

## RULE CHANGE NOTICE

### UPDATES TO COMMISSIONING TEST PLANS

(RC\_2012\_12)

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

**Date Submitted:** 25 July 2012

**Submitter:** Fiona Edmonds, the IMO

#### **THE 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 considered appropriate):

- A Commissioning Test plan within a shorter application period than currently provided for 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 proposes 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 endeavours 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 are 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.



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.

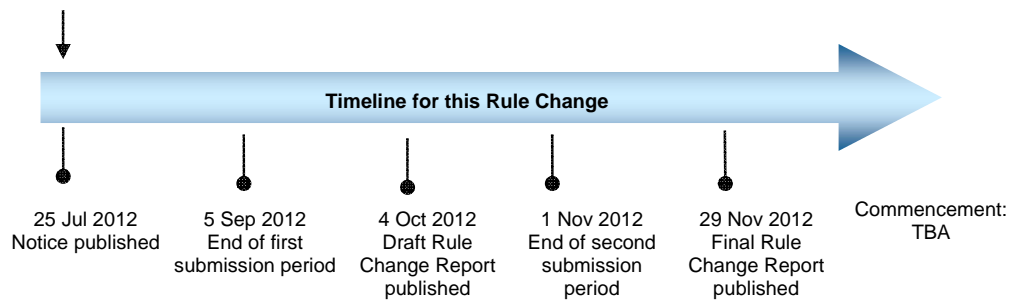
### **DECISION TO PROGRESS THE RULE CHANGE**

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

### **TIMELINE**

The projected timelines for processing this proposal are:

We are here



### **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 5 September 2012**.

The IMO prefers to receive submissions by email to [market.development@imowa.com.au](mailto: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



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## Wholesale Electricity Market Rule Change Proposal

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**Change Proposal No:** RC\_2012\_12  
**Received date** 25/07/2012

**Change requested by:**

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<b>Organisation:</b>	Independent Market Operator
<b>Address:</b>	Level 3 Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date submitted:</b>	25/07/2012
<b>Urgency:</b>	Medium – to be progressed via Standard Rule Change Process
<b>Change Proposal title:</b>	Updates to Commissioning Test Plans
<b>Market Rule(s) affected:</b>	3.21A.1, 3.21A.2, 3.21A.3, 3.21A.4, 3.21A.5, 3.21A.7, 3.21A.7A, 3.21A.8, 3.21A.9, 3.21A.10, 3.21A.11 3.21A.12, 3.21A.13, 3.21A.15, 3.21A.16, 7.9.4 and the Glossary

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### 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](mailto: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**

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### **1. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:**

#### **Background**

A Commissioning Test is a test of the ability of a generating system to operate at different levels of output reliably. Section 3.21A of the Wholesale Electricity Market (WEM) Rules (Market Rules) and the Power System Operation Procedure (PSOP): Commissioning and Testing outline the process by which Commissioning Tests are applied for, approved and conducted.

A Market Participant seeking to conduct a Commissioning Test must request permission from System Management, submitting the information as required by clause 3.21A.4 (“Commissioning Test plan”) to System Management for the approval of such Commissioning Tests. This includes the name and location of the facility to be tested, the Commissioning Test Period and the details of the tests to be conducted, including an indicative test program. This request for a Commissioning Test must be submitted to System Management 20 Business Days in advance of the start date of the proposed tests<sup>1</sup>.

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<sup>1</sup> It should be noted that the Market Rules require that a Commissioning Test plan submitted to System Management must represent the “good faith” intention of the Market Participant to conduct the test (clause 3.21A.5).

Under the PSOP: Commissioning and Testing a level of flexibility is granted to Market Participants with respect to the timing for the request of a Commissioning Test plan and the details contained within each Commissioning Test Schedule(which are reflective of the indicative test plans)<sup>2</sup>:

- Step 2.1.3 notes that System Management may, at its discretion, consider a Commissioning Test plan submitted after the 20 Business Day timing requirement provided in the Market Rules, but must notify the IMO of a breach of the timing requirement if it approves such a Commissioning Test plan; and
- Step 2.4.2(b) allows Market Participants to request revisions to the Commissioning Test Schedules, initially provided through to System Management at the same time as its Commissioning Test plan (step 2.1.1), where they become aware of conditions which may prevent the Facility from conforming to the approved Commissioning Test plan. Requests for revisions of the Commissioning Test Schedules must be provided to System Management for approval as soon as practicable before the commencement of the Trading Day to which the Commissioning Test Schedule relates. This allows for flexibility with respect to the timing of on-the-day testing activities where possible, noting that in some instances System Management will potentially need to schedule additional Ancillary Services to cover the impacted Trading Intervals.

The IMO notes that clauses 3.21A.2, 3.21A.6, 3.21A.12 and 3.21A.13 of the Market Rules are civil penalty clauses under the Electricity Industry (Wholesale Electricity Market) Regulations 2004.

