

## Wholesale Electricity Market Rule Change Proposal Submission

**RC\_2015\_03**

### Formalisation of the Process for Maintenance Applications

**Submitted by**

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<b>Date submitted:</b>	13/11/2018

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Submissions on Rule Change Proposals can be sent by:

Email to: [support@rcpwa.com.au](mailto:support@rcpwa.com.au)

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

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

#### **Commentary on Rule Change Submission: Formalisation of the Process for Maintenance Applications (RC\_2015\_03)**

Whilst Simcoa is supportive of a transparent process which defines the method for making a Maintenance Application associated with respect to Demand Side Management and Non Temperature Dependant Load Consumption Deviation Applications (CDA), we are opposed to the implementation of the Head of Power provisions of the proposal to give AEMO the power to develop the process by which Consumption Deviation Requests are prepared, submitted and decided upon. Additionally we are opposed in principle to the imposition of fees to perform the analysis of CDA which are required by the Market Rules to gain what is essentially the Market Participant rightful dues.

The method presented in the rule change will result in an overly onerous process that does not meet the stated goal of *"assisting stakeholders in preparing their submissions"*. The adoption of the guideline, *"Guideline for: Consumption Deviation Application for Demand Side Programmes"*, permitted through the

interpretation of the Market Rules by AEMO, has already significantly added to the cost and time of preparing DSM claims. The proposed rule change legitimises the power of AEMO to tailor the process as it see's fit. If a similar process is allowed for by the proposed rule change for NDTL applications, it will significantly increase the required administrative and overly bureaucratic load required for the submission of NDTL applications as well.

The 3 Consumption Deviation Applications submitted in 2017/18 relate solely to the 3 NMI's operated by Simcoa, for the 2 Demand Side Programmes to which Simcoa makes its facilities available for. The reduced number of DSM related applications is solely due to Simcoa being the only remaining DSM provider following the changes to the Market Rules through the Electricity Market Review.

Under the current guideline, Simcoa is required to prepare and submit to the relevant Market Participant all maintenance related interference for each trading interval, together with the metered consumption for each NMI for the full 12-month period for the current Reserve Capacity Year (1 October – 30 September) – not just the 200 hours as stated in the current market rules. In addition, the degree of accuracy and explanation required, and number of 'rejection gates' an application must pass to even be considered, is significant. Due to the methodology adopted in the guideline by AEMO, the information required to be submitted with the CDA does not look solely at the top 200 peak sent out hours for the SWIS generation as is the intention of Appendix 10 of the WEM Rules, but rather it requires the submission of all maintenance related intervals for the entire year, together with an account and explanation for each maintenance event and an analysis of the load for all Trading intervals for the year for each individual NMI so as to determine the "normal" load. This requires Simcoa to prepare a minimum of 3 CDA's each year in order to get fair payment for the service it provides to the stability of the network through DSM services.

This is on top of the already significantly negatively biased treatment of DSM loads in the determination of the Relevant Demand compared to the Generation capacity determination of Relevant Level allowed for by the Market rules. The process to be followed by AEMO should be dictated by the rules and should be consistent in it's application for Reserve Capacity Payments/Credits across the board – generation and DSM.

The proposed Rule change will result in significant additional workload and possible rejection of legitimate claims to reduce the costs of (inappropriately) levied Individual Reserve Capacity Requirements in the case of Non-Temperature Dependant Loads, as it already has to allow Simcoa to legitimately correct the payment for the provision of a service to the Market in the case of DSM payments.

It would appear on the face of the proposal presented that the processes for an NDTL CDA and a DSM CDA requires essentially the same set of information but will require separate applications to be made in a slightly different format and at different times. This essentially requires Simcoa to again prepare and submit a further 3 CDA's, it is assumed with the same onerous conditions, in order for their loads to be classed as NTDL – otherwise Simcoa will be forced to pay an additional Capacity Charge for having their loads classed as TDL by default. Again this is overly bureaucratic and costly.

