



**Independent Market Operator**

**Final Rule Change Report**

**Title: Provision of  
Commissioning  
Information by System  
Management**

**Ref: RC\_2010\_34**

**Date: 20 December 2010**

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### DOCUMENT DETAILS

IMO Notice No.: RC\_2010\_34  
 Report Title: Provision of Commissioning Information by System Management  
 Release Status: Public  
 Confidentiality Status: Public domain  
 Published in accordance with Market Rule 2.6.4

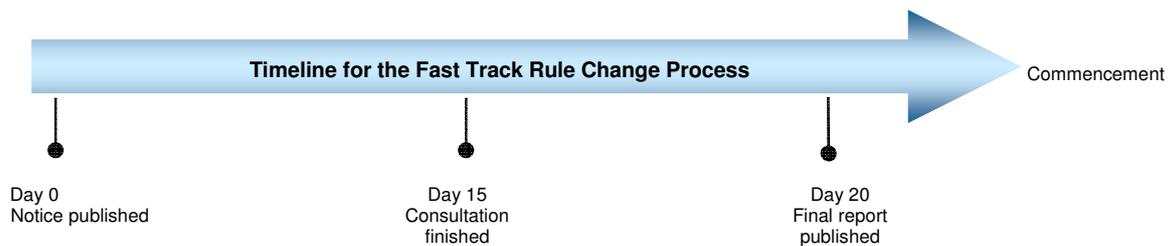
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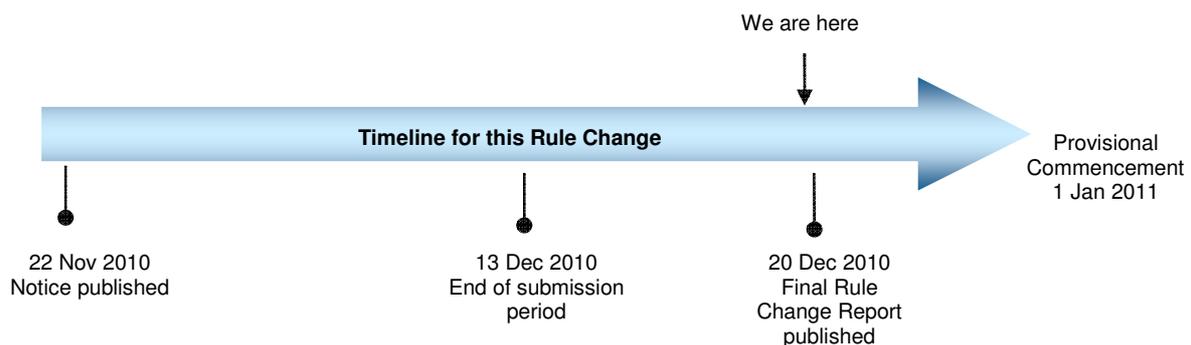
## 1. INTRODUCTION

On 22 November 2010 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding amendments to clause 3.21A.16<sup>1</sup> of the Wholesale Electricity Market Rules (Market Rules).

This proposal was processed using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules. The fast track process adheres to the following timelines:



The key dates in processing this Rule Change Proposal are:



The IMO's final decision is to implement the Rule Change Proposal in the form outlined in section 6.2 of this report. The decision is based on the IMO's assessment of the Rule Change Proposal against the:

- Wholesale Market Objectives;
- practicality and cost of implementing the proposal; and
- outcomes from the public consultation period.

The amendments to the Market Rules made as a result of this Rule Change Proposal will commence at 8.00am on 1 January 2011.

All documents related to this Rule Change Proposal can be found on the IMO website: [http://www.imowa.com.au/RC\\_2010\\_34](http://www.imowa.com.au/RC_2010_34)

<sup>1</sup> A new clause from RC\_2009\_08.

## 2. THE RULE CHANGE PROPOSAL

### 2.1 Submission Details

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<b>Date submitted:</b>	22 November 2010
<b>Urgency:</b>	<i>Fast Track Rule Change</i>
<b>Change Proposal title:</b>	Provision of Commissioning Information by System Management
<b>Market Rule affected:</b>	Clause 3.21A.16 (new clause from RC_2009_08)

### 2.2 Summary Details of the Proposal

This Rule Change Proposal seeks to correct the timing provisions for System Management to provide the IMO with information around approved Commissioning Tests from what was proposed as part of RC\_2010\_08: Updates to Commissioning Provisions<sup>2</sup>.

