



## WHOLESALE MARKET ADVISORY GROUP

**27 January 2006**

### Market Information: Provision of GXP data - Issues Paper

This paper provides the WMAG with an outline of the concerns raised by parties regarding the provision of GXP data and discusses options for addressing those concerns.

## **MARKET INFORMATION: PROVISION OF GXP DATA**

### WHOLESALE WORK PLAN TASK W22

#### **INTRODUCTION**

- 1 The Electricity Commission (Commission) is currently undertaking a review of Market Information. As part of that task, and in response to participant concerns, it is first considering the provision of GXP and GIP data. The Wholesale Market Advisory Group (WMAG), and other advisory groups as required, will provide advice to the Commission on this issue and other issues raised under the Market Information task.

#### **PURPOSE OF THIS PAPER**

- 2 The purpose of this paper is to:
  - a Define the problem raised by parties regarding the provision of GXP data;
  - b Provide a range of options for resolving the problem; and
  - c Present draft rule amendments for the WMAG to review.
- 3 WMAG members should note that a representative from EMS will be attending the meeting to provide further information and comment on issues discussed during the meeting.

#### **BACKGROUND**

- 4 In May 2005, the Commission received four letters<sup>1</sup> raising concerns about the availability and cost of daily GXP and GIP data. GXP and GIP data is used for numerous purposes, including updating bids, reviewing hedge positions, analysing load shifts, identifying likely effects on spot price, constraint analysis, developing offering strategies etc.
- 5 The parties raised concerns that EMS is charging too high a fee (\$180 per participant per day) for daily GXP and GIP data. These parties have

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<sup>1</sup> Three from market participants and one from a non-participant.

therefore requested that daily GXP and GIP data be published by the Pricing Manager as input information (along with prices).<sup>2</sup>

- 6 A secondary issue has arisen out of discussions with those parties who wrote to the Commission. Some parties raised concerns that only monthly GXP and GIP data particular to participants own consumption and generation activities is provided<sup>3</sup> to the participant under the Electricity Governance Rules (Rules). Monthly GIP and GXP data for the entire network is, however, available from EMS at a fee of \$180 per month per party. Although parties do not have significant concerns about this fee, it seems appropriate (given the similarity between the daily and monthly data collection process and similar publication and pricing issues) to consider the manner in which monthly GXP and GIP data is provided to participants and others, alongside the Commission's review of publication of daily GXP and GIP data.

#### Summary of current data provision

Data set	Current provision	Cost
Daily reconciled GXP and GIP	EMS	\$4590 per party per month
Daily unreconciled GXP and GIP	Pricing manager currently receives this information from the System Operator under the Rules. It is not available to other parties.	Covered by Levy
Monthly reconciled GXP and GIP particular to participant activities	Under the Rules the Reconciliation manager currently provides participants with GXP and GIP data particular to their own consumption and generation activities.	Covered by Levy
Full monthly reconciled GXP and GIP	EMS	\$180 per party per month

*Do members agree that monthly GXP and GIP publication issues should be considered in conjunction with daily GXP and GIP publication issues?*

<sup>2</sup> Other concerns raised in the letters (such as those regarding TPIX data) are not addressed in this paper.

<sup>3</sup> This is published by the reconciliation manager under rule 11.2 of section VI of part G.

## PROBLEM DEFINITION

- 7 The problem can be summarised as follows:
- 8 Parties (both participants and non-participants) have concerns regarding the cost and availability of:
- a daily (unreconciled) GXP and GIP data; and
  - b monthly reconciled data for all GXPs and GIPs.<sup>4</sup>
- 9 The Electricity Governance Regulations 2003 (Regulations) and the Rules do not specify what constitutes market information, and how, and at what price, any market information should be provided to parties.

