
Wholesale Electricity Market – Submission to Procedure Change Proposal PC_2011_05, Changes to 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:

EnerNOC thanks the IMO for this opportunity to provide our views regarding Procedure Change Proposal PC_2011_05, Changes to Market Procedure for Reserve Capacity Testing. Overall, EnerNOC believes the majority of the contents of PC_2011_05 are reasonable and make appropriate changes to the Market Rules in light of both recent Rule Change Proposals like RC_2010_29, and in order to provide general clarification and improvement.

EnerNOC would like to specifically voice its support for the addition of a new clause 1.11.1 that officially places additional responsibility and requirements on Demand Side Programmes (DSP). Requiring DSPs to give advanced notice of at least two Business Days to the IMO and System Management will ensure that the performance being observed is truly the result of a coordinated and intentional dispatch, and not simply the inadvertent achievement of reducing consumption to the Required Level due to the 'incidental performance' inherent in the current Relevant Demand (RD) measure. EnerNOC has in the past made submissions to the MAC and IMO about such intrinsic weaknesses associated with "static" baseline methodologies, particularly in response to RC_2010_29, and looks forward to further discussions about the use of more accurate "profile" baselines for DSPs in the Wholesale Electricity Market (WEM).

While EnerNOC is largely supportive of PC_2011_05, we believe that with the inclusion of a new clause 1.11.1, the following to clauses (1.11.2 and 1.11.3) now do not appear to align with Market Rule 4.25.2. In 4.25.2, the Rules clearly identify two separate methods for achieving the verification referred to in clause 4.25.1. Specifically, Facilities can either operate at their required level at least once as part of normal market operations, or they can successfully respond to a Dispatch Instruction from System Management, in accordance with clause 4.25.7:

- 4.25.2. The verification referred to in clause 4.25.1 can be achieved by the IMO:
- (a) ~~by the IMO in the case of a generation system:~~
 - i. ~~observing the Facility operate at the required level at least once as part of normal market operations in Metered Schedules specific to the Facility; or~~
 - ii. requiring System Management, in accordance with clause 4.25.7, to test the Facility's ability to operate at the required level for not less than 60 minutes and the Facility successfully passing that test; or
 - (b) ~~in the case of a Demand Side Programme:~~
 - i. ~~observing the Facility operate at the required level at least once in response to an activation of the Facility by the relevant Market Customer as measured in metered consumption; or~~
 - ii. requiring System Management, in accordance with clause 4.25.7, to test the Facility's ability to reduce demand to the required level for not less than one Trading Interval and the Facility successfully passing that test; or
 - (c) ~~in the case of an Interruptible Load or Dispatchable Load, requiring System Management, in accordance with clause 4.25.7, to test the Facility's ability to reduce demand to the required level for not less than one Trading Interval and the Facility successfully passing that test.~~

Self-scheduled tests by DSPs (or Curtailable Loads) have long been an accepted method of achieving compliance under 4.25.2 (b)(i), which prior to RC_2010_29 was encompassed in 4.25.2(a). In addition, two day advanced notice to System Management of such a self-scheduled test has been historically requested of DSPs as a courtesy as well, although not officially required by the Rules. However, in its attempts to codify these established practices of compliance with 4.25.2(b)(i), PC_2011_05 as currently written appears to unintentionally combine 4.25.2 (b)(i) with 4.25.2 (b)(ii), so that if DSP fails a self-scheduled Reserve Capacity Test under 4.25.2 (b)(i), the DSP is then subject to a re-test from System Management under 4.25.4.

EnerNOC respectfully contends that this is not the intended effect of 4.25.4, which explicitly states that a re-test of Reserve Capacity by System Management is a result of failure to perform under a Reserve Capacity Test requested by the IMO, or 4.25.2(b)(ii), only:

- 4.25.4. Subject to clause 4.25.3B, ~~the IMO must, in the event that if~~ a Facility fails a Reserve Capacity test requested by the IMO under clause 4.25.2(b), the IMO must require System Management to re-test that Facility in accordance with clause 4.25.2**(b)**, not earlier than 14 days and not later than 28 days after the first test. If the Facility fails this second test, then the IMO must, from the ~~next Trading Day~~second Trading Day following the Scheduling Day on which the IMO determines that the second test was failed:
- (a) if the test related to a generation system, reduce the number of Capacity Credits held by the relevant Market Participant for that Facility to reflect the maximum capabilities achieved in either test performed (after adjusting these results to the equivalent values at a temperature of 41°C and allowing for the capability provided by operation on different types of fuels); or
 - (b) if the test related to a Dispatchable Load, ~~Curtailable Load~~ Demand Side Programme or Interruptible Load, reduce the number of Capacity Credits held by the relevant Market Participant for that Facility to the maximum level of reduction achieved in either of the two tests.

As such, EnerNOC believes that PC_2011_05 should be modified to clarify the specific consequence of failing a self-scheduled Reserve Capacity test. In EnerNOC's view, the effect of failing a self-scheduled Reserve Capacity test should simply be the continued ability for System Management to test the Facility under 4.25.2 (b)(ii), as failure would mean that the performance thresholds described in 4.25.2 (b)(i) have not been met. EnerNOC does recognise that it may be prudent to put some bounds on the maximum number of times that a DSP can self-schedule a Reserve Capacity Test. Yet, even if DSPs are only allowed to self-schedule a single test, the DSP in question should then be subject to its first test by System Management under 4.25.2 (b)(ii) and then only after failure of that test, be subject to a re-test under 4.25.4 (or the results of a subsequent dispatch, per 4.25.3B, as appropriate).

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

As EnerNOC has described above, PC_2011_05, as currently drafted, does not appear to comply with Market Rules 4.25.2 and 4.25.4

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.

This Procedure Change Proposal has potential implications that EnerNOC must weigh before deciding to self-schedule a Reserve Capacity test. EnerNOC has not attempted to estimate what costs may be incurred as a result of PC_2011_05.

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

EnerNOC has not estimated the time required in order to comply with PC_2011_05.
