



INDEPENDENT
MARKET
OPERATOR

Draft Rule Change Report

Title: Updates to Commissioning Test Plans

RC_2012_12

Standard Rule Change Process

Date: 4 October 2012

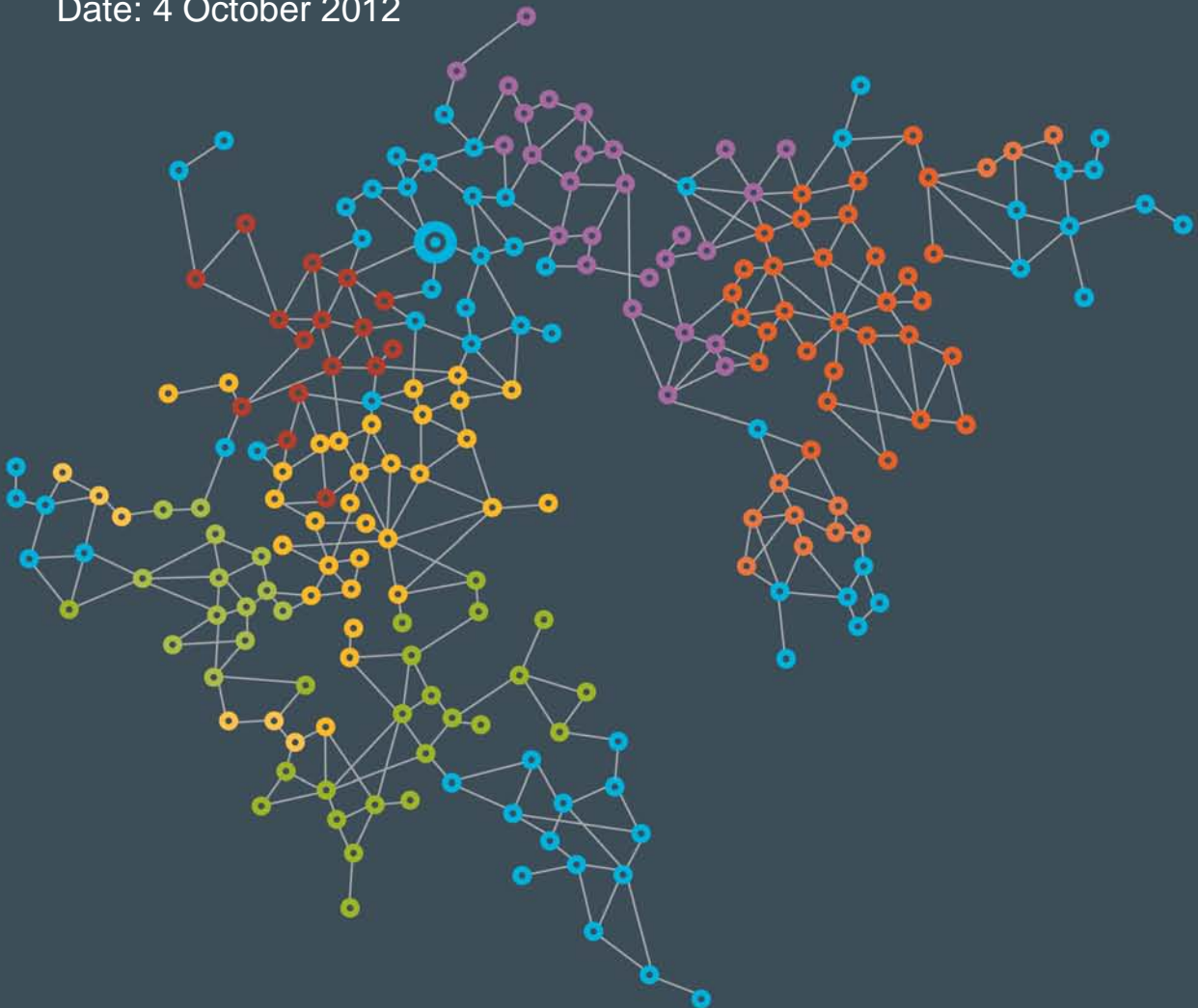


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Executive Summary

Proposed amendments

The IMO proposed to:

- remove the liability for civil penalties on Commissioning Test applications made within the 20 Business Days notice period currently outlined in clause 3.21A.4 of the Market Rules;
- shorten the Commissioning Test Plan application period to 7 Trading Days before the start date of the proposed Commissioning Test whilst maintaining System Management's discretion to reject a Commissioning Test Plan received less than 20 days prior; and
- allow revisions of an original Commissioning Test Plan where either an extension to the end date of a Commissioning Test Period or a change in the tests to be undertaken is required.

Consultation

- A Pre Rule Change Discussion Paper was discussed by the Market Advisory Committee (MAC) at its Wednesday 11 July 2012 meeting.
- The IMO formally submitted the Rule Change Proposal on 25 July 2012. The first submission period was between 26 July 2012 and 5 September 2012.
- Five submissions were received during the first submission period. Community Electricity, Perth Energy, Synergy, System Management and Verve Energy all supported the proposal. System Management, Verve Energy and Perth Energy raised a variety of issues, generally minor in nature.

Assessment against Wholesale Market Objectives

The IMO has found that the proposed amendments better Wholesale Market Objective (a) and are consistent with the remaining Wholesale Market Objectives.

Practicality and cost of implementation

No significant implementation costs have been identified by the IMO, System Management and the other Rule Participants. The IMO has not identified any issues with the practicality of implementing the proposed changes.

The IMO's proposed decision

The IMO's proposed decision is to accept the Rule Change Proposal as modified following the first submission period.