## ANALYSIS OF PROBLEM

### *Publication of Data under the Regulations and the Rules*

- 10 Rulebook information is defined under the Regulations as “all information that is supplied by one participant to another participant or group of participants, under the Rules (other than excluded rulebook information)”.<sup>5</sup>
- 11 Under the Regulations, there are provisions that facilitate participant requests for rulebook information.<sup>6</sup> However, these seem to envisage requests for information released on an ad hoc basis rather than an ongoing basis.
- 12 Regulation 15 of the Regulations states any participant may request the Board to make available to the participant any rulebook information held by the Board or by any other participant.
- 13 Under regulation 20, any participant who is requested to provide information must make available that information unless they have good reason for withholding it (for example, if information is commercially sensitive, or if disclosure would breach a legal obligation).
- 14 Under regulation 26 of the Regulations, the participant that supplies the information may charge the requesting participant for the reasonable cost of labour and material involved in extracting and supplying the information to a requesting participant.

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<sup>4</sup> This is an additional initiative that can be progressed alongside 7a, if members consider it is appropriate to do so.

<sup>5</sup> Excluded rulebook information means information: (a) that relates to bids and offers, or to any asset capability statement; or (b) that is provided to the Commission, any investigator, or the Rulings Panel and that is required to be kept confidential under the Regulations or the Rules.

<sup>6</sup> Regulations 15-29.

- 15 It should be noted that the Regulations do not cater for provision of information to non-participants. There is likely to be some value in non-participants receiving rulebook information.

#### *Daily GXP data*

- 16 Under rule 3.3 of section V of part G of the Rules, the System Operator is required to give gross input information (which includes both GIP and GXP data) to the Pricing Manager. Therefore, daily GXP and GIP data is rulebook information, and the Pricing Manager or System Operator can be asked to supply the information to participants at a reasonable cost.
- 17 EMS currently publishes daily reconciled GXP and GIP data at a fee of \$180 per party per day. There is currently no publication of daily unreconciled GXP and GIP data. However, parties have advised they are not concerned whether the data is in reconciled form or not.
- 18 EMS holds rulebook information in its capacity as an agent of the Grid Owner. Because the Grid Owner holds rulebook information it consequently has a legal obligation, under the Regulations, to provide reconciled GXP and GIP data at a reasonable cost, when requested to do so by participants. Given the current agency relationship between EMS and the Grid Owner it is possible that the Grid Owner will delegate this legal obligation to EMS.
- 19 EMS has asserted its belief that its pricing of reconciled GXP and GIP data is reasonable on the basis that it reflects the value of the data to parties. This was justified in a letter from EMS to the Commission, dated 10 August 2005, which quoted the price EMS currently charges for the information as a percentage of participants' total operating costs.
- 20 In respect of rulebook information, the Commission considers it is not appropriate for EMS to use participant operating costs as a basis for the price of providing information, as the Regulations prescribe that cost should reflect the labour and materials used in gathering the information.<sup>7</sup>
- 21 However, even though the Regulations provide an avenue for acquiring the information at reasonable cost, the process does not guarantee expedient publication. For this reason a rule change to require the information to be provided to participants within a certain timeframe is desirable.
- 22 Those who have communicated with the Commission believe the Pricing Manager should publish this information along with prices on the information system because they see it as a central source for data publication.
- 23 The Pricing Manager currently receives daily GIP and GXP data in embedded (unreconciled) form. The Pricing Manager has indicated it is able to publish this data, although it would require development of an appropriate IT platform. Preliminary estimates are that it would cost less than \$20,000 to establish,

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<sup>7</sup> Regulation 26.

and a minimal cost to maintain. The Pricing Manager could recoup this cost from the Commission (and passed on to customers via the existing levy).

#### *Monthly GXP data*

- 24 The Reconciliation Manager is required to publish monthly reconciled GIP and GXP metering data particular to participants' activities under rule 11.2 of section VI of part G. This data is unequivocally rulebook information.
- 25 Parties have an interest in monthly GIP and GXP information for the entire network, mainly for reconciliation purposes but also because it improves the transparency and accountability of network operations.
- 26 As this is rulebook information the Reconciliation Manager consequently has a legal obligation, under the Regulations, to provide reconciled GXP and GIP data at a reasonable cost, when requested to do so by participants.
- 27 Full monthly reconciled data is currently available from EMS at a fee of \$180 per party per month. It has been suggested that this fee exceeds the actual cost of extraction and supply.

