

Draft Wholesale Electricity Market Procedure: Determining Loss Factors

Response to Submissions

Public

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1. Purpose

Western Power is required to document in a Wholesale Electricity Market (WEM) Procedure the standards, methodologies, classification systems and procedures to be used in determining Loss Factors under clause 2.27.17 of the WEM Rules. Western Power developed and published the draft WEM Procedure: Determining Loss Factors for public consultation, inviting stakeholders to provide feedback on the draft WEM Procedure by 5.00pm (AWST) 8 September 2023.

Western Power must publish, together with the final WEM Procedure, a summary of the submissions received and the response of Western Power to issues raised in those submissions under clause 1.43.7 of the WEM Rules.

2. Submissions and Western Power’s Response

Western Power received formal submissions on the draft WEM Procedure: Determining Loss Factors from two stakeholders. These submissions have been taken into consideration by Western Power and responded to in the table below.

Relevant Procedure Paragraph	Submission Commentary	Western Power’s Response
Section 1.1	Adding a new sub-clause detailing the draft WEM Procedure is required to be consistent with the WEM Objectives as required by clause 2.9.3(a)(ii) of the WEM Rules.	Western Power developed this WEM Procedure in accordance with the WEM Rules. In instances where the WEM Procedure is inconsistent with the WEM Rules, the WEM Rules prevail as addressed by paragraph 1.2.1. Moreover, clause 2.10.2 of the WEM Rules allows Rule Participants to notify Western Power where they consider an amendment to or replacement of a WEM Procedure would be appropriate. Western Power is of the view that this amendment would be unnecessary duplication of the WEM Rules.
1.1.3	Paragraph 1.1.3 should be amended as follows for consistency with the WEM Rules. “This Procedure applies to AEMO and Western Power in its capacity as the Network Operator in the South West Interconnected System (SWIS).”	While this WEM Procedure places obligations on Western Power, AEMO and Market Participants, paragraphs 1.1.3 and 1.1.4 serve to clarify the capacity, in which this WEM Procedure applies specifically to Western Power. Clause 2.9.7A of the WEM Rules requires AEMO to comply with WEM Procedures applicable to it, and this is, in turn, covered by paragraph 1.1.5.
1.1.5	Paragraph 1.1.5 should be amended as follows. This will clarify that Rule Participant’s compliance is subject to the WEM Procedure being consistent with the WEM Rules. “In this Procedure where obligations are conferred on a Rule Participant, that Rule Participant, subject to clause 2.9.3(a) of the WEM Rules , must comply with the relevant obligations in accordance with clauses 2.9.7A, 2.9.7B, 2.9.7C, 2.9.7D and 2.9.8 of the WEM Rules, as applicable.”	Western Power developed this WEM Procedure in accordance with the WEM Rules. In instances where the WEM Procedure is inconsistent with the WEM Rules, the WEM Rules prevail as addressed by paragraph 1.2.1. Moreover, clause 2.10.2 of the WEM Rules allows Rule Participants to notify Western Power where they consider an amendment to or replacement of a WEM Procedure would be appropriate. Western Power is of the view that this amendment would be unnecessary duplication of the WEM Rules.

Relevant Procedure Paragraph	Submission Commentary	Western Power's Response
2.1.3	<p>The requirement in clause 2.27.4 does not appear to be addressed by the draft WEM Procedure. A new sub-paragraph should be added to reflect AEMO's consultation with Western Power to develop loss factor classes in accordance with clause 2.27.4 of the WEM Rules as follows.</p> <p><u>"AEMO must consult with Western Power to develop a classification system to assign each of the connection points in the Network Operator's Network to a Transmission Loss Factor Class and a Distribution Loss Factor Class. [Clause 2.27.4]"</u></p>	<p>Paragraph 2.1.3 summarises the steps that Western Power must undertake to calculate and provide to AEMO Loss Factors each Connection Point on its Network identified under clause 2.27.1(a) of the WEM Rules and the Notional Wholesale Meter. Clause 2.27.4 of the WEM Rules requires AEMO to consult with Western Power when developing a classification system; this obligation is addressed in paragraph 3.1.1.</p>
3.1.3	<p>Paragraph 3.1.3 should be amended to read "...the Loss Factor classification system developed by AEMO <u>in consultation with Western Power under paragraph 3.1.1</u> and documented in..."</p>	<p>Western Power accepted the proposed change to paragraph 3.1.3.</p>
4.3.1	<p>Paragraph 4.3.1 should be amended as follows:</p> <p>"If Western Power is required to develop a new Loss Factor Class to comply with <u>AEMO's</u> its prescribed classification system, it must, as soon as practicable but before a Connection Point is assigned to the new Loss Factor Class:..."</p>	<p>Western Power accepted the proposed change to paragraph 4.3.1.</p>
Section 4.4	<p>Section 4.4 does not make it clear how Western Power should process a direction received from AEMO in accordance with clause 2.27.15(g) of the WEM Rules.</p>	<p>Section 4.4 specifies a single process to be followed by Western Power, AEMO and Market Participants when reassessment of Loss Factors is required regardless of the root cause. Paragraph 4.4.15 identifies the actions Western Power must take when directed by AEMO to re-determine a Loss Factor Class for a Connection Point.</p>
4.4.13	<p>Paragraph 4.4.13 should be amended to include additional text: <u>"...AEMO may also direct Western Power to recalculate any other TLFs or DLFs, where AEMO is of the view that a recalculation is warranted."</u></p> <p>This change allows AEMO the option to identify and address any issues with other TLF and DLF values to ensure the consistency of Loss Factors across the South West Interconnected System.</p>	<p>Western Power accepted the proposed change to paragraph 4.4.13.</p>

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Section 4.6	<p>A Market Participant, under clause 2.27.2 of the WEM Rules, would obtain an arrangement for access in accordance with the approved Applications and Queuing Policy (AQP). It is recommended that the draft WEM Procedure is updated to specify how a Market Participant must make the request for loss factors to be determined for a facility. For example, the draft WEM Procedure may require the request to be made to Western Power concurrently with the Market Participant's AQP application, by notice. In addition, the draft WEM Procedure should specify the timeframe for Western Power to respond to the Market Participant after receiving a request under clause 2.27.2. Five business days is a reasonable timeframe for Western Power to respond to a request and it aligns with the timeframes in the AQP.</p>	<p>Clause 2.27.2 of the WEM Rules does not require the establishment of a specific timeframe. Western Power does not support adopting additional time constraints as no other Market Participant has suggested the same.</p>
Section 6	<p>Paragraph 6.1.2 does not address the matters in clauses 2.27.18 and 2.27.19 of the WEM Rules as currently drafted and therefore requires amendment. The retention of Section 5.3 of the current version of the WEM Procedure (1 July 2019) is recommended. These requirements ensure AEMO's ability to review the effectiveness of the Loss Factor calculation process in a timely manner. Delays to this process may cause financial impacts to the market participants.</p>	<p>Western Power introduced Section 6.2 to address the requirements under clauses 2.27.18 and 2.27.19 of the WEM Rules.</p>