



Draft Rule Change Report
Title: Confidentiality of Accepted
Outages

Ref: RC_2009_05
Standard Rule Change Process

Date: 19 June 2009

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Independent Market Operator

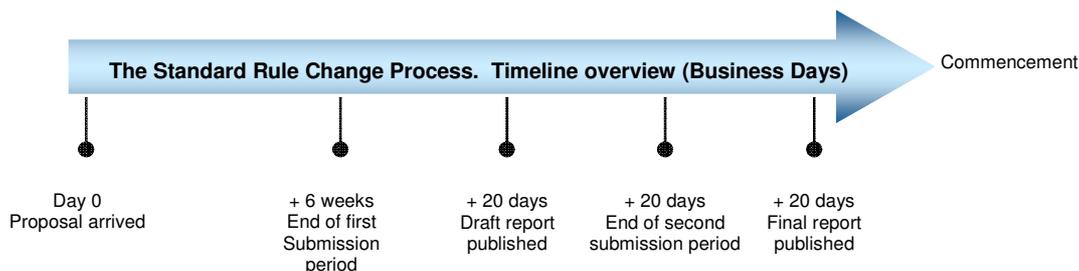
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1. INTRODUCTION

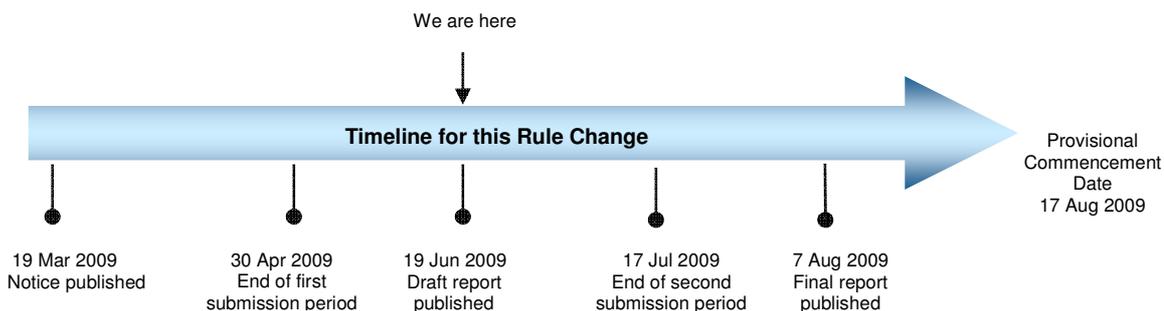
On 17 March 2009 System Management submitted a Rule Change Proposal regarding the addition of clause 3.18.5D in the Wholesale Electricity Market Rules (Market Rules).

This Rule Change 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, described in section 2.7 of the Market Rules:



The key dates in processing this Draft Rule Change Report are below, please note the Commencement Date is provisional and may be subject to change in the Final Rule Change Report :



In making its draft decision on the Rule Change Proposal, the Independent Market Operator (IMO) has taken into account:

- the Wholesale Market Objectives;
- the practicality and cost of implementing the proposal;
- the submissions received during the first submission period; and
- the views of the Market Advisory Committee (MAC).

The IMO's draft decision is to implement the Rule Change Proposal in the form outlined in Section 7 of this Report.

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

2. CALL FOR SECOND ROUND SUBMISSIONS

The IMO invites interested stakeholders to make submissions on this Draft Rule Change Report. 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 17 July 2009**.

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 and System Capacity
PO Box 7096
Cloisters Square, PERTH, WA 6850
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3. THE RULE CHANGE PROPOSAL

3.1 Submission Details

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Date submitted:	17 March 2009
Urgency:	Standard Rule Change Process
Change Proposal title:	Confidentiality of Accepted Changes

3.2 Details of the Proposal

In the Rule Change Proposal, System Management submitted that many Market Participants have noted that coordinating network and generation outages is often a difficult, time-consuming and complex matter. This is because currently Western Power Networks is only able to identify details of Planned Outages for Market Generators and Customers (via the schedules of Planned Outages published under clause 10.6.1(b)). These schedules are South West interconnected system (SWIS) Restricted Information.

Currently clause 3.18.4 of the Market Rules provides an obligation for System Management to maintain an outage schedule, containing information on all Scheduled Outages (outages that are accepted by System Management but not yet approved). However, this information is not available to all Rule Participants or Western Power Networks.

