

The background of the lower half of the page is a photograph of a wind farm and power lines, overlaid with a semi-transparent blue filter. On the left, several white wind turbines are visible, with their blades extending outwards. On the right, a tall, lattice-structured power transmission tower stands prominently. The overall scene is set against a clear sky.

Independent Market Operator

**The IMO's decision: Proposed
Amended Power System
Operation Procedure:**

Facility Outages

Ref: PPCL0017

Date: 12 July 2011

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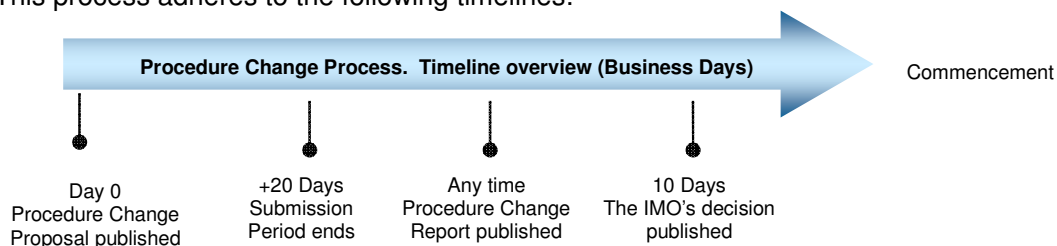
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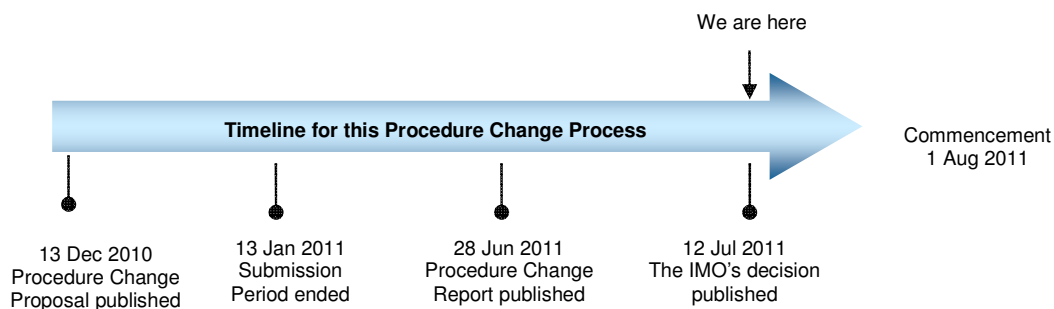
1. INTRODUCTION

On 13 December 2010, the Independent Market Operator (IMO) published a Procedure Change Proposal from System Management regarding the proposed amended Power System Operation Procedure (PSOP): Facility Outages. The proposal has been processed according to the Procedure Change Process under clause 2.10 of the Wholesale Electricity Market Rules (Market Rules).

This process adheres to the following timelines:



The key dates in processing this Procedure Change Proposal are:



Clause 2.10.14 of the Market Rules requires the IMO to make a decision whether to approve a proposed PSOP, or amendment to or replacement for a PSOP, prepared by System Management.¹ This approval is required within 10 Business Days of a Procedure Change Report being published.

The IMO's decision is to accept the PSOP as proposed by System Management and amended following the consultation process. The details of the IMO's assessment are set out in section 4 of this report.

All documents related to this proposed PSOP can be found on the IMO website:

<http://www.imowa.com.au/PPCL0016>

¹ Market Procedures include the PSOPs developed by System Management. Refer to Chapter 11 of the Market Rules for further details.

2. THE PROCEDURE CHANGE PROPOSAL

2.1 Summary of the Proposal

In its proposal, System Management put forward a number of amendments to the PSOP: Facility Outages that are required for consistency with the following Rule Change Proposals:

- Confidentiality of Accepted Outages (RC_2009_05), which commenced 17 August 2009; and
- Equipment Tests (RC_2009_37), which commenced 1 February 2011.

In particular, System Management noted that RC_2009_05 resulted in accepted generation outages being made available to the Network Operator to better facilitate network and generation facility outages. System Management therefore proposed to update the PSOP: Facility Outages to incorporate this amendment and in particular new clause 3.18.5D.

