



INDEPENDENT
MARKET
OPERATOR

Draft Rule Change Report

Title: LoadWatch, EOI and RDQ Provision

RC_2013_05

Standard Rule Change Process

Date: 19 June 2013

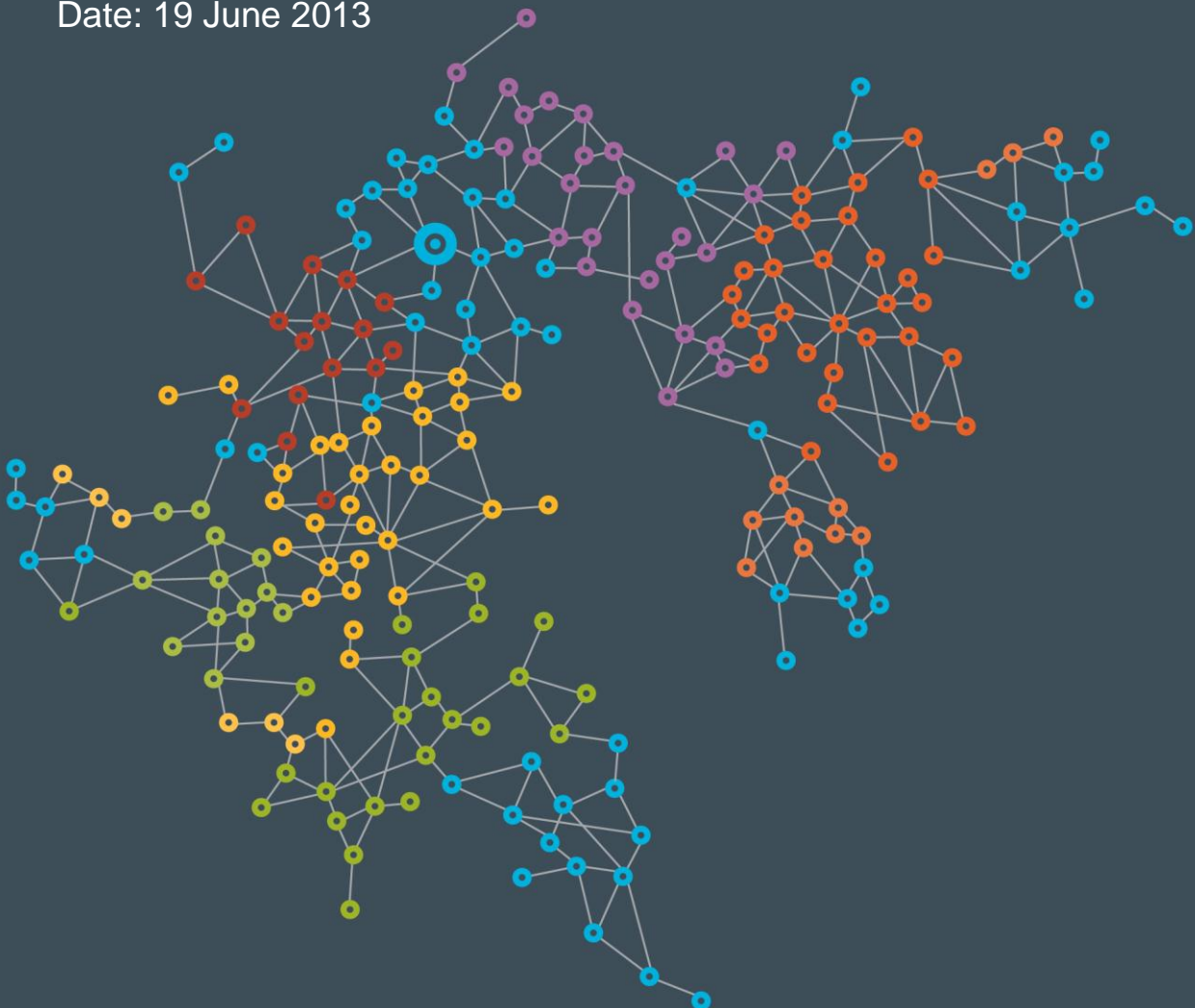


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Executive Summary

Proposed amendments

In accordance with the Market Rules and the IMS Interface Market Procedure, System Management and the IMO are obligated to provide each other with specific data. Through consultation between the IMO and System Management it has been identified that some key data provided in accordance with the IMS Interface Market Procedure, is not currently specified in the Market Rules.