Next steps

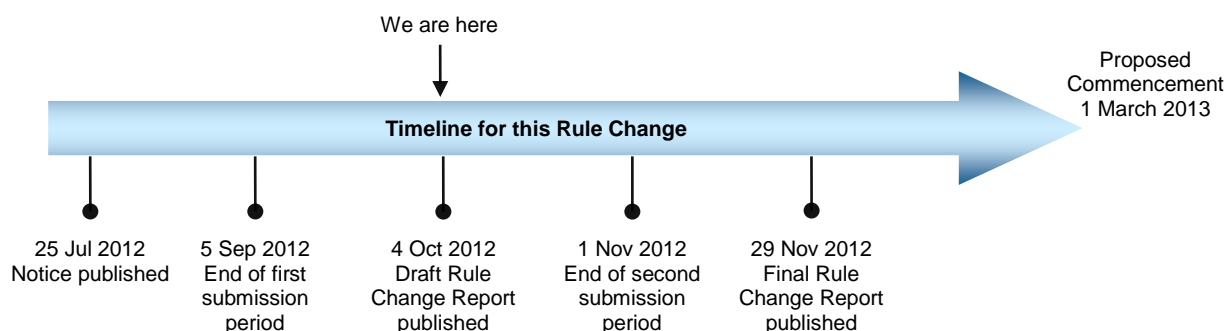
The IMO invites interested stakeholders to make submissions on this Draft Rule Change Report by **5.00pm, on Thursday 1 November 2012.**

1. Rule Change Process and Timetable

On 25 July 2012 the IMO submitted a Rule Change Proposal regarding amendments to numerous clauses of the Wholesale Electricity Market Rules (Market Rules).

This proposal is being processed using the Standard Rule Change Process, described in section 2.7 of the Market Rules.

The key dates in processing this Rule Change Proposal are:



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

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 Thursday 1 November 2012**.

The IMO prefers to receive submissions by email (using the submission form available on the Market website: <http://www.imowa.com.au/rule-changes>) to: market.development@imowa.com.au

Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator
Attn: Group Manager, Market Development
PO Box 7096
Cloisters Square, PERTH, WA 6850
Fax: (08) 9254 4399

3. Proposed Amendments

3.1. The Rule Change Proposal

The IMO, Griffin Energy and Verve Energy have recently identified similar issues relating to:

- Potential for Market Generators to be liable for civil penalties where an application for a Commissioning Test is made within the 20 Business Days notice period currently outlined

in clause 3.21A.4 of the Market Rules; and

- Inability for a Market Participant to change the proposed Commissioning Test Period as approved in their Commissioning Test plan where an extension to the end date of a Commissioning Test Period is required.

To address these two issues the IMO considers that a Market Participant should be able to request and System Management should be able to approve (if it considered appropriate):

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

In particular, the IMO proposed to shorten the Commissioning Test Plan application period to be 7 Trading Days before the start date of the proposed Commissioning Test. Note that this will be a best endeavors requirement which will take into account reduced timeframes where a revision to a Commissioning Test plan is requested.

A number of further revisions to the approvals process for Commissioning Test plans were also proposed by the IMO to improve the integrity of the process and ensure System Management has sufficient discretion to reject a Commissioning Test plan received under the proposed shorter timeframes where it does not have sufficient time to consider the new or revised plan.

For full details of the Rule Change Proposal please refer to the Market Web Site: http://www.imowa.com.au/RC_2012_12

3.2. The IMO's Initial Assessment of the Rule Change Proposal

The IMO decided to proceed with the proposal on the basis that Market Participants should be given an opportunity to provide submissions as part of the rule change process.

4. Consultation

4.1. The Market Advisory Committee

The Market Advisory Committee (MAC) discussed the proposal at its 11 July 2012 meeting. During the meeting Ms Fiona Edmonds advised the MAC that the Pre Rule Change Proposal: Updates to Commissioning Tests (PRC_2012_12) had been prepared by the IMO in conjunction with Griffin Energy and Verve Energy following identification of two issues relating to the Commissioning Test process under the Market Rules. An overview of the key points raised during the discussion by the MAC is given below:

- Ms Edmonds noted that Griffin Energy had requested to reduce the timeframes for a request for a Commissioning Test from the seven Trading Days that the IMO had proposed (currently 20 Business Days). Ms Edmonds sought the views of members on moving those dates forward.
- Ms Jacinda Papps noted that Verve Energy was very appreciative that the IMO had worked with it on this issue. Verve Energy's main concern was around revisions to Commissioning

Test Plans. Verve Energy was comfortable with the 20 Business Day timeframe for a new Commissioning Test Plan but considered more flexibility was needed when there are changes to the original plan.

- Mr Shane Cremin and Mr Phil Kelloway queried whether the IMO would consider defining 'Significant Maintenance'. Ms Edmonds responded that the IMO had considered this previously but had found that 'Significant Maintenance' is used in a number of areas of the Market Rules in slightly different contexts. This would be a substantial piece of work to get the definition to apply universally. Ms Edmonds noted that the approach System Management has taken in defining Significant Maintenance in a PSOP appeared to be working.
- Mr Ben Tan queried if further work was planned around the interaction between commissioning and the Balancing Market. Mr Tan raised a number of concerns about the impacts of an unregistered Facility commissioning outside of the Balancing Market, and considered that it was currently unclear how the process should work and how participants interact with System Management in these situations. The Chair acknowledged Mr Tan's concerns and considered that the IMO should look into the issues further. However, the Chair confirmed that the intention was for all Facilities to commission within the Balancing Market.

The MAC agreed for PRC_2012_12 to be formally submitted into the rule change process, subject to the IMO recognizing that there are further issues with the process of commissioning and testing to be looked at separately.

Further details are available in the MAC meeting minutes available on the Market Web Site: <http://www.imowa.com.au/MAC>

4.2. Submissions received during the first submission period

The first submission period for this Rule Change Proposal was between 26 July 2012 and 5 September 2012. Submissions were received from Community Electricity, Perth Energy, Synergy, System Management and Verve Energy.

All submissions received by the IMO supported the intent of improving the flexibility of the application and approval processes for undertaking Commissioning Tests. In its submission Verve Energy recommended a number of minor changes to the clause references in certain clauses. Likewise, Perth Energy raised issues in regard to the timelines and criteria surrounding the application, approval and cancellation processes for Commissioning Test Plans. Perth Energy also suggested a number of minor additional amendments.

System Management supported the intent of the proposal but recommended amendments to the definition of a Commissioning Test Plan and the inclusion in the Market Rules of a deadline by which a Commissioning Test Plan must be received to be considered. System Management also raised a number of broader commissioning issues. System Management supported the IMO's intent to include into the Draft Rule Change Report a clause prohibiting a Market Participant from requesting a new or revised Commissioning Test Plan principally to avoid exposure to capacity refunds. System Management also supported the IMO's intention to attach civil penalties for breaches of this clause.

