



Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2012_11 Transparency of Outage Information

Submitted by

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Submission

1. Please provide your views on the proposal, including any objections or suggested revisions.

Verve Energy is supportive of developments which lead to greater transparency in the Wholesale Electricity Market, provided that commercially sensitive information is not disclosed, the increased transparency does not reduce the quality of information exchanged between parties, and there is a clear market benefit to be derived from the increased transparency. As such, Verve Energy supports the intent of the Rule Change proposal. However, in noting this support, Verve Energy considers that the following issues require further consideration by the IMO:

- Provisional commencement date and the downstream effects on the progression of the phase two recommendations arising from the 5 year Outage Planning Review;
- Potential reduction in the quality of information provided from Market Participants to System Management;
- Assessment of whether new clauses 7.13.1E and 7.13.1G contain commercially sensitive information;
- Review as to whether the publication of a subset of data will still realise the benefits of improved economic efficiency in electricity generation and improved efficiency in price outcomes for consumers but at a potentially lower cost;



- Differences in drafting between the originally amended clause 10.5.1 (Rule Change Proposal) and proposed clause 10.5.3 (Draft Rule Change Report);
- Consequential amendment to the Market Rules as a result of this Rule Change Proposal; and
- Availability of information via the Market Participant Interface (MPI) and web services.

Provisional Commencement Date and the downstream effects on the progression of the phase two recommendations arising from the 5 year Outage Planning Review

Verve Energy notes that, due to System Management IT development requirements, the provisional commencement date for this Rule Change Proposal is 1 July 2014.

While Verve Energy considers that setting a commencement date to allow sufficient IT development time to be appropriate, Verve Energy is concerned about the downstream effects on the progression of the phase two recommendations arising from the 5 year Outage Planning Review.

The reason for this concern is that the IMO noted the following in its Outage Transparency Concept Paper:

- Phase two will be progressed by the IMO once changes to information disclosure have been implemented¹; and
- ...it is also possible that the ability to assess the need for the proposed technical changes will improve once there is increased transparency on outage planning information in the WEM².

Similar comments were contained in the Rule Change Proposal and Notice.

Verve Energy considers that the phase two recommendations arising from the 5 year Outage Planning Review should be progressed as soon as practicable, despite this Rule Change Proposal not commencing until mid 2014. Verve Energy considers that the most important phase two recommendations include:

- Appropriate classification of outages i.e. if a Facility is on a Forced Outage and sufficient Reserve Margin exists to approve a Planned Outage, then the outage should be able to be re-classified as a Planned Outage (issue 9);
- Clarity around approval of Planned Outage extensions (issue 10); and
- Ability for opportunistic maintenance to span more than one Trading Day (issue 8).

Verve Energy requests that the IMO progress the above three issues with some urgency.

¹ Page 3, 6 June 2012 Concept Paper.

² Page 3, 6 June 2012 Concept Paper.

Potential reduction in the quality of information from Market Participants to System Management

In its first submission Verve Energy noted that it is:

Supportive of the proposed changes to facilitate greater transparency with regards to outage information, provided that:

- *Commercially sensitive information is not disclosed; and*
- *the increased transparency does not reduce the quality of information that participants provide to System Management. If this were to be the case, it may lead to inefficiencies for System Management in undertaking its role in the outage planning process.*

System Management made a similar point in its first submission, noting that:

WEM Rule requirements which mandate the provision by Generators of commercially sensitive information to the IMO through System Management for the purposes of publication on the market website could incentivise Generators to defer disclosure, or not fully disclose, information that is pertinent to System Management's performance of its system operator function.

In its response to these points, the IMO noted that it is its preliminary view that the information proposed to be published is not commercially sensitive. The IMO sought the views of participants on this matter as part of the second submission round. Verve Energy's response to the IMO's request is outlined in the following section.

In responding to submissions, Verve Energy considers that the IMO has focussed its response on the comments around commercially sensitive information and not the comments around the risk that the quality of information is reduced (or as System Management suggested, the information is not disclosed at all).

Verve Energy considers that there is still a risk that the quality of information provided from participants to System Management is reduced (i.e. participants making generic statements rather than providing the full details). If this were to be the case, Verve Energy considers that this may lead to inefficiencies for System Management in undertaking its role in the outage planning process.

To counteract this risk, Verve Energy considers that the IMO could consider an additional clause in the Market Rules allowing System Management to reject an outage plan if it contains inadequate information³. Verve Energy notes that a similar rule exists in the Commissioning Test process.

³ Clause 3.18.7A allows System Management to reject an Outage Plan if it considers that it has not had adequate time to assess it. However, there is no currently clause allowing System management to reject an Outage Plan if it does not contain adequate information.

Commercially sensitive information in new clauses 7.13.1E and 7.13.1G

As noted above, the IMO has requested views on whether any of the proposed pieces of information outlined in new clauses 7.13.1E and 7.13.1G contain commercially sensitive information.

When undertaking an assessment of whether to restrict disclosure of information, due to it being deemed to be commercially sensitive, Verve Energy considers that two main criteria should be satisfied:

- the information has commercial value to an organisation⁴; and
- some loss or diminution of that commercial value could reasonably be expected to follow from its disclosure.

