



Independent Market Operator

**Final Market Rule Change
Report**

**Title: Notification of
Synchronisation and
de-Synchronisation**

Ref: RC_2008_40

Date: 16 January 2009

Contents

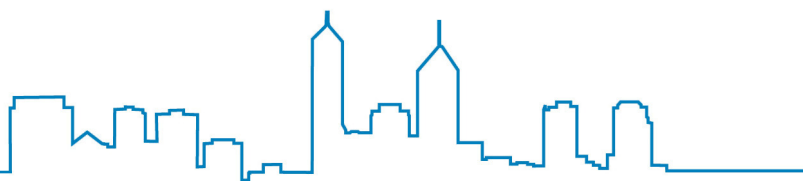
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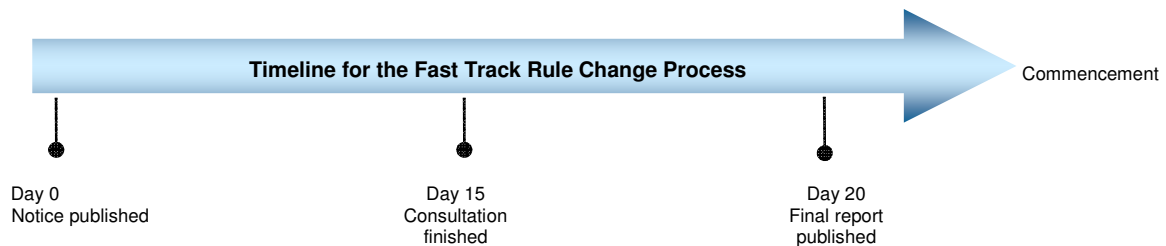


1. INTRODUCTION

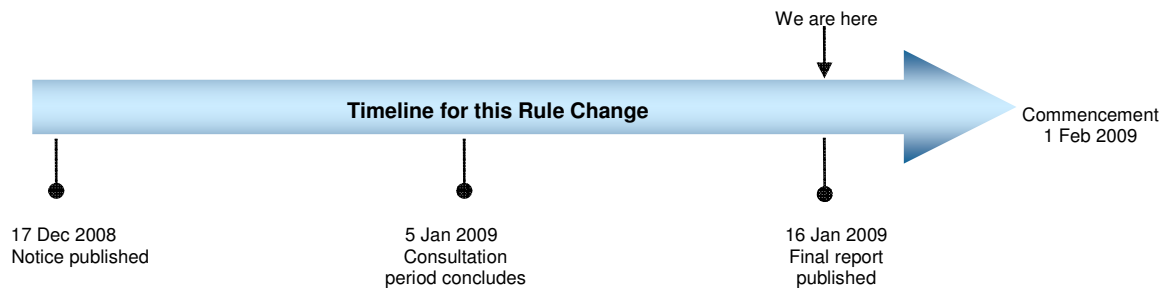
On 12 December 2008 System Management submitted a Rule Change Proposal regarding changes to clauses 7.9.1 and 7.9.5, and the addition of clause 7.9.1A in the Wholesale Electricity Market Rules (Market Rules).

This Proposal was processed using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules.

The fast track process adheres to the following timelines:



The key dates in processing this Rule Change Proposal are:



Based on the Independent Market Operator's (IMO) assessment of the Rule Change Proposal against the Wholesale Market Objectives, the practicality and cost of implementing the proposal, the MAC's recommendations, and the outcomes of the public consultation period, the IMO's final decision is to implement the Rule Change Proposal in the form outlined in section 6 of this Report.

The amendments to the Market Rules made as a result of this Rule Change Proposal will commence at 08.00am on 1 February 2009.

2. THE RULE CHANGE PROPOSAL

2.1 Submission Details

| | |
|-------------------------------|---|
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| Address: | GPO Box L921 PERTH WA 6842 |
| Date submitted: | 12 December 2008 |
| Urgency: | High |
| Change Proposal title: | Notification of synchronisation and desynchronisation |

2.2 Details of the Proposal

Clause 7.9.1 of the Market Rules provides that a Market Participant who intends to synchronise a Scheduled Generator must confirm with System Management the expected time of synchronisation:

- at least one hour before; and
- must update the advice five minutes before synchronising.

An equivalent provision exists for de-synchronisation (clause 7.9.5).

System Management put forward that the second requirement, to provide five minutes notice, presents an onerous burden for both itself and Market Participants who are endeavouring to synchronise at that time and whose priority is not to contact System Management.

Nevertheless, a requirement to provide confirmation is necessary for secure operation of the power system.

System Management therefore proposed to modify the five minute notice requirement to be on an exception basis. That is, Market Participants will continue to be required to provide confirmation at least one hour prior to the intended synchronisation or de-synchronisation, but need only re-confirm where the synchronisation or de-synchronisation will not occur at the time already advised.

System Management also proposed the inclusion of new clause 7.9.1A, to address the issue of a facility which has de-synchronised as a result of a forced outage being able to synchronise within an hour of notice being provided.

