

Independent Market Operator

IMO PROCEDURE CHANGE AND DEVELOPMENT GROUP

Agenda

Meeting No.	7
Location:	IMO Board Room, Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date:	Tuesday 26 October 2010
Time:	Commencing at 3.00 to 5:00pm

Item	Subject	Responsible	Time
1.	WELCOME AND APOLOGIES / ATTENDANCE	Chair	5 min
2.	MINUTES OF PREVIOUS MEETING	Chair	5 min
3.	ACTIONS ARISING	Chair	5 min
4.	PC_2010_12: MARKET PROCEDURE FOR SUPPLEMENTARY RESERVE CAPACITY <i>New Market Procedure.</i>	IMO	45 min
5.	PC_2010_03: MONITORING PROTOCOL <i>Updated to:</i> <ul style="list-style-type: none"> • <i>new concise IMO format,</i> • <i>allow the IMO to disclose the identity of System Management as a participant that notifies the IMO of alleged breaches (step 2.3.8); and</i> • <i>reflect the change to the Amending Rules arising from RC_2010_18 (Change of Review Board name).</i> 	IMO	20 min

Item	Subject	Responsible	Time
6.	<p>PC_2010_07: MARKET PROCEDURE FOR WEB SITE CHANGES</p> <p><i>Updated to:</i></p> <ul style="list-style-type: none"> • <i>new IMO format;</i> • <i>expand the associated market documents to include the confidentiality status document (step 1.4.2); and</i> • <i>note the process where System Management has not been delegated the authority to directly post information or documents on the Market Web Site (step 2.1.1).</i> 	IMO	10 min
7.	GENERAL BUSINESS	IMO	10 min
8.	<p>NEXT MEETINGS:</p> <ul style="list-style-type: none"> • Tuesday, 30 November 3.00pm – 5.00pm • Tuesday, 25 January 9.00am – 11.00am 	Chair	2 min

Independent Market Operator

IMO PROCEDURE CHANGE AND DEVELOPMENT GROUP

Minutes

Meeting No.	6
Location:	IMO Board Room Level 3, Governor Stirling Building, 197 St Georges Terrace, Perth
Date:	Tuesday 28 July 2010
Time:	Commencing at 3:00 to 4:45pm

Attendees		
Jacinda Papps	Independent Market Operator (IMO)	Chair
Steve Gould	Landfill Gas & Power (LGP)	Industry Representative
Alistair Butcher	System Management	System Management Representative (3:00-4.00pm)
John Rhodes	Synergy	Synergy Representative
Wendy Ng	Verve Energy	Verve Energy Representative
Corey Dykstra	Alinta	Industry Representative (3:10pm onwards)
Michael Frost	Perth Energy	Industry Representative (3:10pm onwards)
Fiona Edmonds	IMO	IMO Representative/Minutes

Others in attendance		
Grace Tan	System Management	
Barbara Sole	IMO	Presenter (3.10-4.00pm)
Greg Ruthven	IMO	Presenter (4.00-4.20pm)

Item	Subject	Action
1.	<p>WELCOME AND APOLOGIES / ATTENDANCE</p> <p>The Chair opened the 6th meeting of the IMO Procedure Change and Development Working Group (Working Group) at 3:00pm.</p> <p>The Chair welcomed Grace Tan from System Management, noting that she will be the replacement member for Alistair Butcher.</p> <p>The Chair noted that the structure of the meeting would differ from previous meetings as a result of the IMO having embarked on its Market Procedure Programme. Additionally, the Chair noted that it had received a request that the Monitoring Protocol (Agenda Item 7) be discussed earlier in the meeting. The IMO provided Working Group members with a copy of the revised agenda.</p>	
2.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes from Meeting 5 of the Working Group, held on 22 April 2010, were circulated prior to this meeting.</p> <p>The minutes were accepted by Working Group members as a true and accurate record of the previous meeting.</p> <p><i>Action Point: The IMO to publish the minutes of Meeting 5 on the Website.</i></p>	IMO
3.	<p>ACTIONS ARISING</p> <p>The actions arising were either complete or on the meeting agenda. The following exceptions were noted:</p> <p>Market Procedure for Supplementary Reserve Capacity (SRC):</p> <ul style="list-style-type: none"> • Item 14: The IMO to investigate whether Eligible Services would be included in the Dispatch Merit Order (DMO) or whether a separate SRC merit order would be provided. <p>The IMO stated that the intent is for Eligible Services to be included on the DMO and noted that currently this is being confirmed as occurring in the IMO systems. The IMO noted that System Management will be provided with the conclusions from the investigation to allow them to ensure that their systems would allow for SRC to be included on the DMO.</p> <p>Market Procedure for Undertaking the LT PASA:</p> <ul style="list-style-type: none"> • Item 34: The IMO to consider defining the definition of Long duration outage: <p>The IMO noted that it has requested McLennan Magasanik and Associates (MMA) to develop an appropriate definition for</p>	

Item	Subject	Action
	<p>Long duration outages. The IMO stated that this work is currently underway.</p> <p>Market Procedure for Certification of Reserve Capacity</p> <ul style="list-style-type: none"> <p>Item 45: Verve Energy to consider whether interpolating points (to 0.1°C) or rounding values would be most practicable for developing a temperature dependence curve.</p> <p>The IMO noted that Verve Energy had provided it with its view that interpolating points would be more practicable. The IMO noted that it agrees with Verve's suggestion and will include this in the proposed amended Market Procedure.</p> <p>Item 46: Working Group members to consider whether use of the 0.1°C or rounding values to a higher required MW level for all temperatures is most appropriate.</p> <p>The IMO noted that it has received no further comments from Working Group members.</p> <p>Item 56: The IMO to consider including the procedure a more general section to apply for both Certification of Reserve Capacity and ECRC and a glossary section</p> <p>The IMO noted that is has put the current updates to the Market Procedure on hold pending the completion of the 2010 Reserve Capacity certification process. The IMO noted the next version of the procedure will be presented to the Working Group for further comment.</p> <p>Item 76: The IMO to consider an appropriate alternative to the use of the VoLL from the National Electricity Market for determining the Maximum Contract Value.</p> <p>The IMO noted that is has put the current updates to the Market Procedure on hold due to the preparation of the Statement of Opportunities and pending the completion of the 2010 Reserve Capacity certification process. The IMO noted the next version of the procedure will be presented to the Working Group for further comment.</p> 	
4	<p>IMO'S MARKET PROCEDURE PROJECT</p> <p>The Chair noted that the IMO has recently embarked on a project to gradually upgrade all of its Market Procedures to be more useable, relevant and easily understood. The IMO will be progressively reviewing and updating all of its Market Procedures over the next 18 months.</p> <p>The Chair noted that the IMO was requesting the Working Group's advice on the level and extent of information that should be provided in Market Procedures. To enable this, two versions of the Monitoring Protocol had been prepared and were on the agenda for discussion (Agenda Item 4).</p> <p>LGP noted that the revised Market Procedures are a substantial</p>	

Item	Subject	Action
	improvement on the current Market Procedures.	
5	<p data-bbox="418 241 954 275">MONITORING PROTOCOL (PC_2010_03)</p> <p data-bbox="418 306 1224 432">The Chair introduced Barbara Sole from the IMO as the presenter for the proposed revisions to the Monitoring Protocol. The IMO noted that two substantive changes had been made to the Monitoring Protocol:</p> <ul data-bbox="418 464 1224 783" style="list-style-type: none"> <li data-bbox="418 464 1224 590">• An amendment to replace “Energy Review Board” with “Electricity Review Board”, consistent with the Amending Rules resulting from the Rule Change Proposal: Change of Review Board name (RC_2010_18); and <li data-bbox="418 621 1224 783">• An amendment to allow for the party who alleges that there has been a breach of the Market Rules to be identified. The IMO noted, and System Management and Alinta agreed, that this would be reasonable given that System Management makes the majority of allegations due to its monitoring role. <p data-bbox="418 814 1224 905">The IMO also noted that two versions of the Monitoring Protocol had been presented to Working Group members for their consideration:</p> <ul data-bbox="418 936 1224 1066" style="list-style-type: none"> <li data-bbox="418 936 1224 1003">• a shorter condensed version that only includes the additional information required; and <li data-bbox="418 1035 1224 1066">• the current version, that includes all relevant documentation; <p data-bbox="418 1098 1224 1318">The IMO stated that the shorter condensed version would remove the risk of inconsistency between the Market Procedure and Market Rules and stated that given the level of prescription in the Market Rules in some situations there may not be any continued need for a Market Procedure. The IMO noted that it will adopt the Working Group’s advice on which version is more practicable for future updates to Market Procedures.</p> <p data-bbox="418 1350 1224 1417">With regard to the future content of Market Procedures, the following points were noted by Working Group members</p> <ul data-bbox="418 1449 1224 1923" style="list-style-type: none"> <li data-bbox="418 1449 1224 1602">• Alinta agreed with general principle that the Market Procedures should supplement the Market Rules. Provided the Market Procedure is consistent with the requirements of the Market Rules, Alinta did not consider there would be an issue. <li data-bbox="418 1633 1224 1854">• Alinta noted that the current Market Procedures provide a consolidated source of information for Market Participants. In response, the IMO noted that consolidated information can be provided via other means e.g. process flow diagrams. Additionally, System Management noted that it has undertaken a minimisation process for its Power System Operation Procedures (PSOP’s). <li data-bbox="418 1885 1224 1923">• Verve Energy expressed concern with applying a shorter 	