The assessment by submitting parties as to whether the proposal would better achieve the

Wholesale Market Objectives is summarized below:

Submitter	Wholesale Market Objective Assessment
Community Electricity	Better achieves Wholesale Market Objectives (a) and (d) and is consistent with other Wholesale Market Objectives.
Synergy	Better achieves Wholesale Market Objective (a).
Perth Energy	If the issues raised in Perth Energy's submission are addressed then the proposed changes will better achieve Wholesale Market Objective (d); no impact on the other Wholesale Market Objectives identified.
Verve Energy	Will promote Wholesale Market Objectives (a) and may assist in the better achievement of (b) and (d).
System Management	Better achieves Wholesale Market Objectives (a) and (b).

A copy of all submissions in full received during the first submission period is available on the following IMO Web Page: http://www.imowa.com.au/RC_2012_12

4.3. The IMO's response to submissions received during the first submission period

The IMO's response to each of the issues identified during the first submission period is presented in the table over the page:

	Submitter	Comment/Change requested	IMO Response
1	System Management	It would assist System Management to introduce links between the Commissioning requirements in the Rules and other technical and regulatory requirements. In particular the Technical Rules provide for certain requirements and tests to be carried out for Commissioning plant seeking to connect to the network. Prior to approving a Commissioning Test request, System Management would ideally require confirmation that the facility has also complied with relevant requirements under the Technical Rules and any specific conditions that may be imposed through contract.	<p>While the IMO agrees with System Management that there is benefit in clarifying the relationship between the two regulatory instructions, the IMO considers that the most appropriate place to address this issue is in the PSOP: Commissioning and Testing. The IMO does not view the current definition of a “Commissioning Test” in the Market Rules, as in any way limiting System Management’s ability to detail in their PSOP a requirement for a Commissioning facility to be compliant with the Technical Rules and any specific conditions that may be imposed through contract.</p> <p>The IMO considers it is not necessary to specify in the Market Rules that a Commissioning Test must comply with other technical and regulatory rules given that these rules already have statutory powers equivalent to the Market Rules.</p>
2	System Management	Currently step 2.1.4 of the PSOP: Commissioning and Testing requires submission of the Commissioning Test Plan at least 2 days prior to the commencement of the test for it to potentially be approved. While the PSOP will need to be reviewed as a result of RC_2012_12, consideration could be given to embedding a similar requirement in the Market Rules.	The IMO does not consider that it is necessary to specify in the Market Rules a requirement for a Commissioning Test Plan to be submitted for approval at least 2 days prior to the commencement of the test given that System Management already has a broad discretion to reject any application made less than 20 days prior to the proposed date of the Commissioning Test. The discretion provided to System Management should act as sufficient incentive for a Market Participant to submit their Commissioning Test Plan as early as possible in order to improve the chance of their request being approved. The IMO considers it would be appropriate for System Management to specify in the PSOP: Commissioning and Testing its preferred dates for receiving applications so as to allow sufficient time for its consideration of the proposed test plan. Furthermore, there may be exceptional situations where it is both possible and desirable for System Management to approve a Commissioning Test Plan within 2 days of its commencement. In such instances it would be beneficial if System Management retained the discretion to approve the Commissioning Test Plan at short notice.

	Submitter	Comment/Change requested	IMO Response
3	System Management	<p>The amendments proposed by RC_2012_12 introduce the ability for Commissioning Test periods to be extended without the need to apply for a new test. System Management has discussed with the IMO the potential to include guidelines in the PSOP: Commissioning and Testing around the number of extensions that may be granted and the circumstances in which it may not be appropriate. This will be considered in the context of amendments to the PSOP: Commissioning and Testing that will be required as a result of RC_2012_12.</p>	<p>Under this Rule Change, extensions to Commissioning Test Plans would be possible through submitting a revised Commissioning Test Plan under clause 3.21A.13(b). The IMO doesn't consider it is appropriate to place any restrictions on the number of revisions that can be made to a Commissioning Test Plan and notes that the proposed Amending Rules do not place any restrictions to this effect. The IMO notes that where System Management has not had sufficient time to consider the revisions it may reject the proposed revised Commissioning Test Plan.</p> <p>The IMO agrees that it would be appropriate for System Management's to provide further guidelines in its PSOP: Commissioning and Testing around the circumstances where revisions to a Commissioning Test Plans can be made. This would provide greater guidance to Market Participants wishing to seek revisions.</p>
4	System Management	<p>System Management welcomes the IMO's advice that it will add a clause to the proposed amendments to the effect that a Market Generator must not request either a Commissioning Test Plan or an extension to a Commissioning Test Plan principally to avoid exposure to Reserve Capacity refunds.</p> <p>Further, the IMO has advised that it intends to seek the legislative amendments necessary to make this a civil penalty provision. System Management supports this approach to place the responsibility for compliance with the IMO for the effective operation of the Reserve Capacity Mechanism.</p>	<p>Reserve Capacity Refunds have the potential to be a significant cost to generators. Given the financial incentives to avoid exposure to refunds the IMO considers that the Market Rules must ensure that the Commissioning Test system is not inappropriately used by Market Generators to avoid making refunds since the cost of this avoidance is ultimately borne by Market Customers. As a result the IMO has added new clause 3.21A.5A which states that "A Commissioning Test Plan submitted by a Market Participant principally to avoid exposure to Reserve Capacity refunds shall be deemed to be in breach of the good faith intention in clause 3.21A.5".</p> <p>The IMO will be working with the Public Utilities Office to determine whether it is appropriate to amend the Regulations to allow the IMO to seek Category C, civil penalties to apply in such cases. The IMO notes that from a legalistic perspective an alleged breach of clause 3.21A.5 would be easier to prove than an alleged breach of clause 3.21A.5A. Therefore the IMO is seeking to make clause 3.21A.5 a civil penalty provision and is in consultation with the Public Utilities Office on any necessary changes to the Regulations to this effect. Please note that if civil penalties are able to be attached to clause 3.21A.5 then breaches of clause 3.21A.5A will be indirectly liable for civil penalties also.</p>

