

RULE CHANGE NOTICE

TRANSPARENCY OF OUTAGE INFORMATION

(RC_2012_11)

This notice is given under clause 2.5.7 of the Market Rules.

Date Submitted: 30 July 2012

Submitter: Fiona Edmonds, IMO

THE PROPOSAL

During the recent 5 Year Review of the Outage Planning Process PA Consulting recommended the IMO, in conjunction with System Management, consider reforms to improve the disclosure of outage information. The IMO notes that System Management does already disclose certain information about Planned Outages, even in the absence of any requirement in the Market Rules or the PSOP in some circumstances. However, the IMO recognises that, at times, a lack of transparency may have resulted in sub-optimal outcomes for Market Participants and energy consumers.

This Rule Change Proposal is intended to introduce new standards for the disclosure of information relating to outages, aimed at improving transparency in the market. Advancements to the level of information disclosure are expected to result in improved economic efficiency in electricity generation (Wholesale Market Objective (a)) and improved efficiency in price outcomes for consumers (Wholesale Market Objective (d)).

Appendix 1 contains the Rule Change Proposal and gives complete information about:

- the proposed amendments to the Market Rules;
- relevant references to clauses of the Market Rules and any proposed specific amendments to those clauses; and
- the submitter's description of how the proposed amendments would allow the Market Rules to better address the Wholesale Market Objectives.

DECISION TO PROGRESS THE RULE CHANGE

The IMO has decided to progress the Rule Change Proposal on the basis that stakeholders should be given an opportunity to provide submissions as part of the rule change process.

TIMELINE

The projected timelines for processing this proposal are:





CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is 30 Business Days from the publication date of this Rule Change Notice. Submissions must be delivered to the IMO by **5:00 PM on Monday, 10 September 2012.**

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/rule-changes>.

Submissions may also be sent to the IMO by fax or post, addressed to:
Independent Market Operator
Attn: General Manager, Development
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4399



Wholesale Electricity Market Rule Change Proposal

Change Proposal No: RC_2012_11

Received date: 30/07/2012

Change requested by:

Name:	Fiona Edmonds
Phone:	(08) 9254 4350
Fax:	(08) 9254 4399
Email:	market.development@imowa.com.au
Organisation:	IMO
Address:	Level 3, Governor Stirling Tower, 197 St Georges Terrace
Date submitted:	30/07/2012
Urgency:	Standard Rule Change Process
Change Proposal title:	Transparency of Outage Information
Market Rules affected:	3.18.6, 10.5.1 and the Glossary, and new clauses 7.13.1D, 7.13.1E, 7.13.1F, 7.13.1G

Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

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

Independent Market Operator

Attn: Group Manager, Market Development

PO Box 7096

Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4339

Email: market.development@imowa.com.au

The Independent Market Operator will assess the proposal and, within 5 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 change 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.
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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 accordance with clause 3.18.18 of the Wholesale Electricity Market (WEM) Rules (Market Rules), during 2011 the Independent Market Operator (IMO) completed the first five year review of the outage planning process (2011 Outage Planning Review) as described in the Market Rules and supported by the Power System Operation Procedure: Facility Outages (PSOP).

The review, completed by PA Consulting in October 2011, assessed the performance of the outage planning process since market start against the Wholesale Market Objectives. Overall, PA Consulting concluded the WEM outage planning process was working well, but could benefit from some “fine tuning” in the areas of outage planning information transparency and the technical functioning of the outage planning process.¹

In line with the recommendations of PA Consulting, the IMO is currently considering reforms to the outage planning process which include greater transparency of outage planning information to the market. The reforms to the outage planning process will be considered via the following phased approach:

- The first set of reforms are being progressed via this Rule Change Proposal and are intended to introduce new standards for the disclosure of information relating to outages, aimed at improving transparency in the market. Advancements to the level of information disclosure are expected to improve pricing efficiency and risk management.
- The second phase of the reform process will consider technical changes to the process aimed at bringing greater flexibility to Market Participants in outage planning. It is anticipated that

¹ PA Consulting, 2011, Independent Market Operator – Five Year Outage Planning Review – Final Report, p. iii

phase two will be progressed by the IMO in consultation with the Market Advisory Committee during mid/late 2012.

Note that the ordering of reforms reflects the IMO's position that increased information transparency in the WEM will deliver significantly broader reaching benefits and improve the IMO's ability to assess future technical changes.

Issue: Disclosure of outage information

As noted above, during the 5 Year Review of the Outage Planning Process PA Consulting recommended the IMO, in conjunction with System Management, consider reforms to improve the disclosure of outage information. It was noted that *"the disclosure of information in a timely and accessible manner can go a long way in effecting the efficient allocation of outages over time."*²

PA Consulting recommended that amendments should be made to the Market Rules and the PSOP on the presumption that all information related to outages and outage planning should be made public by the IMO and System Management.

