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DOCUMENT DETAILS

IMO Notice No.: PPLC0009

Report Title: IMO's decision: Proposed Power System Operation Procedure:

Commissioning and Testing

Release Status: Public

Confidentiality Status: Public domain

http://www.imowa.com.au/Attachments/MarketProcedures/ProcedureChange_PPCL0009.htm

Published in accordance with Market Rule 2.10.15

Independent Market Operator

Level 3, Governor Stirling Tower 197 St George's Terrace, Perth WA 6000 PO Box 7096, Cloisters Square, Perth WA 6850 Tel. (08) 9254 4300

Fax. (08) 9254 4399

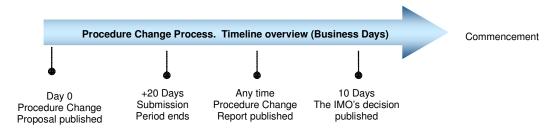
Email: imo@imowa.com.au Website: www.imowa.com.au



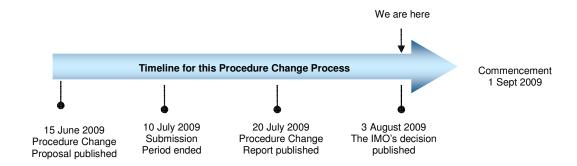
1. INTRODUCTION

On 15 June 2009, the Independent Market Operator (IMO) published a Procedure Change Proposal from System Management regarding the proposed amended Power System Operation Procedure (PSOP): Commissioning and Testing. 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 Market Procedure or amendment to or replacement for the Market Procedure published by System Management. This approval is required within 10 Business Days of a Procedure Change Report being published.

This document, containing the IMO's decision on the proposed PSOP: Commissioning and Testing (PPLC0009) is published as required under clause 2.10.15 of the Market Rules.

The IMO's decision is to accept the proposed PSOP. 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/Attachments/MarketProcedures/ProcedureChange PPCL0009.htm



2. THE PROCEDURE CHANGE PROPOSAL

2.1 Details of the Proposal

The PSOP's were originally prepared prior to the commencement of the Wholesale Electricity Market (Market). Now with several years experience in performing market functions, System Management has taken the opportunity to initiate a review process with the objective of amending the procedures to more accurately reflect System Management's performance of its functions.

In addition, the original PSOP's included significant overlaps with the Market Rules and attempt to paraphrase rule requirements. Consequently, System Management has reviewed the operation of PSOP: Commissioning and Testing and amended it to better reflect both the performance of market functions and changes to the Market Rules which have occurred since the commencement of the Market on 21 September 2006.

The amendments have been subject to public consultation, consultation with the System Management PSOP Working Group (constituted under the auspices of the Market Advisory Committee) and with the IMO.

It is the view of System Management that the amended procedure represents both a consensus outcome and a procedure which is consistent with the requirements of the Market Rules.

3. PUBLIC CONSULTATION PERIOD

3.1 Submissions received

The public submission period was between 15 June 2009 and 10 July 2009. System Management did not receive any submissions.

3.2 Additional amendments

During the public consultation process System Management considered that an amendment was required to improve the drafting of this PSOP. These changes are as follows:

Section 5(3)

For the purposes of the Market Rules [MR 3.21A.3], "significant maintenance" is defined as follows:

"Where the expression "significant maintenance" is used in the Market Rules [clause 3.21A.3], System Management will interpret this concept as maintenance work which requires re-testing of the Facility to operate at a satisfactory level".

In its Procedure Change Report System Management noted that it considers that the amendments do not have a significant impact on the substance of the PSOP, nor do they necessitate a further period of consultation. The IMO agrees that the substance of the PSOP is not changed by the amendments and therefore considers that further consultation is not necessary.



4. THE IMO'S ASSESSMENT

In determining whether to approve the PSOP: Commissioning and Testing the IMO 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 Market Procedures 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.

3.1 Wholesale Market Objectives

In accordance with clause 2.9.3(a).ii. of the Market Rules, Market Procedures must be consistent with the Wholesale Market Objectives.

The steps described in the proposed PSOP: Commissioning and Testing provide a consistent approach to planning and conducting tests on Generation and Load Curtailment Facilities.

The IMO considers that the steps are drafted in such 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: Commissioning and Testing as a whole is consistent with the Wholesale Market Objectives.

3.2 Market Rules, the Electricity Industry Act and Regulations

In accordance with clause 2.9.3(a).iii. of the Market Rules, Market Procedures must be consistent with the Market Rules, the Electricity Industry Act and Regulations.

The IMO considers that the proposed PSOP: Commissioning and Testing is consistent, as a whole, with:

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



Regulations.

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

3.3 Implementation of the amended Power System Operation Procedure

In accordance with clause 2.10.15(c) of the Market Rules, when approving a proposed Market Procedure or amendment to or replacement for the Market Procedure from System Management, the IMO must notify System Management of a date and time for commencement. This date and time must, in the IMO's opinion, allow sufficient time after the date of publication. Procedure Change Report for Rule Participants to implement the changes required by it.

The proposed amended PSOP: Commissioning and Testing will not require Rule Participants, the IMO, or System Management to implement any procedural or system amendments before it can commence. Consequently, the IMO considers commencement at 08.00am on 1 September 2009 will allow Rule Participants sufficient time from the date of publication of System Management's Procedure Change Report to ensure compliance with the amended PSOP.

3.4 Power System Operation Procedures Working Group

In making its decision, the IMO has noted the process involved in producing the PSOP. In particular, the proposed amended PSOP: Commissioning and Testing was discussed by the System Management PSOP Working Group (Working Group) at the 22 May 2009 meeting. The Working Group is a group appointed by the MAC to develop, consider and assess changes to System Management Market Procedures which the Market Rules require System Management to develop.

The Working Group was in general support of the proposed amended PSOP. The Working Group did however make a number of recommendations which were adopted by System Management in the proposed PSOP. The amendments as agreed were:

Section 5.3 – changes to the drafting of the definition of "significant maintenance" to "....
is defined as major maintenance work with the objective of improving the reliability or
eapability of the Facility and requiring requires a long duration outage and involves retesting of the ability of the Facility to operate at a satisfactory level within the SWIS."

[Note that section 5.3 was amended further following the consultation process. Refer to section 3.1 of this report for further details]

- Section 5.1.2 an amendment to the drafting to reflect that System Management must notify the IMO of a breach of the timing requirement for submitting commissioning plans.
- Section 5.6 an amendment to refer to "commissioning tests" rather than "Commissioning Tests".

System Management amended the sections as proposed by the Working Group. System Management then proceeded to submit a formal Procedure Change Proposal.



4. THE IMO'S DECISION

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

4.1 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
- there are no procedural or system changes required prior to implementation.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 3 of this report.

5. THE AMENDED POWER SYSTEM OPERATION PROCEDURE

5.1 Commencement

The amended PSOP: Commissioning and Testing will commence at 08.00am on 1 September 2009.

5.2 Wording of the amended Power System Operation Procedure

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

