
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2015_01 Removal of Market Operation Market Procedures

Submitted by

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

Background

The Market Rules sets out the details for the operation of the Wholesale Electricity Market (WEM) within the South West Interconnected System (SWIS). A number of Market Procedures provides further detail in support of the Market Rules and these procedures are mandated by individual “heads of power” clauses within the Market Rules.

Issues

With the gradual development of the WEM since its inception in 2006, some of the Market Procedures have become redundant either due to duplication within other Market Procedures or the Market Rules themselves or because of incorporation of certain steps detailed in the Market Procedures within the Independent Market Operator’s (IMO) automated systems.

The IMO has identified that the Market Rules and the associated Market Procedures could be improved by rationalising the number of Market Procedures and also making other amendments to the Market Rules to make more generic references to a “Market Procedure” where necessary, rather than prescribing that certain processes must be captured within its own Market Procedure document.

Change Proposal

The IMO submitted Rule Change Proposal RC_2015_01 “Removal of Market Operation Market Procedures” on 3 March 2015.

The IMO proposed to remove the following Market Procedures:

- **Intermittent Load Refunds:** This Market Procedure currently does not contain any additional information to that captured within clause 4.28A of the Market Rules. The IMO has proposed to remove the procedure and capture the steps described in the current procedure within the Settlement Market Procedure as the Intermittent Load Refunds are calculated as part of the settlement calculations.
- **Meter Data Submissions:** This Market Procedure currently describes the format that meter data submissions must be in. The format description is currently also covered in clause 8.6.1 of the Market Rules and in the more detailed WA B2B Procedure: Meter Data Process (Version 0.4) and subsidiary documents describing requirements for the format of NEM12 files. Furthermore, the Market Procedure also duplicates information from the Electricity Industry (Metering) Code 2012 (Metering Code). The IMO considers there to be no value in duplicating the information that is captured in various other documents within a Market Procedure and doing so presents some risk in relation to information becoming out of date if one document is updated without flow on effects being picked up.
- **Capacity Credit Allocation:** This Market Procedure describes the format and methodology to use when submitting a Capacity Credit Allocation Submission form. It is a duplication of the information presented in section 9.4 of the Market Rules. Furthermore, the process and information requirements are now also codified within the IMO’s IT systems. The Market Procedure is therefore no longer required.

In relation to the Balancing Market Forecast Market Procedure, the IMO considers the information provided within the Market Procedure is valuable and adds to what is covered within the Market Rules in relation to producing Balancing Market Forecasts. However, the IMO has identified that the Market Rules do not currently provide a head of power clause to describe the processes that should be included in the Market Procedure. The IMO has proposed to rectify this by introducing a new clause 7A.3.19A to specify that the following processes must be documented in a Market Procedure:

- Determining Forecast Balancing Merit Orders (BMOs) and providing them to System Management,
- Preparing and publishing Balancing Forecasts, and
- Assigning priorities to Facilities in case of a tie.

The IMO has also proposed to amend the Market Rules to remove references to specific Market Procedure names and instead just mandate that where necessary further detail on processes, data formats et cetera should be provided in “a Market Procedure”. This will provide the IMO with more flexibility to group information within Market Procedures in the most logical and efficient way.

Perth Energy's Views

Perth Energy supports the amendments proposed by the IMO.

Perth Energy agrees that rationalising the number of Market Procedures and removing unnecessary ones is likely to improve the transparency of the WEM and make it easier for all Market Participants to comply with the legal framework in place. This is particularly the case for the proposed changes to the Meter Data Submissions Market Procedure which currently has overlaps with the Metering Code. With such overlaps a significant risk exists that one document may be updated without the flow on impacts being picked up in the other. That could lead to unnecessary confusion for Market Participants and should be avoided where possible.

We note that one of the areas of further work for the Electricity Market Review (EMR) is investigating a move to adopt some of the Eastern States based regulatory framework, including for metering. We expect that if that were to be adopted there will be a need to further evaluate the linkages between the various regulatory instruments that apply in the context of the WEM.

Perth Energy also supports the move to allow the IMO more flexibility in how it collates information into Market Procedures in a logical and efficient way. We expect that any future changes to Market Procedures will continue to be subject to the change process for Market Procedures to ensure that Market Participants are made well aware of any potential changes and are afforded the possibility to voice any concerns or suggestions for further improvement to the proposed changes.

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

Perth Energy considers the proposed changes are likely to improve the clarity and transparency of the processes currently covered by the Market Procedures covered by this change proposal and lead to a more efficient and streamlined set of guidelines for Market Participants. This is therefore likely to improve the ability to achieve Market Objectives¹ (a) and (b). We have not identified any 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.

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.

There will be no impacts for Perth Energy flowing from the proposed changes.

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

There will be no impacts for Perth Energy flowing from the proposed changes.