



Draft Rule Change Report
Title: Updates to Commissioning
Provisions

Ref: RC_2009_08
Standard Rule Change Process

Date: 24 July 2009

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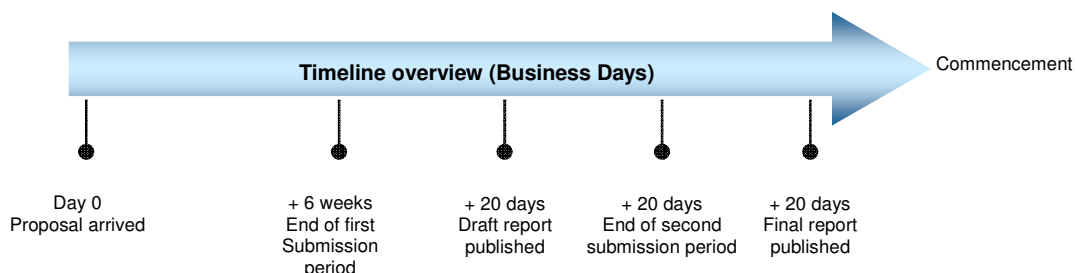
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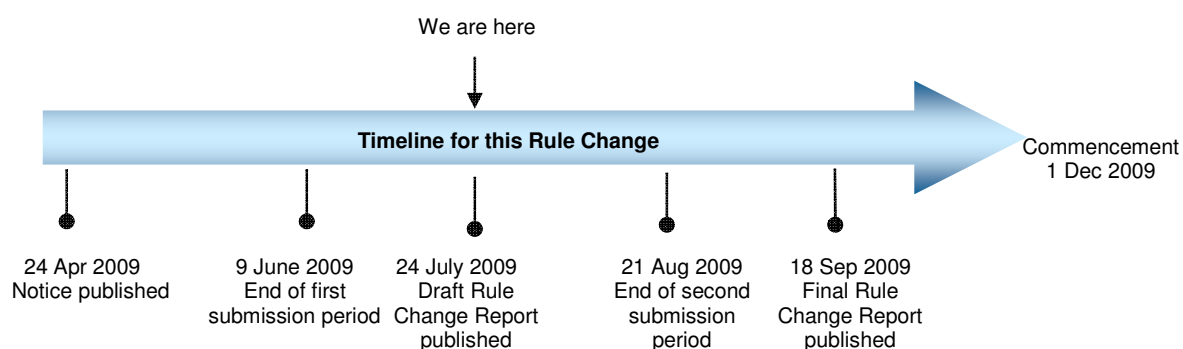
1. INTRODUCTION

On 21 April 2009 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding changes to clauses 3.21A.3, 3.21A.7, 3.21A.7A, 3.21A.16 (new), 4.12.6 (c), 4.26.1A (a), 7.9.4 and 10.6.1 of the Wholesale Electricity Market Rules (Market Rules).

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



In accordance with clause 2.5.10 of the Market Rules the IMO extended the timeframe for preparing this Draft Rule Change Report until 24 July 2009. An extension notice was published on the IMO website on 6 July 2009. The key dates in processing this proposal are:



Please note that the Commencement Date is provisional and may be subject to change in the Final Rule Change Report.

The IMO's draft decision is to accept the Rule Change Proposal. The detailed reasons for the IMO's decision are set out in section 5 of this report. In making its draft decision on the Rule Change Proposal, the IMO has taken into account:

- the Wholesale Market Objectives;
- the practicality and cost of implementing the proposal;
- the views of the Market Advisory Committee (MAC); and
- the submissions received.

All documents related to this Rule Change Proposal can be found on the IMO website: http://www.imowa.com.au/Attachments/RuleChange/RuleChange_2009_08.html

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 5.00pm on **Friday 21 August 2009**.

The IMO prefers to receive submissions by email to market.development@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 Development and System Capacity
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3. THE RULE CHANGE PROPOSAL

3.1 Submission Details

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Date submitted:	21 April 2009
Urgency:	High
Change Proposal title:	Updates to Commissioning Provisions
Market Rules affected:	Clauses 3.21A.3, 3.21A.7, 3.21A.7A, 3.21A.16 (new), 4.12.6 (c), 4.26.1A (a), 7.9.4 and 10.6.1

3.2 Details of the Proposal

Background

A Commissioning Test is a test of the ability of a generating system to operate at different levels of output reliably. Clause 3.21A of the Market Rules and the Market Procedure for Commissioning and Testing outline the process by which Commissioning Tests are applied for, approved and undertaken.

