power planning standards.

Where there is no previously agreed standard or reference standard (i.e. with new standards), or where the generator cannot comply with the reference standard (or where doing so would impose unreasonable costs), the generator and Western Power may negotiate an alternative standard [cl 1.40.6].

When proposing an alternative standard, there is a requirement for generators to ensure that it is as close to the reference or minimum standard (as applicable) as possible, taking into account a range of factors, including technical and commercial feasibility of complying, as well as the need to maintain power system security and reliability [cl 1.40.8]. Prior to accepting an alternative standard, the Network Operator must consult AEMO [cl 1.40.10], and cannot accept a proposed standard unless AEMO also agrees [cl 1.40.19(a)]. AEMO and the Network Operator must agree to a proposed alternative standard if it meets the specified requirements, or where it relates to a new standard and the proposed alternative standard is at or above the minimum standard (as specified in Appendix 12) [cl 1.40.14 and 1.40.18]. An exemption exists where there is an unacceptable risk to power system security and reliability or were agreeing to the alternative standard would create adverse effects for other users [cl 1.40.15 and 1.40.19(b)].

Should the Network Operator not approve the proposal, it must provide reasons why, and propose a standard that AEMO and the Network Operator would accept [cl 1.40.20].

All parties may agree at any time to testing to assist in determining an proposed alternative standard [cl 1.40.22(a) and 1.40.24 – 1.40.27]. Testing may be undertaken by the generator, or may include tests or the interrogation of data by AEMO or Western Power. Any tests agreed should be the lowest cost option available, and each party is required to pay for their own testing costs [cl 1.40.26].

Once a standard is agreed, or is determined through the dispute resolution process, it will become the registered standard against which compliance will be measured [cl 1.40.21, 1.40.23, 1.40.28 - 1.40.29].

Where standards cannot be agreed despite the processes outlined above, the dispute resolution process will apply (see section 1.42) (cl 1.40.22(b) and 1.40.28).

The Network Operator is required to develop a procedure setting out the processes to be followed in submitting proposed standards, including information requirements, and its considerations in

assessing standards for existing generators. The procedure is also to include a list of the applicable reference standards [cl 1.40.30].

Generator Monitoring Plans for Existing Transmission Connected Generating Systems

Generators will be required to submit a proposed self-monitoring plan to AEMO within 6 months of the Tranche 1 Commencement Date [cl 1.41.2] unless an extension is agreed [cl 1.41.3 – 1.41.5]. Failure to do this will be associated with a civil penalty provision. AEMO must consider a proposed monitoring plan submitted by a generator within 12 months of receiving it [cl 1.41.11].

Proposed self-monitoring plans must be accepted by AEMO if they are consistent with its published template, or where variations from the template are justified and do not pose a risk to power system security and reliability [cl 1.41.7]. A list of considerations are provided for AEMO to assess whether a proposed variation is justified [cl 41.12]. This list includes factors such as the technical and commercial feasibility of complying with the template, the age of the generator, and advice from manufacturers and industry experts.

AEMO is required to accept a self-monitoring plan that is consistent with an existing agreed monitoring plan with Western Power [cl 1.41.9 – 1.41.10] unless it would pose a safety risk, or threaten power system security or reliability. Notwithstanding, given the existence of new standards, it is expected that existing monitoring plans will require some modifications.

Where AEMO rejects a self-monitoring plan, it must provide reasons, and may propose amendments that it would accept [cl 1.41.14]. Where agreement cannot be reached, the dispute process in section 1.42 will commence [cl 1.41.15(b)].

Where AEMO and the generator agree to a self-monitoring plan, it will be included within the register [cl 1.41.17] and generators will self-monitor performance in accordance with the plan. Clause 1.41.16 provides flexibility for the plan to commence from the time it is approved, or at a later date.

AEMO may develop a procedure setting out the process to be followed in submitting a proposed self-monitoring plan, including information requirements and its considerations in assessing proposed monitoring plans [cl 1.41.6].

Dispute Resolution Mechanism

Section 1.AD outlines the process for resolving disputes that arise in relation to either the negotiation of standards with Western Power, or a self-monitoring plan with AEMO.

A dispute can be referred to the dispute resolution process by any party at any time during the negotiation process, or is referred to arbitration where the WEM Rules specify that this is the case (i.e. at the conclusion of the timeframes for agreeing on standards or the monitoring plan).

Disputes are to be heard by an Arbitrator, appointed by Coordinator of Energy [cl 1.42.2(a)]. At least two secondary Arbitrators will also be appointed [cl 1.42.2(b)] if the primary Arbitrator has a conflict of interest or is unable to hear the dispute for other reasons [cl 1.42.6]. Processes are also contemplated where all appointed arbitrators are unable to hear the dispute [cl 1.42.9].

During the dispute resolution process, the Arbitrator may call on one or more independent experts (from a technical panel of experts appointed by the Coordinator of Energy [cl 1.42.2(c)]) to provide advice in relation to technical aspects of a dispute [cl 1.42.14]. Prior to calling on a member of the technical panel of experts, the Arbitrator is required to advise all parties to the dispute, including the approximate cost [cl 1.42.15].

