
Wholesale Electricity Market Rule Change Proposal

Submitted by

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Urgency:	Fast Track Rule change process
Change Proposal title:	Exemption from real-time compliance monitoring for certain commissioning units
Market Rule(s) affected:	[New] Clause 7.10.5A

Introduction

This Market Rule Change Proposal can be posted, faxed or emailed to:

Independent Market Operator

Attn: Troy Forward, Manager Market Administration & System Capacity
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

Email: marketadmin@imowa.com.au

The paper should 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:

Clause 7.10.5 of the Market Rules requires System Management to undertake certain activities when a Market Participant is not complying with its Resource Plan or a Dispatch Instruction in a manner that:

- (a) threatens Power System Security or Power System Reliability; [or]
- (b) would require System Management to issue instructions to the Registered Facilities of the Electricity Generation Corporation or Registered Facilities covered by any Balancing Support Contract or Ancillary Service Contract; or
- (c) would require System Management to issue Dispatch Instructions to other Registered Facilities in accordance with clauses 7.6.3 or 7.6.4.

If any of the above criteria are met, System Management is obliged to warn the Market Participant about the deviation, request an explanation and require cessation of the behaviour within a reasonable period of time. Essentially, clause 7.10.5 imposes “real-time” monitoring and compliance obligations on System Management.

Presently, System Management must exercise its powers under this clause in each and every instance that a Market Participant deviates from their Resource Plan, and the deviation is noticed at the time, regardless of whether the deviation variance would substantially impact Power System Security or Reliability. This is because, as presently drafted, *any* deviation from a Resource Plan would meet the criterion expressed in clause 7.10.5 (b), with all deviations requiring System Management to issue instructions to the balancing generator, even if by AGC signal to a generator providing load following ancillary service.

Where a new generator is “late” and therefore unable to conduct Commissioning Tests pursuant to clause 3.21A of the Market Rules, this existing obligation may serve to prevent the new generator completing its commissioning requirements, and therefore may preclude additional capacity being available.

In addition, during late commissioning it is expected that a new generator will often deviate from their Resource Plan, sometimes for extended periods. System Management must monitor all the deviations in each trading interval and undertake the obligations expressed in clause 7.10.5 in every identified instance. System Management contends this is likely to disrupt the operation

of the control room and has the potential to put system security at risk by detracting attention from the principal task of power system operation.

System Management believes that the Market Rules already impose sufficient penalty for breaching a Resource Plan or Dispatch Instruction, and imposing a real-time monitoring obligation in *all* circumstances is unnecessarily burdensome.

As such, System Management submits that a rule change be pursued to allow System Management to not follow the process expressed in clause 7.10.5 in certain defined (and limited) circumstances. These circumstances would be:

- 1) the failure to comply with the Resource Plan does not threaten power system security;
- 2) System Management has received advance notification of the likely deviation in order for testing to be conducted to enable a unit to enter commercial operation *for the first time* [emphasis added];
- 3) System Management has received and approved a testing plan (dispatch schedule); and
- 4) System Management considers the deviation to be consistent with the approved testing plan.

It should be noted that a Market Participant continues to be required to conform to its Resource Plan or Dispatch Instruction (clause 7.10.1) and non-compliance can be investigated and remedied after the event.

2) Explain the reason for the degree of urgency:

System Management submits that the Rule Change Proposal be progressed through the Fast Track Rule Change Process, on the basis that the requirements of clause 2.5.9(c) are met.

Clause 2.5.9(c) requires that the rule change be both urgently required **and** essential for the safe, effective and reliable operation of the SWIS (or the market).

In the view of System Management, both requirements are met in this case.

The change is urgent, to address the anticipated commissioning of a new generator which otherwise does not meet the requirements of clause 3.21A. The change is essential for the safe, effective and reliable operation of the SWIS because without the change System Management would face the demonstrably onerous burden of ensuring compliance with clause 7.10.5 by a commissioning generator which is not expected to comply with its Resource Plan, thereby diverting attention from the normal activities of the control room producing a significant risk to the safe, effective and reliable operation of the SWIS.

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)

7.10.5A System Management is not required to follow the process in clause 7.10.5 where it considers that:

- (a) the failure to comply does not threaten Power System Security or Power System Reliability;
- (b) the Market Participant has notified System Management in advance that it expects to deviate from its Resource Plan in order to subject the relevant Facility to testing, to enable it to enter full commercial operation for the first time;
- (c) the Market Participant has provided System Management with a testing plan;
- (d) System Management has notified the Market Participant that it approves the plan;
and
- (e) the deviation is in System Management's opinion consistent with the activities detailed in the approved testing plan.

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 change 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 allow a new unit to complete commissioning in certain limited circumstances without placing the system at risk. It is the view of System Management that removal of the potentially burdensome application of clause 7.10.5 for a unit which meets the criteria expressed in new clause 7.10.5A would aid the economically efficient, safe and reliable supply of electricity in the SWIS through the removal of distractions which are otherwise expected to inhibit control room operation.

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

Benefits:

- The changes would remove doubt for Participants and System Management regarding real-time compliance with a Resource Plan in all circumstances.

- System Controllers would not be distracted from their primary function of maintaining power system security.

Costs:

- No costs have been anticipated by System Management.
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