

## Notice of Market Rules Modification

**Paper No.:** EMC/RCP/32/2007/268  
**Rule reference:** Chapter 2, Section 6.1  
**Proposer:** Market Administration, EMC  
**Date received by EMC:** 29 March 2007  
**Category allocated:** 3  
**Status:** Approved by EMA  
**Effective Date:** 20 June 2007

### Summary of proposed rule modification:

This rule change proposal is to amend the procedures pertaining to cancelling the registration (deregistration) of registered facilities. The proposed modification would allow the deregistration of a load registered facility where physical disconnection of the facility from the grid is not required,

**Date considered by Rules Change Panel:** 8 May 2007  
**Date considered by EMC Board:** 24 May 2007  
**Date considered by Energy Market Authority:** 14 June 2007

### Proposed rule modification:

See attached paper.

### Reasons for rejection/referral back to Rules Change Panel (if applicable):

PAPER NO. : **EMC/BD/03/2007/06(a)**

RCP PAPER NO. : **EMC/RCP/32/2007/268**

SUBJECT : **CANCELLATION PROCEDURES FOR REGISTERED FACILITY**

FOR : **DECISION**

PREPARED BY : **WANG JING  
ANALYST**

REVIEWED BY : **PAUL POH LEE KONG  
SVP, MARKET ADMINISTRATION**

DATE OF MEETING : **24 MAY 2007**

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### **Executive Summary**

A registered facility is required to be disconnected from the transmission system before its registration can be cancelled (or deregistered) by EMC. For a load registered facility, physical disconnection could lead to termination of power supply to the load. This is not appropriate if the load facility is to continue withdrawing electricity from the grid. This proposal amends the cancellation procedure such that physical disconnection is only required for deregistering a generation facility (ie Generation Registered Facility or Generation Settlement Facility)

The RCP unanimously recommends that the EMC Board **adopt** this proposal..

## 1 Introduction

This paper analyses EMC's proposal to amend the procedures pertaining to canceling the registration of registered facilities. We refer to this cancellation as deregistration in this paper.

## 2 Background

When a market participant (MP) intends to remove its registered facility from service, the MP has to apply to EMC to deregister that facility. According to the procedures set out in Section 6.1 of Chapter 2 of Market Rules, the EMC shall deregister a registered facility only after the facility has been disconnected from the transmission system. A registered facility can be a Generation Registered Facility (GRF) or a Load Registered Facility (LRF). In addition the requirement to be disconnected also applies to a Generation Settlement Facility<sup>1</sup>.

A LRF, which is also known as interruptible load facility, can provide reserve to the market by allowing the PSO to trip its load in a contingency event.

## 3 Analysis

In the Market Rules, the term "disconnect" is defined as "to sever physical links to or with the transmission system for the purpose of preventing the flow of electricity at the boundary between the transmission system and a facility or other equipment". By this definition, when a facility is disconnected, there would not be any power flow between the facility and the grid.

A LRF provides reserve to the system, but this is also while it is withdrawing electricity from the grid for its own consumption. When a MP requests to deregister its LRF in the market, its intention could be only to stop providing reserve. In this case, the MP would still need to withdraw electricity from the grid. Hence, a physical disconnection of the LRF from the grid is clearly not warranted.

In view of this, EMC proposes that only generation facilities are required to be disconnected from the transmission system before EMC can deregister it. When a facility to be deregistered is a LRF, the EMC should be able to deregister it without requiring the LRF to be disconnected.

The rule changes required are listed in the table below.

Table 1 List of Rule Changes

	Market Rules	Rule Changes
1	Section 6.1.6, Chapter 2	EMC does not need to direct the Transmission Licensee to disconnect facility if the facility to be deregistered is not a generation facility.
2	Section 6.1.8, Chapter 2	For non generation facilities, the EMC can deregister the facility on the day requested by the MP without confirmation from Transmission Licensee that the facility has been disconnected.

<sup>1</sup> According to section 6.3 of Chapter 2, Generation Settlement Facility follows the same cancellation procedures as that for registered facilities.

#### 4 Conclusion

The proposed modification would allow deregistration of a facility where physical disconnection from the grid is not required.

#### 5. Impact on market systems

There is no impact on any market system.

#### 6. Implementation process

This rule change can be implemented immediately at no cost.

#### 7. Consultation

EMC has consulted the Transmission Licensee (SP PowerAssets) and the PSO on this issue. Both parties agree that disconnection from the grid should not be a prerequisite for the deregistration of a LRF.

