



INDEPENDENT
MARKET
OPERATOR

Final Rule Change Report

Title: LoadWatch, EOI and RDQ Provision

RC_2013_05

Standard Rule Change Process

Date: 14 August 2013

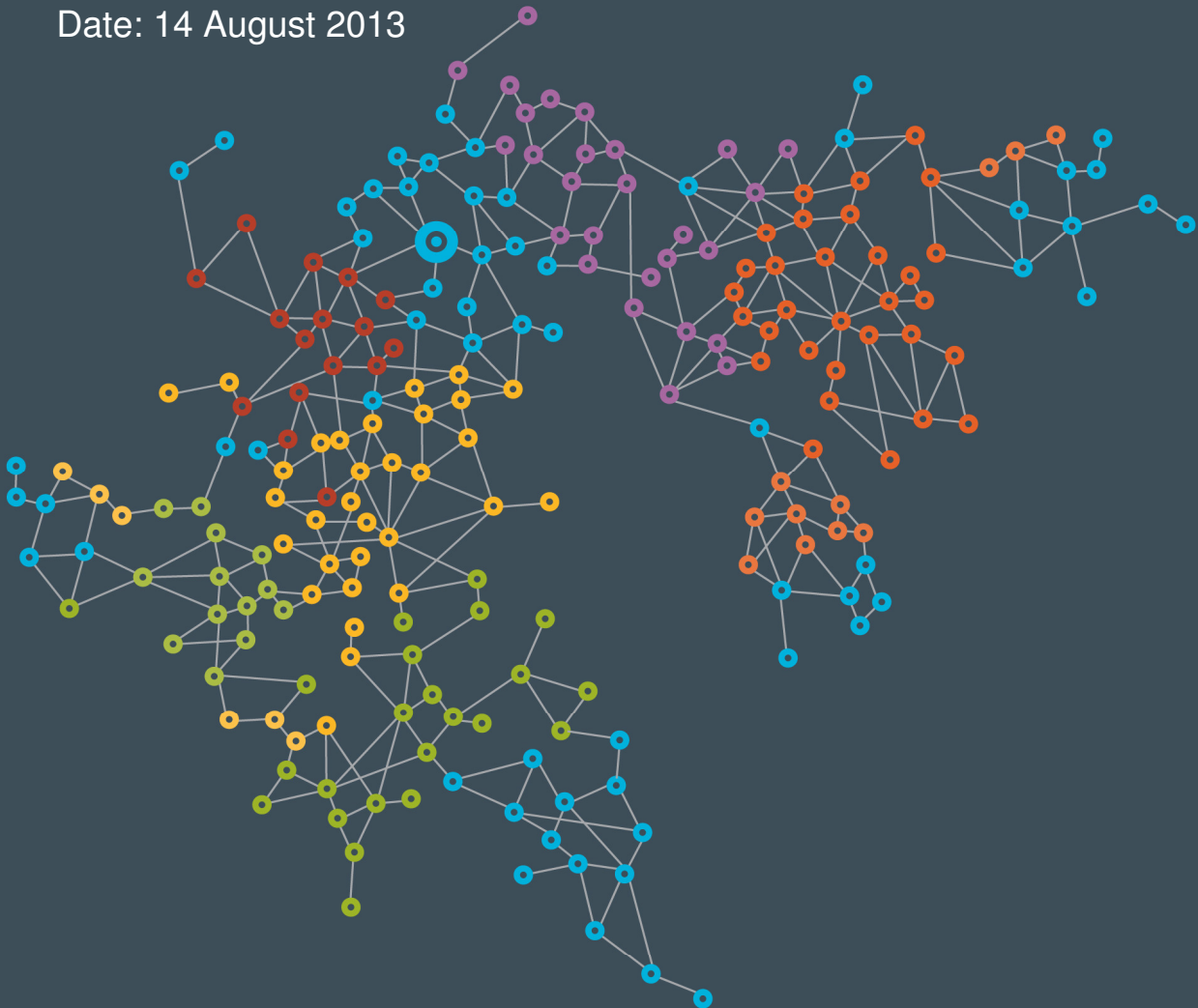


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Executive Summary

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 and 7A.3.7A and the defined term “LoadWatch Report” 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 by 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 formally 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.

