
Agenda item 5(a) iv

Wholesale Electricity Market Pre Rule Change Proposal Discussion Paper

Change requested by

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Organisation:	System Management
Address:	
Date submitted:	28 October 2009
Urgency:	Standard Rule Change Process
Change Proposal title:	Provision of a Load Following Ancillary Service
Market Rule(s) affected:	Clause 3.9.1

Introduction

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

Independent Market Operator

Attn: Troy Forward, Manager Market Administration & System Capacity
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

Email: marketadmin@imowa.com.au

The discussion paper should 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. Outline the issue concerning the existing Market Rules that is to be addressed by the proposed Market Rule change:

The Market Rules as they are currently written only allow for Scheduled Generators to provide Load Following Ancillary Services. This threshold requirement effectively functions to prevent a Load or Non Scheduled Generator from satisfying the requirements of a provider of a Load Following Service, and therefore precludes an offer to provide Load Following Ancillary Service in any procurement process initiated under the Market Rules.

As the inaugural Load Following Ancillary Service procurement process is due to commence in the near future System Management is determined to limit any impediments which may operate to preclude potential providers from participating.

In theory, a Load Following Ancillary Service can be provided either by a Scheduled Generator, Non Scheduled Generator, a Dispatchable Load or a Curtailable Load and hence all should be able to be considered in the procurement process. It is also noted that the second draft report of the Ancillary Service review performed by SKM (engaged by the IMO: <http://www.imowa.com.au/n685.html>) recommends that loads be allowed to provide Load Following.

Broadening the scope of potential providers of Load Following Ancillary Service will ensure that all available options can be explored.

2. Explain the reason for the degree of urgency:

System Management submits that this rule change proceed under the Standard Rule Change Process.

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

Market Rule 3.9.1

Load Following Service is the Service of frequently adjusting:

- (a) the output of one or more Scheduled Generators;

(b) the output of one or more Non Scheduled Generators; or

(c) the consumption of one or more Loads,

within a Trading Interval so as to match total system generation to total system load in real time to order to correct any SWIS frequency variations.

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

This proposed Rule Change would better address objectives (a), (b), (c) and (e) of the Market Objectives.

The Rule Change broadens the potential range of participants who may provide Load Following Ancillary Service, increasing competition, avoiding discrimination against particular energy options and encouraging measures to manage the amount of electricity used.

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

Benefits:

- Increase in fairness and equity within the procurement process for Load Following Ancillary Services.

Costs:

- No costs have been identified.
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