



Draft Rule Change Report
Title: Opportunistic Maintenance
outage approval timeframe

Ref: RC_2009_20
Standard Rule Change Process

Date: 17 July 2009

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Independent Market Operator

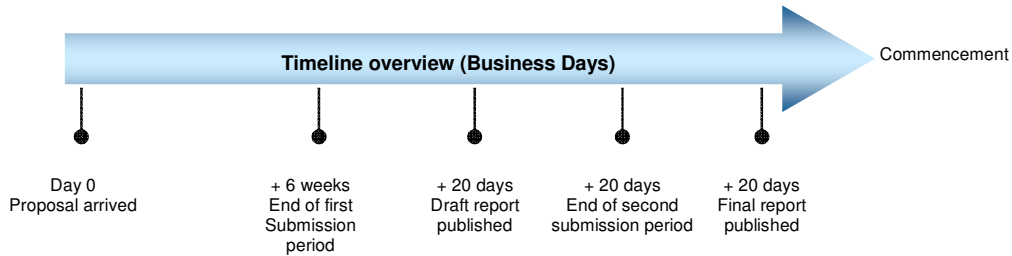
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1. INTRODUCTION

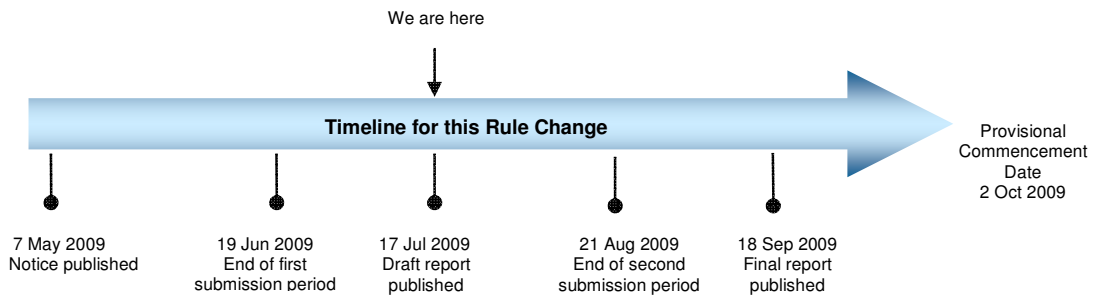
On 1 May 2009, System Management submitted a Rule Change Proposal regarding the amendment of clause 3.19.2(a) in the Wholesale Electricity Market Rules (Market Rules).

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:



The key dates in processing this Rule Change Proposal are below:



Please note the commencement date is provisional and may be subject to change in the Final Rule Change Report.

In making its draft decision on the Rule Change Proposal, the Independent Market Operator (IMO) has taken into account:

- 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.

All documents related to this Rule Change Proposal can be found on the IMO website: http://www.imowa.com.au/Attachments/RuleChange/RuleChange_2009_20.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

PO Box 7096

Cloisters Square, PERTH, WA 6850

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3. THE RULE CHANGE PROPOSAL

3.1 Submission Details

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Date submitted:	1 May 2009
Urgency:	Standard Rule Change Process
Change Proposal title:	Opportunistic Maintenance outage approval timeframe
Market Rules affected:	Clause 3.19.2(a)

3.2 Details of the Proposal

In its proposal, System Management noted that clause 3.19.2(a) of the Market Rules provides that Market Participants and Network Operators submit requests to System Management for approval of day-ahead Opportunistic Maintenance between 6am and 10am on the Scheduling Day.

System Management contended that these timing requirements are rigid and present some difficulties for Market Participants to maximise their ability to obtain an approved day-ahead Opportunistic Maintenance. Furthermore, the file containing outages is provided by System Management to the IMO shortly after 8am. This may further confine the ability of a Market Participant to seek a day-ahead Opportunistic Maintenance.

System Management proposed an amendment to clause 3.19.2(a) to extend the timeframe to apply to the submission of requests for day-ahead Opportunistic Maintenance.

System Management proposed that a Market Participant or Network Operator may make a request for day-ahead Opportunistic Maintenance between 10am on the day prior to the Scheduling Day to 10am on the Scheduling Day.

System Management noted that increasing the window of time to seek day-ahead Opportunistic Maintenance would increase the opportunity for Market Participants and Network Operators to make use of this outage option.

3.3 The Proposal and the Wholesale Market Objectives

System Management contended that this proposed rule change will better address objectives (a) and (d) of the Market objectives:

- (a) promote the economically efficient, safe and reliable production and supply of electricity and electricity related services; and
- (d) minimise the long term cost of electricity supplied to customers in the South West interconnected system.

