
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2013_15 Outage Planning Phase 2 – Outage Process Refinements

Submitted by

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Submission

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

Background

Clause 3.18.18 of The Market Rules for the Wholesale Energy Market (WEM) requires a five yearly review of the operation of the outage planning process within the WEM. The first such review was completed in 2011 by PA Consulting. PA Consulting identified a number of potential improvements to the outage planning process, some of which have already been implemented via RC 2012 11 “Transparency of Outage Information”. This rule change proposal deals with remaining outage related issues identified by PA Consulting, the Independent Market Operator (IMO), System Management, and a number of Market Participants.

Issues

A total of 13 separate issues have been identified within this Rule Change Proposal as follows:

- 1. Equipment List (Demand Side and Loads):** There is a current requirement for System Management to maintain a list of equipment on the South West Interconnected System (SWIS) which is subject to the outage planning process. Currently, all Facilities holding Certified Reserve Capacity (CRC) must be included on the list unless the CRC unless the nameplate capacity of the Facility is less than 10MW). There is currently confusion with regards to whether demand side management Facilities, Dispatchable Loads and Interruptible Loads are also subject to the outage planning process and whether these Facilities should appear on the list.
- 2. Equipment List (Network Equipment):** The list mentioned above currently also includes all transmission network Registered Facilities. It does not specifically include any distribution network Facilities. Both transmission and distribution network Facilities may impact on the ability of a CRC provider to deliver its capacity to the WEM. The IMO has identified that it may be prudent to require all network equipment (regardless of whether it is transmission or distribution) that may impact on the delivery of capacity to be included on the equipment list.
- 3. Requirement to Follow the Outage Planning Process:** The Market Rules do not contain an explicit clause to require Market Participants to follow the Outage Planning Process. This requirement is inferred from a number of clauses in the Market Rules, including the fact that failure to apply for a Planned Outage will lead to a detrimental financial consequence via refund payments for unavailable capacity in case of a Forced Outage.
- 4. Balancing Submissions and Outages:** There is currently some ambiguity as to how to treat outages when making Balancing Submissions. This is particularly the case when a Market Participant is has applied for or is intending to apply for an outage and that outage has not yet been formally approved by System Management. Currently, the Market Rules require in this scenario that the Market Participant make its capacity available via the Balancing Market bids despite the fact that it is intending to go through with an outage and thus making the capacity unavailable. The Market Participant may elect to bid the capacity in at a high price to avoid being scheduled, but nonetheless the capacity must be made available to the market even though the Market Participant intends to withdraw the capacity from the market to allow for maintenance activities.
- 5. Deadline for Approval of a Planned Outage:** The Market Rules do not set a specific deadline by which to apply for an opportunistic maintenance. This introduces uncertainty in the WEM, with the possibility that an application for opportunistic maintenance may be rejected after the balancing gate closure. Participants may then be left little choice but to declare a Forced Outage.
- 6. Requirements for Balancing Facilities (other than Verve Energy Balancing Portfolio (VEBP)):** The Market Rules are currently unclear about how to treat capacity that is subject to a Planned Outage request in the Balancing Submission.
- 7. Requirements for VEBP Facilities:** The same issue as identified in 6 above applies to the VEBP Facilities. However, as the VEBP Facilities are subject to different rules and timelines compared to other Balancing Facilities, the VEBP Facilities need to be considered separately.