A Commissioning Test will be required when a Market Generator wishes to undertake, or has been directed by the IMO to undertake, a program of equipment testing aimed at testing the ability of a generating system to operate at different levels in order to meet the registration requirements of Chapter 2 of the Market Rules.

A Market Participant seeking to conduct a Commissioning Test must request permission from System Management, submitting the information as required by clause 3.21A.4 to System Management for the approval of such Commissioning Tests. This includes the

name and location of the Facility to be tested, the date and commencement time during which testing will be conducted and the details of the tests to be conducted, including an indicative test plan.

According to clause 3.21A.3 a Commissioning Test may only be requested and System Management may only approve a Commissioning Test for:

- a new generating system expecting to be registered as a Scheduled Generator that wishes to have its output capability verified (prior to 30 November); or
- an existing Scheduled Generator that has undergone significant maintenance and is returning to service and wishes to confirm its output capability.

For new Facilities commissioning prior to 30 November the Market Rules:

- allow for the approval of Commissioning Tests by System Management;
- exempt Market Participants from having to provide a Resource Plan;
- ensure new Facilities are not subject to Upward Deviation Administered Price (UDAP) and Downward Deviation Administered Price (DDAP);
- relieve new Facilities from a number of the Reserve Capacity Obligations, including the need to pay Capacity Cost Refunds; and
- allow a Market Participant to nominate when the Facility will be eligible to receive payments for Capacity Credits (and therefore subject to its Reserve Capacity Obligations). The Market Participant can nominate new dates in its monthly or quarterly progress reports that must be submitted to the IMO under the Market Rules.

In its original proposal the IMO however noted that as the the Market Rules (clause 3.21A.7A) currently stand System Management is precluded from approving a Commissioning Test for a new generator if that test is to occur after 30 November of the year in which the new generators capacity obligations take effect.

This means that a new Facility commissioning after this date must operate and technically commission while trading in the energy market [unless it postpones entering the market for several months]. In effect, this means that a Facility commissioning after 30 November does so without the benefit of relief from the full provisions of the energy market, including the requirement to submit Resource Plans and consequent exposure to penalty balancing prices and compliance issues.

Where a new generator has not completed commissioning by 30 November, and therefore unable to conduct Commissioning Tests pursuant to clause 3.21A of the Market Rules, this current obligation to trade in the energy market may serve to prevent the new generator completing its commissioning requirements, and therefore may preclude additional capacity being available.

Clause 7.9.4 of the Market Rules specifies that System Management must grant permission to synchronise a Scheduled Generator unless the synchronisation is not in accordance with the relevant Resource Plan or Dispatch Instruction. As it currently stands this clause has the potential to preclude new generators from being able to synchronise as they may have neither a relevant Resource Plan nor Dispatch instruction.

Proposal

The objective of the IMO's Rule Change Proposal was to remove the inconsistency referred to above in relation to the treatment of Facilities in the energy market when commissioning.

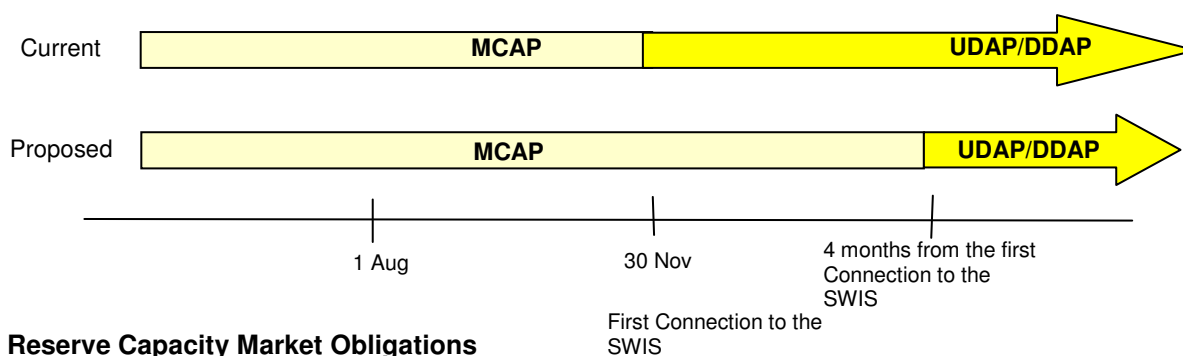
The IMO proposed:

