



Independent Market Operator

Rule Change Notice

**Title: Provision of Load
Following Ancillary
Service**

Ref: RC_2009_40

Standard Rule Change Process

Date: 20 November 2009

CONTENTS

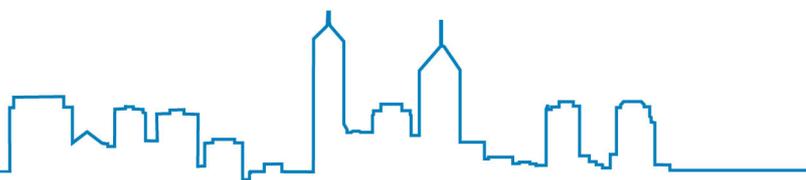
1. THE RULE CHANGE PROPOSAL	3
1.1. The Submission	3
1.2. Details of the Proposal	3
1.3. The Proposal and the Wholesale Market Objectives	4
2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER	4
3. CALL FOR SUBMISSIONS.....	4
4. PROPOSED AMENDING RULES	5
5. ABOUT RULE CHANGE PROPOSALS.....	5

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1. THE RULE CHANGE PROPOSAL

1.1. The Submission

On the 12 November 2009, System Management submitted a Rule Change Proposal regarding the amendment of clause 3.9.1 of 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

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Date submitted:	12 November 2009
Urgency:	Standard Rule Change Process
Change Proposal title:	Provision of Load Following Ancillary Service
Market Rule affected:	Clause 3.9.1

1.2. Details of the Proposal

Background

The Market Rules as they are currently written only allow for Scheduled Generators to provide Load Following Ancillary Services. This threshold requirement effectively functions to prevent a Load or Non Scheduled Generator from satisfying the requirements of a provider of a Load Following Service, and therefore precludes an offer to provide Load Following Ancillary Service in any procurement process initiated under the Market Rules.

As the inaugural Load Following Ancillary Service procurement process is due to commence in the near future, System Management is determined to limit any impediments which may operate to preclude potential providers from participating.

System Management contends that, in theory, Load Following Ancillary Service can be provided either by a Scheduled Generator, Non-Scheduled Generator, a Dispatchable Load or a Curtailable Load, and hence all should be able to be considered in the procurement process. System Management also notes that the second draft report of the Ancillary Service review performed by Sinclair Knight Merz ([http://www.imowa.com.au/2009 AS study](http://www.imowa.com.au/2009_AS_study)) recommends that loads be allowed to provide Load Following.

Proposal

System Management proposes that clause 3.9.1 of the Market Rules be broadened to allow Non-Scheduled Generators and Loads to provide Load Following Ancillary Service.

1.3. The Proposal and the Wholesale Market Objectives

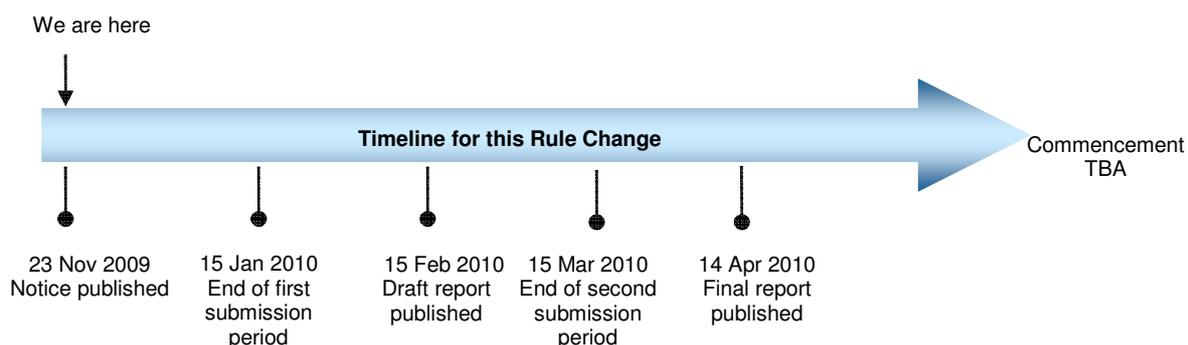
System Management considers that this proposed Rule Change would better address objectives (a), (b), (c) and (e) of the Market Objectives.

The Rule Change broadens the potential range of participants who may provide Load Following Ancillary Service, increasing competition, avoiding discrimination against particular energy options and encouraging measures to manage the amount of electricity used.

2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that its preliminary assessment indicated that the proposal is consistent with the Wholesale Market Objectives. The Standard Rule Change Process, described in section 2.7 of the Market Rules, will apply.

The projected timeline for processing this proposal is:



Note that the first submission period has been extended beyond the usual 30 Business Days due to the intervention of the Christmas break, and other dates have been adjusted accordingly. This extension is made in accordance with Market Rule 2.5.10.

3. CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal, which must be delivered to the IMO by 5.00pm on **Friday 15 January 2010**.

The IMO prefers to receive submissions by email to market.development@imowa.com.au using the submission form available on the IMO website: <http://www.imowa.com.au/rule-changes>

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

Independent Market Operator
Attn: Manager Market Development and System Capacity
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 words, added words~~):

- 3.9.1 Load Following Service is the service of frequently adjusting:
- (a) the output of one or more Scheduled Generators;
 - (b) the output of one or more Non-Scheduled Generators; or
 - (c) the consumption of one or more Loads
- within a Trading Interval so as to match total system generation to total system load in real time in order to correct any SWIS frequency variations.

5. ABOUT RULE CHANGE PROPOSALS

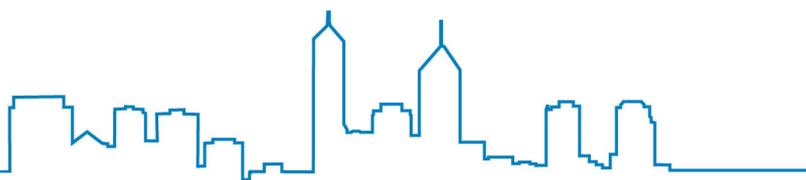
Market Rule 2.5.1 of the Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the IMO.

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 are considered by the IMO to have an interest in the change.