### **Issues**

If System Management delays or cancels a Commissioning Test then the Market Participant is required under the clause 3.21A.4 of the Market Rules to submit an application for a new Commissioning Test with the associated 20 Business Day notice. In this same circumstance step 2.1.3 of the PSOP: Commissioning and Testing would allow the Market Participant to apply for the new Commissioning Test with less than the 20 Business Days notice, however System Management will be obliged to inform the IMO of a breach of the timing requirements and the participant will potentially be liable for the civil penalties associated with the timing breach.

Additionally a Market Participant requiring a change to the proposed Commissioning Test Period outlined in clause 3.21A.4(b) (start and end dates) will require an application for a new Commissioning Test (with the associated 20 Business Day notice as required under clause 3.21A.4). Scenarios which require a new Commissioning Test under the Amending Rules and PSOP: Commissioning and Testing include:

- An extension to the end date of a Commissioning Test Period; or
- A delay in the start date of a Commissioning Test Period would mean that the activities would occur beyond the dates of the original Commissioning Test Plan approved by System Management. Note that delays of activities within the Commissioning Test Period would be

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<sup>2</sup> Commissioning Test Schedule is defined in the PSOP: Facility Outages and refers to the test to be conducted during a Trading Day as provided under clause 3.21A.4(c).

covered via the provision of updated Commissioning Test Schedules to System Management in accordance with the PSOP: Facility Outages.

The IMO considers that the current Market Rules are impractical due to their inflexibility in requiring a 20 Business Day application window for revisions to a Commissioning Test plan. At the extreme a Market Participant may be undertaking its final test on its Commissioning Test plan. This final test may indicate the need to undertake additional testing. However, the Market Participant would be unable to request an extension to the Commissioning Test Period and would have to either wait 20 Business Days for the approval of a new Commissioning Test or breach the timing requirement in the Market Rules and be subject to the potential application of civil penalties. In many instances it would be operationally and technically infeasible to apply for and wait the associated 20 Business Days to be able to complete the required tests. The potential delays as a result of this inflexibility or the application of civil penalties adds additional and unnecessary costs to commissioning process.

The IMO notes that the issues associated with this inflexibility have been raised with the IMO by both Verve Energy and Griffin Energy separately.

Additionally the IMO notes that the current version of the PSOP: Commissioning and Testing allows for closer to realtime changes to Commissioning Test plans than contemplated currently under the Market Rules.

### **Proposal**

The IMO considers that a Market Participant should be able to request and System Management should be able to approve (if considered appropriate):

- A Commissioning Test plan within a shorter application period than currently provided for under the Market Rules (20 Business Days). This will ensure that where System Management cancels or delays a Commissioning Test under clause 3.21A. the Market Participant is not required to wait an additional 20 Business Days before undertaking the scheduled tests where an alternative appropriate time slot is available; and
- A revision to its original Commissioning Test plan to amend the applicable Commissioning Test Period or change the tests to be undertaken. This will ensure that closer to real time revisions to Commissioning Test plans can be approved where appropriate<sup>3</sup>.

The IMO considers that obligations with respect to the timing of applications for Commissioning Tests should not be subject to civil penalties. As such, the IMO considers that the civil penalties relating to clause 3.21A.2 should more clearly relate to the requirement for a Market Participant to undertake commissioning activities in the market under an approved Commissioning Test. The IMO will work with the Public Utilities Office during the progression of this Rule Change Proposal to ensure the Regulations correctly reference this requirement.

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<sup>3</sup> The IMO does not propose to change the late commissioning period after 1 October which is currently restricted to a period of 4 months commencing from the date and time of the first connection to the SWIS for testing purposes.

To allow for greater flexibility with respect to the application for approval of both new and revised Commissioning Test Plans and ensure that the civil penalty is not attached to the timing requirement for requesting a Commissioning Test, the IMO proposes to:

- Amend clause 3.21A.1 to clarify the definition of a Commissioning Test as referring to a series of activities to confirm the ability of a generating system to operate at different levels of output reliably. The IMO notes that this broader definition would be consistent with the wide range of activities that are often required to be undertaken for facilities undergoing commissioning.
- Amend clause 3.21A.2 to clearly refer to the requirement for Market Participants to undertake Commissioning Tests under an approved Commissioning Test Plan. This will ensure that civil penalties attached to this clause appropriately relate to only the requirement to commission under an approved Commissioning Test Plan and not the application timing requirements.
- Amend clause 3.21A.3 to refer to System Management's approval of a Commissioning Test Plan. The IMO notes that System Management must approve a Commissioning Test Plan (new or revised) not a Commissioning Test. This is consistent with the approval process outlined in the PSOP: Facility Outages. Changes to correctly refer to Commissioning Test and Commissioning Test Plan, where applicable have been proposed throughout section 3.21A of the Market Rules.
- Amend clause 3.21A.4 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 endeavours requirement which will take into account reduced timeframes where a revision to a Commissioning Test Plan is requested. The IMO notes that this does not preclude generators from applying and System Management from approving Commissioning Test Plans earlier and will provide significantly greater flexibility than under the current requirements of applying 20 Business Days in advance. Changes to reflect the amended definition under clause 3.21A.1 are also proposed. The IMO has also incorporated a requirement for details of a contact person available for the entire duration of the Commissioning Test Period for the Facility to be provided to System Management.
- Amend clause 3.21A.5 to improve the integrity of the clause.
- Amend clause 3.21A.7 to:
  - clarify that the information referred to in sub-clause (a) is that provided in the Commissioning Test Plan;
  - provide an ability for System Management to reject a Commissioning Test Plan which is received less than 20 Trading Days prior to the start of the proposed activities if it considers that it has inadequate time to consider the Commissioning Test Plan. Although Market Participants will be able to request approval of a Commissioning Test Plan up to 7 Trading Days in advance of the Commissioning Test Period and in the case of revisions to Commissioning Test Plans closer to real time, the IMO consider that System Management should maintain a discretion to reject a Commissioning Test Plan received less than 20 Trading Days prior to the start of the proposed activities in these circumstances. This will ensure that during Summer

