



INDEPENDENT
MARKET
OPERATOR

Wholesale Electricity Market Submission to Rule Change Proposal

RC_2013_15 Outage Process Refinement

Submitted by

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Submission

Submissions for Rule Changes should be submitted to:

Independent Market Operator
Development and Capacity
Cloisters Square, Perth, WA 6850
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Attn: Group Manager,
PO Box 7096

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

- The IMO is currently developing a rule change or clarification which should more clearly define a "Forced Outage". Despite not wishing to see undue delay in rule changes Bluewaters believes the definition of a Forced Outage is central to the concepts of this rule change. As the definition of a Forced or Planned Outage will undoubtedly influence the construct of the outage planning process (and the *types* of outages therein) either that definition (PRC_2013_16) should precede this rule change, or an agreed definition adopted in this RCP should flow into PRC_2013_16. Can the IMO clarify which is precedent for the purposes of these rule changes?

Bluewaters asks the IMO to consider the following analogy:

A taxi has five tyres – four on the car, one in the boot (a healthy spare). One of the tyres, after some



previous use and tyre rotations, or even some unforeseen incidental damage, is wearing and it is not clear precisely when it will become unsafe or illegal (or potentially even blow). Experience, and perhaps some measurement, reveals it is likely to need to be changed out some time in the next 1-15 weeks. It won't make it to annual service in 30 weeks time. This weekend the driver has minimal booking commitments.

- Is it a forced outage to service the car this weekend since it is convenient and likely to be less costly than any other weekend in the future when you are forecast to have more driving commitments?
- Is it a forced outage to take it out of service in 3 weeks time, 27 weeks before its scheduled annual outage?
- Is it a forced outage simply because you took that car out of service for maintenance ahead of its annual major outage?
- Is it a forced outage if the tyre blows before you elected to take the car out of service to replace the worn tyre?

Bluewaters contends it is a forced outage if the tyre blows but in all other cases it is a planned outage (and can be approved if the technical criteria are met). If the demand for taxis isn't high, if the taxi company approves the outage and if a mechanic is available it makes sense to service the taxi now.

Identifying an issue in advance that needs attention, and identifying the time frame it should be addressed in, does not by default define that task as a forced outage. Bluewaters contends that System Management have the technical criteria set in a manner that determines if a plant outage endangers the SWIS and further contends that market forces then determine the optimal economic time to take an outage.

- The perception Bluewaters has of the IMO's sentiment is that there is a prioritising of the deterrence of participants potentially 'hiding' forced outages, ahead of incentivising the best economic outcomes of outage planning and maintenance activities. Conversely, it appears to Bluewaters that generation representatives are prioritising achieving the best economic outcomes ahead of the consideration that a participant may attempt to hide a forced outage.

Bluewaters believes the over-arching umbrella of the Availability Incentives rule change combined with the obvious signs a facility is experiencing a forced outage and the technical criteria required to be met to have an outage approved, provide adequate protection to the market of participants hiding a material level of forced outage under the guise of a planned outage. The market objectives would be better served by encouraging practical, efficient outcomes.

- Bluewaters does not believe that the current rules, nor the proposed rules, will deliver the right mix of penalty for forced outage and incentive/reward to optimise outage planning. It appears to be the IMO's stance that basically a planned outage occurs once a year and is planned months, if not years in advance. The reality of a generation facility is that not all wear and tear occurs in such an ordered and convenient fashion. Bluewaters considers any outage that *can* be deferred and planned to the extent that System Management have time to assess it against the technical criteria and approve it, and that parts, expertise and labour can be arranged ahead of bringing a unit to a lower load or desynchronising, is a planned outage.

Accordingly, if a participant can perform a deferrable piece of maintenance any time between now and the point at which System Management would, assuming the system conditions are appropriate, approval a pre-accepted planned outage, Bluewaters urges the IMO to consider that outage a planned outage, not a forced outage, and to design rules and processes accordingly.