#### 8. Legal sign off

Text of the rule modification has been vetted by EMC's external legal counsel whose opinion is that the modification reflects the intent of the rule modification proposal as expressed in the analysis section of this paper.

#### 9. Recommendations

The RCP unanimously recommends that the EMC Board

- a. **adopt** the rule modification proposal to amend Section 6.1 Chapter 2 as set out in Annex 1;
- b. **seek** the Authority's approval for the rule modification proposal; and
- c. **recommend** that the rule modification proposal come into force **one business day** after the date on which the approval of the Authority is published by the EMC.

## Annex 1: Proposed Rule Modification

Current Rules (As at 1 Jan 2007)	Proposed Rules (Deletion Represented By Strikethrough Text And Addition Underlined)	Comments/ Remarks
<b>Chapter 2 Participation</b>	<b>Chapter 2 Participation</b>	
<b>6.1 CANCELLATION OF REGISTRATION</b>	<b>6.1 CANCELLATION OF REGISTRATION</b>	
<p>6.1.1 If a <i>market participant</i> wishes to cancel the registration of a <i>registered facility</i> which is being removed from service on a permanent basis, it shall:</p> <p>6.1.1.1 file with the <i>EMC</i> a request to cancel the registration of the facility in the form specified in the applicable <i>market manual</i>; and</p> <p>6.1.1.2 at the same time provide a copy of the request to each of the <i>transmission licensee</i> and the <i>PSO</i>.</p>	<p>6.1.1 If a <i>market participant</i> wishes to cancel the registration of a <i>registered facility</i> which is being removed from service on a permanent basis, it shall:</p> <p>6.1.1.1 file with the <i>EMC</i> a request to cancel the registration of the facility in the form specified in the applicable <i>market manual</i>; and</p> <p>6.1.1.2 at the same time provide a copy of the request to each of the <i>transmission licensee</i> and the <i>PSO</i>.</p>	
<p>6.1.2 The <i>PSO</i> shall determine, in consultation with the <i>transmission licensee</i>, if a technical assessment of the impact of removal from service of a <i>registered facility</i> on the <i>reliability</i> or <i>security</i> of the <i>PSO controlled system</i> is required. Such determination shall be made within ten <i>business days</i> of the <i>PSO's</i> receipt of a request to cancel the registration of the <i>registered facility</i>. The <i>PSO</i> shall notify the</p>	<p>6.1.2 The <i>PSO</i> shall determine, in consultation with the <i>transmission licensee</i>, if a technical assessment of the impact of removal from service of a <i>registered facility</i> on the <i>reliability</i> or <i>security</i> of the <i>PSO controlled system</i> is required. Such determination shall be made within ten <i>business days</i> of the <i>PSO's</i> receipt of a request to cancel the registration of the <i>registered facility</i>. The <i>PSO</i> shall notify the</p>	

<p align="center"><b>Current Rules (As at 1 Jan 2007)</b></p>	<p align="center"><b>Proposed Rules (Deletion Represented By Strikethrough Text And Addition Underlined)</b></p>	<p align="center"><b>Comments/ Remarks</b></p>
<p>relevant <i>market participant</i> of its determination.</p>	<p>relevant <i>market participant</i> of its determination.</p>	
<p>6.1.3 If the <i>PSO</i> determines that a <i>technical assessment</i> of a <i>market participant's registered facility</i> is required and notifies the <i>market participant</i> of its determination, it shall also indicate the expected completion date of the <i>technical assessment</i>. This date shall be no later than 45 days from the date that the <i>PSO</i> notifies that <i>market participant</i> of the determination, or such later date that the <i>PSO</i> and the <i>market participant</i> may agree.</p>	<p>6.1.3 If the <i>PSO</i> determines that a <i>technical assessment</i> of a <i>market participant's registered facility</i> is required and notifies the <i>market participant</i> of its determination, it shall also indicate the expected completion date of the <i>technical assessment</i>. This date shall be no later than 45 days from the date that the <i>PSO</i> notifies that <i>market participant</i> of the determination, or such later date that the <i>PSO</i> and the <i>market participant</i> may agree.</p>	
<p>6.1.4 The <i>PSO</i> shall consult with the <i>transmission licensee</i> on the impact of removing a <i>market participant's registered facility</i> from service when conducting a <i>technical assessment</i> of that <i>registered facility</i>. If the <i>PSO</i> conducts a <i>technical assessment</i> of a <i>market participant's registered facility</i> and concludes that removing that <i>registered facility</i> from service:</p> <p>6.1.4.1 will not, or is unlikely to, have an unacceptable impact on the <i>reliability</i> or <i>security</i> of the <i>PSO controlled system</i>, it shall notify the <i>market participant</i> of this conclusion; or</p> <p>6.1.4.2 will, or is likely to, have an</p>	<p>6.1.4 The <i>PSO</i> shall consult with the <i>transmission licensee</i> on the impact of removing a <i>market participant's registered facility</i> from service when conducting a <i>technical assessment</i> of that <i>registered facility</i>. If the <i>PSO</i> conducts a <i>technical assessment</i> of a <i>market participant's registered facility</i> and concludes that removing that <i>registered facility</i> from service:</p> <p>6.1.4.1 will not, or is unlikely to, have an unacceptable impact on the <i>reliability</i> or <i>security</i> of the <i>PSO controlled system</i>, it shall notify the <i>market participant</i> of this conclusion; or</p> <p>6.1.4.2 will, or is likely to, have an</p>	

