

Independent Market Operator

Independent Market Operator (IMO) is a company that is responsible for the operation of the electricity market.

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DOCUMENT DETAILS

IMO Notice No.: RC_2008_17
Report Title: Rule Change Notice: Commissioning Tests and the Reserve Capacity Mechanism
Release Status: Public
Confidentiality Status: Public domain
Published in accordance with Market Rule 2.5.7

Independent Market Operator

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1. INTRODUCTION

Market Rule 2.5.1 of the Wholesale Electricity Market Rules (Market Rules) provides that any person (including the Independent Market Operator) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the Independent Market Operator (IMO).

The IMO will assess the proposal and, within 5 Business Days of receiving the proposal form, will notify the proponent whether the proposal will be progressed further.

2. THE RULE CHANGE PROPOSAL

2.1. The Submission

The IMO submitted, on 11 April 2008, a Rule Change Proposal regarding changes to clauses 3.21A.7, 4.1.26, 4.10.1, 4.27.10, 4.27.11, 4.27.12, 6.5.1A and 6.5.1C, and the addition of new clauses 3.21A.7A, 4.27.10A and 4.27.11A-D to the Wholesale Electricity Market Rules (Market Rules).

This Rule Change Notice is published according to Market Rule 2.5.7, which requires the IMO to publish a notice within 7 Business Days of receiving a Rule Change Proposal.

2.1.1. Submission details

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Date submitted:	10/04/2008
Urgency:	Medium
Change Proposal title:	Commissioning Tests and the Reserve Capacity Mechanism

2.2. Details of the Proposal

The IMO submits that the Rule Change Proposal aims to improve the clarity regarding the provisions for a new Facility transitioning from commissioning to an in-service state with regard to the Reserve Capacity Mechanism. This transition occurs when a Facility is fully capable of meeting its Reserve Capacity Obligations and hence is eligible to receive Reserve Capacity payments.

New Facilities that are undergoing initial Commissioning Tests are relieved from a number of market obligations including the need to pay Capacity Cost Refunds. It is intended that when a Market Participant nominates to be eligible to receive payments for Capacity Credits, then these benefits will cease. It is also intended that Reserve Capacity Obligations must start no later than 30 November in Year 3 of the relevant Reserve Capacity Cycle.

Under the current arrangements, the commissioning dates, and the dates when the Market Participant is fully capable of meeting its

Requiring the Market Participant to provide details and evidence that Commissioning Tests can be completed by a nominated date is necessary to increase certainty that a unit receiving Capacity Credits can fully meet its Reserve Capacity Obligations to the Market. This will address a potential risk that a Facility has not been fully commissioned but may be receiving the benefit of Capacity Credits, which could present undue risk to system reliability and cost to Market Customers.

In addition, clarifying the approval process for changes to the relevant dates is required to provide certainty as to when a Market Participant will be eligible to receive Capacity Credits in respect of a new Facility.

Further, in order to keep track of the development of new Facilities, it is desirable to increase the reporting frequency in respect of Reserve Capacity progress reports. In the case where a Market Participant experiences difficulties in bringing new plant online, the IMO may be required to source capacity through the Supplementary Reserve Capacity process. Timely reporting is imperative to ensure that this process can be initiated as soon as practicable.

Finally, the IMO submits that currently the Market Rules interchangeably use the terms *commissioning*, *commissioning trials* and *Commissioning Tests*. The concept of Commissioning Tests was introduced in the Market Rules in October 2005, but the other two terms still remain within several clauses. Where applicable, this proposal seeks to replace the terms *commissioning* and *commissioning trials* with Commissioning Test, in order to avoid confusion regarding the terms used.

A draft proposal by the IMO to amend the rules to improve the clarity regarding the provisions for a new Facility transitioning from commissioning to an in-service state with regard to the Reserve Capacity Mechanism was considered by the Market Advisory Committee (MAC) at its March 2008 meeting.

MAC noted that the proposed changes must be aligned with the processes in Chapter 3, covering System Management's Commissioning Tests, in order to ensure that the treatment of Commissioning Tests is consistent throughout the Market Rules. The IMO, in consultation with System Management, has developed additional amendments to clause 3.21A to achieve the necessary consistency.

MAC also discussed the need of providing more frequent reports to the IMO than under the current rules. The IMO has amended its original proposal to require monthly reports only during the year in which the relevant facilities are commissioned. This should not be an onerous requirement given that, as noted by MAC, such reports are normally produced for internal purposes by the relevant companies.

In addition, MAC requested more information regarding the supporting evidence that would be required by the IMO to assess whether a facility is able to complete its Commissioning Tests by a nominated date. It was proposed that the IMO could include this information in the Market Procedure. To satisfy MAC's request, the IMO propose

3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicated that the proposal is consistent with the Wholesale Market Objectives.

The IMO has decided to process this Rule Change Proposal using the Standard Rule Change Process, described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:

- This Rule Change Notice published 11/04/2008
- First Submission period ~~1/06/2008~~ - 23/05/2008

- 4.27.11. The report described in clause 4.27.10 must include the current revised nominations of each date to which clause 4.10.1(c)(iii) refers.
- 4.27.11A On receiving the report described in clause 4.27.10, the IMO must conduct an assessment and approve or not approve the current nominations for each date provided in accordance with clause 4.27.11. The IMO must not approve a nomination for a date which would have prevented the IMO from assigning Certified Reserve Capacity to a Facility.
- 4.27.11B From the commencement of the calendar year in which the date referred to in clause 4.10.1(c)(iii)(7) falls, the IMO must consult with System Management when conducting its assessment in accordance with clause 4.27.11A of a nomination for a date to which clause 4.10.1(c)(iii)(7) refers. The IMO must not approve that nomination if, in System Management's opinion, the Facility, or part of the Facility, is unlikely to have completed all Commissioning Tests by the nominated date.
- 4.27.11C If, in accordance with clause 4.27.11A, the IMO does not approve one or more of the nominated dates provided in accordance with clause 4.27.11 the IMO must, within five business days, notify the Market Participant of its decision and provide reasons why the dates have not been approved.
- 4.27.11D In respect of a report submitted in accordance with clause 4.27.10 including the dates nominated in accordance with clause 4.27.11, the IMO may require the Market Participant to provide supporting evidence, submitted by a suitably authorised person, and the IMO may require the Market Participant to submit further reports in accordance with clause 4.27.10 or revise the dates nominated in accordance with 4.27.11.
- 4.27.12. The IMO must document the procedure to be followed in performing Reserve Capacity monitoring in the Reserve Capacity Procedure, and the IMO, System Management, and Market Participants must follow that documented Market Procedure in the performance of Reserve Capacity monitoring. Amongst other things, the Market Procedure must list the documents and other items that may be required by the IMO as supporting evidence in accordance with clause 4.27.11D.
- 6.5.1A. Market Generators with Registered Facilities that are not undergoing ~~commissioning~~ a Commissioning Test, except those with only Intermittent Generators, or Market Customers with Dispatchable Load must provide the

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IMO with a Resource Plan Submission, either via submitting Resource Plan Submissions or in accordance with clause 6.5.1B.

- 6.5.1C. Market Generators with only Intermittent Generators may provide the IMO with a Resource Plan Submission, unless undergoing ~~commissioning~~ a Commissioning Test, either via submitting Resource Plan Submissions or in accordance with clause 6.5.1B.