



Draft Rule Change Report
Title: Local Black Start Procedures

Ref: RC_2008_21

Standard Rule Change Process

Date: 22 August 2008

CONTENTS

1.	INTRODUCTION	2
2.	THE RULE CHANGE PROPOSAL.....	3
2.1.	Submission Details.....	3
2.2.	Details of the Proposal	3
2.3.	The Proposal and the Market Objectives	4
2.4.	Amending Rules proposed by System Management.....	4
2.5.	The IMO's Initial Assessment of the Proposal	4
3.	SUBMISSIONS	5
3.1.	Market Advisory Committee	5
3.2.	Submission from Synergy	5
3.3.	Submission from Landfill Gas and Power Pty Ltd (LGP)	5
3.4.	Public Forums and Workshops	6
4.	THE IMO'S ASSESSMENT AND DECISION.....	7
4.1.	Assessment.....	7
4.2.	IMO's Draft Decision	7
5.	CALL FOR SUBMISSIONS	9
6.	PROPOSED AMENDING RULES.....	10
7.	GENERAL INFORMATION ABOUT RULE CHANGE PROPOSALS	11

DOCUMENT DETAILS

IMO Notice No.: RC_2008_21
Report Title: Draft Rule Change Report: Local Black Start Procedures
Release Status: Public
Confidentiality Status: Public domain
Published in accordance with Market Rule 2.7.6

Independent Market Operator

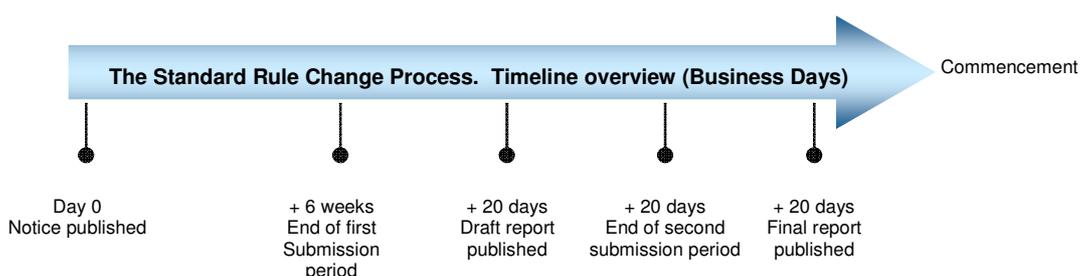
Level 3, Governor Stirling Tower
197 St George's Terrace, Perth WA 6000
PO Box 7096, Cloisters Square, Perth WA 6850
Tel. (08) 9254 4300
Fax. (08) 9254 4399
Email: imo@imowa.com.au
Website: www.imowa.com.au

1. INTRODUCTION

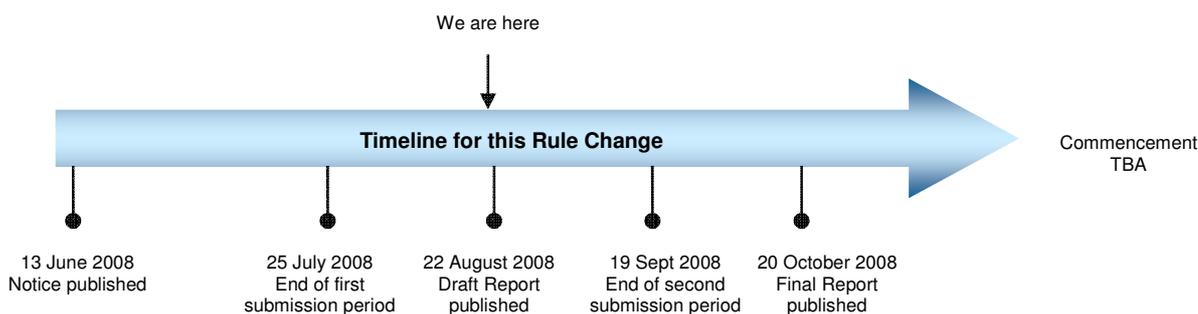
On 4 June 2008 System Management submitted a Rule Change Proposal regarding changes to clause 3.7 of the Wholesale Electricity Market Rules (Market Rules).

This Proposal is being processed using the Standard Rule Change Process, described in section 2.7 of the Market Rules.

The standard process adheres to the following timelines, outlined in section 2.7 of the Market Rules:



The key dates in processing this Rule Change Proposal are:



Based on the submissions received, the IMO's draft decision is to implement the Rule Change Proposal in the form outlined in section 6 of this Report.

This Draft Rule Change Report on the Rule Change Proposal has been prepared by the IMO in accordance with clause 2.7.6 of the Market Rules.

Interested parties are invited to provide further submissions in relation to this Draft Rule Change Report. In accordance with the Market Rules timelines, the deadline for submissions is 19 September 2008.