- A separation of the treatment of commissioning in the Reserve Capacity market and the energy market;
- The introduction of a concept of allowing for late commissioning in the Market Rules. In particular, new generators can conduct Commissioning Tests post 30 November without:
 - needing to operate in the energy market;
 - submitting Resource Plans; and
 - being subject to UDAP and DDAP payments; and
- That the late commissioning period be restricted to a defined period of four months, commencing from the date and time of the first connection to the South West Interconnected System (SWIS) for testing purposes. System Management must not approve a commissioning date more than four (4) months after this initial connection date.

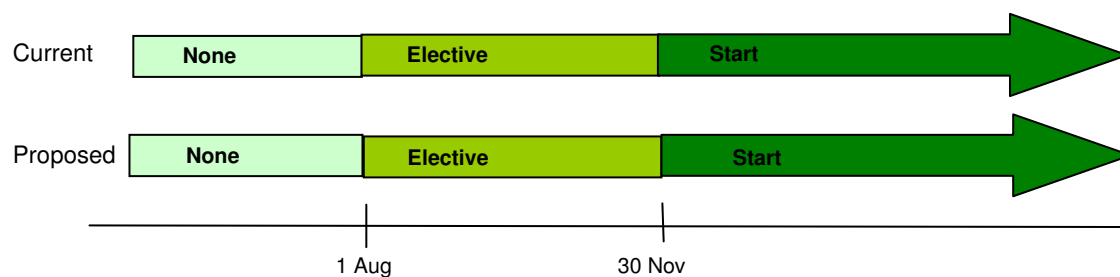
The IMO noted that Facilities commissioning after 30 November will still be subject to any Capacity Cost Refunds arising from the late commissioning (as they are under the current rules).

The following diagram compares the proposal against the status quo:

Energy Market Payments



Reserve Capacity Market Obligations



The IMO contended that this Rule Change Proposal will allow for a number of phases under which Market Participants will be exposed to commissioning; these are outlined in the table below:

	Before 1 August	1 August	From 30 November until either deemed operational or four months from the commencement of Commissioning Tests (whichever is earlier)
Energy Market			
Current	MCAP	MCAP	UDAP/DDAP
Proposed	MCAP	MCAP	MCAP
Reserve Capacity Market			
Current	No Obligations	Market Participant (MP) chooses when to accept obligations subject to IMO approval (and System Management (SM) consultation)	Capacity Credits (CC) and obligations start. MP exposed to Capacity Cost Refunds Managed through ex-post forced outage declarations and energy produced
Proposed	No Obligations	MP chooses when to accept obligations subject to IMO approval (and SM consultation)	CCs and obligations start. Exposure to full Capacity Cost Refunds. MP can choose when to start commissioning (subject to SM approval) but commissioning is limited to a 4 month period.

Additionally, the IMO proposed that:

- System Management be able to grant permission for new generators, who are carrying out Commissioning Tests, to synchronise; and
- The information supplied to System Management under clause 3.21A.4 regarding Commissioning Test plans is to be supplied to the IMO for publication (as SWIS restricted information). This is to allow greater visibility of Commissioning Test programming.

3.3 The Proposal and the Wholesale Market Objectives

The IMO submitted that the proposed changes will allow the Market Rules to better address market objective (b):

- b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;*

By facilitating the efficient entry of new competitors, the proposed amendments will allow the energy market payments and the Reserve Capacity Obligations to be decoupled during commissioning of new generators. This will mean that the new generators will not be subject to UDAP and DDAP payments if commissioning post 30 November. These payments will not apply for a four month period after first connection to the SWIS and which will reduce the financial risk associated with entering the market for new participants. This will potentially result in a greater amount of investment in new projects.

3.4 Amending Rules proposed by the IMO

The Amending Rules originally proposed by the IMO were presented in the Rule Change Notice, available on the IMO website

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 28 April 2009 and 9 June 2009.

