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**Wholesale Electricity Market  
Rule Change Proposal Submission Form**

**RC\_2013\_15      Outage Planning Phase 2 – Outage Process  
Refinements**

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**Submitted by**

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**Submission**

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

**Background**

As part of the IMO's five year review of the outage planning process described in the Market Rules and the Power System Operating Procedure (PSOP): Facility Outages; PA Consulting assessed the performance of the outage planning process against the Wholesale Electricity Market Objectives. The findings from the review concluded that the outage planning process was working well, though the processes defined in the Market Rules and PSOP could benefit from fine tuning, in particular, in the areas of:

- information transparency; and
- technical functioning of the outage planning processes.

The IMO adopted a staged approach in the implementation of the outworking's of the PA Consulting review. Stage 1 of the outage planning review was progressed via RC\_2012\_11 and is intended to result in greater transparency of outages to the market.

The proposed changes put forward by the IMO under RC\_2013\_15 represent Stage 2 of the implementation of the recommendations from the PA Consulting's review. The proposed changes also reflect the further improvements to the outage planning process identified since the completion of the PA's review. In particular the purpose of the IMO's current proposal is to:

- Clarify the obligations of Rule Participants around the outage planning processes;
- Provide greater flexibility for Rule Participants in outage planning; and

- Improve the transparency and consistency of outage planning and Balancing Market process.

### **Proposed changes**

Based on the recommendations from the PA Consulting review of the outage planning process, the IMO proposes the following changes to the requirements in the rules relating to:

- Participation in the outage planning process;
- Interactions between Planned Outage's and Balancing Submissions;
- The timelines for Planned Outages; and
- The availability criteria for the approval of Planned Outages.

The IMO also proposes a number of minor enhancements to improve the integrity and clarity of the outage planning provisions in the Market Rules

### **Alinta's views**

Alinta is generally supportive of the IMO's proposed amendments to simplify the outage planning process as it represents an improvement over the current requirements. However, while the proposed changes will remove some of the artificial restrictions that currently exist in the rules with respect to Planned Outages, Alinta is concerned that the proposed changes are introducing more complexity to the outage planning process and that the market has potentially missed an opportunity to consider options for implementing a more efficient/effective outage planning processes.

PA Consulting's review considered that the outage planning processes were generally working well and simply required a few refinements, however PA Consulting did not undertake a more fundamental consideration of whether a "better" process could be implemented. During PA Consulting's review a number of participants raised concerns with the time constraints that apply with respect to opportunistic maintenance. While PA Consulting noted that there may be options to further increase flexibility it suggested that this would be an area more appropriately explored by System Management and the IMO in the future. We consider that now would be an appropriate time for the IMO and System Management to consider options for further enhancing flexibility.

The current outage planning process is complex as a consequence of the existence of a number of unnecessary artificial restrictions on when planned outages can occur. This is implemented via the multiple types of planned outages that are contained within the market design (i.e. on-the-day and day-ahead opportunistic maintenance) and results in unintended operational and market inefficiencies being created. For example currently Market Generators have to develop multiple processes for logging outages i.e. depending on the timing ahead of the outage one of a number of processes could apply.

While other markets may adopt similar outage regimes to the WEM, it's unclear why a simpler option cannot be developed and implemented. In this regard, Alinta is of the opinion that a single outage type that requires only a single point of approval by System Management would appropriately stream line the existing process. That is by distilling the

“test” undertaken by System Management<sup>1</sup> to its purest form, a more efficient process that removes the multiple outage logging processes is possible while ensuring there are no risks to system security. Alinta however recognises that the IMO (quite rightly) has to ensure that capacity refunds are paid under appropriate circumstances. As a consequence it may be necessary for an application for an outage to be made prior to a specified time so as to ensure that a Forced Outage is not being hidden from the market.

Alinta also acknowledges that it may be preferable for the market design to retain two types of outages (approved/accepted outages and opportunistic maintenance). However Alinta considers that should simply be a matter of categorisation rather than an adjustment of either the test applied by System Management or the broader processes that are followed. That is, the same process should apply for all outage applications; Market Generators request approval of an outage within a defined timeframe and System Management determines whether to approve the outage as soon as practicable. Alinta also acknowledges that it may be preferable for System Management to undertake two “tests” in the circumstance where a participant wants an outage for a number of days at shorter notice. This matter should however be confirmed with System Management directly.