Bluewaters proposes that a set of rules allowing maximum *flexibility* to find the optimal time to take an outage, provided the prevailing outage criteria are met, and the unit is otherwise meeting its obligations, is the ideal outcome.

The current rules effectively deliver participants and the IMO with two 'downsides' - easily hidden short-term forced outages, and no real flexibility for genuine opportunistic maintenance outages as a result of that 'gap' requirement.

As per the representations made to the IMO on Wed 12th Bluewaters would like to reiterate what we believe is a preferred outcome of this rule change proposal, one that should satisfy the IMOs desire to establish a unit *can* defer an outage, and one which otherwise allows a generator maximum flexibility to optimally manage an outage:

The removal of “On The Day” and “Day Ahead” outages, to be replaced with one outage - an “Opportunistic Outage”. This is a non-forced outage which can take effect from ‘immediately’ until the point a pre-accepted planned outage could (if approved) commence.

As the IMO is clear in that they do not want participants to be easily able to disguise what is a forced outage with an approved planned outage the IMO could consider a 6-hour ‘gate closure’ from application time until approved derating. The application time should be anytime between 6am and 6pm.

If, as per the proposed rule change that energy must be bid as *unavailable* there is now a 6-hour notification time to the market of the change in bid & offered energy. A Dispatch Advisory could also be sent advising participants that an XXMW opportunistic outage had been granted to *facility_name*.

The Availability Incentives rule change could incorporate a threshold on the number of “Opportunistic Outage” equivalent days a participant may take (eg. 8 per annum, or 20 per 1000 days).

This type of outage would provide a longer lead time before derating (an improvement on the current and proposed rule regime) while capturing the benefits of being able to have longer outages at an opportunistic point in time (be it a time that is economically better to the participant and/or ore suitable to System Management).

Discussion specific to the PRC issues:

Issue 1 Equipment List:

Bluewaters agrees with the IMOs reasoning and that DSPs should not be in the Equipment List. Bluewaters agrees with the proposal to restrict the list to Scheduled Generators and Non-scheduled Generators with greater than 10MW name plate capacity.

Issue 2 Equipment List: Network Equipment:

Bluewaters is not convinced the solution proposed by the IMO is optimal in terms of efficiently achieving the stated goals of the rule/outage process reform. The proposed solution still requires SM to maintain an equipment list (additional administration) and yet SM must presumably still communicate with generating facilities affected such that they can curtail during the equipment outage. As such those units should then lodge an outage (consequential) which is visible to, and easily understood by, market participants.

In other words – it should suffice from an outcomes point of view that a generating facility forced to curtail due to network equipment outage informs the market by lodging a consequential outage (or a planned outage which is later converted to consequential). This solution places less burden on SM while still keeping the energy market fully informed on generation impact. Bluewaters suggests the IMO consider reviewing the required Equipment List (proposed MR 3.18.2 (c)).

Issue 3 Requirements to follow the outage planning process: Supportive - no objections.

Issue 4 Balancing submission “**unavailability**” declaration:

UNAV should simply reflect any capacity which is not available for dispatch. The reason for that unavailability should be captured in additional processes such as outage planning process or the ancillary service processes for example.

Issue 5 Deadline for approval of a Planned Outage: Supportive – no objections.

Issue 6 Clarification of requirements for Balancing Facilities: Supportive – No objections.

Issue 7 Clarification of requirements for the Verve Energy Balancing Portfolio: Supportive – No objections

Issue 8 Clarification of Deadline for Scheduled Outage approval:

Bluewaters believes the proposed rule change (clarification) is an improvement to the current rules.

As per comments above – Bluewaters believes a single outage type (Opportunistic Outage) should be considered which has an application time frame of 6am until 6pm and requires System Management to make a decision no later than one hour before the outage is due to commence would better achieve the market objectives than the proposed rule change.

Issue 9 Prohibition on Opportunistic Maintenance spanning two trading days:

Bluewaters agrees the IMO's proposal is an improvement on the current outage rules.