RC_2009_37 resulted in an amendment to the requirement for System Management to provide a calculation of Equipment Test rates, along with Forced Outage and Planned Outage rates in the relevant PSOP. System Management notes that these rates may be taken into account by the IMO in determining whether to assign Certified Reserve Capacity (CRC) to a Facility. System Management proposed amendments to the PSOP: Facility Outages to include details of the calculation for the Planned Outage, Forced Outage and Equipment Test rates (provided as an Appendix to the PSOP).

System Management also notes that it has included a number of minor and typographical amendments to the PSOP: Facility Outages consistent with its endeavour to continuously seek to improve the integrity and accuracy of the PSOP's.

3. PUBLIC CONSULTATION PERIOD

3.1 Submissions received

The public submission period was between 14 December 2010 and 13 January 2011. During this time System Management received submissions from the IMO and Landfill Gas & Power (LGP).

3.1.1 Submission from the IMO

The IMO noted in its submission that as drafted, both section 18 and Appendix 1 are unclear and contain a number of unnecessary specifications. Specific details of the IMO's concerns with the proposed amendments are outlined below. For further details, including the IMO's recommended amendments, refer to the full version of the IMO's submission available on the Market Web Site.

- Section 18 fails to clarify the relationship between the IMO and System Management with regard to decisions by the IMO to assign CRC to a Facility.
- Sub-step 18.2 places an obligation on the IMO to the extent that it must take into account the Planned Outage, Forced Outage and Equipment Test rates determined by System Management. The IMO considers that this requirement is currently unclear and

creates a new obligation for the IMO that does not exist in the Market Rules. Clause 4.11.1(h) states that the IMO may decide to not assign CRC to a Facility based on the Forced Outage, Planned Outage and Equipment Test rates.

- Appendix 1 contains details of how the Equivalent Forced Outage Factor used by the North American Electricity Reliability Council (NERC) is determined. The IMO agreed that this information is valuable to interested stakeholders but considers that it is only relevant to the creation of the calculations and should not be contained in the PSOP. The IMO noted that the PSOP should be a stand alone document and inclusion of the details of the NERC calculations are unnecessary and likely to impact on the integrity of the PSOP at a later date. The IMO considered that this information would have been better presented as background information to the proposed changes.
- The Forced Outage, Planned Outage and Equipment Test rate calculation in Appendix 1 are proposed to be multiplied by 100 percent. The IMO noted that this is the same as multiplying by 1. To improve the integrity of the calculations the IMO recommended multiplying by 100 and stating that the rate is expressed as a percentage.
- The period hours variable used in each of the calculations contained in Appendix 1 references the number of hours “as required under clause 4.11.1(h)”. Clause 4.11.1(h) makes no reference to a number of hours, so the IMO considered that there would be benefit in clarifying that the period hours would be either:
 - Where the Facility has been operating over the preceding 36 months, the number of Trading Intervals that occurred within the last 36 months; or
 - Where the Facility has been operating for less than 36 months, the number of Trading Intervals that occurred since the Facility commenced operation.

Additionally the IMO recommended a number of minor and typographical amendments for System Managements consideration.

System Management's response

System Management noted the views expressed by the IMO. Although the majority of the suggestions submitted by the IMO were adopted, System Management provides details in its Procedure Change Report of those particular items which have not been adopted and the reasons why.

The IMO notes that System Management adopted the majority of its substantive comments on the PSOP (with particular regard to the calculation of the outage rates).

3.1.2 Submission from LGP

LGP noted that it is a member of Working Group and that it supports the general thrust of the proposed changes. LGP suggested a number of minor and typographical amendments to improve the clarity and integrity of the proposed amendments:

System Management's response

System Management supported LGP's view indicated in its submission and has adopted all suggestions accordingly.

The IMO notes that System Management's updates to step 11.1 unintentionally amended the outage approval process. This oversight has now been addressed following the IMO's queries around the proposed revised process.

The IMO considers that this revised step 11.1 (as provided in the revised final version of the PSOP available on the following Market Web Site) is consistent with the Market Rules and Wholesale Market Objectives.

