

Independent Market Operator



Rule Change Notice

Title: System Management Capacity Test Notification to the IMO

Ref: RC_2008_01

Date: 14 January 2008

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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

System Management submitted a Rule Change Proposal, on 7 January 2008, regarding changes to clause 4.25.9(e) 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.

2.1.1. Submission details

Name:	Alistair Butcher
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Organisation:	System Management
Date submitted:	07 January 2008
Urgency:	Normal rule change process
Change Proposal title:	System Management Capacity Test Notification To The IMO
Market Rule(s) affected:	Clause 4.25.9(e)

2.2. Details of the Proposal

Market Rule 4.25.9 (e) states that:

In conducting a [Reserve Capacity] test, System Management:

- (a) ...
- (e) must report to the IMO whether the test was successful, and if not, report the generation achieved by the Facility during the test;

This clause currently imposes an obligation for System Management to report to the IMO whether a reserve capacity verification test was successful. System Management submits that it is unable to comply with this obligation, as it only has access to SCADA data – rather than meter data – and, in any event, does not have access to temperature curves used by the IMO to compare plant performance at variable temperatures with the reserve capacity obligation at 41 degrees Celsius.

System Management submits that this provision should be amended to more accurately reflect what System Management is able to do. System Management proposes that the clause be limited to only require System Management to report whether the test was successfully *performed*.

The proposed rule changes are set out in section 5 of this Notice.

2.3. *The Proposal and the Market Objectives*

System Management submits that the proposed Rule Change would better address objective (a) of the Market Objectives because the changes proposed would promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.

System Management argues that the rule change would increase the certainty of the application of the rules, and aid economically efficient outcomes through the removal of an obligation which cannot be satisfied.

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 indicates that the proposal is consistent with the Market Objectives.

The proposal will be progressed according to the Standard Rule Change Process described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:

- This Rule Change Notice published 14/01/2008
- First Submission period 14/01/2007 - 25/02/2008
- Draft Report published 27/03/2008
- Second submission period 27/03/2008 - 24/04/2008
- Final Report published 23/05/2008

4. CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is six weeks from the publication date of this notice. Submissions must be delivered to the IMO by close of business on **Monday 25 February 2008**.

The IMO prefers to receive submissions by email to **marketadmin@imowa.com.au** using the submission form available on the IMO website:
http://www.imowa.com.au/10_5_1_MarketRulesChangeSummary.html

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

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

Fax: (08) 9254 4399

5. PROPOSED AMENDING RULES

System Management proposes the following amendments to the Market Rules (added words are underlined and deleted words are crossed out):

4.25.9 In conducting a test, System Management:

(a) ...

...

(e) must report to the IMO whether the test was successfully performed, and if not, ~~report the generation achieved by the Facility during the test;~~