

Change Proposal No: RC_2007_0001

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Wholesale Electricity Market - Rule Change Proposal Form

Change requested by

Name:	Alistair Butcher
Phone:	9427 5787
Fax:	9427 4228
Email:	Alistair.butcher@westernpower.com.au
Organisation:	System Management
Address:	
Date submitted:	30 March 2007
Urgency:	3 - high
Change Proposal title:	Synchronisation approval
Market Rule(s) affected:	Clauses 7.9.1 and 7.9.5

Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

This Change Proposal can be posted, faxed or emailed to:

Independent Market Operator

Attn: Dora Guzeleva, Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9420 5755

Email: dora.guzeleva@imowa.com.au

The Independent Market Operator will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Details of the proposed Market Rule Change

1. Outline the issue concerning the existing Market Rules that is to be addressed by the proposed Market Rule change:

Clause 7.9.1 of the Market Rules, which requires that System Management be contacted prior to a scheduled generator being synchronised, does not apply to Verve Energy.

Clause 7.9.5 of the Market Rules, which requires that System Management be contacted prior to a scheduled generator being desynchronised, does not apply to Verve Energy.

In order that market participants be treated on an equivalent basis, and recognising that synchronising and desynchronising without System Management's approval has the potential to affect power system security, System Management proposes that the abovementioned rules be amended to remove the exception which applies to Verve Energy.

2. Explain the reason for the degree of urgency:

3 – high level of urgency.

Allowing participants to synchronise or desynchronise without the approval of System Management, without penalty, may adversely affect power system security.

It is submitted that this rule change be progressed under the fast track rule change process (clause 2.6), on the grounds that the criterion in clause 2.5.9(c) is satisfied.

3. Provide any proposed specific changes to particular Rules:

An amendment to clause 7.9.1 as follows (changes in bold):

Subject to clause 7.9.2, if a Market Participant (~~other than the Electricity Generation Corporation~~) intends to synchronise a Scheduled Generator, then...

An amendment to clause 7.9.5 as follows (changes in bold):

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...

4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The proposed Rule changes would promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the SWIS. Imposing no penalty on one participant, should that participant synchronise or desynchronise a machine without first confirming its intentions with System Management can adversely affect the safe and reliable operation of the SWIS. Ensuring that the clause is amended to treat all market participants on an equivalent basis will promote the economically efficient, safe and reliable supply of electricity.

5. Provide any identifiable costs and benefits of the change:

Benefits

- Market participants treated on an equivalent basis.
- All market participants are precluded from synchronising or desynchronising without System Management's consent without penalty, which will benefit System Management in ensuring secure and reliable power system operation.

Costs

- None identified.
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