The current wording requires System Management to provide the IMO with Commissioning Test information by 4.30pm for the following Scheduling Day. However, the Scheduling Day starts at midnight. This means that currently, Market Participants would have already made their STEM submissions for days potentially impacted by the Commissioning Test information prior to the deadline by which System Management must submit the information to the IMO about such tests.

In its Rule Change Proposal, the IMO proposed to amend the Market Rules so that System Management must submit the Commissioning test information by 7.30am, for the Trading Day following the current Scheduling Day. With this change Market Participants would be able to take the information into account when making STEM submissions, as was originally intended.

The full details of this Rule Change Proposal are available in Appendix 1 of this report.

### 2.3 The Proposal and the Wholesale Market Objectives

The IMO considered that the proposed amendments, which would correct a manifest error in the Market Rules, were consistent with the operation of the Wholesale Market Objectives.

### 2.4 The Amending Rules Proposed by the IMO

The amendments to the Market Rules originally proposed by the IMO are presented in Appendix 2 of this report.

<sup>2</sup> See: [www.imowa.com.au/RC\\_2009\\_08](http://www.imowa.com.au/RC_2009_08)

## **2.5 The IMO's Initial Assessment of the Proposal**

The IMO decided to process the Rule Change Proposal using the Fast Track Rule Change Process, described in clause 2.6 of the Market Rules, on the basis that it satisfied the criterion in clause 2.5.9 (b) of the Market Rules.

Clause 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 IMO considered that its Rule Change Proposal would correct a manifest error which resulted in the provision of Commissioning Test information not being able to be used for the purpose intended in the original Rule Change Proposal.

## **3. CONSULTATION**

An invitation for all Rule Participants to contact the IMO, should they wish to be consulted on this Rule Change, was published on the IMO website on 22 November 2010, together with the Rule Change Notice.

The consultation period for this Rule Change Proposal was between 23 November 2010 and 13 December 2010. Interested stakeholders were requested to inform the IMO if they wished to be consulted on this Rule Change Proposal by 29 November 2010.

### **3.1 Submissions received**

The IMO received a formal request to be consulted on the Rule Change Proposal from Perth Energy. Additionally, the IMO received three out-of-session submissions prior to the closure of the consultation period. These were from Landfill Gas & Power (LGP), Synergy and System Management. Further details of these submissions are summarised below, with full text available on the IMO's website.

In summary, Perth Energy's submission and the out-of-session submissions from LGP and Synergy supported the IMO's proposed amendments to the Market Rules.

System Management supported the intention of the Rule Change Proposal, albeit with the suggestions to change the timing for the information transfer and move the obligation from clause 3.21A.16 to either clauses 7.2 or 7.3 of the Market Rules. The IMO's responses to System Management's suggestions are contained in section 3.2 of this paper.

LGP and Synergy consider that the Rule Change Proposal would allow the Market Rules to better address Wholesale Market Objective (a). Perth Energy considers that the Rule

Change Proposal would allow the Market Rules to better address Wholesale Market Objectives (a) and (b)

### 3.2 The IMO’s response to submissions received

Clause	Submitter	Change requested	IMO’s response
3.21A.6	System Management	Amend the timing for the transfer of information from 7.30am to 8.30am for the Trading Day following the current Scheduling Day.  This is to align with the other information System Management provides to Market Participants to use in formulating their STEM submissions, i.e. Outages (outlined in clause 7.3.4).	Agreed. The IMO has amended the proposed drafting to change the time for the transfer of information from “by 7.30am” to “by 8.30am”. The additional amendment is contained in Appendix 3 of this paper.
3.21A.6	System Management	Move the obligation for System Management to provide Commissioning Test information from the proposed clause 3.21A.16 to either clauses 7.2 or 7.3 of the Market Rules	Clause 7.2 of the Market Rules is about the Load Forecast and Ancillary Services Requirement data to be used in the dispatch process and clause 7.3 is about the outage data to be used in the dispatch process. Therefore the IMO does not consider it appropriate to include provision of Commissioning Test information from System Management to the IMO is either of these areas. The IMO considers that clause 3.21A remains the most appropriate section of the Market Rules to include this requirement.

### 3.3 Additional Amendments to the Market Rules

The IMO has made an amendment to the proposal as outlined in section 3.2. The additional amendment made by the IMO is presented in Appendix 3 of this report.