The second round of submissions occurred between 20 June 2013 and 17 July 2013. Only one submission was received and this was from System Management. System Management continued to support the Rule Change Proposal but clarified the costs and practicality of implementing the proposed Amending Rules.

Assessment against Wholesale Market Objectives

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

Practicality and Cost of Implementation

The IMO has not identified any additional costs that it would incur as a result of implementing this proposal.

System Management identified that the proposed changes will require minor amendments to the relevant Power System Operation Procedures (PSOP). System Management has stated it would take them until 1 January 2013 to revise the relevant PSOPs.

While System Management indicated the potential for delays in providing the required information in its submissions, the IMO notes that the required RDQ, EOI and SOI data is currently already being provided by System Management to the IMO in accordance with the proposed Amending Rules. In addition, the data necessary to produce the LoadWatch Report is not required until the first Monday in December 2013. On this basis, the IMO does not intend to delay the commencement of the Amending Rules.

System Management believes the proposed Amending Rules will have a minimal impact on cost, with an estimated \$47,000 required for it to implement the changes.

The IMO's Decision

The IMO's decision is to accept the Rule Change Proposal as modified following the first and second submission periods.

Next Steps

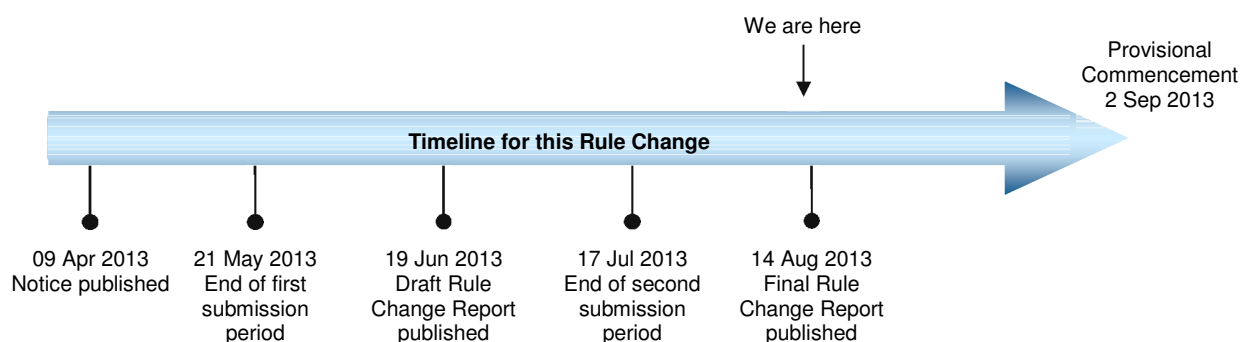
The Amending Rules will provisionally commence at **8.00 AM** on **2 September 2013**.

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 to define the term “LoadWatch Report” and make amendments to the defined term “Relevant Dispatch Quantity”.

This proposal is being progressed using the Standard Rule Change Process, described in clause 2.7 of the Market Rules.

The key dates in processing this Rule Change Proposal are:



2. Proposed Amendments

2.1. 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 the production of the LoadWatch Report within the Market Rules so that the delivery of input data and the calculation and publication of LoadWatch become 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. It is then transferred to the IMO in accordance with clause 7A.3.7, two hours after the end of the Trading Day. However, this transfer 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. The provision of EOI Quantity data five minutes after the Trading Interval enables Market Participants to see what its Facilities were contributing at the completion of the previous Trading Interval shortly after the interval.

While the 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 is available to Market Participants as it is received by the IMO via the *Market Participant Interface*. By providing this data five minutes after the Trading Interval Market Participants are able to observe what occurred in the previous Trading Interval market wide shortly after the 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 five minutes of the end of each Trading Interval. However, the *IMS Interface Market Procedure* does. 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

2.2. The IMO’s Initial Assessment of the Proposal

The IMO decided to proceed with the proposal on the basis that Rule Participants should be given an opportunity to provide submissions as part of the Standard Rule Change Process.