2. THE RULE CHANGE PROPOSAL

2.1. Submission Details

Name:	Alistair Butcher
Phone:	9427 5787
Fax:	9427 4228
Email:	Alistair.butcher@westernpower.com.au
Organisation:	System Management
Address:	
Date submitted:	4 June 2008
Urgency:	Normal
Change Proposal title:	Local Black Start Procedures

2.2. Details of the Proposal

System Management submitted that clause 3.7 of the Market Rules deals with system restart (or “black start”) arrangements. This provision requires System Management to make operational plans and preparations to restart the SWIS in the event of a supply shutdown, and also requires System Management to use its reasonable endeavours to restart the system in the event of a shutdown.

System Management has entered into a deed for the provision of system restart service, and is currently assessing the adequacy of the service which has been procured.

As part of its assessment, System Management has undertaken a review of the existing arrangements for restarting the SWIS and has identified the need for information to be provided to assist it in understanding the likely condition and capabilities of plant following a system shutdown or major system disturbance. Provision of full and accurate information is important as this allows System Management to be fully informed of the technical requirements and limitations of generating facilities connected to the SWIS.

System Management submitted that the Market Rules do not currently mandate that generators provide and maintain this information.

System Management therefore proposed a rule change to address this deficiency. The rule change would require generators to develop “local black system procedures” and supply these to System Management if required. System Management will develop guidelines which will assist generators in the preparation of these documents. It is anticipated that the guidelines will include:

- general information on the power station;
- assessment of the emergency situation and safe shut down of generating units;
- restart of generators and high-level strategies followed by power stations in the event of a major supply disruption;
- technical and operational information needing to be considered in developing system restart plans; and
- specific information to be provided by embedded generation and wind generation.

System Management will use the local black system procedures as a major input into developing detailed electrical sub-network restart procedures.

Clause 4.8.12 of the National Electricity Rules mandates that generators in the NEM prepare similar documents for the approval of NEMMCO.

2.3. The Proposal and the Market Objectives

System Management submitted that this proposed Rule Change would better address objective (a) of the Market Objectives. System Management submitted that the changes as submitted 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 further submitted that the change would significantly assist System Management in the preparation of plans to restart the network, thereby promoting the safe and reliable production and supply of electricity.

2.4. Amending Rules proposed by System Management

The amendments to the Market Rules that were proposed by System Management are set out below (~~deleted words~~, added words):

- 3.7.3 System Management must from time to time publish guidelines for the preparation of Local Black System Procedures.
- 3.7.4 Where System Management has published guidelines under clause 3.7.3, each Scheduled Generator and Non-Scheduled Generator must develop Local Black System Procedures in accordance with those guidelines.
- 3.7.5 Local Black System Procedures must provide sufficient information to enable System Management to understand the likely condition and capabilities of Facilities following any major supply disruption or system shutdown such that System Management is able to make the operational plans and preparations referred to in clause 3.7.1.
- 3.7.6 Each Scheduled Generator and Non-Scheduled Generator must submit its Local Black Start Procedures to System Management upon request. System Management may request that a Scheduled Generator or Non-Scheduled Generator review and amend its Local Black System Procedures.
- 3.7.7 A request made by System Management under clause 3.7.6 must be complied with.

2.5. The IMO's Initial Assessment of the Proposal

The IMO decided to proceed with the proposal on the basis of its preliminary assessment, which indicated that the proposal was consistent with the Wholesale Market Objectives. This preliminary assessment was published in a Rule Change Notice on 13 June 2008.

3. SUBMISSIONS

The IMO received two submissions on the changes proposed by System Management, from Synergy and from Landfill Gas and Power Pty Ltd. The submissions are summarised in the paragraphs below, and the full text is available on the IMO website.

3.1. Market Advisory Committee

The Market Advisory Committee (MAC) was first advised of the proposed rule change at its meeting on 12 March 2008, before it was formally submitted to the IMO.

At the meeting, MAC members questioned why the proposed amending rules required that Market Participants must establish procedures in line with guidelines developed by System Management, when it was only optional that System Management develop these guidelines.

MAC members suggested that the drafting should require that System Management must establish guidelines for procedures, and Market Participants must develop those procedures.

In response to these comments System Management revised the form of its proposal before submitting it to the IMO.

3.2. Submission from Synergy

Synergy expressed its support for the Rule Change Proposal.

Synergy acknowledged System Management's obligation to make operational plans and preparations to restart the SWIS in the event of a supply shutdown, and to use its reasonable endeavours to restart the system in the event of a shutdown. Synergy welcomed System Management's increased emphasis on these matters, most specifically its recent review of the existing arrangements for restarting the SWIS.

While acknowledging that Synergy was not directly involved in the implementation of Black Start procedures, Synergy nevertheless saw a clear need for System Management to be fully informed of the technical requirements and limitations of generating facilities connected to the SWIS in order to fulfil its obligations, and supported the rule change on that basis.