4. THE IMO'S ASSESSMENT

In determining whether to approve the amended PSOP: Facility Outages, the IMO has assessed the proposed amended PSOP for consistency with the provisions outlined in clause 2.9.3 of the Market Rules.

In particular, clause 2.9.3 outlines that PSOPs must:

- be developed, amended or replaced in accordance with the process in these Market Rules;
- be consistent with the Wholesale Market Objectives; and
- be consistent with these Market Rules, the Electricity Industry Act and Regulations.

In accordance with clause 2.10.15(c), the IMO has also reviewed the commencement date proposed by System Management to ensure that it will allow sufficient time after the date of publication of the Procedure Change Report for Rule Participants to implement changes required by it.

The IMO's assessment is outlined in the following sections.

4.1 Wholesale Market Objectives

The proposed amendments to the PSOP: Facility Outages incorporate details of the:

- the calculations for the Forced Outage, Planned Outage and Equipment Test rates that may be taken into account by the IMO when determining whether to assign CRC to a Facility, consistent with the Amending Rules resulting from RC_2009_37; and
- transparency of approved generation outages to the Network Operator to enable co-ordination of generation and network outages, consistent with the Amending Rules resulting from RC_2009_05.

The IMO considers that the steps are drafted in a way that does not change the operation or objectives of the Market Rules. As a result, the IMO considers that the proposed amended PSOP: Facility Outages as a whole is consistent with the Wholesale Market Objectives.

4.2 Market Rules, the Electricity Industry Act and Regulations

The IMO considers that the proposed amended PSOP: Facility Outages is consistent, as a whole, with:

- the Market Rules,
- the Electricity Industry Act; and
- Regulations.

The IMO also considers that the proposed amended PSOP is consistent with all other Market Procedures.

4.3 Implementation of the amended Power System Operation Procedure

In its Procedure Change Report System Management does not identify any operational considerations that need to be taken into account when determining the implementation date for PPCL0017. The IMO also notes that the submissions received during the public consultation process did not provide any evidence to suggest that the proposed amended PSOP: Facility Outages will require Market Participants, the IMO or System Management to implement any procedural or system amendments before it can commence. Consequently the IMO considers that System Management's proposed commencement date at 8.00am on 1 August 2011 should allow sufficient time from the date of publication of System Management's Procedure Change Report to ensure compliance with the amended PSOP.

4.4 System Management Procedure Change and Development Working Group

In making its decision, the IMO notes the process involved in producing the PSOP. The proposed amended PSOP: Facility Outages was not discussed by the MAC or the PSOP Working Group (Working Group) following its formal submission into the Procedure Change Process. The Working Group is appointed by the MAC to develop, consider and assess changes to System Management PSOPs that the Market Rules require System Management to develop.

In its Procedure Change Proposal, System Management notes that the proposed amendments were discussed by the Working Group. The IMO notes that these discussions by the Working Group occurred at its 28 October 2010 meeting prior to formal submission of the Procedure Change Proposal. Minutes from the meeting have however not been made available by System Management to the Working Group members to date.

Given the lack of transparency around the discussion at the Working Group meeting referred to above, the IMO makes no assessment as to whether System Management has incorporated any amendments recommended by the Working Group prior to formal submission into the Procedure Change Process. The IMO also notes that System Management makes no comment in its Procedure Change Report as to whether it has incorporated the advice of the Working Group received during the 28 October meeting.

5. THE IMO'S DECISION

The IMO's decision is to approve the amended PSOP: Facility Outages as proposed by System Management in its Procedure Change Report.

5.1 Reasons for the decision

The IMO's decision is based on its assessment that the amended PSOP:

- is consistent with the Wholesale Market Objectives;
- is consistent with the Market Rules, the Electricity Industry Act and Regulations; and
- requires no operational or system changes prior implementation.

As noted previously, the IMO makes no assessment as to whether the amended PSOP reflects the advice provided by the Working Group.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 4 of this report.

6. THE AMENDED POWER SYSTEM OPERATION PROCEDURE

6.1 Commencement

The amended PSOP: Facility Outages will commence at 08.00am on 1 August 2011.

6.2 Wording of the amended Power System Operation Procedure

The wording of the amended PSOP: Facility Outages, as proposed by System Management, is available on the IMO's website.