



Draft Rule Change Report
Title: Provision of Intermittent
Generator Forecast Information

Ref: RC_2009_03
Standard Rule Change Process

Date: 22 April 2009

CONTENTS

1.	INTRODUCTION	3
2.	CALL FOR SECOND ROUND SUBMISSIONS	4
3.	THE RULE CHANGE PROPOSAL.....	4
3.1	Submission Details.....	4
3.2	Details of the Proposal	4
3.3	The Proposal and the Wholesale Market Objectives	5
3.4	Amending Rules proposed by System Management.....	5
3.5	The IMO's Initial Assessment of the Proposal	5
4.	FIRST SUBMISSION PERIOD.....	5
4.1	Submissions received	5
4.1.1	Submission from Landfill Gas and Power	6
4.2	Public Forums and Workshops	6
5.	THE IMO'S ASSESSMENT.....	6
5.1	Wholesale Market Objectives.....	6
5.2	Practicality and Cost of Implementation.....	7
5.3	Views expressed in submissions and the public workshop	8
5.4	Market Advisory Committee	8
6.	THE IMO'S DRAFT DECISION	8
7.	PROPOSED AMENDING RULES.....	9
8.	GENERAL INFORMATION ABOUT RULE CHANGE PROPOSALS	9

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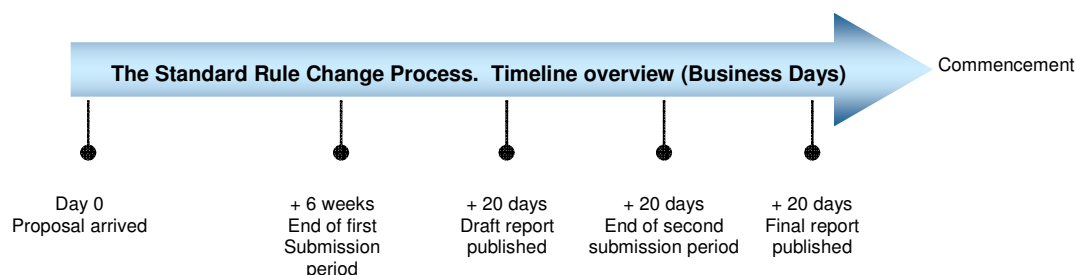
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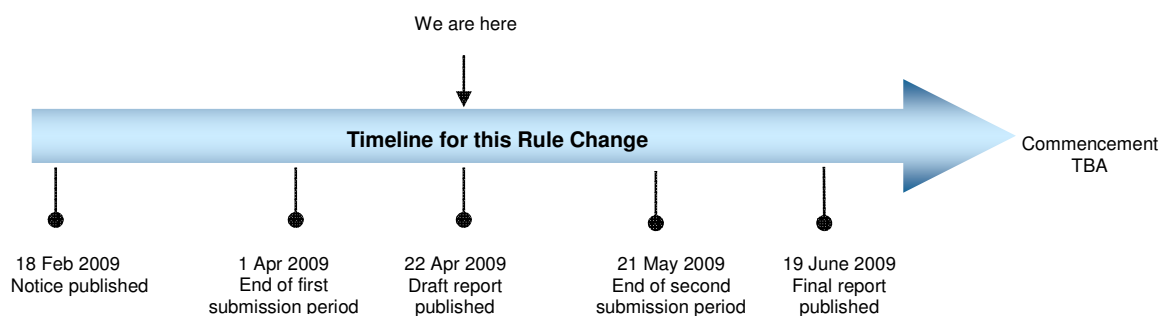
1. INTRODUCTION

On 16 February 2009 System Management submitted a Rule Change Proposal regarding changes to clause 7.2.5 of the Wholesale Electricity Market Rules (Market Rules).

This Proposal is being processed using the Standard Rule Change Process. The standard process adheres to the following timelines, described in section 2.7 of the Market Rules:



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 submissions received during the first submission period and the views of the Market Advisory Committee (MAC) the IMO's draft decision is to accept the Rule Change Proposal in the form outlined in section 7 of this Report.

This Draft Rule Change Report has been prepared by the IMO in accordance with clause 2.7.6 of the Market Rules.

2. CALL FOR SECOND ROUND SUBMISSIONS

The IMO invites interested stakeholders to make submissions on this Draft Rule Change Report. The submission period is 20 Business Days from the publication date of this Report. Submissions must be delivered to the IMO by close of business on **Thursday 21 May 2009**.

The IMO prefers to receive submissions by email to marketadmin@imowa.com.au using the submission form available on the IMO website:

http://www.imowa.com.au/10_5_1_b_rule_change_proposal.htm

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

Independent Market Operator

Attn: Manager Market Administration and System Capacity
PO Box 7096
Cloisters Square, PERTH, WA 6850
Fax: (08) 9254 4399

3. THE RULE CHANGE PROPOSAL

3.1 Submission Details

Name:	Alistair Butcher
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Organisation:	System Management
Address:	
Date submitted:	16 February 2009
Urgency:	Standard Rule Change Process
Change Proposal title:	Provision of Intermittent Generator Forecast Information
Market Rule(s) affected:	Clause 7.2.5

3.2 Details of the Proposal

In its proposal System Management noted that clause 7.2.5 of the Market Rules details the timeframe and requirement that Market Generators operating intermittent facilities must submit forecast information to System Management.

The information required by this clause is required by 10am on the Scheduling Day and represents aggregated energy output.