3.3. Submission from Landfill Gas and Power Pty Ltd (LGP)

In its submission LGP expressed support for the intent of the Rule Change proposal on the grounds that System Management must be given all necessary information in order to allow it to make operational plans for restarting the system.

LGP supported System Management's contention that the Rule Change would significantly assist System Management in the preparation of plans to restart the network, thereby promoting the safe and reliable production and supply of electricity.

LGP also suggested some improvements to the drafting of the proposed amendments to rule 3.7. The IMO agreed that these suggestions would improve the draft amendments

and revised the text of the proposed Rule Change as shown below (~~deleted words, added words~~)::

- 3.7.3 System Management must ~~from time to time~~ publish guidelines for the preparation of Local Black System Procedures and may amend the guidelines from time to time.
- 3.7.4 ~~Where System Management has published guidelines under clause 3.7.3, e~~ Each Scheduled Generator and Non-Scheduled Generator must develop Local Black System Procedures in accordance with these guidelines published under clause 3.7.3.
- 3.7.5 Local Black System Procedures must provide sufficient information to enable System Management to understand the likely condition and capabilities of Facilities following any major supply disruption or system shutdown such that System Management is able to make the operational plans and preparations referred to in clause 3.7.1.
- 3.7.6 System Management may require any Each Scheduled Generator ~~and or~~ Non-Scheduled Generator must to submit its Local Black Start Procedures to System Management for review and to amend its Local Black System Procedures to take into account the results of that review.

System Management and LGP were consulted and agreed that the above changes are appropriate.

3.4. Public Forums and Workshops

No public forums or workshops were held in relation to this Rule Change.

4. THE IMO'S ASSESSMENT AND DECISION

4.1. Assessment

4.1.1. Submissions

All parties responding within the prescribed submission period expressed support for the Rule Change Proposal. The changes proposed by Landfill Gas and Power Pty Ltd were incorporated into the proposed amendments to the Market Rules as shown in section 3.3.

4.1.2. The IMO's Assessment

According to clause 2.4.2 of the Market Rules *"the IMO must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives"*.

The IMO considers that the proposed Amending Rules will have the following impact on how the Market Rules address the Wholesale Market Objectives:

Impact	Wholesale Market Objectives
Allow the Market Rules to better address objective	a
Consistent with objective	b, c, d and e
Inconsistent with objective	-

The IMO's assessment against market objective (a) is as follows:

(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;

The proposed amendments allow the Market Rules to better address objective (a) of the Market Objectives. The change would assist System Management in the preparation of plans to restart the network, thereby promoting the safe and reliable production and supply of electricity.

In accordance with Clause 2.4.3(b) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must also have regard to the practicality and cost of implementing the Amending Rules.

The proposed changes will not require any changes to the Wholesale Electricity Market Systems operated by the IMO. No other costs have been identified in relation to the implementation of the proposed changes.

4.2. IMO's Draft Decision

The IMO's draft decision is to implement the proposed amendments to clause 3.7 of the Wholesale Electricity Market Rules as proposed by System Management with revisions to reflect the submission from Landfill Gas and Power Pty Ltd.

Public Domain

The IMO has made its draft decision on the basis that the resulting Amending Rules will allow the Market Rules to better address the Wholesale Market Objectives.

The wording of the relevant Amending Rules is presented in section 6 of this Report.

5. CALL FOR SUBMISSIONS

The IMO invites Market Participants to make submissions on this Draft Rule Change Report and proposed Rule Change. The submission period is 20 Business Days from the publication date of this Report.

Submissions must be delivered to the IMO by close of business on Friday 19 September 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_b_rule_change_proposal.htm

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

6. PROPOSED AMENDING RULES

The IMO proposes the following new clauses to the Market Rules (~~deleted words~~, added words):

- 3.7.3 System Management must publish guidelines for the preparation of Local Black System Procedures and may amend the guidelines from time to time.
- 3.7.4 Each Scheduled Generator and Non-Scheduled Generator must develop Local Black System Procedures in accordance with the guidelines published under clause 3.7.3.
- 3.7.5 Local Black System Procedures must provide sufficient information to enable System Management to understand the likely condition and capabilities of Facilities following any major supply disruption or system shutdown such that System Management is able to make the operational plans and preparations referred to in clause 3.7.1.
- 3.7.6 System Management may require any Scheduled Generator or Non-Scheduled Generator to submit its Local Black Start Procedures to System Management for review and to amend its Local Black System Procedures to take into account the results of the review.

7. GENERAL INFORMATION ABOUT RULE CHANGE PROPOSALS

Clause 2.5.1 of the Wholesale Electricity Market Rules (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 submitting this to the Independent Market Operator (IMO).

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 market objectives 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
- (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 Rule Change Process or a Fast Track Rule Change Process. The standard process involves a combined 10 weeks public submission period. Under the shorter fast track process the IMO consults with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.