



OPERATOR

Final Rule Change Report

Title: Clarification of Dispatch Compliance Obligations

RC_2013_01
Fast Track Rule Change Process

Date: 13 May 2013

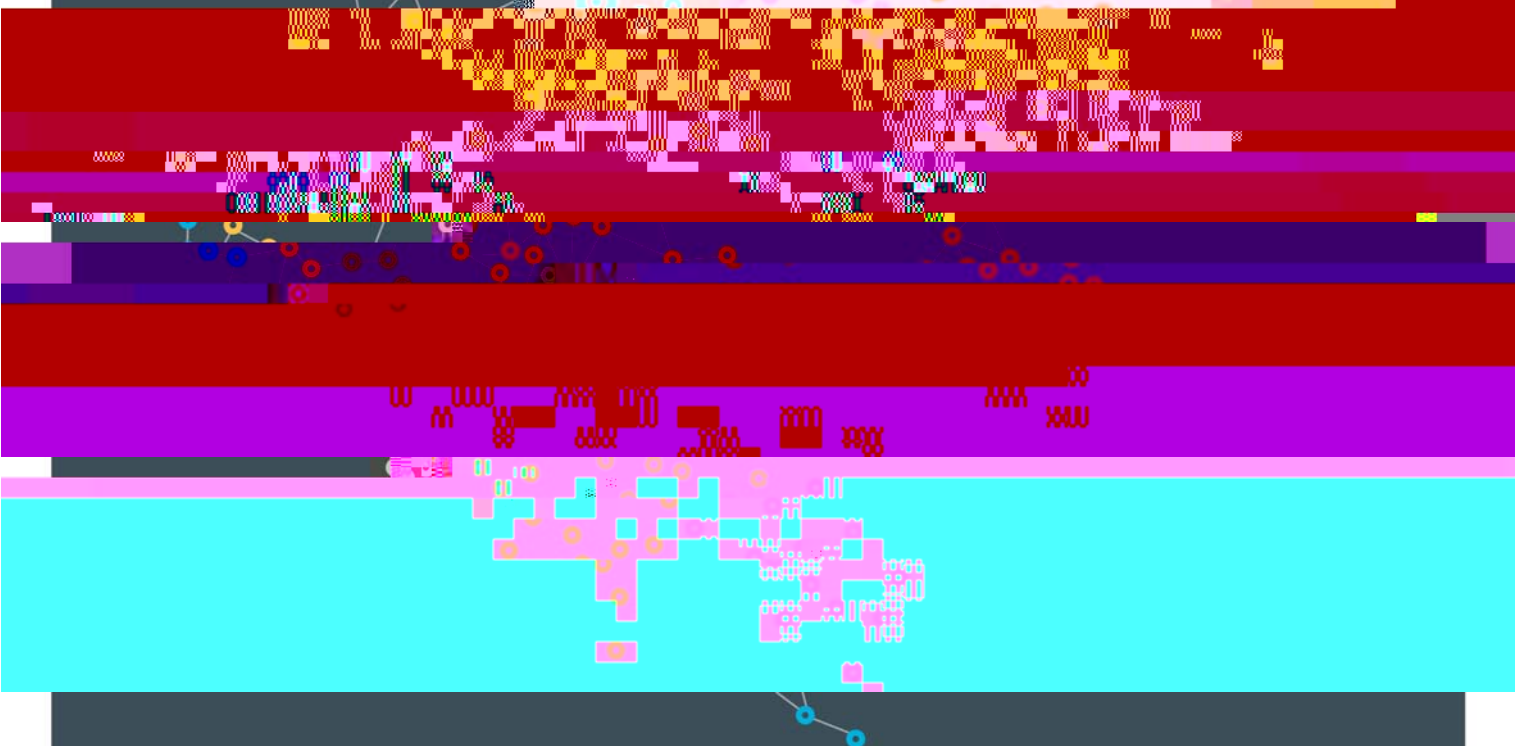
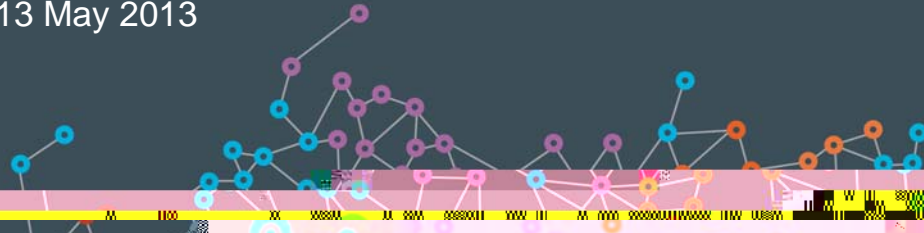


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Executive Summary

Proposed Amendments

The Rule Change Proposal seeks to correct a number of manifest errors in clauses 7.10.6, 7.10.6A, and 7.10.7 of the Market Rules that result in nonsensical outcomes. The errors were the result of unintentional oversights in the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10)¹.

