

Wholesale Electricity Market Rule Change Proposal Submission

RC_2013_15: Outage Planning Phase 2 – Outage Process Refinements (Draft Rule Change Report)

Submitted by:

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Submissions on Rule Change Proposals can be sent by:

Email to: rcp.secretariat@rcpwa.com.au

Post to: Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

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

Alinta Energy (**Alinta**) welcomes the opportunity to provide a submission to the Rule Change Panel on its *Draft Rule Change Report* for the Rule Change Proposal: *Outage Planning Phase 2 – Outage Process Refinements (RC_2013_15)*.

A. Executive summary

Alinta is supportive of any proposal that aims to reduce complexity and increase flexibility in a process and, in that respect, is broadly supportive of the proposed amendments to the Outage Planning process, which represent a vast improvement over the current process.

Noting this support, Alinta requests that the Rule Change Panel consider the following issues:

- The materiality threshold for non-scheduled generator outages should be further revisited to balance market transparency with process efficiency;
- There will be market benefits in providing an ability for participants to notify AEMO of facility restrictions that don't impact output;

- Greater coordination of network outages with generators is required to ensure least cost energy is made available to the market; and
- Perverse outcomes may arise from including a concept that System Management “ought to be aware” of circumstances surrounding facility availability.

Alinta explores each of these issues in further detail below.

B. Materiality threshold for non-scheduled generator outages

Alinta supports the proposal that obligations on Non-Scheduled Generator Outage Facilities to request or report Outages be clarified through the specification of a materiality threshold.

Alinta appreciates the Rule Change Panel's consideration of Alinta's comments in the Call for Further Submissions and on reflection, Alinta agrees that it would be difficult to justify allowing a materiality threshold for Non-Scheduled Generators to **exceed** 10% given the linkages through to clauses 4.11.1(h) and 4.11.1D of the Market Rules.

However, Alinta considers that there is still justification to consider a materiality threshold **of** 10% for Non-Scheduled Generators. In our opinion, this would appropriately balance the need for market transparency without adding significant administrative burden for participants with larger (greater than 200MW) wind farms.

Wind farms that have been constructed recently or currently being constructed generally have larger wind turbine generators (WTG). A typical WTG capacity is now 4 – 6MW each compared to 1 – 2MW over 10 years ago.

Good electricity industry practice for operating and maintaining wind farms means that at least one WTG is offline daily for inspection and maintenance. This means a larger wind farm would need to report an Outage if an additional WTG goes offline (10MW total assuming WTG is 5MW each) which creates significant administrative burden for both the participant and AEMO.

Given this, Alinta considers that the materiality threshold for Non-Scheduled Generators (as outlined in proposed clause 3.18.1A) should be modified from “*min (0.1 × Nameplate_Capacity, 10)*” to “*max (0.1 × Nameplate_Capacity, 10)*”.

This proposed change will greatly reduce the administrative burden on larger wind farms needing to request or report Outages when over 95% of the capacity is available.

C. Notification of facility restrictions that don't impact facility output

At the stakeholder workshop held on 10 June 2019 there was a discussion around the use of '0 MW' outages to report on facility restrictions that don't impact facility output (i.e. an 'outage' of Ancillary Service capability or situations where a dual-fuel generator was unable to run on one of its fuels).

Alinta supports the inclusion of the concept of a '0 MW' outage in the market rules as an efficient mechanism to inform AEMO of facility restrictions that won't impact output.

D. Coordination of network outages

Where a Network outage is likely to unduly impact the operation of one or more Market Participant Registered Facilities the Market Rules allows System Management to require that, in developing their Outage Plans, the relevant Network Operator and affected Market

Participants coordinate the timing of their outages to minimise the impact of the Network outage on the operation of the Market Participant Registered Facilities (clause 3.18.5C).

While this clause ensures that there is some coordination of outages where both networks and generation participants both want outages, Alinta considers that the Market Rules should require either:

- greater coordination of network outages where they are likely to unduly impact the operation of one or more Market Participant Registered Facilities (whether or not the participant wants or needs a corresponding outage); and/or
- the Network Operator should have to consider the Wholesale Market Objectives when planning network outages to ensure that least cost and efficient outcomes are achieved for the market as a whole.

