

---

## Agenda item 5b

### Wholesale Electricity Market Rule Change Proposal – Discussion Paper

---

#### Submitted by

<b>Name:</b>	Alistair Butcher
<b>Phone:</b>	9427 5787
<b>Fax:</b>	9427 4228
<b>Email:</b>	<a href="mailto:Alistair.butcher@westernpower.com.au">Alistair.butcher@westernpower.com.au</a>
<b>Organisation:</b>	System Management
<b>Address:</b>	
<b>Date submitted:</b>	4 May 2010
<b>Urgency:</b>	Standard Rule Change process
<b>Change Proposal title:</b>	Equipment Tests
<b>Market Rule(s) affected:</b>	New clause 3.21AA, clause 7.10.2, clause 7.10.5A(b), 7.12.1, 7.13.1, chapter 11

---

#### Introduction

This Market Rule Change Proposal can be posted, faxed or emailed to:

**Independent Market Operator**

Attn: Troy Forward, Manager Market Administration & System Capacity  
PO Box 7096  
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

Email: [marketadmin@imowa.com.au](mailto:marketadmin@imowa.com.au)

The paper should explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. 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.

---

## Details of the proposed Market Rule Change

---

### **1) Outline the issue concerning the existing Market Rules that is to be addressed by the proposed Market Rule change:**

Generation facilities at times require ongoing testing (eg for environmental approvals) which is unable to satisfy the requirements of a Commissioning Test as provided for in clause 3.21A.

There is no ability under the Market Rules to undertake a test of equipment except via production consistent with a Resource Plan or Commissioning Test. Where a participant endeavours to perform a test under a Resource Plan there may on occasion be undisclosed deviations. To ensure Power System Security and Power System Reliability it is imperative that Market Participants consult with System Management before undertaking tests which may see the facility deviate from its Resource Plan, to allow System Management to plan system operations accordingly during the relevant period.

However, under the current Market Rules, if a facility notified System Management of the intention to perform such a test, and the test would result in deviation from a Resource Plan, System Management would be obliged to order the facility to return to the Resource Plan. Non-compliance with this instruction would expose the Participant to enforcement action.

This Rule Change intends to provide an option to Market Participants called an “Equipment Test”. A participant could utilise this option to seek System Management approval, in advance, of a deviation from Resource Plan. The participant would be exempted from enforcement action in respect of the obligation to comply with Resource Plan for the duration of the test, but participants would still remain liable for commercial penalties (ie. UDAP, DDAP, Forced Outage refunds).

Advance notification must be given to System Management in the form of a proposed testing plan, which if approved, removes System Management’s obligation to order the facility back to its Resource Plan in accordance with clause 7.10.5 of the Market Rules for the duration of the test.

The advantage to System Management is a higher degree of transparency associated with real-time deviations from Resource Plans. If Market Participants are given the opportunity to provide their test plans to System Management in advance, and are exempt from compliance (but not commercial) penalties this will afford a significant benefit to real-time power system operations through greater visibility of a participant’s intended behaviour.

Because participants will be relieved of the risk of compliance action during the period of the Equipment Test, System Management is of the view that publication of the existence of such a

test is appropriate. Consequently, a change to clause 7.12 (a report on the performance of the market with respect to the dispatch process) has been proposed which provides this visibility.

Finally, Appendix 1 to this Rule Change Proposal sets out the anticipated amendments to Power System Operating Procedure: Commissioning and Testing to provide for the mechanics of seeking an Equipment Test (consistent with new clauses 3.21AA.3 and 3.21AA.7).

---

## **2) Explain the reason for the degree of urgency:**

System Management submits that the above rule changes be proceeded with under the standard rule change process.

---

## **3) Provide any proposed specific changes to particular Rules (for clarity, please use the current wording of the Rules and place a ~~strikethrough~~ where words are deleted and underline words added)**

### **3.21AA Equipment Tests**

3.21AA.1 An Equipment Test ("Equipment Test") is a test conducted by a Market Participant of the ability of a generating system to:

- (a) verify Standing Data for a Facility in accordance with clause 2.34.6;
- (b) resolve technical performance issues; or
- (c) confirm capability of Ancillary Services.

3.21AA.2 A Market Participant may apply to System Management for an Equipment Test no later than 12PM on the Scheduling Day.

