



Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2012_25 Constrained On/Off Compensation removal where a Facility is non-compliant with Dispatch Instructions

Submitted by

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Submission

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

Verve Energy notes that the Independent Market Operator's (IMO) Rule Change Proposal states that it seeks to amend the current settlement process in the Wholesale Electricity Market Rules to allow it the opportunity to adjust a Market Participant's Settlement Statement where a Market Participant has not adequately or appropriately complied with a Dispatch Instruction.

By definition, a Dispatch Instruction is an instruction issued by System Management to a Market Participant, other than the Verve Energy Balancing Portfolio, directing the Market Participant to vary the output of consumption of one of its Registered Facilities. Verve Energy, in respect of the Verve Energy Balancing Portfolio, does not receive Dispatch Instructions, it receives Dispatch Orders (instructions by System Management for a Facility or facilities in the Verve Energy Balancing Portfolio to vary output or consumption from the Dispatch Plan).

Verve Energy notes that the proposed drafting goes further than what the IMO states in its description of the Rule Change Proposal. The title and description of the Rule Change Proposal only refer to removing Constrained On/Off Compensation where a Facility is non-compliant with Dispatch Instructions, however the proposed drafting includes reference to

clauses 6.16A.1(b)(i), 6.16A.2(b)(i), 6.16.B.1(b)(i) and 6.16B.2(b)(i) which cover both a relevant Market Participant's non-compliance with Dispatch Instructions and Verve Energy's non-compliance with Dispatch Orders.

Verve Energy considers that the intent of the proposed drafting is appropriate, in that Constrained On/Off Compensation should be removed where a Facility is non-complaint with either a Dispatch Instruction or a Dispatch Order (as appropriate). As such, Verve Energy recommends that the IMO consider amending the title and description of the Rule Change Proposal to make it clear that the intent is for the proposal to cover a relevant Market Participant's non-compliance with Dispatch Instructions and the Verve Energy Balancing Portfolio's non-compliance with Dispatch Orders.

Verve Energy would also like to raise the following points for consideration by the IMO:

Drafting suggestions

Verve Energy notes that new clause 9.16.3 contains a lot of information which may be better set out in list format (added text, ~~deleted text~~):

9.16.3. The IMO must undertake a process for adjusting settlements ("**Adjustment Process**") in accordance with clause 9.19. The purpose of the process is to review the relevant Settlement Statements which were issued in the nine months prior to the commencement of the Adjustment Process ("**Relevant Settlement Statements**") to facilitate corrections resulting from:

- (a) Notices of Disagreement;
- (b) the resolution of Disputes;
- (c) revised metering data provided by Metering Data Agents; ~~and~~
- (d) any revised Market Fee rate, System Operation Fee rate or Regulator Fee rate (as applicable); and
- (e) any determinations made in accordance with clauses 6.16A.1(b)(i), 6.16A.2(b)(i), 6.16.B.1(b)(i) or 6.16B.2(b)(i).

Adjustments may only be made to Relevant Settlement Statements. Adjustments may not be made to Settlement Statements outside of an Adjustment Process.

Verve Energy considers that, for clarity, the proposed drafting for sub clause 9.16.3A(b) could be amended as follows:

9.16.3A A Relevant Settlement Statement is:

- (a) Any STEM Settlement Statement or Non-STEM Settlement Statement that requires correction as the result of the resolution of a dispute raised under clause 2.19, or where the IMO has indicated under clause 9.20.7 that it will revise information in response to a Notice of Disagreement; and
- (b) Any Non-STEM Settlement Statement for which the Invoicing Date occurred in the month that is three, six or nine months prior to the start of the Adjustment Process, and for which the IMO has received revised metering data from a Metering Data Agent or the IMO has made due to any determinations made in accordance with clauses 6.16A.1(b)(i), 6.16A.2(b)(i), 6.16.B.1(b)(i) or 6.16B.2(b)(i).

Verve Energy notes that, with the addition of new sub clause 9.19.1(a)v, there is a superfluous “and” at the end of sub clause 9.19.1(a)ii.

Possible disconnect between clause 9.16.3 and clauses 9.16.3A and 9.19.1

In reviewing the proposed drafting for this Rule Change Proposal, Verve Energy has identified a possible disconnect between clause 9.16.3 and clauses 9.16.3A and 9.19.1:

- Clause 9.16.3 of the Market Rules notes that the IMO must undertake an Adjustment Process, with the purpose of such a process to review the Relevant Settlement Statements to facilitate corrections from:
 - Notices of Disagreements;
 - Resolution of Disputes;
 - Revised metering data;
 - Revisions to fees/fee rates; and
 - (new) IMO determinations as to whether participants have not adequately or appropriately complied with Dispatch Instructions or Dispatch Orders.
- Clause 9.16.3A, introduced to the Market Rules as part of RC_2010_19, makes explicit the definition of “Relevant Settlement Statements” and the circumstances with which each type¹ of Settlement Statement may be adjusted. Specifically:
 - Subclause (a) allows for the correction of both STEM and Non-STEM Settlement Statements resulting from either the Notices of Disagreements or Disputes processes; and
 - Subclause (b) allows for the adjustment of any Non-STEM Settlement Statement due to revised metering data or (new) IMO determinations as to whether participants have not adequately or appropriately complied with Dispatch Instructions or Dispatch Orders.

Clause 9.16.3A does not does not contain a reference to revisions to fees/fee rates.

¹ STEM Settlement Statement or Non-STEM Settlement Statement.

- Clause 9.19.1 of the Market Rules notes that when the IMO is undertaking an Adjustment Process the IMO must take into account:
 - Actions arising from Notices of Disagreements;
 - Resolution of Disputes;
 - Revised metering data; and
 - (new) IMO determinations as to whether participants have not adequately or appropriately complied with Dispatch Instructions or Dispatch Orders.

Similarly to clause 9.16.3A, clause 9.19.1 also does not contain a reference to revisions to fees/fee rates.

As demonstrated above, although clause 9.16.3 refers to adjustments arising from revisions to fees/fee rates neither clauses 9.16.3A or 9.19.1 contain this reference. Verve Energy considers that both clauses 9.16.3A and 9.19.1 should contain a reference to revisions to fees/fee rates. While this is outside the scope of the current Rule Change Proposal, Verve Energy suggests that this disconnect be amended when deemed appropriate.

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

Verve Energy considers that the Rule Change Proposal is consistent with the Wholesale Market Objectives.

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.

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

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

Verve Energy does not need to undertake any actions to implement this Rule Change Proposal.
