
Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: *[to be filled in by the IMO]*

Received date: *[to be filled in by the IMO]*

Change requested by

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Address:	Level 11, Australia Place, 15-17 William St, Perth, WA, 6000
Date submitted:	9 May 2008
Urgency:	3 - High
Change Proposal title:	Outage Conversion
Market Rule(s) affected:	3.19

Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

This Change Proposal can be posted, faxed or emailed to:

Independent Market Operator

Attn: Dora Guzeleva, Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4339

Email: marketadmin@imowa.com.au

The Independent Market Operator will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Details of the proposed Market Rule Change

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:

The proposed rule change builds on RC_2007_08 and sets out to more clearly value availability during SWIS peak periods, but also to minimise the degree of subjectivity applied by System Management in the outage approval process.

The market rules at present provide guidelines to System Management with regard to what must be considered prior to approving an Outage Plan or an individual request for a Planned Outage. While these guidelines are extensive, they are still open to subjective interpretation and, quite rightly, are intended to be applied in such a manner as to prevent any threat to Power System Security or Power System Reliability. It is likely that System Management will therefore err on the side of caution whenever considering the approval of an outage.

The intent of the proposed rule change is to appropriately reduce such subjectivity in the approval of outages. However, it also recognises that plant maintenance is essential to the market to maximise availability during the peak season and that such maintenance should be, wherever possible without risk, be approved in non-peak seasons. Introducing the concept of post-outage approvals during these seasons minimises the potential for injudicious pre-outage approvals, whilst allowing the benefit of hindsight to be applied if decisions appear to have been proved to be overly cautious.

The effect of this is, to a degree, to move the burden of responsibility for 'marginal calls' from System Management to the Market Generators. If a Market Generator identifies a requirement for what it considers to be urgent maintenance it may, at its own risk, elect to take an outage at a time which it considers gives it an optimal chance of it gaining post-outage approval. Such a decision may or may not work in its favour but it removes the need for System Management to make a subjective judgement.

A side benefit of this may also be that it provides further encouragement to Market Generators to fully declare all plant movements at non-peak times (and as early as possible) on the basis that if there proves to be sufficient capacity available in the SWIS it will not suffer what might be viewed as an unfair penalty (or at least one that it may have managed to avoid). In any case, this will provide further improvements on transparency of plant availability in the market.

2. Explain the reason for the degree of urgency:

Verve Energy proposes that this change is progressed using the Fast Track Process, described in section 2.6 of the Wholesale Electricity Market Rules, on the basis that it satisfies the criteria in section 2.5.9(c) of the Rules.

Section 2.5.9 states:

The IMO may subject a Rule Change Proposal to the Fast Track Rule Change Process if, in its opinion, the Rule Change Proposal:
(a) is of a minor or procedural nature; or
(b) is required to correct a manifest error; or
(c) is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.

3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strike through~~ where words are deleted and underline words added)

Clause 3.19.1A

System Management will deem an outage which would otherwise constitute a forced outage to be a Scheduled Outage provided only that:

- a) The outage occurs between 1 April and 30 November, inclusive;
- b) The scheduling of any other outages has not been or will not be adversely affected by this outage or any other unplanned outages;
- c) The outage is submitted to System Management in accordance with the time specified in clause 3.21.7;
- d) Outages submitted in accordance with this clause for a single facility are not chronologically adjacent ; and

- e) The sum of outages subject to this provision is equal or less than the capacity of all Scheduled Generators plus System Management's reasonable estimate of the total available Demand Side Management capacity less the reserve margin specified in clause 3.19.1B less previously approved Planned Outages less any operational factors taken into account less System Management's reasonable estimate of actual load for the relevant Trading Interval.

Clause 3.19.1B

The reserve margin for the purposes of clause 3.19.1A for a Trading Interval is equal to a number to be determined (System Management needs to model), taking into account the transmission configuration, plus the amount of Load Following.

Clause 3.19.1C

Following the Trading Day, System Management must determine whether outages assessed in accordance with clause 3.19.1A for a Trading Interval are to be deemed Scheduled Outages so that the schedule of these outages is provided to the IMO in accordance with clause 7.13.1A.

Clause 3.19.1D

An outage, assessed in accordance with clause 3.19.1A, that does not meet the criteria defined in that clause for any Trading Interval will be deemed to be a Forced Outage for the remaining duration of that outage.

4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The proposed Market Rule change will further improve transparency in the outage approval process thereby promoting the safe and reliable production and supply of electricity in the SWIS.

5. Provide any identifiable costs and benefits of the change:

No costs are expected to be incurred as a consequence of implementing this rule change proposal.