

Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2012_04 Consequential Outage Correction

Submitted by

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Submission

- 1. Please provide your views on the proposal, including any objections or suggested revisions.**

Background

The Market Rules currently contain three types of outage classifications for Registered Facilities and items of equipment forming part of a Facility or the Network Operators transmission network:

- Planned Outages
- Forced Outages, and
- Consequential Outages.

Planned Outages are outages that have been pre-approved by System Management. Forced Outages are typically unplanned events such as the sudden trip of a generating unit that makes a Facility or an item unavailable for a period of time. Forced Outages are specifically not pre-approved by System Management. Consequential Outages are outages that occur for a Facility due to the Forced Outage of another Rule Participant's equipment. A Consequential Outage for a generator would typically occur if Western Power had a Forced Outage of the transmission lines connecting the generator to the South West Interconnected System (SWIS).

There are financial implications related to Forced Outages including having to pay refunds for the unavailability of Capacity Credits. Capacity Credit refunds do not apply for Planned Outages and Consequential Outages.

Tesla Corporation has identified that it is possible under the current Market Rules for a Planned Outage to the Network Operator's equipment to go ahead without all affected parties being notified. The parties that are not notified will then not be in a position to apply for a Planned Outage for its equipment if necessary. If the Planned Outage to the Network Operator's equipment leads to another Market Participant's Facility being unavailable the Market Participant will suffer a Forced Outage and will be subject to Capacity Credit refund payments.

Change Proposal

Tesla Corporation submitted Rule Change Proposal RC_2012_04 "Consequential Outage Correction" on 24 April 2012.

Tesla Corporation proposed to amend the Market Rules to address the issue described above by amending the definition of a Consequential Outage. Tesla Corporation has proposed to amend clause 3.21.2 so that a Consequential Outage would be defined as an outage that occurs due to either a Forced Outage to another Rule Participant's equipment or due to the Planned Outage of a Network Operator's equipment.

Perth Energy's Views

Perth Energy supports Tesla Corporation's Rule Change Proposal.

The Rule Change Proposal addresses what seems to be a manifest error in the Market Rules. An outage to a transmission line or other vital network equipment which must be available in order to synchronise a generator to the network and be able to export electricity will render it impossible for a generator to make itself available for dispatch in the market regardless of whether the outage to the network equipment was planned or forced. The outage of the generator would in either case be no fault of the generator. It would serve no purpose to impose financial penalties via the capacity credit refund mechanism on the owner of the generator.

Perth Energy considers the proposed solution would address the issue that has been identified.

2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.

Perth Energy considers that the proposed changes to the Market Rules would remove an unreasonable, unmanageable and unnecessary risk that currently exists for owners of Facilities that may be affected by a network equipment outage. The proposed amendments to the Market Rules would remove the risk and thereby minimise the long term cost of producing electricity. Perth Energy therefore considers the amendments would ultimately

facilitate achievement of Market Objective¹ (d). Perth Energy also considers that removing an unmanageable risk will make it somewhat easier for new entrants to establish themselves in the generation market. Perth Energy therefore also considers the proposed amendments would facilitate achievement of Market Objective (b) relating to encouraging competition. Perth Energy has not identified any detrimental impacts on the remaining Market Objectives.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

Perth Energy will not be impacted by the proposed changes.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

Perth Energy will not require any lead time to implement the proposed changes.

¹ The objectives of the market 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.