Other relevant issues to take into account are:

- the extent to which the information is already in the public domain; and
- the extent to which the information is common knowledge in the electricity industry.

Finally, Verve Energy would like to note that it considers that the commercial sensitivity of a specific item of information could differ if ex-post or ex-ante, i.e. before the event occurs, information relating to that event could be deemed to be commercially sensitive, however, after the event has occurred, the information may no longer be deemed to be commercially sensitive.

While undertaking this assessment of commercial sensitivity of individual pieces of information, Verve Energy has also undertaken a review of whether the expected benefits of this rule change (i.e. improved economic efficiency in electricity generation and improved efficiency in price outcomes for consumers) will still be able to be realised without the publication of all the information proposed to be published.

Taking into account the above framework, Verve Energy has assessed the information produced in new clauses 7.13.1E and 7.13.1G and makes the following observations:

Reference	What	Assessment
Planned Outages and Opportunistic Maintenance		
7.13.1E(a)	identity of the Facility or item of equipment that will be unavailable	Not commercially sensitive.
7.13.1E(b) (& 3.18.6)	The information provided under clause 3.18.6:	See below.

⁴ Verve Energy considers that information may have a commercial value if it is valuable for the purposes of carrying on the commercial activities of the business or person concerned.



Reference	What	Assessment
	<ul style="list-style-type: none"> the quantity of any de-rating where, if the Facility is a generating system, this quantity is in accordance with clause 3.21.5 	Not commercially sensitive.
	<ul style="list-style-type: none"> the reason for the outage 	<p>Commercially sensitive.</p> <p>Verve Energy considers that the publication of reasons for Planned Outages may provide competitors with information about a participant's maintenance strategies and asset management plans which could reduce a participant's competitive advantage (noting that a Planned Outage can be applied for up to three years in advance). Verve Energy notes that it has developed its maintenance strategies and asset management plans over many years of operation and this information holds significant commercial value.</p> <p>Verve Energy considers that publication of this information will also enable competitors to collect/retain intelligence on specific plant issues which could be utilised to the detriment of the information provider.</p> <p>In addition to this, Verve Energy considers that:</p> <ul style="list-style-type: none"> the market will realise the same benefits purported for this rule change without the publication of this information; and the publication of this information goes further than the recommendations outlined in PA Consulting's report on the 5 Year Outage Planning Review⁵.
	<ul style="list-style-type: none"> the proposed start and end times of the outage 	Not commercially sensitive.
	<ul style="list-style-type: none"> an assessment of risks that might extend the outage 	<p>Commercially sensitive.</p> <p>As above:</p>

⁵ PA Consulting recommended that the type of information to be made available include: the status of the planned outage, the equipment affected, the time periods affected, the capacity involved, and the resultant net operating margin.



Reference	What	Assessment
		<ul style="list-style-type: none"> the publication of its risk assessment may provide competitors with information about a participant's maintenance strategies and asset management plans which could reduce a participant's competitive advantage; the market will realise the same benefits purported for this rule change without the publication of this information; and the publication of this information goes further than the recommendations outlined in PA Consulting's report on the 5 Year Outage Planning Review.
	<ul style="list-style-type: none"> details of the time it would take the Facility or item of equipment to return to service, if required 	Not commercially sensitive
	<ul style="list-style-type: none"> contingency plans for the early return to service of the Facility or item of equipment 	<p>Commercially sensitive.</p> <p>As above:</p> <ul style="list-style-type: none"> the publication of its risk assessment may provide competitors with information about a participant's maintenance strategies and asset management plans which could reduce a participant's competitive advantage; the market will realise the same benefits purported for this rule change without the publication of this information; and the publication of this information goes further than the recommendations outlined in PA Consulting's report on the 5 Year Outage Planning Review.
	<ul style="list-style-type: none"> if the Outage Plan is submitted by a Network Operator, a confirmation that the Network Operator has used best endeavours to inform any 	Not commercially sensitive



Reference	What	Assessment
	Market Generator with a Scheduled Generator or Non-Scheduled Generator impacted by the unavailability of the relevant item of equipment of the proposed outage	
7.13.1E(c)	Time and date when: <ul style="list-style-type: none"> • The outage plan was received by System Management; • The Outage status was amended by System management; and • The Outage plan was approved or rejected by System management 	Not commercially sensitive
7.13.1E(d)	The actual start and end times of the outages as reflected in System Management's outage schedule, if these vary from the proposed start and end date and time provided under clause 3.18.6(d)	Not commercially sensitive
Forced and Consequential Outages		
7.13.1G(a)	whether outage is considered to be forced or consequential	Not commercially sensitive
7.13.1G(b) (& 3.21.4 / 3.21.7)	The information provided under clause 3.21.4 and updated under clause 3.21.7	
	<ul style="list-style-type: none"> • the time the outage commenced 	Not commercially sensitive
	<ul style="list-style-type: none"> • an estimate of the time the outage is expected to end 	Not commercially sensitive
	<ul style="list-style-type: none"> • the cause of the outage 	Commercially Sensitive. See comments in Planned Outage section.
	<ul style="list-style-type: none"> • the Facility or item of equipment or Facilities or items of equipment affected 	Not commercially sensitive
	<ul style="list-style-type: none"> • for each affected Facility or item of equipment, the expected quantity of any de-rating by Trading Interval, 	Not commercially sensitive



