

Market Operator – I-NTEM Generating Unit Tie Break Procedure Consultation Feedback Assessment

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

The consultation was conducted between 15 March 2016 and 11 April 2016.

Submissions were received from the following Market Participants:

- 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 Controller function.

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

Ref #	Clause/Concern	Stakeholder	Issue	System Control Response
General Comments				
1	Self-commitment units	TGen	It is suggested that during the I-NTEM where market payments are virtual and there are no payments for ancillary or other services, System Control make the tie break decision around the overall value to the market. The units considered for tie break must have equivalent value to Network and System Control, including but not	Noted. For consideration by the Department of Treasury and Finance in regards to the modification of their related Concept Paper.

Ref #	Clause/Concern	Stakeholder	Issue	System Control Response
			<p>limited to:</p> <ul style="list-style-type: none"> • if the unit can regulate in System Control's AGC; • the combined value of the energy and ancillary service dispatch, and cost to participants to provide these services. 	
2	NEM process for tie break	TGen	It is understood that the NEM process for tie break is based on technical merit to the system, with the major determining factor being the loss factor.	Noted. For consideration by the Department of Treasury and Finance in regards to the modification of their related Concept Paper.
3	Ancillary services	TGen	It is noted that consideration has been given to the restrictions of current bilateral contracts for generators to be able to recover the true cost associated with the tie break. However, it is also noted that the tie break concept and I-NTEM has not provided any solution to this, specifically the increased cost of providing ancillary services.	Noted. For consideration by the Department of Treasury and Finance in regards to the modification of their related Concept Paper.
4	Ancillary services payments	TGen	It is requested that even during the I-NTEM, a tie break procedure only applies after physical market settlements [when] alternative ancillary services payments begin to occur.	Noted. For consideration by the Department of Treasury and Finance in regards to the modification of their related Concept Paper.
5	Review of the tie-break concept for the NTEM	TGen	<p>It is noted that the simple random approach is to apply to the I-NTEM only.</p> <p>TGen is clear that this will not provide an efficient outcome for the I-NTEM, however in the interest of progressing the discussion for the final NTEM market design, [TGen] would be interested in moving to review the tie-break concept proposed</p>	<p>Noted. The implication is that TGen acknowledges that the random approach is to apply for the I-NTEM.</p> <p>For consideration by the Department of Treasury and Finance in regards to the modification of their related Concept Paper.</p>

Ref #	Clause/Concern	Stakeholder	Issue	System Control Response
			for the NTEM. TGen looks forward to receiving the detailed options for consideration in this respect	
Feedback on procedure				
6	Attachment C, Example 1	TGen	<p>The application of the random period to first move Gen 1 and then Gen 2 to OCGT at minimum load before turning one unit off completely potentially imposes a technical penalty on both generators, rather than the one chosen for that random period. The technical constraint with restart times is on the start/stop of the steam turbine, not the OCGT. This example shows that in this case both CCGT's are asked to remove the steam element, hence both are penalised.</p> <p>A more efficient market outcome is may be:</p> <ul style="list-style-type: none"> • Gen 1 – half steam off and OCGT 1 reduced to minimum • Gen 1- OCGT 1 off; then if required • Gen 2- half steam off and OCGT 1 reduced to minimum <p>Alternative options should be modelled in detail to ensure efficient market outcomes.</p>	Agree. Process changed to adopt this suggestion.
7	Attachment C, Example 2, Application (1)	TGen	Editorial - both prices should be \$80.	Error corrected.

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