



Government of Western Australia
Department of Mines, Industry Regulation and Safety
Energy Policy WA

Tranche 7 WEM Amending Rules

Consultation Summary Report
19 September 2023

Working together for a **brighter** energy future.

*An appropriate citation for this paper is: Tranche 7
WEM Amending Rules*

Energy Policy WA

Level 1, 66 St Georges Terrace
Perth WA 6000

Locked Bag 100, East Perth WA 6892
Telephone: 08 6551 4600

www.energy.wa.gov.au
ABN 84 730 831 715

Enquiries about this report should be directed to:

Dora Guzeleva

Telephone: 08 6551 4600

Email: energymarkets@dmirs.wa.gov.au

Overview

This Consultation Summary Report outlines industry feedback received on the exposure draft for the *Wholesale Electricity Market Amendment (Tranche 7 Amendments) Rules 2023* (Amending Rules) and the Energy Policy WA responses to that feedback.

The Amending Rules were gazetted on 19 September 2023.

The Amending Rules were introduced to clarify, correct and improve aspects of new and amended WEM Rules made in previous tranches of Amending Rules.

The Amending Rules include changes to:

- require AEMO to record details of directions issued and other actions taken during an Emergency Operating State;
- require AEMO to provide information on SESSM outcomes to the Coordinator of Energy as well as the Economic Regulation Authority (ERA);
- modify the requirements for an Outage Plan submitted by an Impacting Participant;
- clarify the rules around the revision of Outage Plans;
- allow AEMO to relax certain timing requirements for reporting Forced Outage details for some Self-Scheduling Outage Facilities;
- clarify that the Network Access Quantity Model is not required to comply with clause 4.15.9(c) if it is unable to comply concurrently with Appendix 3;
- revise the criteria used by AEMO to decide for which Facilities to determine estimates of Reserve Capacity Obligation Quantities and capacity adjusted outage quantities each Scheduling Day;
- clarify the rules around the inclusion of Constraint Equations in the Dispatch Algorithm that consider the current charge level of an Electric Storage Resource;
- extend the definition of Outage Facility Maintenance to include scenarios in which a Planned Outage is required to facilitate work undertaken by other parties;
- reapply changes intended to be implemented through previously made Amending Rules that will not commence due to drafting errors in Ministerial Instruments; and
- make minor error corrections and enhancements across the WEM Rules.

Market Suspension Compensation Rules

The final Amending Rules also include rules relating to Real-Time Market suspension compensation arrangements. These rules have been included in response to stakeholder submissions received in the consultation on the exposure draft for the *Wholesale Electricity Market Amendment (Market Suspension) Rules 2023*.

New section 7.12 is introduced to allow Market Participants to claim compensation for lost revenues in the event AEMO suspends the Real-Time Market. This enables a Market Participant to apply to the ERA if it considers that its net settlement revenues did not compensate it for all the variable costs (that relate only to those net settlement amounts) it had incurred during a Real-Time Market suspension event.

The ERA may choose to publish a guideline to inform the process in which Market Participants may request and ERA will determine a settlement adjustment outcome which may be either underpayment or overpayment to the Market Participant for each determined Trading Interval.

Changes to the settlement rules (section 9.6 and new section 9.11A) are also introduced to enable the payment and the publication of the compensation amounts, if approved by the ERA.

Consultation

The exposure draft for the Amending Rules was released for public consultation on 2 August 2023. The consultation period closed on 16 August 2023.

Written public submissions were received from:

- Alinta Energy
- Synergy

The exposure draft was also discussed with stakeholders at the 15 August 2023 meeting of the WEM Reform Implementation Group.

The table below outlines the issues raised in the submissions and Energy Policy WA's responses.

