



Western Power System Management

Second Period Submission
Rules Response

Context of Our Response

SM Focus

- Operate SWIS in a secure and reliable manner
- Other functions in Rules including Procedures (PSOPs)

Response Framework

SM supports the MEP reforms which help SM manage operational risks:

- **Excess overnight generation**
- **Excessive ramping due to Resource Plans**
- **Intermittency from renewable generation sources and loads**

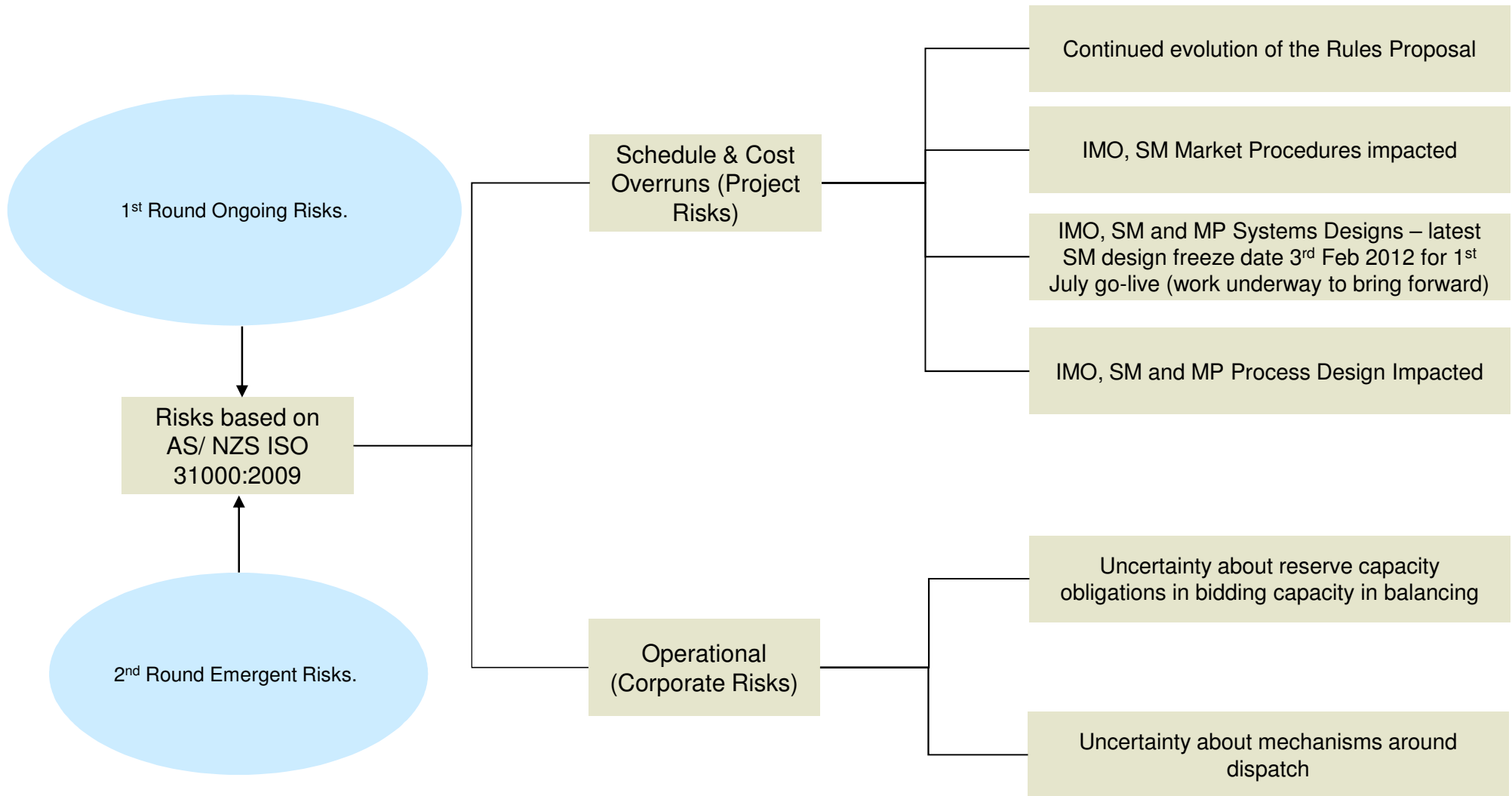
Response Elements

Covering letter – high level concerns	✓
Standard rule change submission form	✓
Updated risk register	✓

Key Messages in SM Response

- WP/ SM supportive of new CB and LFAS markets
- WP committed to timely implementation
- Much work achieved by IMO & participants including SM but outstanding issues to resolve – impact Rules, Procedures, Systems & Processes
- Need opportunity to comment on future changes
- Need more realistic view of transitional market go-live

Risks



Unresolved Operational Issues Creating Risks

Risks	Brief description	Outcomes	Status
1. Balancing Forecasts and Dispatch Outcomes Materially Different	Contracted dispatch amount differs from physical capability of facility.	-Confusion about future dispatch -Generators not ready to operate at required levels -SM issuing out of merit dispatch to maintain SWIS security	54 – Non inclusion of unit availability restrictions t.b.a.
2. Dispatch Criteria and “Reduced Extent” clause unclear	SM and Participants unclear about obligations.	-Poses potential risk to security because 2 nd DI may override the 1 st DI – no compliance obligation for 1 st DI	194 – Close Pending Further IMO/SM discussions to improve wording of “reduced extent” including requirements on MPs when unable to follow DI.
3. Not all available capacity bid into balancing	Weakening of provisions requiring all available capacity to be bid	-Removal of penalties if capacity not bid -Lack of ability to perform immediate test -No clear Market Rules obligation after STEM for Balancing submission with attached prescribed penalty	1 – SM legal review of obligations 53 – SM/IMO legal review of test via OOM DI provisions 194 – Could cause compliance difficulty if refusal to comply (reduced extent) with OOM DI where capacity considered doubtful by SM.
4. SM cannot dispatch SGs on islanded system	SM can only issue direction to SG on islanded system when in emergency state.	-No mechanism for payment	6 – SM made a project risk now as depends on DSS contract.
5. SM/IMO IMS Interface document	SM and IMO have not agreed IMS interface specifications	-Risks that critical information flows for CB and LFAS markets not occurring	9 – SM and IMO have agreed to sign off those parts of document where there is agreement and work on
6. Minor Items	Various		Further IMO/SM discussions to improve wording.

Strategies

- A. Work closely with IMO and other Market Participants to get the best outcomes
- B. Works with IMO in realising a workable go-live date for the transitional market
- C. Ensure that the transitional market outcomes align with the full go-live in December
- D. Work to ensure that the Rules, Procedures and business processes meet readiness criteria

Questions