



Independent Market Operator

Rule Change Notice

Title: Exemption from real-time compliance monitoring for certain commissioning units

Ref: RC_2009_09

Fast Track Rule Change Process

Date: 17 February 2009

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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. THE RULE CHANGE PROPOSAL

1.1. The Submission

On 16 February 2009 System Management submitted a Rule Change Proposal amending clause 7.10.5 and adding a new clause 7.10.5A to the Wholesale Electricity Market Rules (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.

1.1.1 Submission details

Name:	Alistair Butcher
Phone:	9427 5787
Fax:	9427 4228
Email:	Alistair.butcher@westernpower.com.au
Organisation:	System Management
Address:	
Date submitted:	16 February 2009
Urgency:	Fast Track Rule change process
Change Proposal title:	Exemption from real-time compliance monitoring for certain commissioning units
Market Rule(s) affected:	Clause 7.10.5 and [New] Clause 7.10.5A

1.2. Details of the Proposal

Clause 7.10.5 of the Market Rules requires System Management to undertake certain activities when a Market Participant is not complying with its Resource Plan or a Dispatch Instruction in a manner that:

- a) threatens Power System Security or Power System Reliability; [or]
- b) would require System Management to issue instructions to the Registered Facilities of the Electricity Generation Corporation or Registered Facilities covered by any Balancing Support Contract or Ancillary Service Contract; or
- c) would require System Management to issue Dispatch Instructions to other Registered Facilities in accordance with clauses 7.6.3 or 7.6.4.

If any of the above criteria are met, System Management is obliged to warn the Market Participant about the deviation, request an explanation and require cessation of the behaviour within a reasonable period of time. Essentially, clause 7.10.5 imposes “real-time” monitoring and compliance obligations on System Management.

Presently, System Management must exercise its powers under this clause in each and every instance that a Market Participant deviates from their Resource Plan, regardless of whether the deviation variance would substantially impact Power System Security or Reliability. This is because, as presently drafted, *any* deviation from a Resource Plan would meet the criterion expressed in clause 7.10.5(b), with all deviations requiring System Management to issue instructions to the balancing generator, even if by Automatic Governor Control signal to a generator providing load following Ancillary Service.

Where a new generator is “late” and therefore unable to conduct Commissioning Tests pursuant to clause 3.21A of the Market Rules, the existing obligation may serve to prevent the new generator completing its commissioning requirements, and therefore may preclude additional capacity being available.

In addition, during late commissioning it is expected that a new generator will often deviate from their Resource Plan, sometimes for extended periods. System Management must monitor all the deviations in each trading interval and undertake the obligations expressed in clause 7.10.5 in every identified instance. System Management contends this is likely to disrupt the operation of the control room and has the potential to put system security at risk by detracting attention from the principal task of power system operation.

System Management believes that the Market Rules already impose sufficient penalty for breaching a Resource Plan or Dispatch Instruction, and imposing a real-time monitoring obligation in *all* circumstances is unnecessarily burdensome.

As such, System Management submits that a Rule Change Proposal be pursued to allow it to not follow the process expressed in clause 7.10.5 in certain defined (and limited) circumstances. These circumstances would be:

- 1) the failure to comply with the Resource Plan does not threaten power system security;
- 2) System Management has received advance notification of the likely deviation in order for testing to be conducted to enable a unit to enter commercial operation *for the first time* [emphasis added];
- 3) System Management has received and approved a testing plan; and
- 4) System Management considers the deviation to be consistent with the approved testing plan.

It should be noted that a Market Participant continues to be required to conform to its Resource Plan or Dispatch Instruction (clause 7.10.1) and non-compliance can be investigated after the event.

1.3. The Proposal and the Wholesale Market Objectives

System Management submits that the Rule Change Proposal would better address objective (a) of the Market Objectives. The change 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.

The Rule Change Proposal will allow a new Facility to complete commissioning in certain limited circumstances without placing the system at risk. It is the view of System Management that removal of the potentially burdensome application of clause 7.10.5 for a unit which meets the criteria expressed in new clause 7.10.5A would aid the economically efficient, safe and reliable supply of electricity in the SWIS through the removal of distractions which are otherwise expected to inhibit control room operation.