| | Submitter | Clause or Topic | Issue | Energy Policy WA's Response |
|---|---------------|--------------------------------------|---|---|
| 1 | Alinta Energy | AEMO Intervention Event (definition) | <p>Alinta Energy considers that the definition of 'AEMO Intervention Event' should be updated.</p> <p>The current definition of AEMO Intervention Event is: "An event where AEMO intervenes in the Real-Time Market by issuing a direction in accordance with clause 3.4.4(c), clause 3.4.4(d), clause 3.4.5, clause 7.7.4(b), or clause 7.7.5".</p> <p>Alinta Energy considers that directions made under clause 3.5.5 should also be included in the definition of AEMO Intervention Event.</p> <p>This would ensure that AEMO is required to include directions made under an Emergency Operating State in a Market Advisory (pursuant to clause 7.11.5(i) in a similar manner to directions made while in a secure or satisfactory operating state).</p> | <p>While we agree the proposed change should be made for completeness, it has not been included in the Tranche 7 Amending Rules due to an administrative oversight.</p> <p>However, we note that:</p> <ul style="list-style-type: none"> the proposed change will be progressed as soon as practicable; under clause 7.11.5(a), AEMO is already required to release a Market Advisory if the SWIS is in, or is expected to be in, an Emergency Operating State; and under clause 7.11.6(f), AEMO is required to include in the Market Advisory details of the actions AEMO has taken or is taking in response to the situation. |
| 2 | Alinta Energy | Recording directions (clause 3.5.5A) | <p>Alinta Energy supports the requirement for AEMO to record details of directions issued or other actions taken under clause 3.5.5 (similar to its obligations under existing clause 3.4.5A).</p> <p>However, we request clarification on the interaction of this clause 3.5.5A and the requirements for AEMO to record directions under clause 7.7.10, as it appears the information recorded will be similar (given the preceding clauses 7.7.8 and 7.7.9 refer to directions made under clauses 3.4.4, 3.4.5 or 3.5.5).</p> | <p>It is correct that some overlap exists between:</p> <ul style="list-style-type: none"> the requirements under clauses 3.4.5A and 3.5.5A for AEMO to record details of directions issued or other actions taken in certain circumstances; the requirement under clause 7.6.8 to record details of Dispatch Instructions, including those not issued by the Dispatch Algorithm; and the requirement under clause 7.7.10 to record details of directions to vary the operation of a Registered Facility in a way that is not fully set out in a Dispatch Instruction. <p>However, there is no inconsistency between the clauses and AEMO is not prevented from using common processes where appropriate to ensure it meets all its relevant obligations.</p> |

| | Submitter | Clause or Topic | Issue | Energy Policy WA's Response |
|---|---------------|-----------------------------|--|---|
| 3 | Alinta Energy | Revoking directions | <p>While not a proposed change in the Amending Rules, Alinta Energy suggests that EPWA consider adding the following additional clauses regarding directions under an Emergency Operating State in section 3.5 of the WEM Rules:</p> <ul style="list-style-type: none"> • AEMO must use its reasonable endeavours to minimise any cost related to directions pursuant to clause 3.5.5. • A direction made under clause 3.5.5 should be revoked as soon as AEMO determines that the direction is no longer required. | <p>Energy Policy WA has no evidence to indicate that directions issued by AEMO, either under an Emergency Operating State or at other times, are imposing unnecessarily high costs on the market that would require the addition of the first proposed clause.</p> <p>However, within the specific context of a Real-Time Market suspension, new clause 7.2.2A has been included to impose a requirement on AEMO similar to the requirement placed on AEMO at other times under clause 7.2.2 (to use reasonable endeavours to maximise the value of Real-Time Market trading). The clause 7.2.2A requirement accounts for the likely limitations on AEMO's ability to meet such a requirement during a suspension period, when Real-Time Market Submissions and/or the Dispatch Algorithm may not be available.</p> <p>The second proposed change has also not been made because Energy Policy WA has no evidence to indicate that a clause of this nature is required.</p> |
| 4 | Synergy | Clauses 3.18D.1 and 3.18D.2 | <p>Synergy considers that the proposed drafting for clause 3.18D.2 removes the ability for Market Participants to make minor adjustments to approved outages as is currently permissible (and allowable under clause 3.18D.1). Synergy is of the view that the intent of the original drafting of clause 3.18D.2 is for clarity purposes only to ensure amendments are not being made to rejected or withdrawn outage requests.</p> <p>Synergy suggests the following drafting changes:</p> <p>3.18D.1. A Market Participant or a Network Operator may only revise an approved Planned Outage at any time prior to the completion of the Planned Outage, provided:</p> | <p>The intent of the clauses is as follows:</p> <ul style="list-style-type: none"> • A Rule Participant may revise an Outage Plan at any time prior to its approval, rejection or withdrawal, provided that the revised Outage Plan would still meet the timing requirements specified in clause 3.18B.8 if it was submitted as a new Outage Plan. • Once an Outage Plan has been approved, clause 3.18D.1 limits the types of revisions that are permitted. The permitted revisions to Outage Commencement Interval, Outage Completion Interval and |