## 4. THE IMO’S ASSESSMENT

In preparing this 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.

Clause 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, nor have there been any technical studies commissioned in respect of this Rule Change Proposal.

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

#### 4.1 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
(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

#### 4.2 Practicality and cost of implementation

The proposed changes do not require any change to the Wholesale Electricity Market Systems operated by the IMO, other than those already incurred under RC\_2009\_08.

The proposed changes will require some incremental amendment to System Management’s IT systems, Power System Operation Procedures (PSOPs) and associated internal processes. This is likely to be in the order of \$5000 for the IT related changes. System Management notes that it has yet to fully assess the costs for any associated amendments to System Management’s PSOPs and internal processes, however, these are likely to cost at least \$5000.

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

#### 4.3 Views expressed in submissions

The IMO received one submission from Perth Energy and three out-of-sessions submissions from LGP, Synergy and System Management for this Rule Change Proposal. Perth Energy’s submission and the out-of-session submissions from LGP and Synergy supported the IMO’s

proposed amendments to the Market Rules. System Management supported the intention of the Rule Change Proposal.

#### **4.4 Views of the Market Advisory Committee**

The MAC did not meet to discuss this Rule Change Proposal.

## **5. THE IMO'S FINAL DECISION**

The IMO's final decision is to accept the Rule Change Proposal as specified in section 6.2 of this report.

### **5.1 Reasons for the decision**

The IMO has made its decision on the basis that the Amending Rules:

- are consistent with the Wholesale Market Objectives;
- will improve the integrity of the Market Rules by removing a manifest error, and facilitating the transparency of information for decision making by Market Participants; and
- can be easily implemented at minimal additional cost to the Market.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 4 of this Final Rule Change Report.

## **6. AMENDING RULES**

### **6.1 Commencement**

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at **8:00am** on **1 January 2011**.

### **6.2 Amending Rules**

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

3.21A.16. By ~~4.30pm~~ 8.30am each day System Management must provide the IMO with the information submitted under clause 3.21A.4 and for Commissioning Tests approved under clause 3.21A.9 relating to the next Scheduling Day for Commissioning Tests approved under clause 3.21A.9. for the Trading Day following the current Scheduling Day.

## APPENDIX 1: FULL DETAILS OF THE PROPOSAL

### Background

In 2009 the IMO progressed a Rule Change Proposal relating to the commissioning provisions<sup>3</sup> in the Wholesale Electricity Market Rules (Market Rules). This Rule Change Proposal introduced the concept of allowing for late commissioning by allowing new generators to conduct Commissioning Tests post 30 November (for the 2010 Capacity Year onwards) for a period of up to four months from first connection to the South West interconnected system (SWIS) without:

- needing to operate in the energy market;
- submitting Resource Plans; or
- being subject to UDAP and DDAP payments.

These changes commenced on 1 July 2010.

The proposal also requires System Management to supply, for publication (as SWIS restricted information), the information supplied to it under clause 3.21A.4 regarding Commissioning Test plans<sup>4</sup>. This is to increase a Market Participant's ability to make an informed economic decision regarding STEM submissions. In particular, greater transparency of commissioning units will mean that Market Generators can make a more informed decision regarding whether they want to bid into the STEM. While the IMO acknowledges that day-ahead information on commissioning units (in particular MWh profiles) are likely to be subject to change during real time operations, Market Participants are likely to benefit from the knowledge of whether the commissioning unit is expected to be operating in the market or not during any particular Trading Interval. This is important given the number of Commissioning Tests (for both existing and new Market Generators) which have been undertaken in the past. Given the anticipation of more new generators coming on to the system in the next few years an indication as to potential supply conditions will become increasingly important.

