

WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE REPORT: AEPC_2018_04

POWER SYSTEM OPERATION PROCEDURE: FACILITY
OUTAGES

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EXECUTIVE SUMMARY

Purpose

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

Proposed amendments

The revised Power System Operation Procedure is required by clauses 3.18.21, 3.19.14, 3.21.12 and 4.11.1(h) of the WEM Rules, which require AEMO to detail the processes to be followed by:

- a) AEMO, Market Participants and Network Operators when conducting outage planning for a Facility **[WEM Rule 3.18.21]**;
- b) AEMO, Market Participants and Network Operators when conducting final approval of outages **[WEM Rule 3.19.14]**;
- c) AEMO, Market Participants and Network Operators when determining and reporting Forced Outages and Consequential Outages **[WEM Rule 3.21.12]**; and
- d) AEMO when calculating Planned Outage and Forced Outage rates for the purposes of assigning no Certified Reserve Capacity or a lesser quantity of Certified Reserve Capacity to a Facility **[WEM Rule 4.11.1(h)]**.

Consultation

Draft versions of the Procedure were presented at the WEM AEMO Procedure Change Working Group (WEM APCWG) meetings held on 13 July 2018 and 7 August 2018, with further out-of-session information provided to stakeholders on 27 September 2018. Details of these forums are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums/WEM-APCWG>.

No public workshops were held in relation to this Procedure Change Proposal.

AEMO published the Procedure Change Proposal (AEPC_2018_04) on the Market Web Site and issued a notice calling for submissions from stakeholders on 15 October 2018.

The submission period closed on 12 November 2018, with submissions received from the Alinta Energy, Synergy and Western Power. Both Alinta Energy and Synergy commented favourably on the consultative approach taken by AEMO in developing the Procedure Change Proposal. Stakeholders generally supported the revised Procedure, with specific issues raised. AEMO has responded to all matters identified.

AEMO's decision

AEMO's decision is to accept the Procedure, as amended, following the consultation period. AEMO considers that the revised Procedure is consistent with the Wholesale Market Objectives, the *Electricity Industry Act*, the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*, and the WEM Rules.

Next steps

The revised Power System Operation Procedure: Facility Outages will commence at 8:00am on 7 January 2019.



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1. BACKGROUND

1.1. Regulatory requirements

Clauses 3.18.21, 3.19.14, 3.21.12 and 4.11.1(h) of the WEM Rules provide that:

- 3.18.21. *System Management must document the procedure it follows in conducting outage planning in the Power System Operation Procedure and System Management, Market Participants and Network Operators must follow that documented Market Procedure when planning outages.*
- 3.19.14. *System Management must document the procedure it follows in conducting final approval of outages in the Power System Operation Procedure and System Management, Market Participants and Network Operators must follow that documented Market Procedure when conducting final approval of outages.*
- 3.21.12 *System Management must document the procedure to be followed in determining and reporting Forced Outages and Consequential Outages in the Power System Operation Procedure and System Management, Market Participants and Network Operators must follow that documented Market Procedure.*
- 4.11.1(h) *... The Planned Outage rate and the Forced Outage rate for a Facility for a period are calculated in accordance with the Power System Operation Procedure specified in clause 3.21.12.*

1.2. 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; and
- (d) ensure content in Market Procedures is included where a WEM Rule requirement exists to include detail or process or AEMO requires an obligation on itself or Participants.

The Power System Operation Procedure will be the sixth version of this Procedure. AEMO proposes to commence the revised procedure on 7 January 2019.

1.3. Procedure Change Process and timetable

On 15 October 2018, AEMO published a Procedure Change Proposal (AEPC_2018_04) for the Power System Operation Procedure: Facility Outages and issued a call for submissions, which are available at http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2018_04.

The proposal was progressed using the Procedure Change Process specified in clause 2.10 of the WEM Rules, with submissions required by 12 November 2018.



2. PROPOSED PROCEDURE CHANGE

This section details the changes that AEMO proposed when the call for submissions was published.

2.1. Detail of the proposed procedure change

Amongst numerous editorial changes, AEMO has reflected the recent Supreme Court judgment¹ (the Bluewaters Decision¹) and clarified requirements for:

1. including Facilities and items of equipment on the Equipment List;
2. AEMO to evaluate an Outage Plan, including requesting confirmation that a proposed Outage is valid;
3. Participants to provide and vary Outage Contingency Plans and Outage Risk Assessments;
4. factors for AEMO to consider during evaluation of an Outage Plan;
5. timing of inclusion of an Outage Plan into the Outage Schedule;
6. coordination of Network Outages that have an impact on Market Participants;
7. Participants to re-schedule or cancel Outage Plans;
8. Participants to extend an Outage Plan or a Scheduled Outage;
9. Participants to request, and AEMO to evaluate, Opportunistic Maintenance; and
10. AEMO to re-assess a Planned Outage, including the general priority of cancellation.