The IMO notes that System Management does already disclose certain information about Planned Outages, even in the absence of any requirement in the Market Rules or the PSOP in some circumstances. However, the IMO recognises that, at times, a lack of transparency may have resulted in sub-optimal outcomes for Market Participants and energy consumers.

PA Consulting specified that any amendments should consider the following:

- the type of information to be made available, including:
 - the status of the Planned Outage, the equipment affected, the time periods affected, the capacity involved and the resultant net operating margin;
 - information on historic Forced and Planned Outages; and
 - information on major network outages, including if any generating facilities are unable to generate due to the network outage;
- the frequency with which the information is refreshed or updated; and
- the form and mode by which the information is made available.³

Proposal

The IMO agrees with, and accepts, PA Consulting's recommendations with respect to increasing the transparency of outage information. Specific details of the IMO's proposed changes to implement greater transparency in this area of the market are outlined below:

Type of information

For each Planned Outage the IMO proposes that the following information be published:

- the facility or item of equipment on outage (clause 3.18.6(a));

² PA Consulting, 2011, Independent Market Operator – Five Year Outage Planning Review – Final Report, p. 44

³ PA Consulting, 2011, Independent Market Operator – Five Year Outage Planning Review – Final Report, p. 50

- outage sub-type (Scheduled Outage, Opportunistic Maintenance);
- the reasons for the outage (clause 3.18.6(c));
- the quantity of capacity on outage (clause 3.18.6(b))⁴;
- the time period of the outage (i.e. impacted Trading Intervals) (clause 3.18.6(d)) and updated in accordance with the processes outlined in clauses 3.18.13, 3.18.15, 3.18.16);
- the assessment of the risks that might extend the outage (clause 3.18.6(e));
- details of the time it would take the Facility or item or equipment to return to service, if required (clause 3.18.6(f));
- any Outage Contingency Plans (clause 3.18.6(g));
- the actual start and end times for the outage (where these vary from what was originally provided under clause 3.18.6 or amended under clauses 3.18.13, 3.18.15 and 3.18.16).
- time and date when:
 - the outage request was lodged with System Management;
 - the outage status changed (i.e. acceptable, unacceptable, acceptable under certain conditions, approved, rejected) (clause 3.18.13). The IMO also proposes to define “Outage Status” in the Glossary of the Market Rules to ensure that simplified drafting can be adopted for implementing the changes; and
 - the Planned Outage was approved or rejected by System Management.

For each Forced Outage or Consequential Outage, the IMO proposes to publish:

- the facility or item of equipment on outage (clause 3.21.4(a));
- the cause of the outage (clause 3.21.4(c));
- outage type. Note that Forced Outages and Consequential Outages will not be confirmed until 15 Business Days after the event;
- the quantity of capacity on outage (clause 3.21.4(e));
- start time and date, and expected end time and date of the outage (clauses 3.21.4(a) and 3.21.4(b)). Note that this information will be confirmed within 15 Business Days of logging the outage under clause 3.21.7;
- whether the outage is a Forced Outage or Consequential Outage; and
- time and date when:
 - the outage was first notified to System Management;
 - the outage status changed (i.e. cancelled); and

⁴ Note that for generating systems this quantity is determined in accordance with clause 3.21.5.

- System Management determined that a Consequential Outage occurred.

The IMO notes that the information proposed to be published for all outage types is information that Market Participants are already required to provide under clauses 3.18, 3.19 and 3.21 of the Market Rules.

Access to information

Given the broad market value of information on outage planning the IMO proposes that the information be made publically available. The IMO notes that this is consistent with the current classification of schedules of Planned Outages as being public under clause 10.5.1(zD).

Form and mode of publication

The information will be published on the Market Web Site. To allow interested parties to best understand the IMO's proposal, a draft user interface has been prepared, including a graphical representation of the interface. A copy of the draft user interface has been provided as Appendix 1 to this proposal.

Frequency of publication

The IMO proposes that the information for outages, as outlined above, be published as soon as it becomes available to System Management. This will allow for relevant updates to outages to be provided through to industry in a timely fashion, thereby enabling faster responses by Market Participants.

2. Explain the reason for the degree of urgency:

The IMO submits that this Rule Change Proposal should be progressed via the Standard Rule Change Process.