	Submitter	Comment/Change requested	IMO Response
			<p>The IMO notes that System Management plays a key role in the approval of Commissioning Test Plans and has an obligation to the Wholesale Electricity Market to ensure that Market Participants comply with these provisions.</p>
5	System Management	<p>The broader Commissioning issues raised by System Management for consideration by the IMO that are not captured by RC_2012_12 include:</p> <ul style="list-style-type: none"> • The compliance obligations relating to the requirements to issue an Operating Instruction for a Commissioning Test are ambiguous and require clarification. System Management notes that the IMO has logged its concerns regarding operating instructions as an area for further review • The need for clarity on the application of the Rules for the commissioning of non-scheduled generation • Issues surrounding the linkage between facility registration and Commissioning • Clarity on whether a Commissioning Test Plan should be covered by an approved planned outage and the extent of the capacity that should be included in that outage. 	<p>The IMO agrees that the first three points are issues but notes that these are much wider in scope than this proposed rule change and so the IMO does not intend to incorporate these issues into the Rule Change Proposal. However, the IMO looks forward to engage with System Management further on these issues as required. These issues have been logged by the IMO for further consideration in the future.</p> <p>In regard to the final point raised by System Management, the IMO notes that the Trading Intervals where Commissioning Tests are being undertaken do not also need to be subject to an approved Planned Outage. The reasons for this are that distortions to the balancing market outcomes would be created if a Commissioning Test Plan had to be covered by an approved Planned Outage. Facilities on an outage have to make an unavailability declaration for balancing whereas for a Commissioning Facility Market Participants have to sculpt their bids of their expected output during the day (at the minimum STEM price to ensure it clears).</p>

	Submitter	Comment/Change requested	IMO Response
6	Verve Energy	<p>Clauses 3.16.9(j) and 3.19.9(j) refer to “for each approved Commissioning Test”. The IMO’s Rule Change Proposal indicates that System Management approves a Commissioning Test Plan (new or revised) not a Commissioning Test (page 5 of 11). Therefore, should these clauses be amended to refer to “for each approved Commissioning Test Plan”? There are similar references to “approved Commissioning Test” in chapter 4 which may require review (and amendment if appropriate).</p>	<p>The Amending Rules originally proposed by the IMO imply that only a Commissioning Test Plan can be “approved” not a Commissioning Test. To remove the ambiguity this creates in those clauses referring to an “approved Commissioning Test” the IMO has added a new clause 3.21A.17 which states that any reference in the Market Rules to an “approved Commissioning Test” shall be interpreted to mean a “Commissioning Test specified under the most recent Commissioning Test Plan approved by System Management”.</p> <p>The IMO notes that in those clauses in the Market Rules which contain a reference to “approved Commissioning Test”, it is more appropriate to maintain this phrase than adopting the reference “approved Commissioning Test Plan” because the intent and phrasing of these clauses is such that they envisage a ‘Commissioning Test’ rather than a “Commissioning Test Plan”. It is important to note that these defined terms are in no way synonymous or interchangeable. A Commissioning Test (“Commissioning Test”) is a series of activities which confirm the ability of a generating system to operate at different levels of output reliably whereas a “Commissioning Test Plan” refers to the information submitted to System Management in accordance with clause 3.21A.4.</p>
7	Verve Energy	<p>Amended clause 3.21A.16 refers to a new clause 3.21A.10A. However, the proposed Amending Rules do not include a new clause 3.21A.10A. Therefore clause 3.21A.16 should refer to clause 3.21A.10(a)(iii).</p>	<p>The IMO agrees with Verve Energy’s recommendation and has included this suggestion into the proposed Amending Rules presented in Appendix 1 and section 7 of this report.</p>
8	Verve Energy	<p>Clauses 4.12.6(c) and 4.26.1A refer to “for the purposes of permission sought under clause 3.21A.2”. Verve Energy considers that the request for permission in the proposed Amending Rules is clause 3.21A.4 and, as such, clauses 4.12.6(c) and 4.26.1A should be updated to reflect this.</p>	<p>The IMO agrees that the reference made to clause 3.21A.2 in clauses 4.12.6(c) and 4.26.1A is inappropriate. Clause 4.12.6(c) is intended to apply to a generating system that has undergone significant maintenance whereas clauses 4.26.1A(v) & (vi) are intended to apply to a new generating system. To address this issue the IMO has amended clause 3.21A.2 to differentiate between new and existing generators by creating sub clauses (a) and (b). For further details please refer to the proposed Amending Rules presented in Appendix 1 and section 7 of this report.</p>

	Submitter	Comment/Change requested	IMO Response
9	Perth Energy	<p>Perth Energy notes that the proposal does not contain any guidance as to whether the participant requesting a revision should apply for such a revision within a prescribed time period and also the time period that System Management should be allowed to consider such an application.</p> <p>Perth Energy considers clause 3.21A.13 could be further improved by specifically stating that an application for a revision of an existing Commissioning Test Plan should be made no later than 10 Business Days following the expiry of the original Commissioning Test Plan. Furthermore, Perth Energy also considers that System Management should be obliged to approve or reject such an application as soon as practicable and in any event no later than 20 Business Days after the request was made.</p>	<p>The IMO notes that the key intention of the proposed changes is to introduce greater flexibility into the submission and approval timelines for both new and revised Commissioning Test Plans. By providing for greater flexibility to generators undertaking commissioning activities the IMO considers that any required tests will be able to be conducted in a more efficient manner. In this context, the IMO has purposely drafted the rule change with the minimum of specific timing obligations around the submission and approval processes so as to enable greater flexibility in the Commissioning Test process. This will enable Market Participants to request new or revised Commissioning Test Plans to be approved by System Management at any time, and allow System Management the discretion to approve where appropriate. Therefore, the IMO does not view it as beneficial to add a specific timelines to clause 3.21A.13.</p>
10	Perth Energy	<p>The IMO has also proposed to completely delete 3.21A.7A. Perth Energy notes its preference to keeping the convention of keeping redundant clauses as “blank” instead of completely erasing them. This provides a useful</p>	<p>The IMO follows a convention whereby it only deletes blank clauses when this does not break the consecutive sequencing of the clauses. In this case it is possible to delete 3.21A.7A because the sequence of the clauses is not affected e.g. there still exists a 3.21A.6, 3.21A.7, 3.21A.8. If for example 3.21A.7 became a blank clause, it would not be deleted because to do so would break the consecutive sequence of the clauses as there would be a gap between 3.21A.6 and 3.21A.8.</p>