2.2. Proposed drafting

AEMO has published a draft of the proposed Power System Operations Procedure: Facility Outages for consultation, which is available at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2018_04. AEMO has also provided a marked-up version of the revised Procedure.

¹ Based on the WA Supreme Court judgment in *Bluewaters Power 2 Pty Ltd -V- Australian Energy Market Operator Ltd* [2017] WASC 98. Available from: <https://ecourts.justice.wa.gov.au/eCourtsPortal/Decisions/ViewDecision?returnUrl=%2feCourtsPortal%2fDecisions%2fFilter%2fSC%2fCitationNumber&id=d6ad0c85-c57f-4a38-4825-8101001537ba>.



3. CONSULTATION PROCESS

3.1. Market Advisory Committee or Working Group

The Market Advisory Committee (MAC) has delegated its advisory role with respect to AEMO Procedure Change Proposals to the AEMO Procedure Change Working Group (APCWG), in accordance with clause 2.3.17(a) of the WEM Rules. Accordingly, the MAC did not review the Procedure Change Proposal.

Draft versions of the Procedure were presented at the WEM AEMO Procedure Change Working Group (WEM APCWG) meetings held on 13 July 2018 and 7 August 2018, with further out-of-session information provided on 27 September 2018. Details of these forums are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums/WEM-APCWG>.

AEMO notified the MAC once the Procedure Change Proposal was published and noted that the Rule Change Panel would convene a meeting of the MAC should two or more members request it in accordance with clause 2.10.9 of the WEM Rules.

3.2. Public workshop

No public workshops were held in relation to this Procedure Change Proposal.

3.3. Submissions received during consultation period

AEMO published the Procedure Change Proposal (AEPC_2018_04) and issued a notice calling for submissions on 15 October 2018.

The submission period closed on 12 November 2018, with submissions received from Alinta Energy, Synergy and Western Power. Both Alinta Energy and Synergy commented favourably on the consultative approach taken by AEMO in developing the Procedure Change Proposal.

Stakeholders generally supported the revised Procedure with qualifications based on issues needing resolution. AEMO has responded to matters identified.

Copies of submissions received during the submission period are available at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2018_04.

3.3.1. Specific comments and AEMO's responses

Planned Outage Extensions

Alinta and Synergy considered:

- that step 8.2.1, requires an extension to be treated as a new outage;
- the availability requirements of a new outage (step 4.2.4) will act to prevent Rule Participants from extending a Planned Outage, which, therefore, must be taken as a Forced Outage;
- Rule Change Proposal RC_2013_15² will vary the requirements relating to extensions; and
- that to prevent this conflict, AEMO should consider amending step 4.2.4. to specify that the requirement for Facilities to be made available immediately prior to a Planned Outage do not apply to outages that are extended.

² Rule Change: RC_2013_15. Available from: https://www.erawa.com.au/rule-change-panel/market-rule-changes/rule-change-rc_2013_15



AEMO's response

Despite WEM Rule 3.21.1(b), which indicates that any part of a Planned Outage that exceeds its approved duration is a Forced Outage, prior to the Bluewaters Decision,³ the interpretation of the WEM Rules was unclear regarding whether an outage could be extended. As such, AEMO attempted to accommodate Market Participants' wishes and permitted an outage to extend past its scheduled end time.

The clarification to the WEM Rules, provided by the Bluewaters Decision, indicates that a request to extend a Planned Outage must be treated as a new outage, and, therefore, the availability criteria must apply. AEMO advised Market Participants at a workshop held on 26 June 2018 that all extensions would need to be treated in this way.

As such, the suggestion to not make the availability criteria applicable for extensions to outages would not appear to be consistent with the current interpretation of the WEM Rules. As WEM Rule 2.9.3 requires that Procedures be consistent with the WEM Rules, AEMO is unable to amend step 4.2.4 as suggested.

Once RC_2013_15 is approved, and the requirements for extensions change, the Procedure will be amended.

Equipment List

Alinta considers that the order of steps 2.1.7 and 2.1.8 could be changed and suggested additional wording to each of these steps and to step 2.1.6.

AEMO's response

AEMO concurs with Alinta's suggestion and will amend the Procedure accordingly.

Outage Contingency Plan

Alinta considers that step 4.2.3(b) should refer to step 4.2.5, which is where the requirements for an Outage Contingency Plan are outlined.

AEMO's response

AEMO concurs that this step should refer to step 4.2.5 and will amend the Procedure accordingly.