System Management noted that Scheduled Outages are accepted months in advance of the commencement date. However, the approval of Scheduled Outages is often close to this date, therefore Western Power Networks is unable to utilise this information to plan

transmission maintenance in a way most beneficial to all affected parties. Additionally, when transmission maintenance requires the decommitment or reduction in capacity of a generator or load, it is sometimes the case that transmission outages require a generator or load to perform maintenance at inopportune times.

System Management noted that similarly, due to the lack of information available to Western Power Networks for planning purposes, an inordinate amount of time is spent coordinating the various parties. The current situation is disadvantageous to all concerned.

System Management contended that to improve the coordination process, options were considered to improve the visibility of accepted outages to relevant Rule Participants. At the MAC meeting in February 2009 two options were considered:

- make accepted outages available to just Western Power Networks, for the purposes of coordinating line maintenance with generation outages; or
- make accepted outages available to all affected Market Participants.

Neither option received unanimous support at the MAC meeting. Instead, it was agreed that the IMO would informally consult with Market Participants, on behalf of System Management, to gauge the preferred option. Following this informal consultation, System Management would assess:

- whether the scheduled outages information should be available to just Western Power Networks or all Rule Participants, and;
- whether a consequential amendment is needed for the Rule Change Proposal.

Four views were received from the IMO's informal consultation process, as follows:

- two participants expressed support for confining accepted outage information to just the networks business;
- one participant supported making accepted outage information available to all; and
- one participant considered that either option was supportable, but noted it had no objection if one party felt strongly that only Western Power Networks should be informed.

System Management noted that the informal consultation process did not produce universal support for one option over another, but all responding parties supported the "minimum" outcome of making available accepted outages to Western Power Networks. Therefore System Management considers that the better option is to advocate a rule change which is evolutionary, in this first instance.

System Management proposed that accepted outages only be made available to Western Power Networks. In particular, System Management proposed to add clause 3.18.5D, to enable the efficient scheduling of outages and ensure that coordination of outages with Market Participants can be undertaken effectively. This would allow Western Power Networks to more frequently plan transmission maintenance to coincide with participant outages and may also reduce situations where network outages require Market Generators to schedule outages at inopportune times.

3.3 The Proposal and the Wholesale Market Objectives

System Management contended that the proposed rule changes would better address objective (a) of the market objectives. The changes as submitted would promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the SWIS through facilitating the coordination of outages on generation and transmission facilities.

3.4 Amending Rules proposed by System Management

3.18.5D Notwithstanding the requirements in chapter 10, in exercising the obligation set out in clause 3.18.5C, System Management may make such information in the outage schedule maintained in accordance with clause 3.18.4 available to a Network Operator to coordinate outage timing.

3.5 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.

4. FIRST SUBMISSION PERIOD

The first submission period for this Rule Change Proposal was between 19 March 2009 and 30 April 2009.

4.1 Submissions received

The IMO received submissions on the Rule Change Proposal from Landfill Gas & Power (LGP), Perth Energy and Verve Energy. The submissions are summarised below, and the full text is available on the IMO website.

4.1.1 Submission from LGP

LGP supported the Rule Change Proposal on the grounds that it facilitates the Network Operator in coordinating network outages with generator outages, thereby reducing the alternative prospect of Forced Outages for generators due to network unavailability.

LGP also supported System Management's contention that the rule change promotes market objective a) to promote the economically efficient, safe and reliable production and supply of electricity and is otherwise consistent with the other objectives.

4.1.2 Submission from Perth Energy

Perth Energy supported the Rule Change Proposal as it will make available information on approved generator outages to the relevant Network Operator to allow coordination of generator and network outages.

Perth Energy also contended that this Rule Change Proposal would improve the scheduling of maintenance and thereby increase the reliability and economic performance of the Wholesale Electricity Market.

4.1.3 *Submission from Verve Energy*

Verve Energy supported this Rule Change Proposal to allow details of accepted outages to be made available to the Network Operator. Verve Energy also emphasised the confidentiality of outage information.

Verve Energy agreed with System Management that this change will assist with the achievement of market objective: (a) to promote the economically efficient, safe and reliable production and supply of electricity.

4.2 *Public Forums and Workshops*

No public forums or workshops were held in relation to this proposed rule change.

5. THE IMO'S ASSESSMENT

In preparing this Draft Rule Change Report, the IMO must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3 of the Market Rules.

Market Rule 2.4.2 outlines that 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”.

