



Independent Market Operator

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

Dispatch

Ref: PPCL0018

Date: 19 July 2011

CONTENTS

1. INTRODUCTION	3
2. THE PROCEDURE CHANGE PROPOSAL	4
2.1 Details of the Proposal	4
3. PUBLIC CONSULTATION PERIOD	4
3.1 Submissions received	4
3.1.1 Submission from LGP	4
3.1.2 System Management's response	4
4. THE IMO'S ASSESSMENT	5
4.1 Wholesale Market Objectives.....	5
4.2 Market Rules, the Electricity Industry Act and Regulations.....	5
4.3 Implementation of the amended Power System Operation Procedure	5
4.4 System Management Procedure Change and Development Working Group.....	6
5. THE IMO'S DECISION	7
6. THE AMENDED POWER SYSTEM OPERATION PROCEDURE.....	7
6.1 Commencement.....	7
6.2 Wording of the amended Power System Operation Procedure	7

DOCUMENT DETAILS

IMO Notice No.: PPCL0018
Report Title: The IMO's decision: Proposed Amended Power System Operation
Procedure: Dispatch
Release Status: Public
Confidentiality Status: Public domain

<http://www.imowa.com.au/PPCL0018>

Published in accordance with Market Rule 2.10.15

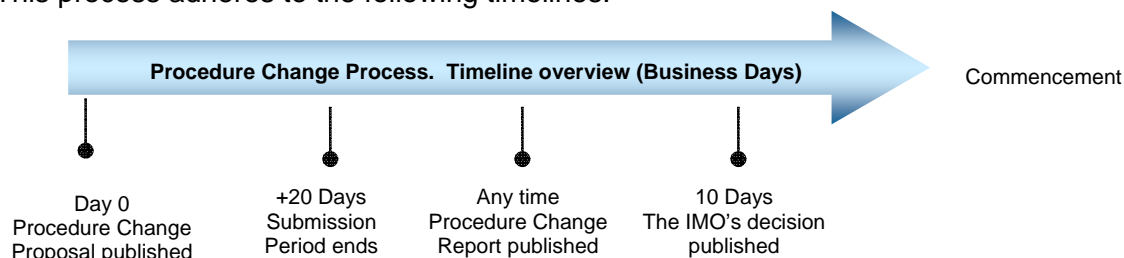
Independent Market Operator

Level 3, Governor Stirling Tower
197 St George's Terrace, Perth WA 6000
PO Box 7096, Cloisters Square, Perth WA 6850
Tel. (08) 9254 4300
Fax. (08) 9254 4399
Email: imo@imowa.com.au
Website: www.imowa.com.au

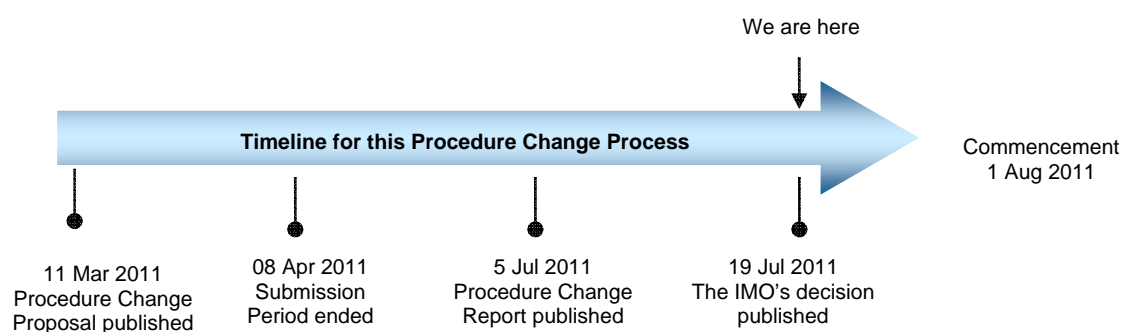
1. INTRODUCTION

On 11 March 2011, 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, 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.

