

Independent Market Operator



Rule Change Notice
Ref: RC_2007_0001
Title: Synchronisation Approval

Date: 3 April 2007

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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 and submit this to the Independent Market Operator.

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

In order for the proposal to be progressed 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.

A rule change proposal can be processed using a Standard process or a Fast Track process. The Standard process involves a combined 10 weeks public submission period, while the Fast Track process involves the IMO consulting with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.

Date of the Proposal

IMO received, on 30 March 2007, a Rule Change Proposal from System Management regarding a change to clauses 7.9.1 and 7.9.5 of the Wholesale Electricity Market Rules.

This Rule Change Notice is published according to Market Rule 2.5.7, which requires the IMO to publish a notice within 7 Business Days of receiving a Rule Change Proposal.

Submission details

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Date submitted: 2007-03-30
Urgency: 3 - high
Change request title: Synchronisation Approval

Details of the proposal

Clause 7.9.1 of the Market Rules, which requires that System Management be contacted prior to a scheduled generator being synchronised, does not apply to the Electricity Generation Corporation, Verve Energy. The rule currently states:

Subject to clause 7.9.2, if a Market Participant (other than the Electricity Generation Corporation) intends to synchronise a Scheduled Generator, then it must confirm with System Management the expected time of synchronisation

- (a) at least one hour before the expected time of synchronisation; and*
- (b) must update this advice five minutes before synchronising.*

Clause 7.9.5 of the Market Rules, which requires that System Management be contacted prior to a scheduled generator being desynchronised, does not apply to Verve Energy. The rule currently states:

Subject to clauses 7.9.6 and 7.9.6A, if a Market Participant (other than the Electricity Generation Corporation) intends to desynchronise a Scheduled Generator, then it must confirm with System Management the expected time of desynchronisation

- (a) at least one hour before the expected time of desynchronisation; and*
- (b) must update this advice five minutes before desynchronising.*

In order for Market Participants to be treated on an equitable basis, and recognising that synchronising and desynchronising without System Management's approval has the potential to affect power system security, System Management proposes that the relevant rules be amended to remove the exception which applies to Verve Energy.

System Management submitted that this rule change be progressed under the fast track rule change process (clause 2.6), on the grounds that the criterion in clause 2.5.9(c) is satisfied. That is the change is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.

Description

In order to maintain system security in the SWIS, System Management needs to know when a plant will be synchronised or desynchronised. Failing to do so is a breach of the Market Rules and carries a category C civil penalty. An unauthorised synchronisation or desynchronisation can severely affect the security of supply in the SWIS.

The Market Rules currently exempt Verve Energy from the requirements to inform System Management when synchronising or desynchronising plant, and hence also exempt Verve Energy from the civil penalty provisions that apply to those requirements.

ASSESSMENT WHETHER THE PROPOSAL WILL BE PROGRESSED

System Management has submitted that the Rule Change Proposal is essential for the safe, effective and reliable operation of the SWIS and is therefore urgently required.

IMO has assessed the proposal and has decided to proceed with it on the basis that IMO's preliminary assessment indicated that the proposal will further the Market Objectives.

The Fast Track Process

IMO has decided to process this Rule Change Proposal using the Fast Track Process, described in section 2.6 of the Wholesale Electricity Market 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.*

Synchronising or de-synchronising plants without System Managements approval may adversely affect power system security. Therefore, IMO finds it appropriate to Fast Track the proposal according to Section 2.5.9 (c), above.

The Fast Track Process adheres to the following timelines, outlined in section 2.6 of the Market Rules:

- Within 5 Business Days of this notice being published, the IMO must notify any Rule Participants that the IMO intend to consult regarding this rule change
- Within 5 Business Days of this notice being published, any Rule Participant wishing to be consulted may contact the IMO to request consultation on the rule change
- Within 15 Business Days of this notice being published, all Consultations must be concluded
- Within 20 Business Days of this notice being published, IMO must publish a Final Rule Change report.

Proposed amending rule

The proposal is to amend clause 7.9.1. The changes are shown in bold, removing the exemption for the Electricity Generation Corporation:

Subject to clause 7.9.2, if a Market Participant ~~(other than the Electricity Generation Corporation)~~ intends to synchronise a Scheduled Generator, then...

The proposal is to amend clause 7.9.5. The changes are shown in bold, removing the exemption for the Electricity Generation Corporation:

Subject to clauses 7.9.6 and 7.9.6A, if a Market Participant ~~(other than the Electricity Generation Corporation)~~ intends to desynchronise a Scheduled Generator, then...

Consultation

Any Rule Participant wishing to be consulted regarding this rule change is invited to notify the IMO within 5 Business Days of this notice being published.