
Wholesale Electricity Market - Rule Change Proposal Form

Change requested by Alinta Sales Pty Ltd

Name:	Stan Reid
Phone:	(08) 6213 7352
Fax:	
Email:	stan.reid@alinta.net.au
Organisation:	Alinta Sales Pty Ltd
Address:	Alinta Plaza, 12-14 The Esplanade, Perth
Date submitted:	3 May 2007
Urgency:	High
Change Proposal title:	Intermittent Generator Downward Dispatch Amendment
Market Rule(s) affected:	7.7.5A, 7.7.5B and 6.17.6 (c)

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) 9420 5755

Email: dora.guzeleva@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:

Non-Scheduled Generators – Dispatch Instruction Payment

Under the current Market Rules {MR 6.17.6(c) and MR 9.8.1}

- Non-Scheduled generators are treated differently than Scheduled Generators for downward dispatch instruction payments
- Results in potential adverse outcomes for Non-Scheduled Generators

Including the imbalance the effective downward Dispatch Instruction Payment (EDIP) for a Scheduled Generator is:

a) $EDIP = \text{Dispatch Quantity} * (\text{Bid Price})$

The effective downward DIP for a Non Scheduled Generator is:

b) $EDIP = \text{Dispatch Quantity} * (\text{MCAP} + \text{Bid Price})$

Under a) Scheduled Generators always pay or are paid their desired bid price and the MCAP value does not impact upon this.

Under b) Non Scheduled Generators are adversely impacted in instances where $MCAP > 0$.

Non Scheduled Generators - Dispatch Quantity

For Non Scheduled Generators:

- the Dispatch Quantity is relative to it's Resource Plan; unless
- no Resource Plan is submitted – where the Dispatch Quantity is based upon System Management's estimate of the output reduction for the dispatch period.

This means that a Non Scheduled Generator may be disadvantaged based on a combination of the level of downward Dispatch Quantity, the submitted Resource Plan Quantity and the estimated output for the dispatch period.

2. Explain what the degree of urgency is for the Rule Change and why:

or

If a Fast Track rule change process is proposed, provide reasons as to why urgent change is required:

The rule change proposal could possibly be fast tracked because Market Participants who own and operate intermittent generators are at risk of incurring penalties, relative to Scheduled Generators, for the period until the amendment is made. If the IMO consider that the rule change proposal does not meet the fast tracking criteria then Alinta Sales is content for the proposal to go through the standard rule change proposal process.

3. Provide potential specific changes to particular Rules and how the proposed Rule Change would address the concern identified at (1):

Rule 7.7.5A

Current rule 7.7.5A

7.7.5A. For the purpose of determining the quantity described in clause 6.17.6(c)(i) for a Non-Scheduled Generator for each Trading Interval the quantity is:

- (a) in the case of a Non-Scheduled Generator included in a Resource Plan, to be the greater of zero and the MWh difference between the Resource Plan MWh quantity of the Non-Scheduled Generator less the MWh output of the Non-Scheduled generator over the Trading Interval implied by its Dispatch Instruction; and
- (b) in the case of a Non-Scheduled Generator not included in a Resource Plan, System Management's estimate of the MWh reduction in output, by Trading Interval, of the Non-Scheduled Generator as a result of System Managements Dispatch Instruction.

Changed wording of 7.7.5A

7.7.5A. For the purpose of determining the quantity described in clause 6.17.6(c)(i) for each Trading Interval, the quantity is:

- (a) where System Management has been provided with information in accordance with clause 7.7.5B, System Management's estimate of the MWh reduction in output, by Trading Interval, of the Non-Scheduled Generator as a result of System Management's Dispatch Instruction; or
- (b) in the case of a Non-Scheduled Generator included in a Resource Plan, for which System Management has not been provided with information in accordance with clauses 7.7.5B, the greater of zero and the MWh difference between the Resource Plan MWh quantity of the Non-Scheduled Generator less the MWh output of the Non-Scheduled generator over the Trading Interval implied by its Dispatch Instruction.

Rule 7.7.5B

Current rule 7.7.5B

7.7.5B. A Market Participant may provide System Management with information specified in the Power System Operation Procedure to support the calculation of the quantity described in clause 7.7.5A(b).

Change to:

7.7.5B. A Market Participant may provide System Management with information specified in the Power System Operation Procedure to support the calculation of the quantity described in clause 7.7.5A(a).

Rule 6.17.6 (c)

Current rule 6.17.6 (c)

6.17.6. The Dispatch Instruction Payment, $DIP(p,d,t)$, for Market Participant p and Trading Interval t of Trading Day d equals the sum of:

- (c) the sum over all Non-Scheduled Generators registered by the Market Participant of the amount that is the product of:
 - i. the quantity by which the Non-Scheduled Generator was instructed by System Management to reduce its output (where for the purpose of this calculation a Loss Factor adjustment is to be applied to the quantity specified by System Management so that the result is measured at the Reference Node); and
 - ii. the Standing Data price defined in Appendix 1(e)(v) that was current at the time of the Trading Interval for the Non-Scheduled Generator for a decrease in generation, (accounting for whether the Trading Interval is a Peak Trading Interval or an Off-Peak Trading Interval);

Changed wording of 6.17.6 (c):

- (c) the sum over all Non-Scheduled Generators registered by the Market Participant of the amount that is the product of:
 - i. the quantity, defined as a negative value, by which the Non-Scheduled Generator was instructed by System Management to reduce its output (where for the purpose of this calculation a Loss Factor adjustment is to be applied to the quantity specified by System Management so that the result is measured at the Reference Node); and
 - ii. the Standing Data price defined in Appendix 1(e)(v) that was current at the time of the Trading Interval for the Non-Scheduled Generator for a decrease in generation, (accounting for whether the Trading Interval is a Peak Trading Interval or an Off-Peak Trading Interval) less MCAP for the Trading Interval;

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

Market Participants receiving downward dispatch instructions would be treated equally i.e. Intermittent Generators would not be disadvantaged relative to Scheduled Generators.

5. Outline identifiable costs and benefits of the change:

The cost to implement the change would be negligible; the benefits are that Intermittent Generators would not be artificially and incorrectly disadvantaged in monetary terms due to an error in the Market Rules.

Change Proposal No: RC_2007_02

Received date: 3 May 2007