Item	Subject	Action
	<p>condensed version across all of the IMO's Market Procedures, for example the Market Procedure for Reserve Capacity Certification.</p> <p><i>Action Point: The IMO to identify which Market Procedures can be amended to the new shorter condensed version and provide to Working Group members for consideration.</i></p> <ul style="list-style-type: none"> • LGP questioned how far the Market Procedures should be condensed, for example whether section 1.3 of the Monitoring Protocol is useful. In response, Alinta disagreed. System Management noted that they do not include this section in its PSOP's. • LGP also questioned whether the information in the Interpretation section is useful. The IMO agreed to rewrite this section to state that the interpretation clauses specified in the Market Rules apply equally to the Market Procedure, and include any specific additions to this section only if required by a particular Market Procedure. <p>The following additional points were raised regarding the proposed revised Monitoring Protocol:</p> <ul style="list-style-type: none"> • Section 1: LGP questioned the reference to "Monitoring Protocol" rather than "Market Procedure". The IMO confirmed that this is defined in the Market Rules but agreed to refer to "Market Procedure" to ensure consistency of language used in the other Market Procedures. • Section 2.4: The IMO questioned the need to maintain a Compliance Monitoring Register as it would naturally keep records for all of its investigations. The Working Group agreed for the IMO to remove the reference to the register from the Market Procedure. • Step 2.5.3 & 2.5.4: LGP suggested merging steps 2.5.3 and 2.5.4. The Working Group agreed. • Step 2.5.5: LGP suggested to delete step 2.5.5 as it is self evident. This was agreed by the Working Group. • Section 2.6: System Management noted that issuing a warning pre-supposes that a party is guilty. In response, the IMO noted that the additional information provided in the Market Procedures is around the time periods to issue a warning. The IMO agreed that issuing a warning seems pre-emptive, but noted that it was a requirement of the Market Rules. Alinta noted that the Retail Gas Market Rules allow for an alleged breach. The IMO noted that an allegation of a breach of the Market Rules would come at the end of the investigation. • Step 2.6.4: LGP suggested that the IMO should refer to the Market Procedure for Notices and Communications. 	<p style="text-align: center;">IMO</p>

Item	Subject	Action
	<ul style="list-style-type: none"> • Appendix A: System Management requested clarification of the “Proposed monitoring” column. In response, the Chair noted that Market Rules require a process for monitoring any alleged breaches be provided. Alinta suggested that the column should just refer to either the IMO or System Management and not provided details of how it is monitored. The IMO agreed to undertake a thorough review of descriptions provided in Appendix A. • Appendix A: LGP questioned the use of the word ‘Proposed’ in the table column ‘Proposed Monitoring’. The IMO agreed to remove “proposed”. • Appendix A: LGP queried the use of will, can, may or must in the table. The IMO agreed to consider the appropriate use of words used throughout the Market Procedure. • Appendix A: LGP noted the Market Procedure should refer to “the IMO” throughout. The IMO agreed. • Appendix A, Clause 4.10.2: System Management queried where the requirement for it to monitor fuel levels was derived. The Chair clarified that this is stated in Market Rule 2.13.9(h). System Management noted that it is infeasible for it to monitor this. The IMO agreed to amend to include “... if instructed by the IMO.” • Appendix A, Clause 6.6.3: Synergy suggested that the link to the behaviour relating to Market Power be included in the description. The IMO agreed. • Appendix A, Clause 6.7.4: Synergy suggested that the description be amended to refer to a Market Customer “significantly overstating:” its consumption. The IMO agreed. • Appendix A, Clause 6.7.4: System Management questioned whether simply stating “Monitored by the IMO” specifies how the IMO monitors this and whether this is consistent with the requirement of the Market Rules. Alinta responded that there was limited value in being prescriptive of how the IMO monitors for this. The Working Group agreed that they are not unhappy with the level of detail provided in the Market Procedure around the monitoring undertaken by the IMO. <p>The Chair questioned how System Management monitors its obligations and noted the need for consistency across both agencies Monitoring Protocols. The IMO noted that if complete details of the monitoring process are provided this would present options for a Market Participant to attempt to avoid being detected. Perth Energy noted that the process outlined in the Market Procedure should encourage good behaviour.</p> <p>The IMO noted that there are opportunities to target competitive areas, similar to the approach adopted in the Eastern States. LGP noted that it is not concerned with the</p>	

Item	Subject	Action
	<p>current process. Synergy noted that the Market Procedure doesn't preclude the IMO from doing more than is specified.</p> <p><i>Action Point: The IMO to request submissions on whether a targeted monitoring approach should be adopted in the Procedure Change Proposal.</i></p> <ul style="list-style-type: none"> Appendix A, Clause 7.10.1: System Management questioned its requirement to monitor Market Participants adherence with Resource Plans, Dispatch Instructions and directions which it has issued, as it only has access to SCADA data. The IMO has access to more reliable meter data. System Management queried whether this should be monitored by both parties. The Chair clarified that the requirement is consistent with clause 2.13.9(5) of the Market Rules, but agreed to consider this further outside the meeting. <p><i>Action Point: The IMO to consider both its and System Management's monitoring obligations regarding market participant's compliance with resource plans, dispatch instructions and directions with the view to assessing whether the IMO should monitor via meter data and System Management to monitor via SCADA data.</i></p> <p>The following additional comments were provided by LGP:</p> <ul style="list-style-type: none"> Step 1.1.1: The IMO to amend the "Monitoring Protocol" to be referred to as the Procedure for consistency with the other Market Procedures. Step 1.4.2: The IMO to delete the word "to". Step 2.3.3: The IMO to amend "the" to "A". Step 2.3.6: LGP questioned whether non-compliant behaviour is a defined term. Step 2.3.8: The IMO to amend as follows "... disclose to the Rule Participant alleged to have committed the breach..." Step 2.5: LGP questioned the use of the word "allegation". Step 2.5.1: The IMO to amend "behaviour at issue" to "matter". Step 2.6.4: LGP suggested implementing a process where notices are issued as warnings to Rule Participants. Section 2.9: LGP suggested defining in full "ERB". 	<p style="text-align: center;">IMO</p>
<p style="text-align: center;">6</p>	<p>MARKET PROCEDURE FOR THE DETERMINATION OF MRCP (PC_2010_04)</p> <p>The Chair introduced Greg Ruthven from the IMO as the presenter for the Reserve Capacity related Market Procedures.</p> <p>The IMO noted that the proposed amendments to the Market</p>	