*Do members consider the price fee of \$180 exceeds the actual cost of extraction and supply of such information?*

- 28 If the Rules were amended to require the Reconciliation Manager to publish full sets of GXP and GIP information, the reasonable cost of labour and material involved in extracting and supplying the information could be recouped by the Reconciliation Manager from the Commission (and passed on to customers via the existing levy).
- 29 The estimated cost of publishing this information is \$5000 – \$8000 to set up the necessary systems, with minimal ongoing cost.

#### *Provision of Information to non-participants*

- 30 Currently parties who are not participants can access market information published on COMIT through paying a subscription fee.<sup>8</sup> Information published on COMIT Free is available to all parties at no cost, however significantly less information is published on COMIT Free than is published on COMIT.
- 31 Parties can also obtain market information (including prices, GIP loads and GXP generation) from the Commission through obtaining the Centralised data set, although there is a delay of several months between when the data was generated and when it becomes available as part of the dataset.
- 32 There is likely to be some benefit in non-participants being able to access GXP and GIP data more readily than is currently the case. However, as a number of such parties already subscribe to COMIT, it is difficult to quantify

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<sup>8</sup> The fee depends on what information the party requires access to.

such benefits. It may be worthwhile considering whether GXP and GIP data should be published on COMIT Free as well as, or instead of, through COMIT.

*Which avenue (ie. The centralised data set, COMIT or COMIT Free) do members consider would be the best mechanism for providing non-participants with GIP/GXP data?*

### *Additional Issues*

- 33 There may be competition, commercial sensitivity and confidentiality issues around the publication of some information, particularly around information at GXPs and GIPs where only one participant is connected. However, this is also currently the case with the provision of TPIX information and GXP/GIP information under the Rules. Any such issues are likely to be outweighed by the benefits of transparency and accountability that result from the availability of this information. It should be noted that competition, commercial sensitivity, and confidentiality issues will be considered under the wider market information task.

### **OPTIONS**

- 34 Three options for addressing parties' concerns regarding the provision of GXP and GIP information are summarised below:

#### *a. Status quo*

- 35 The Senior Advisor has met EMS to discuss the concerns raised by parties. EMS has indicated it will consider and attempt to resolve parties' concerns. This could potentially avoid the need to consider the other options discussed below.

#### *b. Release information under the Regulations*

- 36 Under regulation 15, a participant can request publication of rulebook information by another participant. This information must then be provided to participants at a reasonable cost. This provides an avenue for participants to acquire GXP and GIP data.

#### *c. Rule changes*

- 37 The Rules could be amended to guarantee the publication of daily and monthly GXP and GIP data sets (see Appendix 1 for draft rule amendments). In both cases below, total information would be shown, rather than that specific to each participant:

- a The Pricing Manager would be required to publish daily GXP and GIP information alongside prices, under rule 3.3.2 of section V of part G.
- b The Reconciliation Manager would be required to publish monthly GXP and GIP information under rule 11.2.2.7 of section VI of part G.

**ANALYSIS OF OPTIONS**

*Options for the provision of daily GXP/GIP data*

<b>Option</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Status quo</b>	<ul style="list-style-type: none"> <li>• Data is available and is purchased by those parties who extract significant value from it.</li> <li>• There are positive incentives for the development of further information because there is security of property rights and profits.</li> </ul>	<ul style="list-style-type: none"> <li>• Some participants consider the data is priced excessively. As a result some parties have chosen not to purchase the data. And now rely on inferior estimates.</li> <li>• Publication of the data sets is vulnerable to discontinuation because it is not entrenched in the Rules.</li> <li>• There is limited transparency in the reconciliation and pricing process because publication is limited to fee payers.</li> </ul>

<b>Option</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Using Electricity Governance Regulations</b>	<ul style="list-style-type: none"> <li>• Can be effected almost immediately, allowing time for processing and reaching agreement around cost, etc.</li> <li>• Reasonable cost pricing increases the accessibility of information.</li> <li>• Using an existing avenue under the Regulations has resource savings.</li> <li>• Establishes a clear precedent to service providers that obligations to provide rulebook information at a reasonable cost will be enforced.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential dilution of service provider property rights in respect of rule book information.</li> <li>• May discourage innovation of market information.</li> <li>• The provisions within the Regulations seem to be designed for ad hoc data requests rather than situations where there is immediacy and regularity.</li> <li>• Does not address access issues for non-participants.</li> </ul>

