

Independent Market Operator



Rule Change Notice

Title: Provision of Information to the IMO

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Independent Market Operator

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INTRODUCTION

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

The IMO will assess the proposal and, within 5 Business Days of receiving the Rule Change Proposal Form, will notify the proponent whether the Rule Change Proposal will be progressed further.

In order for the proposal to be progressed the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale 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.

A Rule Change Proposal can be processed using a Standard Process or a Fast Track Process. The Standard Process involves a combined 10 weeks public submission period, while the Fast Track Process involves the IMO consulting with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.

THE RULE CHANGE PROPOSAL

The Submission

System Management submitted, on 17 August 2007, a Rule Change Proposal regarding the addition of new clauses 3.21.7 and 7.13.1A, and changes to clause 7.13.1 of the Wholesale Electricity Market Rules.

This Rule Change Notice is published according to Market Rule 2.5.7, which requires the IMO to publish a notice within 7 Business Days of receiving a Rule Change Proposal.

Submission details

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Organisation: System Management
Date submitted: 17 August 2007
Urgency: High – Fast Track

Details of the Proposal

Currently the Market Rules require System Management to provide information to the IMO by noon of the business day following the day on which a Trading Day ends (Market Rule 7.13.1). System Management submits that there are practical difficulties with this requirement, as System Management is often unable to finalise information by this time. Under the current rules, information submitted after the time specified in clause 7.13.1 cannot be used by the IMO to settle the Market, unless a disagreement raised by a Participant results in a requirement to use the information.

For example, should a Participant not submit a forced outage before the time indicated in Market Rule 7.13.1, the information is currently not available to market settlement. This creates a potential inequity in the Market, and functions as a disincentive for reporting forced outages in a timely fashion. As a consequence System Management may also be obliged to advise the IMO of an alleged Rule Breach to Market Rule 3.21.4.

System Management submits in its proposal that it has insufficient time to investigate possible situations whether a forced outage should have been submitted, prior to the time indicated in Market Rule 7.13.1. The result of this is:

1. The forced outage is not recorded and the overall cost of electricity is increased while the capacity of the SWIS is reduced.
2. Other Participants are directly disadvantaged by an increase in the costs of the Reserve Capacity Mechanism.
3. System reliability may be compromised due to the lack of clarity regarding the availability of the plant.
4. The burden on the IMO, System Management and the Participant may be increased due to the investigation of an alleged breach, which also has the potential to increase costs both in the long-term and short-term.

In addition, should a situation arise that endangers Power System Security, and require System Management to determine a quantum of Verve Energy non-compliance (as per Market Rule 7.6A.4), the required investigation cannot be completed by the time required in Market Rule 7.13.1. This is because System Management is required to seek an explanation and any mitigating circumstances from Verve Energy.

As information provided under Market Rule 7.13.1 is only used for the purposes of settling the Market, the timing provision should be to provide the information to the IMO in time for the relevant settlement run.

System Management proposes that the time frame in clauses 7.13.1(cC) and (e) be amended to fifteen business days. This amendment will allow System Management to assist Participants in identifying situations where a forced outage notification should be made, satisfactorily conclude investigations, and ensure that the Market is settled appropriately.

Further, System Management submits that clause 3.21 of the Market Rules does not prescribe a time limit for the finalisation of forced outage notifications from Participants. System Management proposes that a time limit be included (of fifteen days) which will allow System Management to finalise determination of whether an

outage notification is required. This will also allow System Management to properly monitor the compliance of Participants with clause 3.21.4. In addition to the proposed Rule Changes, the timing of a notification of a forced outage under Market Rule 3.21.4 will be clarified in the Power System Operation Procedure: Facility Outages. In summary, System Management will require immediate notification by phone (3.21.4), and will require notification via SMMITS within 15 days (3.21.7).

The Proposal and the Market Objectives

System Management submits that the proposed Rule Changes are of a procedural nature, and would promote the economically efficient, safe and reliable production and supply of electricity in the SWIS.

Increasing the time by which System Management must provide information to the IMO would increase the accuracy of the information used to settle the market, thereby reducing the costs to Participants and the long-term cost of electricity.

Further, System Management would be able to pursue investigations and minimise the need for allegations to be made which are not well premised.

System Management submits that an increased time would allow System Management to assist Participants in identifying situations where a forced outage should be submitted. This will in turn increase the overall effectiveness of the Reserve Capacity Mechanism, and may also increase the efficiency of system scheduling, thereby increasing the reliability of the SWIS.

WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

System Management requests that this Rule Change Proposal be dealt with in accordance with the Fast Track Rule Change process, on the basis that it satisfies the requirements of clause 2.5.9(a) of the Market Rules, that is, the Rule Change is of a minor or procedural nature. System Management argues that:

- The inclusion of new clause 7.13.1A provides additional time for System Management to provide relevant data to the IMO. Previously System Management was required to provide both Verve Energy's non-compliance MWh quantity and schedules of planned, consequential and forced outages to the IMO on the first business day following the conclusion of the trading day. A procedural change has been proposed which would vary the time for the provision of this data to fifteen business days following the conclusion of the relevant trading day. In all other respects the relevant provisions would remain the same, and will not impact upon any aspect of settlement.
- The proposed inclusion of "..., or as agreed between the IMO and System Management" in clause 7.13.1(c) is procedural in character. This amendment gives statutory certainty to System Management where it has modified the format of dispatch instructions to conform to the IMO's settlement system. It is important to note that the envisaged modifications do not affect settlement payments, but allow settlement calculations to be correctly executed.
- The inclusion of new clause 3.21.7 ensures that the Market Rules are consistent with the amended clause 7.13.1A. As the latter proposed provision

would require System Management to provide certain data to the IMO within fifteen business days after the relevant trading day, the proposed new clause 3.21.7 would give corresponding ability to market participants to submit final details relating to forced or consequential outages fifteen business days after the event. This change is procedural in nature, in that a participant's obligations have not changed, but the time available for the participant to perform this obligation has increased.