3.21AA.3 An application for an Equipment Test must be made in accordance with the Power System Operation Procedure and contain:

- (a) the name and location of the Facility to be tested;
- (b) the commencement time of all Trading Intervals during which testing will be conducted; and
- (c) details of the test to be conducted, including an indicative test program.

3.21AA.4 System Management must notify the Market Participant of whether System Management has approved an Equipment Test by no later than 4PM on the Scheduling Day.

3.21AA.5 System Management must not show bias towards a Market Participant concerning the approval of Equipment Tests.

3.21AA.6 In deciding whether to approve a proposed Equipment Test, System Management must have regard to whether:

- (a) there is adequate time to properly consider the application;
- (b) outages approved pursuant to clause 3.19 would be affected by the intended Equipment Test; and
- (c) the test can be accommodated at the proposed time without undue risk to Power System Security or Power System Reliability.

3.21AA.7. System Management must document the procedure it follows in approving Equipment Tests in the Power System Operation Procedure and System Management and Market Participants must follow that documented Market Procedure when planning and conducting Equipment Tests.

3.21AA.8 If having approved an Equipment Test, System Management becomes aware that:

- (a) the conduct of the test at the proposed time would pose a threat to Power System Security or Power System Reliability; or
- (b) the Equipment Test is no longer required.

then it may revoke its approval of the Equipment Test and must notify the Market Participant of the cancellation.

7.10.2 A Market Participant is not required to comply with clause 7.10.1 if such compliance would endanger the safety of any person, damage equipment, or breach any applicable law, or is subject to an approved Equipment Test pursuant to clause 3.21AA.

7.10.5A System Management is not required to follow the process in clause 7.10.5 where it considers that:

...

- (b) the Market Participant has notified System Management in advance that it expects to deviate from its Resource Plan:

- (i) in order to subject the relevant Facility to testing, to enable it to enter full commercial operation for the first time; or
- (ii) where System Management has approved an Equipment Test in accordance with clause 3.21AA for a Facility for the Trading Interval;

...

7.12.1 System Management must provide a report to the IMO once every three months on the performance of the market with respect to the dispatch process. This report must include details of:

...

- (d) the incidence of any Equipment Test approved in accordance with clause 3.21AA, including the date the Equipment Test occurred and the Facility details.

7.13.1 System Management must provide the IMO with the following data for a Trading Day by noon on the first Business Day following the day on which the Trading Day ends:

...

- (h) the identity of the Facilities which were subject to either a Commissioning Test or a test of Reserve Capacity or an Equipment Test for each Trading Interval of the Trading Day.

Chapter 11 Equipment Test: has the meaning given in clause 3.21AA.1.

---

#### **4) Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:**

This proposed Rule Change would better address objective (a) of the Market Objectives. It is the view of System Management that allowing participants to have approved Equipment Tests under a Resource Plan will increase the system operator's visibility of likely real-time deviations which might affect the power system, significantly improving the ability to plan for supply needs and contingencies. This would aid the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system

---

#### **5) Provide any identifiable costs and benefits of the change:**

Benefits:



- The changes would increase transparency regarding real-time deviations from Resource Plans relating to tests of equipment.
- The changes would effectively provide an incentive for Market Participants to provide information to System Management in support of Power System Security and Power System Reliability.

Costs:

- System Management anticipates IT costs in the order of \$20,000 to facilitate this rule change.
-

## APPENDIX 1

### 5.6 Other Tests

1. Testing which does not conform to the Commissioning Test requirements in the Market Rules must be by way of Resource Plan, or variation to the plant schedule pursuant to first commissioning or an approved Equipment Test [MR 7.6A.2(a) and MR 3.21AA].
2. Where a Market Participant wishes System Management to use the process stipulated in Market Rules **[MR 7.10.5A or 3.21AA]**, the Market Participant must provide System Management with a testing plan equivalent to Appendix I and must specifically request that System Management exercise its powers under clause 7.10.5A or approves an Equipment Test under clause 3.21AA.
3. System Management may vary the requirements set out in Appendix I for a particular Market Participant as required by the circumstances.
4. System Management will advise Market Participants of contact details and modes of communication for the submission of commissioning test plans as provided for under this section 5.6.
5. A Market Participant must comply with the communication requirements set by System Management pursuant to section 5.6.4 of this Procedure.
6. System Management may prepare a communication protocol to apply between System Management and a Market Participant concerning a commissioning test being carried out on the Trading Day.
7. A Market Participant must comply with the communication requirements established in the relevant communication protocol.