

Feedback on Market Operator Consultation Paper – Generating Unit Tie Break

Procedure

Feedback Due: Monday 11th April 2016

Territory Generation (TGen) welcomes the opportunity to provide feedback to the Market Operator Consultation paper on Tie Break Procedure. The following feedback is separated into two focus areas, being general feedback on the tie-break concept, and specific feedback on the procedure.

General

- 1) For self-commitment units, during the I-NTEM where payments through the spot market are virtual and there are no payments for ancillary or other services, TGen suggests that 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 the Network & System Control, including but not limited to:
 - 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) TGen understand that the NEM process for tie break is based on technical merit to the system, with the major determining factor being the loss factor.
- 3) TGen note 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 also notes that the tie break concept and I-NTEM has not provided any solution to this, specifically the increased cost of providing ancillary services.
- 4) TGen requests that even during the I-NTEM, a tie break procedure only applies after physical market settlements with alternative ancillary services payments begin to occur.
- 5) TGen note that the simple random approach is to apply to the I-NTEM only. 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, would be interested in moving to review the tie-break concept proposed for the NTEM. TGen looks forward to receiving the detailed options for consideration in this respect.

Feedback on Procedure

- 6) In reference to example 1 of Attachment C, 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.

A more efficient market outcome is may be:

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

Alternative options should be modelled in detail to ensure efficient market outcomes.

- 7) Example 2, Application (1) – typo only, both prices should be \$80.