8. **Deadline for Scheduled Outage Approval Requests:** The Market Rules are currently unclear as to the exact deadline for System Management to provide approval for a Scheduled Outage Approval Request.
9. **Opportunistic Maintenance Spanning Two Trading Days:** The Market Rules currently prohibit opportunistic maintenance to span two consecutive Trading Days. This implies that an opportunistic maintenance request for as little as an hour between 7.30am and 8.30am could not be allowed under the current rules. In contrast, a request for an opportunistic maintenance period of 24 hours between 8am and 8am could be contemplated under the current rules.
10. **Restrictions on Timeframes for Making Opportunistic Maintenance Request:** Currently, the Market Rules do not allow Market Participants to make a request for opportunistic maintenance between 10am on the Scheduling Day and the start of the Trading Day.
11. **Time between Opportunistic Maintenance Events:** The Market Rules are currently unclear as to whether a Market Participant can request another period of opportunistic maintenance following immediately after the end of another period of opportunistic maintenance.
12. **Opportunistic Maintenance for Small Outage Facilities:** Small Outage Facilities do not currently have the opportunity to request opportunistic maintenance. These Facilities must (clause 3.18.2A (b)) notify System Management of any proposed Planned Outages at least 2 Business Days prior to the outage event.
13. **Availability Declarations for Planned Outage Requests:** Currently, System Management may require a written declaration to state that a unit for which a Planned Outage has been applied for is available prior to the outage commencing. The requirement for this declaration was intended to prevent Market Participants converting a Forced Outage into a Planned Outage and thereby avoiding the financial payments associated with the capacity refunds. However, an unintended consequence is that Market Participants are incentivised to apply for longer periods of Planned Outages than they would normally expect that they would require. This is to avoid being subject to a Forced Outage if it was necessary to extend the duration of the Planned Outage for example due to unforeseen delays with the maintenance work.

Change Proposal

The IMO submitted Rule Change Proposal 2013 15 “Outage Planning Phase 2 – Outage Process Refinements” on 24 December 2013.

The IMO has proposed to amend the Market Rules to address each of the thirteen issues identified above as follows:

1. **Equipment List (Demand Side and Loads):** The IMO has proposed to make it clear in the Market Rules that Demand Side providers and other Loads that hold capacity credits do not need be included on the list of equipment that is subject to the outage planning process. The IMO considers that a load that is taking less of a load than its Relevant Level would not necessarily be on an outage. Furthermore, with the

new requirement being proposed in another rule change proposal (RC 2013 10 “Harmonisation of Supply-Side and Demand-Side Capacity Resources”) for demand side providers of capacity credits to install telemetry System Management will have full visibility of the availability of capacity from these Facilities.

2. **Equipment List (Network Equipment):** The IMO has proposed to amend clause 3.18.2(c)(ii) to require the Equipment List to include any transmission or distribution equipment that may impact on the ability of a generation system that is on the Equipment List to produce output.
3. **Requirement to Follow the Outage Planning Process:** The IMO has proposed to amend the Market Rules to make it explicit that it is a requirement on Market Participants to follow the Outage Planning Process.
4. **Balancing Submissions and Outages:** The IMO has proposed to amend the Market Rules so that Market Participants must include all of its capacity in its Balancing Submission and clearly indicate what part of the capacity is available and what part of that capacity is or is expected to be on outage.
5. **Deadline for Approval of a Planned Outage:** The IMO has proposed to amend the Market Rules to require all requests for approval of a Planned Outage to be submitted no later than 30 minutes prior to Balancing Gate Closure. In the event that a firm decision has not been received from System Management on the request, the Market Participant is to assume that the request for a Planned Outage has been denied.
6. **Requirements for Balancing Facilities (other than Verve Energy Balancing Portfolio (VEBP)):** The IMO has proposed to amend the Market Rules to require Market Participants to declare any capacity that is either subject to a pre-approved outage or for which an outage request has been submitted (but for which no decision has been made yet) as unavailable. In the event that System Management rejects an application for a Planned Outage the Market Participant must promptly re-submit its Balancing Submission to reflect the capacity being available to the market. Alternatively, that capacity will be subject to a Forced Outage and refund payments will apply for the unavailable capacity.
7. **Requirements for VEBP Facilities:** As different timelines apply to the Balancing Submission for the VEBP Facilities the IMO has proposed that VEBP Facilities be treated in a different manner to other Balancing Facilities. For the VEBP Facilities the IMO proposes that capacity for which Verve Energy (now Synergy) has applied for to be on outage should be included as available in the Balancing Submission unless approval for the outage has already been received. If approval for the outage is received after Balancing Gate Closure for the VEBP Facilities, then Verve Energy must remove the relevant quantity from its Balancing Submission and do so by reducing the quantity from the highest bid/offer pairs, leaving lower priced pairs unaffected.
8. **Deadline for Scheduled Outage Approval Requests:** The IMO has proposed to modify clause 3.19.1 so that a request for approval of a Planned Outage is submitted no later than 10am on the day prior to the Scheduling Day.