Currently System Management does not rely on aggregated forecast information submitted under clause 7.2.5, and, in any case, shall instead make use of specified information from intermittent generation operators under separate agreements.

System Management sought to modify this clause, as it imposes an obligation which is not at this time necessary to successfully administer dispatch processes. However, at some point in the future, the provision of this aggregated information may be required, and therefore System Management submitted that the clause be retained, but should be amended to import an element of discretion. System Management proposed to add the words “Unless otherwise directed by System Management...” to the beginning of this clause. This inclusion will remove a strict compliance obligation, and instead allow System Management to utilise the powers under clause 7.2.5 only where it is necessary to do so.

System Management submitted that it intends to direct that the information specified under clause 7.2.5 is not required until further notice.

3.3 The Proposal and the Wholesale Market Objectives

System Management contended that the proposed changes, would better address objective (a) of the Market Objectives. The change as submitted would increase the certainty of the application of the rules, and aid economically efficient outcomes through the removal of the requirement to strictly comply with obligations that are currently unnecessary for the operation of the dispatch process.

The details of System Management’s assessment of the proposed rule change against the Market Objectives were published in the Rule Change Notice on 18 February 2009.

3.4 Amending Rules proposed by System Management

The amendments to the Market Rules proposed by System Management are outlined in section 7 of this report.

3.5 The IMO’s Initial Assessment of the Proposal

The IMO decided to proceed with the proposal on the basis of its preliminary assessment, which indicated that the proposal was consistent with the Wholesale Market Objectives.

4. FIRST SUBMISSION PERIOD

The first submission period for this Rule Change Proposal was between 18 February 2009 and 1 April 2009.

4.1 Submissions received

The IMO received a submission on the Rule Change Proposal from Landfill Gas and Power (LGP) during the first submission period. The details of the submission received is summarised below. The full text of the public submissions is available on the IMO website.

4.1.1 Submission from Landfill Gas and Power

LGP supports the Rule Change Proposal on the grounds that an efficient and effective market should only require participants to provide information and System Management to use it in circumstances where the data is necessary or relevant to System Management.

LGP also supports System Managements contention that the proposal supports market objective (a).

4.2 Public Forums and Workshops

No public forums or workshops were held in relation to this proposed rule change.

5. THE IMO'S ASSESSMENT

In preparing this Draft 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.

Market Rule 2.4.2 outlines that 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”.

Additionally, clause 2.4.3 states, when deciding whether to make Amending Rules, the IMO must have regard to the following:

- Any applicable policy direction from the Minister regarding the development of the market;
- The practicality and cost of implementing the proposal;
- The views expressed in submissions and by the MAC; and
- Any technical studies that the IMO considers necessary to assist in assessing the Rule Change Proposal.

The IMO notes that there has not been any applicable policy direction from the Minister in respect of this Rule Change Proposal.

This IMO's assessment is outlined in the following sections.

5.1 Wholesale Market Objectives

In accordance with Clause 2.4.2 of the Market Rules, in deciding whether or not to make Amending 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 Market Rules as a whole, if amended, will be consistent with the Wholesale Market Objectives.

Wholesale Market Objective	Consistent with objective
(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system	Yes
(b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors	Yes
(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	Yes
(d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system	Yes
(e) to encourage the taking of measures to manage the amount of electricity used and when it is used	Yes

Further, the IMO considers that the Market Rules if amended would not only be consistent with the Wholesale Market Objectives but also allow the Market Rules to better address the Wholesale Market Objective (a):

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

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;*

The proposed rule change supports this objective by improving certainty of the application of the rules and aiding economically efficient outcomes. This is by removing the current requirement to strictly comply with obligations that are unnecessary for the operation of the dispatch process. The improved focus of System Management’s and Market Generator’s human resources on other activities associated with the dispatch process will also result in improvements in the safe and reliable supply of electricity in the South West interconnected system.

5.2 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.

There have been no additional costs identified with the implementation of this Rule Change Proposal.

5.3 Views expressed in 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 had the support of all parties who made submissions during the first submission period.

5.4 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 advised of the proposed rule change at its meeting on 11 February 2009. At the meeting the MAC provided unanimous support for the proposal.

6. THE IMO'S DRAFT DECISION

The IMO's draft decision is to accept the proposed amendment to clause 7.2.5 of the Wholesale Electricity Market Rules as proposed in the Rule Change Proposal and amended in section 5.3.

6.1 Reasons for the decision

The IMO has made its decision on the following basis:

- The Amending Rules:
 - Will allow the Market Rules to better address the Wholesale Market Objectives (a);
 - Are consistent with the remaining Wholesale Market Objectives;
 - Have no identified costs associated with their implementation; and
 - Have the support of both the MAC and all participants providing submissions during the first submission period.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 5 of this Draft Rule Change Report.

The wording of the relevant Amending Rules is presented in section 7 of this Report.

7. PROPOSED AMENDING RULES

The IMO proposes to implement the following amendments to the Market Rules as originally submitted by System Management (added words are underlined and deletions are shown with a ~~strikethrough~~):

- 7.2.5 Unless otherwise directed by System Management, each Market Generator must by 10 AM each day provide to System Management for each of its Intermittent Generators with capacity exceeding 10 MW its most current forecast of the MWh energy output of the Intermittent Generator for each Trading Interval between noon of the current Scheduling Day and the end of the corresponding Trading day in a format and by a method specified in the Power System Operation Procedure.

8. 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.