

WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE PROPOSAL: AEPC_2019_09

FORMALISATION OF THE PROCESS FOR MAINTENANCE
APPLICATIONS

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EXECUTIVE SUMMARY

Change requested by:	AEMO
Date submitted:	19 August 2019
Type of Procedure Change Proposal:	New and amendment
Market Procedures affected:	Consumption Deviation Applications (new) Individual Reserve Capacity Requirements

The publication of this Procedure Change Proposal and the accompanying call for submissions, commences the Procedure Change Process conducted by AEMO to consider the proposed new Market Procedure: Consumption Deviation Applications and proposed amendments to the Market Procedure: Individual Reserve Capacity Requirements under the Wholesale Electricity Market Rules (WEM Rules).

On 25 June 2019, the Rule Change Panel published its final decision on the Rule Change Proposal: Formalisation of the process for Maintenance Applications (RC_2015_03). The former Independent Market Operator (IMO) originally submitted the Rule Change Proposal on 27 March 2015. The Rule Change Proposal outlines the proposed amendments and additions to the WEM Rules that are designed to streamline and formalise the process by which Market Customers may make an application to AEMO, and AEMO must assess those applications to:

- replace or disregard a period unrepresentative of an Associated Load's usual consumption for the purposes of determining the Relevant Demand of a Demand Side Programme; and
- determine a Load's status as a Non-Temperature Dependent Load.

The Rule Change Panel decided to approve the proposed Amending Rules, as modified, based on consultation, following the second submission period. The proposed Amending Rules contained changes to Protected Provisions and were, therefore, required to be approved by the Minister for Energy. The Minister approved the proposed Amending Rules on 23 July 2019.

The proposed Amending Rules come into effect on 1 October 2019. This Procedure Change Proposal introduces a new Market Procedure: Consumption Deviation Applications and addresses the necessary consequential amendments to the Market Procedure: Individual Reserve Capacity Requirements, in accordance with clause 2.10.3 of the WEM Rules.



A summary of the changes to each of the Market Procedures are shown in the following table:

Market Procedure	Change
Consumption Deviation Applications (new)	<p>In accordance with the Amending Rules, AEMO has developed the new Market Procedure: Consumption Deviation Applications by formalising the existing processes it follows for the submission and assessment of maintenance applications (now called Consumption Deviation Applications). The content of the new Market Procedure:</p> <ul style="list-style-type: none"> relating to Associated Loads of a Demand Side Programme has largely been taken from the current Guideline for: Consumption Deviation Application for Demand Side Programmes available at: http://www.aemo.com.au/-/media/Files/Electricity/WEM/Participant_Information/Guides-and-Useful-Information/CDA-guideline-v21.pdf; and relating to Non-Temperature Dependent Loads has been formalised based on the current process followed by Market Customers and AEMO outlined in the WEMS MPI User Guide available at: https://aemo.com.au/Electricity/Wholesale-Electricity-Market-WEM/Participant-information/Guides-and-useful-information; <p>with minor changes to align, where possible, the two types of Consumption Deviation Applications.</p> <p>The new Market Procedure includes additional procedural detail, as required by the Amending Rules and to fully document the process, including:</p> <ul style="list-style-type: none"> the provision of additional information or clarification; the revision or withdrawal of applications; and Application Fees.
Individual Reserve Capacity Requirements	<p>The proposed amendments to the Market Procedure: Individual Reserve Capacity Requirements remove the detail pertaining to Consumption Deviation Applications. This content is proposed to be covered in more detail in the new Market Procedure: Consumption Deviation Applications. It also proposes some minor administrative and formatting changes.</p>

AEMO considers that the Market Procedures, if implemented as proposed, would be consistent with the Wholesale Market Objectives, as they provide the necessary process related information for AEMO and other Rule Participants to comply with the requirements of the Amending Rules, as approved in the Final Rule Change report for Rule Change Proposal RC_2015_03.

AEMO held a meeting of the AEMO Procedure Change Working Group on 8 August 2019. Market Participants did not raise any issues with the proposed amended procedures. AEMO made minor and administrative changes to improve the integrity of the Market Procedures following the meeting.

AEMO invites stakeholders to suggest alternative options for drafting, where they consider that these would improve the procedures, or better meet the Wholesale Market Objectives stated in section 122(2) of the *Electricity Industry Act 2004* and clause 1.2.1 of the WEM Rules. AEMO also asks stakeholders to identify any unintended adverse consequences of the proposed new and amended procedures.

