

WHOLESALE ELECTRICITY MARKET

Submission to Procedure Change Proposal

PROCEDURE CHANGE PROPOSAL AEPC_2018_02 POWER SYSTEM OPERATING PROCEDURE: TOLERANCE RANGES

Submitted by	
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Submission

Clause 2.10.7 of the Wholesale Electricity Market Rules provides that any person may make a submission for a Procedure Change Proposal (including proposals developed by AEMO, the Economic Regulation Authority or the Rule Change Panel) by completing this Procedure Change Submission form.

Submissions should be provided by email to the nominated contact in the call for submissions published with the Procedure Change Proposal.

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

The Economic Regulation Authority (**ERA**) has reviewed the Australian Energy Market Operator's (**AEMO**) Procedure Change Proposal AEPC_2018_02 for the Power System Operating Procedure: Tolerance Ranges.

The ERA notes AEMO's proposal to remove the Tolerance Range formula from the procedure and instead publish the formula on the Market Web Site. The ERA considers that this is consistent with the requirements of Market Rule 2.13.6D(b).

Prior to this submission, the ERA informally provided AEMO with some feedback on the Procedure Change Proposal, including the matters raised below.

The ERA has concerns with the current drafting of step 3.3.2 of the draft procedure. This step references Market Rule 2.13.6H.

Step 3.3.2 states that a Market Participant may request in writing that the ERA determine a Facility Tolerance Range. The drafting of step 3.3.2 entitles participants to request a Facility Tolerance Range directly from the ERA, where they do not already have one. Market Rule 2.13.6H does not provide any heads of power for this. Market Rule 2.13.6H limits the ERA's obligation to only 'reassess' and 'vary' an existing Facility Tolerance Range.

To extend the right of review available under Market Rule 2.13.6H, a rule change would be required.

Step 3.3.2 also implies that participants can make a request directly to the ERA if they are seeking a change to their existing Facility Tolerance Range without AEMO having first considered the request. AEMO is responsible for determining Facility Tolerance Ranges and participants seeking a change should first make a request to AEMO. If the participant is dissatisfied with AEMO's response, Market Rule 2.13.6H would then apply.

The ERA considers that step 3.3.2 of the draft procedure requires amendment to ensure it is consistent with the current drafting of Market Rule 2.13.6H as outlined above.

A corresponding update will also be required to step 3.2.1(d) of the draft procedure concerning the review of the general Tolerance Range. It will be necessary to delete step 3.2.1(d) as it refers to directions from the ERA that may be given under Market Rule 2.13.6H. This Market Rule is only applicable to Facility Tolerance Ranges and not the general Tolerance Range.

The ERA also requests AEMO review step 3.3 of the draft procedure. Step 3.3 deals with the review of Facility Tolerance Ranges. Market Rule 2.13.6G requires AEMO to annually review Facility Tolerance Ranges. Market Rule 2.13.6K requires the procedure for reviewing Facility Tolerance Ranges to be documented in the procedure. Step 3.3 does not appear to describe the procedure AEMO will use to annually review any Facility Tolerance Ranges.

One minor matter not previously communicated to AEMO is that the title of the draft procedure should be amended from Power System Operating Procedure to Power System Operation Procedure so that the terminology is consistent with the Market Rules and also consistent with the suite of other System Management Market Procedures.

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

The ERA considers that the matters raised above must be addressed to ensure that the proposal is consistent with the Market Rules.

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.

So long as the issues raised above are addressed, the proposal will have no implications for the ERA.

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

Subject to the issues raised above being addressed, there will be no changes required to the ERA's processes.