The timeframe for the receipt of meter data at the completion of the Capacity Year for the individual NMI's and the subsequent compilation of the CDA, submission, review before the date for which Reserve Capacity Credits are published is unworkable and has for the last 2 years since the introduction of the new assessment criteria resulted in a reduced Relevant Demand and the requirement for Capacity refunds. It also precludes any time for resubmission should it be necessary before DSM Relevant Demand figures are calculated and published by AEMO. The peak 200 hours used in the calculations are not available until, at the earliest, 1 October of each year for the previous consumption year. Meter data availability and the time for compilation of the CDA and does not allow for the application of a CDA for the full year as at 30 September, but necessitates a CDA to be submitted for a period less than a year, so as to allow for processing time. With the changing load profile in the WEM the peak sent out hours are no longer restricted to the summer months with many of the periods occurring in the period immediately before the 30 September.

In 2017/18 Capacity year, for example, 45 of the 200 hours occurred in the period 1 August through to 12 September. Simcoa, having been penalised the year before with the submission which resulted in a reduction in the Relevant Demand due to the submission not being approved prior to the issuance of Capacity Credits due to an extended period for the providing documentation to the satisfaction of AEMO, submitted a CDA 15/09/2018 for the period 1 October 2017 through to 1 August 2018. This was the last meter data Simcoa had received when the CDA preparation process commenced. AEMO published the Relevant demand at a much-reduced level on 1st October, which became effective on 3rd October. The reason for the reduced level was that 45 of the top 200 hours had occurred in the period between when the CDA data was analysed and the end of September. It is impossible to follow the procedure laid out in Appendix 10 of the WEM Rules, and the guideline issued by AEMO and have a valid CDA approved on 1st October when AEMO publish the Relevant Demand. This Capacity Refunds attributable to this situation has the potential to cost Simcoa a significant portion of it's yearly DSM capacity payments in only a few days. Given that the meter data can take up to a month to obtain, this process is totally unworkable.

To submit a CDA to cover the period up to 30 September requires a "punt" that none of the 200-hour intervals fall into the period that meter data is not yet available for, or that the future maintenance intervals are "guessed" in advance. Both of these are totally unacceptable, and any rule change must to allow sufficient time for the acquisition of meter data, and the meaningful analysis of that data. If the CDA is rejected accepted at a reduced level due to insufficient information, which is at AEMO's discretion, there is no latitude to resubmit the CDA within the timeframe and the Relevant Demand will be assessed on the basis of the metered data with no or incomplete allowance for maintenance interference. Simcoa is advised that submission of only 2 CDA's is permitted under the current rules, which leaves no latitude for error. The Market Rules give little room for appeal or adjustment.

There is a serious disconnect between the assessment of an individual Market Customer's IRCR which looks at only the individual loads at the 3 Peak Trading Intervals on 4 peak load days only over the summer period, as opposed to DSM

Relevant Demand determination of top 200 sent out total demand hours (2 consecutive trading intervals) throughout the full RC year. Whilst it is not part of the proposed rule change, these processes should be aligned.

Finally, the proposed impost of a fee for the processing of any CDA by a Market Participant to essentially obtain what is, essentially by the design of the Market Rules, a right of the Market Participant in providing a service to the Market is simply wrong. It is not the magnitude of the fee, which is at present insignificant, but once introduced could quite easily be inflated, but rather the principle. The processing of the CDA's is not an option for the Market Participant, as the rules are such that if the participant does not submit a CDA for the provision of the DSM service to the market, or to justify the Non-Temperature Dependence of their load, then there is no possibility that the participant will not be adversely affected by the outcome of the Market Rule Procedures. The Market Rules allow for the excepting of unintended interference due to inherent maintenance reliability which cannot be avoided or predicted with certainty, and to imply that the seeking of this allowance in the consideration of payments to or from the market participant makes the participant a beneficiary is wrong. This is a right of the Market Participant, and is not "causer pays" event.

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

*Not from Simcoa's perspective*

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- 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.**

*Additional resource required to manage electricity related administrative procedures*

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

*Currently performing activities proposed due to existing guideline for DSM loads*

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