



AER Rule change proposal Ramp Rates and Dispatch Inflexibility

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Background to the rule change proposal

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2009 Rule Change

- AEMC's final decision on *Ramp Rates, Market Ancillary Service Offers, and Dispatch Inflexibility* (AER proponent) published Jan 2009
- In part, proposed to assist congestion/system security due to low (0 and 1 MW) ramp rates
- Outcomes:
 - RRs are technical: *"The Rule would require that the technical parameters in relation to ramp rates, market ancillary service offers and dispatch inflexibility reflect technical capability of plant."*
 - Bid RRs > 3MW/min or 3% unless technical reason
 - AEMC considered congestion not a significant issue at the time, but flagged further work

Tackling congestion

- TFR recommended raft of initiatives
 - OFA model - long term solution
 - AER supports TFR process
- AER committed to exploring ways to minimise symptoms of congestion (disorderly bidding)
- Technical Parameters not addressing problem (but some symptoms)

This Rule Change Proposal

- Rule change clarifies application of these technical parameters – beyond congestion
- Technical parameters are consistent with their intended (technical) purpose
- Consistency between rules and treatment of these parameters in the dispatch process



Application of the proposed Rule

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Application of the rule change

- Intention is:
 - Apply technical rules to technical parameters
 - **not** to compromise plant safety or increase costs – **rather** to avoid having parameters changed for non plant reasons to maximise a financial position
 - Reasonable assessment approach

Application of the rule change

- Technical reasons **already** required (<3MW/min)
- Consistent application across all units
- Technical practicalities
 - Ramp rates vary across operating ranges
 - Plant conditions (firing configurations and change overs, equipment outages or limits)
 - Head limits / water availability / bank saturation
 - Short term capability may be different to sustained rates
 - Inflexibility profiles
 - Plant residual heat, fuel availability, state of synchronisation

Information provision

- Bids apply across many time frames
 - Should reflect best estimate of capability based on reasonable assumptions of conditions **at the time**
 - 36 hours out many things are uncertain – offer reflects reasonable estimate of the plant conditions that would apply later
 - Closer to dispatch, better information - refine the offer

Information provision

- Not expecting high resolution calculation to accommodate *every* operational circumstance
- **Won't** examine small differences
- Will examine deviations from expected levels where market conditions create incentives
- SCADA
 - Not recognised in rules
 - NEMDE uses most limiting of offered and SCADA
 - Guideline requires bid to match SCADA

Other issues

- NEMDE – FSIP and RRs
 - Potentially powerful commercial tools
 - effectively can't be breached
 - both have CVP values greater than 1100
 - >30 x Secure Network Limits (CVP =35)
 - >3 x Satisfactory Network limits (CVP =360)
 - impacts
 - short term – NEMDE will solve - it violates other constraints
 - long term – constraints become more conservative
- Network planning
 - Since 2009 – STPIS Incentive on NSPs
 - Market Impact Component
 - dramatically improved over the last 5 years