3. Consultation

3.1. The Market Advisory Committee

Ms Kate Ryan presented the pre Rule Change Proposal at the Market Advisory Committee (MAC) meeting 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 under 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>

3.2. 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. All three submissions supported the Rule Change Proposal.

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 of the Draft Rule Change Report.

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

3.3. The IMO's response to submissions received during the first submission period

The IMO's response to submissions during the first consultation period is captured in the Draft Rule Change Report available on the following Market Web Site: http://www.imowa.com.au/RC_2013_05

3.4. Submissions received during the second submission period

Following publication of the Draft Rule Change Report on the Market Web Site, the second submission period was between 20 June 2013 and 17 July 2013.

The IMO received a single submission from System Management. This submission supported the Rule Change Proposal and confirmed the IMO's response to System Management's concerns in the first round of submissions. Specifically, the IMO verified that System Management's provision of data under clause 7A.3.7 of the Market Rules also satisfied its obligation under clauses 7.13.1(dB) and (dC).

The submission also indicated that System Management requires until 1 December 2013 to make the necessary system changes required by the Amending Rules. It also noted that the relevant changes to the relevant PSOPs would not be completed until 1 January 2014.

A copy of all submissions in full received during the second submission period is available on the following Market Web Site http://www.imowa.com.au/RC_2013_05

3.5. The IMO's response to submissions received during the second submission period

The submission received from System Management during the second submission period was supportive of the Rule Change Proposal. However, it indicated that it required five months to complete the necessary system and procedure changes.

The IMO understands that the necessary EOI Quantity, SOI Quantity and RDQ data are already being provided by System Management in the time, form and manner prescribed by the Amending Rules in this proposal. Furthermore, the LoadWatch data is not required to be provided to the IMO until 1 December 2013. The IMO therefore does not intend to delay the commencement of the Amending Rules.

3.6. Public Forums and Workshops

No public workshop was held in regard to this Rule Change Proposal.

4. The IMO's Draft Assessment

The IMO's draft assessment, against clauses 2.4.2 and 2.4.3 of the Market Rules, and analysis of the Rule Change Proposal can be viewed in the Draft Rule Change Report available on the Market Web Site: http://www.imowa.com.au/RC_2013_05

5. The IMO's Proposed Decision

The IMO's proposed decision was to accept the Rule Change Proposal as modified by the amendments made after the second submission period.

The wording of the relevant Amending Rules was presented in section 7 of the Draft Rule Change Report.

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 all submissions during the first submission period.

6. The IMO's Final Assessment

In preparing its Final 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 in respect of this Rule Change Proposal nor has it commissioned a technical review in respect of this Rule Change Proposal. A summary of the views expressed in submissions and by the MAC is available in section 3 of this Final Rule Change Report.

The IMO's assessment of the Rule Change Proposal is outlined in the following sub-sections.

6.1. Additional Amendments to the proposed Amending Rules

Following the second submission period, the IMO has reviewed the proposed drafting and made some additional changes to the proposed Amending Rules. These changes are intended to provide greater clarity and consistency of the Amending Rules, but do not alter the intent of the proposed Amending Rules. Changes to the proposed Amending Rules since the Draft Rule Change Report are captured in Appendix 1 of this Report.

6.2. 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 the necessary information, the transparency for 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 clarity 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.

6.3. Practicality and Cost of Implementation

6.3.1. Cost:

The IMO has not identified any costs that it would incur as a result of implementing the proposed rule change. System Management has identified the proposed Amending Rules will have a minimal impact on cost, with an estimated \$47,000 required for it to implement the changes.

6.3.2. Practicality:

The IMO does not consider that there are any material issues with the practical implementation of the proposed Amending Rules.

System Management identified that the proposed changes will require minor amendments to the relevant PSOP. System Management has stated it would take them until 1 January 2013 to facilitate the necessary amendments. System Management also identified a four month timeframe to develop and complete system changes required to facilitate the provision of data addressed in the proposed Amending Rules.

