

WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE PROPOSAL NO: AEPC_2019_08

POWER SYSTEM OPERATION PROCEDURE:
POWER SYSTEM SECURITY

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EXECUTIVE SUMMARY

The publication of this Procedure Change Proposal and accompanying call for submissions commences the Procedure Change Process conducted by AEMO to consider a proposed revised Power System Operation Procedure: Power System Security under the Wholesale Electricity Market Rules (WEM Rules).

The proposed revised Power System Operation Procedure is required by clause 3.2.7 of the WEM Rules which requires AEMO to document the processes:

- (a) AEMO must follow to maintain Equipment Limit information **[Clause 3.2.7(a)]**;
- (b) AEMO and Network Operators must follow when determining Security Limits and maintaining Security Limit information **[Clause 3.2.7(b)]**;
- (c) AEMO must follow when establishing and modifying the Technical Envelope **[Clause 3.2.7(c)]**; and
- (d) AEMO must follow to ensure the SWIS operates according to the Technical Envelope applicable to each SWIS Operating State **[Clause 3.2.7(d)]**,

and guidelines describing matters AEMO will consider when determining the SWIS Operating State **[Clauses 3.3.3, 3.4.9 and 3.5.11]**.

This Procedure Change Proposal includes this document, which outlines the reason for the proposed amendments to the Market Procedure, and the proposed Market Procedure itself, which is available at:

http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2019_08.

AEMO invites stakeholders to suggest alternative options or drafting where they consider that these would improve the procedure or better meet the Wholesale Market Objectives in section 122(2) of the *Electricity Industry Act 2004* (Electricity Industry Act) (and clause 1.2.1 of the WEM Rules).

Stakeholders are invited to submit written responses on the proposed Power System Operation Procedure by 5.00 pm Australian Western Standard Time (AWST) on 29 May 2019, in accordance with the call for submissions published with this Procedure Change Proposal.



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1. PROCEDURE CHANGE PROCESS

Section 2.10 of the WEM Rules outlines the Procedure Change Process.

AEMO may initiate the Procedure Change Process in respect of Market Procedures (including Power System Operation Procedures and the Monitoring and Reporting Protocol) for which it is responsible, by developing a Procedure Change Proposal. Rule Participants may notify AEMO where they consider an amendment or replacement of an AEMO Market Procedure would be appropriate (Clauses 2.10.1 and 2.10.2).

If an Amending Rule requires AEMO to develop new Market Procedures or amend or replace existing Market Procedures, then AEMO is responsible for the development, amendment or replacement of Market Procedures to comply with the Amending Rule (Clause 2.10.3).

Under clause 2.9.3 of the WEM Rules, Market Procedures:

- (a) must:
 - (i) be developed, amended or replaced in accordance with the process in the WEM Rules;
 - (ii) be consistent with the Wholesale Market Objectives; and
 - (iii) be consistent with the WEM Rules, the Electricity Industry Act and the WEM Regulations; and
- (b) may be amended or replaced in accordance with section 2.10 of the WEM Rules and must be amended or replaced in accordance with section 2.10 of the WEM Rules, where a change is required to maintain consistency with Amending Rules.

The Wholesale 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.

AEMO has published this Procedure Change Proposal in accordance with the Procedure Change Process in clause 2.10 of the WEM Rules.

AEMO's indicative timeline for this consultation is outlined below. Dates may be adjusted depending on the number and complexity of issues raised in submissions and any meetings with stakeholders.



Process Stage	Indicative date
Procedure Change Proposal published	1 May 2019
Submissions due on Procedure Change Proposal	29 May 2019
Procedure Change Report published	1 July 2019
Proposed commencement of revised Market Procedure	2 July 2019

Prior to the submissions' due date, stakeholders may request a meeting with AEMO to discuss the issues and proposed changes raised in this Procedure Change Proposal.

2. BACKGROUND

2.1. Regulatory requirements

Clauses 3.2.7, 3.3.3, 3.4.9 and 3.5.11 of the WEM Rules provide that:

3.2.7. *System Management must develop a Power System Operation Procedure documenting:*

- (a) *the process to be followed by System Management in maintaining Equipment Limit information;*
- (b) *the process to be followed by Network Operators and System Management in determining the Security Limits and maintaining Security Limit information;*
- (c) *the process to be followed by System Management in establishing and modifying the Technical Envelope; and*
- (d) *the processes to be followed by System Management to enable it to ensure the SWIS operates according to the Technical Envelope applicable to each SWIS Operating State.*

3.3.3. *System Management may include in the Power System Operation Procedure guidelines describing matters it will take into account in making a determination under clause 3.3.1.*

3.4.9. *System Management may include in the Power System Operation Procedure guidelines describing matters it will consider in making a determination under clause 3.4.1.*

3.5.11. *System Management may include in the Power System Operation Procedure guidelines describing matters it will consider in making determination under clause 3.5.1.*

The proposed Power System Operation Procedure would be the fourth version of this Procedure. AEMO proposes to commence the revised procedure on 2 July 2019.