More broadly Alinta considers that the definition of what is considered to be a Planned Outage vs. a Forced Outage is vital to developing any revised outage planning regime. To this extent we note our concern that the IMO will be progressing changes to the definition of a Planned Outage at a later time via a separate rule change. It is vital that this is clear upfront to enable participants to fully understand the implications of any proposed changes to the outage planning process.

#### Alternative outage planning mechanism – presented to IMO during first submission period

A number of Market Generators, including Alinta, met with the IMO during the first consultation period for RC\_2013\_15 to discuss high level options for developing an alternative outage planning process that would remove the current unnecessary artificial restrictions on outages and therefore enhance the efficiency of outcomes to the market. The following principle was embodied in the alternative option put forward to the IMO for its consideration:

*“A Planned Outage is any outage that, to a reasonable degree, can be foregone long enough to enable both System Management sufficient time to assess the outage and the participant sufficient time to plan the details of the outage, without immediately forcing the unit offline or to de-rate.”*

The proposed alternative planning process would mean that planned preventative maintenance would be considered to be a Planned Outage, provided it was approved by System Management. Where a unit trips or is de-rated by any amount this would not be a Planned Outage (regardless of whether System Management could have approved the outage) and would be appropriately exposed to capacity refunds.

More specifically the proposed alternative mechanism would result in:

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<sup>1</sup> In considering alternatives to the current process it is important to reflect on the role System Management plays in the outage planning process. In assessing and approving of planned outages, System Managements’ mandate is to ensure that there is no impact to system security and reliability. Pre-approved outages should only be approved when there is sufficient capacity remaining on the system to cover system load requirements for the projected assessment period.

- Two types of Planned Outages – pre-accepted/approved and opportunistic maintenance; and
- An ability for opportunistic maintenance and pre-accepted outages to occur without a forced gap.

As noted above, the IMO has to strike a balance between enabling greater efficiency with the outage planning regime and ensuring that capacity refunds are not avoided inappropriately. To this extent a number of alternative options such as adjustments to the criteria for opportunistic maintenance and a limit to the number of opportunistic maintenance outages that can be taken each year were raised. Likewise to ensure that an outage is appropriately signalled to the market there was much discussion around the appropriate lead time for an outage being requested<sup>2</sup>.

We look forward to the IMO's consideration and further development of the suggested alternative outage planning process that was put forward during the first consultation period<sup>3</sup>.

Alinta's specific responses to each of the issues raised in the Rule Change Proposal are detailed below:

### **Obligations to participate in Outage Planning Process**

#### *Issue 1: Equipment List: Demand Side Programmes and Associated Loads, Dispatchable Loads and Interruptible Loads*

Alinta supports the proposal that Demand Side Programmes (DSPs) and their Associated Loads, Dispatchable Loads and Interruptible loads should not be included in the Equipment List and as a result are excluded from the outage planning process. Alinta notes DSPs and other loads in the WEM, despite being treated similarly to generators with respect to their capacity, are inherently different to generators in respect of their operational requirements, including outage declarations.

#### *Issue 2: Equipment List: Network Equipment*

Alinta supports the inclusion of transmission or distribution networks that could limit the output of generation facilities to be included on the Equipment list for the purposes of the outage planning process.

Alinta however notes any outages of DSPs or Interruptible loads would have the same impact to the system supply/demand balance to that of generation facilities in the same circumstance. Constraints on networks connected to load facilities would similarly limit the ability for facilities to provide capacity to the market in the form of curtailment of the load. Alinta requests further details from the IMO as to why these specific network facilities have been excluded from the list; given the potential impacts to system security and reliability are similar for load facilities as they are for generation facilities.

#### *Issue 3: Requirements to follow the outage planning process*

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<sup>2</sup> Alinta notes that any prior to implementing any defined time period the views of System Management should be sought to ensure that there are no unnecessary restrictions introduced into approving outages, for example because System Management staff are unavailable between particular hours outages are just automatically rejected.

<sup>3</sup> Alinta requests that the IMO treats the discussion held on 12 February 2014 as a formal verbal submission received during the first consultation period.

Alinta supports the IMO's proposal to clarify the requirement for a Market Participant to follow the outage scheduling process as this is not currently defined explicitly within the Market Rules. Alinta also agrees that Facilities under 10MW should also be subject to the notification requirements to System Management with regard to Planned Outages, despite being excluded from the outage planning process.