3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~striketrough~~ where words are deleted and underline words added)

3.18.6. The information submitted in an Outage Plan must include:

- (a) the identity of the Facility or item of equipment that will be unavailable;
- (b) the quantity of any de-rating for each Trading Interval where, if the Facility is a generating system, this quantity is in accordance with clause 3.21.5;
- (c) the reason for the outage;
- (d) the proposed start and end times of the outage;
- (e) an assessment of risks that might extend the outage;

- (f) details of the time it would take the Facility or item of equipment to return to service, if required; and
- (g) contingency plans for the early return to service of the Facility or item of equipment (“**Outage Contingency Plans**”).

7.13.1D. System Management must as soon as practicable after:

- (a) System Management receives a request for a Planned Outage; or
- (b) any event occurs which results in a change to the information described in clause 7.13.1E,

provide to the IMO any relevant new or amended information outlined in clause 7.13.1E.

The IMO notes that it will work with System Management during the progression of this Rule Change Proposal to determine the structure of the information to be provided under clause 3.18.6 and whether this will be in an appropriate format for publication. The IMO notes that changes to the Market Rules to reflect the outcomes of these discussions may be required.

7.13.1E The information required to be provided by System Management to the IMO under clause 7.13.1D must include:

- (a) whether the request is for a Scheduled Outage or Opportunistic Maintenance;
- (b) the information provided under clause 3.18.6;
- (c) the time and date when:
 - i. the Outage Plan was received by System Management;
 - ii. the Outage Status was amended by System Management; and
 - iii. the Planned Outage was approved or rejected by System Management; and
- (d) the actual start and end times of the outage 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).

7.13.1F. System Management must as soon as practicable after:

- (a) System Management receives a notification of a Forced Outage or Consequential Outage; or
- (b) any event occurs which results in a change to the information described in clause 7.13.1G,

provide to the IMO any relevant new or amended information outlined in clause 7.13.1G.

7.13.1G. The information required to be provided by System Management to the IMO under clause 7.13.1F must include:

(a) whether the outage is considered to be a Forced Outage or Consequential Outage;

(b) the information provided under clause 3.21.4 and updated under clause 3.21.7;

(c) the time and date when:

i. the Forced Outage or Consequential Outage was first notified to System Management;

ii. the Outage Status was amended by System Management; and

iii. System Management determined whether a Consequential Outage occurred under clause 3.21.2; and

(d) the actual end time of the outage, if this varies from the estimated end time for the outage provided under clause 3.21.4(b).

10.5.1. 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:

...

(zC) summary information on Disputes in progress that may impact other Rule Participants;

(zD) ~~schedules of Planned Outages;~~ the information outlined in clauses 7.13.1E and 7.13.1G;

(zE) the current Non-Balancing Dispatch Merit Order;

(zF) audit reports;

(zG) 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

(zH) information relating to Commissioning Tests which is supplied under clause 3.21A.16 by System Management.

The IMO notes that it will work with System Management directly during the consultation period for this rule change to ensure that all statuses of outages are adequately covered by this definition

Chapter 9

Outage Status: The status of any outage received or notified to System Management which may include requested, acceptable, unacceptable, acceptable under certain circumstances, approved, rejected and cancelled.

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

The IMO considers that information transparency is an integral part of achieving all the Wholesale Market Objectives. In particular, the IMO considers improved transparency around outage planning will result in improved economic efficiency in electricity generation (Wholesale Market Objective (a)), and improved efficiency in price outcomes for consumers (Wholesale Market Objective (d)).

By improving outage planning information transparency, existing and potential new generators will be able to build a more complete picture, and have a better understanding, of the generation sector in WA. In turn, this should lead to a more efficient allocation of resources (including investment in new capacity) and improved generation operations, resulting in improved efficiency in consumer price outcomes. In particular, by providing for transparency of outages in real time Market Generators will be able to appropriately react to market signals. For example advanced transparency of a Planned Outage of a large base load generator during the shoulder periods will provide signals to other base load and mid-merit generators to re-organise planned maintenance for over the same time period and bid into the STEM and Balancing Market during the impacted Trading Intervals. Greater transparency of outages will allow the market to self-sort and determine the appropriate mix of generation providing energy thereby promoting efficient pricing outcomes whilst ensuring system reliability is maintained.

Additionally the proposed reforms to improve the transparency of outage planning information will continue to add to part of a larger and ongoing work program by the IMO to increase the transparency and availability of market related information in the WEM.

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

Costs:

- There will be IT costs to both the IMO and System Management associated with the proposed changes. The IMO will work with System Management during the formal rule change process to identify these costs.

Benefits:

- Improved transparency of outage information which will result in improved economic efficiency in electricity generation and pricing outcomes.
- Enable Market Generators to appropriately react to changes in market signals.
- Allow the market to self-sort and determine the appropriate mix of generation providing energy.