
Agenda item 5(a) vi

Wholesale Electricity Market Pre Market Rule Change Discussion Paper

Submitted by

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Urgency:	Low
Change Proposal title:	Definition of a Power System Operation Procedure
Market Rule(s) affected:	Glossary "Market Procedure" and "Power System Operation Procedure"

Introduction

This Pre Market Rule Change Discussion Paper can be posted, faxed or emailed to:

Independent Market Operator

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The discussion paper should explain how the proposed rule change 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:

Chapter 11, the Glossary of the Wholesale Electricity Market Rules (Market Rules), currently provides a definition of a Power System Operation Procedure (PSOP) as being the “Market Procedure developed by System Management pursuant to clause 3.2.7”. Clause 3.2.7 of the (Market Rules requires System management to develop PSOP’s for the process(s) to be followed:

- In maintaining Equipment Limit information;
- In determining Security Limits and maintaining Security Limit information;
- In establishing and maintaining the Technical Envelope; and
- To enable System Management to operate the SWIS according to the Technical Envelope applicable to each SWIS Operating State.

However, there are a number of other instances where the Market Rules require System Management to develop a PSOP, such as (for example):

- Clause 2.35.4: System Management must document the communications and control system requirements necessary to support the dispatch process in the Power System Operation Procedure;
- Clause 3.11.14: System Management must document in the Power System Operation Procedure the procedure to be followed when determining Ancillary Service Requirements, entering into Ancillary Service Contracts, including the process for conducting competitive tender processes utilised for the awarding of Ancillary Service Contracts; and preparing budget proposals for providing Ancillary Services; and
- Clause 3.16.10: System Management must document the procedure it follows in conducting Medium Term PASA studies in the Power System Operation Procedure.

Given that clause 3.2.7 is not the only place in the Market Rules where the development of a PSOP is required, the IMO proposes that the definition of a Market Procedure should be amended to include a reference to all the PSOP’s developed by System Management. The IMO proposes to do this by replacing the current definition of a PSOP with a reference to the definition of a Market Procedure.

2) Explain the reason for the degree of urgency:

This rule change proposal consists of a minor correction to amend an inaccuracy in the definition of a PSOP. It does not seek to amend the operation of the Market Rules. As such, it

fulfils sub-clauses 2.5.9(a) and 2.5.9(b), in that it is of a minor nature and will correct a current manifest error in the definition of a PSOP, and therefore may be fast-tracked.

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)

Chapter 11 Glossary

Market Procedure: The procedures developed by IMO and System Management in accordance with clause 2.9, (including the Power System Operation Procedures developed by System Management) as amended in accordance with the Procedure Change Process.

Power System Operation Procedure: ~~The Market Procedure developed by System Management pursuant to clause 3.2.7.~~ See Market Procedure.

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

The IMO considers that the proposed changes, which amend a current inaccuracy in the definition of a PSOP, are consistent with the market objectives and are necessary to maintain the integrity of the Market Rules.

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

Costs

No system changes associated with implementing this proposed rule change have been identified.

Benefits

The proposed rule change is consistent with the Market Objectives as outlined in section 4 of this pre rule change discussion paper.
