Status Report prepared under clause 7.12 of the Market Rules by System Management 01 October 2012–31 December 2012

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1 Introduction

1.1 System Management

Western Power is established under section 4(1)(b) of the *Electricity Corporations Act 2005* and has the functions conferred under section 41 of that act.

Part 9 of the *Electricity Industry Act 2004* makes provision for a wholesale electricity market and provides for the establishment of Market Rules.

One of the core functions undertaken by Western Power is the management of the electricity transmission and distribution networks. Regulation 13 of the *Electricity Industry (Wholesale Electricity Market) Regulations 2004* provides that the Market Rules may confer on an entity the function of operating the SWIS in a secure and reliable manner.

Clause 2.2 of the *Wholesale Electricity Market Amending Rules (September 2006)* (**Market Rules**) confers this responsibility upon the segregated ("ring fenced") business unit of Western Power known as System Management. Amongst these responsibilities, the functions of System Management are to:

- release information required by the Market Rules;
- monitor rule participants compliance with the Market Rules relating to dispatch and power system security and power system reliability; and
- Provide regular reports to the IMO and other market participants.

Included in the requirement to monitor and report is this Status Report, described in clause 7.12 of the Market Rules.

1.2 Status Report

System Management has prepared this report pursuant to its obligations under clause 7.12 of the Market Rules, for the period 1 October 2012 to 31 December 2012.

2 Issuance of Dispatch and Operating Instructions

During the period, System Management issued a total of 4756 Dispatch Instructions and 12 Operating Instructions to Market Participants.

3 Non-compliance with Dispatch and Operating Instructions

System Management reported 550 instances of non compliance outside of a facilities tolerance range by a Market Participant by the end of their scheduled interval during the reporting period.

System Management identified no instances of non compliance with an Operating Instruction during the reporting period.

4 Incidence and reason for the issuance of Dispatch Instructions to Balancing Facilities Out of Merit

During the reporting period System Management reported three occasions of potential out of merit dispatch to the IMO.

1. On 23 October 2012 System Management inadvertently overlooked issuing a Dispatch Instruction for BW1_Bluewater_G2 for the intervals 10:00pm and 10:30pm which

resulted in the facility being two intervals behind in their ramping down to their BMO position.

2. On 17 December 2012, System Management issued a Dispatch Instruction to BW1_Bluewaters_G2 for a MW amount that was inconsistent with the facility's BMO position. After further investigation it was identified that this incident related to an issue with a BMO conversion algorithm in System Management's Real Time Dispatch Engine affecting ramp-rate constrained generators. This issue has been addressed with a revision deployed to the Real Time Dispatch Engine on 1 February 2013.

3. On 21 December 2012 between 11:15pm and 12:20am (22 December 2012), System Management issued incorrect Dispatch Instructions to several Market Participants directing their facilities to de synchronize. This was due to issues with System Management's Real Time Dispatch Engine forecasting a lower than expected load forecast value. System Management issued verbal Dispatch Instructions to the facilities involved to address the incorrect system generated Dispatch Instructions.

5 Transmission constraints

A "transmission constraint" refers to the configuration of the transmission network that has an effect or potential effect of constraining or otherwise varying the output of a generator. The resultant situation has a generation facility either decrease output, or not increase output as it would if the constraint did not exist.

System Management has identified zero instances of potential or actual transmission constraints during the relevant period that meet the definition above. This does not include any potential or actual transmission constraints arising because of commercial decisions taken by market participants. This also does not include situations where a generator is unable to operate due to planned or unplanned Network outages.

6 Shortfalls in Ancillary Services

There was one instance of shortfall in Ancillary Services.

On 27 November 2012 within delivery interval 6:2 (trading day 26 November 2012) there was a shortfall of 18.32MW. This shortfall was due to a large unexpected drop of 192MW by Collgar Windfarm at 06:36am. A "no state change" Dispatch Advisory (DA792) was in place at the time. No further action was required by System Management.

7 Involuntary curtailment of load

No instances of involuntary curtailment of load requiring major rotational load shedding occurred.

8 High Risk Operating State

Fourteen instances of a High Risk State occurred during the report period.

1. On 12 October 2012 (trading day 11 October 2012) commencing interval 3:2 and ending interval 7:2, System Management issued a High Risk State (DA 537) as System Management was unable to receive the latest BMO data from the IMO. System Management dispatched as per the last known received BMO.

