

The background of the lower half of the page is a photograph of a wind farm and power lines, overlaid with a semi-transparent blue filter. On the left, several large white wind turbines are visible, their blades extending outwards. On the right, a tall, lattice-structured power transmission tower stands prominently. The overall scene is set against a clear sky.

Independent Market Operator

**The IMO's decision: Proposed
Amended Power System
Operation Procedure:**

Commissioning and Testing

Ref: PPCL0016

Date: 14 July 2011

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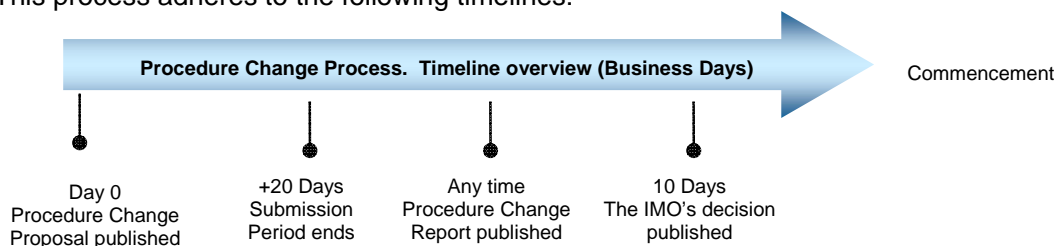
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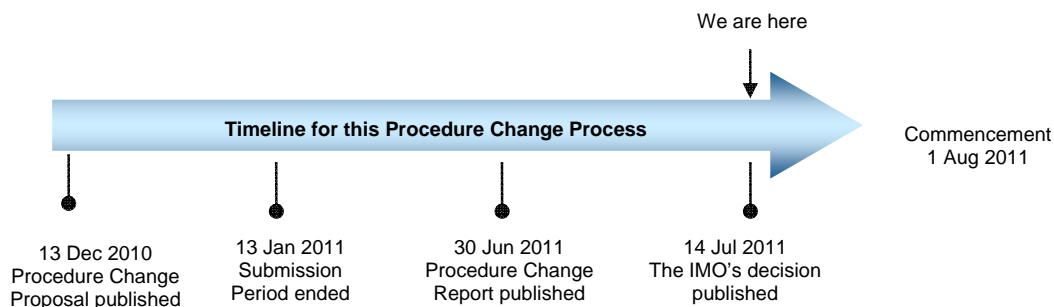
1. INTRODUCTION

On 13 December 2010, the Independent Market Operator (IMO) published a Procedure Change Proposal from System Management regarding the proposed amended Power System Operation Procedure (PSOP): Commissioning and Testing. 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, prepared by System Management.¹ 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 amended PSOP: Commissioning and Testing (PPCL0016) is published as required by clause 2.10.15 of the Market Rules.

All documents related to this proposed PSOP can be found on the IMO website:

<http://www.imowa.com.au/PPCL0016>

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

2. THE PROCEDURE CHANGE PROPOSAL

2.1 Details of the Proposal

In its proposal, System Management noted that the Rule Change Proposal: Equipment Tests (RC_2009_37) had highlighted that there was no existing ability under the Market Rules for a Market Participant to undertake a test of equipment except via a Resource Plan or an accepted Commissioning Test Plan. RC_2009_37 proposed to provide an option to Market Participants to request an Equipment Test, which requires seeking System Management's approval of a deviation from Resource Plan in advance. This served to relieve System Management's obligation to direct a Facility back to Resource Plan and a Market Participants obligation to respond to this direction. However, the Market Rules still impose commercial penalties on Market Participants for real time deviations for Resource Plan.

System Management proposed amendments to the Commissioning and Testing PSOP to incorporate the new concept of an Equipment Test, including the Generation Equipment Test Template to be used when requesting approval of such tests from System Management (provided as an Appendix to the PSOP).

System Management notes that the amendments were subject to consultation within the System management Power System Operation Procedure Working Group (Working Group) (constituted under the auspices of the Market Advisory Committee (MAC)) and with the IMO.

The IMO notes that the amendments resulting from RC_2009_37 commenced on 1 February 2011.

3. PUBLIC CONSULTATION PERIOD

3.1 Submissions received

The public submission period was between 14 December 2010 and 13 January 2011. During this time System Management received one submission from Landfill Gas & Power (LGP).

3.1.1 Submission from LGP

LGP notes that it is a member of Working Group and that it supports the general thrust of the proposed changes. LGP suggested a number of minor and typographical amendments to improve the clarity and integrity of the proposed amendments:

3.1.2 System Management's response

System Management supported LGP's view indicated in its submission and has adopted all suggestions accordingly.

4. THE IMO'S ASSESSMENT

In determining whether to approve the amended PSOP: Commissioning and Testing, 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 amendments to the PSOP: Commissioning and Testing detail the processes System Management and Market Participants must follow when planning and conducting Equipment Tests. The PSOP specifies the processes that take place to determine:

- the planning and implementation of Commissioning Tests for particular generation systems as stated in the Market Rules [MR 3.21A] that wish to verify their output capability; and
- testing plans to accommodate tests carried out under a Resource Plan.

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: Commissioning and Testing 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: Commissioning and Testing 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 its Procedure Change Report System Management does not identify any operational considerations that need to be taken into account when determining the implementation date for PPCL0016. The IMO also notes that the submissions received during the public consultation process did not provide any evidence to suggest that the proposed amended PSOP:

Commissioning and Testing will require Market Participants, the IMO or System Management to implement any procedural or system amendments before it can commence. Consequently the IMO considers that System Management's proposed commencement date at 8.00am on 1 August 2011 should allow sufficient time from the date of publication of System Management's Procedure Change Report to ensure compliance with the amended PSOP.

4.4 System Management Procedure Change and Development Working Group

In making its decision, the IMO notes the process involved in producing the PSOP. The proposed amended PSOP: Commissioning and Testing was not discussed by the MAC or the PSOP Working Group (Working Group) following its formal submission into the Procedure Change Process. 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.

In its Procedure Change Proposal, System Management notes that the proposed amendments were discussed by the Working Group. The IMO notes that these discussions by the Working Group occurred at its 28 October 2010 meeting prior to formal submission of the Procedure Change Proposal. Minutes from the meeting have not been made available by System Management to the Working Group members to date.

Given the lack of transparency around the discussion at the Working Group meeting referred to above, the IMO makes no assessment as to whether System Management has incorporated any amendments recommended by the Working Group prior to formal submission into the Procedure Change Process. The IMO also notes that System Management makes no comment in its Procedure Change Report as to whether it has incorporated the advice of the Working Group received during the 28 October meeting.

5. THE IMO'S DECISION

The IMO's decision is to approve the amended PSOP: Commissioning and Testing 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; and
- is consistent with the Market Rules, the Electricity Industry Act and Regulations.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 4 of this report.

6. THE AMENDED POWER SYSTEM OPERATION PROCEDURE

6.1 Commencement

The amended PSOP: Commissioning and Testing will commence at 08.00am on 1 August 2011.

6.2 *Wording of the amended Power System Operation Procedure*

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