The IMO has decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicated that the proposal is consistent with the Market Objectives.

The IMO has decided to process this Rule Change Proposal using the Fast Track Process, described in section 2.6 of the Wholesale Electricity Market Rules, on the basis that it satisfies the criteria in section 2.5.9(a) of the Rules.

Section 2.5.9 states:

The IMO may subject a Rule Change Proposal to the Fast Track Rule Change Process if, in its opinion, the Rule Change Proposal:

- (a) is of a minor or procedural nature; or*
- (b) is required to correct a manifest error; or*
- (c) is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.*

The changes proposed by System Management are of a procedural nature, aimed to adjust the Market Rule timeframes to ensure outage data is available for the settlements of the Market and reflect what is practicable for System Management and Participants to achieve.

The projected timelines for processing this proposal are:

- This Rule Change Notice published 27/08/2007
- Consultation period 28/08/2007 - 17/09/2007
- Final Report published 24/09/2007

CONSULTATION

Any Rule Participant wishing to be consulted regarding this rule change is invited to notify the IMO within 5 Business Days of this notice being published.

The IMO prefers to receive notifications for consultation by email to marketadmin@imowa.com.au.

Notifications may also be sent to the IMO by fax or post, addressed to:

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

Fax: (08) 9254 4399

PROPOSED AMENDING RULES

3.21.7 Notwithstanding the requirements of clause 3.21.4 that a relevant Market Participant or Network Operator must inform System Management of a Forced Outage or Consequential Outage as soon as practical, a Market Participant or Network Operator must provide full and final details of the relevant Planned Outage, Forced Outage or Consequential Outage to System Management no later than fifteen days following the Trading Day.

- 7.13.1. System Management must provide the IMO with the following data for a Trading Day by noon on the first Business Day following the day on which the Trading Day ends:
- (a) the Operational System Load Estimate in each Trading Interval in the Trading Day;
 - (b) Load Forecasts prepared by System Management in accordance with clause 7.2.1(b);
 - (c) a schedule of all of the Dispatch Instructions that System Management issued for each Trading Interval in the Trading Day by Market Participant and Facility, including the information specified in clause 7.7.3, or as agreed between the IMO and System Management;
 - (cA) a schedule of the MWh output of each generating system monitored by System Management's SCADA system for each Trading Interval of the Trading Day;

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- (cB) the maximum daily ambient temperature at the site of each generating system monitored by System Management's SCADA system for the Trading Day;
- ~~(cC) the MWh quantity of non-compliance by the Electricity Generation Corporation by Trading Interval;~~
- (d) a description of the reasons for each Dispatch Instruction issued, including a flag indicating where a Dispatch Instruction was issued in connection with:
 - i. any Ancillary Service Contract;
 - ii. any Balancing Support Contract;
 - iii. any Network Control Service Contract;
 - iv. any test of equipment allowed under these Market Rules; or
 - v. any failure of an Electricity Generation Corporation Facility to follow the scheduling and dispatch procedures relating to clause 7.6A;
- (dA) The MWh energy dispatched under a Balancing Support Contract for each Trading Interval in the Trading Day by Facility;
- (dB) The MWh energy dispatched under a Network Control Service Contract for each Trading Interval in the Trading Day by Facility;
- ~~(e) the schedule of all Planned Outages, Forced Outages and Consequential Outages relating to each Trading Interval in the Trading Day by Market Participant and Facility;~~
- (eA) details of notifications received by System Management in accordance with clause 7.5.4;
- (eB) the estimated decrease, in MWh, in the output of each Non-Scheduled Generator, by Trading Interval, as a result of System Management Dispatch Instructions, as determined in accordance with clause 7.7.5A, where this is to be used in settlement as the quantity described in clause 6.17.6(c)(i).
- (eC) the required decrease, in MWh, in the consumption of each Curtailable Load, by Trading Interval, as a result of System Management Dispatch Instructions, as determined in accordance with clause 7.7.5D, where this is to be used in settlement as the quantity described in clause 6.17.6(d)(i).
- (f) [Blank]
- (g) details of the instructions provided to:
 - i. Curtailable Loads that have Reserve Capacity Obligations; and
 - ii. providers of Supplementary Capacity;

on the Trading Day; and

- (h) the identity of the Facilities which were subject to either a Commissioning Test or a test of Reserve Capacity for each Trading Interval of the Trading Day.

7.13.1A. System Management must provide the IMO with the following data for a Trading Day by noon on the fifteenth business day following the day on which the Trading Day ends:

- (a) the MWh quantity of non-compliance by the Electricity Generation Corporation by Trading Interval;
- (b) the schedule of all Planned Outages, Forced Outages and Consequential Outages relating to each Trading Interval in the Trading Day by Market Participant and Facility;