months and around the start of the Capacity Year adequate time to consider approvals of Commissioning Tests is available; and

- reflect the amended definition of Commissioning Test under clause 3.21A.1.
- Delete clause 3.21A.7A to remove this blank clause.
- Amend clause 3.21A.8 to clarify that System Management must not show bias in approving Commissioning Test.
- Amend clause 3.21A.9 to require System Management to inform the relevant Market Participant as to whether it approves its Commissioning Test Plan. System Management's decision will need to be made prior to the Commissioning Test files being sent to the IMO at 8:30AM on the Scheduling Day for the relevant Trading Days impacted by the Commissioning Test. This will provide Market Participants with certainty as to whether the commissioning activities will be going ahead at least 2 Trading Days before the start date of the proposed activities. This will allow both the impacted Market Participant and other Market Participants sufficient time to react according to the likely impacts on the energy market.
- Amend clause 3.21A.10 to require System Management and a Market Participant to use their best endeavours to agree to an alternative test time where System Management can not currently accommodate a proposed Commissioning Test Plan. Where an appropriate time is agreed between both parties System Management will be required to approve the revised Commissioning Test Plan that is reflective of this time.
- Amend clause 3.21A.11 to clarify that System Management may also cancel a Commissioning Test if it is concerned about Power System Security or Power System Reliability. The IMO has also proposed amendments to refer to significant maintenance rather than extended maintenance for consistency with clause 3.21A.2.
- Amend clause 3.21A.12 to clarify that a Market Participant must adhere to the most recently approved Commissioning Test Plan.
- Amend clause 3.21A.13 to clarify that where a Market Participant can not adhere to its most recently approved Commissioning Test Plan it must inform System Management and may request a revision to its Commissioning Test Plan.
- Amend clause 3.21A.15 to clarifying that the PSOP: Facility Outage will cover the approvals process for Commissioning Test Plans.
- Amend clause 7.9.4(c) to refer to definition of Commissioning Test Plan.
- Amend the definition of Commissioning Test Period to correctly refer to clause 3.21A.4(b).
- Include a definition of a Commissioning Test Plan into the Glossary of the Market Rules. Currently section 3.21A interchangeably refers to Commissioning Test and Commissioning Test plan.

The IMO has also included a number of minor and typographical amendments to ensure consistency in the language used in this section of the Market Rules and improve the overall integrity of the Market Rules.

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## 2. Explain the reason for the degree of urgency:

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

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

### 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 generating system that has undergone significant maintenance or for a new generating system that has yet to commence operation, must conduct ~~request permission for~~ such tests under an approved Commissioning Test Plan ~~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 in advance of the commencement 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 ~~dates~~ for the proposed 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.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 conduct 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 in advance of 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 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. System Management and the Market Participant must use their best endeavours to agree to an alternative time for the relevant Commissioning Test; 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 conduct 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 or cancel the commencement of the Commissioning Test; or
- (b) the Commissioning Test is no longer required then it may ~~revoke~~ cancel its approval of the Commissioning Test Plan,

and must notify the Market Participant conducting the Commissioning Test of such delay or cancellation.

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 ~~8.30am~~ 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, 3.21A.10A for the Trading Day following the current Scheduling Day.

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 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 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).

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

The IMO considers that the proposed 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 manner (if System Management considers it appropriate and can schedule applicable Ancillary Services). System Management will also be provided with greater discretion as to when to approve a Commissioning Test. The IMO considers that the proposed changes will better Wholesale Market Objective (a).

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 Managements ability to schedule appropriate levels of Ancillary Services.

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

### Costs:

- There will be internal process changes required for System Management and Market Generators, and potentially staffing implications associated with the change.
- There will be IT costs to both the IMO and System Management which will need to be identified during the rule change process.

### Benefits:

- Greater flexibility for Market Generators seeking to undertake Commissioning Tests and for System Management in determining whether to approve a new or revised Commissioning Test within a shorter timeframe.
  - Removal of inappropriate civil penalties associated with applications for Commissioning Tests lodged less than 20 Business Days prior to the start of the proposed tests.
  - Removal of additional, unnecessary commissioning costs imposed on Market Generators as a result of delays to be able to complete commissioning activities.
-