
Wholesale Electricity Market Rule Change Proposal

Change Proposal No: RC_2010_34
Received date: 22 November 2010

Change requested by:

Name:	Jacinda Papps
Phone:	(08) 9254 4353
Fax:	(08) 9254 4399
Email:	imo@imowa.com.au
Organisation:	IMO
Address:	Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date submitted:	22 November 2010
Urgency:	High
Change Proposal title:	Provision of Commissioning Information by System Management
Market Rule affected:	3.21A.16 (new clause from RC_2009_08)

Introduction

Clause 2.5.1 of the Wholesale Electricity Market Rules (Market Rules) provides that any person (including the Independent Market Operator (IMO)) may make a Rule Change Proposal by submitting a completed Rule Change Proposal form to the IMO.

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

Independent Market Operator

Attn: General Manager, Development
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4339

Email: market.development@imowa.com.au

The IMO will assess the proposal and, within five Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the proposal must 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. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:

Background

In 2009 the IMO progressed a Rule Change Proposal relating to the commissioning provisions¹ in the Wholesale Electricity Market Rules (Market Rules). This Rule Change Proposal introduced the concept of allowing for late commissioning by allowing new generators to conduct Commissioning Tests post 30 November (for the 2010 Capacity Year onwards) for a period of up to four months from first connection to the South West interconnected system (SWIS) without:

- needing to operate in the energy market;
- submitting Resource Plans; or
- being subject to UDAP and DDAP payments.

These changes commenced on 1 July 2010.

The proposal also requires System Management to supply, for publication (as SWIS restricted information), the information supplied to it under clause 3.21A.4 regarding Commissioning Test plans². This is to increase a Market Participant's ability to make an informed economic decision regarding STEM submissions. In particular, greater transparency of commissioning units will mean that Market Generators can make a more informed decision regarding whether they want to bid into the STEM. While the IMO acknowledges that day-ahead information on commissioning units (in particular MWh profiles) are likely to be subject to change during real time operations, Market Participants are likely to benefit from the knowledge of whether the commissioning unit is expected to be

¹ See: www.imowa.com.au/RC_2009_08

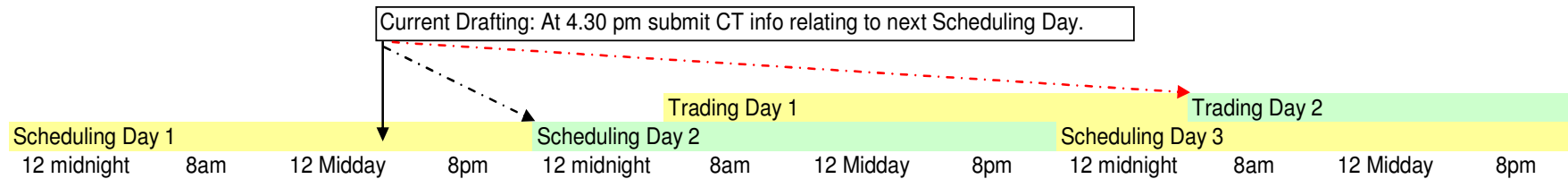
² Due to commence 1 January 2011.

operating in the market or not during any particular Trading Interval. This is important given the number of Commissioning Tests (for both existing and new Market Generators) which have been undertaken in the past. Given the anticipation of more new generators coming on to the system in the next few years an indication as to potential supply conditions will become increasingly important.

Issue

The current drafting, agreed by the IMO and System Management during the Rule Change Process, is for System Management to submit the Commissioning Test information at 4.30 pm every day (indicated by the solid black arrow) relating to the next Scheduling Day. This is presented in figure 1 below. However, the next Scheduling Day starts at midnight (indicated by the dotted black arrow). Therefore, Market Participants will not have the opportunity to use the information in making their STEM bids (as anticipated) as the Trading Day the information relates to has been scheduled prior. For Market Participants to be able to use the information in making their STEM bids, the drafting should refer to the Trading Day following the next Scheduling Day, indicated by the red dotted arrow.

Figure 1: Current Drafting

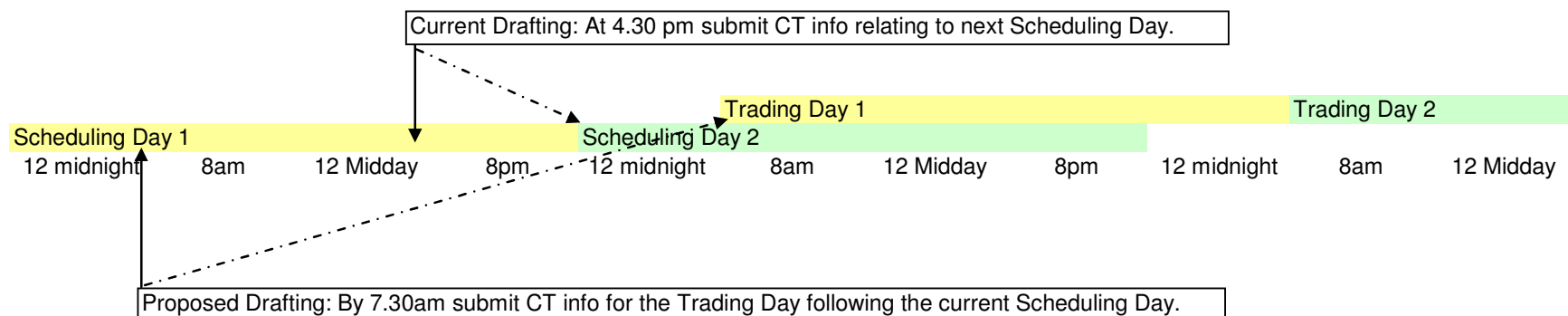


Operationally, it would also make more sense to send this information at a time when System Management already transfers data to the IMO, i.e. 7.30am, 8.30am or 1.30pm rather than creating a new transfer time.

Proposal

The IMO therefore proposes to amend the drafting for System Management to supply the information by 7.30 am for the Trading Day following the current Scheduling Day. This will allow Market Participants to be able to use the information in making their STEM bids. This proposal is, as well as the current drafting, shown in figure 2 below.

Figure 2: Current and Proposed Drafting



2. Explain the reason for the degree of urgency:

This Rule Change Proposal will correct a manifest error which results in the provision of Commissioning Test information not being able to be used for the purpose intended in the original Rule Change Proposal. As such the proposal fulfils sub-clause 2.5.9(b) and therefore maybe be fast-tracked.

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. 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)

3.21A.16. By ~~4.30pm~~ 7.30am each day System Management must provide the IMO with the information submitted under clause 3.21A.4 ~~and~~ for Commissioning Tests approved under clause 3.21A.9 relating to the next Scheduling Day for Commissioning Tests approved under clause 3.21A.9. for the Trading Day following the current Scheduling Day.

4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The IMO considers that the proposed changes, which correct a manifest error in the current Market Rules, are consistent with the market objectives.

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

Costs:

The IMO considers that there will be no additional costs for settlement system changes to implement the proposed changes other than those already incurred for RC_2009_08.

Benefits:

The proposed Amending Rules will:

- Remove the manifest error which results in the provision of Commissioning Test information not being able to be used for the purpose intended in the original Rule Change Proposal; and
- Allow Market Participants to use Commissioning Test information in making their STEM bids which may increase STEM liquidity.