Provision of Information

Alinta and Synergy consider:

- that, given AEMO rarely requests that a Facility or item of equipment return to service before a proposed outage ends, step 4.2.5(a) should not require Market Participants to provide more information than what is necessary or warranted; and
- that the requirement set out by 4.2.5(a) is relatively broad and may allow for impractical information requirements to be placed on Market Participants seeking approval for outages.

AEMO's response

AEMO will amend the Procedure as suggested by Participants, to indicate that an Outage Contingency Plan must include high-level steps that the Market Participant or Network Operator will follow if AEMO requires the relevant Facility or item of equipment to return to service before the proposed outage end time specified in the Outage Plan.

³ *Bluewaters Power 2 Pty Ltd -V- Australian Energy Market Operator Ltd* [2017] WASC 98, paragraphs 49 and 50.
<https://ecourts.justice.wa.gov.au/eCourtsPortal/Decisions/ViewDecision?returnUrl=%2feCourtsPortal%2fDecisions%2fFilter%2fSC%2fCitationNumber&id=d6ad0c85-c57f-4a38-4825-8101001537ba>.



Forced Outages

Alinta considers that, as drafted, step 6.1.1 could be interpreted to mean that a Forced Outage could be deemed to be Opportunistic Maintenance, given a Forced Outage is also an “outage of a Facility or item of equipment, that is not a Scheduled Outage” as indicated in WEM Rule 3.19.1.

AEMO’s response

AEMO will amend the Procedure as suggested by Alinta.

Consequential Outages

Alinta suggests amending step 9.1.3 to clarify:

- that a Market Participant may provide AEMO with a notice confirming details of the Consequential Outage within 15 calendar days, which must include the information specified in clause 3.21.8 of the WEM Rules; and
- that if a Market Participant does not provide AEMO with a notice in accordance with clause 3.21.8, then the outage will be deemed not to be a Consequential Outage in accordance with clause 3.21.10 of the WEM Rules.

AEMO’s response

AEMO concurs with Alinta’s suggestions and will amend the Procedure accordingly.

Timing Requirements

Western Power considers that step 5.1.2 of the PSOP sets different timing requirements for AEMO in its evaluation of Outage Plans submitted by Market Generators and Network Operators and is of the view that the different timing requirements may disadvantage Network Operators and may prevent AEMO from evaluating Outage Plans on a “first come first served” basis.

AEMO’s response

AEMO previously advised that the priority order on the Outage Schedule related to the date of submission. On review, AEMO confirms the priority relates to the date upon which AEMO accepts an outage. AEMO has added step 5.1.4 to reflect this.

Regarding the timing requirements, AEMO understands Western Power’s concerns about potential issues, but notes the following:

- The timing requirements are unchanged from the current Procedure.
- No unmanageable issues have arisen to date.
- AEMO has reviewed the requirements to evaluate Network outages and concludes that in many cases this cannot be completed in less than 20 business days.
- While the different timing requirements may give the impression of disadvantaging the Network Operator, the process of outage approval and coordination mitigates any disadvantages.

As such, AEMO is unable to amend the timing from the existing Procedure.

4. AEMO’S ASSESSMENT

4.1. Further changes to the Procedure

AEMO has amended the Procedure as indicated in Section 3.3.1 of this report.



A version of the Procedure, with the relevant amendments marked-up, is available at:
http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2018_04.

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

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

- *Electricity Industry Act 2004*.
- *Electricity Industry (Wholesale Electricity Market) Regulations 2004* (WEM Regulations).
- WEM Rules.

4.3. Consistency with Wholesale Market Objectives

AEMO considers that the steps are drafted in a way that is consistent with 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.

4.4. Implementation of the Procedure

The Procedure was developed in accordance with clauses 3.18.21, 3.19.14, 3.21.12 and 4.11.1(h) of the WEM Rules.

This Procedure does not require system changes by AEMO.

The Procedure will not require Rule Participants to implement any procedural or system amendments before commencement.

Consequently, AEMO considers that commencement at 8:00 AM on 7 January 2019 will allow Rule Participants sufficient time from the date of publication of this Procedure Change Report to ensure compliance.

4.5. AEMO's decision and commencement

AEMO's decision is to accept the Procedure, as amended, following the consultation period. The new Power System Operation Procedure: Facility Outages will commence at 8:00 AM on 7 January 2019.

AEMO has made this decision on the basis that the new Procedure:

- Is consistent with the Wholesale Market Objectives.
- Is consistent with the Electricity Industry Act, WEM Regulations, and WEM Rules.
- Has the general support of submissions received during the consultation period.

The new Power System Operation Procedure: Facility Outages is available at:

http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2018_04.