



INDEPENDENT
MARKET
OPERATOR

Wholesale Electricity Market Submission to Rule Change Proposal

RC_2013_09 Incentives to Improve Availability of Scheduled Generators

Submitted by

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Date submitted:	<i>22 August 2013</i>

Submission

Submissions for Rule Changes should be submitted to:

Independent Market Operator

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1. Please provide your views on the proposal, including any objections or suggested revisions.

System Management supports the principle raised in RC_2013_09 of incentivising Market Participants to maximise the number of Trading Intervals during which Scheduled Generators are available for System Management to dispatch.

System Management agrees with the Economic Regulation Authority that the incentives provided through the Reserve Capacity Mechanism may extend the economic life of generators that would have otherwise been retired due to high maintenance and low availability.



The rule change proposal seeks to stimulate the retirement of old and unreliable plant. There is significant lead time involved in encouraging and connecting new generation facilities, as such System Management expects the capacity available for dispatch to be carefully monitored. Any forecast scenarios where generation is not sufficient to meet load reflects a failure of the Reserve Capacity Mechanism to procure necessary capacity, and will result in an unacceptable impact on Power System Security.

Apart from the need to ensure sufficient generating capacity, System Management has not identified any impacts of this Rule Change Proposal on its processes or systems, and has confirmed this understanding with the IMO.

System Management supports the Rule Change Proposal, and appreciates the IMO consider the following clarification and improvements:

1. Clarification of the Proposed Wording
2. Suggested improvement to Outage Definition

1. Clarification of Proposed Wording

The proposed wording for rule 4.26.2 states:

“BSFO(p,d,t) is the total MW quantity of Forced Outage and Non-RCOQ Adjusted Planned Outage associated with Market Participant p before the STEM Auction for Trading Interval t of Trading Day d , where this is the sum over all the Market Participant’s Registered Facilities of the lesser of the Reserve Capacity Obligation Quantity of the Facility for Trading Interval t and the sum of the MW Forced Outage and MW Non-RCOQ Adjusted Planned Outage of the Facility for Trading Interval t as provided to the IMO by System Management in accordance with clause 7.3; and

RTFO(p,d,t) is the total MW quantity of Forced Outage and Non-RCOQ Adjusted Planned Outage associated with Market Participant p in real-time for Trading Interval t of Trading Day d , where this is the sum over all the Market Participant’s Registered Facilities of the lesser of the Reserve Capacity Obligation Quantity of the Facility for Trading Interval t and the sum of the MW Forced Outage and MW Non-RCOQ Adjusted Planned Outage of the Facility for Trading Interval t as provided to the IMO by System Management in accordance with clause 7.13.1A(b).”

System Management is unclear as to its obligations under this clause if any. The wording implies that System Management provides Non-RCOQ Adjusted Planned Outage data in clauses 7.3 and 7.13.1A(b).

System Management understands its current processes remain the same and it provides only Planned Outage data in clauses 7.3 and 7.13.1A(b). The adjustment decision in regard to planned outages is made by the IMO 4.12.6(b).

System Management suggests the following wording to clarify this.

*“BSFO(p,d,t) is the total MW quantity of Forced Outage and Non-RCOQ Adjusted Planned Outage associated with Market Participant p before the STEM Auction for Trading Interval t of Trading Day d, where this is the sum over all the Market Participant’s Registered Facilities of the lesser of the Reserve Capacity Obligation Quantity of the Facility for Trading Interval t and the sum of the MW Forced Outage of the Facility for Trading Interval t as provided to the IMO by System Management in accordance with clause 7.3 and MW Non-RCOQ Adjusted Planned Outage as determined by the IMO in accordance with clause 4.12.6(b) of the Facility for Trading Interval t **from the Planned Outage** as provided to the IMO by System Management in accordance with clause 7.3; and*

*RTFO(p,d,t) is the total MW quantity of Forced Outage and Non-RCOQ Adjusted Planned Outage associated with Market Participant p in real-time for Trading Interval t of Trading Day d, where this is the sum over all the Market Participant’s Registered Facilities of the lesser of the Reserve Capacity Obligation Quantity of the Facility for Trading Interval t and the sum of the MW Forced Outage of the Facility for Trading Interval t as provided to the IMO by System Management in accordance with clause 7.13.1A(b) and MW Non-RCOQ Adjusted Planned Outage as determined by the IMO in accordance with clause 4.12.6(b) of the Facility for Trading Interval t **from the Planned Outage** as provided to the IMO by System Management in accordance with clause 7.13.1A(b).”*

2. Suggested Improvement to Outage Hour and Outage Rate Definition

Market rule 4.11.1(h) states:

the IMO may decide not to assign Certified Reserve Capacity to a Facility if:

- i. the Facility has operated for at least 36 months and has had a Forced Outage rate of greater than 15% or a combined Planned Outage rate and Forced Outage rate of greater than 30% over the preceding 36 months; or*
- ii. the Facility has operated for less than 36 months, or is yet to commence operation, and the IMO has cause to believe that over a period of 36 months the Facility is likely to have a Forced Outage rate of greater than 15% or a combined Planned Outage rate and Forced Outage rate of greater than 30%,*

where the Planned Outage rate and the Forced Outage rate for a Facility for a period will be calculated in accordance with the Power System Operation Procedure. The IMO may consult with System Management in deciding whether or not to refuse to grant Certified Reserve Capacity under this clause 4.11.1(h);

And the Proposed Rule Change states:

*Equivalent Planned Outage Hours: means, in respect of a Facility, the sum of the “Planned Outage Hours” and the “Equivalent Planned Derated Hours” for the Facility as calculated in accordance with the **Power System Operation Procedure**.*

System Management is responsible for Power System Operation Procedures. Currently it does not use these definitions to meet any of its obligations; these are only used by the IMO for the application of Chapter 4.



System Management contends that these definitions are only used by the IMO and so should be defined in a Market Procedure. Hence it suggests that in these two instances “Power System Operation Procedure” should be replaced with “Market Procedure”.

2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.

System Management believes Rule Change Proposal supports the Market Objectives as stated in the Proposed Rule Change.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

Following clarification with the IMO, there are no process or system changes for System Management as it already provides the data required and no new data needs to be created. There are minor administrative costs to change the Power System Operation Procedure.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

There is a proposed change to the Power System Operation Procedure so it may take 3 months to implement from the date the Final Rule Change Report is released.