<b>Option</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Amend the rules</b>	<ul style="list-style-type: none"> <li>• Publication of GXP data would be guaranteed under the Rules.</li> <li>• Publication would be via the information system which is accessible to both participants and most interested non-participants (non-participants have to pay a subscription fee)</li> <li>• Potential economies of scale in continuous publication.</li> <li>• Increased accessibility to data facilitates new entrants, provides opportunities for smaller parties to do their own analysis and for independent experts to review data and provide quality advice to the industry.</li> <li>• Increased transparency in the pricing and reconciliation process through increased dissemination of market information.</li> <li>• Reduced cost to participants. The cost will be born directly by the Commission and passed on to market participants through the levy. In the short term, under the Rules, a Service Provider is able to recoup the reasonable cost of any additional service obligation imposed on them by the Commission. In the longer term the Service provider can factor this into the contract price which is determined through a competitive tender process.</li> </ul>	<ul style="list-style-type: none"> <li>• Non-levy paying parties who value the data have the ability to free ride off fee paying participants.</li> <li>• Potential erosion of property rights of the incumbent service provider.</li> <li>• Reduced incentive for development of data and information streams, because potential profits are vulnerable to ex post Commission regulation..</li> <li>• Cost involved in establishing publication on information system.</li> <li>• Payment of an information system subscription fee may exclude some non-participants from accessing the data.</li> </ul>

*Options for provision of monthly GXP/GIP data*

<b>Option</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Status quo</b>	<ul style="list-style-type: none"> <li>• Full data is available at a price which parties are prepared to pay if they extract significant value from it.</li> <li>• Data which is necessary for reconciliation is available.</li> <li>• There are positive incentives for the development of further information because there is security of property rights and profits.</li> </ul>	<ul style="list-style-type: none"> <li>• Some participants consider the price of the data is excessive and limits accessibility of the data set.</li> <li>• Accessibility to the data sets is vulnerable to discontinuation because it is not entrenched in the Rules.</li> <li>• There is limited transparency in the reconciliation and pricing process because publication is limited to fee payers.</li> </ul>
<b>Using Electricity Governance Regulations</b>	<ul style="list-style-type: none"> <li>• Can be effected almost immediately, allowing time for processing and reaching agreement around cost, etc.</li> <li>• Reasonable cost pricing increases the accessibility of information.</li> <li>• Using an existing avenue under the Regulations has resource savings.</li> <li>• Establishes a clear precedent to service providers that obligations to provide rulebook information at a reasonable cost will be enforced.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential dilution of service provider property rights in respect of rule book information.</li> <li>• May discourage innovation of market information.</li> <li>• The provisions within the Regulations seem to be designed for ad hoc data requests rather than regular ongoing requests.</li> </ul>

<b>Option</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Amend the rules</b>	<ul style="list-style-type: none"> <li>• Publication of GXP data would be guaranteed under the Rules.</li> <li>• Potential economies of scale in continuous publication.</li> <li>• Increased accessibility to data facilitates new entrants, provides opportunities for smaller parties to do their own analysis and for independent experts to review data and provide quality advice to the industry.</li> <li>• Increased transparency in the pricing and reconciliation process through increased dissemination of market information.</li> <li>• Reduced cost to participants. The cost will be born directly by the Commission and passed on to market participants through the levy. In the short term, under the Rules, a Service Provider is able to recoup the reasonable cost of any additional service obligation imposed on them by the Commission. In the longer term the Service provider can factor this into the contract price which is determined through a competitive tender process.</li> </ul>	<ul style="list-style-type: none"> <li>• Non-levy paying parties who value the data have the ability to free ride off fee paying participants.</li> <li>• Erosion of property rights of the incumbent service provider.</li> <li>• Reduced incentive for development of data and information streams, because potential profits are vulnerable to ex post Commission expropriation.</li> <li>• Cost involved in establishing publication on information system.</li> </ul>

## RECOMMENDATIONS

- 38 It is recommended that the WMAG:
- a **Advise** whether the provision of monthly data should be considered in conjunction with the provision of daily data;
  - b **Provide** feedback on the issues and options discussed in the paper;
  - c **Advise** your preferred option for addressing the concerns raised; and
  - d **Advise** any required amendments to the proposed draft rule changes in Appendix 1.

