

Consultation Paper

Market Rule Change

Title: Synchronisation Approval

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Date: 19 April 2007

Introduction

On 30 March 2007, System Management submitted to the IMO a Rule Change Proposal titled Synchronisation Approval. The IMO assessed the proposal and decided to proceed with it using the Fast Track process under the Market Rules. The IMO preliminary assessment was published in a Rule Change Notice on 3 April 2007.

The Rule Change Proposal by System Management sought to amend clauses 7.9.1 and 7.9.5 to remove the current exemption for the Electricity Generation Corporation, Verve Energy, to inform System Management before synchronising or desynchronising a facility.

System Management submitted that an unauthorised synchronisation or desynchronisation of a scheduled generator can severely affect the security of supply in the SWIS. System Management proposed, therefore, that the relevant clauses be amended to remove exemptions which currently apply to Verve Energy. The proposed changes clauses 7.9.1 and 7.9.5 are shown below:

- 7.9.1. *Subject to clause 7.9.2, if a Market Participant ~~(other than the Electricity Generation Corporation)~~ intends to synchronise a Scheduled Generator, then it must confirm with System Management the expected time of synchronisation*
- (a) at least one hour before the expected time of synchronisation; and*
 - (b) must update this advice five minutes before synchronising.*
- 7.9.5. *Subject to clauses 7.9.6 and 7.9.6A, if a Market Participant ~~(other than the Electricity Generation Corporation)~~ intends to desynchronise a Scheduled Generator, then it must confirm with System Management the expected time of desynchronisation*
- (a) at least one hour before the expected time of desynchronisation; and*
 - (b) must update this advice five minutes before desynchronising.*

The Market Advisory Committee had preliminary discussions on this proposal at its meeting on 28 March 2007, before the proposal was formally submitted by System Management.

The general consensus of MAC was that Verve Energy should not be excluded from seeking approval from System Management when synchronising or desynchronise plants. MAC also considered that it would be prudent to Fast Track the proposal, following an official Rule Change Proposal being submitted.

This paper seeks Rule Participant views on a number of modifications to the proposed changes, as outlined in this paper, resulting from issues raised during the consultation process on the original Rule Change Proposal. Given that this change is being progressed through the Fast Track process under the Market Rules **your comments would be appreciated by noon on Thursday, 26 April 2007.**

Proposed Modifications to the Rule Change Proposal

Given that the proposed changes sought to remove certain exemptions currently applying to Verve Energy, the IMO consulted with Verve Energy on the change.

Verve Energy agreed, in principal, with the intention of the proposed Rule Change and that its advent will facilitate the achievement of the Market Objectives. However, it raised some concerns regarding the need to also implement consequential changes resulting from the changes proposed by System Management as well as concerns with the current notification requirements in clauses 7.9.1 and 7.9.5.

Additional changes to improve equality of the provisions

During the consultations on the proposed changes, Verve Energy expressed concern about the references to clauses 7.9.2 and 7.9.6 in clauses 7.9.1 and 7.9.5. Both clauses 7.9.2 and 7.9.6 refer to Dispatch Instructions, which do not apply to Verve Energy. These clauses provide exemptions to the notification requirements in clauses 7.9.1 and 7.9.5 in cases when System Management issues a Dispatch Instruction to a participant. The current clause 7.9.2 and 7.9.6 read:

7.9.2. *Clause 7.9.1(a) does not apply where System Management has issued a Dispatch Instruction to the Facility that requires synchronisation within one hour of the Dispatch Instruction being issued.*

7.9.6. *Clauses 7.9.5(a) and 7.9.6A do not apply where System Management has issued a Dispatch Instruction to the Facility that requires desynchronisation within one hour of the Dispatch Instruction being issued.*

Verve Energy, due to its position as the balancing generator in the SWIS, is not issued Dispatch Instructions by System Management. Therefore, clauses in section 7.9 of the Market Rules, relating to Dispatch Instructions, do not apply to Verve Energy. However, Verve Energy can be issued instructions by System Management under clause 7.6A.3(a). These instructions can direct Verve Energy facilities to deviate from its Dispatch Plan, or to change their commitment or output, in accordance with the Dispatch Criteria or in response to a High Risk Operating State or an Emergency Operating State.

In order to treat all participants on an equal basis, instructions issued to Verve Energy should be treated in the same way as Dispatch Instructions issued to other participants for the purpose of section 7.9. Therefore, the IMO considers that additional changes, to address the concerns raised by Verve Energy and ensure consistency within section 7.9, are necessary. The IMO proposes to amend clauses 7.9.2 and 7.9.6 as well as clauses 7.9.4 and 7.9.8 to achieve this:

- Clauses 7.9.2 and 7.9.6 are proposed to be amended to include instructions issued to Verve Energy by System Management under clause 7.6A.3(a). This will allow instructions issued by System Management to Verve Energy to be treated on an equal basis to Dispatch Instructions issued to other participants and provide equal exemptions for all participants with respect to clauses 7.9.1(a), 7.9.5(a) and 7.9.6A.

- Further, clauses 7.9.4 and 7.9.8 are proposed to be amended to include instructions issued to Verve Energy under clause 7.6A.3(a). This will allow instructions issued by System Management to Verve Energy to be treated on an equal basis to Dispatch Instructions issued to other participants, when System Management grants permission to participants to synchronise or desynchronise plant.