## **Interactions between Planned Outages and Balancing Submissions**

### *Issue 4: Balancing Submission unavailability declarations*

Alinta considers that the IMO is introducing unnecessary complexity into the market design by formally introducing the concept of unavailability. Additionally the principle put forward by the IMO appears to pre-suppose that there will always remain a tendency towards outages being approved by System Management more frequently than not – it is however possible that this assumption will not always remain relevant. Alinta considers it is important to ensure that the Market Rules are robust to changes in market conditions going forward. On these grounds we are concerned about this requirement becoming embodied within the market design.

While Alinta understands that greater clarity around this aspect of balancing submissions would be valuable, we consider that the principle should be that generators simply declare their availability (and not unavailability as well) and not reflect outages until they have been approved by System Management. This would ensure that all generators (including the Balancing Portfolio) are constructing their bids following the same process while avoiding unnecessary additional complexity being introduced. We note that the IMO will be able to determine facilities unavailability based of its availability declarations. We also suggest that the IMO consider options to enabling an allowance for temperature adjustment when declaring the availability of a facility.

### *Issue 5: Deadline for approval of a Planned Outage*

Alinta perceives no specific issues with what is proposed.

More broadly however we are concerned with the introduction of requirements to declare capacity for which an outage is being sought unavailable in the market prior to a decision being made by System Management given the complexity that this will introduce into the market design.

### *Issue 6: Clarification of Requirements for Balancing Facilities (excluding the Balancing Portfolio)*

Alinta disagrees with the IMO's proposal to require Balancing Facilities to bid themselves unavailable prior to the approval of planned outages from System Management.

Alinta notes that expected levels of available capacity, system load and Balancing Prices should reflect the most up to date information that is available. While the IMO's proposal may achieve this to an extent, if Market Participants are required to declare their Balancing Facilities unavailable where capacity is subject to approval of Planned or Opportunistic Outages, the consequence of this is that it may introduce a systematic understating of the amount of available capacity in the Balancing Market at any given time, which will likely effect forecast pricing. This in turn could lead to inefficient market outcomes and impact on

commercial decision making around commitment of plant as ex-ante forecast pricing will be artificially inflated when facilities have made the proposed unavailability declaration.

Further Alinta considers that the introduction of this requirement is likely to result in an informal process which is not transparent to the market being adopted whereby generators will verbally confirm their likelihood of getting an outage approved with System Management prior to formally applying and declaring their capacity unavailable.

#### Issue 7: Clarification of requirements for the Balancing Portfolio

While Alinta is not opposed to the clarifications being proposed by the IMO the differentiation between the Balancing Portfolio and other standalone facilities with regards to unavailability declarations adds unnecessary complexity to the Market Rules.

More broadly we consider that the proposed treatment of the Balancing Portfolio is at odds with the basic principle originally outlined in the IMO's Rule Change Proposal. As the basic principle cannot be uniformly applied Alinta suggests that the IMO reconsiders the appropriateness of the principle more generally.

### **Timelines for Planned Outages**

#### Issue 8: Clarification of deadline for Scheduled Outage approval requests

Alinta supports the clarification of the deadline for Scheduled Outage approval requests to make it explicit within the Market Rules; however the existence of a deadline provides additional complexity to the outage planning process and the Market Rules.

#### Issue 9: Prohibition on Opportunistic Maintenance Outages spanning two Trading Days

Alinta supports any changes that will increase flexibility with respect to outage planning and so to this extent supports removing the current restriction that limits Opportunistic Maintenance to a single Trading Day. Alinta agrees with the IMO that there is no rationale to limit Opportunistic Maintenance to within this timeframe.

More broadly Alinta considers that implementing unnecessary restrictions with respect to applying for a planned outage is not in the best interests of the market as it introduces inefficiencies. To this extent we note that a potentially more efficient and simplistic outage planning process was presented to the IMO during the first consultation period. Alinta looks forward to contributing to the further development of this proposal during the remainder of this rule change process.

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

As noted above Alinta supports any changes that will increase flexibility with respect to outage planning and so this extent supports the proposed changes to the timeframes for applying for Opportunistic Maintenance as representing an improvement over the current market design.

However, as referred to previously we consider that there should be no unnecessary restrictions on the ability to request a Planned Outage. To this extent we note that this principle is embodied within the alternative proposal put forward during the first submission period.

