



System Management

Procedure Change Report

Ref: PPCL0021

Title: Replaced PSOPs: Competitive Balancing
and Load Following Market (Package 1)- PART B

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INTRODUCTION

This document is the Procedure Change Report for System Management proposed replacement of the Power System Operation Procedure: Dispatch (PPCL0021 Part B). System Management notes that the Procedure Change Report for the PSOP: Communications and Control Systems (PPCL0021 Part A) has been progressed separately through the IMO's approval process:

- A Power System Operation Procedures Working Group Meeting was held on 12 December 2011
- This proposal was first published on the IMO website on 6 January 2012.
- A request for submissions to the proposal was published on 6 January 2012 with a deadline of 6 February 2012.
- Notice of a further consultation period was published on the IMO website on 19 March 2012 with a deadline of 29 March 2012.
- This Procedure Change Report relates to the PSOP: Dispatch (Part B) and is submitted to the IMO for publication on 19 June 2012.
- This proposed replacement procedure is to commence on the Balancing Market Commencement Day.
- Commencement is pending approval by the IMO. Market Rule 2.10.14 requires the IMO to make its decision within 10 Business days of this Report being published.

THE WORDING OF THE REPLACEMENT OF THE POWER SYSTEM OPERATION PROCEDURE

The replacement PSOP: Dispatch is attached to this Report.

THE REASON FOR THE REPLACEMENT OF THE POWER SYSTEM OPERATION PROCEDURE

Following feedback from Market Participants and the findings of the Verve Energy Review, a proposal to establish competition in the provision of both the balancing and load-following ancillary service markets has been developed. The resulting amendments to the Market Rules have been documented in the Rule Change Notice: Competitive Balancing and Load Following Market (RC_2011_10).

It has therefore been necessary for System Management to make related and relevant changes to the Power System Operating Procedures which are impacted by the proposed Rule changes in RC_2011_10.

System Management continuously seeks to improve the integrity and accuracy of the Power System Operation Procedures.

THE MARKET ADVISORY COMMITTEE

The Market Advisory Committee (MAC) did not meet regarding this procedure change proposal. However, these proposed amendments were considered in the Rules Development Implementation Working Group meeting held on 22 March 2012.

SUBMISSIONS

System Management received five submissions regarding these procedures, from Landfill Gas and Power, Alinta, Synergy and the Independent Market Operator. The Independent Market Operator's submission summarised the matters raised in the Rules Development Implementation Working Group meeting of 22 March 2012.

LANDFILL GAS AND POWER

Landfill Gas and Power submitted two responses, one during the initial consultation and an updated response during the further consultation period. The initial response commented on both procedures while the additional response dealt only with the Communications and Control Systems PSOP.

The points raised by Landfill Gas and Power with respect to the Dispatch PSOP are outlined below

A) Clause 5.4 Significant Discrete Loads has not been finalised or properly discussed, and is potentially onerous for Retailers depending on the definition of "related loads".

B) We suggest that the confidentiality requirement specified in clause 5.5.6 should be harmonised with the general requirements for confidentiality and not treated as a special case.

C) While LGP supports the intent of clauses 6.1.3 c to f, we perceive that this is an inelegant manner of implementing it.

D) In clause 7.4.4, we seek confirmation that the offered Turn-Down Price has no role to play in this order.

E) We suggest that the procedure would benefit from an editorial read-through.

System Management's response to the submission by Landfill Gas and Power:

Dispatch:

System Management accepts Landfill Gas & Powers' views on the Procedure.

System management has changed the Procedure to take account of items A, B, C and E. System Management can confirm that the Turn-Down Price is not taken into account in clause 7.4.4.

ALINTA

Alinta submitted a response during the further consultation period covering issues relating to PPCL0021, PPCL0022 and PPCL0023. The issues relevant to the Dispatch PSOP (PPCL00231):

· 60 Second response time (Clause 6.6.2 of Dispatch PSOP) - until SM's B2B is implemented and Market Generators have been able to develop the necessary interfaces, ensuring a dispatch instruction can be confirmed within 60 seconds (and ensuring plant movements commence within a further 240 seconds) represents a significant compliance risk to Market Generators.

· Constrained off Non-Scheduled Generation (Clause 7.3.3 of the Dispatch PSOP) - the comment in the note that SM may constrain non-scheduled generation outside of the BMO due to forecast error raises significant uncertainty - what is the rationale for this?

System Management's response to the submission by the Alinta:

Dispatch:

System Management accepts the Alinta's view regarding the 60 sec response time for Dispatch Acknowledgement and has updated the PSOP accordingly.

System Managements note after clause 7.3.3 is to explain that were System Management to find that it was to have limited and inadequate Load Following capability it would issue Out of Merit Dispatch Instructions to Non-Scheduled Generators who would then be eligible for constrained off payments.

SYNERGY

Synergy submitted a response during the further consultation period covering issues relating to the Communications and Control PSOP. These have not been presented in this report but rather considered in the Procedure Change Report for the Communications and Control Systems PSOP (PPCL0021 Part A).

THE INDEPENDENT MARKET OPERATOR

The Independent Market Operator submitted a log of issues relating to PPCL0021, PPCL0022 and PPCL0023. The issues relevant to PPCL0021 as presented in the IMO's submission relate to those raised by the RDIWG, These are detailed below

Issues raised by the Rules Development Implementation Working Group

Dispatch

Consistency: Use of both intermittent and nonscheduled. 5.5.1 add "by SM".

Consistency: Use of MPI, portal, market system 6.1.2 Requirement for MPs to advise SM of reduced capability and then do on SMs market system (as well as Rule requirement to also update balancing bids/offers) seems excessive.

Is a phone call for synch/desynch still necessary when SM issuing all dispatch? What happens with a plant on AGC? (ie is a phone call for synch/desynch still needed).

6.6.2: For transitional market SM need to give participants longer than 60 sec to confirm acceptance. 6.6.2 Why do participants need to respond to a DI?

System Management's response to the issues raised by the Rules Development Implementation Working Group:

Dispatch

System Management accepts the RDIWG's view regarding the use of intermittent generation and the response time for dispatch instructions under the transitional arrangements of the balancing market. System Management has updated the PSOP accordingly.

System management recognises that most dispatch will be under Dispatch Instruction from System Management but can see that a Balancing Generator with special conditions may need to notify System Management of Synchronisation times.

System Management does agree that it appears excessive to have to both update their balancing submission and inform System Management of their capability but System Management is concerned that due to the fact that the BMO is only issued once during a trading interval there may be up to 60 minutes where the data received by System Management from the IMO is not up to date.

AMENDMENT TO THE POWER SYSTEM OPERATION PROCEDURE FOLLOWING PUBLIC CONSULTATION

System Management has made numerous amendments to the Dispatch PSOP in response to the feedback received during public consultation. The changes are identified in the attached documents. Deleted wording is shown in "strike through" and new wording has been underlined.

IMPLEMENTATION

System Management recommends this replacement procedure commence on the Balancing Market Commencement Day.

Given that System Management and Market Participants are using existing production systems to implement the transitional arrangements the above date, in

System Management's opinion, allows sufficient time after the date of publication of the IMO's approval of the Procedure Change Proposal under clause 2.10.14, for Rule Participants to implement changes required by this Proposal.