	Submitter	Comment/Change requested	IMO Response
		reminder of areas where changes have been made and also prevents these clause numbers from being recycled and used in future amendments to the Market Rules	
11	Perth Energy	In relation to clause 3.21A.4(b) which relates to the details of the proposed Commissioning Test Period, Perth Energy queries whether the replacement of “dates” with “Trading Intervals” will adequately define the start and end of the Commissioning Test Period. A “Trading Interval” is in the definitions section of the Market Rules currently defined as “A period of 30 minutes commencing on the hour or half-hour during a Trading Day”. In data from the market Trading Intervals are normally referred to as 1 through to 48. To specify a Commissioning Test Period that spans multiple Trading Days Perth Energy queries whether it would be necessary to provide both the date and Trading Interval for the start and the end of the period.	The IMO agrees with Perth Energy’s recommendation and has included this suggestion into the proposed Amending Rules presented in Appendix 1 and section 7 of this report.
12	Perth Energy	Perth Energy proposes additional amendments to clause 3.21A.9 to ensure that Market Participants are informed of the status of their proposed Commissioning Test Plans as soon as possible: “System Management must notify a	The IMO broadly agrees with Perth Energy’s recommendation and has made amendments to the Amending Rules to reflect this (refer to Appendix 1 and section 7 of this report). The IMO views it as being more appropriate to use the phrase “as soon as practicable” than Perth Energy’s suggested phrase “as soon as possible”.

	Submitter	Comment/Change requested	IMO Response
		Market Participant as to whether it has approved a Commissioning Test Plan as soon as possible but in any event no later than 8:00AM on the Scheduling Day for which the Commissioning Test Plan would apply”	
13	Perth Energy	<p>The legal wording of the proposed amendments to clause 3.21A.10(a)(i) – (iii) states that when System Management does not approve a Commissioning Test Plan it must provide reasons, then System Management and the Market Participant must endeavour to agree an alternative time for the test and subsequent to such agreement System Management must approve the revised plan. The proposed wording seems to suggest that timing may be the only reason for why System Management would reject a Commissioning Test Plan in the first instance. System Management may reject a plan for other reasons (e.g. the proposed types of tests may be inherently incompatible with maintaining system security and stability). Perth Energy suggests the following alternative wording to clause 3.21A.10(a)(ii) and 3.21A.10(a)(iii):</p> <p>(ii) System Management and the Market Participant must use their best endeavours to agree to an alternative Commissioning Test Plan; and</p>	<p>The IMO notes that Perth Energy has identified an issue in regard to the proposed wording of clauses 3.21A.10(a)(ii) and 3.21A.10(a)(iii). These clauses imply that "timing" issues are the only reasons why a Commissioning Test Plan might be rejected. However, a failure to provide adequate information in a Commissioning Test Plan under 3.21A.7(a) is also a reason why a Commissioning Test Plan might be rejected. The IMO therefore proposes to limit the application of Clause 3.21A.10(a)(ii) to apply only in those cases where a Commissioning Test Plan was rejected on the grounds of a timing related issue, as would be the case in the event of a breach of clauses 3.21A.7(b), 3.21A.7(c) or 3.21A.7(d).</p> <p>Please note that the IMO proposes to remove the four month commissioning window for new generating systems (specified in clause 3.21A.7(c)) under PRC_2012_15: Four month Commissioning Test Period.</p>

	Submitter	Comment/Change requested	IMO Response
		(iii) where System Management and the Market Participant agree an alternative Commissioning Test Plan under clause 3.21A.10(a)(ii) the Market Participant must, as soon as practicable, submit that revised Commissioning Test Plan to System Management and System Management must approve that revised Commissioning Test Plan	
14	Perth Energy	In relation to clause 3.21A.11 Perth Energy suggests to specifically stipulate a timeframe that System Management must adhere to in relation to giving notice about its decision to cancel its approval of a Commissioning Test Plan. Perth Energy proposes to insert the following words immediately prior to the last full stop of the clause: "as soon as practicable after making its decision".	The IMO agrees with Perth Energy's recommendation. It would be valuable for a generator to be informed by System Management as soon as practicable that their Commissioning Test Plan has been rejected because it would allow the generator to make a more timely informed decision as to their next steps. This amendment has been included into the proposed Amending Rules presented in Appendix 1 and section 7 of this report.

4.4. Public Forums and Workshops

No public forums or workshops were held in relation to this Rule Change Proposal.

5. The IMO's Draft Assessment

In preparing its 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.

Clause 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 or any technical studies commissioned in respect of this Rule Change Proposal. A summary of the views expressed in submissions and by the MAC is available in section 4 of this report.

The IMO's draft assessment is outlined in the following sub-sections.

5.1. Additional Amendments to the proposed Amending Rules

Following the first public submission period the IMO has made some additional changes to the proposed Amending Rules. These include:

- Incorporating a number of minor and typographical amendments to improve the overall integrity of the Amending Rules
- Amending clause 3.21A.2 to differentiate between new and existing generators by creating sub clauses (a) and (b).
- Amending clause 3.21A.4(b) to require a Market Participant requesting permission for a Commissioning Test to include the “date” for the start and the end of the Commissioning Test Period.
- Adding new clause 3.21A.5A which stipulates 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
- Amending clause 3.21A.9 to include a requirement that System Management must notify

participants as to the status of their proposed Commissioning Test Plans “as soon as practicable”.

- Amending clause 3.21A.10(a)(ii) to apply only to Commissioning Test Plans that were not approved due to non-compliance with clauses 3.21A.7(b), 3.21A.7(c) or 3.21A.7(d).
- Amending clause 3.21A.11 to include a timeframe (“as soon as practicable”) by which System Management must give notice of a decision to delay or cancel an approved Commissioning Test Plan.
- Amending clause 3.21A.16 to refer to clause 3.21A.10(a)(iii) not clause 3.21A.10A.
- Adding new clause 3.21A.17 to equate any reference in the Market Rules to an “approved Commissioning Test” shall be interpreted to mean a “Commissioning Test specified under the most recent Commissioning Test Plan approved by System Management”.
- Amending the phrasing of clauses 4.12.6(c) and 4.26.1A to ensure consistency with the changes proposed to section 3.21A of the Market Rules.