## APPENDIX 1: PROPOSED RULE CHANGES

### Daily GXP and GIP publication

It is proposed to make the following changes to section V of part G:

#### 3.3 The pricing manager to use certain input information

The pricing manager will use the following input information:

##### 3.3.1 Existing generation configuration

###### 3.3.1.1 Instantaneous MW injection data

Data specifying the instantaneous **MW** injection at the **grid injection point** at the beginning of each **trading period** for all items of **generating plant** or **generating units** which were the subject of **offers** for that **trading period**; or

###### 3.3.1.2 Estimate

If no such information is available, a reasonable estimate of such data.

**Grid owners** will give this information to the **pricing manager** by 0730 hours on a **trading day** in relation to each such **generating plant** or **generating unit** for each **trading period** of the previous **trading day**.

##### 3.3.2 Actual demand over the trading period

###### 3.3.2.1 Demand half-hour metering information

The demand **half-hour metering information** described as  $L_{MA}$  below is to be calculated as follows:

$$L_{MA} = G_{EA} + L_{MX} \quad (\text{for a grid exit point})$$

Or

$$L_{MA} = G_{EA} - L_{MI} \quad (\text{for a grid injection point})$$

Or

$$L_{MA} = L_{MX} - UIG_{EA} \quad (\text{for an intermittent generating station with a point of connection to the grid and/or unoffered generation from a generating station with a point of connection to the grid})$$

where:

$L_{MA}$  means the adjusted quantity of **electricity** measured in **MWh** by a **metering installation** at a **grid exit point** or **grid injection point**;

$L_{MX}$  means the unadjusted **half-hour metering information** for the quantity of **electricity** measured in **MWh** at a **grid exit point**;

$L_{MI}$  means the unadjusted **half-hour metering information** for the quantity of **electricity** measured in **MWh** at a **grid injection point**;

$G_{EA}$  means the adjusted **half-hour metering information** given to the **pricing manager** pursuant to rule 3.2; and

$UIG_{EA}$  means the information given to the **pricing manager** pursuant to rule 3.2.2; or

### 3.3.2.2 Estimate

Where any such **half-hour metering information** is not available an initial estimate for each **grid exit point** or **grid injection point**.

**Grid owners** will give this information to the **pricing manager** by 0730 hours on a **trading day** for each **trading period** of the previous **trading day**. **The pricing manager will publish this information by 1000 hours on a trading day for each trading period of the previous trading day.**

### *Monthly GXP and GIP data publication*

It is proposed to make the following changes to section VI of part G:

## 11. Reconciliation process

### 11.1 Reconciliation sequence

Each **generator**, **purchaser** and the **reconciliation manager** will carry out the checking and reconciliation procedure indicated in schedule G4 for the purpose of ensuring the timely and accurate calculation of **reconciliation information**. The **reconciliation manager** will reconcile the **consumption information** and information as to the sale and purchase of **electricity** so as to allocate to **generators** all the **electricity** injected into the **networks** and to allocate to **purchasers** all the **electricity** taken off the **networks** and thereby compile the **reconciliation information** in respect of the relevant **reconciliation period**.

### 11.2 Reconciliation information produced from reconciliation manager

The **reconciliation manager** will:

#### 11.2.1 For specific participants

By 1600 hours on the 7th **business day** of each **billing period**, provide the following information in respect of the prior **billing period**:

##### 11.2.1.1 Generators and purchasers

To each **generator** or **purchaser** the **reconciliation information** applying to that **generator** or **purchaser**;

##### 11.2.1.2 Grid owners

To each **grid owner**, such information as is required by that **grid owner** to calculate its charges;

#### **11.2.1.3 Clearing manager**

To the **clearing manager**, the **reconciliation information** applying to each **generator** or **purchaser** to enable the **clearing manager** to calculate the amounts payable by the **clearing manager** to each **generator** and by each **purchaser** to the **clearing manager**; and

#### **11.2.1.4 Data administrators**

To each **data administrator** the calculated daily profile shape data for each **profile** referred to a **point of connection** for which the **data administrator** is responsible.