4.1 Submissions received

The IMO received submissions from Alinta, Griffin Energy, Landfill Gas & Power (LGP), and System Management. The submissions are summarised below, and the full text is available on the IMO website.

4.1.1 Submission from Alinta

Alinta supports the Rule Change Proposal.

Alinta submits that the proposed Amending Rules would retain a strong financial incentive for Market Participants to complete commissioning of new Facilities ahead of periods of peak system demand. However, to the extent this cannot be achieved, the amended Market Rules would ensure that efforts by Market Participants to complete commissioning as soon as possible after 1 December were not unduly impeded.

Alinta considers that the proposed amendments are consistent with Market Objectives (a), (b) and (d). Alinta contends that while the proposed amendments may not be inconsistent with Market Objectives (c) and (e), they are unlikely to have any effects on these objectives.

4.1.2 Submission from Griffin Energy

Griffin Energy supports the intent of this Rule Change Proposal, noting that it is resolving an anomaly in the Market Rules that could be deemed a manifest error and that this proposal could have been progressed using the Fast Track Rule Change Process.

Griffin Energy considers that the addition of new clause 4.26.1A (a) v introduces a new concept where it appears that late commissioning Facilities are deemed to not provide any capacity to the market throughout the Commissioning Test.

Griffin Energy asserts that the term Commissioning Test is ambiguous in that it might refer to a specific event within the commissioning process (sculpted event) or it may refer to the complete commissioning plan (block event). Griffin Energy considers that the correct interpretation is that the term Commissioning Test should refer to the complete commissioning plan (block event).

Given this ambiguity Griffin Energy posits that clause 4.26.1A (a) v has the effect of applying a total Forced Outage to a Facility for the duration of its commissioning, even if

the Facility is able to provide a proportion of its capacity to the market. This requires Facilities that are not commissioned by 30 November to pay Capacity Cost Refunds, as they are deemed to be in a Forced Outage from this time.

Griffin Energy considers that once the Facility begins commissioning (and begins making its capacity available to the market), it is (at least partially) meeting its capacity obligations. Therefore, Griffin Energy considers that the Forced Outage Shortfall for the Facility should be calculated as for other scheduled Facilities, with capacity unavailable to the market being deemed a Forced Outage for that interval. Griffin Energy considers that a Facility should not be penalised when it is making capacity available to the Market.

Griffin Energy considers that this proposal has positive impacts on market objectives (b), (c) and (d) and that there is no impact on market objectives (a) and (e).

4.1.3 Submission from Landfill Gas and Power

LGP supports the Rule Change Proposal on the grounds that an efficient and effective market should permit commissioning generators reasonable operational flexibility and immunity from financial impost.

LGP agrees with the following aspects of the Rule Change Proposal:

- new Generators should not be ineligible for applying for a Commissioning Test solely because they are already registered;
- Commissioning Test status should not be prohibited after 30 November of the Capacity Year;
- new generators should be permitted to synchronise without a Resource Plan or Dispatch Instruction;
- commissioning generators should not be required to lodge Resource Plans and should not be exposed to UDAP and DDAP payments; and
- new generators should be liable for Capacity Refunds after 30 November.

LGP accepts the four month limit from first synchronisation on the granting of Commissioning Tests as being a pragmatic improvement on the current situation. However, LGP notes that a commissioning generator has sufficient incentives to complete commissioning as fast as possible and question the appropriateness of the four month limit, rather than no limit at all.

LGP contends that the Rule Change Proposal supports market objectives (a) and (b).

4.1.4 Submission from System Management

System Management generally supports the intention of the proposal but had some concerns regarding the current drafting. System Management contends that:

- the proposal may result in restricting Market Participants to commission for less than the intended four month period. Clause 3.21A.4 (b) requires Market Participants to request permission to commission 20 Business Days before the first proposed synchronisation. System Management contends that if construction is delayed, the commissioning must still be complete four months from the original date i.e. the date indicated in the first Commissioning Test plan, not the date the generator actually first synchronised;