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

Alinta considers there should be no restrictions on the timeframes over which outages can occur. The IMO's proposal provides no allowance for the possibility that Opportunistic Maintenance may run over schedule or that additional maintenance may be identified that it would be opportune to undertake at that time (i.e. the relevant staff area already available).

Placing unnecessary restrictions on the conditions under which opportunistic maintenance can be requested will result in inefficient market outcomes as necessary maintenance cannot be completed during opportune times (i.e. because the relevant staff are already available). Extensions to opportunistic maintenance or multiple consecutive requests for outages should be allowed under the Market Rules and simply be rejected if System Management cannot accommodate the outage. Once again we note that this principle is embodied within the alternative proposal put forward during the first submission period.

*Issue 12: Notification timelines for Small Outage Facilities*

Alinta supports the alignment of the notification timelines for Small Outage Facilities with the approval requests for Equipment list Facilities.

Alinta would like to note the unnecessary complexity that the addition of the Small Outage Facility classification adds to the outage planning process and the Market Rules. The additional classification and timelines around Small Outage Facility outage type could be encapsulated within the definition of a Planned Outage.

*Issue 13: Availability declarations for Planned Outage approval requests*

Alinta has concerns that the specific declaration that will be required may result in a perverse outcome whereby a generator that has scheduled a significant outage, which in many cases may include bringing over qualified technicians from overseas, would potentially be unable to state in good faith that the generator would otherwise be available during the relevant Trading Intervals at some stage close to the outage actually taking place (i.e. because they intend to undertake the outage). This would result in an outage that may have been planned months ahead potentially becoming a Forced Outage if it were to continue to go ahead.

Alinta recommends that to avoid perverse outcomes in the rules it may be better to simply have the declarations relate to the facility undertaking an outage for the purposes of maintenance.

## **Changes to the Wholesale Electricity Market Regulations**

The IMO's Rule Change Proposal details a number of new civil penalties to apply with respect to the disclosure of information associated with the outage planning process.

Alinta is concerned with the IMO's rationale to exclude Small Outage Facilities from being subject to Civil Penalties. Consistency with the current approach does not adequately support the notion that these facilities should not be subjected to the same consequences if they fail to accurately disclose outage information to the Market. Small Outage Facilities are still able to participate in the Reserve Capacity process, and therefore incentivising the

correct behaviour in respect to provision of information in regard to outages is still of the utmost importance.

Alinta requests the IMO to reconsider its approach of excluding Small Outage Facilities from being subject to Civil Penalties as it introduces an unnecessary discrimination.

### **General comments on drafting**

Alinta offers the following general comments on the drafting of the proposed Amending Rules:

- Clause 3.18.5 and 3.18.5A – While we acknowledge that these clauses are not proposed to be amended at this stage it would be valuable if they could be more simplistically represented in the rules. As currently drafted it is difficult to easily understand what the specific requirements for logging outages one year in advance are and in particular how the requirements of 3.18.5A override this obligation. Alinta queries whether a more simplistic representation of these requirements would be possible.
- Clause 3.18.2(a) – It is unclear that “maintain” is the right word to be used in sub-clause (a) as this is effectively covered by sub-clause (b). Alinta suggests that it is probably more appropriately to refer to System Management “developing” the equipment list in sub-clause (a) and then maintaining it in sub-clause (b).
- Clause 3.18.2(c) – Alinta suggests that details of how System Management defines transmission and distribution systems are provided in the relevant PSOP.
- Clause 3.19.1 – Alinta requests confirmation of why exactly the request would need to include details of the Trading Intervals over which the outage will occur. In particular would this information not have already been provided by the relevant Market Generator?
- Clause 3.19.2B and 3.19.2C – As referred to above, the drafting of this clause may result in perverse outcomes whereby a generator that has scheduled a significant outage may not be able to state in good faith that the plant will otherwise be available. Refer to Alinta’s suggestions above.
- Clause 7A.2.4A – Alinta considers that the “sent out capacity” referred to in this clause should be temperature and (potentially) humidity adjusted. This would ensure consistency with the commentary provided in the IMO’s proposal and ensure that more capacity is not signalled to the market as being available than there actually is.

If you have any queries with respect to the contents of this submission please contact either William Street or Fiona Edmonds directly.