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unacceptable impact on the <i>reliability</i>	unacceptable impact on the <i>reliability</i>	
<p>or <i>security</i> of the <i>PSO controlled system</i>, the <i>PSO</i> and the <i>market participant</i> shall begin the process described in section 8.5 of Chapter 5 with a view to concluding a <i>reliability must-run service</i> contract for that <i>registered facility</i>. The <i>registered facility</i> shall not be removed from service during this process.</p>	<p>or <i>security</i> of the <i>PSO controlled system</i>, the <i>PSO</i> and the <i>market participant</i> shall begin the process described in section 8.5 of Chapter 5 with a view to concluding a <i>reliability must-run service</i> contract for that <i>registered facility</i>. The <i>registered facility</i> shall not be removed from service during this process.</p>	
<p>6.1.5 A <i>market participant</i> shall file with the <i>EMC</i> a notice stating the date that it wishes the <i>EMC</i> to cancel the registration of its <i>registered facility</i> if:</p> <p>6.1.5.1 the <i>PSO</i> notifies that <i>market participant</i> that a <i>technical assessment</i> of that <i>registered facility</i> is not required under section 6.1.2; or</p> <p>6.1.5.2 the <i>PSO</i> conducts a <i>technical assessment</i> and notifies that <i>market participant</i> under section 6.1.4.1 that removing that relevant <i>registered facility</i> from service will not, or is not likely to, have an unacceptable impact on the <i>reliability</i> or <i>security</i> of the <i>PSO controlled system</i>.</p>	<p>6.1.5 A market participant shall file with the EMC a notice stating the date that it wishes the EMC to cancel the registration of its registered facility if:</p> <p>6.1.5.1 the <i>PSO</i> notifies that <i>market participant</i> that a <i>technical assessment</i> of that <i>registered facility</i> is not required under section 6.1.2; or</p> <p>6.1.5.2 the <i>PSO</i> conducts a <i>technical assessment</i> and notifies that <i>market participant</i> under section 6.1.4.1 that removing that relevant <i>registered facility</i> from service will not, or is not likely to, have an unacceptable impact on the <i>reliability</i> or <i>security</i> of the <i>PSO controlled system</i>.</p>	