The IMO submitted this Rule Change Proposal to reflect obligations dictated in the IMS Interface Market Procedure in the Market Rules.

The IMO proposes to create clauses 3.23, 7A.3.7A and the defined term “LoadWatch” in the Market Rules to ensure the obligations on System Management to provide LoadWatch, End of Interval and Relevant Dispatch Quantity data are specified in the Market Rules.

The IMO also proposes to amend the current drafting of clause 7A.3.7 and the defined term “Relevant Dispatch Quantity” to provide greater clarity and consistency in the drafting of the Market Rules.

Consultation

The Pre Rule Change Proposal was discussed at the Market Advisory Committee (MAC) at the 20 March 2013 meeting, where MAC members agreed that the proposal should be formally submitted into the Standard Rule Change Process.

The Rule Change Proposal was submitted into this process on 9 April 2013. The first submission period was held between 10 April 2013 and 21 May 2013. Submissions were received from Community Electricity, System Management and Perth Energy.

The three submitters supported the Rule Change Proposal on the grounds that the primary obligations on a Market Participant should be captured in the Market Rules. While the Market Procedures should articulate to the Market Participants how to achieve their obligations under the Market Rules.

Assessment against Wholesale Market Objectives

The IMO considers that the proposed amendments will better achieve Wholesale Market Objectives (a) and (d) and is consistent with the remaining Wholesale Market Objectives.

Practicality and cost of implementation

The IMO has not identified any additional costs associated with implementing this proposal.

System Management identified that the proposed changes will also require minor amendments to the relevant Power System Operation Procedure and may require minor IT changes.

The IMO proposed decision

The IMO’s proposed decision is to accept the Rule Change Proposal with minor modifications to

improve clarity following the first submission period.

Next steps

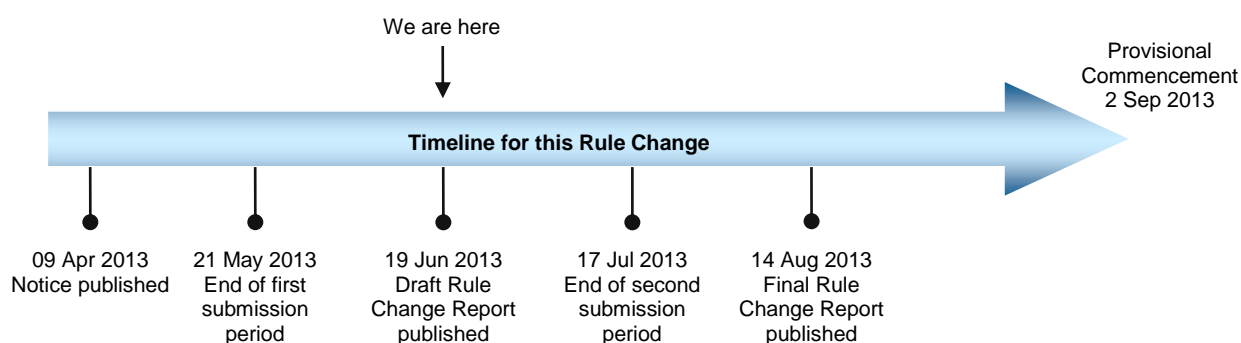
The IMO now invites interested stakeholders to make submissions on this Draft Rule Change Report by **5:00 pm on Wednesday, 17 July 2013**.

1. Rule Change Process and Timetable

On 9 April 2013, the IMO submitted a Rule Change Proposal regarding the amendment of clause 7A.3.7 and the creation of clauses 3.23 and 7A.3.7A. The IMO also proposed the creation of the defined term “LoadWatch” and amendments to the defined term “Relevant Dispatch Quantity”.

This proposal is being progressed 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 that the commencement date of 2 September 2013 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 Wednesday, 17 July 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

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

Independent Market Operator

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

3. Proposed Amendments

3.1. The Rule Change Proposal

LoadWatch

For the previous four years, weekly during the Hot Season, the IMO has prepared and published

on the Market Web Site a report called LoadWatch. LoadWatch provides a weekly snapshot of the forecast level of Available Capacity, Outages, maximum and minimum temperatures, electrical load and an estimate of available capacity, for the Business Days of the coming week.