Stakeholders are invited to submit written responses on the proposed Market Procedures by 5:00 PM (Australian Western Standard Time) on 13 September 2019, in accordance with the call for submissions published with this paper.



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1. PROCEDURE CHANGE PROCESS

Section 2.10 of the Wholesale Electricity Market Rules (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.

Under clause 2.10.3 of the WEM Rules, if an Amending Rule requires AEMO to develop new Market Procedures or to amend or replace existing Market Procedures, then AEMO is responsible for the development of, amendment of, or replacement for Market Procedures so as to comply with the Amending Rule.

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 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 section 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	19 August 2019
Submissions due on Procedure Change Proposal	16 September 2019
Procedure Change Report published	1 October 2019
Proposed commencement of amended Market Procedures	1 October 2019

Prior to the due date for submissions, 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

This Procedure Change Proposal introduces a new Market Procedure: Consumption Deviation Applications and proposes amendments to the Market Procedure: Individual Reserve Capacity Requirements as a result of the Rule Change Proposal: Formalisation of the process for Maintenance Applications (RC_2015_03).

The Rule Change Proposal streamlines and formalises the process by which Market Customers may make an application to AEMO, and AEMO must assess those applications to:

- replace or disregard a period unrepresentative of an Associated Load's usual consumption for the purposes of determining the Relevant Demand of a Demand Side Programme (DSP); and
- determine a Load's status as a Non-Temperature Dependent Load.

Clause 4.26.2CE of the WEM Rules (as in effect from 1 October 2019) provides the requirement for the new Market Procedure: Consumption Deviation Applications related to an Associated Load of a DSP:

4.26.2CE. AEMO must specify the following matters in a Market Procedure:

- (a) the process that a Market Customer must follow when submitting a Consumption Deviation Application for an Associated Load under clause 4.26.2CB(a);*
- (b) the information and supporting evidence that a Market Customer must provide in its Consumption Deviation Application submitted under clause 4.26.2CB(a);*
- (c) the process that AEMO must follow when it receives a Consumption Deviation Application submitted under clause 4.26.2CB(a);*
- (d) the criteria that AEMO must consider when deciding whether to accept or reject a Consumption Deviation Application submitted under clause 4.26.2CB(a); and*
- (e) for the purposes of step 2(c) of Appendix 10, the process that AEMO must follow when estimating what the consumption of an Associated Load would have been if it had not been affected by the matters set out in the Consumption Deviation Application.*

Clause 4.28.9E of the WEM Rules (as in effect from 1 October 2019) provides the requirement for the new Market Procedure: Consumption Deviation Applications related to a Load nominated as a Non-Temperature Dependent Load:

4.28.9E. AEMO must specify the following matters in a Market Procedure:

- (a) the process that a Market Customer must follow when submitting a Consumption Deviation Application for a Load under clause 4.28.9A;*
- (b) the information and supporting evidence that a Market Customer must provide in its Consumption Deviation Application submitted under clause 4.28.9A;*
- (c) the process that AEMO must follow when it receives a Consumption Deviation Application submitted under clause 4.28.9A; and*
- (d) the criteria that AEMO must consider when deciding whether to accept or reject a Consumption Deviation Application submitted under clause 4.28.9A.*

Clause 4.28.12 of the WEM Rules provides the requirement for the Market Procedure: Individual Reserve Capacity Requirements:



4.28.12. *AEMO must document the process to be followed in calculating Indicative Individual Reserve Capacity Requirements and Individual Reserve Capacity Requirements in a Market Procedure.*

The current version of the Market Procedure: Individual Reserve Capacity Requirements commenced on 1 June 2019.

AEMO has developed and reviewed the proposed amended Market Procedures to ensure compliance with the relevant provisions in the *Electricity Industry Act*, Regulations and WEM Rules (as in force and in accordance with the Amending Rules).

2.2. Context for this consultation

Under clause 2.10.3 of the WEM Rules, if an Amending Rule requires AEMO to develop new Market Procedures or to amend or replace existing Market Procedures, then AEMO is responsible for the development of, amendment of, or replacement for, Market Procedures so as to comply with the Amending Rule.

On 25 June 2019, the Rule Change Panel published its final decision on the Rule Change Proposal: Formalisation of the process for Maintenance Applications (RC_2015_03). The former Independent Market Operator (IMO) originally submitted the Rule Change Proposal on 27 March 2015. The Rule Change Proposal outlines the proposed amendments and additions to the WEM Rules that are designed to streamline and formalise the process by which Market Customers may make an application to AEMO, and AEMO must assess those applications to:

- replace or disregard a period unrepresentative of an Associated Load's usual consumption for the purposes of determining the Relevant Demand of a Demand Side Programme; and
- determine a Load's status as a Non-Temperature Dependent Load.

