

WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE PROPOSAL: AEPC_2018_04

POWER SYSTEM OPERATION PROCEDURE: FACILITY
OUTAGES

Published: **October 2018**





© 2018 Australian Energy Market Operator Limited. The material in this publication may be used in accordance with the [copyright permissions on AEMO's website](#).



EXECUTIVE SUMMARY

The publication of this Procedure Change Proposal and accompanying call for submissions commences the Procedure Change Process conducted by AEMO to consider a proposed revised Power System Operation Procedure: Facility Outages under the Wholesale Electricity Market Rules (WEM Rules).

The proposed revised Power System Operation Procedure is required by clauses 3.18.21, 3.19.14, 3.21.12 and 4.11.1(h) of the WEM Rules which require AEMO to detail the processes to be followed by:

- a) AEMO, Market Participants and Network Operators when conducting outage planning for a Facility [WEM Rule 3.18.21];
- b) AEMO, Market Participants and Network Operators when conducting final approval of outages [WEM Rule 3.19.14];
- c) AEMO, Market Participants and Network Operators when determining and reporting Forced Outages and Consequential Outages [WEM Rule 3.21.12]; and
- d) AEMO when calculating Planned Outage and Forced Outage rates for the purposes of assigning no Certified Reserve Capacity or a lesser quantity of Certified Reserve Capacity [WEM Rule 4.11.1(h)].

This Procedure Change Proposal includes this document, which outlines the reason for the proposed amendments to the Market Procedure, and the proposed Market Procedure itself, which is available at:

http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2018_04.

Draft versions of the Market Procedure were presented at the WEM AEMO Procedure Change Working Group (WEM APCWG) meetings held on 13 July 2018 and 7 August 2018, with further out of session information provided on 27 September 2018. Details of these forums are available at:

<http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums/WEM-APCWG>.

Substantive changes to improve clarity and process were recommended by stakeholders and incorporated into the proposed Market Procedure that forms part of this Procedure Change Proposal.

AEMO invites stakeholders to suggest alternative options or drafting where they consider that these would improve the Market Procedure or better meet the Wholesale Market Objectives in section 122(2) of the *Electricity Industry Act 2004* (Electricity Industry Act) (and clause 1.2.1 of the WEM Rules).

Stakeholders are invited to submit written responses on the proposed Power System Operation Procedure by 5.00 pm Australian Western Standard Time (AWST) on 12 November 2018, in accordance with the call for submissions published with this Procedure Change Proposal.



CONTENTS

EXECUTIVE SUMMARY	3
1. PROCEDURE CHANGE PROCESS	5
2. BACKGROUND	6
2.1 Regulatory requirements	6
2.2 Context for this consultation	6
3. PROPOSED PROCEDURE CHANGE	7
3.1 Detail of the proposed procedure change	7
3.2 Proposed drafting	7
3.3 Consultation to date	7
3.4 Consistency with WEM Rules, Electricity Industry Act and WEM Regulations	7
3.5 Consistency with Wholesale Market Objectives	8
4. CONSULTATION PROCESS	9



1. PROCEDURE CHANGE PROCESS

Section 2.10 of the WEM Rules outlines the Procedure Change Process.

AEMO may initiate the Procedure Change Process in respect of Market Procedures (including Power System Operation Procedures and the Monitoring and Reporting Protocol) for which it is responsible, by developing a Procedure Change Proposal. Rule Participants may notify AEMO where they consider an amendment or replacement of an AEMO Market Procedure would be appropriate (Clauses 2.10.1 and 2.10.2).

If an Amending Rule requires AEMO to develop new Market Procedures or amend or replace existing Market Procedures, then AEMO is responsible for the development, amendment or replacement of Market Procedures to comply with the Amending Rule (Clause 2.10.3).

Under clause 2.9.3 of the WEM Rules, Market Procedures:

- (a) must:
 - i. be developed, amended or replaced in accordance with the process in the WEM Rules;
 - ii. be consistent with the Wholesale Market Objectives; and
 - iii. be consistent with the WEM Rules, the Electricity Industry Act and the WEM Regulations; and
- (b) may be amended or replaced in accordance with section 2.10 of the WEM Rules and must be amended or replaced in accordance with section 2.10 of the WEM Rules, where a change is required to maintain consistency with Amending Rules.

The Wholesale Market Objectives 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.

AEMO has published this Procedure Change Proposal in accordance with the Procedure Change Process in clause 2.10 of the WEM Rules.

AEMO’s indicative timeline for this consultation is outlined below. Dates may be adjusted depending on the number and complexity of issues raised in submissions and any meetings with stakeholders.

Process Stage	Indicative date
Procedure Change Proposal published	15 October 2018
Submissions due on Procedure Change Proposal	12 November 2018
Procedure Change Report published	14 January 2019
Proposed commencement of revised Market Procedure	15 January 2019

Prior to the submissions due date, stakeholders may request a meeting with AEMO to discuss the issues and proposed changes raised in this Procedure Change Proposal.