LoadWatch was first introduced in the summer of 2008/09 following the Varanus Island incident and subsequent gas curtailment, as a means of providing information for stakeholders and the public in general, about the coming week's forecast temperatures and their possible impact on system load. The report has now evolved to provide additional information to stakeholders and compares the coming week with the prior week and also the corresponding week in the previous Hot Season.

The production of LoadWatch relies on input data from System Management, in particular, the daily forecast maximum temperature, minimum temperature and maximum load (MW) for the upcoming week's Business Days, and normally commences on the first Monday of each Hot Season.

To date, System Management has provided the necessary input data voluntarily, based on its other load forecasting activities, to assist the IMO in its efforts to provide general and accessible information to wider stakeholders and consumers about anticipated system load.

The IMO and System Management wish to formalise LoadWatch within the Market Rules so that the delivery of input data and the calculation and publication of LoadWatch becomes obligations on the respective organisations to ensure consistent delivery and publication.

End of Interval and Relevant Dispatch Quantity Data

In accordance with the IMS Interface Market Procedure, within five minutes of the end of each Trading Interval, System Management must transfer an estimate of provisional resource End of Interval (EOI) Quantity and provisional Relevant Dispatch Quantity (RDQ) data from the previous Trading Interval to the IMO. This data is displayed in the Market Participant Interface for Market Participants to view. This data is then transferred in accordance with clause 7A.3.7, two hours after the end of the Trading Day. However, this data captures every Trading Interval for the entire Trading Day and the data is more accurate as it has been "cleaned" by System Management.

The provisional EOI Quantity data received two hours after the end of the Trading Day is required to determine the Minimum and Maximum Theoretical Energy Schedules (TES) used for calculating Out of Merit quantities. EOI Quantity values are also used to determine the starting point for a Facility ramp rate, constraining the Pricing BMO.

Provisional RDQ data received two hours after the end of the Trading Day is the basis for the Provisional and Final Balancing Price calculations for the Balancing Market. This data provided is also available to Market Participants as it is received by the IMO via the Market Participant Interface. By providing this level of transparency Market Participants are able to observe what occurred in the previous Trading Interval market wide. The provision of EOI Quantity data enables a Market Participant to see what its Facilities were contributing at the completion of the previous Trading Interval.

The current drafting of the Market Rules does not explicitly place an obligation on System Management to provide the IMO with provisional RDQ or EOI Quantity data within 5 minutes of the end of each Trading Interval. However, the IMS Interface Market Procedure does place an obligation on System Management to provide this data. This requirement should stem from an

obligation in the Market Rules.

For full details of the Rule Change Proposal please refer to the Market Web Site: http://www.imowa.com.au/rc_2013_05

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

The IMO decided to proceed with the proposal on the basis that Rule Participants should be given an opportunity to provide submissions on the Rule Change Proposal.

4. Consultation

4.1. The Market Advisory Committee

Ms Kate Ryan presented the Pre Rule Change Proposal at the Market Advisory Committee (MAC) on 20 March 2013. The following points were raised during the discussion:

- The Chair noted that the EOI Quantity and RDQ data provided to the IMO by System Management within five minutes of the end of each Trading Interval is not confidential and the IMO planned to build some mechanisms for publishing this timely SCADA information.
- Ms Ryan further clarified that System Management currently provides the information under the IMS Interface Market Procedure, but that the Rule Change Proposal is to formalise that obligation in the Market Rules.
- Mr Kelloway questioned the repeated use of the term "must" in the drafting, suggesting that a "best endeavours" requirement might be more appropriate to allow for the possibility of IT failures.
- Mr MacLean questioned whether there were any Civil Penalties that apply to the clauses and the Chair confirmed that there were none.
- Ms Yang questioned whether there had been any recognition that the SCADA data may not be reliable. The Chair clarified that there are two SCADA data deliveries: one five minutes after each Trading Interval and the other following the end of each Trading Day. The second set of SCADA data is more reliable (as it is "cleaned" by System Management) and is the data used in the settlement calculations by the IMO.
- The MAC agreed for the IMO to progress this Rule Change Proposal into the Standard Rule Change Process.

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 held between 10 April 2013 and 21 May 2013. The IMO received submissions from Community Electricity and Perth Energy and an out of session submission from System Management.

