

Independent Market Operator



Rule Change Notice

Title: High Risk and Emergency Operating States Definition

Ref: RC_2007_31

Date: 21 December 2007

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Independent Market Operator

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1. INTRODUCTION

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the Independent Market Operator) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the Independent Market Operator (IMO).

The IMO will assess the proposal and, within 5 Business Days of receiving the Rule Change Proposal Form, will notify the proponent whether the Rule Change Proposal will be progressed further.

In order for the proposal to be progressed the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives. The objectives of the market 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.

A Rule Change Proposal can be processed using a Standard Process or a Fast Track Process. The Standard Process involves a combined 10 weeks public submission period, while the Fast Track Process involves the IMO consulting with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.

2. THE RULE CHANGE PROPOSAL

2.1. The Submission

System Management submitted, on 13 December 2007, a Rule Change Proposal regarding changes to clauses 3.4.1 and 3.5.1 of the Wholesale Electricity Market Rules.

This Rule Change Notice is published according to Market Rule 2.5.7, which requires the IMO to publish a notice within 7 Business Days of receiving a Rule Change Proposal.

2.1.1. Submission details

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Organisation:	System Management
Date submitted:	14 December 2007
Urgency:	Normal rule change process
Change Proposal title:	High Risk And Emergency Operating States Definition
Market Rule(s) affected:	Clauses 3.4.1 and 3.5.1

2.2. Details of the Proposal

Clauses 3.4 and 3.5 of the Market Rules deal with high risk and emergency operating states, respectively.

Clause 3.4.1 currently states:

The SWIS is in a High-risk Operating State when System Management considers that any of the following circumstances exist, or are likely to exist within the next fifteen minutes, or are likely to exist at a time beyond the next fifteen minutes **but** actions other than those allowed under the Normal Operating State must be implemented immediately by System Management so as to moderate or avoid the circumstance:

(a) ...

System Management submits that it has received advice that this provision is uncertain in its application, and seeks to remedy any potential uncertainty through an amendment to clarify the intended operation of the provision. Similarly, there is potential uncertainty with clause 3.5.1.

System Management further submits that the replacement of the current word “but” (in bold, in the extract above) with the word “and” would better reflect the intention and operation of the provision, and remove any doubt that the words after the replaced word will apply to all three limbs of clause 3.4.1. The effect of this amendment would be that a high risk operating state would exist when System Management considers that any of the items listed in clause 3.4.1(a) to (l) are confirmed (i.e. exist, are likely to exist in the next 15 minutes or are likely to exist at a time beyond the next 15 minutes), and also that

actions other than those which can occur in a normal operating state must be implemented immediately.

System Management proposes that similar amendments should be made to clause 3.5 of the Market Rules.

In addition, System Management proposes that clause 3.4.1(l) and 3.5.1(h) be amended. These provisions currently refer to “other circumstances having a substantially similar effect” to any of the circumstances listed previously in the relevant clauses. System Management proposes to amend this provision to reflect a more general power of System Management to enter high or emergency operating states, when the circumstances require it. System Management proposes to replace item (l) of clause 3.4.1 with “any other circumstance which would, in the reasonable opinion of System Management, threaten Power System Security or Power System Reliability.” Item (h) of clause 3.5.1 would be equivalent, but with “substantially” included before “threaten”.

2.3. *The Proposal and the Market Objectives*

System Management submits that the proposed rule change would better address objective (a) of the Market Objectives i.e. the changes as submitted would promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.

System Management submits that the rule change would increase the certainty regarding the application of the rules.

3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicated that the proposal is consistent with the Market Objectives.

The proposal will be progressed according to the Standard Rule Change Process described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:

- This Rule Change Notice published 21/12/2007
- First Submission period 21/12/2007 - 01/02/2008
- Draft Report published 03/03/2008
- Second submission period 04/03/2008 - 02/04/2008
- Final Report published 01/05/2008

4. CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is six weeks from the publication date of this notice. Submissions must be delivered to the IMO by close of business on **Friday 1 February 2008**.

The IMO prefers to receive submissions by email to **marketadmin@imowa.com.au** using the submission form available on the IMO website:
http://www.imowa.com.au/10_5_1_MarketRulesChangeSummary.html

Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator
Attn: Dora Guzeleva, Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

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5. PROPOSED AMENDING RULES

System Management proposes the following amendments to the Market Rules (added words are underlined):

3.4.1 The SWIS is in a High-risk Operating State when System Management considers that any of the following circumstances exist, or are likely to exist within the next fifteen minutes, or are likely to exist at a time beyond the next fifteen minutes; ~~and but~~ actions other than those allowed under the Normal Operating State must be implemented immediately by System Management so as to moderate or avoid the circumstance:

a. ...

...

(l) ~~any other circumstance having a substantially similar effect to any of the above occurs in connection with the SWIS.~~ any other circumstance which would, in the reasonable opinion of System Management, threaten Power System Security or Power System Reliability.

3.5.1 The SWIS is in an Emergency Operating State when System Management considers that any of the following circumstances exist, or are likely to exist within the next fifteen minutes, or are likely to exist after fifteen minutes; ~~and but~~ actions other than those allowed under the Normal Operating State or High-risk Operating State must be implemented immediately by System Management so as to moderate or avoid the circumstance:

(a) ...

...

(h) ~~any other circumstance having a substantially similar effect to any of the above occurs in connection with the SWIS.~~ any other circumstance which would, in the reasonable opinion of System Management, significantly threaten Power System Security or Power System Reliability.