2.2. Context for this consultation

As part of the amalgamation of System Management and AEMO, the Power System Operation Procedures (PSOP) are being revised and updated. In general, AEMO is revising the Market Procedures to:

- (a) Remove any Power System Operation Procedures (PSOP) not required by WEM Rules.
- (b) Update all PSOPs to current AEMO standards.
- (c) Ensure PSOPs comply with obligations.
- (d) Ensure content in Procedures is required because a WEM Rule requirement exists to include detail or process or AEMO requires an obligation on itself or Participants.



3. PROPOSED PROCEDURE CHANGE

3.1. Detail of the proposed procedure change

AEMO has redrafted the Procedure as follows:

1. Section 2 of the Procedure specifies obligations pertaining to Facility Limits, Security Limits, and the maintenance of both.

Security Limits represent any static and dynamic technical limits on the operation of the South West Interconnected system (SWIS) as a whole, or a region of the SWIS, necessary to maintain Power System Security.

WEM Rule 3.2.1 defines an Equipment Limit as any limit on the operation of a Facility's equipment that is provided as Standing Data for the Facility.

The Network Facility has no Standing Data. All Network information is provided via clause 2.28.3A, which combines information that should be treated as Equipment Limits (bar for the Rules definition) and Security Limits.

As such, the Procedure defines:

- (a) Network Limits, as information provided via clause 2.28.3A which should be treated as Equipment Limits; and
 - (b) Facility Limits, which includes Equipment Limits and Network Limits.
2. Section 3 of the Procedure specifies obligations pertaining to the Technical Envelope and SWIS Operating States.
Step 3.1.3 details matters AEMO must consider in establishing and modifying the Technical Envelope, that are implied by the WEM Rules.
Step 3.2 details how AEMO must determine the relevant SWIS Operating State by:
 - (a) assessing which contingencies are credible;
 - (b) determining which actions AEMO must take to maintain Power System Security; and
 - (c) identifying the SWIS Operating State based on whether those actions are allowable in the current SWIS Operating State.

3.2. Proposed drafting

AEMO has published a draft of the proposed Power System Operation Procedure: Power System Security for consultation, which is available at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2019_08. AEMO has also provided a marked-up version of the revised Procedure.

3.3. Consultation to date

Draft versions of the Market Procedure was presented at the WEM AEMO Procedure Change Working Group (WEM APCWG) meeting held on 15 April 2019, during which changes were recommended by stakeholders. Details of this forum are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums/WEM-APCWG>.

These changes have been incorporated into the proposed Power System Operation Procedure that forms part of this Procedure Change Proposal.



3.4. Consistency with WEM Rules, Electricity Industry Act and WEM Regulations

The proposed revised WEM Market Procedure has been reviewed as a whole by AEMO to ensure compliance with the relevant provisions in the:

- Electricity Industry Act.
- WEM Regulations.
- WEM Rules.

3.5. Consistency with Wholesale Market Objectives

The steps outlined in this revised Power System Operation Procedure describe the processes:

- (a) AEMO must follow to maintain Equipment Limit information **[Clause 3.2.7(a)]**;
- (b) AEMO and Network Operators must follow when determining Security Limits and maintaining Security Limit information **[Clause 3.2.7(b)]**;
- (c) AEMO must follow when establishing and modifying the Technical Envelope **[Clause 3.2.7(c)]**; and
- (d) AEMO must follow to ensure the SWIS operates according to the Technical Envelope applicable to each SWIS Operating State **[Clause 3.2.7(d)]**,

and guidelines describing matters AEMO will consider when determining the SWIS Operating State **[Clauses 3.3.3, 3.4.9 and 3.5.11]**.

AEMO considers that the steps are drafted in a way that does not change the objectives of the WEM Rules. As a result, AEMO considers that the revised Procedure, as a whole, is consistent with the Wholesale Market Objectives.

4. CONSULTATION PROCESS

AEMO invites stakeholders to suggest alternative options or drafting where they consider that these would improve the procedure or better meet the Wholesale Market Objectives in section 122(2) of the Electricity Industry Act (and clause 1.2.1 of the WEM Rules).

Stakeholders are invited to submit written responses on the proposed Power System Operation Procedure by 5.00 pm (AWST) on 29 May 2019, in accordance with the call for submissions published with this paper.

Stakeholders with questions in relation to the proposed Power System Operation Procedure or this Procedure Change Proposal can contact AEMO via email to wa@aemo.com.au.

All correspondence in relation to this Procedure Change Proposal must be entitled "AEPC_2019_08 Power System Security - [Name of the submitting company or individual]".