The changes the IMO made to the Amending Rules presented in the Rule Change Proposal are outlined in detail in Appendix 1 of this Draft Rule Change Report.

5.2. Wholesale Market Objectives

The IMO considers that the Market Rules as a whole, if amended as presented in section 7, will not only be consistent with the Wholesale Market Objectives but also allow the Market Rules to better Wholesale Market Objective (a). The IMO’s assessment is presented below:

The IMO considers that the proposed reduced timeframe for applying for Commissioning Tests and introduction of an ability to request revisions to a previously approved Commissioning Test will allow greater flexibility both for Market Generators and System Management. By providing for greater flexibility to generators undertaking commissioning activities the IMO considers that any required tests will be able to be conducted in a more efficient and timely manner which should result in the earlier availability of approved generating facilities. This contributes to the efficient, safe and reliable production of energy in the South West interconnected system. The IMO considers the changes are consistent with the remaining Wholesale Market Objectives. Further the IMO does not consider that the changes to the timelines will impact on System Management’s ability to schedule appropriate levels of Ancillary Services.

5.3. Practicality and cost of implementation

The IMO notes that the proposed changes will have no material impacts on its operations and has not identified any direct financial costs.

The proposed changes will not have any significant operational impacts on System Management. This is supported by System Management’s submission that “the process of applying for a Commissioning Test is set out in the Commissioning and Testing PSOP currently. The process is largely manual and the proposed amendments should have minimal impact on current business systems.” System Management does not note any direct financial costs associated with the proposed changes but does reflect in its submission that it will need to make some changes to the PSOP: Commissioning and Testing to reflect the proposed changes which will require

approximately 4 months to implement following the publication of the Final Rule Change Report.

In the submissions received a number of Market Participants identified that they would not need any significant time to implement the change and also noted that the costs associated with any required changes to their IT or business systems would be minimal. In particular, Verve Energy notes that it will need to update some internal processes and procedures to reflect the changes.

6. The IMO's Proposed Decision

The IMO's proposed decision is to accept the Rule Change Proposal as modified by the amendments outlined in section 5.1.

6.1. Reasons for the decision

The IMO made its proposed decision on the basis that the Amending Rules:

- better achieve Wholesale Market Objective (a) and are consistent with the remaining Wholesale Market Objectives;
- do not involve any IT system or process changes to implement;
- have the general support of the MAC; and
- have the support of the submissions received during the first submission period

6.2. Proposed Commencement details

The Amending Rules are proposed to commence at 8:00 AM on 1 April 2013

7. Proposed Amending Rules

3.21A Commissioning Tests

3.21A.1. A Commissioning Test ("Commissioning Test") is a ~~test of the~~ series of activities which confirm the ability of a generating system to operate at different levels of output reliably.

3.21A.2. A Market Participant ~~seeking to conducting~~ conducting a Commissioning Test for:

(a) a generating system that has undergone significant maintenance; or

(b) for a new generating system that has yet to commence operation,

must conduct ~~request permission for such tests under an approved~~ Commissioning Test Plan approved by System Management. ~~from System Management in accordance with clause 3.21A.4.~~

3.21A.3. System Management may approve a Commissioning Test Plan only for a new generating system that is yet to commence operation, or for an existing generating system that has undergone significant maintenance.

3.21A.4. A Market Participant requesting permission for a Commissioning Tests must use best endeavours to submit to System Management its Commissioning Test Plan for approval at least 7 Trading Days prior to the start of the Commissioning Test Period. A Commissioning Test Plan must contain the following information at least 20 Business Days in advance of the start date of the proposed tests:

- (a) the name and location of the facility to be tested;
- (b) details of the proposed Commissioning Test Period, including start and end Trading Intervals and dates for the proposed Commissioning Tests; ~~and~~
- (c) details of the proposed Commissioning Test to be undertaken ~~tests to be conducted~~, including an indicative test program, fuel mix and trip risk of the facility to be tested; and
- (d) contact details for the relevant contact persons at the facility to be tested, where such persons must be contactable by System Management during all Trading Intervals during the proposed Commissioning Test Period

3.21A.5. A Commissioning Test Plan ~~plans~~ submitted by a Market Participant must represent the good faith intention of the Market Participant to conduct ~~such the~~ Commissioning Test.

3.21A.5.A A Commissioning Test Plan submitted by a Market Participant principally to avoid exposure to Reserve Capacity refunds as described in clause 4.26 shall be deemed to be in breach of the good faith intention in clause 3.21A.5.

3.21A.6. Where a Market Participant no longer plans to conduct a Commissioning Test it must inform System Management as soon as practicable.

3.21A.7. System Management must ~~accept~~ approve a ~~request for a Commissioning Test~~ Commissioning Test Plan, unless:

- (a) in its opinion inadequate information is provided in the ~~request~~ Commissioning Test Plan; or
- (b) in its opinion ~~the conducting any of the test~~ proposed activities to be undertaken at the proposed times would pose a threat to Power System Security or Power System Reliability; or
- (c) in the case of a new generating system that is yet to commence operation, the proposed Commissioning Test Period is greater than four months; or
- (d) in its opinion inadequate time to properly consider the Commissioning Test Plan has been provided, where the request has been received less than 20 Trading Days prior to the start date of the proposed Commissioning Test.

3.21A.7A. [Blank]

3.21A.8. System Management must not show bias towards a Market Participant in regard to ~~scheduling of~~ approving a Commissioning Test Plans.

3.21A.9. System Management must notify a Market Participant as to whether ~~System Management~~ it has approved a Commissioning Test Plan within as soon as practicable but in any event no later than prior to 8:00 AM on the Scheduling Day for which the Commissioning Test Plan would apply.