Item	Subject	Action
	<p>Procedure for the determination of the Maximum Reserve Capacity Price (MRCP) would reinstate the values for the Major components that were removed under PC_2009_12. The IMO noted that these values for the Major components had been used in the 2010 review of the MRCP. The IMO noted that the procedure had not been updated into the new IMO format, given the pending work of the MRCP Working Group.</p> <p>The following point was noted by the Working Group:</p> <ul style="list-style-type: none"> • Step 1.14.2: Alinta questioned whether the proposed amendment reinstates the details contained in the previous Market Procedure. Alinta noted that there are likely to be minor changes to the proposed revised values each year. The IMO agreed to delete the proposed additional words as they are not required. <p><i>Action Point: The IMO to update the proposed revised Market Procedure to include the comments of the Working Group and progress into the Procedure Change Process.</i></p>	IMO
7	<p>MARKET PROCEDURE FOR RESERVE CAPACITY PERFORMANCE MONITORING (PC_2010_05)</p> <p>The IMO noted that the proposed changes to the Market Procedure for Reserve Capacity Performance Monitoring (PC_2010_05) are as a result of the Amending Rules resulting from the following Rule Change Proposals:</p> <ul style="list-style-type: none"> • Changing the Window of Entry into the Reserve Capacity Mechanism (RC_2009_11); and • Reserve Capacity Performance Monitoring (RC_2009_19). <p>The IMO also noted that there will be additional changes made to the Market Procedure prior to formal submission as a result of the Amending Rules resulting from the Rule Change Proposal: Correction of Chapter 4 minor, typographical and manifest errors (RC_2010_02). The Chair also noted that the Market Procedure had been updated to reflect the IMO's new format.</p> <p><i>Action Point: The IMO to review Market Procedure to reduce unnecessary duplication of the Market Rules, consistent with shorter condensed version and submit into the formal Procedure Change Process.</i></p> <p><i>Action Point: The IMO to include specific details of the substantial changes made to the Market Procedure in the Procedure Change Proposal.</i></p> <p>The following additional comments were provided by LGP:</p> <ul style="list-style-type: none"> • Steps 2.1.4 & 2.1.5: The IMO to format the space between these steps to separate. 	IMO IMO
8	<p>MARKET PROCEDURE FOR RESERVE CAPACITY SECURITY</p>	

Item	Subject	Action
	<p>The IMO noted that the intended changes to the Market Procedure for Reserve Capacity Security will allow the IMO to accept more than one Bank Undertaking. This is consistent with the outcomes of the IMO's review of the Market Rules and Market Procedures.</p> <p>LGP stated that the proposed amendments appear reasonable, but noted that it could create issues for the IMO associated with holding multiple Bank Undertakings.</p> <p>The IMO noted that the proposed amendments will need to take into account RC_2010_02 and the impacts on Early Certified Reserve Capacity. Given these additional changes are required; the IMO does not intend to put the Procedure Change Proposal into the process in the near term and would present to the Working Group prior to doing so.</p> <p>The following points were noted by Working Group members:</p> <ul style="list-style-type: none"> • Step 7.1.2 (b): Alinta suggested the clause be amended to "and/or". The IMO agreed. • Step 7.1.2: Synergy suggested that the clause be amended to "... Combination of one or more of the forms <u>any of the above, ...</u>". The IMO agreed. <p><i>Action Point: The IMO to make the agreed changes when revising the Market Procedure for Reserve Capacity Security.</i></p>	IMO
9	<p>MARKET PROCEDURE FOR PROCEDURE ADMINISTRATION (PC_2010_01)</p> <p>The IMO noted that it had updated the Market Procedure for Procedure Administration (PC_2010_01) to reflect the IMO's new format. The IMO also noted the following substantive changes:</p> <ul style="list-style-type: none"> • Incorporating a process diagram (step 2); • Specifying that details of the changes must be tracked where possible (step 2.1.4); • Incorporating details of the role of Working Group's (step 2.2); • Removing the details of the submission form from an appendix • Clarifying that prior to preparing a Procedure Change Report the IMO or System Management must conduct an assessment of the proposal against the Market Objectives, Market Rules, Industry Act and Regulations (Step 2.6.2). <p>The Working Group noted the following points:</p> <ul style="list-style-type: none"> • LGP suggested removing the following wording "...in which this Procedure is made in accordance with, commences." The IMO agreed. 	

Item	Subject	Action
	<ul style="list-style-type: none"> • Procedure Change Process Diagram: The IMO agreed to include the decision of when to create a Working Group in the diagram. • Step 2.2.5: The IMO agreed to clarify that convening a Working Group, if decided by System Management or the IMO, refers to existing Working Groups. The decision to create a Working Group is made by the MAC. The IMO noted that current practice is for the IMO to decide if Market Procedures should go to Working Groups. The IMO agreed to include a procedure step of advising the Working Group of its, or System Managements, recommendation as to whether the Working Group should meet to discuss the proposed changes • Step 2.5.1: Alinta questioned whether the Procedure Change Submission form must be used, and whether not using the form would invalidate submissions. The IMO agreed to provide an out of session clarification to Working Group members. • Step 2.6.4 & 2.8.2: LGP suggested removing duplicate information contained in both steps. The IMO agreed to remove duplicate information contained in both step 2.6.4 and 2.8.2. LGP also suggested amending step 2.8.2 to refer to the IMO declining a System Management proposal rather than rejecting. The IMO noted that clause 2.10.14 of the Market Rules refers to the IMO rejecting System Management Procedure Change Proposals. <p>The following additional comments were provided by LGP:</p> <ul style="list-style-type: none"> • Step 1.2.1: The IMO to consider providing a definition of Market Procedures. • Step 1.5.1(b): The IMO to delete “...to the extent of the inconsistency”. • Step 2.5.2: The IMO to delete “...for submissions.” • Section 2.7:5. The IMO to amend as follows “...through the same <u>full</u> Procedure Change Process as all other Procedure Change Proposals”. • Step 2.8.1: The IMO to delete the word “...out”. <p><i>Action Point: The IMO to make the agreed changes and submit the proposed amended Market Procedure into the formal Procedure Change Process.</i></p>	IMO
10	<p>MARKET PROCEDURE FOR NOTICES AND COMMUNICATIONS (PC_2010_02)</p> <p>The IMO noted that the proposed amended Market Procedure for Notices and Communications (PC_2010_02) has been updated to reflect the IMO’s new format and include the specific email</p>	

Item	Subject	Action
	<p>addresses for each of the IMO teams.</p> <p>The following points were raised by Working Group members:</p> <ul style="list-style-type: none"> • Step 1.5: Verve Energy questioned whether the specified Business Hours were seven days a week. The IMO agreed to clarify that the Business Hours are Monday to Friday. • Step 2.1.1 & 2.2.1: LGP suggested the steps be updated to consistently refer to "... properly provided using the ..." The IMO agreed. <p><i>Action Point: The IMO to make the agreed changes and submit the proposed amended Market Procedure into the formal Procedure Change Process.</i></p>	IMO
11	<p>GENERAL BUSINESS</p> <p><u>Working Group minutes</u></p> <p>The Chair questioned whether the Working Group wanted to follow the Market Advisory Committee's recommendation of using individual member's names in the minutes. The Working Group agreed that it was appropriate to use the entity names.</p> <p><u>Progression of Procedure Change Proposals</u></p> <p>The Chair questioned whether the Working Group would prefer a staggered or blocked approach to progressing the Procedure Change Proposals discussed at today's meeting. Alinta suggested that it would be appropriate to bundle the papers for PC_2010_01 and PC_2010_02. Alinta noted that PC_2010_04 should be independently progressed. The IMO agreed with this approach.</p>	
12	<p>NEXT MEETING</p> <p>The Chair noted that the next Working Group meeting will be held on Tuesday 28 September (3:00-5:00pm)</p>	
13	<p>CLOSED</p> <p>The Chair thanked all members for attending.</p> <p>The Chair declared the meeting closed at 4.45 pm.</p>	Chair



IMO Procedure Change and Development Working Group - Action Points

Legend:

Unshaded	Unshaded action points are still being progressed.
Shaded	Shaded action points are actions that have been completed
Missing	Action items missing from sequence have been completed from previous meeting and subsequently removed from the log.