The current clauses 7.9.4 and 7.9.8 read:

- 7.9.4. *System Management must grant permission to synchronise unless:*
- (a) *the synchronisation is not in accordance with the relevant Resource Plan or Dispatch Instruction; or*
 - (b) *System Management considers that it would not be able to meet the criteria set out in clause 7.6.1 were synchronisation to occur.*
- 7.9.8. *System Management must grant permission to desynchronise unless:*
- (a) *the desynchronisation is not in accordance with the relevant Resource Plan or Dispatch Instruction; or*
 - (b) *System Management considers that it would not be able to meet the criteria set out in clause 7.6.1 were desynchronisation to occur.*

Based on its analysis and consultations with Verve Energy and System Management, the IMO proposes to further amend the relevant clauses in section 7.9 of the Market Rules as follows:

Clauses 7.9.2 and 7.9.6

Amend clauses 7.9.2 and 7.9.6 to also include instructions issued by System Management to Verve Energy:

- 7.9.2. *Clause 7.9.1(a) does not apply where System Management has issued a Dispatch Instruction, **or an instruction given under clause 7.6A.3(a)**, to the Facility that requires synchronisation within one hour of the Dispatch Instruction, **or an instruction given under clause 7.6A.3(a)**, being issued.*
- 7.9.6. *Clauses 7.9.5(a) and 7.9.6A do not apply where System Management has issued a Dispatch Instruction, **or an instruction given under clause 7.6A.3(a)**, to the Facility that requires desynchronisation within one hour of the Dispatch Instruction, **or an instruction given under clause 7.6A.3(a)**, being issued.*

Clauses 7.9.4 and 7.9.8

Amend clauses 7.9.4 and 7.9.8 to also include instructions issued to Verve Energy:

- 7.9.4. *System Management must grant permission to synchronise unless:*
- (a) *the synchronisation is not in accordance with the relevant Resource Plan or Dispatch Instruction **or an instruction issued under clause 7.6A.3(a)**; or*

- (b) *System Management considers that it would not be able to meet the criteria set out in clause 7.6.1 were synchronisation to occur.*

7.9.8. *System Management must grant permission to desynchronise unless:*

- (a) *the desynchronisation is not in accordance with the relevant Resource Plan or Dispatch Instruction **or an instruction issued under clause 7.6A.3(a)**; or*
- (b) *System Management considers that it would not be able to meet the criteria set out in clause 7.6.1 were desynchronisation to occur.*

Additional changes regarding inability to comply with clause 7.9.5

Verve Energy also expressed concerns with the notification requirements in clauses 7.9.1 and 7.9.5, which require a one hour advance notice to System Management when synchronising or desynchronising a facility.

While the notification requirements should not generally present a problem for synchronisation events, Verve Energy noted that there may be times when that notice may not be possible for desynchronisation events, for example in a case of emergency. Though such a situation may be appropriately dealt with by the rules pertaining to forced outages, there would still be a risk of incurring civil penalties for breaches of clause 7.9.5, due to not providing System Management with the advance warnings stipulated in that clause.

The IMO agrees that participants should not incur penalties when not being able to comply with clause 7.9.5, if such compliance would endanger the safety of any person or damage equipment.

Clause 7.9.11 currently allows exemptions from penalties in cases when a participant has sought System Management's approval to desynchronise its plant but, due to an emergency situation occurring, is not able to comply with System Management's decision to reject its application. In these cases, clause 7.9.12 allows the participant to inform System Management of the desynchronisation after the event. Clauses 7.9.11 and 7.9.12 currently read as follows:

- 7.9.11. *A Market Participant is not required to comply with clause 7.9.10 if such compliance would endanger the safety of any person, damage equipment, or breach any applicable law.*
- 7.9.12. *Where a Market Participant cannot comply with a decision of System Management under clause 7.9.8:*
 - (a) *the Market Participant must inform System Management as soon as practicable; and*
 - (b) *if System Management refused to allow desynchronisation of a Facility but the Market Participant did desynchronise that Facility then System Management must record the desynchronisation as a Forced Outage.*

To address the issue raised by Verve Energy, the IMO considers that clause 7.9.11 should be amended to also account for inability of participants to comply with clause 7.9.5 in the circumstances described in clause 7.9.11. However, the IMO also

considers that participants should be required under clause 7.9.12 to inform System Management as soon as practicable after plant is desynchronised in those circumstances.

Again, based on its analysis and consultations with Verve Energy and System Management, the IMO proposes to further amend the relevant clauses in section 7.9 of the Market Rules as follows:

Clause 7.9.11

Amend clause 7.9.11 so participants do not incur penalties when unable to comply with clause 7.9.5 if such compliance would endanger the safety of any person, damage equipment, or breach any applicable law:

7.9.11. *A Market Participant is not required to comply **with clause 7.9.5 or** with clause 7.9.10 if such compliance would endanger the safety of any person, damage equipment, or breach any applicable law.*

Clause 7.9.12

Amend clause 7.9.12 to allow a participant to inform System Management after a desynchronisation results of an emergency event, instead of providing System Management with the advance warnings stipulated in clause 7.9.5:

7.9.12. *Where a Market Participant cannot comply **with clause 7.9.5, in accordance with clause 7.9.11, or** with a decision of System Management under clause 7.9.8:*

- (a) *the Market Participant must inform System Management as soon as practicable; and*
- (b) *if System Management **did not confirm the expected time of desynchronisation or** refused to allow desynchronisation of a Facility but the Market Participant did desynchronise that Facility then System Management must record the desynchronisation as a Forced Outage.*

Both System Management and Verve Energy have been consulted on, and have expressed their support, to the proposed additional amendments to section 7.9.

The IMO now seeks the views of other Market Participants on the proposed additional modifications. Comments would be appreciated **by noon on Thursday, 26 April 2007.**