



## Rule Change Notice: Estimates for GIA facilities (RC\_2020\_03)

This notice is given under clause 2.5.7 of the Market Rules.

**Submitter:** Jacinda Papps – Alinta Energy

**Date submitted:** 13 May 2020

### The Rule Change Proposal

Alinta Energy (**Alinta**) has submitted a Rule Change Proposal seeking to amend the Relevant Level Methodology in Appendix 9 of the Market Rules to include a requirement for AEMO to estimate a Facility's output for Trading Intervals where an Operating Instruction to reduce output has been issued in accordance with a Network Control Service Contract (**NCS intervals**).

Like all Intermittent Generators, intermittent Constrained Access Facilities connected under the Generator Interim Access (**GIA**) solution (**GIA generators**

Capacity Credits.

Where a network outage reduces a non-GIA Intermittent Generator's output, the flow-on impacts to its Capacity Credits can be averted in one of two ways:

AEMO issuing a Dispatch Instruction to the Intermittent Generator to reduce generation: when a Dispatch Instruction is issued, AEMO estimates what the Intermittent Generator would have generated had the Dispatch Instruction not been issued;<sup>2</sup> or

approval of a Consequential Outage: a Consequential Outage is an outage caused by an outage of another Rule Participant's equipment.<sup>3</sup>



However, Alinta considered that the provision of estimates to GIA generators for system normal intervals was an acceptable by-product of its proposed solution because:

it would not distort the load carrying capability of GIA generators, given that the Relevant Level Methodology is designed to represent the unconstrained capacity of an Intermittent Generator, while the Constrained Access Entitlement process accounts for the impact of thermal constraints;

incorporating the effect of network constraints in the Relevant Level Methodology would lead to 'double-counting' of those constraints, as discussed in the final report for the Economic Regulation Authority's 2018 review of the Relevant Level Methodology;<sup>7</sup> and

it avoids potential operational complexity for AEMO in determining which NCS intervals to determine estimates for.

The Rule Change Panel notes that the proposed Amending Rules could be modified to limit the provision of estimates to network outage intervals only, for example by amending proposed Step 3(d) in Appendix 9 to only consider Operating Instructions that were issued, in part or fully, because of a network outage. This would limit the effect of the Rule Change Proposal to the manifest error identified by Alinta.

However, based on its preliminary assessment of the Rule Change Proposal, the Rule Change Panel considers that requiring estimates for all NCS intervals may be the most efficient way to address the manifest error. The Rule Change Panel considers that it may be perverse to exclude system normal intervals from the scope of the Rule Change Proposal if their inclusion is more efficient and has no material adverse impacts.

The Rule Change Panel therefore encourages stakeholders to consider the relative costs and benefits of providing estimates for all NCS intervals or providing estimates only for network outage intervals when preparing their submissions on this Rule Change Proposal.

## Decision to progress the Rule Change Proposal

The Rule Change Panel has decided to progress the Rule Change Proposal on the basis of its preliminary assessment that the proposal raises a valid issue and may be consistent with the Wholesale Market Objectives.

## Timeline

This Rule Change Proposal will be progressed under the Fast Track Rule Change Process described in section 2.6 of the Market Rules, on the grounds that the proposed changes correct a manifest error, thereby satisfying the criterion in clause 2.5.9(b) of the Market Rules.

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<sup>7</sup> See pages 66-67 of [Relevant Level method review 2018: Capacity valuation for intermittent generators: Final report](#), available on the Economic Regulation Authority's website.

The projected timeline for progressing this proposal is:

## Call for Submissions

Any Rule Participant wishing to be consulted regarding this Rule Change Proposal is invited to notify the Rule Change Panel within 5 Business Days of the Rule Change Notice publication date, by **5:00 PM on Tuesday 2 June 2020**.

The consultation period is

## Wholesale Electricity Market Rule Change Proposal

Rule Change Proposal ID: RC\_2020\_03  
Date received: 13 May 2020

Change requested by:

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Date submitted:	13/05/2020

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives.

The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

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## Details of the Proposed Rule Change

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1. Describe the concern with the existing Market Rules that is to be addressed by the proposed rule change:

Background to the Generator Interim Access (GIA) solution



However, a GIA generator does not receive a Dispatch Instruction when its output is limited under the GIA solution (instead it receives an Operating Instruction) and clause 3.21.2A renders Constrained Access Facilities ineligible for Consequential Outages. Clause 3.21.2A states that a Constrained Access Facility is dispatched in accordance with a Network Control Service

As a result, Constrained Access Facilities do not receive estimates for intervals where they were impacted by network outages. This will sign RLM data and therefore its Certification of Reserve Capacity in future Reserve Capacity Cycles.

Alinta Energy considers that this was not the intent of clause 3.21.2A.

Principle: A Constrained Access Facility negatively impacted by a Western Power Planned Outage. All generators are exposed to the risk of network planned outages impacting their output and they cannot manage this risk.

Clause 3.21.2A formed part of the amending rules that implemented the GIA solution. The aim of the GIA solution was to connect generators on a constrained basis, despite the constrained access legislation being deferred.

Agreeing to be connected on a constrained basis means that generators accept a lower level of firm access due to there being insufficient network capacity for all generators to dispatch on an unconstrained basis. It does not mean that generators must accept a lower level of access due to network outages.

Western Power confirmed this point during consultation on the GIA solution. Western Power Constrained Access Facilities where there was insufficient network capacity under system normal conditions. In abnormal conditions, e.g. where there is a network outage, the tool would not be applied. As a result, the constraint would be attributed to the network outage as opposed to the GIA tool and the facility would be ineligible for a Consequential Outage.

Clause 3.21.2A is also inconsistent from a capacity valuation perspective and would cause intervals impacted by network outages, clause 3.21.2A requires AEMO to assume that a facility in the future. This is incorrect for two reasons:

- x Firstly, Western Power does not schedule the same outages each year.
- x Secondly, AEMO may defer planned network outages if the impacted facilities are required to maintain reliability. <sup>6</sup> This means that even if planned network outages are scheduled to occur during peak LSG periods, the capacity that would be impacted is still available, if required.

Failing to correct this assumption will impact investment signals. Under Capacity Credits to Constrained Access Facilities will







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5. Provide any identifiable costs and benefits of the change:

Alinta Energy does not anticipate that the proposed change would create additional costs considering AEMO already provides estimates for a number of other circumstances.

The proposed change would benefit customers by preventing an inefficient increase in capacity costs. If the manifest error is not corrected, the under-valuation of intermittent Constrained Access Facilities will decrease the quantity of Capacity Credits that would have otherwise been assigned and increase the Reserve Capacity Prices passed through to customers.

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