#	Procedure arising	Section	Action	Status/Progress
14	Market Procedure for Supplementary Reserve Capacity	2.7	The IMO to investigate whether eligible services would sit in the Dispatch Merit Order or whether a separate SRC merit order would be provided.	Completed. Currently Eligible Services will not be included on the Dispatch Merit Order as SRC facilities are not required to be Registered Facilities. A separate list of SRC providers, including dispatch information, will be provided to System Management. In the case where there are multiple providers, the IMO will provide this list in order of dispatch.
34	Market Procedure for Undertaking the LT PASA	2.1	The IMO to consider defining the term of Long duration outage	Completed. MMA has advised that a long-duration outage should be defined as an outage which exceeds 2 two days duration. In particular, MMA notes that its reliability modelling represents Scheduled Outages in the measure of weeks or the number of days between two dates for the purposes of modelling. As two day outages can be taken over a weekend without

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#	Procedure arising	Section	Action	Status/Progress
				impacting on system reliability, consequently MMA ignores these from a modelling viewpoint. The IMO will update the procedure as part of its wider review of Market Procedures to reflect this definition
56	Market Procedure for Certification of Reserve Capacity	1.9.6	IMO to consider including in the Market Procedure a: <ul style="list-style-type: none"> more general section to apply for both Certification of Reserve Capacity and ECRC; and glossary section. 	The IMO will consider during the next review of this Market Procedure. This is on the Procedure Change log.
59	Market Procedure for Certification of Reserve Capacity	1.10.2	IMO to consider whether this step needs to be updated to take into account when a facility is registered.	The IMO will consider during the next review of this Market Procedure. This is on the Procedure Change log.
74	Market Procedure for Certification of Reserve Capacity	1.15.7	IMO to amend to "...Reserve Capacity Reduction..." and include a cross reference to the registration requirements.	Completed.
76	Market Procedure for Supplementary Reserve Capacity	2.3.2	IMO to consider an appropriate alternative to the use of the VoLL from the NEM for determining the Maximum Contract Value.	Completed. The revised Market Procedure is included on the agenda for discussion at today's meeting.
77	Market Procedure for Supplementary Reserve Capacity	2.3.2	IMO to consider whether it would be appropriate to provide Working Group members with a copy of the standard form contract for SRC	Completed. The IMO considers that it is appropriate to provide a copy of the standard form contract for SRC to all Working Group members. This had been included as an appendix to Agenda Item 4: Market Procedure for SRC.
78	Market Procedure for Supplementary Reserve Capacity	2.3.4	IMO to update section 2.3.4 to provide greater flexibility in specifying the notional availability price	Completed. The revised Market Procedure is included on the agenda for discussion at today's meeting.
79	Minutes from Meeting 5		The IMO to publish minutes from Meeting 5 as final.	Completed.

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#	Procedure arising	Section	Action	Status/Progress
80			The IMO to identify which Market Procedures can be amended to the new shorter condensed version and provide to Working Group members for consideration.	Underway.
81	Market Procedure for Monitoring Protocol (PC_2010_03)	1.5	The IMO to rewrite this section to state that the interpretation clauses specified in the Market Rules apply equally to the Market Procedure, and include any specific additions to this section only if required by a particular Market Procedure.	Completed. This amendment was also made to PC_2010_01 and PC_2010_02.
82	Market Procedure for Monitoring Protocol (PC_2010_03)		The IMO to refer to Market Procedure rather than Monitoring Protocol for consistency of language used in other Market Procedures.	Completed.
83	Market Procedure for Monitoring Protocol (PC_2010_03)	2.4	The IMO to remove the reference to the requirement to maintain a Compliance Monitoring Register.	Completed. The IMO removed section 1.4 of the originally presented Monitoring Protocol.
84	Market Procedure for Monitoring Protocol (PC_2010_03)	2.5.3 & 2.5.4	The IMO to merge steps 2.5.3 and 2.5.4.	Completed.
85	Market Procedure for Monitoring Protocol (PC_2010_03)	2.5.5	The IMO to delete step 2.5.5.	Completed.
86	Market Procedure for Monitoring Protocol (PC_2010_03)	2.6.3	The IMO to amend to refer to the Market Procedure for Notices and Communications.	Completed. This section was removed in the further condensed version of the proposed Market Procedure.
87	Market Procedure for Monitoring Protocol (PC_2010_03)	Appendix A	The IMO to undertake a thorough review of descriptions provided in Appendix A (particularly in the "Proposed Monitoring" column).	Completed. The IMO considers that the descriptions contained in Appendix A are appropriate and do not require additional review.
88	Market Procedure for Monitoring Protocol (PC_2010_03)	Appendix A	The IMO to remove "proposed" from the " Proposed Monitoring" column.	Completed.
89	Market Procedure for Monitoring Protocol (PC_2010_03)	Appendix A	The IMO to consider the appropriate use of words "will", "can", "may" and "must" throughout the Market Procedure.	Completed.

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#	Procedure arising	Section	Action	Status/Progress
90	Market Procedure for Monitoring Protocol (PC_2010_03)	Appendix A	The IMO to refer to “the IMO” throughout the Market Procedure.	Completed.
91	Market Procedure for Monitoring Protocol (PC_2010_03)	Appendix A, Clause 4.10.2	The IMO to amend to include “... if instructed by the IMO.”	Completed.
92	Market Procedure for Monitoring Protocol (PC_2010_03)	Appendix A, Clause 6.6.3	The IMO to amend the description to include a link to the behaviour relating to Market Power.	Completed.
93	Market Procedure for Monitoring Protocol (PC_2010_03)	Appendix A, Clause 6.7.4	The IMO to amend the description to refer to a Market Customer “significantly overstating:” its consumption.	Completed.
94	Market Procedure for Monitoring Protocol (PC_2010_03)	Appendix A, Clause 6.7.4	The IMO to request submissions on whether a targeted monitoring approach should be adopted in the Procedure Change Proposal.	The IMO will not be requesting submissions on whether a targeted monitoring approach should be adopted. The IMO’s monitoring approach is determined by the IMO Board and is outside the scope of the Working Group’s mandate.
95	Market Procedure for Monitoring Protocol (PC_2010_03)	Appendix A, Clause 7.10.1	The IMO to consider both its and System Management’s monitoring obligations regarding market participant’s compliance with resource plans, dispatch instructions and directions with the view to assessing whether the IMO should monitor via meter data and System Management to monitor via SCADA data.	The IMO considers that assessment of these monitoring processes is outside the Working Group’s mandate.
96	Market Procedure for Monitoring Protocol (PC_2010_03)	1.4.2	The IMO to delete the word “to”.	Completed. The IMO notes that the concise version of the Monitoring Protocol did not include this step.
97	Market Procedure for Monitoring Protocol (PC_2010_03)	2.3.3	The IMO to amend “the” to “A”.	Completed. The IMO reviewed this step and considers the use of “the” is appropriate. No change has been made.

Meeting No 7:

#	Procedure arising	Section	Action	Status/Progress
98	Market Procedure for Monitoring Protocol (PC_2010_03)	2.3.8	The IMO to amend as follows “... disclose to the Rule Participant alleged to have committed the breach...”	Completed.
99	Market Procedure for Monitoring Protocol (PC_2010_03)	2.5.1	The IMO to amend “behaviour at issue” to “matter”.	Completed.
100	Market Procedure for Monitoring Protocol (PC_2010_03)	2.6.4	The IMO to consider implementing a process where notices are issued as warnings to Rule Participants	Completed. The IMO has determined to not implement a process of issuing notices as warning to Rule Participants. Additionally the IMO notes that any amendments to the obligations regarding warnings would require amendments to the Market Rules.
101	Market Procedure for Monitoring Protocol (PC_2010_03)	2.9	The IMO to define in full “ERB”	Completed.
102	Market Procedure for the Determination of MRCP (PC_2010_04)	1.14.2	The IMO agreed to delete the proposed additional words as they are not required.	Completed. The IMO formally submitted PC_2010_04 on 9 August 2010.
103	Market Procedure for the Determination of MRCP (PC_2010_04)		The IMO to update the proposed revised Market Procedure to include the comments of the Working Group and progress into the Procedure Change Process.	Completed.
104	Market Procedure for Reserve Capacity Performance Monitoring (PC_2010_05)		The IMO to review the Market Procedure to reduce unnecessary duplication of the Market Rules, consistent with shorter condensed version and submit into the formal Procedure Change Process.	Completed. The IMO will formally submit PC_2010_05 into the Procedure Change Process.
105	Market Procedure for Reserve Capacity Performance Monitoring (PC_2010_05)		The IMO to include specific details of the substantial changes made to the Market Procedure in the Procedure Change Proposal.	Underway. The IMO will include details of the substantial changes in the Procedure Change Proposal.
106	Market Procedure for Reserve Capacity Performance Monitoring (PC_2010_05)	2.1.4 & 2.1.5	The IMO to format the space between these steps to separate.	Completed.

