

WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE REPORT: AEPC_2019_09
FORMALISATION OF THE PROCESS FOR MAINTENANCE
APPLICATIONS

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EXECUTIVE SUMMARY

Purpose

Under clause 2.10.3 of the Wholesale Electricity Market Rules (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, amendment, or replacement of Market Procedures so as to comply with the Amending Rule.

On 25 June 2019, the Rule Change Panel published its final decision on the former Independent Market Operator’s Rule Change Proposal: Formalisation of the process for Maintenance Applications (RC_2015_03). The Minister for Energy approved the proposed Amending Rules on 23 July 2019 to commence on 1 October 2019.

On 19 August 2019, AEMO published the Procedure Change Proposal: Formalisation of the process for Maintenance Applications (AEPC_2019_09) to implement the changes resulting from RC_2015_03 to introduce 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.

The publication of this Procedure Change Report, and the accompanying Market Procedures, completes the Procedure Change Process conducted by AEMO under section 2.10 of the WEM Rules.

Proposed amendments

The amendments to the WEM Rules 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 (DSP); and
- determine a Load’s status as a Non-Temperature Dependent Load.

A summary of the associated 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: https://www.aemo.com.au/-/media/Files/Electricity/WEM/Participant Information/Guides-and-Useful-Information/Guidelines/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;



Market Procedure	Change
	<ul style="list-style-type: none"> the revision or withdrawal of applications; and Application Fees.
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.

Consultation

Draft versions of the proposed new and amended Market Procedures were presented at the AEMO Procedure Change Working Group (APCWG) held on 8 August 2019. Details of this forum are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums/WEM-APCWG>. 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.

The RCP Secretariat, at their discretion and as not requested by MAC members, did not convene a meeting of the Market Advisory Committee (MAC) regarding this Procedure Change Proposal.

AEMO published the Procedure Change Proposal (AEPC_2019_09) and issued a notice calling for submissions on 19 August 2019.

The submission period closed on 16 September 2019. No submissions were received.

AEMO's decision

AEMO's decision is to accept the Market Procedures, as amended, following the consultation period.

AEMO considers that the revised Market Procedures are consistent with the Wholesale Market Objectives, the *Electricity Industry Act*, the WEM Regulations and the WEM Rules.

From 1 October 2019 and until such time AEMO publishes a different fee amount on its website, AEMO will apply an Application Fee in relation to Consumption Deviation Application reassessment, under step 4.1.1. of the new Market Procedure: Consumption Deviation Applications, of \$500 per request for further information or clarification requested by AEMO. The Application Fee has been determined using an average hourly rate and an estimate of the minimum time required for AEMO to process a Consumption Deviation Application reassessment. The Application Fee will be published on AEMO's website, together with its other Application Fees, and may be updated from time-to-time, as required at AEMO's discretion.

Next steps

The new and amended Market Procedures will commence on 1 October 2019.



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1. BACKGROUND

1.1. Regulatory requirements

1.1.1. Requirements for the Procedure Change Proposal

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, amendment, or replacement of 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 the 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.

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

The Procedure Change Proposal establishes a new Market Procedure: Consumption Deviation Applications and addresses the necessary consequential changes to the Market Procedure: Individual Reserve Capacity Requirements, as required to be developed and progressed under clause 2.10.3 of the WEM Rules.

1.1.2. Requirements for proposed amended Market Procedures

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 as a whole to ensure compliance with the relevant provisions in the *Electricity Industry Act*, Regulations and WEM Rules (as in force and as decided to be amended).

1.2. 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, amendment, or replacement of 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.

The Procedure Change Proposal, published by AEMO on 19 August 2019, establishes the new Market Procedure: Consumption Deviation Applications and addresses the necessary consequential changes to Market Procedure: Individual Reserve Capacity Requirements.



1.3. Procedure Change Process and timetable

On 19 August 2019, AEMO published a Procedure Change Proposal: Formalisation of the Process for Maintenance Applications (AEPC_2019_09) and issued a call for submissions, which are available at: https://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2019_09.