9. **Opportunistic Maintenance Spanning Two Trading Days:** The IMO has proposed to amend the Market Rules to allow opportunistic maintenance for a period of up to 24 hours regardless of whether that would span Trading Days.
10. **Restrictions on Timeframes for Making Opportunistic Maintenance Request:** The IMO has proposed to amend the Market Rules to allow Market Participants to make a request for opportunistic maintenance as late as 30 minutes before Balancing Gate Closure for the Trading Interval for which the opportunistic maintenance is requested.
11. **Time between Opportunistic Maintenance Events:** The IMO has proposed to amend the Market Rules so that there must be at least 24 hours between each period of opportunistic maintenance.
12. **Opportunistic Maintenance for Small Outage Facilities:** The IMO has proposed to amend the Market Rules to allow Small Outage Facilities the same time lines for applying for opportunistic maintenance as applies to other Facilities.
13. **Availability Declarations for Planned Outage Requests:** The IMO has proposed to amend the Market Rules to remove the requirement to make a written declaration. Instead, the Market Rules will make it prohibited to request a Planned Outage unless the Market Participant would expect the capacity to be available should the Planned Outage not be approved. The expectation around availability will not apply to Facilities that have a Planned Outage immediately before the period for which they are applying for another Planned Outage. Nor will the expectation apply to Facilities that are expected to be subject to a Consequential Outage if the proposed Planned Outage did not occur.

Perth Energy's Views

Perth Energy supports the proposed amendments by the IMO.

Perth Energy welcomes the proposed implementation of the remaining issues that were identified in the 5-yearly review of the outage planning process. Most of the issues identified within this Rule Change Proposal provide clarity as to the interpretation of the current rules and in some instances provide further flexibility within the outage planning process. Provided that flexibility does not compromise system security, Perth Energy considers that flexible arrangements for outage planning will have positive impacts on efficiency and may ultimately lower the cost of outage planning and management within the WEM.

Perth Energy welcomes the amendments to the availability declarations for Planned Outage Requests. The current approach, which by definition makes it impossible to extend a Planned Outage, for example when planned work takes longer due to unforeseen circumstances is impractical and inefficient. With the proposed amendments it will be possible for generators to always provide System Management with their best estimate of the required time for the Planned Outage and at the same time have the opportunity to request an extension of that Planned Outage if required. This should lead to improved efficiency in outage planning and scheduling as well as outage execution.

The proposal to allow opportunistic maintenance for up to a continuous 24 hours regardless of start time is in our view also an improvement on the current rigid application of the

opportunistic maintenance rules which require such maintenance to occur on a single Trading Day.

Perth Energy agrees that there is little merit in forcing loads and demand side providers to formally take part in the outage planning process. They may reduce load for other reasons than providing capacity to the system and such reductions in load could not in our view be labelled as outages. However, Perth Energy queries whether there may be some merit for System Management to have a less formal process to be informed of maintenance and other significant activities at major loads, such as commissioning of new machinery. For example, if System Management was aware that a load that normally consumes 20MW is on maintenance outage this may impact on System Management's decision on granting opportunistic maintenance to a generator.

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

Perth Energy considers the change proposal will clarify the obligations and timelines that apply in relation to outage planning. In addition, the change proposal will lead to more flexibility in the outage planning process, especially in regard to submission and approval timelines, the ability to do opportunistic maintenance and the ability to extend a Planned Outage. Perth Energy considers that in aggregate the amendment are therefore likely to improve efficiency in the outage planning process and lower the long term costs associated with outages. These effects will impact positively on Market Objectives¹ (a) and (d).

Perth Energy has not identified any impacts on the other 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 may need to update some of its business processes. We are yet to quantify the impact of these potential changes but consider it likely that the impact will be insignificant.

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

¹ (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.

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