E. Concept that System Management “ought to be aware” of circumstances surrounding facility availability

Alinta notes that proposed clauses 3.18.10A and 3.19.3B include a concept that System Management “ought to be aware” of facility availability requirements.

Alinta considers that these clauses should be limited to “aware” only and not refer to “ought to be aware”. Alinta is concerned that the inclusion of “ought to be aware” may require AEMO to undertake additional monitoring and or investigations which are not warranted or justified.

At the stakeholder workshop held on 10 June 2019, the Rule Change Panel secretariat indicated that “ought to be aware” was used in both the WA gas retail procedures and the National Electricity Rules (NER) (as part justification of including it in this rule change).

Alinta was unable to find a reference to “ought to be aware” in the NER.

Having reviewed the WA gas retail procedures (see below for the specific clause), Alinta notes that the context in the WA gas retail procedures is quite different to the proposal for this rule change and doesn't in and of itself provide a justification for inclusion in this rule change. Specifically, the reference in the WA gas retail procedures is an “after the event” concept versus the proposed reference in this rule change which is a “before the event” concept.

Alinta does not consider System Management will be in a position to identify what it “ought to be aware of” until a compliance investigation has taken place which identifies something that it “ought to have been aware of”.

Alinta considers that the inclusion of this concept may have perverse outcomes in that AEMO may be compelled to undertake additional monitoring and or investigations which are not warranted or justified in order to meet this requirement.

325. Matters referred to AEMO

- (1) *If a participant, pipeline operator, prescribed person, or AEMO:*
 - (a) *reasonably believes that another participant, pipeline operator, prescribed person, or AEMO has breached the procedures; or*
 - (b) *requires an interpretation of the proper meaning of a procedure.*

then the *participant, pipeline operator, prescribed person, or AEMO* may at any time give *AEMO a notice* specifying:

- (c) the *GBO identification* of the person referring the matter to *AEMO*; and
 - (d) the identity of any person of which it is aware, that is involved with or affected by the referred matter; and
 - (e) if the matter relates to an alleged breach of the *procedures* by a *participant pipeline operator or prescribed person*:
 - (i) the *GBO identification* of the *participant pipeline operator or prescribed person* that is alleged to have breached the *procedures*; and
 - (ii) the identity of any other person that is involved with or affected by the alleged breach of the *procedures*; and
 - (iii) the details of the alleged breach of the *procedures*; or
 - (f) if the matter relates to an alleged breach of the *procedures* by *AEMO*:
 - (i) the details of the alleged breach of the *procedures* by *AEMO*; and
 - (ii) the identity of any other person that is involved with or affected by the alleged breach of the *procedures*; or
 - (g) if the matter relates to an interpretation of the *procedures*:
 - (i) the procedure that requires interpretation and the reason why; and
 - (ii) the circumstances in which the interpretation is required.
- (2) Every notice of an alleged breach of the *procedures* must be given within 30 *business days* of the date that the *participant, pipeline operator or prescribed person* alleging the procedure breach became aware, or **ought to** have become aware, that the breach occurred.
- (3) A notice requesting an interpretation of a procedure may be given at any time.

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

Subject to the consideration of Alinta issues in section 1 above, Alinta agrees with the Rule Change Panel's assessment that the proposed change will better achieve Wholesale Market Objectives (a), (b) and (d), and is consistent with the remaining Wholesale 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.

The proposed change will have both IT and business system implications for Alinta. However, Alinta considers that these changes can largely be progressed within its current IT change program and does not represent significant additional cost or require additional resources to complete.

Further to this, the proposal will require Alinta to update its internal procedures and its training documentation, as well as undertake specific outages training for all its Spot Traders and some site staff.

As above, Alinta expects that these amendments will be incorporated into its business as usual activities. However, due to shift rosters the training program will take a number of weeks to complete.

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

Alinta understands that AEMO has recommended a commencement date of 1 February 2020. Alinta considers that it will be able to implement the changes and roll out its new procedures and compliance training program by 1 February 2020.
