



**Independent Market Operator**

**IMO's decision: Power System  
Operation Procedure:**

**Dispatch**

**Ref: PPCL0013**

**Date: 14 October 2009**

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### Independent Market Operator

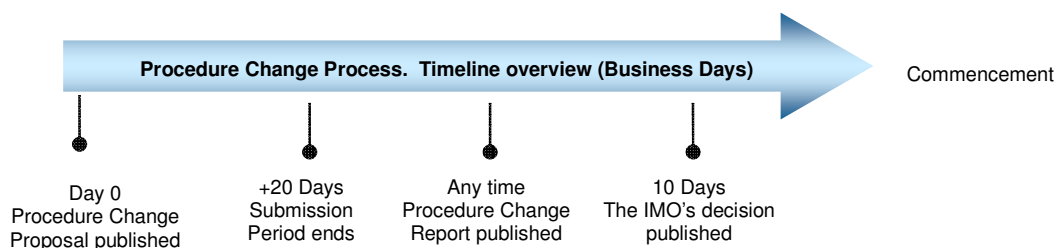
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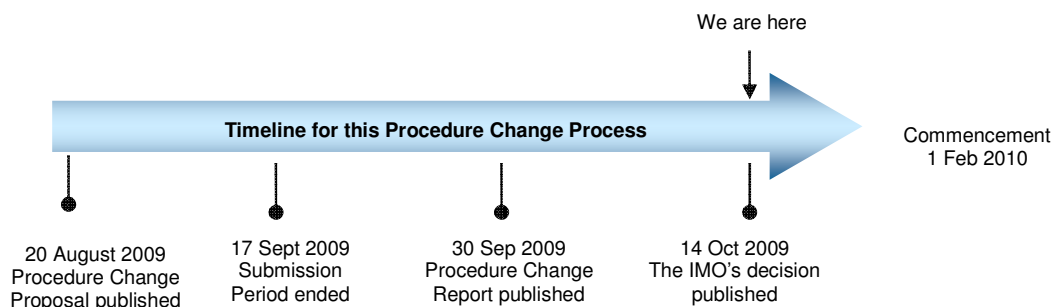
## 1. INTRODUCTION

On 20 August 2009, the Independent Market Operator (IMO) published a Procedure Change Proposal from System Management regarding the proposed amended Power System Operation Procedure (PSOP): Dispatch. The proposal has been processed according to the Procedure Change Process under clause 2.10 of the Wholesale Electricity Market Rules (Market Rules).

This process adheres to the following timelines:



The key dates in processing this Procedure Change Proposal are:



Clause 2.10.14 of the Market Rules requires the IMO to make a decision whether to approve a proposed PSOP or amendment to or replacement for a PSOP published by System Management.<sup>1</sup> This approval is required within 10 Business Days of a Procedure Change Report being published.

The IMO's decision is to accept the PSOP as proposed by System Management and amended following the consultation process. The details of the IMO's assessment are set out in section 4 of this report.

This document, containing the IMO's decision on the proposed PSOP: Dispatch (PPCL0013) is published as required by clause 2.10.15 of the Market Rules.

<sup>1</sup> Market Procedures include the PSOPs developed by System Management. Refer to Chapter 11 of the Market Rules for further details.

All documents related to this proposed PSOP can be found on the IMO website:  
<http://www.imowa.com.au/PPCL0013>

## **2. THE PROCEDURE CHANGE PROPOSAL**

### **2.1 Details of the Proposal**

In its proposal, System Management noted that the PSOPs were originally prepared prior to the commencement of the Wholesale Electricity Market (Market). Now, with several years experience in performing Market functions, System Management has begun to review the PSOPs to ensure that they accurately reflect System Management's performance of its functions.

In addition, the original PSOPs included significant overlaps with the Market Rules and also attempt to paraphrase Market Rules requirements. Consequently, System Management has reviewed the operation of PSOP: Dispatch, and has amended it to better reflect both the performance of market functions and changes to the Market Rules that have occurred since the commencement of the Market on 21 September 2006.

System Management notes that the amendments have been subject to consultation with the public, within the System Management PSOP Working Group (constituted under the auspices of the Market Advisory Committee (MAC)) and with the IMO.

System Management considers that the amended procedure represents both a consensus outcome and a procedure that is consistent with the requirements of the Market Rules.

## **3. PUBLIC CONSULTATION PERIOD**

### **3.1 Submissions received**

The public submission period was between 21 August 2009 and 17 September 2009. During this time System Management received submissions from Landfill Gas & Power (LGP) and the IMO.

