

Wholesale Electricity Market Rule Change Proposal Submission

RC_2013_15

Outage Planning Phase 2 – Outage Process Refinement

Submitted by

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Submissions on Rule Change Proposals can be sent by:

Email to: support@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.

We appreciate the Rule Change Panel and RCP Support seeking to understand our comments in relation to various aspects of the issues raised in the 'call for further submissions' and taking this information into account in the draft decision.

The following comments relate to amendments made by the Rule Change Panel in its Draft Rule Change Report following the further submission period.

Removing distribution network equipment from inclusion on the equipment list

The Draft Rule Change Report provides anecdotal evidence that the cost of system changes required by Western Power to log outages for distribution network equipment is "very high, far exceeding other expected implementation costs"¹.

Perth Energy highlights that the impact of distribution network equipment on the market is quickly increasing. Both the quantity of energy supplied by and consumed directly from the distribution network is increasing, and with a growing emphasis on small-scale technologies

¹ Page 45, RC_2013_15: Draft Rule Change Report, Rule Change Panel, 16 May 2019

and demand-side solutions, we consider proper operation of the distribution network to be critical to the continued supply of electricity to our customers.

Perth Energy appreciates that Western Power's expected cost of implementing the necessary IT changes to be high. However, we are concerned that the "alternative approach" proposed by Western Power appears to be highly reliant on manual processes and subjective assessments. Where similar ad-hoc processes have been implemented in the market before, they have resulted in an inconsistent application and market outcomes, and have quickly become unwieldy to manage. We are concerned that the alternative approach will be insufficient to deliver consistent, equitable and transparent market outcomes over the longer-term. We therefore, request more information on the costs and benefits of each of the feasible options be made available prior to a decision about the exclusion of distribution equipment from the equipment list.

We are also concerned that the cost estimate provided by Western Power was stated as confidential, without any justification being provided. Perth Energy highlights that cost estimates including those from AEMO, Western Power and Market Participants are critical to the market's assessment of whether or not to progress with a Rule Change Proposal or part thereof. We urge the Rule Change Panel to require Western Power to provide publicly available cost estimates for this Rule Change Proposal and those in the future. This is particularly important for Rule Change Proposals such as this, where it is the deciding to reject a proposed amendment, previously considered beneficial to the market as a whole.

Materiality threshold for Non-Scheduled Generators

The Rule Change Panel proposes to change the previously proposed materiality threshold for Non-Scheduled Generator outage reporting to be more lenient.

Perth Energy agrees with the intent of the proposed change to introduce a materiality threshold as it would reduce the administrative burden associated with outage reporting. Moreover, we consider alignment of the threshold with the 10% outage rate or 10 MW threshold System Management applies to determine whether a Facility will impact system security to be appropriate.

The application of the Rule Change Proposal's materiality threshold in effect allows each wind turbine to be treated as a separate Facility for the purpose of outage reporting. This is distinct from a Scheduled Generator, which although it may consist of a number of distinct units, cannot be subject to a partial outage, such as a Forced Outage.

We appreciate that Non-Scheduled Generators must be treated differently with respect to the reporting of outages to ensure consistency with differences in the methods for certification of capacity. However, if as the Reserve Capacity Mechanism intends, every megawatt of capacity is treated the same, Perth Energy considers the same outage reporting requirements should apply to each of those megawatts whether the capacity is from a Scheduled or Non-Scheduled Generator.

We understand the Rule Change Panel has decided this is out of the scope of the Rule Change Proposal, however we contend that introducing a materiality threshold for Non-Scheduled Generators without making the same accommodations for Scheduled Generators is discriminatory and therefore inconsistent with Wholesale Market Objective (c).

Other changes proposed by the Rule Change Panel in its draft decision

Perth Energy considers the following new amendments proposed in the Draft Rule Change Report are consistent with the intent, and an improvement on the initial Rule Change

Proposal:

- Changes to account for the late return of unsynchronised Balancing Facilities with longer start-up times to the Balancing Market
- Moving the obligation to ensure an Opportunistic Maintenance outage does not exceed 24 hours from AEMO (as System Management) to the Market Participant
- Changes to clarify the interpretation of 'removal from service' to ensure that the proposed amendments adequately allow for the extension of Scheduled Outages that over run the original timeframe
- Changes to remove the materiality threshold for revisions to an Outage Plan, with the effect of deeming all increases to the quantity of de-rating of the Facility to result in a new Outage Plan
- Refinements to the availability declaration to include the 'capability' of a Facility to provide services, and consistency with the move to the use of the term 'unavailable for service' rather than 'unavailable for dispatch' to cover all eventualities
- The inclusion of Scheduled Generators holding Capacity Credits, and all Non-Scheduled Generators over 10 MW and holding Capacity Credits on the equipment list
- The extension of outage reporting requirements to generators servicing Intermittent Loads, including through a change from the term 'Small Outage Facility' to 'Self-Scheduled Outage Facility'
- Clarification of outage planning concepts and additional minor issues.

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

Perth Energy continues to be supportive of the Rule Change Proposal, including the majority of the proposed revised amendments contained in the Rule Change Panel's Draft Rule Change Report.

The increased flexibility inherent in the proposed revised Amending Rules will allow Market Participants to manage their Facilities closer to real time, which will in-turn deliver more efficient market outcomes. We therefore consider the Rule Change Proposal as proposed to be amended in the Draft Rule Change Report is consistent with the Wholesale Market Objectives, and would better achieve market objectives (a) and (d) with one exception.

Perth Energy considers the application of a materiality threshold for the reporting of outages only for Non-Scheduled Generators but not Scheduled Generators is inconsistent with Wholesale Market Objective (c) as it discriminates between technologies.

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.

Some of the Rule Change Panel's proposed amendments will require minor changes to

Perth Energy's systems and processes. However, on the basis of the current drafting, we do not expect the cost of these changes to be material.

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

We expect that the changes Perth Energy will be required to undertake will be able to be completed within AEMO's timeframe for implementing the necessary changes to market systems and processes.
