

Wholesale Electricity Market Rule Change Proposal Submission

RC_2014_03

Administrative Improvements to the Outage Process

Submitted by

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Submissions on Rule Change Proposals can be sent by:

Email to: support@rcpwa.com.au

Post to: Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

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

Perth Energy supports the proposed changes that remove unnecessary administration, clarify the requirements of Rule Participants, and improve the transparency of outages in the Wholesale Electricity Market (WEM).

Perth Energy supports the Rule Change Panel's further amendments to:

- establish a mechanism (triggering outage notification) to improve transparency of network outages, and mitigate against the risk of Capacity Cost Refunds resulting from late changes to planned network outages;
- strengthen ex-ante outage reporting requirements for all types of outages to strengthen the market's ability to respond, including closer to real time;
- change the definition of maximum Sent Out Capacity to separate that of a Scheduled Generator and a Non-Scheduled Generator by reference to Standing Data items;
- allow unadjusted outage quantities to be submitted and then subtracted from the

maximum Sent Out Capacity (as proposed to be amended) to determine the Available Capacity of a Scheduled Generator; and

- move the calculation of outage rates (Equivalent Planned Outage Hours, Equivalent Forced Outage Hours, Planned Outage Rate and Forced Outage Rate) from a Market Procedure to an appendix of the Market Rules.

The Rule Change Panel has also elicited feedback on:

- Whether System Management should be required to ensure that the dispatch of Non-Scheduled Generators is consistent with their foreseeable constraints.
- How Non-Scheduled Generator capacity should be removed from service before a Consequential Outage and returned to service after a Consequential Outage.

It highlighted that it would discuss these issues at an upcoming Market Advisory Committee meeting in February. Perth Energy is hesitant to endorse any mechanism that encourages System Management to make changes to the dispatch of energy outside the economic merit order. We highlight that mechanisms designed to manipulate the market to account for network constraints (e.g. the Generator Interim Access (GIA) tool) are inconsistent with the fundamental design of the WEM, and ultimately lead to distortion, opaqueness and inequity in market outcomes.

Perth Energy notes the Rule Change Panel's difficulty in developing a cost-effective, viable alternative to determining the quantity of a Forced Outage where it has been unable to comply with a Dispatch Instruction. Ahead of anticipated changes to the dispatch systems and process as part of the Energy Transformation Strategy, Perth Energy will continue to seek practical, operational workarounds to reduce the impact of these circumstances.

The Rule Change Panel has proposed a number of further amendments that aim to expedite the submission of outages. Perth Energy broadly supports the reporting of Outages as soon as practicable. For Forced Outages, a Rule Participant will be recording the Outage on an ex-post basis. This means that in most cases, there is no increased transparency, no ability for other Rule Participants to respond, and consequently, no impact on market outcomes. Perth Energy is concerned that more strict deadlines may therefore impose additional administrative burden on Rule Participants, with no associated benefits.

The Rule Change Panel sought views on the merits of expected cost of changes to IT systems given the expected replacement of the outage system (SMMITS) as part of the Energy Transformation Strategy. Perth Energy considers the cost should be considered in the context of the shorter payback period (especially as reduced by its estimate of the extended time taken to finalise the Rule Change Proposal, and the six-month implementation timeframe¹).

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

Perth Energy continues to be supportive of the Rule Change Proposal, including the majority of the proposed revised amendments contained in the Rule Change Panel's Call for Further Submissions.

The removal of unnecessary administration, clarification of the requirements of Rule

¹ As stated in System Management's submission to the first round of consultation (January 2015).

Participants, and improved transparency of outages in the proposed revised Amending Rules will improve the overall efficiency of market operations.

We therefore consider the Rule Change Proposal as proposed to be amended in the Call for Further Submissions is broadly consistent with the Wholesale Market Objectives, and would better achieve market objectives (a) and (d) with one possible exception.

Perth Energy has not been provided sufficient detail to assess the merits of any proposed process and/or system envisaged to be used for System Management to adjust quantities for Non-Scheduled Generators due to constraints or outages. If this distorts market outcomes by undermining the economic merit order (as the current GIA tool does), it will be inconsistent 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.

Some of the Rule Change Panel's proposed amendments will require minor changes to Perth Energy's systems and processes. However, on the basis of the current drafting, we do not expect the cost of these changes to be material.

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

We expect that the changes Perth Energy will be required to undertake will be able to be completed within System Management's timeframe for implementing the necessary changes to market systems and processes.