Meeting No 7:

#	Procedure arising	Section	Action	Status/Progress
107	Market Procedure for Reserve Capacity Security	7.1.2 (b)	The IMO to amend clause to “and/or”.	Completed. The IMO will make the changes when further amendments to the Market Procedure are made as part of RC_2010_12
108	Market Procedure for Reserve Capacity Security	7.1.2	The IMO to amend the clause to “... Combination of one or more of the forms any of the above, ...”.	Completed. Same as above
109	Market Procedure for Reserve Capacity Security		The IMO to make the agreed changes when revising the Market Procedure for Reserve Capacity Security	Completed. Same as above
110	Market Procedure for Procedure Administration (PC_2010_01)		The IMO to remove the following wording “...in which this Procedure is made in accordance with, commences.”	Completed.
111	Market Procedure for Procedure Administration (PC_2010_01)	Procedure Change Process Diagram	The IMO to include the decision of when to create a Working Group in the diagram.	Completed.
112	Market Procedure for Procedure Administration (PC_2010_01)	2.2.5	The IMO to clarify that convening a Working Group, if decided by System Management or the IMO, refers to existing Working Groups.	Completed.
113	Market Procedure for Procedure Administration (PC_2010_01)	2.2.5	The IMO to include a procedure step of advising the Working Group of its, or System Managements, recommendation as to whether the Working Group should meet to discuss the proposed changes	Completed. The IMO has incorporated new step 2.2.6 to require the IMO to inform members of the applicable Working Group as to whether they need to discuss any proposed changes to a Market Procedure and the reasons why.
114	Market Procedure for Procedure Administration (PC_2010_01)	2.5.1	The IMO to provide an out of session clarification to Working Group members regarding whether the Procedure Change Submission form must be used, and whether not using the form would invalidate submissions.	Completed. The Market Rules were unclear whether a submission on a Procedure Change Proposal must be made using a Procedure Change Submission form. The IMO has clarified that submissions can be made be either using the submission form or via an alternative method. This clarification was included in RC_2010_26 Minor and typographical Rule Change Proposal (currently awaiting Minister's approval).

Meeting No 7:

#	Procedure arising	Section	Action	Status/Progress
115	Market Procedure for Procedure Administration (PC_2010_01)	2.6.4 & 2.8.2	The IMO to remove duplicate information contained in both of these steps.	Completed.
116	Market Procedure for Procedure Administration (PC_2010_01)	1.2.1	The IMO to consider providing a definition of Market Procedures.	Completed. The IMO did not include a definition of a Market Procedure as this is provided in the Market Rules already.
117	Market Procedure for Procedure Administration (PC_2010_01)	1.5.1(b)	The IMO to delete "...to the extent of the inconsistency".	Completed.
118	Market Procedure for Procedure Administration (PC_2010_01)	2.5.2	The IMO to delete "...for submissions."	Completed.
119	Market Procedure for Procedure Administration (PC_2010_01)	2.7:5	The IMO to amend as follows "...through the same <u>full</u> Procedure Change Process as all other Procedure Change Proposals ".	Completed.
120	Market Procedure for Procedure Administration (PC_2010_01)	2.8.1	The IMO to delete the word "...out".	Completed.
121	Market Procedure for Procedure Administration (PC_2010_01)		The IMO to make the agreed changes and submit the proposed amended Market Procedure into the formal Procedure Change Process.	Completed. The Procedure Change Proposal was formally submitted on 30 August 2010.
122	Market Procedure for Notices and Communications (PC_2010_02)	1.5	The IMO to clarify that Business Hours are Monday to Friday.	Completed.
123	Market Procedure for Notices and Communications (PC_2010_02)	2.1.1 & 2.2.1	The IMO to update the steps to consistently refer to "... properly provided using the ...".	Completed.
124	Market Procedure for Notices and Communications (PC_2010_02)		The IMO to make the agreed changes and submit the proposed amended Market Procedure into the formal Procedure Change Process.	Completed. The Procedure Change Proposal was formally submitted on 30 August 2010.

Agenda Item 4: Market Procedure for Supplementary Reserve Capacity

1. BACKGROUND

The IMO has presented the new Market Procedure for Supplementary Reserve Capacity (SRC) at two previous meetings of the IMO Procedure Change and Development Working Group (Working Group). Working Group members questioned the following elements of the Market Procedure when it was last presented at Meeting 5:

- It was considered that the “market price cap” (previously known as Value of Lost Load) from the National Electricity Market (NEM) was not applicable to the Wholesale Electricity Market (WEM) in setting the Maximum Contract Value. The Working Group recommended the IMO consider an appropriate alternative.
- The Working Group asked the IMO to review the specification of the Maximum Availability Price in addition to the Maximum Contract Value. It was noted that appropriate financial incentives are required for SRC to be activated.
- The Working Group requested the IMO to consider providing a copy of the Standard Form SRC contract to members for their perusal. Note a copy of this has been provided as Appendix 1 of this paper.

2. UPDATES TO THE MARKET PROCEDURE

The following updates have been made to the Market Procedure since Meeting 5:

- The format and structure of the Market Procedure has been updated as part of the IMO’s wider Market Procedure Project. The IMO has also incorporated a process flow diagram.
- Several clarifications and minor and typographical corrections have also been made and the associated Market Procedures stated (step 1.4.1).
- The Eligible Services for providing SRC have been clarified (step 1.6).
- The Market Procedure previously indicated that the assessment of capacity requirements will be based on the most recent electricity forecasts. This is not supported by the Market Rules, which currently only allow the use of forecasts in the Long Term PASA Study Horizon. Consequently, this sentence has been removed (step 2.1.1).

At its 13 October 2010 meeting, the Market Advisory Committee supported the IMO’s recommendation of a Rule Change Proposal (which the IMO has recently assessed as meeting the Fast Track criteria specified in clause 2.5.9 of the Market Rules) to allow the IMO to base its assessment on the most recent forecasts. If this Rule Change Proposal is implemented, the IMO may reinstate the removed sentence.

- The Maximum Contract Value has been separately defined for generation and load reduction facilities. The IMO acknowledges the comments of Working Group members in relation to the use of the market price cap from the NEM and has limited its use to load reduction facilities for which there is no availability price. The IMO



considers that this flexibility is important in the event of a capacity shortfall to provide incentives for a wider range of industries to provide load reduction (step 2.3).

- The Maximum Availability Percentage has been defined to ensure that a provider of SRC has appropriate financial incentive to activate the facility (step 2.3.1(d)).
- The term “Contract Value” has been defined for an Eligible Service to simplify the Procedure (step 2.4.6).



MARKET PROCEDURE: Supplementary Reserve Capacity

VERSION 1

ELECTRICITY INDUSTRY ACT 2004

ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY MARKET) REGULATIONS 2004

WHOLESALE ELECTRICITY MARKET RULES

COMMENCEMENT:

This Market Procedure took effect from 8:00am (WST) on the
Xx Xxx 2010.

VERSION HISTORY

VERSION	EFFECTIVE DATE	NOTES
1	Xx Xxx 2010	New Market Procedure for Supplementary Reserve Capacity resulting from PC_2010_12

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1 PROCEDURE OVERVIEW

1.1 Relationship with the Market Rules

1.1.1 This Supplementary Reserve Capacity (SRC) Market Procedure (Procedure) should be read in conjunction with section 4.24 and clause 4.25.4F of the Wholesale Electricity Market (WEM) Rules (Market Rules).

1.1.2 Reference to particular Market Rules within the Procedure in bold and square brackets **[MR XX]** are current as of 1 September 2010. These references are included for convenience only, and are not part of this Procedure.

1.2 Purpose

1.2.1 This Procedure describes the steps the IMO and System Management must follow in:

- a) acquiring Eligible Services;
- b) entering into Supplementary Capacity Contracts; and
- c) determining the maximum contract value per hour of availability for any Supplementary Capacity Contract.

1.3 Application

1.3.1 This Procedure applies to the IMO and System Management.

1.4 Associated Market Procedures

1.4.1 The following IMO Market Procedures are associated with this Procedure:

- a) Reserve Capacity Testing;
- b) Undertaking the LT PASA and conducting a review of the Planning Criterion;
- c) Settlements; and
- d) Operational Financial Contingency.