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

<http://www.imowa.com.au/PPCL0018>

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 put forward a number of amendments to the PSOP: Dispatch to:

- Require all operators of independent power producer generators to use reasonable endeavours to provide System Management with either a daily dispatch profile or a predetermined daily algorithm, thereby allowing greater visibility of expected real time behaviour and allow System Management to more accurately anticipate threats to Power System Security and Reliability;
- Integrate the changes resulting from the Rule Change Proposal: The use of tolerance levels by System Management (RC_2010_22) that will allow a greater degree of tolerance for System Management to effectively manage its real time monitoring obligations under the Market Rules; and
- Improve the integrity and accuracy of the PSOP by incorporating a number of minor and typographical amendments.

For further details of the proposed amendments to the PSOP: Dispatch, including relevant background material, refer to System Management's Procedure Change Proposal available on the Market Web Site.

3. PUBLIC CONSULTATION PERIOD

3.1 Submissions received

The public submission period was between 14 March 2011 and 8 April 2011. During this time System Management received one submission from Landfill Gas & Power (LGP).

3.1.1 Submission from LGP

LGP notes that it supports the Procedure Change Proposal on the grounds that it improves and clarifies the existing PSOP. LGP suggested the proposed changes could benefit from an editorial read through to improve the logical flow and consistency of the proposed amendments, outlining a number of particular considerations for System Management to take into account.

3.1.2 System Management's response to submissions

System Management supported LGP's view indicated in its submission and has adopted all suggestions accordingly. Further details of System Management's specific responses are available in its Procedure Change Report.

4. THE IMO'S ASSESSMENT

In determining whether to approve the amended 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 amendments to the PSOP: Dispatch detail the requirement for Independent Power Producers to use reasonable endeavours to provide System Management with accurate indications of their Facility's intended operations via either a daily dispatch profile or a predetermined daily algorithm. In addition to the amendments affected by RC_2009_22 (the use of tolerance levels by System Management), this proposed amendment allows System Management to incorporate a degree of tolerance to more effectively manage its real time monitoring obligations under the Market Rules.

The IMO considers that the amendment is 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 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 PPCL0018. The IMO has not identified any operational considerations for its own systems. 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: Dispatch 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: Dispatch 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 both the 5 October and 28 October 2010 Working Group meetings prior to formal submission of the Procedure Change Proposal. A summary of the Minutes of the discussion at the 5 October meeting is provided here:

Ms Grace Tan provided an overview of the proposed amendments and noted that the proposed amendments to the PSOP would allow System Management to exercise discretion in requesting daily dispatch profiles from Market Participants with facilities smaller than 30MW or that have a Resource Plan equal to zero. This would allow System Management's senior controllers to more sufficiently plan Verve plant around IPPs over and under generating about their resource plan. Ms Tan explained that requesting IPPs to send their data each day rather than each block was easier to manage and that all IPP's use reasonable endeavours to provide the profiles by 3pm.

Mr Bowyer asked if the accuracy of the data was important. Ms Tan replied that System Management was moving towards having further refined data.

Mr Bowyer then asked if the data was to include parasitic load and Ms Tan responded that they wanted real-time information and added that the records are a pure informational tool.

Mr Ryan noted that Griffin Energy plan the data 12 months ahead and have then been using this to assess how close their output was.

Ms Fiona Edmonds suggested that System Management should amend the drafting to specify incidences where directions may be issued by System Management to not provide the dispatch profile information. Ms Edmonds contended that this would ensure that all Market Generators would understand the incidences where System Management may apply this discretion.

Ms Tan agreed to update the drafting to provide further details of incidences where discretion may be exercised by System Management.

Minutes from the 28 October 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 28 October 2010 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 during this meeting 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 5 October 2010 and 28 October 2010 meetings.

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; 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: Dispatch 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: Dispatch, as proposed by System Management, is available on the IMO's website.