
Agenda item 5(a) iii

Wholesale Electricity Market Rule Change Proposal – Discussion Paper

Submitted by

Name:	Alistair Butcher
Phone:	9427 5787
Fax:	9427 4228
Email:	Alistair.butcher@westernpower.com.au
Organisation:	System Management
Address:	
Date submitted:	8 October 2009
Urgency:	Standard Rule Change process
Change Proposal title:	Approval process for Equipment Tests
Market Rule(s) affected:	Clause 7.10.2, clause 7.10.5A(b), chapter 11

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 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:

Generation facilities at times require ongoing testing (eg for environmental approvals) which is unable to satisfy the requirements of a Commissioning Test as provided for in clause 3.21A.

There is no ability under the Market Rules to undertake a test of equipment except via production consistent with a Resource Plan or Commissioning Test. Where a participant endeavours to perform a test under a Resource Plan there may on occasion be undisclosed deviations. To ensure Power System Security and Power System Reliability it is imperative that Market Participants consult with System Management before undertaking tests which may see the facility deviate from its Resource Plan, to allow System Management to plan system operations accordingly during the relevant period.

However, under the current Market Rules, if a facility notified System Management of the intention to perform such a test, and the test would result in deviation from a Resource Plan, System Management would be obliged to order the facility to return to the Resource Plan. Non-compliance with this instruction would expose the Participant to enforcement action.

This Rule Change intends to provide an option to Market Participants called an “Equipment Test”. A participant could utilise this option to seek System Management approval, in advance, of a deviation from Resource Plan. The participant would be exempted from enforcement action in respect of the obligation to comply with Resource Plan for the duration of the test, but participants would still remain liable for commercial penalties (ie. UDAP, DDAP, Forced Outage refunds).

Advance notification must be given to System Management in the form of a proposed testing plan, which if approved, removes System Management’s obligation to order the facility back to its Resource Plan in accordance with clause 7.10.5 of the Market Rules for the duration of the test.

The advantage to System Management is a higher degree of transparency associated with real-time deviations from Resource Plans. If Market Participants are given the opportunity to provide their test plans to System Management in advance, and are exempt from compliance (but not commercial) penalties this will afford a significant benefit to real-time power system operations through greater visibility of a participant’s intended behaviour.

2) Explain the reason for the degree of urgency:

System Management submits that the above rule changes be proceeded with 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 ~~strikethrough~~ where words are deleted and underline words added)

7.10.2 A Market Participant is not required to comply with clause 7.10.1 if such a compliance would endanger the safety of any person, damage equipment, ~~or breach~~ any applicable law, or is subject to an approved Equipment Test pursuant to clause 7.10.5A(b).

7.10.5A System Management is not required to follow the process in clause 7.10.5 where it considers that:

...

(b) the Market Participant has notified System Management in advance that it expects to deviate from its Resource Plan:

- (i) in order to subject the relevant Facility to testing, to enable it to enter full commercial operation for the first time; or
- (ii) where System Management has approved an Equipment Test for a Facility for the Trading Interval;

...

Chapter 11 Equipment Test: Is a test conducted by a Market Participant to test the ability of a Scheduled Generator or a Non-Scheduled Generator for the purposes of:

- (a) verifying Standing Data for a Facility as per clause 2.34.6;
- (b) resolving technical performance issues; or
- (c) confirming capability of Ancillary Services.

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 objective (a) of the Market Objectives. It is the view of System Management that allowing participants to have approved Equipment Tests under a Resource Plan will increase the system operator's visibility of likely real-time deviations which might affect the power system, significantly improving the ability to plan for supply needs and contingencies. This would aid the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system

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

- The changes would increase transparency regarding real-time deviations from Resource Plans relating to tests of equipment.
- The changes would effectively provide an incentive for Market Participants to provide information to System Management in support of Power System Security and Power System Reliability.

Costs:

- No costs have been anticipated by System Management.
-