- the new clause 3.21A.7(d) may oblige System Management to reject a Commissioning Test plan which exceeds four months (for a generating system following first connection) and that some new Facilities may validly require a longer period of time than four months to fully commission;
- further investigation is required to ensure that proposal adequately addresses all operational contingencies. System Management gives the example of the interrelation of clauses 3.21A.4(b), 3.21A.7, and 6.5.1A and the instance that a new generating Facility provides System Management with a commissioning commencement date and time six months later than the date that the Reserve Capacity Obligation commences. System Management contends that clause 6.5.1A may indicate that the Facility is required to submit a Resource Plan in the interim;
- the current drafting of clause 3.21A.7(d) may preclude approving a Commissioning Test plan for an existing Facility;
- the new clause 3.21A.16 requires System Management to provide all approved Commissioning Test plans to the IMO. System Management queried the necessity for this component of the Rule Change Proposal and how this furthers the market objectives. System Management raised a number of points regarding this:
 - System Management notes that information for impending Commissioning Tests is already provided for in either or both of ST PASA and MT PASA, which is published by the IMO on a monthly or weekly basis, respectively (refer to clauses 3.16.9(j) and 3.17.9(j));
 - the Commissioning Test plan information supplied to the IMO under this proposal, should be obtained directly from the relevant Market Generator, rather than System Management. If the obligation remains on System Management further IT development will be required;
 - there may be variations to an approved Commissioning Test program, both before the test commences and on the testing day itself and that the new provision under clause 3.21A.16 imposes an obligation to provide to the IMO each variation; and
 - this may involve significant changes to System Management's IT systems and operational processes. System Management commented that it will only be able to indicate the time of implementation following the development of the Final Rule Change Report. System Management states that significant time may be required to provide the information detailed in clause 3.21A.16.

System Management considers that the proposal does not fully support the market objectives as it may introduce consequential issues and costs.

4.2 Public Forums and Workshops

No public forums or workshops were held in relation to this Rule Change Proposal.

5. THE IMO'S ASSESSMENT

In preparing its 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.

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

5.1 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 Objectives:

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

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

- (b) *to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;*

The IMO considers that the proposed changes will support market objective (b) by facilitating the efficient entry of new competitors. In particular the proposed amendments will allow the energy market payments and the Reserve Capacity Obligations to be decoupled during commissioning of new generators. This will mean that the new generators will not be subject to UDAP and DDAP payments if commissioning post 30 November. These payments will not apply for a four month period after first connection to the SWIS and which will reduce the financial risk associated with entering the market for new participants. This will potentially result in a greater amount of investment in new projects.

5.2 Practicality and Cost of Implementation

The proposed changes will also require some changes to both the Wholesale Electricity Market System and Settlement Systems operated by the IMO. These changes will cost approximately AUD \$17,000.

System Management has indicated that the proposed rule change may also require some changes to System Management's IT systems. System Management has not yet supplied the IMO with a costing for these proposed changes.

5.3 Views expressed in submissions

Of the four submissions received during the first submission period all supported the intent of the proposal, as the changes will help facilitate entry into the market by new competitors. This is achieved by allowing Commissioning Tests after 30 November of the Capacity Year and by not requiring new generators, while commissioning, to pay UDAP and DDAP during a specified period.

There were some concerns with the current drafting of the Amending Rules in the submissions received during the first submission period. The IMO has responded to each of the issues raised below:

Four-month timeframe

- System Management contends that the timeframe for Market Participants to commission may be restricted to less than the intended four month period as it is currently drafted in the Rule Change Proposal.

The IMO notes that Commissioning Tests start from the first connection to the SWIS, not when the Commissioning Test plan is submitted. If the commissioning is delayed before the first connection to the SWIS, another plan can be submitted with a different start date under clause 3.21A.4 (b).

- The LGP submission queried the choice of four months for the specified timeframe, as it considers there is enough incentive already to bring a project to fruition.

The IMO notes that, at stated the MAC Meeting 19, a specific timeframe was included as an open-ended process was not seen as an ideal outcome and that granting an open ended concession is not good regulatory practice. The four month period was chosen to match an already accepted period in the Market Rules, which is the window of entry period in the Reserve Capacity Mechanism.

Commissioning Test Plan Acceptance

- System Management contends that the current drafting of new clause 3.21A.7 (d) may oblige System Management to reject a Commissioning Test plan which exceeds four months (for a generating system following first connection).

As noted in the Rule Change Proposal, System Management must not approve a commissioning date more that four months *after* the initial connection date. It should be noted that MAC members agreed that there are other financial drivers ensuring that generators would move to an in service state as soon as practicable.

