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## Wholesale Electricity Market – Submission to Procedure Change Proposal PC\_2010\_03 Changes to Market Procedure: Monitoring Protocol

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### Submitted by

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### Submission

Clause 2.10.7 of the Wholesale Electricity Market Amending Rules provides that any person may make a submission for a Procedure Change Proposal by filling in this Procedure Change Submission form.

Submissions for Procedure Changes that relate to the Power System Operation Procedures and IMO Market Procedures should be submitted to:

#### Independent Market Operator

Attn: Manager Market Development & System Capacity  
PO Box 7096  
Cloisters Square, Perth, WA 6850  
Fax: (08) 9254 4399  
Email: market.development@imowa.com.au

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**1. Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions:**

System Management welcomes the opportunity to provide its view on the proposed new Monitoring Protocol.

While System Management supports some of the specific changes, it is very concerned that the rewritten Monitoring Protocol does not address a number of issues with the current document and in some cases is either more ambiguous or inconsistent with the Market Rules than the current document.

The procedure change proposal was initiated to implement the following changes:

- Replace “Energy Review Board” with “Electricity Review Board”, consistent with the Amending Rules resulting from the Rule Change Proposal: Change of Review Board name (RC\_2010\_18)
- Identify the party who alleges that there has been a breach of the Market Rules and in the case where this is System Management, allow the IMO the discretion to make this information available to the Rule Participant who is alleged to have committed the breach.

***System Management supports both of these specific changes.***

However the procedure change proposal also proposes replacing the existing Monitoring Protocol to reflect a new format resulting from the IMO current Market Procedure Project.

- This new format seeks a shorter, condensed version of the procedure which only includes additional information to that presented in the Market Rules. The IMO considers that this will remove the risk of an inconsistency between the Market Procedure and Market Rules.

While System Management supports more concise procedures it has concerns that the resulting rewritten Monitoring Protocol may be just a shortened version of the current document rather than a significant new document, and that some critical information has been omitted.

System Management would like to raise a number of objections to the document that has been presented. In each case System Management offers suggested ways to improve the document.

Firstly the IMO’s approach leads to the document making statements regarding what the rules require without stating the relevant rule. The following is an example from the proposed Monitoring Protocol.

“2.2.1 The Market Rules require that the IMO publishes a report, at least one a year, on the results of its monitoring of System Management. In determining the publication status of any such report the IMO must consider the Wholesale Market Objectives outlined in clause 1.2.1 of the Market Rules.”

System Management does not believe this to be the case but without a specific rule reference it is not possible to provide certainty.

***System Management believes that the procedure should be amended to include rule references.***

The second area of concern in the rewritten document is that it appears not to meet the requirements set out by the Market Rules. For example clause 2.15.3 (b) states that the Monitoring Protocol must specify a process for System Management to demonstrate compliance with the Market Rules and Market Procedures and audit processes where the IMO requires such demonstration or an audit in accordance with clause 2.14.6.

Except for the section 2.2.1 already quoted from the procedure, references to System Managements compliance have been removed from the procedure. While the previous document was not extensive, the IMO proposed procedure does not appear to provide any guidance for System Management or the Auditor appointed by the IMO.

System Management believes the document in its current form is not sufficient to meet the requirement of clause 2.15.3 of the market rules.

***System Management seeks to work with the IMO to provide a complete Monitoring Protocol. Once again references would clarify what has been included in the document.***

Of most concern to System Management is the continued use of Appendix A of the Monitoring Protocol. It is unclear whether this table has been produced to meet the requirements of clause 2.15.3 (a) of the market rules or whether it is for information purposes only.

The working group discussed the use of Monitoring as a heading in this Appendix and the IMO committed to reworking each of the descriptions to be more consistent. However most of the descriptions have not been changed.

It is System Managements view that the descriptions are misleading. A number of descriptions suggest that System Management will monitor the clause requirement.

System Managements obligations to monitor Market Rules are clearly stated under clause 2.13.9 of the Market Rules. The following clauses from Appendix A are not included under clause 2.13.9 of the Market Rules:

2.29.6, 2.29.7, 2.29.8, 2.34.2, 2.34.3, 2.35.1, 2.35.2, 2.35.3, 3.11.7A, 3.18.7, 3.18.8, 3.18.9, 3.18.13(d)(i), 3.19.1, 3.19.8, 3.20.2, 3.21.4, 3.21A.6, 7.6A.2(g), 7.6A.3(c), 7.7.9(b), 7.9.1, 7.9.3, 7.9.5, 7.9.7, 7.9.9, 7.9.10, 7.9.12(a), 7.11.9

While System Management may be able to assist the IMO with information regarding these clauses under its functions to monitor compliance with the Market Rules, the Monitoring Protocol gives the impression that the IMO will only monitor these rules if notified by System Management.

In fact the obligation to monitor Rule Participants for two of these clauses was removed from System Managements obligations under MR 2.13.9 by the rule change RC\_2008\_04 which was approved by both the IMO and the Minister.

In addition, some rules referred to in Appendix A while monitored by System Management under clause 2.13.9 of the market rules should also be monitored by the IMO. A case in point is Clause 7.10.1.

The rules require System Management to take a tolerance into account when undertaking its obligations to monitor this clause, in part due to the use of SCADA data to perform the monitoring. The IMO has indicated that this use of tolerances by System Management does not remove the obligation for Rule Participants to meet their obligations under 7.10.1. Once again this was discussed by the working group but has not been addressed in the final version of the Monitoring Protocol.

Another objection about the descriptions in Appendix A that was discussed by the working group, is that in some cases the description is "Monitored by the IMO". Some participants indicated that the IMO should not elaborate on how it conducts its compliance.

System Management contends that the clause 2.15.3 (a) of the rules require the IMO to document its monitoring processes in the Monitoring Protocol. System Management supports transparency and suggests that the Market would benefit from increased consistency that this transparency would require.

It is System Management view Appendix A does not demonstrate the process undertaken by the IMO to meet its obligations under clause 2.15.3 (a) of the market rules, confuses the role of System Managements detailed under the Power System Operating Procedure and is limited to those clauses specified under the Regulations.

***System Management suggests removing Appendix A***

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**2. Please provide an assessment whether the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Amending Rules.**

System Management believes that the IMO's Monitoring Protocol may lead to confusion as to how compliance with the Market Rules is conducted by the IMO.

System Management is therefore concerned that this may not be consistent with the Market objective to promote the economically efficient, safe and reliable production and supply of electricity and electricity

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**3. Please indicate if the Procedure Change Proposal will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.**

System Management does not believe it has obligations under the Monitoring Protocol except those of all rule participants. System Managements monitoring obligations are specified by clause 2.13.9 of the market rules and detailed in the Power System Operating procedure as required by clause 2.15.4 of the market rules.

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**4. Please indicate the time required for your organisation to implement the changes, should they be accepted as proposed.**

System Management does not believe it has obligations under the Monitoring Protocol except those of all rule participants. System Managements monitoring obligations are specified by clause 2.13.9 of the market rules and detailed in the Power System Operating procedure as required by clause 2.15.4 of the market rules.

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