2.3 The Proposal and the Wholesale Market Objectives

System Management submitted that the proposed Rule Change would better address market objective (a). System Management submitted that the changes would promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system. System Management also submitted that the changes would significantly assist them in operating the power system through not unnecessarily diverting attention of operational staff at critical times.

The IMO's assessment of the proposed Rule Change is outlined in section 4.1 of this Final Rule Change Report.

2.4 The Amending Rules Proposed by System Management

The amendments to the Market Rules originally proposed by System Management are set out below (~~deleted words~~, added words):

7.9.1 Subject to clauses 7.9.2 and 7.9.1A, if a Market Participant 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 immediately if the time confirmed pursuant to clause 7.9.1(a) changes. ~~five minutes before synchronising~~

7.9.1A Where a Market Participant intends to synchronise a Scheduled Generator within an hour of desynchronisation, it must confirm with System Management the expected time of synchronisation:

- (a) immediately it is known; and
- (b) update this advice immediately if the time advised pursuant to clause 7.9.1A(a) changes.

...

7.9.5 Subject to clauses 7.9.6 and 7.9.6A, if a Market Participant 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 immediately if the time confirmed pursuant to clause 7.9.5(a) changes. ~~five minutes before desynchronising.~~

2.5 The IMO's Initial Assessment of the Proposal

The IMO decided to proceed with the Rule Change Proposal on the basis that the IMO's preliminary assessment indicated that the proposal was consistent with the Wholesale Market Objectives.

The IMO decided to process this Rule Change Proposal using the Fast Track Rule Change Process, described in clause 2.6 of the Market Rules, on the basis that it satisfies the criteria in clause 2.5.9 (a) of the Market Rules. All amendments included in this proposal are of a procedural nature.

Clause 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.*

3. CONSULTATION

An invitation for all Rule Participants to contact the IMO, should they wish to be consulted on this Rule Change, was published on the IMO website on 17 December 2008, together with the Rule Change Notice.

The consultation period for this Rule Change Proposal was between 18 December 2008 and 5 January 2009.

The IMO received requests to be consulted on this Rule Change from Alinta and Landfill Gas & Power (LGP). The details of the submissions received and any associated discussions during the public consultation period are summarised below. The full text of the submissions is also available on the IMO web site.

3.1 Submission from Alinta

Alinta supported the proposed Amending Rules and agreed with System Management that they support market objective (a) through not unnecessarily diverting the attention of operational staff at critical times. In addition, Alinta considered that the Amending Rules were likely to support market objective (b) and are consistent with the remaining market objectives.

However, Alinta considered it desirable that the intent that the amended version of Market Rule 7.9.1(a) not apply to a Market Participant that wishes to synchronise a Scheduled Generator

within one hour of desynchronisation be explicitly stated. Alinta proposed the following further changes to the proposed Amending Rules (additional new wording):

7.9.1A Clause 7.9.1(a) does not apply where a Market Participant intends to synchronise a Scheduled Generator within an hour of desynchronisation, in which case it must confirm with System Management the expected time of synchronisation:

- (a) immediately it is known; and
- (b) update this advice immediately if the time advised pursuant to clause 7.9.1A(a) changes.

3.2 Submission from Landfill Gas and Power

The submission received from LGP supported the proposed Rule Change on the grounds that it removes an unnecessary bureaucratic burden placed on System Management and generators.

3.3 Additional consultation over modification of the Amending Rules

The IMO consulted with both LGP and System Management over Alinta’s further proposed changes. As Alinta’s proposed changes seek to further clarify the Amending Rules, both System Management and LGP agreed with the further changes to the wording. As no other Market Participant indicated that it wished to be consulted on the Rule Change Proposal, the subsequent amendment to the wording was not widely circulated.

4. THE IMO’S ASSESSMENT

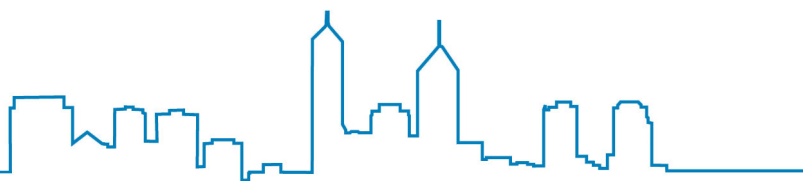
In preparing this Final Rule Change Report, the IMO must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3 of the Market Rules. This is outlined in the following sections.

4.1 Wholesale Market Objectives

According to clause 2.4.2 of the Market Rules *“the IMO must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives”*.

The IMO considers that the proposed Amending Rules will have the following impact on how the Market Rules address the Wholesale Market Objectives:

| Impact | Wholesale Market Objectives |
|--|-----------------------------|
| Allow the Market Rules to better address objective | a |
| Consistent with objective | b, c, d, and e |
| Inconsistent with objective | - |



The IMO's assessment against market objective (a) is as follows:

- (a) *to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;*

It is expected that the proposed amendments will potentially result in improvements in safety and reliability by:

- Ensuring that the attention of staff is not diverted from operational activities at critical times; and
- Removing an onerous burden, on both System Management and Market Participants, as identified by System Management in its Rule Change Proposal.