The proposed amendments seek to address the following issues:

- x Clause 7.10.6A refers to “a request under clause 7.10.5.” An oversight in the drafting of RC_2011_10 now results in clause 7.10.6A(b) requiring a Market Participant to provide an explanation of why it cannot provide an explanation for a deviation from its Dispatch Instructions.

x

Assessment against Wholesale Market Objectives

The IMO considers that the proposed amendments correct manifest errors in the Market Rules and are consistent with the Wholesale Market Objectives.

Practicality and Cost of Implementation

The IMO has not identified any costs associated with implementing this proposal.

The IMO also considers that there should be no operational impacts as System Management already identifies and reports all relevant deviations (beyond the applicable Tolerance Range or Facility Tolerance Range) to the IMO regardless of whether or not an explanation for the deviation is provided.

The IMO's Decision

The IMO's decision is to accept the Rule Change Proposal (including minor modifications following the consultation period).

Next steps

The Amending Rules will provisionally commence at 8.00 AM on 1 July 2013 .

1. Rule Change Process and Timetable

On 12 April 2013 the IMO submitted a Rule Change Proposal regarding amendments to clauses 2.13.9, 7.10.6, 7.10.6A and 7.10.7 of the Wholesale Electricity Market Rules (Market Rules).

This proposal is being processed using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules.

The key dates in processing this Rule Change Proposal are:

All documents related to this Rule Change Proposal can be found on the Market Web Site: http://www.imowa.com.au/RC_2013_01

2. Proposed Amendments

2.1. The Rule Change Proposal

Clause 7.10.1 of the Market Rules, which outlines the requirement for a Market Participant to comply with Dispatch Instructions, Operating Instructions and Dispatch Orders, was updated as part of the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10)². Due to an unintentional oversight, clauses 7.10.6, 7.10.6A, and 7.10.7 were not updated to accurately reflect these changes and now have small manifest errors which result in nonsensical outcomes.

Clauses 7.10.6A and 7.10.7 refer to “a request under clause 7.10.5”. Prior to the commencement of the Amending Rules for the introduction of the Balancing Market in RC_2011_10 this meant System Management requesting a generator to cease its non-compliant behaviour. This aspect of clause 7.10.5 was removed under the new Balancing Market arrangements, and the only remaining request in the clause is for an explanation of the deviation.

Clauses 7.10.6A and 7.10.7 were not updated to reflect this change, with the result that clause 7.10.6A asks for an explanation of why a Market Participant cannot provide an explanation and clause 7.10.7 would appear to exempt System Management from telling the IMO about a deviation if the Market Participant has provided an explanation for that deviation.

Further, references to a “Facility Tolerance Range”

For full details of the Rule Change Proposal please refer to the Market Web Site: http://www.imowa.com.au/RC_2013_01

2.2. The IMO's Initial Assessment of the Proposal

The IMO determined to progress the Rule Change Proposal on the basis that it corrects manifest errors in the Market Rules. The amendments ensure consistency and clarity of the relevant clauses.

The IMO decided to progress the proposal using the Fast Track Rule Change Process described in clause 2.6 of the Market Rules, on the basis that the proposed amendments correct manifest errors and therefore satisfy the criterion in clause 2.5.9(b) of the Market Rules.

3. Consultation

3.1. The Market Advisory Committee

The manifest errors resulting from the changes to clause 7.10.5 were presented at the September 2012 Market Advisory Committee (MAC) meeting in a Discussion Paper: Dispatch Tolerance Ranges (CP_2012_03). The MAC supported the progression of the issue and requested the IMO prepare a Pre Rule Change Proposal to be presented at a future MAC meeting.

The Pre Rule Change Proposal was subsequently presented at the 20 March 2013 MAC meeting, where the MAC agreed that the IMO should submit the proposal into the formal Rule Change Process.

At the March meeting the following discussion points were noted.

- x Mr Phil Kelloway queried whether System Management was already providing the necessary data and Ms Ryan responded that System Management was already providing the relevant information to the IMO despite the potential for ambiguity that existed in the Market Rules.
- x Mr Stephen MacLean noted that this was an appropriate proposal to progress through the Fast Track Rule Change Process.

Further details are available in the MAC meeting minutes available on the Market Web Site: <http://www.imowa.com.au/MAC>.

The assessment by submitting parties as to whether the proposal is consistent with the Wholesale Market Objectives is summarised below.

Submitter	Wholesale Market Objective Assessment
Community Electricity	Preserve the integrity of the Market Rules and are consistent with all of the Wholesale Market Objectives.
Perth Energy	Positively impact on the achievement of Wholesale Market Objectives (a) and (d) relating to efficiency, security and minimising the long-term cost of electricity supply. No impacts on the other Wholesale Market Objectives identified.
System Management	The proposed amendments are consistent with the Wholesale Market Objectives.

