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## Wholesale Electricity Market Rule Change Proposal Submission Form

### RC\_2012\_19 Constrained On/Off Compensation for Non-Scheduled Generators

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#### Submitted by

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#### Submission

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

#### Background

Under the Competitive Balancing and Load Following Ancillary Service Markets implemented in July 2012, Balancing Facilities have a Maximum Theoretical Energy Schedule and a Minimum Theoretical Energy Schedule determined for each generator. This change to the previous balancing regime recognises that a Balancing Facility, when ramping up or down over a Trading Interval, will not achieve a pre-determined level of sent out energy, and that it can only achieve a level of sent-out energy within a range specified within the Theoretical Energy Schedules.

These energy band determinations could be problematic for the Non-Scheduled Generators and the Maximum and Minimum Theoretical Energy Schedules may need to be further adjusted.

The maxima and minima are set to equal a Balancing Facility's SCADA Sent Out Metered Schedule (SOMS) unless sent out energy is reduced in response to a Dispatch Order that results in a turn down against the Balancing Merit Order. In such cases System Management will estimate the Minimum Theoretical Energy Schedules after the Trading Interval is over.

System Management will estimate the Minimum Theoretical Energy Schedules as if no Dispatch Orders were issued and set out what the Non-Scheduled Generators would have produced in a normal situation in that Trading Interval.

Non-Scheduled Generators issued a Dispatch Order and who limit their production to a level below their Minimum Theoretical Energy Schedule will be entitled to Constrained Off Compensation, to be based on the reduction in production compared to the Minimum Theoretical Energy Schedule and the difference between the bid prices in the Balancing Submissions and the Balancing Price.

Establishing Theoretical Energy Schedules using SCADA wrongly assumes the settlement Sent-Out Metered Schedules (based on interval meters) have identical readings as SCADA or within the Settlement Tolerance. As a consequence, Constrained On and Constrained Off Compensation amounts have determined when, based on the assumed position, a zero compensation amount should have resulted.

## **Change Proposal**

The IMO proposes two amendments in its RC\_2012\_19:

- In order to bring about a zero result in calculating Constrained On Compensation when settlement SOMS exceeds Maximum Theoretical Energy Schedule set on SCADA, for the first iteration (and only iteration for a Non-Scheduled Generator) the Constrained On price (ConP1) will be set to a maximum of zero. Thus, when the bid price is lower than the Balancing Price ConP1 will be set to zero instead of the negative bid price less Balancing Price
- In order to bring about a zero result in calculating Constrained Off Compensation when settlement SOMS is less than the Minimum Theoretical Energy Schedule set on SCADA, the Downward Out of Merit Generation used to determine the Constrained Off quantity will be set to zero unless System Management has advised the IMO under clause 7.13.1(eF) of its estimate of what the Non-Scheduled Generator output would have been if not issued a Dispatch Order.

The IMO also proposes to progress RC\_2012\_19 as a Fast Track Rule Change as it seeks to correct manifest errors.

## **Perth Energy's Views**

Perth Energy supports the IMO's rule change proposal.

Perth Energy agrees that the errors identified are clearly manifest and not intended to be part of the Market Rules. If left uncorrected they could have serious impacts on the operation of the WEM and would restrict the participation of Non-Scheduled Generators in balancing.

Perth Energy, therefore, agrees with the IMO's proposal to progress the Rule Change Proposal as a Fast Track Rule Change Proposal.

Perth Energy would, however, suggest that the IMO confirm that the method by which System Management provides data under clause 7.13.1 is consistent with the proposed amendment.

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

Perth Energy considers that the proposed changes to the Market Rules would remove the manifest errors from the Market Rules which would otherwise have an unreasonable and discriminatory impact on Non-Scheduled Generators. Rectifying the obvious errors would in Perth Energy's opinion therefore clearly facilitate achievement of Market Objective (c) that seeks to avoid discrimination against particular energy options or technologies.

Perth Energy also considers that if left unchanged there would be detrimental impacts on the efficiency of balancing service provision with Non-Scheduled Generators unable to compete in the provision of these services in a similar way to Scheduled Generators. That inequity could result in some (efficient) Non-Scheduled Generators excluding themselves from balancing to the detriment of the market. Perth Energy, therefore, considers the proposed changes would also better facilitate achievement of Market Objective (a) which seeks to achieve economic efficiency and system security.

Perth Energy considers that by addressing the current issues relating to discrimination and efficiency and providing Non-Scheduled Generators an equal opportunity to compete for balancing services will improve overall competition in market, facilitating achievement of Market Objective (b) relating to encouraging competition.

Finally, Perth Energy considers that the combination of positive impacts flowing from the issues identified above in relation to Market Objectives (a), (b) and (c) would also lead, over time, to downward pressure on total balancing costs. The proposed changes would therefore also aid in the achievement of Market Objective (d), minimising the long term cost of electricity supply.

Perth Energy has not identified any detrimental impacts on the remaining Market Objective

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**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.**

Perth Energy will not be impacted by the proposed changes.

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

Perth Energy will not require any lead time to implement the proposed changes.