| | Submitter | Clause or Topic | Issue | Energy Policy WA's Response |
|---|-----------|----------------------------|--|---|
| | | | <p>(a) the revised Outage Commencement Interval is not earlier than the previous Outage Commencement Interval;</p> <p>(b) the revised Outage Completion Interval is not later than the previous Outage Completion Interval;</p> <p>(c) any revised Remaining Available Capacity for the Outage Facility, as relevant, is not proposed to be further reduced from the previous submission; and</p> <p>(d) other aspects of the Planned Outage, as specified in the WEM Procedure referred to in clause 3.18.4, are unchanged.</p> <p>3.18D.2. "Subject to clause 3.18D.1, a Market Participant or a Network Operator may revise an An Outage Plan that has not been approved or rejected by AEMO or withdrawn by the Rule Participant may be revised at any time as long as the revised Outage Plan would meet the requirements specified in clause 3.18B.8 if it was submitted as a new Outage Plan at the time of revision."</p> | <p>Remaining Available Capacities are specified in clauses 3.18D.1(a), (b) and (c). Clause 3.18D.1(d) has been further amended to clarify its meaning, i.e., that revisions to other aspects of a Planned Outage are permitted unless the specific revisions are prohibited in the WEM Procedure referred to in clause 3.18.4.</p> <ul style="list-style-type: none"> If an Outage Plan has been rejected or withdrawn, no revisions of any type are permitted. <p>A Planned Outage is defined as "an Outage Plan that has been approved by AEMO", so the proposed addition of "approved" in clause 3.18D.1 is not required.</p> |
| 5 | Synergy | Clause 3.18D.3 | <p>Synergy suggests that the clause should only be applied to approved outages where the amendments are "reducing" the MW or duration of the outage in line with clause 3.18D.1.</p> <p>Synergy suggests the following drafting changes: "AEMO may, but is not required to, undertake an Outage Evaluation for an Outage Plan revised under clause 3.18D.1 clauses 3.18D.1 or 3.18D.2 where the reason for the revision is one or more of the following:"</p> | <p>Clause 3.18D.3 needs to refer to revisions made under both clause 3.18D.1 and clause 3.18D.2 because revisions made under either clause could satisfy the criteria specified in clause 3.18D.3.</p> |
| 6 | Synergy | Clauses 4.15.9 and 4.15.9A | <p>Synergy seeks clarity as to the reasoning behind the proposed amendment to clause 4.15.9 and the requirement for the new clause 4.15.9A. Under what circumstances and situations is it expected that the requirements of clause 4.15.9 and Appendix 3 cannot both concurrently be met?</p> <p>Is there a current requirement for this clause to be introduced due to implementation requirements? Further, would it be possible for AEMO or EPWA to provide clarity as to the</p> | <p>The proposed amendment to clause 4.15.9 clarifies the requirements already specified in clauses 4.5.1 and 4.5.2 that AEMO must follow Appendix 3 when determining the Final NAQ, even if this means that the requirements of clause 4.15.9(c) cannot be met.</p> <p>This is important because allowing existing resources to retain economic value in the RCM, by following the priority order in</p> |

| | Submitter | Clause or Topic | Issue | Energy Policy WA's Response |
|---|-----------|------------------------------------|---|--|
| | | | expected differences in outcomes if clause 4.15.9 were to prevail over Appendix 3 instead? | <p>Appendix 3, is a key design objective of the NAQ framework.</p> <p>If clause 4.15.9(c) were to prevail over Appendix 3, this could result in the preliminary NAQ for a facility being reduced in a subsequent step under the Appendix 3 process. This would undermine the priority order of the NAQ framework.</p> <p>This is an edge case as AEMO has yet to encounter a situation in which the requirements of clause 4.15.9(c) and Appendix 3 cannot be met concurrently in the Final NAQ determination-. However, if this does occur in future NAQ calculations, AEMO will be able to assess the potential differences in NAQ outcomes.</p> |
| 7 | Synergy | Explanatory Note for clause 6.3A.3 | <p>Synergy suggests the following minor typographical edits to the Explanatory Note above clause 6.3A.3:</p> <p>“... To address these concerns, the clauses are amended to require the determination of estimates for all Scheduled Facilities and Semi-Scheduled Facilities that are registered to a Market Participant in the relevant Trading Interval and/or Dispatch Interval.”</p> | <p>We agree that the Explanatory Note above clause 6.3A.3 contains a typographical error but as these notes will not be included in the Ministerial Instrument or the WEM Rules no amendment is required.</p> |



Energy Policy WA

Level 1, 66 St Georges Terrace, Perth WA 6000

Locked Bag 100, East Perth WA 6892

Telephone: 08 6551 4600

www.energy.wa.gov.au