### **3.2 Submission from the IMO**

The IMO submitted that the PSOP contains a provision (section 10.5 step 8) to the effect that, where there is a failure to agree on an issue, the IMO is required to make a binding decision within two Business Days of receiving comments. At the Working Group meeting held 19 June 2009 the IMO noted that it did not consider that the two Business Day timeframe in section 10.5 would be sufficient or practicable. The IMO agreed with System Management to consider an appropriate timeframe further out of session and to submit its recommendation during the public consultation process to ensure transparency.

The IMO considered that a timeframe of 10 Business Days would be more practical for the following reasons.

- Either party to the disagreement may present further evidence when providing comments on the IMO’s draft recommendation, which would need to be adequately investigated by the IMO.
- A binding decision is, by its nature, not open to review. It is essential that adequate time be made available to reach a properly considered decision.
- The IMO requires sufficient time to follow its internal processes and procedures, including appropriate consultation among its officers and approval by its senior staff members. Ten Business Days is considered sufficient for this, taking into account the relatively small number of IMO staff members who are likely to be involved in this process, and the possible effect of absences and other commitments.
- Other similar provisions in the Market Rules, for example the Dispute Resolution Process outlined in section 2.19 of the Market Rules, have no specified timeframe.

The IMO considered that providing 10 Business Days for a binding decision to be issued will ensure that the best possible outcome can be achieved in the incidence of any disputes arising over the PSOP: Dispatch.

**3.2.1 System Management’s Response to the IMO’s Submission**

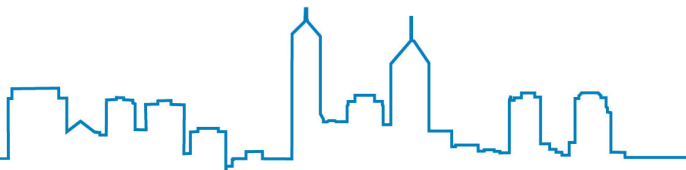
System Management noted the view of the IMO and has adopted the IMO’s suggested amendments accordingly.

**3.3 Submission from Landfill Gas & Power**

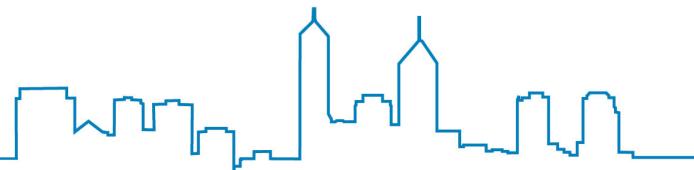
LGP supported the proposal and offered various drafting suggestions, outlined in the section below.

**3.3.1 System Management’s Response to Landfill Gas & Power’s Submission**

Clause	LGP submission	System Management response
8.0.2	“should endeavour” needs to be defined; either they should be required to, or should not. Perhaps SM could be required to log the issue.	System Management has amended this provision to ‘may’.
8.2.1	the subject of “via SMMTS.....” needs to be changed; suggest put the MR reference at the end.	A Market Rule reference has been inserted at the end of this section.
8.3.3	Suggest improve the sense of the first sentence.	System Management has amended this provision as follows: ‘There may be delays in transferring Market Participant files to System Management...’
10.5	Suggest review the appropriateness of a party seeking arbitration to make a	System Management believes that the Procedure confers power on both Verve



Clause	LGP submission	System Management response
	submission on behalf of the other party.	Energy and System Management to provide a report of views concerning the dispute. This will assist in shedding light on the matters in dispute and assist in resolution.
10.5.8	LGP also supported the IMO's proposed extension of the "2 days" in 10.5 Step 8 to 10 days as being more practicable.	This proposed extension has been adopted.
11.2.1	Suggest deletion of "using a forecasting methodology" as it is self evident.	This has been deleted.
11.10.1 & 11.10.3	Suggest consider removing the references to the Spinning Reserve quantities as they are under review and it is desirable to avoid having to change the Procedure is the MR is changed.	System Management has amended this section to reflect the market rules.
13.4	Suggest clarify the meaning of "...but it will be for the purpose of....."	System Management has removed this phrase from this section as it caused ambiguity.
13.5	Suggest clarify the meaning of "in the event..... direction"	System Management has amended this section to read as follows: 'To the extent that System Management believes that the Dispatch Criteria in clause 7.6.1 of the Market Rules may not be met, including situations where Market Participants ramp their generation facilities in the same direction, then System Management may exercise its powers under clause 7.7.4 of the Market Rules and issue Dispatch Instructions.'
13.8	the two criteria should be satisfied rather than be satisfied by the Generating facility itself.	System Management has amended this section to read as follows: 'For a generating facility which does not carry an obligation to provide a Spinning Reserve or Load Following ancillary service and satisfies the two following criteria:  <ul style="list-style-type: none"> <li>a. if the system frequency moves above 50.5Hz or below 49.2Hz; and</li> <li>b. if the generator facility's governor automatically moves the generator away from its resource plan in a manner that assists reducing the frequency deviation,</li> </ul> then System Management will deem the abovementioned movement to be a Dispatch