Reference	What	Assessment
	where, if the Facility is a generating system, this quantity is to be submitted in accordance with clause 3.21.5	
7.13.1G(c)	Time and date when: <ul style="list-style-type: none">• The Forced or Consequential Outage was first notified to System Management;• The Outage status was amended by System management; and• System Management determined whether a consequential Outage occurred	Not commercially sensitive
7.13.1G(d)	The actual end time of the outage, if these varies from the estimated end date and time provided under clause 3.21.4(b)	Not commercially sensitive

As noted in the above table, Verve Energy considers that information regarding the reasons for an outage, risk assessments, and contingency plans may be commercially sensitive. Additionally, Verve Energy considers that the publication of this information goes further than what was originally contemplated as part of the recommendations in PA Consulting's Final Report of the 5 Year Outage Planning Review.

Verve Energy considers that the publication of a subset of information to what the IMO has proposed will still realise the benefits of improved economic efficiency in electricity generation and improved efficiency in price outcomes for consumers, but at a potentially lower cost. The reason for this is because the information that Verve Energy has identified as being commercially sensitive is also the information that would most likely be captured in text fields and not necessarily derived from a fixed list. Accessing and collating information from text fields is generally more difficult as is the verification of data. By removing the publication of these types of information from the proposal, Verve Energy considers that some cost savings in the IT development may be realised.

Difference between the originally amended clause 10.5.1 (Rule Change Proposal) and proposed clause 10.5.3 (Draft Rule Change Report)

The Rule Change Proposal included the following proposed amendment to clause 10.5.1 (added text):

The IMO must set the class of confidentiality status for the following information under clause 10.2.1, as Public and the IMO must make each item of information available from the Market Web Site after that item of information becomes available to the IMO:

...

(zD) the information outlined in clauses 7.13.1E and 7.13.1G.

The Draft Rule Change Report removed the proposed amendment to clause 10.5.1 (outlined above) and replaced it with the proposed new clause 10.5.3 (added text):

The IMO must under clause 10.2.1 set the class of confidentiality status for the information outlined in clauses 7.13.1E and 7.13.1G as Public and the IMO must make each item of information available to Market Participants from the Market Web Site as soon as practicable after that information becomes available to the IMO.

Verve Energy understands the subtle differences between the original drafting and the updated drafting, however Verve Energy notes that proposed clause 10.5.3 could be confusing when read without the benefit of the Draft Rule Change Report. From the commentary contained in the Draft Rule Change Report, Verve Energy understands that new clause 10.5.3 will require that the information outlined in clauses 7.13.1E and 7.13.1G be made available to Market Participants via the MPI as soon as practicable and to the public via the IMO's public web site weekly⁶. However, Verve Energy considers that the proposed clause 10.5.3 may need to be re-drafted in order to make this clearer.

Consequential amendment to the Market Rules

Clause 3.18.5D was included in the Market Rules following the Rule Change Proposal: Confidentiality of Accepted Outages (RC_2009_05). The purpose of this clause was to allow System Management to make the information contained in the outage schedule (maintained in accordance with clause 3.18.4 of the Market Rules) available to a Network Operator to coordinate outage timing.

As the IMO has classified the information produced under clause 3.18.4 of the Market Rules as "public"⁷, Verve Energy considers that clause 3.18.5D of the Market Rules is now obsolete.

Availability of information via the MPI and web services

Verve Energy agrees with the IMO's decision to assess lower cost options for making the information publically available, and agrees with the IMO's proposed solution (i.e. close to real time information available via the MPI and weekly information via the public website).

⁶ Page 19, Draft Rule Change Report

⁷ Outlined in the "Information Confidentiality Status of Market Related Information and Documents" report, available on the IMO website.

The IMO's Draft Rule Change Report indicated that it would be publishing "close to real time outage information via the MPI with an advanced user interface"⁸. Verve Energy requests clarification on what this actually means. Aside from information being available on the public website Verve Energy notes that there are currently two other ways of accessing information – the MPI and Web Services. Some information is available via just one of these means; some information is available via both. Verve Energy is moving towards getting all its data directly from Web Services rather than the MPI and as such, it is Verve Energy's preference for this information to be available via both the MPI and Web Services. Verve Energy recommends that the IMO consider making this information available via both means.

2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.

Verve Energy considers that the Rule Change Proposal is consistent with the Wholesale Market Objectives.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

Verve Energy may require changes to its IT and business systems in order to access the data (whether it be via the MPI or Web Services). Verve Energy considers that this is within its "business as usual" activities and will not incur any significant additional costs in doing so.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

Verve Energy will be able to implement the change prior to the proposed commencement of the Amending Rules.

⁸ Page 20, Draft Rule Change Report