The IMO submits that the proposal is consistent with the remaining Wholesale Market Objectives.

4.2 Practicality and cost of implementation

In accordance with Clause 2.4.3(b) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must also have regard to the practicality and cost of implementing the Amending Rules.

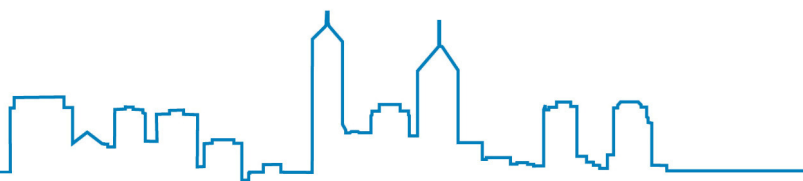
The proposed changes do not require any change to the Wholesale Electricity Market Systems operated by the IMO or any of the systems operated by System Management. However, System Management will need to update the Dispatch Power System Operating Procedure to comply with the Amending Rules (as required under Market Rule 2.10.3).

There have been no additional costs identified with the implementation of this Rule Change Proposal over and above the normal operational costs of both the IMO and System Management.

4.3 Views expressed from submissions

In accordance with Clause 2.4.3(c) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must have regard to the views expressed in submissions on the Rule Change Proposal.

The Amending Rules proposed by System Management and suggested modifications submitted by Alinta had the support of all parties involved in the consultation process. The IMO has decided that the modified Amending Rules further enhance the efficacy of the Rule Change Proposal.



4.4 Views expressed by Market Advisory Committee

In accordance with Clause 2.4.3(d) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must have regard to the views expressed by the Market Advisory Committee (MAC), where the MAC met to consider the Rule Change Proposal.

The MAC was first advised of the proposed Rule Change at its meeting on 10 December 2008, in the form of a pre rule change discussion paper before it was formally submitted to the IMO. At the meeting, MAC was in general support of the proposal, and of System Management submitting it as a formal Rule Change Proposal via the fast track process.

5. THE IMO'S FINAL DECISION

The IMO's final decision is to implement the amendments to Market Rule 7.9.1 and 7.9.5 and the addition of Market Rule 7.9.1A as proposed by System Management, and modified during the public consultation process.

5.1 Reasons for the decision

The IMO has made its decision on the basis that the Amending Rules:

- Will allow the Market Rules to better address the Wholesale Market Objective (a);
- Are consistent with the remaining Wholesale Market Objectives;
- Have the support of both the MAC and all participants who signalled that they wished to be consulted on this rule change; and
- Can be easily implemented at little or no additional cost to the Market.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 4 of this Final Rule Change Report.

6. AMENDING RULES

6.1 Commencement

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at **8:00am on 1 February 2009**.

6.2 Amending Rules

The following clauses are amended (~~deleted wording~~, new wording):

7.9.1 Subject to clauses 7.9.2 and 7.9.1A, if a Market Participant 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 immediately if the time confirmed pursuant to clause 7.9.1(a) changes. ~~five minutes before synchronising~~

7.9.1A Clause 7.9.1(a) does not apply, where a Market Participant intends to synchronise a Scheduled Generator within an hour of desynchronisation, in which case it must confirm with System Management the expected time of synchronisation:

- (a) immediately it is known; and
- (b) update this advice immediately if the time advised pursuant to clause 7.9.1A(a) changes.

...

7.9.5 Subject to clauses 7.9.6 and 7.9.6A, if a Market Participant intends to desynchronise a Scheduled Generator, then it must confirm with System Management the expected time of desynchronisation:

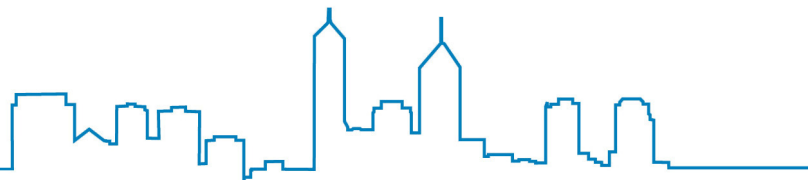
- (a) at least one hour before the expected time of desynchronisation; and
- (b) must update this advice immediately if the time confirmed pursuant to clause 7.9.5(a) changes. ~~five minutes before desynchronising.~~

7. GENERAL INFORMATION ABOUT RULE CHANGE PROPOSALS

Clause 2.5.1 of the Wholesale Electricity Market Rules (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 submitting this to the Independent Market Operator (IMO).

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 market objectives 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



- (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 Rule Change Process or a Fast Track Rule Change Process. The standard process involves a combined 10 weeks public submission period. Under the shorter fast track process the IMO consults with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.