Clause	LGP submission	System Management response
		Instruction and will formally issue a Dispatch Instruction to the facility corresponding to System Management's estimate of the generator facilities Metered Schedule Quantity.'
13.10.3	Suggest review the reasonableness of this; does it say that SM is not responsible for its mistakes in this regard?	Yes this is correct. System Management will not remotely operate a facility where doing so would expose System Management to liability.

#### 4. THE IMO'S ASSESSMENT

In determining whether to approve the PSOP: Dispatch, the IMO has assessed the proposed amended PSOP for consistency with the provisions outlined in clause 2.9.3 of the Market Rules.

In particular, clause 2.9.3 outlines that PSOPs must:

- be developed, amended or replaced in accordance with the process in these Market Rules;
- be consistent with the Wholesale Market Objectives; and
- be consistent with these Market Rules, the Electricity Industry Act and Regulations.

In accordance with clause 2.10.15(c), the IMO has also reviewed the commencement date proposed by System Management to ensure that it will allow sufficient time after the date of publication of the Procedure Change Report for Rule Participants to implement changes required by it.

The IMO's assessment is outlined in the following sections.

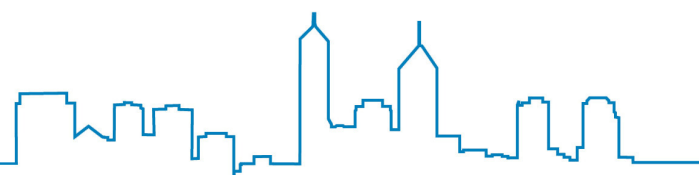
##### 4.1 Wholesale Market Objectives

The proposed PSOP: Dispatch details the processes that System Management will follow to monitor Rule Participants' compliance with the Market Rules and PSOPs, and to provide information about breaches, or other information the IMO may request, to the IMO.

The IMO considers that the steps are drafted in a way that does not change the operation or objectives of the Market Rules. As a result, the IMO considers that the proposed amended PSOP: Dispatch as a whole is consistent with the Wholesale Market Objectives.

##### 4.2 Market Rules, the Electricity Industry Act and Regulations

The IMO considers that the proposed PSOP: Dispatch is consistent, as a whole, with:



- the Market Rules,
- the Electricity Industry Act; and
- Regulations.

The IMO also considers that the proposed amended PSOP is consistent with all other Market Procedures.

#### **4.3 Implementation of the amended Power System Operation Procedure**

In System Management's opinion, the commencement date should allow sufficient time for Rule Participants to implement the changes as prescribed in PSOP: Dispatch. Consequently, the IMO considers commencement at 08.00am on 1 February 2010 will allow Rule Participants sufficient time from the date of publication of System Management's Procedure Change Report to ensure compliance with the amended PSOP.

#### **4.4 Power System Operation Procedures Working Group**

In making its decision, the IMO has noted the process involved in producing the PSOP. In particular, the proposed amended PSOP: Dispatch was discussed by the Working Group at the 19 June 2009 meeting. The Working Group is appointed by the MAC to develop, consider and assess changes to System Management PSOPs that the Market Rules require System Management to develop.

System Management noted in its Procedure Change Report that it had adopted all recommendations made by Working Group members into the PSOP. The IMO has reviewed the recommendations of the Working Group and confirms that these have been adopted.

## **5. THE IMO'S DECISION**

The IMO's decision is to approve the amended PSOP: Dispatch as proposed by System Management in its Procedure Change Report.

### **5.1 Reasons for the decision**

The IMO's decision is based on its assessment that the amended PSOP:

- is consistent with the Wholesale Market Objectives;
- is consistent with the Market Rules, the Electricity Industry Act and Regulations; and
- requires no procedural or system changes prior to implementation.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 3 of this report.



## **6. THE AMENDED POWER SYSTEM OPERATION PROCEDURE**

### **6.1 Commencement**

The amended PSOP: Dispatch will commence at 08.00am on 1 February 2010.

### **6.2 Wording of the amended Power System Operation Procedure**

The wording of the amended PSOP: Dispatch, as proposed by System Management, is available on the IMO's website:

<http://www.imowa.com.au/Procedure-Changes>