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

Wholesale Market Objectives is summarised below:

Submitter	Wholesale Market Objective Assessment
Community Electricity	Consistent with the Wholesale Market Objectives
Perth Energy	Better achieves Wholesale Market Objective (a)
System Management	Better achieves Wholesale Market Objectives (a), (b) and (d)

Through discussions with internal and external stakeholders, the IMO also identified a more robust way to draft the proposed Amending Rules. Changes to the drafting from the Pre Rule Change Proposal are captured in Appendix 1.

A copy of all submissions in full received during the first submission period is available on the Market Web Site: http://www.imowa.com.au/rc_2013_05

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's Response
1.	System Management	<p>System Management suggests the IMO considers amending the references to SOI Quantities and EOI Quantities within the Market Rules to align the Market Rules with the IMO Interface specification. System Management recognises there will be efficiencies gained from provision of only one set of data.</p> <p>To improve clarity of the Market Rules, System Management suggests the IMO consider adopting consistent drafting of the SOI Quantity definition and the EOI Quantity definition in Chapter 11 Glossary as follows:</p> <p>SOI Quantity: <i>Means the quantity, in MW, at which a <u>Balancing Facility Scheduled Generator or a Non-Scheduled Generator</u> was operating as at the start of a Trading Interval, which must equal the EOI Quantity from the previous Trading Interval.</i></p>	<p>The IMO notes this suggested approach by System Management. However, the IMO believes the current definition of SOI Quantity is appropriate within the Market Rules.</p> <p>This is primarily because the SOI Quantity cannot always be reflective of an EOI Quantity. For example, establishment of a new facility or the beginning of the financial year.</p>

	Submitter	Comment/Change Requested	IMO's Response
2.	System Management	<p>System Management believes that the data required to be provided at 10:00 AM and 12:00PM is identical final 'cleaned' data. Providing the abovementioned data only at 12:00PM (in accordance with clauses 7.13.1(dB) and 7.13.1(dC)) will remove the duplication of data transferred. With this in mind, System Management suggests the IMO considers removing clauses 7A.3.7, and the respective extension timeframe clause 7A.3.12, from the Market Rules.</p> <p>In light of the above, and to improve clarity of the Market Rules, System Management suggests the IMO also considers the following amendment to clause 7.13.1(dB) and 7.13.1(dC):</p> <ul style="list-style-type: none"> • <i>7.13.1(dB) the SOI Quantity and the EOI Quantity of each Facility for each Trading Interval, <u>determined in accordance with the Power System Operation Procedure;</u></i> • <i>7.13.1(dC) the <u>total</u> Relevant Dispatch Quantity for all Facilities for each Trading Interval, <u>determined in accordance with the Power System Operation Procedure;</u></i> • Replacing references to clause 7A.3.7 (and respective extension timeframe clause 7A.3.12) in the Market Rules with references to amending clauses 7.13.1(dB) and 7.13.1(dC) above. 	<p>The IMO notes the suggested amended drafting by System Management.</p> <p>By providing the data at 10:00 AM under the scope of clause 7A.3.7, System Management is complying with the current obligation of clause 7.13.1(dB) and (dC). At present only one set of data is being provided by System Management and this is occurring at 10:00 AM.</p> <p>The IMO does not wish to extend the timing to 12:00 PM as this is outside the scope of this Rule Change. The issues identified by System Management in this submission have been logged by the IMO for future analysis.</p>

	Submitter	Comment/Change Requested	IMO's Response
3.	System Management	<p>System Management suggests introducing a new definition 'Forecast Relevant Dispatch Quantity' in the Glossary to reflect the provision of the periodic 5 minute Trading Interval information set required in clause 7.A.3.7A, and further clarifying the current 'Relevant Dispatch Quantity' definition to reflect the sum of the total EOI Quantities of all Balancing Facilities, in MW, by Trading Interval information set required in clause 7.13.1(dC).</p> <p>The latter clarification is required to reflect the current market understanding that the term 'Relevant Dispatch Quantity' relates to the sum of total EOI Quantities for all Balancing Facilities. Accordingly, System Management suggests the IMO consider adopting the following proposed amendment:</p> <p><u>Forecast Relevant Dispatch Quantity:</u> <i>Means, for a Trading Interval, the forecast EOI Quantities for each Balancing Facility, in MW, at the end of that Trading Interval as conducted under new clause 7A.3.7A.</i></p> <p><u>Relevant Dispatch Quantity:</u> <i>Means, for a Trading Interval, the quantity determined under clause 7A.3.7(b), the sum of the EOI Quantities for each all Balancing Facilities, in MW, at the end of that Trading Interval as conducted under clause 7.13.1(dC) and 7.13.1B.</i></p>	<p>The IMO notes the suggestion by System Management to add an additional defined term to the Market Rules. However, the current definition is broad enough to be applicable to both sets of data. The IMO do not consider the difference in accuracy to be necessary in the Market Rules.</p> <p>As articulated in the proposed Amending Rules, the IMO had prefixed the RDQ data provided five minutes after the Trading Interval as a "provisional estimate". As such the IMO believes clause 7A.3.7A is drafted to reflect the current obligation on System Management.</p>

