

System Control – Generator Offer Procedure Consultation Feedback Assessment

Summary of issues raised in submission and organisations represented in stakeholder consultation process.

The consultation was conducted between 04 March 2016 and 24 March 2016.

Submissions were received from the following Market Participants:

- Jacana Energy - Jacana
- Territory Generation – TGen

Where relevant, stakeholder comments have been addressed. The table below summaries the issues raised by Market Participants.

It should be noted that the responses provided in this document are made by Power and Water Corporation in respect to the System Control function.

The following table contains the issues raised by Market Participants during the consultation process and the corresponding response from the System Controller. The Market Operator is co-ordinating the consultation and approval process on behalf of the System Controller.

Ref #	Clause/Concern	Stakeholder	Issue	System Control Response
Feedback				
1	Section 1 – Purpose	Jacana	The scope of the procedure is broader than simply specifying the principles for the preparation and submission of Generator Offers before and after gate closure. It also sets out the operations processes, procedures and a set of obligations, covering the submission of offers and re-offers.	Agree. Purpose changed to reflect the procedure's boarder cover.
2	Section 5 – opening statement.	Jacana	The statement 'the following principles apply to the preparation and submission of Generator Offers' should state that it also applies to 're-offers'.	It is noted that the term Generator Offer has not been clearly explained. The current interpretation of the I-NTEM design requires the term Generator Offer to apply at all times, as the same template is used. However, the Generator Offer is also called a 'Revised Offer' after the gate closure for the purpose of explanation and communication. The definition of Generator Offer has been altered to better represent this point in the definition. In addition, a change has been made to the opening statement of Section 5 to further clarify the scope of this section.
3	Section 5	Jacana	This section should include a principle reflecting System Control's requirement that Generator Offers and re-offers should not exceed the marginal value of supply (as set out in the System Control Technical Code).	Disagree. It was not intended to repeat System Control Technical Code principles in the procedure. However, for the purpose of clarification, a cross-reference to the relevant clause in the Code's is considered appropriate in the Appendix A Table of Instructions. Specifically,

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				it has been added as a bullet point to the end of row 1.
4	Section 5	Jacana	<p>This section mixes principles with processes/operational requirements:</p> <ul style="list-style-type: none"> • Clause 5.5 relates to principles. • Clauses 5.1 – 5.4, 5.6, and 5.7 reflect the process a generator must follow in making offers and re-offers. 	To assist in clarification, and consistency with the change made to the Purpose, the heading of Section 5 has been changed to recognise both principles and key processes.
5	5.5.1	Jacana	<p>This clause, for the avoidance of doubt, should specify more precisely the physical triggers and circumstances under which a re-offer may be made.</p> <p>This should be removed from the footnote and reflected in either Clause 5.5, or the definition.</p>	Disagree. The procedure is intended to specify the principles, not the prescriptive criteria and could be adopted under that principle. This will be covered in a Work Instruction if necessary. The footnotes are aligned to the principle in that they provide guidance and intent, not prescription. On reflection, we consider that the guidance is better located in the footnote so as to not distort the principle. Accordingly no change has been made.
6	5.5.1	Jacana	<p>Re-offers should relate to unexpected events such as generator failures or outages.</p> <p>No re-offers should be required for routine or planned maintenance, as they should be known in advanced and included in the pre-dispatch pricing.</p>	Disagree with this view when more than one Generator is registered in the I-NTEM. This is because Generator B (and any other Generator) would be unfairly treated if Generator A experienced an unexpected event. In the situation of multiple generators, a loss of a Generator A unit should be reflected in the next unit band in the price stack being selected, which infers a higher market price. It is only in the situation where one Generator is operating in the market that special provision for certain types of unexpected events can be permitted. The

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				<p>procedure covers this situation.</p> <p>The current market design is for a single volume per trading day which does not allow for the taking of a generating unit out for maintenance part way through the day. The Revised Offer process is a work around to address this matter. This work around prompts a redesign of the Generator Offer to adopt 48 volumes per day, similar to the NEM. The redesign of the Generator Offer will be the subject to an approval of the Department of Treasury and Finance via the NT Stakeholder Working Group.</p>
7	5.5.2	Jacana	The term 'unfavourable impact' lacks clarity. E.g., does it refer to an increase or decrease in the Market Price?	Point accepted. The procedure has been changed to remove any doubt that the market price is not to be increased.
8	5.5.2 & 5.5.3	Jacana	<p>The fundamental issue to be addressed is to ensure while there is only one generator (or any other generator entering the market), they do not use the ability to re-offer capacity as an attempt to manipulate the spot price.</p> <p>The clause should be refocused on allowing the Generator to readjust its capacity, but not the marginal price.</p> <p>The principles should be simplified to be that any re-offer should not lead to an increase in the market price.</p> <p>Clarity may be improved by removing 5.5.3 and leaving 5.5.2 as a general principle to be applied by generators in the re-offer. The examples in</p>	<p>Agree.</p> <p>Agree to adjust the clause as per Ref # 7 above. The marginal price can be lower as a result of the change in capacity, but not higher.</p> <p>Agree.</p> <p>Disagree with the removal of clause 5.5.3, as this contains a principle that is not covered in 5.5.2. The inclusion of 5.5.3 as an example in the</p>

