

## Rule Change Notice

### Consideration of network constraints for Certified Reserve Capacity (RC\_2012\_20)

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

**Submitter:** Allan Dawson, IMO

**Date Submitted:** 21 January 2013

#### The Proposal

When assigning Certified Reserve Capacity to a generation Facility, the IMO ensures that network access arrangements allow the Facility to export energy into the transmission/distribution network. The IMO received applications for Certified Reserve Capacity for the 2014/15 Capacity Year where a connection point was shared between one Scheduled Generator and one new Intermittent Generator. The IMO was required to assign Certified Reserve Capacity to the two Facilities such that the total Certified Reserve Capacity exceeded the DSOC for the shared connection point. As the combined Certified Reserve Capacity for these facilities was greater than the capacity for which Western Power could guarantee access to the network, the IMO considers that this may pose a risk to system reliability and security.

This Rule Change Proposal seeks to amend clause 4.11.1 so that DSOC limitations are applied to the assessments of Certified Reserve Capacity for all Facilities and will incorporate the scenario where a connection point is shared by multiple Facilities.

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

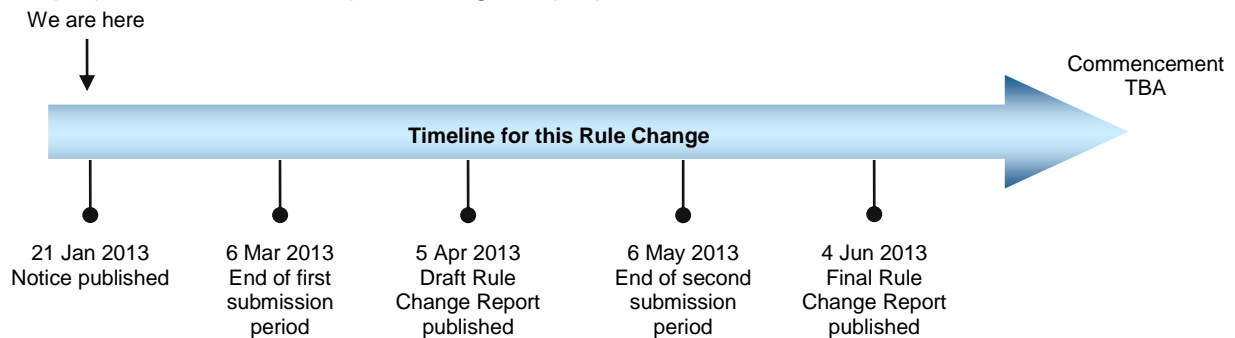
- the proposed amendments to the Market Rules;
- relevant references to clauses of the Market Rules and any proposed specific amendments to those clauses; and
- the submitter's description of how the proposed amendments would allow the Market Rules to better address the Wholesale Market Objectives.

#### Decision to Progress the Rule Change

The IMO has decided to progress/not progress the Rule Change Proposal on the basis that interested parties should be given an opportunity to provide submissions as part of the rule change process.

## Timeline

The projected timelines for processing this proposal are:



## Call for Submissions

The IMO invites interested stakeholders to make submissions on this Rule Change Proposal. The submission period is 30 Business Days from the Rule Change Notice publication date. Submissions must be delivered to the IMO by **5.00pm on Wednesday, 6 March 2013**.

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



INDEPENDENT  
MARKET  
OPERATOR

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## Wholesale Electricity Market Rule Change Proposal

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**Rule Change Proposal ID:** RC\_2012\_20  
**Date received:** 21 January 2013

**Change requested by:**

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<b>Date submitted:</b>	21 January 2013
<b>Urgency:</b>	Medium
<b>Change Proposal title:</b>	Consideration of network constraints for Certified Reserve Capacity
<b>Market Rule(s) affected:</b>	4.11.1

### 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 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

When assigning Certified Reserve Capacity to a generation Facility, the IMO ensures that network access arrangements allow the Facility to export energy into the transmission/distribution network.

The Model Standard Access Contract is contained within the Electricity Networks Access Code and defines the declared sent out capacity (DSOC) for a connection point as the maximum amount of electricity that a Facility may transfer in the network or connection point. This quantity is typically specified in the arrangement for access (Electricity Transfer Access Contract or Network Access Agreement).

