



Independent Market Operator

**IMO's decision: Power System
Operation Procedure:**

Dispatch

Ref: PPCL0014

Date: 18 January 2010

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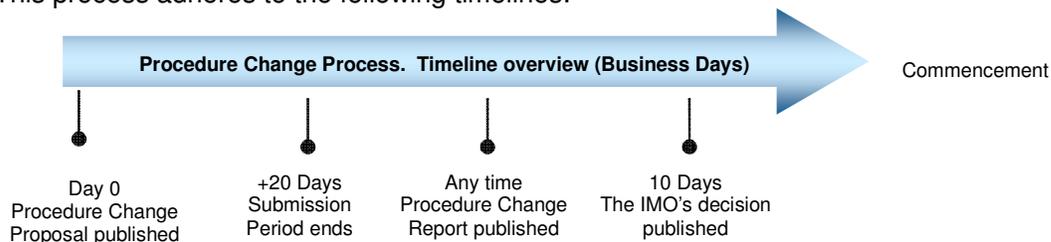
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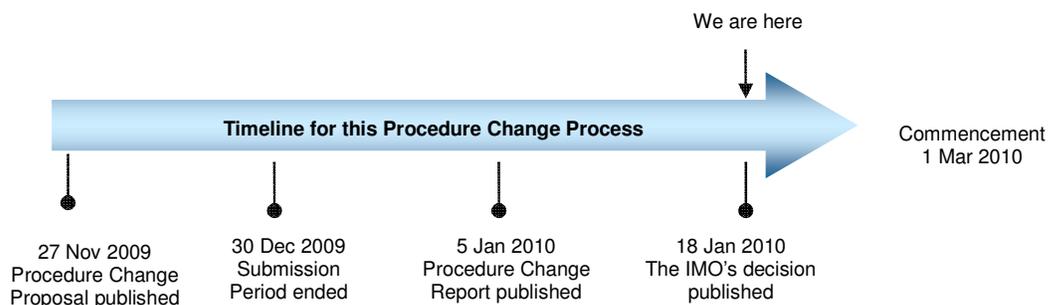
1. INTRODUCTION

On 27 November 2009, 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, published 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.

This document, containing the IMO's decision on the proposed PSOP: Dispatch (PPCL0014) is published as required by clause 2.10.15 of the Market Rules.

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

<http://www.imowa.com.au/PPCL0014>

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 noted that, following the conclusion of a previous Procedure Change Process for the Dispatch PSOP on 14 October 2009 (PPCL0013), it had identified two significant amendments that had undesirable implications for Market Participants, System Management and the IMO.

These amendments, which were approved by the IMO to commence on 1 February 2010, have two essential components:

- Operators of Non- Energy Generation Corporation (EGC) Scheduled Generators would be required to conform to a linear trajectory when following a Resource Plan between consecutive Trading Intervals (clause 13.1); and
- Market Participants would be confined to a 6MW/minute ramp rate for normal operation (clause 6).

Due to the undesirable implications of these changes, System Management proposed further amendments to the Dispatch PSOP. These were to require a Market Participant to use “reasonable endeavours” to ramp at a rate not exceeding 6MW/minute (clause 6.1), and to amend clause 13.1 as follows:

13.1 Provision of daily dispatch profile

1. *Operators of Non-EGC Scheduled Generators must use reasonable endeavours to provide System Management their intended dispatch profiles on a minute by minute resolution for each facility by 3pm each Scheduling Day prior to the Trading Day via email to an address nominated by System Management or as otherwise directed.*
2. *When creating an intended dispatch profile Operators of Non-EGC Scheduled Generators must use reasonable endeavours to incorporate a 6MW average ramping limit into the dispatch profiles where operationally possible.*
3. *Operators of Non-EGC Scheduled generators must use reasonable endeavours to adhere to the internal dispatch profile prescribed in subsection (1) & (2) above.*
4. *Furthermore, Operators of Non-EGC Scheduled Generators must use reasonable endeavours to provide System Management early notification (five minutes) of expected deviations from intended dispatch profiles where such deviations exceed 20 MW and timing of 5 minutes, via telephone and then must be logged in SMMITS.*

Further details of the implications of changes approved under PPCL0013, and System Management’s proposed solution to the undesirable effects of two of the approved changes, are provided in more detail in System Management’s Procedure Change Proposal (PPCL0014). This is available on the IMO’s website.

3. PUBLIC CONSULTATION PERIOD

3.1 Submissions received

The public submission period was between 1 December 2009 and 30 December 2009. During this time System Management received submissions from Alinta and Landfill Gas & Power (LGP).

3.1.1 Submission from Alinta

Alinta notes it has been advised by Mitsubishi Heavy Industries and Alstrom that changing the ramping rates of its Pinjarra and Wagerup Facilities would require changing the programming logic, as each unit's current ramp rate (of 9.4MW and 8MW respectively) is 'hardwired'. The information provided to Alinta suggests that the direct cost of making the changes required under PPCL0014 is likely to be in the order of \$10,000 to \$20,000 in total.

Alinta notes that adjusting the programming logic to yield ramp rates of 6MW for each Facility would also prevent Alinta's Facilities from complying with a request from System Management to ramp up (or down) at higher (or lower) rates.

