
Wholesale Electricity Market Rule Change Proposal

Rule Change ID: RC_2007_31

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Submitted by

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Organisation:	System Management
Address:	
Date submitted:	14 December 2007
Urgency:	Normal rule change process
Change Proposal title:	High Risk And Emergency Operating States Definition
Market Rule(s) affected:	Clauses 3.4.1 and 3.5.1

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) 9254 4399

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 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:

Clauses 3.4 and 3.5 deal with high risk and emergency operating states, respectively.

Clause 3.4.1 currently states:

The SWIS is in a High-risk Operating State when System Management considers that any of the following circumstances exist, or are likely to exist within the next fifteen minutes, or are likely to exist at a time beyond the next fifteen minutes **but** actions other than those allowed under the Normal Operating State must be implemented immediately by System Management so as to moderate or avoid the circumstance:

(a) ...

System Management has received advice that this provision is uncertain in its application, and seeks to remedy any potential uncertainty through an amendment to clarify the intended operation of the provision. Similarly, there is potential uncertainty with clause 3.5.1.

The replacement of the current “but” (in bold, in the extract above) with the word “and” would better reflect the intention and operation of the provision, and remove any doubt that the words after the replaced word will apply to all three limbs of clause 3.4.1. The effect of this amendment would be that a high risk operating state would exist when System Management considers that any of the items listed in clause 3.4.1(a) to (l) are made out (exist, are likely to exist in the next 15 minutes or are likely to exist at a time beyond the next 15 minutes), and also that actions other than those which can occur in a normal operating state must be implemented immediately.

Clause 3.5 would have equivalent amendments.

In addition, it is proposed that clause 3.4.1(l) and 3.5.1(h) be amended. These provisions currently refer to “other circumstances having a substantially similar effect” to any of the circumstances listed previously. System Management proposes to amend this provision to reflect a more general power of System Management to enter high or emergency operating states, when the circumstances require it. System Management proposes to replace item (l) of clause 3.4.1 with “any other circumstance which would, in the reasonable opinion of System Management, threaten Power System Security or Power System Reliability.” Item (h) of clause 3.5.1 would be equivalent, but with “substantially” included before “threaten”.

2) Explain the reason for the degree of urgency:

System Management submits that the above rule changes proceed under the normal rule change process.

3) Provide any proposed specific changes to particular Rules (for clarity, please use the current wording of the Rules and place a ~~strikethrough~~ where words are deleted and underline words added)

3.4.1 The SWIS is in a High-risk Operating State when System Management considers that any of the following circumstances exist, or are likely to exist within the next fifteen minutes, or are likely to exist at a time beyond the next fifteen minutes; ~~and but~~ actions other than those allowed under the Normal Operating State must be implemented immediately by System Management so as to moderate or avoid the circumstance:

(a) ...

...

(l) ~~any other circumstance having a substantially similar effect to any of the above occurs in connection with the SWIS.~~ any other circumstance which would, in the reasonable opinion of System Management, threaten Power System Security or Power System Reliability.

3.5.1 The SWIS is in an Emergency Operating State when System Management considers that any of the following circumstances exist, or are likely to exist within the next fifteen minutes, or are likely to exist after fifteen minutes; ~~and but~~ actions other than those allowed under the Normal Operating State or High-risk Operating State must be implemented immediately by System Management so as to moderate or avoid the circumstance:

(a) ...

...

(h) ~~any other circumstance having a substantially similar effect to any of the above occurs in connection with the SWIS.~~ any other circumstance which would, in the reasonable opinion of System Management, significantly threaten Power System Security or Power System Reliability.

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

This proposed Rule Change would better address objective (a) of the Market Objectives. The changes as submitted would promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.

The rule change would increase the certainty of the application of the rules.

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

Benefits:

- Removal of uncertainty which may attach to the current drafting of high risk or emergency operating states.

Costs:

- No costs are anticipated to arise due to the changes.
 - No changes to WEMS are required.
 - No changes to Participant processes are required.
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