
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2012_12 Commissioning Test Plans

Submitted by

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Date submitted:	31 October 2012

Submission

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

Background

In the Rule Change Proposal: Commissioning Test Plans (RC_2012_12) the IMO, following discussions with both Griffin Energy and Verve Energy, proposed a number of changes to the Market Rules to enable a Market Participant to request and for System Management to be able to approve (if it considers appropriate):

- A Commissioning Test plan within a shorter application period than currently provided under the Market Rules (20 Business Days); and
- A revision to its original Commissioning Test Plan to amend the applicable Commissioning Test Period or change the tests to be undertaken.

A number of further revisions to improve the integrity of the approvals process for Commissioning Test plans were also proposed.

The IMO's Draft Rule Change Report was published on 4 October 2012 and contained details of the IMO's proposed decision to approve a modified version of RC_2012_12. In particular, the IMO incorporated a number of further amendments to the proposed Amending Rules in response to first round submissions. Following discussions with System Management the IMO also proposed new clause 3.21A.5 which stipulated that a Commissioning Test Plan submitted by a Market Participant principally to avoid exposure to

Reserve Capacity refunds shall be deemed to breach clause 3.21A.5 (good faith obligation for submission of Commissioning Test Plans). The IMO signalled its intention to work with the Public Utilities Office (PUO) to determine whether it would be appropriate to apply Civil Penalties to clause 3.21A.5A.

On 8 October 2012 the IMO issued an addendum to the Draft Rule Change Report seeking the views of Market Participants on whether Category C Civil Penalties should apply to clause 3.21A.5 (which requires that Commissioning Test plan represents the good faith intention of a Market Participant to conduct the Commissioning Test). The IMO notes that if Civil Penalties were to be attached to clause 3.21A.5, the timing of the implementation of the required changes to Electricity Industry (Wholesale Electricity Market) Regulations 2004 (Regulations) would be envisaged to occur at the same time as the proposed commencement of the Amending Rules on 1 March 2013. This timing is subject to further consultation with the PUO and any timing restrictions that may exist during the caretaker government period.

Alinta's view

Alinta Energy supports the IMO's proposed decision to amend the Market Rules as proposed under RC_2012_12 and amended following the first submission period.

The proposed amendments will provide enhanced flexibility for new and existing Market Generators to be able to complete commissioning activities than is currently provided under the Market Rules. The proposed amendments will also remove an inappropriate potential civil liability for a Market Generator that, in accordance with the process outlined in the Power System Operation Procedure: Commissioning and Testing, submits an application for a Commissioning Test within the 20 Business Days notice period.

Specific details of Alinta Energy's view on the proposed amendments are outlined below:

Application of Civil Penalties to clause 3.21A.5

As a principle Alinta Energy considers that when drafting the Market Rules the IMO should avoid including unnecessary obligations or complication where possible. It is acknowledged that the Market Rules can not be drafted to encompass every possible situation that may arise however in some circumstances it may be appropriate to provide a clarification of a Rule Participants obligation.

With respect to the incorporation of new clause 3.21A.5A¹ and the IMO's proposal to amend the Regulations to attach a Category C Civil Penalty to breaches of clause 3.21A.5, Alinta Energy notes that while the new clause 3.21A.5A is not entirely necessary given the existing obligations contained within clause 3.21A.5, it will provide greater certainty to System Management of its obligations. That is System Management is not responsible under the Market Rules for ensuring that Commissioning Tests Plans are not submitted principally to avoid exposure to Reserve Capacity refunds. Alinta Energy notes that System Management has previously expressed similar concerns with respect to its obligations relating to applications for Opportunistic Maintenance.

¹ New Clause 3.21A.5A will clarify that a Commissioning Test plan submitted by a Market Participants to principally avoid Capacity Cost refund will be deemed to be in breach of the good faith intention in clause 3.21A.5.

Alinta Energy notes the parallels between what is proposed and the current treatment of Planned Outages. In particular where the IMO determines that a breach of clause 3.18.7 of the Market Rules has occurred they may apply to the Electricity Review Board for the application of a Category C Civil Penalty². Alinta Energy does however note that there may be difficulties associated with determining whether a Commissioning Test Plan has been submitted purely with the intention to avoid exposure to Reserve Capacity refunds in some circumstances.

Commencement of Amending Rules

Alinta Energy questions the need to commence the Amending Rules at the same time as the Regulations in this case given that there are no proposed changes to Reviewable Decisions³. As clause 3.21A.5:

- o has been an obligation under the Market Rules since market start; and
- o does not relate directly to the proposed amended commissioning regime under RC_2012_12,

there appears no reason to delay the commencement of the Amending Rules to align with the commencement of the Regulations (under which existing clause 3.21A.5 is proposed to be a Category C Civil Penalty provision).

Minor Drafting Consideration

As a more minor drafting consideration Alinta Energy notes that subsequent changes to clause 3.21A.10 will be required to reflect any amendments to clause 3.21A.7 that may result from the Rule Change Proposal: Four Month Commissioning Test Period for new generating systems (RC_2012_15).

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

Alinta Energy considers that the proposed changes will promote Wholesale Market Objective (a) and are consistent with the remaining Wholesale Market Objectives.

The proposed amendments will reduce the timeframes for applying for Commissioning Tests and introduce an ability for a Market Generator to apply for a revision to an already approved Commissioning Test. As a result of the amendments greater flexibility to new and existing Market Generators needing to undertake commissioning activities will be provided. This will mean that commissioning activities can be completed in a more efficient and timely manner.

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.

² Clause 3.18.7 requires Outage Plans to be a good faith intention to remove from service or de-rate the relevant Facility or item of equipment for maintenance.

³ Alinta Energy agrees that it would be appropriate to commence the Amending Rules and Regulations in parallel should they relate to a Reviewable Decision as there would be no recourse for a Market Participant to retrospectively request a review of a decision by the Electricity Review Board during the interim period before the Regulations commencement.

Alinta Energy would not require any changes to its IT systems or business systems, nor incur any organisation costs as a consequence of adopting the changes.

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

The changes to the Market Rules contemplated by RC_2012_12 would not require Alinta to change its IT or business systems, and hence there is no specific period of time that would be required to implement the changes arising from the Rule Change Proposal.