The IMO considers that there needs to be a definite timeline in which the relief from UDAP and DDAP ends, and that a four month time period is sufficient for a late commissioning period, when used in conjunction with the external financial drivers.

A commissioning plant that exceeds four months would need to continue commissioning as they do under the current process.

Interrelation of clauses

- System Management is concerned with possible issues introduced by, the interrelation of clauses 3.21A.4(b), 3.21A.7, and 6.5.1A and that clause 6.5.1A may indicate that the Facility is required to submit a Resource Plan in the interim.

The IMO notes that Commissioning Tests start from the first connection to the SWIS, not when the Commissioning Test plan is submitted. If the commissioning is delayed before the first connection to the SWIS, another plan can be submitted with a different start date under clause 3.21A.4(b).

As noted above, System Management must not approve a commissioning date more that four months after the initial connection date (in accordance with 3.21A.7).

During the four month period contemplated by this Rule Change Proposal a Facility is exempt from submitting a Resource Plan under clause 6.5.1A. However, the IMO agrees that it is feasible that if a Facility cannot fully commission within the four months after its initial connection date that it would be required to submit a Resource Plan and subsequently be subject to UDAP and DDAP.

Commissioning Plans to IMO for Publication

- Under the new clause 3.21A.16 System Management will be required to provide approved Commissioning Test plans to the IMO for all Commissioning Test plans. System Management questioned the necessity of this aspect of the proposal, and requested that the IMO actively canvas the views of Market Generators regarding the implications of this change.

The IMO notes that two members at the MAC Meeting 19 agreed that availability of this information would be valuable. The IMO considers that increased transparency is important to allow the market to operate as efficiently as possible. In particular, commissioning plants impact on both the balancer and market prices and the increased day-ahead transparency around Commissioning Plans would allow for greater certainty and planning.

However, in order to fully assess the issues raised by System Management the IMO requests that participants specifically submit on this during the second consultation period.

- System Management considers that clause 3.21A.16 is uncertain in its application in that there may be variations to an approved Commissioning Test program, both before the test commences and on the testing day itself and that this clause imposes an obligation to provide to the IMO each variation.

The MAC agreed that Commissioning Test plan information would only need to be provided to the IMO on a daily basis. The IMO has proposed an amendment to clause 3.21A.16 to reflect this.

- System Management considers that visibility of an impending Commissioning Test is already provided for in either or both of MT PASA and ST PASA, which is published by the IMO on a monthly or weekly basis, respectively (refer clauses 3.16.9(j) and 3.17.9(j)).

Prior to formally submitting the Rule Change Proposal the IMO discussed using the information in the ST and MT PASA with System Management and at that time it was not the preferred option.

The IMO considers that one of the objectives of this proposal was to make information easy to access and understand for all Market Participants. The information currently supplied regarding Commissioning Tests in the MT PASA and ST PASA is embedded amongst a lot of other information, for this reason publishing the information separately would be preferred.

If the ST PASA and MT PASA is used for this purpose the IMO considers that they will need to contain the detail of the Commissioning Tests as required in clause 3.21A.4. Therefore clauses 3.16.9 (j) and 3.17.9 (j) of the Market Rules would need to be expanded to include additional information.

Again, in order to fully assess the issues raised by System Management the IMO requests that participants specifically submit on this during the second consultation period.

- System Management contends that the requirement to supply Commissioning Test information for publication should not be progressed without further

consideration as to how the market objectives are advanced through the proposed changes.

The IMO considers that market objectives (a) and (b) are advanced by increasing transparency of market information for market activities such as Commissioning Tests. Access to market information helps achieve a competitive effective market. Through this transparency, new Market Participants more likely to be attracted as there will be more confidence on entering the Market.

Available Capacity under Commissioning

- Griffin Energy contends that this proposal introduces a new concept through the addition of clause 4.26.1A(a)(v), where it appears that late commissioning Facilities are deemed to not provide any capacity to the market throughout the Commissioning Test and is equivalent to a full Forced Outage.

As noted in the Rule Change Proposal, the IMO considers that this was one of the intended functions of the new clause 4.26.1A(a)(v). A premise of the Reserve Capacity Mechanism is to ensure reliable capacity is operational when it is most needed, that is the hot season. The IMO considers that it is difficult to see a commissioning plant as a provider of reliable capacity. The IMO considers that the new clause 4.26.1A(a)(v) will incentivise Facilities that are carrying out late commissioning, to bring on stream, the required capacity as quickly as possible.

