

The background of the lower half of the page is a photograph of a landscape featuring several large wind turbines and high-voltage electrical transmission towers. The entire image is covered with a semi-transparent blue overlay. The wind turbines are positioned on the left side, and the power lines stretch across the right side of the frame.

Independent Market Operator

**Final Market Rule Change
Report:
Confidentiality of Accepted
Outages**

Ref: RC_2009_05

Date: 7 August 2009

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Independent Market Operator

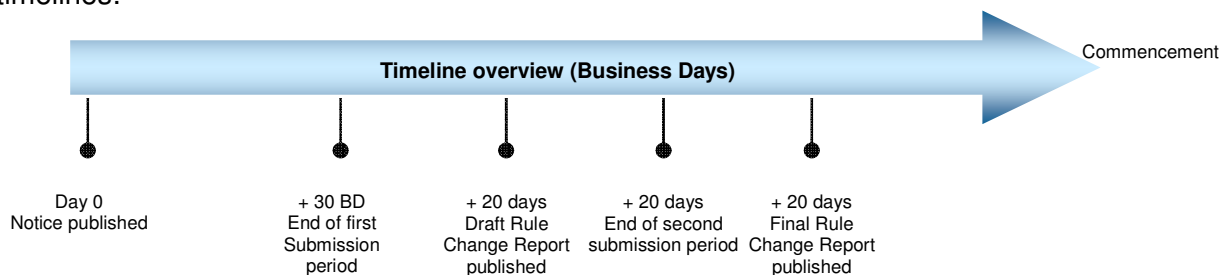
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1. INTRODUCTION

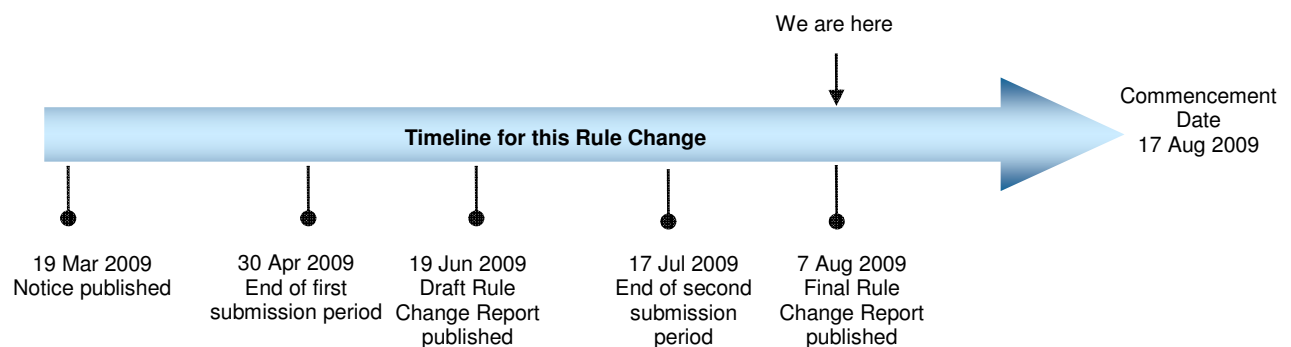
On 17 March 2009 System Management submitted a Rule Change Proposal regarding the addition of clause 3.18.5D in the Wholesale Electricity Market Rules (Market Rules).

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

In accordance with clause 2.5.10 of the Market Rules the Independent Market Operator (IMO) extended the timeframe for preparing the Draft Rule Change Report for this Rule Change Proposal until 19 June 2009. A notice of extension was published in accordance with clause 2.5.12 on the IMO website on 22 May 2009. The standard process adheres to the following timelines:



The key dates in processing this Rule Change Proposal, as amended in the extension notice are:



The IMO's final decision is to accept the Rule Change Proposal. The detailed reasons for the IMO's decision are set out in section 6 of this report.

In making its final decision on the Rule Change Proposal, the IMO has taken into account:

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

All documents related to this Rule Change Proposal can be found on the IMO website: http://www.imowa.com.au/Attachments/RuleChange/RuleChange_2009_05.html.

2. THE RULE CHANGE PROPOSAL

2.1 Submission Details

| | |
|---------------------------------|--------------------------------------|
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| Date submitted: | 17 March 2009 |
| Urgency: | Standard Rule Change Process |
| Change Proposal title: | Confidentiality of Accepted Outages |
| Market Rule(s) affected: | 3.18.4 and 3.18.5D |

2.2 Summary Details of the Proposal

This Rule Change Proposal enables System Management to provide details of Scheduled Outages (outages accepted by System Management), to Western Power Networks.

This will allow Western Power Networks to more frequently plan transmission maintenance to coincide with Market Participant outages.

The detailed information on the proposal is contained in Appendix 1 and can be found in both the Rule Change Proposal and Draft Rule Change Report contained on the IMO's website.

2.3 The Proposal and the Wholesale Market Objectives

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

System Management contended that the proposed rule change 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.

2.4 The Amending Rules Proposed by System Management

System Management proposed the following amendments to the Market Rules (~~deleted text~~, added text):

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.

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.

3. FIRST SUBMISSION PERIOD

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

3.1 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.

3.1.1 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).

3.1.2 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.

3.1.3 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 emphasized the confidentiality of outage information.

Verve Energy agreed with System Management that this change will assist with the achievement of market objective (a).

3.2 Public Forums and Workshops

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

3.3 Additional Amendments

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

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

4. THE IMO'S DRAFT ASSESSMENT

The IMO's draft assessment, as contained in its Draft Rule Change Report, can be viewed on the IMO's website.

5. THE IMO'S DRAFT DECISION

Based on the matters set out in the Draft Rule Change Report, the IMO's draft decision, in accordance with clause 2.7.7(f), was to accept the proposed amendments to clauses 3.18.4 and 3.18.5D of the Market Rules as proposed in the Rule Change Proposal and amended following the first submission period.

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.

The IMO has made its decision on the following basis:

The Amending Rules:

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

6. SECOND SUBMISSION PERIOD

Following the publication of the Draft Rule Change Report on the IMO website, the second submission period was between 22 June 2009 and 17 July 2009.

The IMO did not receive any formal submissions during this period.

7. THE IMO'S FINAL ASSESSMENT

In preparing its Final 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 and that no technical studies have been determined necessary to assist in assessing the Rule Change Proposal.

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

7.1 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 |
| (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 Wholesale Market Objective (a):

| 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 IMO considers that the proposed changes 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.

7.2 Practicality and cost of implementation

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.

7.3 Views expressed in submissions

The Amending Rules proposed by System Management had the support of all parties (LGP, Perth Energy and Verve Energy) who made submissions during the first submission period. No submissions were made for the second submission period.

7.4 Market Advisory Committee

The MAC was advised of the proposed rule change at its meeting on 11 February 2009. 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 progressing the rule change pending the outcome of discussions with Market Generators over the wording of the Amending Rules. The Rule Change Proposal submitted by System Management reflected the outcomes of the discussions with generators. Additional detail is contained in Appendix 1 of this report.

8. THE IMO'S FINAL DECISION

The IMO's final decision is to accept the proposed amendments to clause 3.18.4 and 3.18.5D of the Market Rules as proposed in the Draft Rule Change Report.

8.1 *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 reasons is outlined in section 7 of this Final Rule Change Report.

9. AMENDING RULES

9.1 *Commencement*

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at **8:00am** on **17 August 2009**.

9.2 *Amending Rules*

The following clauses are amended (~~deleted text~~, new text):

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.

APPENDIX 1: FULL 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 Market Advisory Committee (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.