2. On 13 October 2012 commencing interval 6:1 (trading day 12 October) and ending interval 11:2 System Management issued a High Risk State (DA 514) as a precautionary notification due to a scheduled major IT Outage impacting on the MPI, NOI and SMITTS interfaces.

3. On 17 October 2012 commencing interval 19:1 and ending interval 0:1 on 18 October 2012, a High Risk State (DA516) was called as System Management was unable to receive updated BMO's from the IMO due the WEMS release 3.3. System Management dispatched as per the last known received BMO.

4. On 01 November 2012 commencing interval 12:1 and ending interval 17:1 a High Risk State (DA 576) was called due to significant storm activity (lightening) which resulted in the North Country Region islanding. System Management was required to curtail ALINTA_WWF to 10MW. No further action was required and System Management followed the relevant BMO.

5. On 01 November 2012 commencing interval 17:2 and ending interval 11:1 on 02 November (trading day 02 Nov 2012) a High Risk State (DA 538) was called due to significant storm activity (lightening) which resulted in the North Country Region being islanded. System Management was required to curtail ALINTA_WWF to 20MW. No further action was required and System Management followed the relevant BMO. .

6. On 02 November 2012 commencing interval 11:2 and ending interval 7:2 on 03 November a High Risk State (DA 579) was called due to significant storm activity (lightening) which resulted in the North Country Region being islanded. System Management was required to curtail ALINTA_WWF to 10MW. No further action was required and System Management followed the relevant BMO.

7. On 03 November 2012 commencing interval 8:1 and ending interval 12:2 a High Risk State (DA 580) was called due to significant storm activity (lightening) which resulted in the North Country Region islanding. System Management was required to curtail ALINTA_WWF to 60MW. No further action was required and System Management followed the relevant BMO.

8. On 03 November 2012 commencing interval 13:1 and ending interval 7:2 on 04 November (trading day 02 Nov 2012) a High Risk State (DA 581) was called due to significant storm activity (lightening) which resulted in the North Country Region islanding. System Management was required to curtail ALINTA_WWF to 60MW. No further action was required and System Management followed the relevant BMO

9. On 21 November 2012 commencing interval 16:1 and ending interval 9:2 on 22 November 2012 due to the unplanned loss of a transmission line caused by significant storm activity (Lightening) and fires in the North Country and a high risk that the North Country Region would be islanded, System Management issued (at 16:16hours on 21 November) a High Risk State (DA540). ALINTA_WWF was curtailed to 25MW and System Management followed the BMO.

10. On 21 November 2012 commencing 16:2 and ending interval 9:2 on 22 November 2012 System Management issued a High Risk State (DA541) at 16:46hours and withdrew previous high risk state (DA540) to advise Market Participants that whilst full transmission capabilities were back in service, the North Country Region was still considered in a high risk due to storm activity and fires. System Management's action

over this period was to lift the curtailment from ALINTA_WWF and follow the relevant BMO.

11. On 24 November 2012 commencing interval 22:2 and ending interval 1:1 on 25 November (trading 24 November 2012) a retrospective High Risk State (DA 549) was called due to severe weather conditions in the North Country Region which had caused the loss of multiple transmission lines. System Management was required to curtail ALINTA_WWF to 30 MW and Geraldton was also islanded due to the conditions. No further action was required and System Management followed the relevant BMO.

12. On 27 November 2012 commencing interval 14:1 and ending interval 17:2 a High Risk State (DA551) was called to notify Participants that System Management's SCADA functions were out of service. No further action was required and System Management followed the latest relevant BMO.

13. On 09 December 2012 commencing interval 14:2 and ending interval 10:2 on 10 December 2012, a retrospective High Risk State (DA641) was called due to severe weather conditions in the North Country Region which resulted in the loss of excessive transmission lines and the islanding of the North Country Region. System Management was required to curtail Alinta_WWF to 20MW and followed the relevant BMO.

14. Commencing 17 December 2012 interval 7:2 (trading day 16 December 2012) and ending interval 7:2 on 18 December 2012 (trading day 17 December 2012) a High Risk State (DA761) was called due to voltage instability in the North Country Region which resulted in Alinta_WWF being decommitted. System Management followed the relevant BMO.

9 Emergency Operating State

No instances of an Emergency Operating State occurred.

10 LFAS Facilities

Verve Energy was the sole provider of this service during the period covered in this report.