

# Independent Market Operator



## **Rule Change Notice**

### **Title: STEM Notification of Plant Availability**

Ref: RC\_2007\_21

Date: 22 October 2007

## CONTENTS

<b>1. INTRODUCTION .....</b>	<b>2</b>
<b>2. THE RULE CHANGE PROPOSAL .....</b>	<b>3</b>
2.1 The Submission .....	3
2.2 Details of the Proposal .....	3
2.3 The Proposal and the Market Objectives .....	4
<b>3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER.....</b>	<b>5</b>
<b>4. CONSULTATION .....</b>	<b>6</b>
<b>5. PROPOSED AMENDING RULES .....</b>	<b>7</b>

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### Independent Market Operator

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## 1. INTRODUCTION

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the Independent Market Operator) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the Independent Market Operator (IMO).

The IMO 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 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.

## 2. THE RULE CHANGE PROPOSAL

### 2.1 The Submission

Verve Energy submitted, on 15 October 2007, a Rule Change Proposal to amend the Market Rules to clarify that the outage data used by the IMO for settlement purposes should reflect the Planned Outage position provided to the IMO by System Management before a STEM Submission is made.

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.

#### 2.1.1 Submission details

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<b>Organisation:</b>	Verve Energy
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<b>Date Submitted:</b>	15/10/2007
<b>Urgency:</b>	High

### 2.2 Details of the Proposal

Market Rule 7.13.1A reads:

*‘System Management must provide the IMO with the following data for a Trading Day by noon on the fifteenth Business Day following the day on which the Trading Day ends:*

- (a) *the MWh quantity of non-compliance by the Electricity Generation Corporation by Trading Interval;*
- (b) *the schedule of all Planned Outages, Forced Outages and Consequential Outages relating to each Trading Interval in the Trading Day by Market Participant and Facility’*

Verve Energy notes that this Planned Outage, Forced Outage and Consequential Outage data reflects the position after a STEM Submission has been made.

It is also noted that System Management also provides a schedule of all outages before STEM submissions for a Trading Day are made.

Verve Energy submits that where a Market Participant has a facility that, at the time of the STEM Submission, is undergoing a Planned Outage the Market Participant is not able to bid that capacity into the STEM. However, this facility may subsequently become available before the scheduled end of the Planned Outage and System Management’s Planned Outage schedule will be updated to reflect this.

At present, the Planned Outage details that System Management provides to the IMO for settlement purposes reflect the facility’s position after the STEM Submission and, the above situation would, under Market Rule 4.26.2, result in a calculated shortfall in the STEM Submission and a subsequent Reserve Capacity Refund.

In order to avoid these refunds, Verve Energy proposes that the data used by the IMO for settlement purposes should reflect the Planned Outage position provided to the IMO by System Management before the STEM Submission in order to correctly calculate any shortfall at the time of the STEM Submission.

The amendments to the Market Rules proposed by Verve Energy are outlined in Section 5 of this Notice.

### **2.3 The Proposal and the Market Objectives**

Verve Energy submits that the proposed Rule Change supports the following Market Objective:

- (b) *to minimise the long-term cost of electricity supplied to customers from the South West Interconnected System;*

Verve Energy considers that adoption of the proposed Rule Change will prevent generators from being incorrectly charged capacity refunds when they have been able to bring facilities back from planned outages earlier than anticipated.

### 3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicated that the proposal is consistent with the Market Objectives.

The 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, on the basis that it satisfies the criteria in section 2.5.9(b) of the 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.*

The IMO considers that this change seeks to clarify the rules to ensure that generators returning early from a Planned Outage are not subjected to reserve capacity refunds as a result of this. This is a manifest error that should be corrected in a timely manner to avoid further unintended financial consequences for the affected Participants.

The projected timelines for processing this proposal are:

- This Rule Change Notice published 22/10/2007
- Consultation period 23/10/2007 - 12/11/2007
- Final Report published 19/11/2007

#### 4. 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.

The IMO prefers to receive notifications for consultation by email to **marketadmin@imowa.com.au**.

Notifications may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator  
Attn: Dora Guzeleva, Manager Market Administration  
PO Box 7096  
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

## 5. PROPOSED AMENDING RULES

Verve Energy proposes the following changes to the Wholesale Electricity Market Rules (~~deleted wording~~, added wording):

### **Clause 4.12.6**

- 4.12.6. Subject to clause 4.12.7, any initial Reserve Capacity Obligation Quantity set in accordance with clauses 4.12.4, 4.12.5, or 4.28B.4 is to be reduced once the Reserve Capacity Obligations take effect, as follows:
- (a) if the aggregate MW equivalent to the quantity of Capacity Credits (as modified from time to time under the Market Rules) for a Facility is less than the Certified Reserve Capacity for that Facility at any time (for example as a result of the application of clause 4.20.1, clause 4.25.4 or clause 4.25.6), then the IMO must reduce the Reserve Capacity Obligation Quantity to reflect the amount by which the aggregate Capacity Credits fall short of the Certified Reserve Capacity;
  - (b) subject to clause 4.27.9, during Trading Intervals where there is a Consequential Outage or a Planned Outage for a Facility ~~approved~~ provided to the IMO by System Management in accordance with clause 7.3.4 ~~or a Consequential Outage~~, the IMO must reduce the Reserve Capacity Obligation Quantity for that Facility, after taking into account any adjustments in accordance with paragraph (a), to reflect the amount of capacity unavailable due to that outage;