<p style="text-align: center;"><b>Current Rules (As at 1 Jan 2007)</b></p>	<p style="text-align: center;"><b>Proposed Rules (Deletion Represented By Strikethrough Text And Addition Underlined)</b></p>	<p style="text-align: center;"><b>Comments/ Remarks</b></p>
<p>The date stated shall be at least five <i>business days</i> after the date of the <i>market participant's</i> receipt of the notice described in section 6.1.5.1 or 6.1.5.2.</p>	<p>The date stated shall be at least five <i>business days</i> after the date of the <i>market participant's</i> receipt of the notice described in section 6.1.5.1 or 6.1.5.2.</p>	
<p>6.1.6 If:</p> <p style="padding-left: 20px;">6.1.6.1 a <i>market participant</i> files a notice under section 6.1.5; and</p> <p style="padding-left: 20px;">6.1.6.2 the <i>EMC</i> has not received from the <i>transmission licensee</i> a notice that the <i>market participant</i> has applied for the voluntary and permanent <i>disconnection</i> of the relevant <i>registered facility</i> under the <i>connection agreement</i> (which applies to that <i>registered facility</i>),</p> <p>the <i>EMC</i> shall issue a <i>disconnection order</i> to the <i>transmission licensee</i> to direct it to <i>disconnect</i> the <i>registered facility</i> on the date stated in the notice filed by the <i>market participant</i> under section 6.1.5. The <i>EMC</i> shall notify the <i>market participant</i> of the issue of such order.</p>	<p>6.1.6 If:</p> <p style="padding-left: 20px;">6.1.6.1 a <i>market participant</i> files a notice under section 6.1.5 <u>for a <i>registered facility</i> that is a <i>generation facility</i></u>; and</p> <p style="padding-left: 20px;">6.1.6.2 the <i>EMC</i> has not received from the <i>transmission licensee</i> a notice that the <i>market participant</i> has applied for the voluntary and permanent <i>disconnection</i> of the relevant <i>registered facility</i> under the <i>connection agreement</i> (which applies to that <i>registered facility</i>),</p> <p>the <i>EMC</i> shall issue a <i>disconnection order</i> to the <i>transmission licensee</i> to direct it to <i>disconnect</i> the <i>registered facility</i> on the date stated in the notice filed by the <i>market participant</i> under section 6.1.5. The <i>EMC</i> shall notify the <i>market participant</i> of the issue of such order.</p>	<p>EMC does not need to issue a disconnection order to the Transmission Licensee if the facility to be de-registered is not a generation facility.</p>
<p>6.1.7 A <i>transmission licensee</i> that receives a <i>disconnection order</i> under section 6.1.6 shall <i>disconnect</i> the relevant <i>registered facility</i> on the</p>	<p>6.1.7 A <i>transmission licensee</i> that receives a <i>disconnection order</i> under section 6.1.6 shall <i>disconnect</i> the relevant <i>registered facility</i> on the</p>	



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<p>date stated in the <i>disconnection order</i>, subject only to section 3.5.1.5 of Chapter 5 and to the completion of any operating and decommissioning procedures contemplated in the <i>connection agreement</i> applicable to the <i>registered facility</i>. The <i>transmission licensee</i> shall promptly inform the <i>EMC</i> and the <i>PSO</i> once that <i>registered facility</i> has been <i>disconnected</i> from the <i>transmission system</i>.</p>	<p>date stated in the <i>disconnection order</i>, subject only to section 3.5.1.5 of Chapter 5 and to the completion of any operating and decommissioning procedures contemplated in the <i>connection agreement</i> applicable to the <i>registered facility</i>. The <i>transmission licensee</i> shall promptly inform the <i>EMC</i> and the <i>PSO</i> once that <i>registered facility</i> has been <i>disconnected</i> from the <i>transmission system</i>.</p>	
<p>6.1.8 The <i>EMC</i> shall cancel the registration of a <i>market participant's registered facility</i> if:</p> <p>6.1.8.1 that <i>market participant</i> files a notice in respect of that <i>registered facility</i> with the <i>EMC</i> under section 6.1.5; and</p> <p>6.1.8.2 the <i>transmission licensee</i> has informed the <i>EMC</i> that the <i>registered facility</i> has been <i>disconnected</i> from the <i>transmission system</i> under section 6.1.7.</p> <p>The date of such cancellation shall be the date that the <i>transmission licensee</i> informs the <i>EMC</i> as described above. The <i>EMC</i> shall notify the <i>market participant</i> of the cancellation of registration of its <i>registered facility</i>.</p>	<p>6.1.8 The <i>EMC</i> shall cancel the registration of a <i>market participant's registered facility</i> if:</p> <p>6.1.8.1 that <i>market participant</i> files a notice in respect of that <i>registered facility</i> with the <i>EMC</i> under section 6.1.5; and</p> <p>6.1.8.2 <u>if the relevant <i>registered facility</i> is a <i>generation facility</i>, the <i>transmission licensee</i> has informed the <i>EMC</i> that the <i>registered facility</i> has been <i>disconnected</i> from the <i>transmission system</i></u><del>under section 6.1.7.</del></p> <p>The date of such cancellation shall be:</p> <p>6.1.8.3 <u>where the relevant <i>registered facility</i> is not a <i>generation facility</i>, the date requested by the <i>market participant</i>; or</u></p> <p>6.1.8.4 <u>where the relevant <i>registered facility</i> is</u></p>	<p>Section 6.1.6 does not cover what if EMC has already received TL's confirmation of the disconnection. The condition of "under section 6.1.7" is removed to allow EMC to cancel the registration as long as TL has confirmed</p>

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	<p><u>a generation facility, the date requested by the market participant or the date that the transmission licensee informs the EMC that the registered facility has been disconnected from the transmission system, whichever is later as described above.</u></p> <p>The EMC shall notify the market participant of the cancellation of registration of its registered facility.</p>	the disconnection.