1.5 Interpretation

1.5.1 In this Procedure the conventions specified in clauses 1.3- 1.5 of the Market Rules apply.

1.6 General Notes

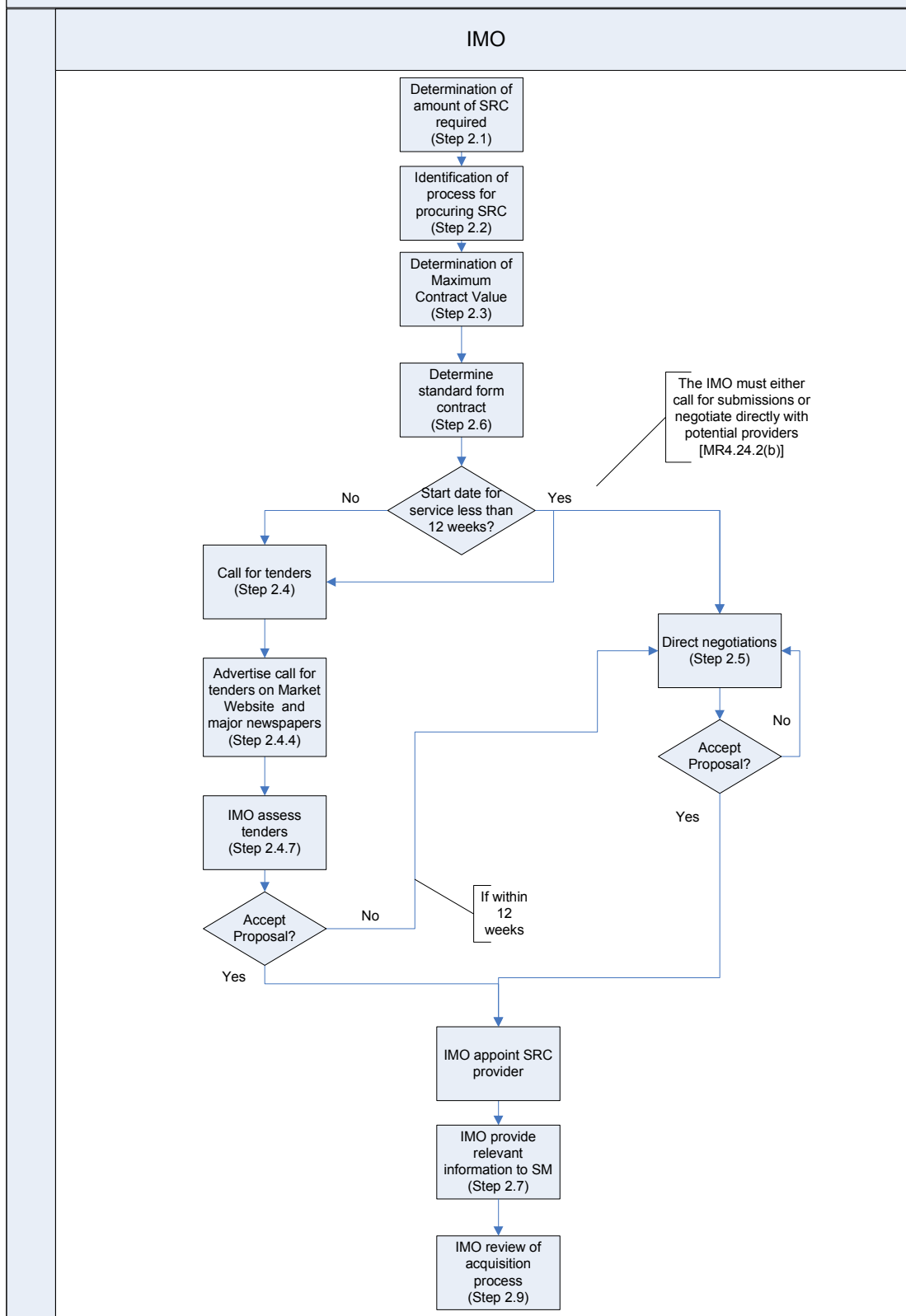
- 1.6.1 SRC may only be provided by “Eligible Services” identified in clause 4.24.3 of the Market Rules **[MR 4.24.3]**. A Curtailable Load that has had its Capacity Credits reduced in response to a request from the relevant Market Participant, in accordance with clause 4.25.4C of the Market Rules, is not an Eligible Service **[MR4.25.4F]**.
- 1.6.2 Market Participants may not offer SRC from a Registered Facility that has had its Capacity Credits reduced due to a failed Reserve Capacity test, in accordance with clause 4.25.4, for any part of the current Capacity Year.
- 1.6.3 The term of any Supplementary Capacity Contract is not to exceed 12 weeks **[MR 4.24.13 (h)]**.
- 1.6.4 Payment for SRC is determined based on:
- a) the availability price which is provided to a generation facility¹ for entering into the contract and making the agreed capacity available; and
 - b) the activation price which applies only when the service is called upon.

2 PROCEDURE STEPS

This section outlines the procedure steps associated with the acquisition of, and entering into Supplementary Capacity Contracts for, SRC services. The diagram on the next page gives an overview of the process. Details of the associated sections of this Procedure are also indicated.

¹ No availability price will apply for load reduction facilities (see step 2.3.2 of this Market Procedure).

Acquisition of SRC



2.1 Determination of the amount of SRC Required

2.1.1 In determining the amount of SRC that is required and the associated timeframes, the IMO will:

- a) identify the actual level of Certified Reserve Capacity that will be available by reference to the level of Certified Reserve Capacity less any predicted plant outages;
- b) identify the level of Certified Reserve Capacity required to satisfy the SWIS reliability requirements, as set out in clauses 4.5.9(a) and 4.5.9(b) of the Market Rules;
- c) determine the amount of SRC required by calculating the amount by which the quantity identified in step 2.1.1 b) exceeds the quantity identified in step 2.1.1 a) **[MR4.24.1(b)]**;
- d) determine the expected start and end dates for which the amount of SRC calculated in step 2.1.1 c) will be required **[MR4.24.1 (a)]**;
- e) determine the number of hours over the contract period during which SRC is expected to be required; and
- f) determine the time of day when the SRC is expected to be required.

2.1.2 To assist in determining the amount of SRC, and associated timeframes, required:

- a) the IMO must consult with System Management; and
- b) the IMO may consult with Market Participants.

2.2 Determination of the process to be used to secure SRC

2.2.1 If the expected start date of the shortfall is at least 12 weeks from the date the IMO becomes aware of the shortfall, then it must call for tenders from potential suppliers of SRC in an invitation to tender **[MR4.24.2(a)]**.

2.2.2 If the expected start date of the shortfall is less than 12 weeks from the date the IMO becomes aware of the shortfall, then the IMO must either:

- a) call for tenders from potential suppliers of SRC in an invitation to tender; or
- b) negotiate directly with potential suppliers of SRC **[MR4.24.2(b)]**.

2.2.3 If the IMO decides to call for tenders it must follow the process set out in Section 2.4 of this procedure.

2.2.4 If the IMO decides to negotiate directly with potential suppliers it must follow the process set out in section 2.5 of this Procedure.

2.3 Determination of the Maximum Contract Value

2.3.1 The following steps will be undertaken to determine the Maximum Contract Value for generation facilities.

- a) The notional availability price in dollars per megawatt (\$/MW) is calculated in accordance with the following formula:

$$P_{av}(P_{RC}, d) = P_{RC} * d / x$$

Where:

P_{RC} is the Reserve Capacity Price for the Capacity Year for which the SRC is being procured in dollars per megawatt (\$/MW);

d is the term of the SRC contract in days, which is capped at 84 days (12 weeks) **[MR4.24.12(h)(i)]**; and

x is 121 days, which is the length of the Hot Season.

- b) The notional activation price is calculated as double the Alternative Maximum STEM Price in dollars per megawatt hour (\$/MWh).

- c) The Maximum Contract Value in dollars per megawatt per hour (\$/MW/hr) is calculated in accordance with the following formula:

$$MCV(P_{av}, P_{ac}, d) = (P_{av} + (P_{ac} * t)) / t$$

Where:

P_{av} is the notional availability price determined in step 2.3.1(a), in dollars per megawatt (\$/MW);

P_{ac} is the notional activation price determined in step 2.3.1(b), in dollars per megawatt hour (\$/MWh); and

t is the number of hours during which the capacity is expected to be required as determined in step 2.1.1(e).

- d) In order to ensure sufficient incentive for a provider of an Eligible Service to activate that service, the IMO may stipulate that the availability price must not exceed a given percentage of the contract value. The IMO may set the Maximum Availability Percentage at any value up to:

$$\text{MAP}(P_{av}, CV, t) = P_{av} / (CV * t) * 100$$

Where:

P_{av} is the notional availability price determined in step 2.3.1(a), in dollars per megawatt (\$/MW);

CV is the Contract Value proposed by the provider of an Eligible Service as determined in step 2.4.6, in dollars per megawatt per hour (\$/MW/hr); and

t is the number of hours during which the capacity is expected to be required as determined in step 2.1.1(e).