System Management noted that the Rule Change Proposal will increase the ability of a Market Participant or Network Operator to utilise the day-ahead Opportunistic Maintenance option thereby aiding reliable and safe electricity supply and potentially minimising long term costs.

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 8 May 2009 and 19 June 2009.

4.1 Submissions received

The IMO received submissions on the Rule Change Proposal from Alinta, Landfill Gas & Power (LGP) and Synergy. The submissions are summarised below, and the full text is available on the IMO website.

4.1.1 Submission from Alinta

Alinta supported this Rule Change Proposal, as submitted by System Management. Alinta noted that it supports Market Participants and Network Operators in requesting System Management's approval for Opportunistic Maintenance. Furthermore, it will facilitate the completeness of Planned Outage schedules provided to the IMO from System Management.

Alinta noted the discussions in the MAC suggesting further amendments to the Rule Change Proposal to align the 10:00am close of the Opportunistic Maintenance outage application window with the reporting by System Management of all known outages to the IMO. Alinta recognised that this alignment will require a number of changes to Market Rules and Power System Operating Procedures.

Alinta considered that at this stage, increasing the length of the Opportunistic Maintenance outage application window is likely to support Market Participants and Network Operators in requesting System Management's approval much earlier than is currently possible. As a result, the proposal as drafted will facilitate the schedule provided to the IMO more completely by reflecting all known outages for the following Trading Day.

Alinta considered that Market Rules amended or replaced by this Rule Change Proposal will be consistent with Market Objectives (a) and (d). Also this Rule Change Proposal will likely be consistent with Market Objectives (b), (c) and (e).

4.1.2 Submission from LGP

LGP supported the proposal on the grounds that it increases the ability of parties to organise Opportunistic Maintenance, thereby minimising unnecessary disruption to generation without affecting system integrity.

LGP supported System Management's contention that this proposed rule change furthers Market Objectives (a) and (d).

4.1.3 Submission from Synergy

Synergy supported the proposed rule change as presented. Synergy's view is that generators should be allowed outages if their unavailability does not create Power System Security concerns.

Synergy contended that longer window timeframes may increase clearing STEM prices (due to Opportunistic Maintenance) or decrease clearing STEM prices (due to Forced Outages).

Synergy considered that, from an operational perspective, this rule change should improve system reliability and reduce forced outages.

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 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	a, d
Consistent with objective	b, c, e

The IMO's assessment against market objective (a) and (d) 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;*
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system*

The IMO contends that the amendment to clause 3.19.2 will allow objectives (a) and (d) of the Market Objectives to be better served. It enables Market Participants or the Network Operator to have an increased window timeframe with which to utilise the day-ahead Opportunistic Maintenance option. Thus, the amendment may allow for a complete view of outage information to be submitted from System Management to the IMO. This will potentially assist in the reliable and safe electricity supply and potentially minimise long term costs.

5.2 Practicality and Cost of Implementation

The proposed changes will require changes to the systems operated by System Management. The cost of these changes is currently under investigation

5.3 Views expressed in submissions

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

The MAC was advised of the proposed rule change at its meeting on 10 June 2009. The MAC agreed to progress this Rule Change Proposal. However, the MAC members also agreed that there may be opportunities to examine the alignment of timeframes of Opportunistic Maintenance and the timeframes of outages which System Management provides to the IMO in the future.

6. THE IMO'S DRAFT DECISION

The IMO's draft decision is to accept the amendments to 3.19.2 of the Market Rules as proposed in the Rule Change Proposal. The Amending Rules are outlined in section 7 of this report.

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 Objective (a) and (d);
- are consistent with the remaining Wholesale Market Objectives; 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 reason is outlined in Section 5 of this Draft Rule Change Report.

The IMO's decision to accept this Rule Change Proposal does not impede future opportunities to improve the alignment of other outage timeframes between Market Participants, System Management and the IMO.

7. PROPOSED AMENDING RULES

The IMO proposes to implement the following amendments to the Market Rules (added text, ~~deleted text~~):

3.19.2 Market Participants and Network Operators may request that System Management approve an outage of a Facility or Item of equipment that is not a Scheduled Outage (“Opportunistic Maintenance”) to be carried out during a Trading Day,

(a) at any time between ~~6:00 AM~~ 10:00 AM on the day prior to the Scheduling Day and 10:00 AM on the Scheduling Day for that Trading Day, where the request relates to an outage to occur at any time and for any duration during the following Trading Day; or

(b)

...