

WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE PROPOSAL NO: AEPC_2019_02

POWER SYSTEM OPERATION PROCEDURE:
MEDIUM TERM PROJECTED ASSESSMENT
OF SYSTEM ADEQUACY (MT PASA)

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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: MT PASA under the Wholesale Electricity Market Rules (WEM Rules).

The proposed revised Power System Operation Procedure is required by clauses 3.16.7, 3.16.8A, 3.16.10 of the WEM Rules which require AEMO to document the processes:

- (a) that AEMO must follow when conducting a Medium Term PASA study [Clause 3.16.10]; and
- (b) for Rule Participants providing information or clarifications as requested by AEMO [Clauses 3.16.7 and 3.16.8A].

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_2019_02.

AEMO invites stakeholders to suggest alternative options or drafting where they consider that these would improve the 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 25 March 2019, in accordance with the call for submissions published with this Procedure Change Proposal.



CONTENTS

EXECUTIVE SUMMARY	3
1. PROCEDURE CHANGE PROCESS	5
2. BACKGROUND	7
2.1 Regulatory requirements	7
2.2 Context for this consultation	7
3. PROPOSED PROCEDURE CHANGE	8
3.1 Detail of the proposed procedure change	8
3.2 Proposed drafting	8
3.3 Consultation to date	8
3.4 Consistency with WEM Rules, Electricity Industry Act and WEM Regulations	8
3.5 Consistency with Wholesale Market Objectives	9
4. CONSULTATION PROCESS	10



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	22 February 2019
Submissions due on Procedure Change Proposal	25 March 2019
Procedure Change Report published	26 April 2019
Proposed commencement of revised Market Procedure	27 April 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 3.16.7, 3.16.8A, 3.16.10 of the WEM Rules provide that:

3.16.7. Rule Participants must provide the information System Management requests, and any other data they are aware of that might be relevant to a Medium Term PASA study, within the timeframe specified in the Power System Operation Procedure.

3.16.8A. Rule Participants must provide any additional information or clarifications requested by System Management, within the time frame specified in the Power System Operation Procedure.

3.16.10. System Management must document the procedure it follows in conducting Medium Term PASA studies in the Power System Operation Procedure and System Management must follow that documented Market Procedure when conducting a Medium Term PASA study.

The proposed Power System Operation Procedure would be the third version of this Procedure. AEMO proposes to commence the revised procedure on 27 April 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.
- (d) Ensure content in 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

Among numerous editorial changes, AEMO is proposing that:

- (a) Prior to providing a direction (or rescinding a direction) that the information specified in clause 3.16.4 of the WEM Rules is not required, AEMO must consult with affected Participants. AEMO must publish all directions on the Market Web Site.
- (b) AEMO must publish all directions on the Market Web Site 5 Business Days prior to the direction becoming effective.
- (c) AEMO must publish assumptions and methodologies used in preparation of the Medium Term PASA study.

3.2 Proposed drafting

AEMO has published a draft of the proposed Market Procedure: MT PASA for consultation, which is available at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2019_02. AEMO has also provided a marked-up version of the revised Procedure.

3.3 Consultation to date

Draft versions of the Market Procedure was presented at the WEM AEMO Procedure Change Working Group (WEM APCWG) meetings held on:

- 20 April 2018, during which major changes were recommended by stakeholders; and
- 16 January 2019, during which minor changes were recommended by stakeholders.

In addition, a revised methodology was presented at a workshop held on 2 November 2018, during which minor changes to the Market Procedure were recommended by stakeholders. Details of this forum are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums/WEM-APCWG>.

These changes have been 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.
- WEM Regulations.
- WEM Rules.



3.5 Consistency with Wholesale Market Objectives

The steps outlined in this revised Power System Operation Procedure describe the processes:

- (a) that AEMO must follow when conducting a Medium Term PASA study [Clause 3.16.10]; and
- (b) for Rule Participants providing information or clarifications as requested by AEMO [Clauses 3.16.7 and 3.16.8A].

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 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 25 March 2019, 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_2019_02 MT PASA - [Name of the submitting company or individual]".