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			<p>Appendix C would then illustrate the two ways in which 5.5.2 can be applied in the context of a single and multiple generation participants.</p> <p>To improve further clarity, the examples would benefit from being illustrated with a diagram.</p>	<p>Appendix without support of a principle in clause 5 would render the example out of context.</p> <p>Any necessary clarity will be provided in the regular I-NTEM Generator – System Control Forums.</p>
9	5.5.2	Jacana	<p>This section does not appear to address circumstances (in the multiple generators scenario) where the generators unit has fallen out of service with no replacement.</p> <p>The procedure should set out how this situation would be addressed, or alternatively, the rule should specify that it only relates to generators with multiple units.</p>	<p>Disagree. When the generator’s unit has fallen out of service, the next band in the price stack will be placed in service. In some situations this will be simply increasing the output of an on-line unit. In other situations this will require an off-line unit to be placed on-line.</p> <p>That is, a revised offer is not permitted when a generating unit falls out of service in the multiple generators scenario.</p>
10	5.5.3	TGen	<p>Consideration to be given for it to apply to other changes in circumstance which would alter how a low capacity unit is sensibly offered. This would include any of the events described in footnote 3, not just forced outages.</p>	<p>Disagree. In all the other events nominated in footnote 3, the Generator has the ability to submit a revised offer to rearrange capacity such that the low capacity unit is not close to being dispatched, so long as the prices of the rearranged capacity do not exceed those published in the pre-dispatch information.</p> <p>However, in reflecting on this comment, it is accepted that the provision in clause 5.5.3 could also apply to a forced reduction in capacity, not just when the unit is forced out of service. The clause has been modified accordingly.</p>
11	5.5.3	TGen	<p>Consideration to be given to the process of</p>	<p>Agree.</p>

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			<p>receiving revised offers outside of normal business hours.</p> <p>In the event that a change in physical circumstance requires holding the low capacity unit as (or immediately above) the marginal unit occurs outside of normal business hours, it is suggested that the G2 controller and Generator operator consult and confirm via phone or email.</p> <p>The revised offer template can then be completed if required at the beginning of the next business day</p>	<p>The process for receiving revised offers out of hours has been recorded in new clause 5.5.5.</p> <p>The Offer template will not change for revised offers. This has been explained in Appendix C.</p> <p>Note that the timing of the revised offer is critical, as it impacts on the timeline for publishing the Market Price. This is explained in Appendix C.</p>
12	Attachment A – Generator Offer Template	TGen	<p>The template does not allow Generator’s to communicate the time a Generator would like to swap the merit of their generating units is to occur (where that time is different from the beginning of the trading day).</p> <p>It would be preferable to include how System Control would like this information to be communicated in the Procedure.</p>	<p>The revised offer applies from the time it is received. There is no provision in the I-NTEM design for a revised offer to be submitted in advance of a pending event. After gate closure and before close of business the revised offer would be transmitted to the System Dispatch inbox, preceded by verbal advice to the System Controller representative. During out-of-hours periods, the revised offer would apply from the time the Generator Plant Operator verbally advised the System Controller of the need to make a change in the active Offer – in this period, the revised offer would be submitted at the beginning of the next business day, as explained in Appendix C.</p>
13	Attachment A – Generator Offer	TGen	Confirmation is require that the Procedure removes the requirement for units to be offered	The I-NTEM design only caters for a unit to be offered as a self-commit or a fast start in any one

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	Template		<p>as either self-commit or fast start, indicating that the unit could be offered as both.</p> <p>It is suggested that the Procedure include how System Control would like information to be communicated relating to when the different modes to apply.</p>	<p>day – no provision was made for the unit to change status during the trading day. A review of the procedure indicates that this principle has not been transparently stated.</p> <p>A point of clarification has been added in row 1 to the Table “Instructions for completing the generator Offer template” in Appendix A to address this matter.</p>
14	Attachment B	System Control	Editorial improvement of the description	The opportunity has been taken to improve the description of the gate closure process.
15	Attachment C	System Control	Editorial improvement of the description	The opportunity has been taken to improve the description of the gate closure process.
General Comments				
16	General Comments	Jacana	Jacana supports the changes to the market rules, and offers the above comments with a boarder objective in mind, and considers some of the sections of the procedure would benefit from clearer drafting.	Noted.

This version of the Consultation Feedback response was approved on 02 June 2016.