Once a dispute has been referred to an arbitrator, the proceedings are taken to have commenced [cl 1.42.11]. The Arbitrator must seek to resolve disputes within 6 months [cl 1.42.13] of the commencement date, with the decision to be published [cl 1.42.22]. Decisions of the Arbitrator are not subject to the dispute process under section 2.18 of the WEM Rules [cl 2.18.1(i)].

The dispute-specific costs of the Arbitrator and technical panel are to be shared equally by the parties to the dispute [cl 1.42.19], unless specified otherwise by the Arbitrator [cl 1.42.20].

The Coordinator is to develop a procedure that documents a range of matters relating to the dispute resolution process, including the process for referring matters to the Arbitrator and the manner in which the dispute is to be resolved by the Arbitrator [cl 1.42.10 and 1.42.12]. The Coordinator is also required to separately publish information relevant to the appointment of all arbitrators and the panel of technical experts [cl 1.42.3]. Consistent with other WEM Procedures under the Energy Transformation Strategy, a transitional process for the development of the Coordinator's procedure is provided, which includes industry consultation.

Contingency Events and Frequency Operating Standards

A Contingency Events framework is introduced in a new section 3.8A of the Amending Rules. This framework is required to support the operation of SCED and the new ESS framework, as well as the assessment of appropriate generator performance standards to apply to facilities connecting to the SWIS.

Definitions for Contingency Event [cl 3.8A.1], Credible Contingency Event [cl 3.8A.2], and Non-credible Contingency Event [cl 3.8A.3] are introduced in the Amending Rules, along with a reclassification mechanism [cl 3.8A.5(b)].

The Amending Rules also require AEMO to develop a new WEM Procedure that explains the process for determining a Credible Contingency Event, as well as the conditions under which AEMO might reclassify from one type of event to another (and back), and the process for doing so [cl 3.8A.4]. This includes a requirement to notify Rule Participants, and the information required when doing so.

A new Chapter 3B, and associated Tables in Appendix 13, sets out the Frequency Operating Standards (FOS) in the Amending Rules. The FOS specify the electrical frequencies at which the power system should be operated under different system and network conditions. For the most part, the frequency settings in the Amending Rules reflect those that are contained in section 2.2 of Western Power's Technical Rules. The Amending Rules cover both the SWIS and islands to account for the way in which technological advancements are changing the way in which parts of the system can become islanded.

The Amending Rules introduce new definitions for several different 'bands' which each specify the allowable frequency ranges for various events, and will be used in setting ESS quantities and be referred to in other security related rules and procedures. This includes the Normal Operating Frequency Band (which AEMO is required to operate within 99 percent of the time), Normal Operating Frequency Excursion Band, Credible Contingency Event Frequency Band, Island Separation Frequency Band and Extreme Frequency Tolerance Band [cl 3B.2.1 - 3B.2.5]. Tables in Appendix 13 specify the frequency operating range for each band, including timeframes for the frequency to 'recover' or 'stabilise'.

As with the other elements of Tranche 1, the Amending Rules for the new FOS and Contingency Events frameworks will commence on 1 February 2021 to ensure alignment with Chapter 3A.

Administrative Amendments

A package of administrative amendments has been developed to improve the clarity and readability of the WEM Rules.

References to System Management have been removed, including as an entity and a function. References to System Management as an entity have been replaced with AEMO, while references as a function have been replaced with System Operation Function. The change assists in bringing system management functions in line with AEMO's other functions under the WEM Rules.

References to Market Rules, Market Procedures and Market Web Site have been replaced with WEM Rules, WEM Procedures and WEM Website, respectively. These minor changes are intended to reduce potential confusion between the rules affecting the National Electricity Market and WEM when referring to the WEM Rules externally.

Other minor changes to the WEM Rules have been made to clauses that are already being amended under Tranche 1. These changes include using a semi-colon prior to using sub-clauses, as well as consistent use of the terms 'clause' and 'section'. While these changes have only been made to new or amended clauses, further changes will be incorporated into subsequent WEM Rule amendments through the Energy Transformation Strategy.

The changes referred to above have been included within a separate document to the Tranche 1 Amending Rules for ease of reading. However, more substantial changes within the administrative package have been included within Tranche 1 Amending Rules. These relate to the removal of redundant clauses, as well as the editing of clauses that results in several clauses from the removal of System Management.

Notable changes include the removal of section 2.2 relating to System Management Functions and incorporation of many of the previous section 2.2 changes into section 2.1A. These changes improve the consistency of how AEMO's functions are treated regarding the delegation of its functions. Following the Tranche 1 Commencement Date, AEMO will be required to separately report where it delegates any of its functions to another entity (currently it is only required to do so in relation to its system management functions). However, it will no longer be required to report where it engages a contractor to assist it in undertaking its system management functions (where those functions are not delegated). To incorporate this into 2.1A would be to apply this level of reporting to all of AEMO's functions, which was considered administratively burdensome without providing overall benefit.