Western Power has confirmed to the IMO that, when planning the Network in accordance with the Technical Rules, it assumes that both existing and new generators only export up to their DSOC. The Technical Rules require Western Power to design the network such that *“supply must be maintained and load shedding avoided at any load level and for any generation schedule following an outage of any single transmission element”* (section 2.5.2.2(b)). Western Power has confirmed that, in the context of efficiently managing a large Network, it must make certain assumptions and for this purpose it is assumed that no generator would exceed its contracted capacity.

Although the DSOC for a generator may or may not be determined from a technical limitation on the network, Western Power does not guarantee the availability of capacity for a Facility to export above its DSOC.

Currently, the Market Rules include provisions that limit the Certified Reserve Capacity for a Facility to its DSOC:

- For a Scheduled Generator, the quantity of Certified Reserve Capacity is limited under clause 4.11.1(b) of the Market Rules (“the unconstrained level of network access as provided in clause 4.10.1(bA)”).
- For a new Intermittent Generator, the Relevant Level is based on an independent expert report. Where the report indicates that the quantity of generation is higher than the DSOC, the IMO would consider the estimates in the report to be inaccurate (Appendix 9, Step 10) and may cap the estimate of the Facility’s generation at the DSOC.

## Issue

The IMO received applications for Certified Reserve Capacity for the 2014/15 Capacity Year where a connection point was shared between one Scheduled Generator and one new Intermittent Generator. The IMO was required to assign Certified Reserve Capacity to the two Facilities such that the total Certified Reserve Capacity exceeded the DSOC for the shared connection point.

This arose because:

- the Certified Reserve Capacity for each of the individual Facilities was less than the DSOC and hence the IMO could not apply the limits described above;
- the IMO was provided with evidence that the output of the Intermittent Generator would be curtailed in the event that the combined output of the two Facilities exceeded the DSOC and, as such, could not reasonably assign a lower level of Certified Reserve Capacity to the Scheduled Generator;
- the IMO could not reasonably consider the estimates in the independent expert report to be inaccurate during the historical Trading Intervals used in the Relevant Level calculation, as the Scheduled Generator was not operating during those Trading Intervals (and the Intermittent Generator would not have been restricted); and
- clause 4.11.1(b) of the Market Rules does not apply to Intermittent Generators.

As a result, the IMO was required to assign a sum of Certified Reserve Capacity to the Facilities that exceeded the DSOC at the shared connection point. This outcome suggests that the contribution that can be made by these Facilities to satisfying the Reserve Capacity Requirement is greater than the capacity for which Western Power can guarantee access to the network. The IMO considers that this outcome may pose a risk to the safe and reliable production and supply of electricity.

## Proposal

The IMO proposes to amend Clause 4.11.1 so that DSOC limitations are applied to the assessments of Certified Reserve Capacity for all Facilities and will incorporate the relatively new scenario where a connection point is shared by multiple Facilities.

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

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

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

4.11.1. Subject to clauses 4.11.7 and 4.11.12, the IMO must apply the following principles in assigning a quantity of Certified Reserve Capacity to a Facility for the Reserve Capacity Cycle for which an application for Certified Reserve Capacity has been submitted in accordance with clause 4.10:

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(b) where the Facility is a generation system (other than an Intermittent Generator), the Certified Reserve Capacity must not exceed the sum of the capacities specified in clauses 4.10.1(e)(ii) and 4.10.1(e)(iii), ~~and~~;

(bA) where the Facility is a generation system, the Certified Reserve Capacity must not exceed the unconstrained level of network access as provided in clause 4.10.1(bA);

(bB) where two or more generation Facilities share a connection point (as defined in the Access Code), the total quantity of Certified Reserve Capacity assigned to those Facilities must not exceed the unconstrained level of network access as provided in clause 4.10.1(bA);

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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 changes will ensure that the network access arrangements, including constraints, will be more accurately reflected in the assignment of Certified Reserve Capacity to Facilities. This would facilitate and improve the reliability of the SWIS and thus promote Wholesale Market Objective (a). The IMO considers that the proposed amendments are consistent with the remaining Wholesale Market Objectives.

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

**Costs:**

No costs associated with implementing these proposed changes have been identified. Likewise the IMO considers that there will be no operational impacts.

**Benefits:**

The IMO considers that the proposed changes will ensure that Certified Reserve Capacity more accurately reflects the contribution that Facilities can make to maintaining Power System Reliability.