	Submitter	Comment/Change Requested	IMO's Response
4.	System Management	<p>System Management understands it is important to periodically provide relevant information to the IMO to publish on the Market Web Site. However, it believes the market will receive greater benefit if the information was provided within more flexible timeframes.</p> <p>For example, if the Monday fell on the last day of the Hot Season (1 April) then System Management would be obliged to provide data for the upcoming week. Similarly, the IMO may decide it is not practical nor useful to have a report provided on the Tuesday (outside of the Hot Season) that only covers one day of the Hot Season (Monday the day before) and four days outside the Hot Season (Tuesday to Friday).</p> <p>To address this inflexibility, System Managements suggests the IMO preface clause 3.23.1 with '<i>Unless otherwise agreed with the IMO</i>'.</p>	<p>The IMO agrees that, while the proposed drafting of clause 3.21.1 is consistent with the intent of System Management's suggestion, further flexibility can be provided through a minor modification to the proposed drafting. See Appendix 1.</p>

	Submitter	Comment/Change Requested	IMO's Response
5.	System Management	<p>System Management would like the IMO to consider the following minor amendments to the proposed Amending Rules:</p> <ol style="list-style-type: none"> 1. The new LoadWatch data clause 3.23 is proposed under Chapter 3 of the Market Rules. System Management does not believe that it seems to naturally fall within Chapter 3, and perhaps may be considered more appropriately placed in Chapter 10 of the Market Rules. 2. System Management believes the proposed LoadWatch definition in the Glossary may benefit from greater simplicity and clarity. System Management suggests the IMO consider the following amendment: <i>LoadWatch: A report compiled and published weekly during the Hot Season that provides general estimates of Business Day maximum and minimum temperatures, maximum system load and available capacity <u>Means, the report compiled and published in accordance with clause 3.23.</u></i> 3. System Management identified the new clause 3.23.4 may perhaps be an incorrect reference as clause 3.23.3 does not exist. System Management suggests new clause 3.23.4 be amended to reflect this typographical error. 4. The abbreviation 'SM' proposed in clause 3.23.1 is not a defined term and should be expressed as 'System Management'. 	<p>The IMO notes the suggestions from System Management.</p> <p>With regard to point one, the IMO believes the proposed drafting of clause 3.23 is appropriately placed in Chapter 3 of the Market Rules. This is because Chapter 3 of the Market Rules covers settlement data provided to the IMO. As the data is primarily used for this purpose, the IMO considers the inclusion of this requirement in Chapter 3 is appropriate.</p> <p>With regard to points two, three and four, the IMO has incorporated System Management's suggestions to the proposed drafting. See Appendix 1.</p>

4.4. Public Forums and Workshops

No public forums or workshops were held with regard 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 assessment is outlined in the following sub-sections.

5.1. Additional Amendments to the proposed Amending Rules

Following the public consultation period the IMO has made minor modification to the proposed Amending Rules. These are provided in Appendix 1.

5.2. Wholesale Market Objectives

The IMO considers that the proposed amendments will provide clarity and consistency between the Market Rules and the IMS Interface Market Procedure.

Furthermore, the IMO considers that the proposed amendments will allow the Market Rules to better address Wholesale Market Objectives (a) and (d):

- (a) *to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system*

By formalising the publication of LoadWatch and provision of information, the additional information to Market Participants will allow better planning and analysis, and therefore a more efficient allocation of resources.

- (d) *to minimise the long-term cost of electricity supplied to customers from the South West interconnected system*

By providing transparency to System Management regarding the data requirements of the IMO, System Management will be better equipped to manage its budget and resourcing. Through better defined data requirements the IMO and System Management will achieve greater efficiencies in information management, in turn minimising the long-term cost of electricity supplied to customers.