~~40 Business Days of receiving the notification described in clause 3.21A.4.~~

3.21A.10. Where System Management notifies a Market Participant that:

- a) a Commissioning Test Plan has not been approved ~~it must then:~~
 - i. System Management must provide an explanation for its decision;
 - ii. if the Commissioning Test Plan complied with clause 3.21A.7(a) but did not comply with any or all of clauses 3.21A.7(b), 3.21A.7(c) or 3.21A.7(d) then, System Management and the Market Participant must use their best endeavours to agree to an alternative time for the relevant Commissioning Test that is consistent with the requirements in clause 3.21A.7; and
 - iii. where System Management and the Market Participant agree an alternative time under clause 3.21A.10(a)(ii), the Market Participant must, as soon as practicable, submit a revised Commissioning Test Plan which reflects the agreed alternative time to System Management and System Management must approve that revised Commissioning Test Plan; or
- (b) a Commissioning Test Plan has been approved then, subject to clause 3.21A.11, the Market Participant may proceed with that Commissioning Test

3.21A.11. If, having approved a Commissioning Test Plan, System Management becomes aware that:

- (a) ~~the conducting any of the test activities~~ at the proposed time would pose a threat to Power System Security or Power System Reliability, or in the case of a Facility returning to service after ~~extended~~ undergoing significant maintenance the return to service has been delayed, then it may delay the commencement of ~~the that~~ that Commissioning Test or cancel that Commissioning Test; or
- (b) an approved Commissioning Test is no longer required then it may ~~revoke~~ cancel its approval of ~~the that~~ that Commissioning Test,

and must notify the Market Participant conducting the Commissioning Test of such delay or cancellation as soon as practicable after making its decision.

3.21A.12. In conducting a Commissioning Test a Market Participant must conform to the most recent Commissioning Test Plan test plan approved by System Management.

- 3.21A.13. If a Market Participant conducting a Commissioning Test cannot conform to the ~~Test Plan~~ most recent Commissioning Test Plan approved by System Management then it must:
- (a) must inform System Management as soon as practicable; and
 - (b) ~~obtain~~ may request System Management's approval ~~under this clause 3.21A.13A~~ for a ~~new~~ revised Commissioning Test Plan.

3.21A.14. [Blank]

3.21A.15. System Management must document the procedure it follows in scheduling and approving Commissioning Tests in the Power System Operation Procedure and System Management and Market Participants must follow that documented Market Procedure when planning and conducting Commissioning Tests.

3.21A.16. By 8.30~~am~~ AM each day System Management must provide the IMO with the information submitted under clause 3.21A.4 for Commissioning Tests Plans approved under clauses 3.21A.9 and 3.21A.10(a)(iii) for the Trading Day following the current Scheduling Day.

3.21A.17. A reference in these Market Rules to an "approved Commissioning Test" shall be interpreted to mean a "Commissioning Test specified in the most recent Commissioning Test Plan approved by System Management".

4.12.6. Subject to clause 4.12.7, any initial Reserve Capacity Obligation Quantity set in accordance with clauses 4.12.4, 4.12.5, 4.28B.4, or 4.28C.4 is to be reduced once the Reserve Capacity Obligations take effect, as follows:

...

- (c) if the generating system, ~~which for the purposes of permission sought under clause 3.21A.2 has undergone significant maintenance~~ being a generating system referred to in clause 3.21A.2(a), is subject to a Commissioning Test Plan approved by System Management during a Trading Interval, then the IMO must reduce the Reserve Capacity Obligation Quantity for that Facility to zero during that Trading Interval.

4.26.1A. The IMO must calculate the Reserve Capacity Deficit refund for each Facility ("Facility Reserve Capacity Deficit Refund") for each Trading Month m as the lesser of:

- (a) the sum over all Trading Intervals t in Trading Month m of the product of:

...

- v. if, from the Trading Day commencing on 30 November of Year 3 for Reserve Capacity Cycles up to and including 2009 or 1 October of Year 3 for

Reserve Capacity Cycles from 2010 onwards, the Facility is undergoing an approved Commissioning Test and, ~~for the purposes of permission sought under clause 3.21A.2~~, is a new generating system referred to in clause 3.21A.2(b), the number of Capacity Credits associated with the relevant Facility; or

vi. if, from the Trading Day commencing on 30 November of Year 3 for Reserve Capacity Cycles up to and including 2009 or 1 October of Year 3 for Reserve Capacity Cycles from 2010 onwards, the Facility is not yet undergoing an approved Commissioning Test and, ~~for the purposes of permission sought under clause 3.21A.2~~, is a new generating system referred to in clause 3.21A.2(b), the number of Capacity Credits associated with the relevant Facility;

7.9.4. System Management must grant permission to synchronise unless:

- (a) the synchronisation is not in accordance with the relevant Resource Plan, Dispatch Instruction or Operating Instruction or an instruction issued under clause 7.6A.3(a); or
- (b) System Management considers that it would not be able to meet the criteria set out in clause 7.6.1 were synchronisation to occur; or
- (c) in the case of a Facility that is undergoing a Commissioning Tests, synchronisation is not in accordance with the Commissioning Test ~~plan~~ Plan for the Facility approved by System Management pursuant to clause 3.21A.

Glossary

Commissioning Test Plan: The information submitted to System Management in accordance with clause 3.21A.4, which may be an original Commissioning Test Plan or a revised Commissioning Test Plan, as applicable.

Commissioning Test Period: The proposed period during which Commissioning Tests will be conducted, as provided to System Management under clause ~~3.21A.3~~ 3.21A.4(b).

Appendix 1. Further Amendments to the Proposed Amending Rules

The IMO has made some amendments to the Amending Rules following the first submission period. These changes are as follows (~~deleted text~~, added text):

3.21A Commissioning Tests

3.21A.2. A Market Participant conducting a Commissioning Test for:

(a) a generating system that has undergone significant maintenance; or

(b) ~~for~~ a new generating system that has yet to commence operation,

must conduct ~~-such tests under an approved~~ Commissioning Test Plan approved by System Management.