Changes to System Management IT Systems

- System Management contends that this Rule Change Proposal may involve significant changes to its IT systems and operational processes. System Management commented that it will only be able to indicate the time of implementation after the Final Rule Change is approved.

The IMO notes that in order to make its final decision it needs to fully assess the practicality and costs of the Rule Change Proposal. This includes any IT or system costs. The IMO will liaise with System Management during the second submission period in order to allow this information to be included in the IMO's final decision making process and its Final Rule Change Report.

Fast track process

- Griffin Energy suggested that this Rule Change Proposal could have been progressed using the Fast Track Rule Change Process as it could be deemed a manifest error in the Market Rules.

When drafting the Rule Change Proposal the IMO assessed whether this could be fast tracked. The IMO did not consider that this Rule Change Proposal met the criteria for manifest error as it involves a change to the current market design.

5.4 Market Advisory Committee

The IMO presented the Rule Change Proposal at the MAC Meeting on 29 April 2009.

There was some discussion around limiting the commissioning period to a four month period. The IMO noted that the specific timeframe was included as an open ended process for commissioning was not seen as an ideal outcome for the market as a whole.

The IMO stated that the four month period would start with the first synchronisation and the timing was selected to match the Reserve Capacity window of entry period.

The MAC generally agreed that there are other drivers ensuring that generators would move to an in service state as soon as practicable.

One MAC member queried if clause 4.26.1A(iv) was necessary, as Intermittent Generators will be captured under new clause 4.26.1A(v). The IMO investigated and found that Intermittent Generators such as wind farms are different when considering commissioning. In a coal plant for example, if commissioning is carried out, this would involve only a few generators and this commissioning would involve ramping up and down of these units. For a wind farm with say 150 turbines, commissioning takes place a turbine at a time, so if only 10 turbines are working, they are still deemed as not commissioned. The IMO therefore considered that this clause is required.

There was a query on what the value of publishing the Commissioning Test plan information under these Amending Rules was and how often this would occur as these can change regularly. System Management suggested, as an alternative, that participants could provide both the IMO and System Management with Commissioning Test plan information.

The MAC agreed that Commissioning Test plan information would only need to be provided to the IMO on a daily basis.

The IMO encouraged MAC members to put forward written submissions as part of the Rule Change Process.

5.5 Additional Amendments to Amending Rules

Following the first public submissions period the IMO considered some changes to the proposed Amending Rules to clarify that System Management would only need to provide the IMO with Commissioning Test plan information on a daily basis, not every time that the Commissioning Test plan was varied. These changes are as follows (added text, ~~deleted text~~):

3.21A.16. System Management must provide the IMO the information related to approved Commissioning Tests, as specified under clause 3.21A.4, by 4.30 pm each day.

6. THE IMO'S DRAFT DECISION

The IMO's draft decision is to accept the proposed amendments to clauses 3.21A.3, 3.21A.7, 3.21A.7A, 3.21A.16 (new), 4.12.6(c), 4.26.1A(a), 7.9.4 and 10.6.1 of the Market Rules as proposed in the Rule Change Proposal and amended in section 5.5 of this paper.

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 Wholesale Market objectives (b);

- Are consistent with the remaining Wholesale Market Objectives;
- Have been presented to the MAC who were requested to bring any queries on the proposal up in the first submission period; and
- Have the support of the majority of 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 (added words are underlined and deletions are shown with a ~~strikethrough~~):

