
Wholesale Electricity Market – Submission to Procedure Change Proposal PC_2009_10 Market Procedure for Reserve Capacity Testing

Submitted by

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Submission

Clause 2.10.7 of the Wholesale Electricity Market Amending Rules provides that any person may make a submission for a Procedure Change Proposal by filling in this Procedure Change Submission form.

Submissions for Procedure Changes that relate to the Power System Operation Procedures and IMO Market Procedures should be submitted to:

Independent Market Operator

Attn: Manager Market Development & System Capacity
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4399
Email: market.development@imowa.com.au

1. Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions:

Background

The Independent Market Operator (IMO) has reviewed the current Market Procedure for Reserve Capacity Testing and identified a number of proposed changes to improve the procedures.

Change Proposal

The IMO summarises the proposed changes as:

- dealing with changes required due to implementation of RC 2008 20 “Demand Side Management – Operational Issues”;
- rectifying minor typographical changes;
- defining testing cycles and temperature dependence curves;
- defining how to determine a pass or fail result using the temperature dependence curves; and
- detailing how the IMO measures temperature.

Perth Energy’s Views

Perth Energy agrees there is a need to update the Market Procedure for Reserve Capacity Testing to reflect amendments to the Market Rules made as a consequence of the commencement of RC_2008_20. Perth Energy also agrees with the intent of clarifying how to determine a pass or failure result with reference to the temperature dependence curves.

Perth Energy believes there may be potential to further clarify some aspects of this particular Market Procedure.

In relation to 1.7.5(b), Perth Energy suggests the wording should be amended to read “The Facility will be deemed to have passed a Reserve Capacity Test if the output of the Facility is **at or** above the output required....”

Clause 1.7.5(c) of the proposed Market Procedure stipulates that the Facility would be deemed to have failed the test if the temperature at the time of testing is below the lowest temperature of the temperature dependence curve submitted by the Market Participant. Perth Energy recognises that it is the responsibility of Market Participants to submit

temperature dependence curves and that they therefore have the ability to decide at which lower temperature level to start the curve. However, it seems anomalous that a Facility may automatically fail a Reserve Capacity Test if called to perform a test on a cold winter night, despite having an output exceeding those stipulated by the lowest temperature point of the temperature dependence curve. Perth Energy believes it would be preferable to avoid such a scenario by, for example, stipulating in the procedure the required temperature range of the temperature dependence curves to be submitted by Market Participants and clarifying that tests should not be performed if the ambient temperature is outside of the standardised temperature range of these curves.

— Perth Energy also notes that the IMO has amended the drafting of the Market Procedure to allow for 10 Business Days rather than the current 5 Business Days for the IMO to determine the results of the test and communicate the results to the Market Participant (clauses 1.9.6 and 1.9.8). Perth Energy appreciates that the current 5 Business Day timeframe may be unachievable for the IMO, particularly in situations of resource constraints and/or when multiple tests are being conducted concurrently. However, we note that such a change may lead to unforeseen consequences. In particular, we are concerned that clause 1.9.10 of the Market Procedure and the related clause 4.25.4 of the Market Rules require that System Management conduct a re-test of a Facility that failed the initial test, and that such re-test must be performed no earlier than 14 days and no later than 28 days after the first test. With the proposed change in the Market Procedure, Market Participants with a Facility that fails the first test will (in the worst case scenario) have 5 Business Days less to identify and rectify any problem that might have caused the failure in the first test, ahead of being ordered to perform a re-test. In the worst case scenario it is theoretically conceivable that a Market Participant receives the test result 14 days after the first test (being 10 Business Days and reflecting potential public holidays and weekends) and receiving an order for a retest on the same day.

Perth Energy proposes that this issue be addressed either by retaining the original 5 Business Days reference in clause 1.9.6 and 1.9.8 or by changing the reference in 1.9.10 so that it reflects a certain period after the time when the Market Participant is physically informed of the result of the first test, rather than being set to a certain period after that date that the first test was actually conducted, as currently written. We note that the latter solution would also require an amendment to Market Rule 4.25.4.

2. Please provide an assessment whether the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Amending Rules.

Perth Energy considers the change would better facilitate the achievement of the Market Objectives¹ if the further amendments proposed in the section above are incorporated in the

¹ The objectives of the market are:

Change Proposal. Perth Energy considers the Procedure Change Proposal would improve achievement of Market Objectives (a), (b) and (c) by updating the Market Procedures to reflect changes to the Market Rules and thereby provide further certainty to Market Participants in relation to how the IMO will conduct Facility testing. Perth Energy considers the proposed change relating to the IMO's time frame for reporting results could have an adverse impact on the achievement of Market Objectives (a) and (b) unless the Procedure Change Proposal is modified further as proposed above.

Perth Energy does not consider the Procedure Change Proposal impacts on the achievement of Market Objectives (d) and (e).

3. Please indicate if the Procedure Change Proposal will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

There will be no impact for Perth Energy.

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

Perth Energy does not require any lead time to implement the change.

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- (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.