

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 white wind turbines are visible, with their blades extending outwards. On the right, a tall, lattice-structured power line tower stands prominently. The overall scene is set against a clear sky.

Independent Market Operator

Rule Change Notice
Title: Equipment Tests

Ref: RC_2009_37

Standard Rule Change Process

Date: 17 May 2010

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1. THE RULE CHANGE PROPOSAL

1.1. The Submission

On 13 May 2010 System Management submitted a Rule Change Proposal regarding amendments to clauses 7.10.2, 7.10.5A(b), 7.12.1, 7.13.1 and Chapter 11 and the proposed new clause 3.21AA of the Wholesale Electricity Market Rules (Market Rules).

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

1.1.1 Submission details

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Date submitted:	13 May 2010
Urgency:	Standard Rule Change process
Change Proposal title:	Equipment Tests
Market Rules affected:	New clause 3.21AA, clauses 7.10.2, 7.10.5A(b), 7.12.1, 7.13.1 and chapter 11

1.2. Details of the Proposal

System Management's Rule Change Proposal notes that generation facilities at times require ongoing testing (e.g. for environmental approvals) which are unable to satisfy the requirements of a Commissioning Test as provided for in clause 3.21A.

System Management notes that there is no ability under the Market Rules to undertake a test of equipment except via production consistent with a Resource Plan or Commissioning Test. Where a participant endeavours to perform a test under a Resource Plan there may on occasion be undisclosed deviations. To ensure Power System Security and Power System Reliability it is imperative that Market Participants consult with System Management before undertaking tests which may see the facility deviate from its Resource Plan, to allow System Management to plan system operations accordingly during the relevant period.

System Management states that under the current Market Rules, if it is notified by a Facility of the intention to perform such a test, and the test would result in a deviation from a Resource Plan, then System Management would be obliged to order the Facility to return to its Resource Plan. Non-compliance with this instruction would expose the participant to enforcement action.

System Management notes that the proposal intends to provide an option to Market Participants called an "Equipment Test". A participant could utilise this option to seek System Management approval, in advance, of a deviation from Resource Plan. The participant would be exempted



from enforcement action in respect of the obligation to comply with its Resource Plan for the duration of the test, but participants would still remain liable for commercial penalties (i.e. UDAP, DDAP and Forced Outage refunds).

System Management notes that under the proposal it must be provided with advance notification in the form of a proposed testing plan which, if approved, removes System Management's obligation to order the Facility back to its Resource Plan in accordance with clause 7.10.5 of the Market Rules for the duration of the test.

System Management states the advantage of the proposal to it is a higher degree of transparency associated with real-time deviations from Resource Plans. If Market Participants are given the opportunity to provide their test plans to System Management in advance, and are exempt from compliance (but not commercial) penalties this will afford a significant benefit to real-time power system operations through greater visibility of a participant's intended behaviour.

Because participants will be relieved of the risk of compliance action during the period of the Equipment Test, System Management considers that publication of the existence of such a test is appropriate. Consequently, System Management proposes a change to clause 7.12.1 (a report on the performance of the market with respect to the dispatch process) to provide this visibility.

System Management also provides the anticipated amendments to the Power System Operation Procedure: Commissioning and Testing in Appendix 1 of the Rule Change Proposal. In particular System Management notes that the anticipated amendments set out to provide for the mechanics of seeking an Equipment Test (consistent with new clauses 3.21AA.3 and 3.21AA.7). For further details of the anticipated amendments please refer to Appendix 1 of this notice.

1.3. The Proposal and the Wholesale Market Objectives

System Management submits that the proposed changes would allow the Market Rules to better address Wholesale Market Objective (a).

a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;

System Management considers that allowing participants to have approved Equipment Tests under a Resource Plan will increase the system operator's visibility of likely real-time deviations which might affect the power system, significantly improving the ability to plan for supply needs and contingencies. This would aid the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.

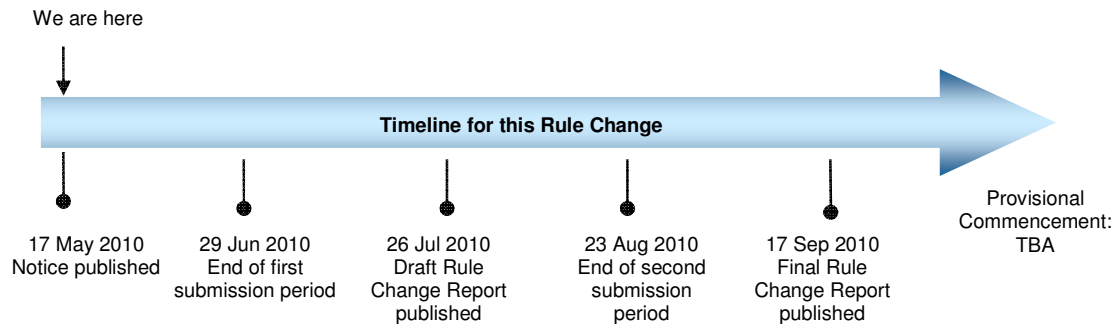
2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that Market Participants should be given an opportunity to provide submissions as part of the Rule Change process.