5.3. Practicality and cost of implementation

5.3.1. Cost:

The IMO has not identified any additional costs associated with the proposed rule change. System Management has identified the proposed changes will require minor IT Changes, with minimal costs.

5.3.2. Practicality:

The IMO does not consider that there are any issues with the practical implementation of the proposed rule change. As the proposed drafting is based on data already being provided by System Management the implementation should have a minimal impact on both entities.

System Management has identified that the proposed changes would require minor amendments to the relevant PSOP and may require minor IT changes.

6. The IMO's Proposed Decision

The IMO's proposed decision is to accept the Rule Change Proposal with minor modification.

6.1. Reasons for the decision

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

- better achieve Wholesale Market Objectives (a) and (d);
- are consistent with the remaining Wholesale Market Objectives;
- have the general support of the MAC; and
- have the support of the three submissions received during the first submission period.

7. Proposed Amending Rules

The IMO Proposed Amending Rules are as follows: (~~deleted text~~, added text):

3.23 LoadWatch Data

3.23.1. System Management must, by 12:00 PM on each Monday within the Hot Season, unless otherwise agreed with the IMO, provide to the IMO for each Business Day of that week, System Management's estimate of:

- (a) daily maximum temperature;
- (b) daily minimum temperature;
- (c) daily maximum load in MW; and
- (d) other data agreed between the IMO and System Management for the purpose of LoadWatch.

3.23.2. The IMO must, within one Business Day of receipt of the information in clause 3.23.1, prepare and publish on the Market Web Site the LoadWatch report for the relevant week within the Hot Season.

3.23.3. The IMO must ensure that the LoadWatch report includes the estimates in clause 3.23.1 and, where available, the prior week's Business Days' daily:

- (a) total procured capacity;
- (b) total Outages;
- (c) total capacity available after accounting for total outages;
- (d) maximum and minimum temperatures;
- (e) maximum Operational System Load Estimate; and
- (f) total capacity available after accounting for total Outages and the maximum Operational System Load Estimate.

...

7A.3.7. System Management must, no later than two hours after the end of the Trading Day, provide the IMO with an estimate of:

- (a) the SOI Quantity and the EOI Quantity for each Balancing Facility; and
- (b) the Relevant Dispatch Quantity, ~~which is the sum of the EOI Quantities for each Balancing Facility, in MW, at the end of a Trading Interval,~~

for each Trading Interval in the Trading Day, determined in accordance with the Power System Operation Procedure.

7A.3.7A. System Management must make reasonable endeavours to provide to the IMO, no later than five minutes after the end of each Trading Interval, a provisional estimate of:

- (a) the SOI Quantity and the EOI Quantity for each Balancing Facility; and

(b) the Relevant Dispatch Quantity,
for that Trading Interval, determined in accordance with the Power System Operation
Procedure.

...

11 Glossary

LoadWatch: A report compiled and published weekly during the Hot Season pursuant to clause 3.23.3.

Relevant Dispatch Quantity: Means, for a Trading Interval, ~~the quantity determined under clause 7A.3.7(b)-~~ the sum of the EOI Quantities for each Balancing Facility, in MW, at the end of that Trading Interval.

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):

- 3.23.1. System Management must, by ~~11:59 AM~~12:00 PM on each Monday within the Hot Season, unless otherwise agreed with the IMO, provide to the IMO for each Business Day of that week, System Management's estimate of:
- (a) daily maximum temperature;
 - (b) daily minimum temperature;
 - (c) daily maximum load in MW; and
 - (d) other data agreed between the IMO and ~~SMS~~System Management for the purpose of LoadWatch.
- 3.23.43. The IMO must ensure that the LoadWatch report includes the estimates in clause 3.23.1 and, where available, the prior week's Business Days daily:
- (a) total procured capacity;
 - (b) total Outages;
 - (c) ~~available capacity~~total capacity available after accounting for total outages;
 - (d) maximum and minimum temperatures;
 - (e) maximum ~~O~~perational ~~S~~ystem ~~L~~oad ~~E~~stimate; and
 - (f) ~~capacity cushion~~total capacity available after accounting for total Outages and the maximum Operational System Load Estimate.

...

LoadWatch: A report compiled and published weekly during the Hot Season pursuant to that ~~provides general estimates of Business Day maximum and minimum temperatures, maximum system load and available capacity in accordance with clause 3.23.43.~~