A copy of all submissions in full received during the consultation period is available on the Market Web Site: http://www.imowa.com.au/RC_2013_01.

3.3. The IMO's response to submissions received during the consultation period

The IMO's responses to each of the issues identified by System Management during the consultation period are presented in Appendix 1 of this Final Rule Change Report.

3.4. Public Forums and Workshops

No public workshop was held in regard to this Rule Change Proposal.

4. The IMO's Final Assessment

In preparing its Final Rule Change Report, the IMO must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3 of the Market Rules.

Clause 2.4.2 outlines that the IMO "must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives". Additionally, clause 2.4.3 states, when deciding whether to make Amending Rules, the IMO must have regard to the following:

- x any applicable policy direction from the Minister regarding the development of the market;
- x the practicality and cost of implementing the proposal;
- x the views expressed in submissions and by the MAC; and
- x any technical studies that the IMO considers necessary to assist in assessing the Rule Change Proposal.

The IMO notes that there has not been any applicable policy direction from the Minister in respect of this Rule Change nor has it commissioned a technical review in respect of this Rule Change Proposal.

A summary of the views expressed in submissions and by the MAC is available in section 3 of this Final Rule Change Report.

The IMO's assessment of the Rule Change Proposal (inclusive of the further amendments made

following the public consultation period) is outlined in the following sub-sections.

4.1. Additional Amendments to the Amending Rules

Following the public consultation period the IMO has made some additional changes to the proposed Amending Rules to correct some minor grammatical punctuation errors. These changes are shown in Appendix 2.

4.2. Wholesale Market Objectives

~~practicable: A Market Participant that cannot comply with a request under clause 7.10.5 must notify System Management as soon as practicable and must:~~

- ~~(a) provide to System Management an explanation for the deviation include an explanation in that notification; and~~
- (b) ensure it has complied with the requirements of clause 7A.2 in relation to the Market Participant's Balancing Submission.

7.10.7. Where System Management has issued a warning about a deviation to a Market Participant under clause 7.10.5(c) regarding a failure to comply with clause 7.10.1, the Market Participant does not comply with the request referred to in clause 7.10.5, System Management:

- (a) unless the deviation is within the Tolerance Range or Facility Tolerance Range, must, in the time, form and manner prescribed in the IMS Interface Market Procedure, report the ~~failure to comply with the request referred to in clause 7.10.5~~, deviation to the IMO. System Management must include in the report:
 - i. the circumstances of the failure to comply with clause 7.10.1 ~~and the request referred to in clause 7.10.5~~;
 - ii. any explanation offered by the Market Participant as provided in accordance with clause 7.10.6A(a);
 - iii. whether System Management issued instructions to the Registered Facilities of Verve Energy or Registered Facilities covered by any Ancillary Service Contract or issued Dispatch Instructions or Operating Instructions to other Registered Facilities as a result of the failure; and
 - iv. an assessment of whether the failure threatened Power System Security or Power System Reliability; and
- (b) if the deviation is within the applicable Tolerance Range or Facility Tolerance Range, may provide a report to the IMO containing the same information as specified in clause 7.10.7(a).

Appendix 1. Responses to issues raised in submissions received during the consultation period

	Submitter	Comment/Change Requested	IMO's Response
1.	System Management	<p>Given System Management is predominantly concerned with non compliance deviations directly impacting real time Power System Security or Reliability, it considers it is valuable to make requests for explanations in light of this.</p> <p>System Management would like the IMO to consider making the requirement for System Management to “request an explanation” in respect of each deviation discretionary in light of security implications. These explanations would be reported to the IMO under clause 7.10.7(a).</p>	<p>Noted. This issue is out of scope of this fast track rule change, which is to correct manifest errors in the Market Rules.</p> <p>The IMO would be happy to work with System Management on any proposed improvements to the Market Rules in this area, to progress through the Standard Rule Change Process.</p> <p>The IMO notes that there are likely to be reasons outside of Power System Security or Reliability for which reasons for non compliance with a dispatch instruction should be provided.</p>
2.	System Management	<p>System Management indicates that while it sees value in regularly warning Market Participant that its deviation is outside the relevant tolerance range, it may not be necessary to request an explanation each time (with warnings currently being issued every minute).</p> <p>System Management suggests the IMO consider separating the “warn” and “request for explanation” criteria into two separate sub clauses within clause 7.10.5.</p>	<p>Noted. This issue is out of scope of this fast track rule change, which is to correct manifest errors in the Market Rules.</p> <p>The IMO would be happy to work with System Management on any proposed improvements to the Market Rules in this area, to progress through the Standard Rule Change Process.</p>

