

Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2012_04 Consequential Outage Correction

Submitted by

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Submission

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

System Management has reviewed the Rule Change Proposal submitted by Tesla under RC_2012_04: Consequential Outage Correction. System Management notes that the proposal intends to correct the current issue that occurs for situations 'where advanced notice of a Planned Outage for a piece of network equipment is not provided to a Market Generator'.

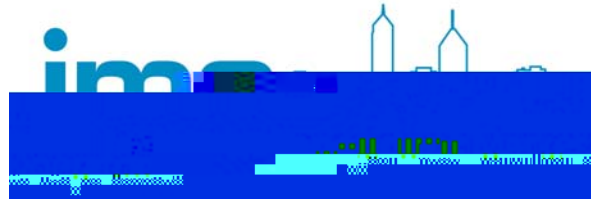
RC_2012_04 broadens clause 3.21.2 of the Market Rules to allow for a consequential outage to be approved for a facility whenever the outage of the facility was caused by a Planned Outage to the Network Operator's equipment.

System Management supports Tesla in its objective of seeking to remove the potential for Market Participants to be exposed to capacity refunds as a result of situations beyond their control. Currently the application of clause 3.21.2 can cause this.

However, System Management holds some concerns in relation to system security that would need to be addressed for it to support this Rule Change Proposal.

Risk to System Planning

RC_2012_04 as currently drafted will apply to any outage that is caused by a Planned Outage to the Network Operator's equipment, not only those where no advance notice or insufficient advanced notice was provided.

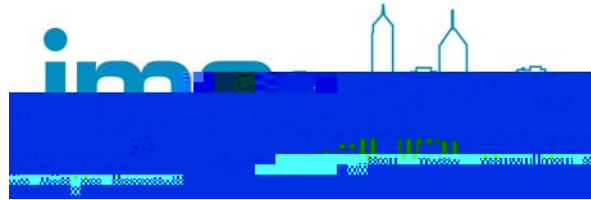


Clause 3.21.4 of the current Market Rules requires Market Participants to inform System Management of consequential outages as soon as practicable. Clause 3.21.7 provides Market Participants with 15 calendar days after the event to provide the full and final details of the consequential outage.

The proposed drafting of clause 3.21.2 carries a risk that in situations where sufficient notice of the network outage is provided (which should be the norm and not the exception) Market Participants may not request planned outages ahead of time, but rather choose to lodge consequential outages up to 15 calendar days after the event as allowed by clause 3.21.7.

System security can only be assured where this information is available ahead of time and not 15 days after the event.

System Management is also concerned that providing the option for Market Participants to lodge a consequential outage in circumstances where sufficient notice of the network outage has been provided reduces the incentive for generators to coordinate generator maintenance outages with network outages when reasonable notice is given by the network operator. This could result in higher overall unavailability of generation plant, again leading to system



clashing outage proposals and to then negotiate with them to agree on a revised schedule to provide fairness to all parties in the outage planning process.

System Management submits that this Rule Change Proposal could potentially circumvent the process provided for in clause 3.18.3(d) in that the proposed clause 3.21.2(b) read on its own requires the Network Operator to only advise System Management that a Market Participant is affected rather than participating in a negotiation.

At times of capacity shortfall an outage of the Network Operator's equipment impacting on