### **11.2.2 To any other participant**

Provide to any other **participant** the quantity of **electricity** supplied to all persons at a **grid exit point** for each **reconciliation period** (the information) by a time to be agreed between the relevant **participant** and the **reconciliation manager** provided that:

#### **11.2.2.1 Participant requested information**

The **participant** has requested the information;

#### **11.2.2.2 Participant entitled to information**

The **participant** has purchased **electricity** at that particular **grid exit point** during the **reconciliation period** or in the case of any **distributor**, has a liability as a transporter of **electricity** in relation to that **grid exit point**;

#### **11.2.2.3 Participant meets costs**

The **participant** meets the **reconciliation manager's** reasonable costs of providing the information;

#### **11.2.2.4 Participant maintains confidentiality**

The **participant** agrees to ensure that all information received under this rule 11.2.2 is kept and maintained confidential to those employees of the **participant** who are required to have access to the information to enable the **participant** to identify errors in the **reconciliation information** submitted for that **grid exit point**;

#### **11.2.2.5 Participant restricts use**

The **participant** agrees that all information received under this rule 11.2.2 will not be used for any purpose other than enabling the **participant** to identify errors in the **reconciliation information** submitted for that **grid exit point** or in the case of any **distributor** other than for a legitimate purpose directly connected with the **distributor's** liability as a transporter of **electricity** in relation to that **grid exit point**; **and**

#### **11.2.2.6 Participant implement procedures**

The **participant** agrees to implement and maintain internal procedures to ensure that information supplied under this rule 11.2.2 is not used for a purpose other than the identification of errors in the **reconciliation information** submitted for that **grid exit point**, and is not made available to any person other than employees of the **participant** to identify errors in the **reconciliation information** submitted for that **grid exit point**.  
**and**

**11.2.2.7 Publication of aggregate reconciliation information per grid exit point and grid injection point**

The **reconciliation manager** will **publish** the **aggregate reconciliation information** for each **grid exit point** and **grid injection point** in respect of the prior **billing period** by 1600 hours on the 7<sup>th</sup> **business day** of each **billing period**.

**11.3 Reconciliation information is not final**

The **reconciliation information** provided under rule 11.2 is subject to revision by the **reconciliation manager** in accordance with rules 11.4 to 11.7.

**11.4 Reconciliation information checked**

Upon receipt from the **reconciliation manager** of the **reconciliation information** referred to in rule 11.2, **purchasers** and **generators** will check the **reconciliation information** and, if they wish to dispute or query such information, will communicate their dispute or query to the **reconciliation manager**.

**11.5 Reconciliation manager may assess information not supplied**

If any **participant** fails to provide any information as required by rules 2 to 9, the **reconciliation manager** may, at that **participant's** expense, take all reasonable steps necessary to acquire such information and may make an assessment of the **relevant information**.

**11.6 Assessment or non supply by reconciliation manager**

If the **reconciliation manager** is not able, to its satisfaction, to resolve any differences with a **participant** as to the **reconciliation information**, or has not been able to obtain **metering information** or any other information required by the **rules**, it will:

**11.6.1 Reconciliation manager may assess reconciliation information**

Reasonably endeavour to assess such information in such manner as it thinks fit and complete the distribution of **reconciliation information** accordingly, but with a notation that the information has been assessed; or

**11.6.2 Reconciliation manager may, with reason, not supply reconciliation information**

If it cannot comply with rule 11.6.1, not issue the **reconciliation information** and provide a reason to the **participant** entitled to such information.

#### **11.7 Reconciliation manager to correct information**

Where the **reconciliation manager** has, under rule 11.5 or 11.6, assessed **reconciliation information** or is unable to provide **reconciliation information** it will, to the extent it is reasonably feasible to do so, attempt to subsequently establish the correct **reconciliation information** and, once it has done so, distribute that information to the **participant** entitled to it under the **rules**.

#### **11.8 Global reconciliation transition rule**

The implementation of **global reconciliation** will necessitate further changes to the **rules**. Until such time as all necessary **rule** changes are made in accordance with the **Act**, each **incumbent retailer** will continue to be reconciled in accordance with rule 10.7, notwithstanding that it may no longer have the status of an **incumbent retailer**.