

WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE REPORT AEPC_2020_01

REVISIONS TO BMO TIE-BREAK METHODOLOGY

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EXECUTIVE SUMMARY

The publication of this Procedure Change Report completes the Procedure Change Process conducted by AEMO to consider revising the Balancing Merit Order (BMO) tie-break methodology under the Wholesale Electricity Market (WEM) Rules.

AEMO's decision

AEMO reviewed the four submissions received during consultation period and has decided not to proceed with the changes proposed in Procedure Change Proposal AEPC_2020_01.

Next steps

No changes made to the BMO tie-break methodology.

AEMO will resolve system security issues that arise during low demand instances through dispatch.



CONTENTS

EXECUTIVE SUMMARY	2
1. BACKGROUND	4
1.1. Regulatory requirements	4
1.2. Context	4
1.3. Procedure change process	4
2. PROPOSED PROCEDURE CHANGE	4
2.1. Detail of the proposed procedure changes	4
2.2. Proposed drafting	5
3. CONSULTATION PROCESS	5
3.1. Submissions received during the consultation period	5
4. AEMO'S ASSESSMENT	5



1. BACKGROUND

1.1. Regulatory requirements

AEMO published this Procedure Change Report in accordance with the Procedure Change Process specified in section 2.10 of the WEM Rules.

1.2. Context

In October 2019, the Balancing Price in the Balancing Market cleared at the Minimum STEM Price of -\$1,000 MW/h for the first time. Low demand was the main contributor to this price event, with demand falling to 1,159 MW.

Where the market clears at that Minimum STEM Price, the dispatch order is determined by assigning tied Facilities to categories. Within each category, the Facilities are ordered according to a random number. The current categories do not differentiate between energy that can be curtailed and tranches of energy that are minimum generation quantities for Facilities. Therefore, if Facilities with minimum generation quantities are dispatched off, the de-synchronisation could potentially lead to the system security issues.

1.3. Procedure change process

AEMO published a Procedure Change Proposal and issued a call for submissions on 2 April 2020.

The proposal progressed using the Procedure Change Process specified in section 2.10 of the WEM Rules with submissions required by 5 May 2020.

2. PROPOSED PROCEDURE CHANGE

2.1. Detail of the proposed procedure changes

The proposed changes to each of the Market Procedures are specified below:

Market Procedure: Balancing Facility Requirements

- Added an ability for Market Participants to include a Balancing Price-Quantity Pair in the new Minimum Generation category at the Minimum STEM Price.
- Added a requirement that the quantity submitted in the Minimum Generation category must not be inconsistent with the Facility's relevant Standing Data.

Market Procedure: Balancing Market Forecast

- Specifying the previously omitted Balancing Price-Quantity Pair categories that are used when breaking a tie at the Alternative Maximum STEM Price, Maximum STEM Price and Minimum STEM Price.
- Specifying the inclusion of the new Minimum Generation category when breaking a tie at the Minimum STEM Price.
- Clarifying that there is no change to the ordering within each category (the random number process will continue).



- Consequential changes to clarify the tie-break methodology for the Load Following Ancillary Services Market.

2.2. Proposed drafting

AEMO has published a draft of the Market Procedure: Balancing Facility Requirements and a draft of the Market Procedure: Balancing Forecast incorporating the changes AEMO proposes for consultation. Clean and change-marked versions are available at https://aemo.com.au/en/consultations/current-and-closedconsultations/aepec_2020_01

3. CONSULTATION PROCESS

3.1. Submissions received during the consultation period

AEMO received four submissions to the Procedure Change Proposal:

- [Alinta Energy](#)
- [Perth Energy](#)
- [Rule Change Panel](#)
- [Synergy](#)

These submissions are available at https://aemo.com.au/en/consultations/current-and-closedconsultations/aepec_2020_01

4. AEMO'S ASSESSMENT

The submissions above indicated concerns with AEMO's proposed procedure changes. Therefore, AEMO will resolve potential system security issues that occur during low demand conditions via dispatch without making changes to the Balancing Merit Order (BMO) tie-break methodology.