The proposal was progressed using the Procedure Change Process specified in section 2.10 of the WEM Rules, with submissions required by 16 September 2019.

2. PROCEDURE CHANGE PROPOSAL

2.1. Detail of the Procedure Change Proposal

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

2.1.1. 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: https://www.aemo.com.au/-/media/Files/Electricity/WEM/Participant_Information/Guides-and-Useful-Information/Guidelines/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.

2.1.2. 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.



2.2. Proposed drafting

On 19 August 2019, AEMO published drafts of the proposed new Market Procedure: Consumption Deviation Applications and proposed amended Market Procedure: Individual Reserve Capacity Requirements, incorporating the changes AEMO proposed for consultation with stakeholders.

Clean and change-marked versions are available at: https://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2019_09.

3. CONSULTATION PROECESS

3.1. Market Advisory Committee or working group

The MAC has delegated its advisory role with respect to AEMO Procedure Change Proposals to the APCWG, in accordance with clause 2.3.17(a) of the WEM Rules.

Draft versions of the procedures were presented to the APCWG meeting held on 8 August 2019. Details of this forum are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums/WEM-APCWG>.

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 were subsequently made by AEMO.

AEMO notified the MAC when the Procedure Change Proposal was published and noted that the Rule Change Panel must convene a meeting of the MAC, in accordance with clause 2.10.9 of the WEM Rules, should the Rule Change Panel think it is appropriate, or AEMO, the Economic Regulation Authority, or two or more members request it. The Rule Change Panel did not convene a meeting of the MAC in relation to this Procedure Change Proposal.

3.2. Public workshop

No public workshops were held in relation to this Procedure Change Proposal as due to the specialised nature of the topics covered by the procedures it was deemed the APCWG was sufficient.

3.3. Submissions received during consultation

AEMO published the Procedure Change Proposal (AEPC_2019_09) and issued a call for submissions on 19 August 2019.

The submission period closed on 16 September 2019. No submissions were received.

4. AEMO'S ASSESSMENT

4.1. Further changes to the Market Procedures

Following the consultation process, AEMO has made a number of minor additional administrative amendments to each of the procedures.

Marked-up versions of the procedures, distinguishing these amendments from those made prior to consultation are provided as Appendices 1 and 3 to this Procedure Change Report.



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

The revised procedures have been reviewed by AEMO to ensure compliance with the relevant provisions in the:

- *Electricity Industry Act*;
- WEM Regulations; and
- WEM Rules.

4.3. Consistency with Wholesale Market Objectives

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.

4.4. Implementation

The Market Procedures were developed in accordance with the WEM Rules due to commence on 1 October 2019.

The processes formalised as part of this Procedure Change Proposal reflect current practice and, therefore, will not require any system or process changes for Rule Participants (including AEMO).

AEMO, therefore, considers that the proposed commencement on 1 October 2019, will allow Rule Participants sufficient time from the date of publication of this Procedure Change Report to ensure compliance with the amended Market Procedures.

From 1 October 2019 and until such time AEMO publishes a different fee amount on its website, AEMO will apply an Application Fee in relation to Consumption Deviation Application reassessment, under step 4.1.1. of the new Market Procedure: Consumption Deviation Applications, of \$500 per request for further information or clarification requested by AEMO. The Application Fee has been determined using an average hourly rate and an estimate of the minimum time required for AEMO to process a Consumption Deviation Application reassessment. The Application Fee will be published on AEMO's website together with its other Application Fees and may be updated from time-to-time as required.

4.5. AEMO's decision and commencement

AEMO's decision is to accept the Market Procedures, as amended, following the consultation period. The revised Market Procedures will commence on 1 October 2019.

AEMO has made this decision on the basis that the revised Market Procedures:

- are consistent with the Wholesale Market Objectives;
- are consistent with the *Electricity Industry Act*, WEM Regulations and WEM Rules; and
- did not elicit any submissions during the consultation period.