- 2.3.2 The Maximum Contract Value for load reduction facilities will be based on the value of lost load. This will be determined by the IMO, having regard to the value of the “market price cap” as specified in clause 3.9.4(b) of the National Electricity Rules². No availability price will apply for load reduction facilities.

2.4 Acquisition of SRC via a Tender Process

- 2.4.1 These process steps are to be followed if the IMO seeks to acquire SRC via a tender process.
- 2.4.2 The IMO must not call for tenders for SRC earlier than six calendar months prior to the calendar month in which the shortfall period is expected to start **[MR4.24.5]**.
- 2.4.3 The IMO must prescribe the tender form to be used by those applying to provide Eligible Services. This form must require the specification of:
- a) the name and contact details of the applicant;
 - b) the nature of the Eligible Service to be provided;
 - c) the amount of the Eligible Service available;
 - d) the maximum number of hours over the term of the Supplementary Capacity Contract that the Eligible Service will be available;

² A copy of the National Electricity Rules is available on the following webpage:
<http://www.aemc.gov.au/Electricity/National-Electricity-Rules/Current-Rules.html>

- e) the maximum number of hours on each day during the term of the Supplementary Capacity Contract that the Eligible Service will be available;
- f) the time of each day during the term of the Supplementary Capacity Contract that the Eligible Service will be available;
- g) any information required to complete the relevant standard form Supplementary Capacity Contract for the Eligible Service and the applicant, together with full details of any amendments to the standard form Supplementary Capacity Contract required by the applicant;
- h) the mechanism for activating the Eligible Service;
- i) the mechanisms available for measuring the Eligible Service provided; and
- j) the values of:
 - i. the availability price for the Eligible Service expressed in dollars; and
 - ii. the activation price for the Eligible Service, expressed in dollars per hour of activation, where this price must reflect direct or opportunity costs incurred,where:
 - iii. the Contract Value, determined in step 2.4.6, must not exceed the Maximum Contract Value per hour of availability specified in the advertisement for the call for tenders under clause 4.24.5(g) **[MR4.24.7]**; and
 - iv. the availability price divided by the Contract Value, determined in step 2.4.6, multiplied by 100 may not exceed the Maximum Availability Percentage determined in step 2.3.1(d); and
- k) the timelines associated with the tendering process.

2.4.4 No earlier than 30 Business Days and no later than 10 Business Days prior to the proposed closing date for submission of tenders, the IMO must advertise the call for tenders on the Market Web Site and in major local and national newspapers **[MR4.24.6]**.

2.4.5 The advertisement must include:

- a) the date and time at which any person wishing to tender to supply Eligible Services must have completed and lodged with the IMO the form specified in step 2.4.3 above.

- b) contact details for the IMO;
 - c) the amount of capacity required;
 - d) the number of hours over which the capacity is expected to be used;
 - e) the time of the day where the capacity is expected to be required;
 - f) the expected term of any Supplementary Capacity Contracts entered into as a result of the call for tenders;
 - g) the Maximum Contract Value per hour of availability for any Supplementary Capacity Contract that the IMO will accept;
 - h) the Maximum Availability Percentage, where applicable;
 - i) the location of copies of the standard form Supplementary Capacity Contracts on the Market Web Site; and
 - j) the location on the Market Web Site of the tender form to be used in applying to provide Eligible Services **[MR4.24.6]**.
- 2.4.6. The Contract Value for an Eligible Service is calculated as the activation price plus the availability price; divided by the lesser of:
- a) the number of hours specified in the advertisement for the call for tenders under clause 4.24.6(d); and
 - b) the number of hours specified for the Eligible Service in accordance with paragraph (d).
- 2.4.7 The IMO will assess all tenders following its internal procurement policy and advise tenderer's of its outcome (in accordance with the timelines specified in the tender documentation).

2.5 Acquisition of SRC by Negotiation

- 2.5.1 These process steps are to be followed if the IMO seeks to acquire SRC via negotiation.
- 2.5.2 If the IMO negotiates directly with a potential supplier of Eligible Services then it must provide the following information to the potential supplier:
- a) the amount of capacity required;

- b) the relevant standard form Supplementary Capacity Contract; and
- c) details of the information to be provided by the potential supplier, including:
 - i. the amount of the Eligible Service available;
 - ii. the mechanism for activating the Eligible Service;
 - iii. the mechanisms available for measuring the Eligible Service provided;
 - iv. the availability price for the Eligible Service expressed in dollars; and
 - v. the activation price for the Eligible Service, expressed in dollars per hour of activation, where this price must reflect direct or opportunity costs incurred.
[MR4.24.10]

2.5.3 The IMO may accept or reject any proposals for the acquisition of SRC obtained by way of direct negotiation.

2.6 Standard Form Supplementary Capacity Contract

2.6.1 The IMO must develop and maintain a standard form Supplementary Capacity Contract which accords with the requirements in clause 4.24.13 of the Market Rules **[MR4.24.12]**.

2.6.2 The standard form Supplementary Capacity Contract will require the supplier of an Eligible Service to reduce net consumption, or to increase generation, on instruction from System Management and must specify:

- a) that there are no force majeure conditions;
- b) the settlement process to be followed, including timing of payments;
- c) contract variation conditions;
- d) any conditions required to ensure that if a different person takes over the facility used to provide the Eligible Service, that the person taking over will be bound by the contract obligations (for example, by requiring the execution of a deed of assumption or novation);
- e) the financial consequences of failing to supply the Eligible Service in accordance with the contract, based on the arrangements which apply under clause 4.26 where a Market Participant holding Capacity Credits for a Facility fails to comply with its Reserve Capacity Obligations;

- f) a condition allowing the IMO to disclose the information required by Market clause 2.24.16 and preventing the disclosure set out in clause 2.14.17;
 - g) the technical standards and verification arrangements which facilities used to provide Eligible Services must comply with; and
 - h) blank schedules specifying:
 - i. the term of the Supplementary Capacity Contract, where this term is not to exceed 12 weeks;
 - ii. the sources of the net consumption reduction or generation increase;
 - iii. the amount of net consumption reduction or generation increase required;
 - iv. the notification time to be given for activation;
 - v. the method of notification of activation;
 - vi. the minimum duration of any activation;
 - vii. the maximum duration of any single activation;
 - viii. any limits on the number of times System Management can request activation;
 - ix. the basis to be used for measuring the response;
 - x. the availability price;
 - xi. the activation price;
 - xii. technical matters relating to the facility (including testing); and
 - xiii. the fact that activation instructions will be given by System Management **[MR4.24.13]**.
- 2.6.3 This standard form Supplementary Capacity Contract will be available on the Market Web Site in the event that the IMO decides to acquire SRC via a tender process.
- 2.6.4 Despite the existence of the standard form Supplementary Capacity Contract, the IMO may enter into Supplementary Capacity Contracts in any form it considers appropriate **[MR4.24.14]**.

2.7 Information to be provided to System Management

2.7.1 The IMO must provide the following Supplementary Capacity Contract information to System Management, so as to allow System Management to dispatch the contracted Eligible Services:

- a) the identity of each contracted Eligible Service, listed in order of increasing activation price;
- b) the information required to contact the party which will activate the Eligible Service;
- c) the process to be followed in activating that Eligible Service, including required advance notification times; and
- d) the limitations on the availability of the Eligible Service **[MR4.24.16]**.

2.7.2 The IMO must not provide the following Supplementary Capacity Contract information to System Management for any Eligible Service:

- a) the activation price for that Eligible Service; or
- b) the availability price for that Eligible Service **[MR4.24.17]**.

2.8 Settlement Process

2.8.1 Settlement of SRC Contracts will be through the non-STEM settlement system.

2.8.2 The IMO must recover the full cost it incurs in respect of Supplementary Capacity Contracts in accordance with clause 4.28 and Chapter 9 of the Market Rules **[MR4.24.15]**.

2.9 Process following each call for SRC or acquisition of Eligible Services

2.9.1 Following each call for tenders for supplementary capacity or otherwise acquiring Eligible Services, the IMO must review the SRC provisions in section 4.24 of the Market Rules.

2.9.2 This review must:

- a) have regard to the Wholesale Market Objectives; and
- b) undertake a public consultation process in respect of the outcome of the review **[MR 4.24.19]**.