This Rule Change Proposal will be processed using the Standard Rule Change Process, described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:



3. CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is 30 Business Days from the publication date of this Rule Change Notice. Submissions must be delivered to the IMO by 5:00pm on **Tuesday, 29 June 2010**.

The IMO prefers to receive submissions by email to market.development@imowa.com.au using the submission form available on the IMO website: <http://www.imowa.com.au/rule-changes>.

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

Independent Market Operator
Attn: Manager Market Development and System Capacity
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4399

4. PROPOSED AMENDING RULES

System Management proposes the following amendments to the Market Rules (~~deleted text~~, added text):

3.21AA Equipment Tests

3.21AA.1 An Equipment Test ("Equipment Test") is a test conducted by a Market Participant of the ability of a generating system to:

- (a) verify Standing Data for a Facility in accordance with clause 2.34.6;



- (b) resolve technical performance issues; or
- (c) confirm capability of Ancillary Services.

3.21AA.2 A Market Participant may apply to System Management for an Equipment Test no later than 12PM on the Scheduling Day.

3.21AA.3 An application for an Equipment Test must be made in accordance with the Power System Operation Procedure and contain:

- (a) the name and location of the Facility to be tested;
- (b) the commencement time of all Trading Intervals during which testing will be conducted; and
- (c) details of the test to be conducted, including an indicative test program.

3.21AA.4 System Management must notify the Market Participant of whether System Management has approved an Equipment Test by no later than 4PM on the Scheduling Day.

3.21AA.5 System Management must not show bias towards a Market Participant concerning the approval of Equipment Tests.

3.21AA.6 In deciding whether to approve a proposed Equipment Test, System Management must have regard to whether:

- (a) there is adequate time to properly consider the application;
- (b) outages approved pursuant to clause 3.19 would be affected by the intended Equipment Test; and
- (c) the test can be accommodated at the proposed time without undue risk to Power System Security or Power System Reliability.

3.21AA.7. System Management must document the procedure it follows in approving Equipment Tests in the Power System Operation Procedure and System Management and Market Participants must follow that documented Market Procedure when planning and conducting Equipment Tests.

3.21AA.8 If having approved an Equipment Test, System Management becomes aware that:

- (a) the conduct of the test at the proposed time would pose a threat to Power System Security or Power System Reliability; or



(b) the Equipment Test is no longer required,

then it may revoke its approval of the Equipment Test and must notify the Market Participant of the cancellation.

3.21AA.9 In conducting an Equipment Test a Market Participant must conform to the test plan approved by System Management.

3.21AA.10.If a Market Participant conducting an Equipment Test cannot conform to the test plan approved by System Management then it must inform System Management as soon as practicable.

7.10.2 A Market Participant is not required to comply with clause 7.10.1 if such compliance would endanger the safety of any person, damage equipment, ~~or~~ breach any applicable law, or is subject to an approved Equipment Test pursuant to clause 3.21AA.

7.10.5A System Management is not required to follow the process in clause 7.10.5 where it considers that:

...

(b) the Market Participant has notified System Management in advance that it expects to deviate from its Resource Plan:

(i) in order to subject the relevant Facility to testing, to enable it to enter full commercial operation for the first time; or

(ii) where System Management has approved an Equipment Test in accordance with clause 3.21AA for a Facility for the Trading Interval;

...

7.12.1 System Management must provide a report to the IMO once every three months on the performance of the market with respect to the dispatch process. This report must include details of:

...

(d) the incidence of any Equipment Test approved in accordance with clause 3.21AA, including the date the Equipment Test occurred and the Facility details.



7.13.1 System Management must provide the IMO with the following data for a Trading Day by noon on the first Business Day following the day on which the Trading Day ends:

...

- (h) the identity of the Facilities which were subject to either a Commissioning Test or a test of Reserve Capacity or an Equipment Test for each Trading Interval of the Trading Day.

Chapter 11 **Equipment Test**: has the meaning given in clause 3.21AA.1.

5. ABOUT RULE CHANGE PROPOSALS

Any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submitting this to the IMO (Clause 2.5.1 of the Market Rules).

The IMO will assess the proposal and, within 5 Business Days of receiving the proposal form, will notify the proponent whether the 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 market objectives 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 Rule Change Process or a Fast Track Rule Change 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.



APPENDIX 1

5.6 Other Tests

1. Testing which does not conform to the Commissioning Test requirements in the Market Rules must be by way of Resource Plan, or variation to the plant schedule pursuant to first commissioning or an approved Equipment Test [MR 7.6A.2(a) and MR 3.21AA].
2. Where a Market Participant wishes System Management to use the process stipulated in Market Rules **[MR 7.10.5A or 3.21AA]**, the Market Participant must provide System Management with a testing plan equivalent to Appendix I and must specifically request that System Management exercise its powers under clause 7.10.5A or approves an Equipment Test under clause 3.21AA.
3. System Management may vary the requirements set out in Appendix I for a particular Market Participant as required by the circumstances.
4. System Management will advise Market Participants of contact details and modes of communication for the submission of commissioning test plans as provided for under this section 5.6.
5. A Market Participant must comply with the communication requirements set by System Management pursuant to section 5.6.4 of this Procedure.
6. System Management may prepare a communication protocol to apply between System Management and a Market Participant concerning a commissioning test being carried out on the Trading Day.
7. A Market Participant must comply with the communication requirements established in the relevant communication protocol.