The Rule Change Panel decided to approve the proposed Amending Rules, as modified, based on consultation, following the second submission period. The proposed Amending Rules contained changes to Protected Provisions and were, therefore, required to be approved by the Minister for Energy.

The Minister approved the proposed Amending Rules on 23 July 2019 to come into effect on 1 October 2019.

2.3. Consultation to date

Draft versions of the proposed amended Market Procedures were presented at the AEMO Procedure Change Working Group held on 8 August 2019.

Stakeholders from Bluewaters Power, Kleenheat and Perth Energy attended the workshop and did not raise any issues with the proposed amended procedures.

Minor changes and formatting corrections have subsequently been made by AEMO.

Details of the AEMO Procedure Change Working Group are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums>.

3. PROPOSED PROCEDURE CHANGE

3.1. Detail of the proposed procedure change

The following sections provide an overview of the key changes that were made to each of the affected Market Procedures.

Market Procedure: Consumption Deviation Applications

In accordance with the Amending Rules, AEMO has developed the new Market Procedure: Consumption Deviation Applications by formalising the existing processes it follows for the submission and assessment



of maintenance applications (now called Consumption Deviation Applications). The content of the new Market Procedure:

- relating to Associated Loads of a Demand Side Programme has largely been taken from the current Guideline for: Consumption Deviation Application for Demand Side Programmes available at: http://www.aemo.com.au/-/media/Files/Electricity/WEM/Participant_Information/Guides-and-Useful-Information/CDA-guideline-v21.pdf; and
- relating to Non-Temperature Dependent Loads formalises the current process followed by Market Customers and AEMO, outlined in the WEMS MPI User Guide available at: <https://aemo.com.au/Electricity/Wholesale-Electricity-Market-WEM/Participant-information/Guides-and-useful-information>.

with minor changes to align, where possible, the two types of Consumption Deviation Applications.

The new Market Procedure includes additional procedural detail, as required by the Amending Rules and to fully document the process, including:

- the provision of additional information or clarification;
- the revision or withdrawal of applications; and
- Application Fees.

AEMO proposes that the new Market Procedure will commence on 1 October 2019, in line with the commencement date for the associated WEM Rules.

Market Procedure: Individual Reserve Capacity Requirements

The proposed amendments to the Market Procedure: Individual Reserve Capacity Requirements remove the detail pertaining to Consumption Deviation Applications. This content is proposed to be covered in more detail in the new Market Procedure: Consumption Deviation Applications. It also proposes some minor administrative and formatting changes.

AEMO proposes to commence the proposed amended Market Procedure on 1 October 2019 in line with the commencement date for the associated WEM Rules.

3.2. Proposed drafting

AEMO has published a draft of the proposed new Market Procedure: Consumption Deviation Applications and the proposed amended Market Procedure: Individual Reserve Capacity Requirements, incorporating the changes AEMO proposes, for consultation with stakeholders.

The proposed new procedure, and clean and change-marked versions of the proposed amended procedure are available at:

http://www.aemo.com.au/StakeholderConsultation/Consultations/AEPC_2019_09.

3.3. Wholesale Market Objective assessment

The steps outlined in the proposed amended Market Procedures describe how Rule Participants will fulfil their obligations under the WEM Rules.

AEMO considers the Market Procedures, if implemented as proposed, would be consistent with the Wholesale Market Objectives, as they provide the necessary process related information for AEMO and other Rule Participants to comply with the requirements of the Amending Rules approved in the Final Rule Change report for Rule Change Proposal RC_2015_03.



4. SUMMARY OF MATTERS FOR CONSULTATION

AEMO invites stakeholders to suggest alternative options for drafting, where they consider these would improve the procedure or better meet the Wholesale Market Objectives.

Stakeholders are invited to submit written responses on the proposed amended Market Procedures by 5:00 PM (Australian Western Standard Time) on 16 September 2019, in accordance with the call for submissions published with this paper.

Stakeholders with questions in relation to the proposed amended Market Procedures or this Procedure Change Proposal can contact AEMO via email at wa.marketdevelopment@aemo.com.au.

All correspondence in relation to this Procedure Change Proposal must be entitled "AEPC_2019_09: Formalisation of the process for Maintenance Applications - [Name of the submitting company or individual]".