### Issue

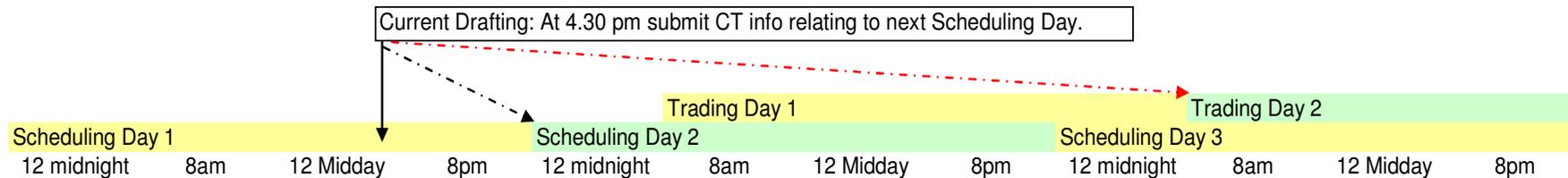
The current drafting, agreed by the IMO and System Management during the Rule Change Process, is for System Management to submit the Commissioning Test information at 4.30 pm every day (indicated by the solid black arrow) relating to the next Scheduling Day. This is presented in figure 1 below. However, the next Scheduling Day starts at midnight (indicated by the dotted black arrow). Therefore, Market Participants will not have the opportunity to use the information in making their STEM bids (as anticipated) as the Trading Day the information relates to has been scheduled prior. For Market Participants to be able to use the information in making their STEM bids, the drafting should refer to the Trading Day following the next Scheduling Day, indicated by the red dotted arrow.

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<sup>3</sup> See: [www.imowa.com.au/RC\\_2009\\_08](http://www.imowa.com.au/RC_2009_08)

<sup>4</sup> Due to commence 1 January 2011.

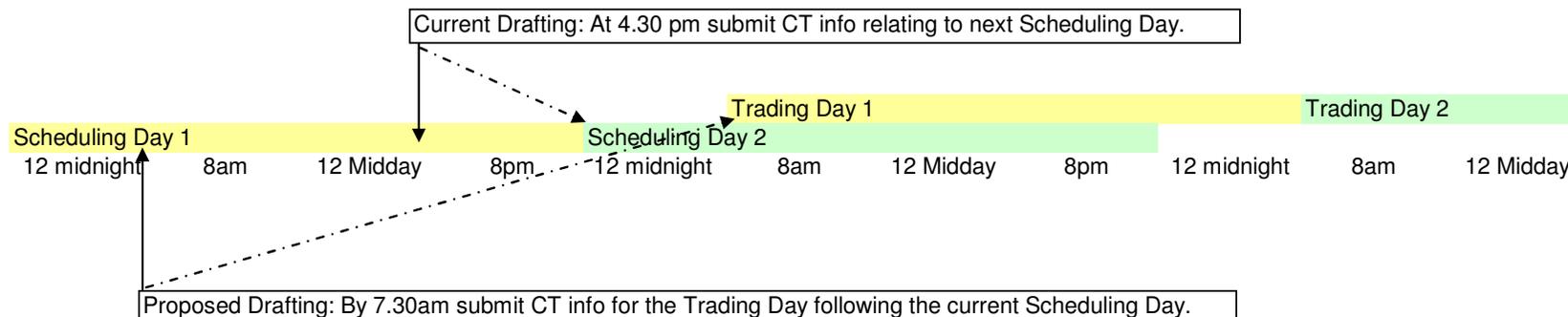
**Figure 1: Current Drafting**



Operationally, it would also make more sense to send this information at a time when System Management already transfers data to the IMO, i.e. 7.30am, 8.30am or 1.30pm rather than creating a new transfer time.

**Proposal** The IMO therefore proposes to amend the drafting for System Management to supply the information by 7.30 am for the Trading Day following the current Scheduling Day. This will allow Market Participants to be able to use the information in making their STEM bids. This proposal is, as well as the current drafting, shown in figure 2 below.

**Figure 2: Current and Proposed Drafting**



## APPENDIX 2: PROPOSED AMENDING RULES IN THE RULE CHANGE PROPOSAL

The IMO proposed the following amendments to the Market Rules in its Rule Change Proposal (~~deleted text~~, added text):

3.21A.16. By ~~4.30pm~~ 7.30am each day System Management must provide the IMO with the information submitted under clause 3.21A.4 ~~and for Commissioning Tests approved under clause 3.21A.9 relating to the next Scheduling Day for Commissioning Tests approved under clause 3.21A.9.~~ for the Trading Day following the current Scheduling Day.

## APPENDIX 3: ADDITIONAL AMMENDMENTS MADE BY THE IMO FOLLOWING THE CONSULTATION PERIOD

The IMO made an amendment to the proposed Amending Rules following the consultation period. These changes are as follows (~~deleted text~~, added text):

3.21A.16. By ~~7.30am~~ 8.30am each day System Management must provide the IMO with the information submitted under clause 3.21A.4 for Commissioning Tests approved under clause 3.21A.9 for the Trading Day following the current Scheduling Day.