However, the IMO notes that the necessary RDQ, EOI and SOI quantity data is currently already being provided to the IMO in accordance with the proposed Amending Rules and the LoadWatch Report data is not required until the first Monday in December 2013. Additionally, the revised IMS Interface Procedure commenced in April 2013. The IMO therefore does not intend to delay the commencement of the Amending Rules.

7. The IMO's Decision

Based on the matters set out in this report, the IMO's decision is to accept the Rule Change Proposal as modified by the amendments made after the first and second submission periods.

7.1. Reasons for the decision

The IMO has made its 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 all submissions during the first and second submission periods.

Additional detail outlining the analysis behind the IMO's decision is outlined in section 5 of this Final Rule Change Report. Changes to the proposed Amending Rules since the Draft Rule Change Report are captured in Appendix 1 of this Report.

8. Amending Rules

8.1. Commencement

The amendments to the Market Rules resulting from this Rule Change Proposal will provisionally commence at **8.00 am** on **2 September 2013**.

8.2. Amending Rules

The IMO has decided to implement the following Amending Rules (~~deleted text~~, added text):

3.23 LoadWatch Data

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

(a) System Management's estimate of:

i. daily maximum temperature;

ii. daily minimum temperature; and

iii. daily maximum load in MW; and

(b) other data agreed between the IMO and System Management from time to time for the purpose of the LoadWatch Report.

The information specified in this clause 3.23.1 must be provided in accordance with the IMS Interface Market Procedure.

3.23.2. The IMO must, within one Business Day of receiving the information specified in clause 3.23.1, prepare and publish on the Market Web Site a LoadWatch Report covering each Business Day of the relevant week.

3.23.3. The IMO must ensure that the LoadWatch Report includes the information specified in clause 3.23.1 and, where available, for each Business Day of the previous week:

- (a) maximum and minimum temperatures;
- (b) total generation capacity and total Demand Side Management capacity;
- (c) total MW quantity of Outages;
- (d) total available generation capacity and total Demand Side Management capacity after accounting for total Outages;
- (e) maximum Operational System Load Estimate; and
- (f) total available generation capacity and total Demand Side Management capacity 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 a Trading Day, provide the IMO with an estimate (including any updated estimate from the estimate provided under clause 7A.3.7A) 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 that 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, an 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.

...

LoadWatch Report: A report prepared and published by the IMO 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 second submission period. These changes are as follows (~~deleted text~~, added text):

3.23 LoadWatch Data

- 3.23.1. System Management must, by 12:00 PM on each Monday during a~~within the~~ Hot Season, unless otherwise agreed with the IMO, provide to the IMO₁ 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.~~
- (a) System Management's estimate of:
- i. daily maximum temperature;
 - ii. daily minimum temperature; and
 - iii. daily maximum load in MW; and
- (b) other data agreed between the IMO and System Management from time to time for the purpose of the LoadWatch Report.

The information specified in this clause 3.23.1 must be provided in accordance with the IMS Interface Market Procedure.

- 3.23.2. The IMO must, within one Business Day of ~~receipt~~receiving of the information specified in clause 3.23.1, prepare and publish on the Market Web Site at the LoadWatch R~~report~~ covering each Business Day of ~~for the relevant week within the Hot Season.~~
- 3.23.3. The IMO must ensure that the LoadWatch R~~report~~ includes the information specified ~~estimates~~ in clause 3.23.1 and, where available, for each Business Day of the previous ~~week 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.~~
- (a) maximum and minimum temperatures;
- (b) total generation capacity and total Demand Side Management capacity;
- (c) total MW quantity of Outages;
- (d) total available generation capacity and total Demand Side Management capacity after accounting for total Outages;
- (e) maximum Operational System Load Estimate; and
- (f) total available generation capacity and total Demand Side Management capacity after accounting for total Outages and the maximum Operational System Load Estimate.

...

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, ~~an provisional~~ estimate of:

- (a) the SOI Quantity and the EOI Quantity for each Balancing Facility; and
- (b) the Relevant Dispatch Quantity₁

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

...

11 Glossary

LoadWatch Report: A report ~~prepared~~compiled and published by the IMO weekly during the Hot Season pursuant to clause 3.23.3.