



INDEPENDENT
MARKET
OPERATOR

Wholesale Electricity Market Submission to Rule Change Proposal

RC_2013_01 Clarification of dispatch compliance obligations

Submitted by

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Date submitted:	6 May 2013

Submission

Submissions for Rule Changes should be submitted to:

Independent Market Operator

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

System Management appreciates the opportunity to provide a submission on RC_2013_01 Clarification of dispatch compliance obligations.

System Management agrees the intent of the Fast Track rule change proposal RC_2013_01 addresses a specific set of issues with section 7.10 identified as oversights when the Dispatch Compliance requirements were updated in RC_2011_10 Competitive Balancing and Load Following to accommodate the new Wholesale Electricity Market design.



SYSTEM MANAGEMENT IN SUPPORT OF RC_2013_01

System Management supports the IMO's position on RC_2013_01 expressed at the 59th MAC meeting held on 10 April 2013, that 'System Management is providing all the relevant information to the IMO despite the potential for ambiguity that exists in the Market Rules'.

Consistent with this understanding, System Management believes its current dispatch compliance monitoring process is compliant with the amendments proposed in Rule Change Proposal RC_2013_01.

However in the instance the IMO's position changes, it is likely that System Management will need to consider changes to the System Management Information Technology systems and propose additional costs and extended implementation timeframes.

OTHER ISSUES

Given RC_2013_01 is being progressed as a Fast Track Rule Change; this process may restrict the opportunity to address other issues associated with Dispatch Compliance requirements.

System Management would like to raise the following issues below for consideration by the IMO:

Review of System Management's requirement to 'request an explanation' in clause 7.10.5(c) of the Market Rules

Given System Management is predominantly concerned with non compliance deviations directly impacting real time Power System Security or Reliability, it considers it is valuable to make requests for explanations in light of this.

Historically System Management has adopted a strict interpretation of this clause that System Management must simultaneously send a request for an explanation for a non compliance dispatch deviation at the same time a warning is issued. To comply with this interpretation, System Management's current dispatch compliance monitoring systems automatically issues non compliance notifications (including both a warning and a request for an explanation) in accordance with 1 minute configurations.

System Management would like the IMO to consider making the requirement for System Management to 'request an explanation' in respect of each and every deviation from a Market Participant discretionary in light of security implications. Accordingly these explanations will be reported to the IMO in accordance with clause 7.10.7(a).

Ambiguity in applying clause 7.10.5(c) of the Market Rules

Clause 7.10.5 confers a general obligation on System Management to facilitate real time monitoring of Market Participant's dispatch compliance with the Market Rules, and identify instances where a Market Participant may not have complied with a Dispatch Instruction, Operating Instruction applicable to the Registered Facility for the Trading Interval.

In particular, System Management has a mandatory requirement to as soon as reasonably practicable:

'7.10.5 (c) warn the Market Participant about the deviation and request an explanation for the deviation...'



System Management identified there are several ways to interpret and apply this clause, all of which produces different outcomes.

As previously mentioned, System Management considers there is little value in seeking explanations for deviations in response to each and every 1 minute automated deviation warning. As such, System Management sought the IMO's views on whether the requirements to 'warn' and 'request an explanation' of a non compliance deviation may be facilitated at different times, in so far as, the request for an explanation is executed as soon as reasonably practicable following System Management's issuing a warning pertaining to that deviation. The IMO understood this is a plausible interpretation.

The practical application of this interpretation provides System Management the flexibility to issue a single request for an explanation for deviations occurring within a Trading Interval at the end of that Trading Interval, rather than burden a Market Participant to respond to a continuous stream of 30 requests per Trading Interval over a Trading Day. Further, as the Market Operations team is required to review each and every explanation provided in response to the 1 minute non compliance request and manually sends this information to the IMO. The suggested amendment will significantly reduce the labour intensity associated with reviewing the volume of responses.

To clarify this requirement, System Management suggests the IMO consider separating the 'warn' and 'request for explanation' criteria into two separate sub clauses within clause 7.10.5.

Clarification of timeframes associated provision of information by Market Participants and System Management in section 7.10.

To improve the integrity of the Market Rules, System Management suggests the IMO consider clarifying the time frames by which Market Participants are required to notify and provide explanations to System Management in accordance with clause 7.10.3, 7.10.3A, 7.10.6, and 7.10.6A.

Similarly, it is prudent to clarify the time frames by which System Management is required to warn and request explanations from Market Participants, and to report such information received from Market Participants to the IMO, in accordance with clauses 7.10.4, 7.10.5 and 7.10.7.

System Management would like to work with the IMO to determine more specific timeframes around the provision of the abovementioned information to improve the effectiveness of the compliance monitoring process.

Duplicated requirements in clauses 7.10.3, 7.10.3A, 7.10.6, 7.10.6A(a)

Following further consultation with the IMO, System Management identified the application of clauses 7.10.3 and 7.10.3A, and 7.10.6 and 7.10.6A(a), requires a Market Participant to as soon as practicable provide an explanation for a deviation in response to either a warning received from System Management, or when it becomes aware that it cannot comply with its dispatch requirements.

System Management contends the value of duplicating Market Participant's requirements in clauses 7.10.3A(a) and 7.10.6A(a) (as shown below):

7.10.3A. Where a Market Participant has advised System Management under clause 7.10.3 that it cannot comply or fully comply with a Dispatch Instruction:

- (a) the Market Participant must provide System Management with the reason it cannot comply or cannot fully comply with the Dispatch Instruction; and*



- (b) *the reason provided by the Market Participant under clause 7.10.3A(a) must fall within clause 7.10.2(a).*
- 7.10.6A. *A Market Participant that cannot comply with a request under clause 7.10.5 must notify System Management as soon as practicable and must:*
- (a) *include an explanation in that notification; and*
 - (b) *ensure it has complied with the requirements of clause 7A.2 in relation to the Market Participant's Balancing Submission.*

System Management would like the IMO consider removing the duplication evident in clauses 7.10.3A and 7.10.6A.

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

System Management supports the intent of RC_2013_01 noting that the purpose of the rule change is to address manifest errors relating to addressing a specific set of issues with section 7.10. Further support is conditional on the IMO's position expressed at the 59th MAC meeting. In light of this, System Management agrees the proposed amendments are consistent with the 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.

System Management confirms there are no process or system changes for System Management as the IMO has confirmed in the 59th MAC meeting that System Management already provides the data required.

As mentioned earlier, in the instance the IMO's position changes, it is likely that System Management will need to consider changes to the System Management Information Technology systems, internal processes changes, and propose additional costs and extended implementation timeframes after the date the Final Report is released

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

There are no changes required by the proposed change so it could be implemented immediately.

However in the instance the IMO's position changes, it is likely that System Management will need to consider extended implementation timeframes after the date the Final Report is released.