2. 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 Wholesale Market Objectives.

The IMO has decided to process this Rule Change Proposal using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules, on the basis that it satisfies the criteria in section 2.5.9(c) of the Market 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:

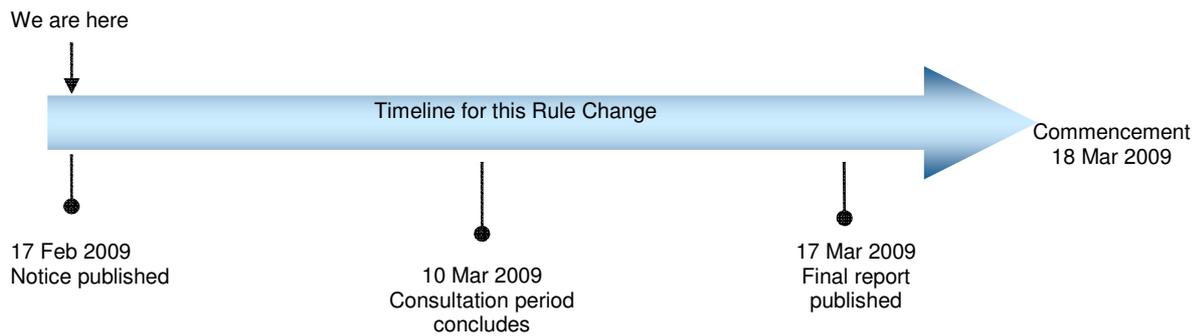
(a) is of a minor or procedural nature; or

(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 Rule Change Proposal is urgently required to address the anticipated commissioning of a new generator which otherwise does not meet the requirements of clause 3.21A. The change is essential for the safe, effective and reliable operation of the SWIS because without the change System Management would face an onerous burden of ensuring compliance with clause 7.10.5 by a commissioning generator which is not expected to comply with its Resource Plan. This would divert attention from the normal activities of the control room thereby create a significant risk to the safe, effective and reliable operation of the SWIS.

The projected timelines for processing this proposal are:



3. CONSULTATION

Any Rule Participant wishing to be consulted regarding this Rule Change Proposal is invited to notify the IMO within 5 Business Days of this notice being published (**by Tuesday 24 February 2009**). Consultation for this Rule Change Proposal closes **Tuesday 10 March 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_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

4. PROPOSED AMENDING RULES

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

7.10.5. Subject to clause 7.10.5A, ~~W~~where System Management considers that a Market Participant has not complied with clause 7.10.1 in relation to any of its Registered Facilities in a manner that:

- (a) threatens Power System Security or Power System Reliability;
- (b) would require System Management to issue instructions to the Registered Facilities of the Electricity Generation Corporation or Registered Facilities covered by any Balancing Support Contract or Ancillary Service Contract; or
- (c) would require System Management to issue Dispatch Instructions to other Registered Facilities in accordance with clauses 7.6.3 or 7.6.4;

System Management must warn the Market Participant about the deviation and request an explanation for the deviation; and cessation of the behaviour within a time that System Management considers reasonable.

7.10.5A System Management is not required to follow the process in clause 7.10.5 where:

- (a) it considers that a failure to comply with clause 7.10.1 does not threaten Power System Security or Power System Reliability;
- (b) the Market Participant has notified System Management in advance that it expects to deviate from its Resource Plan in order to subject the relevant Facility to testing, to enable it to enter full commercial operation for the first time;
- (c) the Market Participant has provided System Management with a testing plan;
- (d) System Management has notified the Market Participant that it approves the plan;
and
- (e) the deviation is in System Management's opinion consistent with the activities detailed in the approved testing plan.

5. ABOUT RULE CHANGE PROPOSALS

Market Rule 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 submit this to the IMO.

The IMO will assess the proposal and, within 5 Business Days of receiving the proposal form, will notify the proponent whether the 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 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; 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 Rule Change Process or a Fast Track Rule Change 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.