As per comemnts above – Bluewaters believes a single outage type (Opportunistic Outage) should be considered which once approved may be continuous until the first point at which a pre-accepted planned outage could be approved. This would imply an outage, applied for at 6am on the scheduling day for a 12pm start that same day, could have a duration of up to 44 hours (12pm scheduling day until 8am on SD+2) and would better achieve the market objectives than the proposed rule change.

Issue 10 Restrictions on the timeframes for making Opportunistic Maintenance requests:

Bluewaters agrees the proposed rule change is an improvement on current rules.

As per comments above – Bluewaters believes a single outage type (Opportunistic Outage) should be considered which has an application time frame of 6am until 6pm and requires System Management to make a decision no later than one hour before the outage is due to commence and would better achieve the market objectives than the proposed rule change.

Issue 11 Restrictions on the timeframes for making consecutive Opportunistic Maintenance requests:

Bluewaters does not agree with the IMOs stance on this issue in general. As per comments above – Bluewaters believes the IMO should discard the On-the-day and day-ahead opportunistic outages and adopt a single "Opportunistic Outage".

Bluewaters believes this proposal better achieves the IMOs stated goal of reducing the potential to hide a forced outage while also creating a more flexible outage management regime which better meets the market objectives through greater flexibility and the resultant, more optimal, practical outcomes.

Issue 12 Notification Times for Small Outage Facilities; Supportive – No Issues

Issue 13 Availability Declarations for Planned Outage Approval Requests:

Bluewaters is generally supportive of the proposed rule changes under these issues. The rule changes more clearly describe the obligations of the outage process to market facilities. Bluewaters feels those obligations are reasonable and are well aligned with the Market Objectives.

PRC 3.19.2B: Bluewaters agrees with intent and drafting. Implicit in the outage application (at the time the application is made) that the facility will be available if the outage is not approved by System Management. This implicit acknowledgement supports the removal of System Management requested 'Availability Declarations' which Bluewaters historically found objectionable because they were subjective and not aligned with the more technical nature of System Managements role.

PRC 3.19.2D: Bluewaters supports with the drafting and intent.

Extension of scheduled outages: Bluewaters supports the inclusion of extra flexibility around the extension of scheduled outages. Historically it has been necessary to apply for longer durations than the critical path of an outage to allow for emergent work which may have misled (though not maliciously) System Management or the market about the likely reserve margin at that time.

Specific Rules:

3.19.2 (b) i: Bluewaters believe this is should either be deleted or read “the outage must be to allow ~~minor~~ maintenance to be performed;” as we support the notion that a more effective outage process would allow the commencement of a “larger” piece of work if it is opportunistically the best time to get the outage underway.

That said, Bluewaters questions the practicality of enforcing such a rule on these terms (what is “minor maintenance”?).

3.19.2 (b) iii and 3.19.3A (b): As per earlier comments, Bluewaters believes these forms of Opportunistic Maintenance outage should be modified such that there is one type of approved Opportunistic Outage that may extend from [Application time + 6 hours] until [the point at which a pre-accepted planned outage could commence. These clauses are reducing the flexibility of the outage management regime and directly contributor to inefficient outcomes in this space (not in keeping with the Market Objectives).

MR 3.19.3A (d): Without taking anything away from the process of assessing outages, this clause remains a little vague in its accountability for declining to approve an outage. Perhaps the clause could be improved to allow System Management the flexibility to take the additional time it needs, and in turn add the extra time it took to deliberate to the start and end time of the outage request (which is then offered to the participant who has some right of taking up the offered outage or declining)?

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

Bluewaters believes the proposed changes are an improvement on the current rules and will better facilitate achieving the Market Objectives.

Bluewaters believes there are additional opportunities within this rule change proposal to more effectively achieve the Market Objectives as per the comments enclosed.

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.

The proposed rule changes will result in process changes at Bluewaters which are not expected to have any material costs for implementation.

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

The changes required (to processes) will be implemented immediately upon the rule changes activation.