2. BACKGROUND

2.1 Regulatory requirements

Clauses 3.18.21, 3.19.14, 3.21.12 and 4.11.1(h) of the WEM Rules provide that:

- 3.18.21. *System Management must document the procedure it follows in conducting outage planning in the Power System Operation Procedure and System Management, Market Participants and Network Operators must follow that documented Market Procedure when planning outages.*
- 3.19.14. *System Management must document the procedure it follows in conducting final approval of outages in the Power System Operation Procedure and System Management, Market Participants and Network Operators must follow that documented Market Procedure when conducting final approval of outages.*
- 3.21.12. *System Management must document the procedure to be followed in determining and reporting Forced Outages and Consequential Outages in the Power System Operation Procedure and System Management, Market Participants and Network Operators must follow that documented Market Procedure.*
- 4.11.1(h) ... *The Planned Outage rate and the Forced Outage rate for a Facility for a period are calculated in accordance with the Power System Operation Procedure specified in clause 3.21.12.*

The proposed Power System Operation Procedure would be the sixth version of this Procedure. AEMO proposes to commence the revised procedure on 15 January 2019.

2.2 Context for this consultation

As part of the amalgamation of System Management and AEMO, the Power System Operation Procedures (PSOP) are being revised and updated. In general, AEMO is revising the Market Procedures to:

- (a) remove any Power System Operation Procedures (PSOP) not required by WEM Rules;
- (b) update all PSOPs to current AEMO standards;
- (c) ensure PSOPs comply with obligations; and
- (d) ensure content in Market Procedures is required because a WEM Rule requirement exists to include detail or process or AEMO requires an obligation on itself or Participants.



3. PROPOSED PROCEDURE CHANGE

3.1 Detail of the proposed procedure change

Amongst numerous editorial changes, AEMO is proposing to reflect the recent Supreme Court judgement¹ and clarify requirements for:

- a) including Facilities and items of equipment on the Equipment List;
- b) AEMO to evaluate an Outage Plan, including requesting confirmation that a proposed Outage is valid;
- c) Participants to provide and vary Outage Contingency Plans and Outage Risk Assessments;
- d) factors for AEMO to consider during evaluation of an Outage Plan;
- e) timing of inclusion of an Outage Plan into the Outage Schedule;
- f) coordination of Network Outages that have an impact on Market Participants;
- g) Participants to re-schedule or cancel Outage Plans;
- h) Participants to extend an Outage Plan or a Scheduled Outage;
- i) Participants to request, and AEMO to evaluate, Opportunistic Maintenance; and
- j) AEMO to re-assess a Planned Outage, including the general priority of cancellation.

Specific details concerning the rationale for changes are available from the consultation documentation detailed in section 3.3.

3.2 Proposed drafting

AEMO has published a draft of the proposed Market Procedure: Facility Outages for consultation, which is available at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2018_04. AEMO has also provided a marked-up version of the revised Procedure.

3.3 Consultation to date

Draft versions of the Market Procedure were presented at the WEM AEMO Procedure Change Working Group (WEM APCWG) meetings held on 13 July 2018 and 7 August 2018, with further out of session information provided on 27 September 2018. Details of these forums are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums/WEM-APCWG>.

Substantive changes to improve clarity and process were recommended by stakeholders and incorporated into the proposed Market Procedure that forms part of this Procedure Change Proposal.

3.4 Consistency with WEM Rules, Electricity Industry Act and WEM Regulations

The proposed revised WEM Market Procedure has been reviewed as a whole by AEMO to ensure compliance with the relevant provisions in the:

- Electricity Industry Act.

¹ Based on the WA Supreme Court judgment in *Bluwaters Power 2 Pty Ltd -V- Australian Energy Market Operator Ltd* [2017] WASC 98. Available from: <https://ecourts.justice.wa.gov.au/eCourtsPortal/Decisions/ViewDecision?returnUrl=%2feCourtsPortal%2fDecisions%2fFilter%2fSC%2fCitationNumber&id=d6ad0c85-c57f-4a38-4825-8101001537ba>.



- WEM Regulations.
- WEM Rules.

3.5 Consistency with Wholesale Market Objectives

The steps outlined in this revised Power System Operation Procedure describe the processes to be followed by:

- a) AEMO, Market Participants and Network Operators when conducting outage planning for a Facility [WEM Rule 3.18.21];
- b) AEMO, Market Participants and Network Operators when conducting final approval of outages [WEM Rule 3.19.14];
- c) AEMO, Market Participants and Network Operators when determining and reporting Forced Outages and Consequential Outages [WEM Rule 3.21.12]; and
- d) AEMO when calculating Planned Outage and Forced Outage rates for the purposes of assigning no Certified Reserve Capacity or a lesser quantity of Certified Reserve Capacity [WEM Rule 4.11.1(h)].

AEMO considers that the steps are drafted in a way that does not change the objectives of the WEM Rules. As a result, AEMO considers that the revised Procedure, as a whole, is consistent with the Wholesale Market Objectives.



4. CONSULTATION PROCESS

AEMO invites stakeholders to suggest alternative options or drafting where they consider that these would improve the Market Procedure or better meet the Wholesale Market Objectives in section 122(2) of the Electricity Industry Act (and clause 1.2.1 of the WEM Rules).

Stakeholders are invited to submit written responses on the proposed Power System Operation Procedure by 5.00 pm (AWST) on 12 November 2018, in accordance with the call for submissions published with this paper.

Stakeholders with questions in relation to the proposed Power System Operation Procedure or this Procedure Change Proposal can contact AEMO via email to wa@aemo.com.au.

All correspondence in relation to this Procedure Change Proposal must be entitled "AEPC_2018_04 Facility Outages - [Name of the submitting company or individual]".