



INDEPENDENT
MARKET
OPERATOR

Wholesale Electricity Market Submission to Rule Change Proposal

RC_2013_17

Correction of estimated output of Intermittent Generation for purposes of Appendix 9

Submitted by

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Date submitted:	<i>23 December 2013</i>

Submission

Submissions for Rule Changes should be submitted to:

Independent Market Operator

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

System Management supports the principle raised in RC_2013_17 of

“The IMO should not be forced by the Market Rules to use knowingly incorrect information when certifying Intermittent Generators.”



System Management also supports that the IMO should not be forced to use knowingly incorrect information for any facility certification.

System Management however does not support the Rule Change Proposal as currently drafted.

System Management's reasons for not supporting the proposed amendments are based on its view that the Market Rules already provide a mechanism for a Market Participant to seek a revision of the estimates in concern (Market Rules 9.19.5 and 9.20 concerning settlement disagreements) and for this information to be taken into account in the certification process (Appendix 9 of the Market Rules). These matters are discussed further below.

Background - Data in question provided by System Management

System Management provides an estimate of the unrestricted output of an intermittent generator for the times a dispatch instruction restricts its output during a trading interval. This is a requirement under **Market Rule 7.13.1(eF)**.

"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:

(eF) the maximum quantity of sent out energy in MWh which each Non-Scheduled Generator, by Trading Interval, would have generated in the Trading Interval had a Dispatch Instruction not been issued, as determined in accordance with clause 7.7.5B;"

The process for determining the estimates required by **Market Rule 7.13.1(eF)** is set out in the **PSOP: Dispatch**:

"8.1 Quantification of Constrained off Quantities.

1. Where System Management requires a Non-Scheduled Generator to reduce output in a Trading Interval, System Management must provide the IMO with an estimate of the maximum quantity of sent out energy in MWh which the Non-Scheduled Generator would have generated in that Trading Interval had a Dispatch Instruction not been issued [MR 7.13.1(eF)]."

PSOP Considerations

The Rule Change Proposal states the current PSOP: Dispatch does not contemplate the possibility that the estimates provided to the IMO under clause 7.13.1(eF) may require updating to take into account more up-to-date information or to correct for estimation errors.

System Management disagrees with this statement for the reasons set out below:



A Market Participant may already lodge a notice of disagreement in regard to the data used to calculate the settlement or adjusted settlement statement captured under Market Rule 9.19.5 and in accordance with Market Rule 9.20:

“9.20.5. If a Notice of Disagreement relates to information provided to the IMO by a Metering Data Agent or System Management then as soon as practicable, but not later than five Business Days after the IMO confirms receipt of the Notice of Disagreement, the IMO must;

(a) notify the Metering Data Agent or System Management (as applicable) of any item of information provided by them to which the Notice of Disagreement relates;

(b) notify the Metering Data Agent or System Management (as applicable) of the time and date by which the IMO requires a response, where the date is to be no later than 60 days after the date on which the IMO confirmed receipt of the Notice of Disagreement; and

(c) require the Metering Data Agent or System Management (as applicable) to investigate the accuracy of the item and to provide a response by the time specified under paragraph (b):

i. reporting on the actions taken to investigate the accuracy of the item; and

ii. if applicable, a revised value for the item that the Metering Data Agent or System Management (as applicable) considers to be in compliance with these Market Rules and accurate.”

Any revision to the data value is also performed in accordance with the PSOP. There is no wording in the PSOP to specifically exclude this.

MARKET RULE Considerations

The Rule Change Proposal states the Market Rules does not currently contemplate the possibility that the estimates provided to the IMO under clause 7.13.1(eF) may require updating to take into account more up-to-date information or to correct for estimation errors.

System Management disagrees with this statement for the reasons set out below:



Appendix 9 states that during certification the output of an intermittent generator is to be replaced by data provided by System Management under Market Rule 7.13.1(eF) for trading intervals where a dispatch instruction has been issued to reduce its output.

System Management believes it is necessary to use the 7.13.1(eF) data even if it was subject to a notice of disagreement (i.e. any revised data provided as a result of a notice of disagreement in relation to 7.13.1(eF) should be used in the certification process).

Clarity

The Proposed Rule Change currently inserts the following addition

“7.7.5F. Following a request under clause 7.7.5E or when System Management has information available to it and application of that information may mean that an estimate previously provided under clause 7.13.1(eF) for a Trading Interval will no longer be accurate, System Management must, as soon as practicable and using the most accurate information available to it, revise the estimate of the maximum amount of sent out energy, in MWh, which the Non-Scheduled Generator would have supplied in the Trading Interval had a Dispatch Instruction not been issued.”

System Management contends that the term “most accurate” is problematic and hard to determine. By its nature the data provided is an estimate with a large confidence band. That is the estimate may be +/- 30% for some ambient conditions. System Management suggests the proposed wording may lead to no change in estimate.

Summary

While System Management supports the principal raised in RC_2012_17 it does not support the amendments proposed by this Rule Change Proposal as they introduce unnecessary obligations.

System Management anticipates the IMO will be able to clarify in the Draft Rule Change Report the validity of the assumptions made in the Rule Change Proposal that neither the Market Rules nor the PSOP: Dispatch contemplates the possibility that the estimates provided to the IMO under clause 7.13.1(eF) may require updating. System Management requests this clarification because as previously expressed, it is of the view that the Market Rules already provide the mechanism to revise the estimates and for these to be used in the certification process.

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

System Management does not agree that with the Rule Change Proposal statement “System Management will therefore have greater certainty that the capacity available in the market can meet peak demand requirements.” System Management’s assessment of the contribution of intermittent generation is based on wind patterns observed over a long duration rather than the Capacity Credit certification process that contemplates only a limited number of intervals.

Hence facilitation of Market Objective (a) is questionable for the reason given above.

System Management holds the view that the Market Rules and PSOP already facilitate Market Objective (c) in their present form.

System Management does not believe that Market Objective (d) (to minimise the long-term cost of electricity supplied to customers from the South West interconnected system) is better facilitated with this Rule Change Proposal as it adds extra potential costs as outlined in the following section.

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.

System Management believes the proposed amendments do not restrict the duration of the obligation on System Management to revise the data in Market Rule 7.13.1(eF), and so the cost is potentially unlimited.

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

System Management believes it could implement the proposed changes immediately on the basis there would be no change to the PSOP: Dispatch and the methodology therein would not change for the revision process.