3.21A.4. A Market Participant requesting permission for a Commissioning Tests must use best endeavours to submit to System Management its Commissioning Test Plan for approval at least 7 Trading Days ~~in advance of the commencement~~ prior to the start of the Commissioning Test Period. A Commissioning Test Plan must contain the following information:

(a) the name and location of the facility to be tested;

(b) details of the proposed Commissioning Test Period, including start and end Trading Intervals and dates for the proposed Commissioning ~~Tests~~;

(c) details of the proposed Commissioning Test to be undertaken, including an indicative test program, fuel mix and trip risk of the facility to be tested; and

(d) contact details for the relevant contact persons at the facility to be tested, where such persons must be contactable by System Management during all Trading Intervals during the proposed Commissioning Test Period.

3.21A.5A. A Commissioning Test Plan submitted by a Market Participant principally to avoid exposure to Reserve Capacity refunds as described in clause 4.26 shall be deemed to be in breach of the good faith intention in clause 3.21A.5.

3.21A.7. System Management must approve a Commissioning Test Plan, unless:

(a) in its opinion inadequate information is provided in the Commissioning Test Plan; or

(b) in its opinion ~~the conducting any~~ of the proposed activities to be undertaken at the proposed times would pose a threat to Power System Security or Power System Reliability; or

(c) in the case of a new generating system that is yet to commence operation, the proposed Commissioning Test Period is greater than four months; or

- (d) in its opinion inadequate time to properly consider the Commissioning Test Plan has been provided, where the request has been received less than 20 Trading Days ~~in advance of~~ prior to the start date of the proposed Commissioning Test.

3.21A.16. By 8.30 AM each day System Management must provide the IMO with the information submitted under clause 3.21A.4 for Commissioning Test Plans approved under clauses 3.21A.9, and 3.21A.10A(a)(iii) for the Trading Day following the current Scheduling Day.

3.21A.10. Where System Management notifies a Market Participant that:

- (a) a Commissioning Test Plan has not been approved then:
- i. System Management must provide an explanation for its decision;
 - ii. if the Commissioning Test Plan complied with clause 3.21A.7(a) but did not comply with any or all of clauses 3.21A.7(b), 3.21A.7(c) or 3.21A.7(d) then, System Management and the Market Participant must use their best endeavours to agree to an alternative time for the relevant Commissioning Test that is consistent with the requirements in clause 3.21A.7; and
 - iii. where System Management and the Market Participant agree an alternative time under clause 3.21A.10(a)(ii), the Market Participant must, as soon as practicable, submit a revised Commissioning Test Plan which reflects the agreed alternative time to System Management and System Management must approve that revised Commissioning Test Plan.
- (b) a Commissioning Test Plan has been approved then, subject to clause 3.21A.11, the Market Participant may proceed with that Commissioning Test.

3.21A.11. If, having approved a Commissioning Test Plan, System Management becomes aware that:

- (a) ~~the conducting any~~ of the activities at the proposed time would pose a threat to Power System Security or Power System Reliability, or in the case of a Facility returning to service after undergoing significant maintenance the return to service has been delayed, then it may delay ~~or cancel~~ the commencement of ~~the that~~ Commissioning Test or cancel that Commissioning Test; or
- (b) an approved ~~the~~ Commissioning Test is no longer required then it may cancel its approval of ~~the that~~ Commissioning Test Plan,

and must notify the Market Participant conducting the Commissioning Test of such delay or cancellation as soon as practicable after making its decision.

3.21A.14. [Blank]

3.21A.16. By 8.30AM each day System Management must provide the IMO with the information submitted under clause 3.21A.4 for Commissioning Test Plans approved under clauses 3.21A.9, 3.21A.10A(a)(iii) for the Trading Day following the current Scheduling Day.

3.21A.17. A reference in these Market Rules to an “approved Commissioning Test” shall be interpreted to mean a “Commissioning Test specified in the most recent Commissioning Test Plan approved by System Management”.

4.12.6. Subject to clause 4.12.7, any initial Reserve Capacity Obligation Quantity set in accordance with clauses 4.12.4, 4.12.5, 4.28B.4, or 4.28C.4 is to be reduced once the Reserve Capacity Obligations take effect, as follows:

...

(c) if the generating system, ~~which for the purposes of permission sought under clause 3.21A.2 has undergone significant maintenance being a generating system referred to in clause 3.21A.2(a)~~, is subject to a Commissioning Test Plan approved by System Management during a Trading Interval, then the IMO must reduce the Reserve Capacity Obligation Quantity for that Facility to zero during that Trading Interval.

4.26.1A. The IMO must calculate the Reserve Capacity Deficit refund for each Facility (“Facility Reserve Capacity Deficit Refund”) for each Trading Month m as the lesser of:

(a) the sum over all Trading Intervals t in Trading Month m of the product of:

...

v. if, from the Trading Day commencing on 30 November of Year 3 for Reserve Capacity Cycles up to and including 2009 or 1 October of Year 3 for Reserve Capacity Cycles from 2010 onwards, the Facility is undergoing an approved Commissioning Test and, ~~for the purposes of permission sought under clause 3.21A.2~~, is a ~~new~~ generating system referred to in clause 3.21A.2(b), the number of Capacity Credits associated with the relevant Facility; or

vi. if, from the Trading Day commencing on 30 November of Year 3 for Reserve Capacity Cycles up to and including 2009 or 1 October of Year 3 for Reserve Capacity Cycles from 2010 onwards, the Facility is not yet undergoing an approved Commissioning Test and, ~~for the purposes of permission sought under clause 3.21A.2~~, is a ~~new~~ generating system referred to in clause 3.21A.2(b), the number of Capacity Credits associated with the relevant Facility;

7.9.4. System Management must grant permission to synchronise unless:

- (a) the synchronisation is not in accordance with the relevant Resource Plan, Dispatch Instruction or Operating Instruction or an instruction issued under clause 7.6A.3(a); or
- (b) System Management considers that it would not be able to meet the criteria set out in clause 7.6.1 were synchronisation to occur; or
- (c) in the case of a Facility that is undergoing a Commissioning Tests, synchronisation is not in accordance with the Commissioning Test Plan for the Facility approved by System Management pursuant to clause 3.21A.

Glossary

Commissioning Test Plan: The information submitted to System Management in accordance with clause 3.21A.4, which may be an original Commissioning Test Plan or a revised Commissioning Test Plan, as applicable.