
Wholesale Electricity Market – Submission to Procedure Change Proposal PPCL0015 Revised PSOP: Dispatch

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

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

Background

System Management, the Independent Market Operator (IMO) and System Management Power System Operation Procedure Working Group have reviewed the current Market Procedure titled “Power System Operation Procedure: Dispatch”.

System Management has identified necessary changes to the part of the procedure that relates to dispute resolution between System Management and Verve Energy.

Change Proposal

The proposed changes all relate to section 10.5 of the Market Procedure dealing with arbitration in case of disagreement between System Management and Verve Energy in relation to the interpretation of the dispatch procedure.

In particular the procedure change proposal seeks to:

- Specifically establish a link to Market Rule 7.6A5(b) which states that either party (Verve Energy or System Management) may seek arbitration by the IMO,
- Place an obligation on the IMO to notify both parties of receipt of a report from the party seeking arbitration,
- Extend the time for providing a reply to the other party’s report by 2 business days to now be within 4 business days of the IMO notifying parties of the initiation of arbitration,
- Extend the time allowed for parties to respond to a further information request from the IMO from 2 to 5 business days,
- Clarify that the IMO must prepare its draft recommendations within 10 business days rather than two weeks after the initiation of the arbitration, and
- Extend the time allowed for the IMO to provide a binding decision from 10 to 12 business days after providing the draft recommendation.

Perth Energy’s Views

Perth Energy considers that apart from the changes relating to extension of time frames, the changes proposed are not material and could be considered to be clarifying changes. For example, 7.6A.5(b) of the Market Rules already specifically state that “...either party may

seek arbitration by the IMO” in the case of any issues arising from the application of the dispatch procedures. The current Dispatch Procedure does not specifically mention the IMO as being the arbitrator, but when read in conjunction with the Market Rules the intent is quite clear. However, Perth Energy welcomes the clarification proposed to the procedures to align them to the Market Rules and remove any potential for doubt or confusion in interpreting the procedures.

With regard to the extension of various timeframes, Perth Energy agrees that it is sensible to allow parties sufficient time to provide considered responses and decisions in relation to the arbitration. Perth Energy notes that the wording of the procedure does not hinder parties to provide their responses and decisions earlier than the mandated timeframes allow and trusts that the parties will act as quickly as possible where quick resolution of a dispute is necessary for system security reasons.

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

Perth Energy considers the change would better facilitate the achievement of Market Objective

¹ (a) by clarifying the role of the IMO in the arbitration process and allowing for reasonable timeframes in conducting the arbitration.

Perth Energy does not consider the change proposal impacts on the achievement of Market Objectives (b) through (e).

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.

There will be no impact for Perth Energy.

¹ 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.

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

Perth Energy does not require any lead time to implement the change.