Alinta notes that its Wagerup Facility operates predominantly as a peaking unit, and it is possible that 'hardwiring' the lower ramp rate of 6MW may potentially impede the ability of System Management to manage Power System Reliability and Power System Security.

Alinta supports Scheduled Generators (other than the EGC) being required to:

- Use reasonable endeavours to provide their intended dispatch profiles on a minute by minute resolution by 3pm on each Scheduling Day for the following Trading Day; and
- Notify System Management where deviations from intended dispatch profiles exceed 20 MW and 5 minutes.

However, Alinta is not persuaded that it is either necessary or desirable to require that Market Participants incorporate an average 6MW ramping rate into their dispatch profile, or to require that reasonable endeavours be used not to exceed a ramp rate of 6MW during normal operation. Instead, Alinta suggests that it may be preferable to allow the dispatch profile of Market Participants to incorporate the (single) dispatch profile included in a Facility's Standing Data.

3.1.2 Submission from Landfill Gas & Power

LGP supports the Procedure Change Proposal on the grounds that it seeks to correct an oversight in a recently instituted procedure change that would otherwise place unreasonable restrictions on Market Participants and unreasonable monitoring obligations on System Management.

LGP notes that it is not impacted by the proposal and accepts in good faith the nominated 6MW per hour average ramp rate and the practicality of the 1 minute generation profile. However, LGP perceives that in clause 13.1.2 the ramping limit should be stated as 6MW per hour.

3.2 System Management's Response to Submissions Received

System Management's responses to the submissions received during the consultation period are as follows:

Clause	Submitter	Issue	System Management response
6.1 & 13.1.2	Alinta	Alinta is not persuaded that it is either necessary or desirable to require that reasonable endeavours be used to not exceed a ramp rate of 6MW during normal operation (clause 6.1) and that Market Participants incorporate an average 6MW ramping rate into their dispatch profile (clause 13.1.2).	<p>System Management notes that in order to assist in the maintenance of system security, it requires not just visibility of a Market Participant's ramping behaviour, but also the ability to restrict ramping to values which can be accommodated by the system. System Management accepts that it is not appropriate to preclude a participant from ramping at a value in excess of 6MW/minute, but notes that it is appropriate to restrict this to the circumstances now included within section 6.1 of the proposed revised PSOP. Requiring Market Participants to exercise reasonable endeavours to ramp at a rate not exceeding 6MW/minute will facilitate the maintenance of ancillary service standards and aid in retaining a Normal Operating State.</p> <p>As such, System Management made several amendments to address the issues raised by Alinta as presented in its Procedure Change Report.</p>
13.1.2	LGP	LGP suggest the ramping limit should be stated as 6MW per hour	<p>System Management notes the view expressed by LGP in its report but notes that it is not technically or operationally feasible to impose a ramping limit of 6MW per hour in subsection 13.1(2). This is because it would be inconsistent with any particular facility's Standing Data and may operate to prevent a Market Generator from following its Resource Plan for any given interval in a Trading Day. System Management notes that it has incorporated a time specific MW ramping limit of '6MW per minute' in sub-section 13.1(2) which is consistent with section 6.1 of the Dispatch PSOP.</p>

4. THE IMO'S ASSESSMENT

In determining whether to approve the 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 PSOP: Dispatch details the processes System Management and Market Participants must follow in order to meet the dispatch rules contained in Chapter 7 of the Market Rules. The PSOP specifies the processes that take place each Scheduling and Trading Day to determine how generation, transmission and Demand Management Facilities will be dispatched.

The IMO considers that the steps are 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

System Management notes that there are operational considerations that need to be taken into account when determining the implementation date for PPCL0014. In particular, System Management notes in its Procedure Change Report that the provision of the dispatch profile referred to in clause 13.1 must be through a secure and reliable medium.

System Management is currently developing an automated system for the provision of a dispatch profile to facilitate control of a particular Market Participant. It is anticipated that this mechanism will be used to assist Market Participants in complying with clause 13.1 of the PSOP. System Management notes that before this automated system is completed, Market Participants will be requested to provide the required information in spreadsheet form.

In System Management's opinion, the proposed commencement of the PPCL0014 at 8.00am on 1 March 2010 should allow sufficient time for Market Participants to implement any required changes. The IMO agrees with System Management's assessment that Market Participants will be able to ensure compliance with the amended PSOP at this time.

The IMO notes, however, that PPCL0013 is currently scheduled to commence on 1 February 2010, which will have undesirable implications for Market Participants, System Management and the IMO prior to the commencement of PPCL0014 on 1 March 2010. Consequently the IMO has, in accordance with clause 2.11.4 of the Market Rules, extended the time and date for the commencement of PPCL0013 to 1 March 2010 so that PPCL0013 and PPCL0014 commence simultaneously. This means that the unworkable provisions in PPCL0013 will be immediately replaced by the provisions in PPCL0014. A copy of the IMO's notice of extension is available on the following webpage: <http://www.imowa.com.au/PPCL0013>.

4.4 Power System Operation Procedures Working Group

In making its decision, the IMO notes the process involved in producing the PSOP. In particular, the proposed amended PSOP: Dispatch was discussed by the PSOP Working Group (Working Group) at the 12 November 2009 meeting. 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.

System Management noted in its Procedure Change Report that it had adopted all recommendations made by Working Group members into the PSOP. The IMO has reviewed the recommendations of the Working Group and confirms that these have been adopted.

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 March 2010.

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.