- 3.21A.3. System Management may ~~only~~ approve a Commissioning Test only for new generating systems ~~that are expected to be registered as Scheduled Generators~~, or for existing Scheduled Generators which have undergone significant maintenance.
- 3.21A.7. System Management must accept a request for a Commissioning Test unless:
- (a) inadequate information is provided in the request; or
 - (b) the conduct of the test at the proposed time would pose a threat to Power System Security or Power System Reliability; or
 - (c) ~~clause 3.21A.7A applies.~~ [Blank]
 - (d) more than four months have elapsed since the relevant generating system was first connected to the SWIS for testing purposes, as specified in the information submitted to System Management under clause 3.21A.4.(b).
- ~~3.21A.7A. System Management may not accept a request for a Commissioning Test, for Facilities that are yet to commence operation, if the information provided in accordance with clause 3.21A.4(b) includes Trading Intervals after the commencement of the Trading Day commencing on the date specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A or clause 4.27.11D. [Blank]~~
- 3.21A.16. System Management must provide the IMO the information related to approved Commissioning Tests, as specified under clause 3.21A.4, by 4.30 pm each day.
- 4.12.6. Subject to clause 4.12.7, any initial Reserve Capacity Obligation Quantity set in accordance with clauses 4.12.4, 4.12.5, or 4.28B.4 is to be reduced once the Reserve Capacity Obligations take effect, as follows:

- (a) if the aggregate MW equivalent to the quantity of Capacity Credits (as modified from time to time under the Market Rules) for a Facility is less than the Certified Reserve Capacity for that Facility at any time (for example as a result of the application of clause 4.20.1, clause 4.25.4 or clause 4.25.6), then the IMO must reduce the Reserve Capacity Obligation Quantity to reflect the amount by which the aggregate Capacity Credits fall short of the Certified Reserve Capacity;
- (b) subject to clause 4.27.9, during Trading Intervals where there is a Consequential Outage or a Planned Outage for a Facility provided to the IMO by System Management in accordance with clause 7.3.4, the IMO must reduce the Reserve Capacity Obligation Quantity for that Facility, after taking into account any adjustments in accordance with paragraph (a), to reflect the amount of capacity unavailable due to that outage;
- (c) if the Facility Scheduled Generator, which for the purposes of clause 3.21A.3 has undergone significant maintenance, is subject to a Commissioning Test during a Trading Interval then the Reserve Capacity Obligation Quantity for that Facility must be zero during that Trading Interval.

4.26.1A. The IMO must calculate the Forced Outage refund for each Facility (“**Facility Forced Outage Refund**”) as the lesser of:

- (a) the sum over all Trading Intervals t in Trading Month m of the product of:
 - i the Off-Peak Trading Interval Rate or Peak Trading Interval Rate determined in accordance with the Refund Table applicable to Trading Interval t ; and
 - ii the Forced Outage Shortfall in Trading Interval t ,

where the Forced Outage Shortfall for a Facility is equal to:

- ~~i.~~ iii the Forced Outage in that Trading Interval measured in MW;
or
- ~~ii.~~ iv. the number of Capacity Credits associated with an Intermittent Facility in which are deemed to not have been commissioned for the purposes of clause 4.26.1; ~~and~~ or
- v the number of Capacity Credits associated with Facilities which are undergoing approved Commissioning Tests and for the purposes of clause 3.21A.3 are new generating systems;
and

- (b) the total value of the Capacity Credit payments associated with the relevant Facility paid or to be paid under these Market Rules to the relevant Market Participant for the 12 Trading Months commencing at the start of the Trading Day of the most recent 1 October, assuming the IMO acquires all of the Capacity Credits associated with that Facility and the cost of each Capacity Credit so acquired is determined in accordance with clause 4.28.2(b), (c) and (d) (as applicable), less all Facility Forced Outage Refunds applicable to the Facility in previous Trading Months falling in the same Capacity Year.

7.9.4. System Management must grant permission to synchronise unless:

- (a) the synchronisation is not in accordance with the relevant Resource Plan or Dispatch Instruction or an instruction issued under clause 7.6A.3(a); or
- (b) System Management considers that it would not be able to meet the criteria set out in clause 7.6.1 were synchronisation to occur; or
- (c) the synchronisation is not in accordance with the relevant Commissioning Test plan approved by System Management pursuant to clause 3.21A.

10.6.1. The IMO must set the class of confidentiality status for the following information under clause 10.2.1, as SWIS Restricted Information and the IMO must make this information available from the Market Web Site:

- (a) summary information on Disputes in progress that may impact other Rule Participants;
- (b) schedules of Planned Outages;
- (c) the current Dispatch Merit Order;
- (d) audit reports; and
- (e) documentation of the functionality of :
 - i. any software used to run the Reserve Capacity Auction;
 - ii. the STEM Auction software; and
 - iii. the Settlement System software; and
- (f) information supplied under clause 3.21A.16 by System Management related to approved Commissioning Tests.