Additionally, clause 2.4.3 states, when deciding whether to make Amending Rules, the IMO must have regard to the following:

- any applicable policy direction from the Minister regarding the development of the market;
- the practicality and cost of implementing the proposal;
- the views expressed in submissions and by the MAC; and
- any technical studies that the IMO considers necessary to assist in assessing the Rule Change Proposal.

The IMO notes that there has not been any applicable policy direction from the Minister in respect of this Rule Change Proposal.

This IMO's assessment is outlined in the following sections.

5.1 *Wholesale Market Objectives*

In accordance with clause 2.4.2 of the Market Rules, in deciding whether or not to make Amending 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 Market Rules as a whole, if amended, will be consistent with the Wholesale Market Objectives.

Wholesale Market Objective	Consistent with objective
(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system	Yes

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(b)	to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors	Yes
(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	Yes
(d)	to minimise the long-term cost of electricity supplied to customers from the South West interconnected system	Yes
(e)	to encourage the taking of measures to manage the amount of electricity used and when it is used	Yes

Further, the IMO considers that the Market Rules if amended would not only be consistent with the Wholesale Market Objectives but also allow the Market Rules to better address the Wholesale Market Objectives:

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

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 addition of this clause will enable System Management to coordinate outages with Market Participants and the Network Operator in a more effective manner. This will improve efficient scheduling of outages. The Rule Change Proposal may reduce the alternative prospect of Forced Outages for generators due to network unavailability. This will allow more efficient, safe and reliable operation of the SWIS.

5.2 Practicality and Cost of Implementation

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 do not require any change to the Wholesale Electricity Market Systems operated by the IMO or any of the systems operated by System Management. However, System Management may need to consider amending the relevant Market Procedure outlining how Scheduled Outages information is transferred to Western Power Networks.

There have been no additional costs identified with the implementation of this Rule Change Proposal.

5.3 Views expressed in submissions

In accordance with clause 2.4.3(c) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must have regard to the views expressed in submissions on the Rule Change Proposal.

The Amending Rules proposed by System Management had the support of all parties who made submissions during the first submission period.

5.4 Market Advisory Committee

In accordance with clause 2.4.3(d) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must have regard to the views expressed by the MAC, where the MAC met to consider the Rule Change Proposal.

The MAC was advised of the proposed rule change at its meeting on 11 February 2009. As noted in section 3.2, the MAC agreed it would be valuable to consolidate Market Generators' views to assess whether Scheduled Outage information should be available to just Western Power or all Rule Participants. The MAC supported the rule change progression pending the outcome of discussions with generators over the wording of the Amending Rules.

5.5 Additional Amendments

During the first public submission period the IMO considered some minor typographical changes were appropriate to ensure consistency with the Market Rules. These changes are as follows (~~deleted words~~, added words):

- 3.18.4 System Management must maintain an outage schedule, containing information on all Scheduled ~~scheduled~~ Outages ~~outages~~.

6. THE IMO'S DRAFT DECISION

The IMO's draft decision is to accept the amendments to 3.18.4 and new clause 3.18.5D of the Market Rules as proposed in the Rule Change Proposal and modified in section 5.5 of this report. The Amending Rules are outlined in section 7 of this report.

While reviewing the Draft Rule Change Report the IMO Board requested a broader review of the transparency around outages and the overall outage planning process. This review will be prioritised by the MAC in relation to the other issues on the proposed issues log, in accordance with current practices.

6.1 Reasons for the decision

The IMO has made its decision on the following basis:

The Amending Rules:

- will allow the Market Rules to better address the Wholesale Market Objective (a);
- are consistent with the remaining Wholesale Market Objectives;
- have no identified costs associated with implementation; and
- have the support of both the MAC and all participants providing submissions during the first submission period.

Additional detail outlining the analysis behind the IMO's reason is outlined in Section 5 of this Draft Rule Change Report.

7. PROPOSED AMENDING RULES

The IMO proposes to implement the following amendments to the Market Rules (added words are underlined and deletions are shown with a ~~strike through~~):

3.18.4 System Management must maintain an outage schedule, containing information on all Scheduled ~~scheduled~~ Outages ~~outages~~.

3.18.5D Notwithstanding the requirements in chapter 10, in exercising the obligation set out in clause 3.18.5C, System Management may make such information in the outage schedule maintained in accordance with clause 3.18.4 available to a Network Operator to coordinate outage timing.

8. GENERAL INFORMATION ABOUT RULE CHANGE PROPOSALS

Clause 2.5.1 of the Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submitting this to the 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.