2.9.3 Following the review the IMO may propose amendments to the Market Rules and this Procedure (if applicable).

Draft 5.0

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Supplementary Reserve Capacity Contract

Independent Market Operator

[insert Supplier's name]

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Parties

Independent Market Operator (ABN 95 221 850 093) of Level 22, 221 St Georges Terrace, Perth, Western Australia (**IMO**).

[Insert details of party providing the Service] (Supplier).

Background

- A The IMO has determined that inadequate reserve capacity may be available in the south west interconnected system to satisfy the reserve capacity requirements for *[insert relevant year]*.
- B To facilitate this, the IMO asked for tenders to supply the Service.
- C The Supplier submitted a bid to supply the Service which has been accepted by the IMO.
- D The Supplier agrees to make available the Facility and, if necessary, supply the Service in accordance with the terms and conditions of this Contract.

Operative provisions

1 Provision of Service

- 1.1 The Supplier will:
 - 1.1.1 make available the Facility; and
 - 1.1.2 when directed, supply the Service,during the Availability Period in accordance with the terms and conditions of this Contract.

2 Term

- 2.1 The term of this Contract is set out in Schedule D.

3 Price and Payment

- 3.1 The prices payable for making available the Facility and supplying the Service are set out in Schedule C.
- 3.2 The prices will consist of:
 - 3.2.1 an Availability Price, which is accrued daily for making the Facility available during the Availability Period; and

- 3.2.2 an Activation Price, which is payable per kWh supplied during any Trading Interval or part thereof that the Service is activated during the Availability Period.
- 3.3 The IMO will pay the Availability Price and the Activation Price in accordance with the terms and conditions of this Contract including the invoicing and payment terms prescribed in Schedule C.
- 3.4 For the avoidance of doubt:
 - 3.4.1 the IMO is only required to pay the Activation Price if the Service is activated during the Availability Period (which may not be required); and
 - 3.4.2 the IMO or System Management may require less than the Maximum Capacity of the Service.

4 Activation

- 4.1 The Service will be activated in accordance with Schedule B.
- 4.2 The Supplier and the IMO may, by written consent from time to time, vary the requirements in Schedule B.

5 Restrictions

- 5.1 The restrictions on the supply of the Service are set out in Schedule A.
- 5.2 The Supplier is only required to provide the Service subject to the restrictions.
- 5.3 The Supplier represents and warrants that the restrictions in Schedule A are the only restrictions on the supply of the Service.

6 Directions

- 6.1 The Supplier must comply with any direction given by:
 - 6.1.1 System Management; or
 - 6.1.2 the IMO,in the time, manner and form specified by the IMO or System Management (as the case may be).

7 Force Majeure

- 7.1 At all times during the Availability Period, the Supplier undertakes and agrees to make available the Facility and, if directed, supply the Service and expressly acknowledges and agrees that it has no right to invoke Force Majeure, frustration or any other excuse for suspending or otherwise not meeting any of its obligations under this Contract.

8 Measurement of Service

- 8.1 The Supplier must ensure that it has:
- 8.1.1 installed an Interval Meter at; and
 - 8.1.2 assigned a National Meter Identifier for,
- each Metering Point at least 5 Business Days prior to the Availability Period.
- 8.2 The Supplier must provide the National Meter Identifier for each Metering Point to the IMO as soon as it is assigned.
- 8.3 The Interval Meter(s) must provide Interval Energy Data and the Supplier acknowledges and agrees that the Interval Energy Data will be used by the IMO to:
- 8.3.1 measure the Supplementary Reserve Capacity supplied by the Service; or
 - 8.3.2 verify that the Service was activated and Supplementary Reserve Capacity was supplied by the Facility.
- 8.4 The Supplier must do all things necessary and convenient to ensure that the IMO and Western Power are able to access the Interval Energy Data in the time, manner and form specified by the IMO or Western Power (as the case may be).

9 Failure to supply

- 9.1 If the Supplier is directed to activate the Service but fails to provide the Service during any given Trading Interval (as measured in accordance with Schedule F and determined in accordance with clause 9.2) then:
- 9.1.1 the Activation Price will not be payable by the IMO for that Trading Interval; and
 - 9.1.2 the Supplier must pay a refund to the IMO of the Availability Price calculated in accordance with clause 9.4.

- 9.2 For the purpose of clause 9.1, the Supplier will be deemed to have failed to provide the Service if it provides less than 90% of the Supplementary Reserve Capacity it was directed to provide during any Trading Interval. This will be calculated by the IMO as follows:

$$A = \frac{SD}{S} \times 100$$

where SD = the actual amount of the Supplementary Reserve Capacity supplied by the Facility in the Trading Interval expressed in kWh,

S = the amount of the Supplementary Reserve Capacity that System Management directed to be supplied by the Facility.

Where A is less than 90, the Supplier will have failed to provide the Service for that Trading Interval.

The Supplier agrees and acknowledges that “S” will be calculated from data provided by System Management.

- 9.3 For the purpose of clause 9.1.2, the refund of the Availability Price for a particular day will be calculated by the IMO as follows:

$$\text{AP} \times \text{MC} \times \frac{\text{FS}}{48}$$

where AP = the Availability Price,

MC = the Maximum Capacity (as adjusted by clause 13 or 14 as the case may be),

FS = the number of Trading Intervals in the day that the Supplier provided the Service.

- 9.4 If a refund is payable under this clause, the Supplier agrees that it will be set off by the IMO against any amounts payable by the IMO under this Contract. Any disputes as to requirement for, or the quantum of, the refund must be dealt with in accordance with the process prescribed in Schedule C, clause 3.

10 Confidentiality and disclosure

- 10.1 Subject to clause 10.2, the provisions of the *Freedom of Information Act 1992*, and the provisions of the Market Rules, a party must not disclose:

10.1.1 any of the contents of this Contract;

10.1.2 any information relating to this Contract or the negotiation of this Contract;
or

10.1.3 any information relating to any of the parties,

unless:

10.1.4 such information comes into the public domain other than by breach of this clause;

10.1.5 the party is required by the Market Rules, ASX, court order, governmental agency, Parliament or a committee of Parliament, or law to disclose such information;

10.1.6 it is necessary to disclose such information in relation to the discovery of documents, or any proceeding before a court, tribunal, ACCC, other governmental agency or stock exchange;

10.1.7 a disclosure which is made on a confidential basis to the officers, employees or agents of that party or to the professional advisers of that party for the purpose of obtaining professional advice in relation to this Contract, the enforcement of this Contract or for the purpose of consulting those professional advisors;

- 10.1.8 subject to clause 10.3, the IMO considers, in its absolute discretion, that it would be consistent with the Market Objectives to disclose such information; or
 - 10.1.9 the party has written consent from the other party (which must not be unreasonably withheld) to disclose such information.
- 10.2 Notwithstanding clause 10.1, the IMO may provide any of the following information to System Management:
- 10.2.1 the description and details of each Service offered under this Contract, listed in order of increasing Activation Price;
 - 10.2.2 the information required to contact the party which will activate the Service;
 - 10.2.3 the process to be followed in activating the Service, including required advance notification times;
 - 10.2.4 the limitations on the availability of the Service; and
 - 10.2.5 subject to clause 10.3, any other information the IMO reasonably considers is required for System Management to dispatch the Service.
- 10.3 The IMO must not provide to System Management:
- 10.3.1 the Activation Price; or
 - 10.3.2 the Availability Price.
- 10.4 This clause will survive termination (for whatever reason) of this Contract.

11 Information and inspection

- 11.1 The Supplier must, if requested by the IMO, provide to the IMO in the time, manner and form specified by the IMO, a copy of:
- 11.1.1 any contracts, authorisations, licences, permits, consents, certificates, authorities and approvals necessary to enter into this Contract, to perform its obligations under this Contract and to allow those obligations to be enforced; or
 - 11.1.2 any evidence to support the Supplier's expectation that the documents referred to in clause 11.1.1 will be granted, executed or provided to the Supplier before the Availability Period.
- 11.2 The Supplier must, if requested:
- 11.2.1 provide the IMO with any technical specifications, drawings, plans or other such documents in relation to the Facility; and/or
 - 11.2.2 allow the IMO or its agent to inspect the Facility.
- 11.3 The Supplier must cooperate and coordinate with the IMO and/or its agent to the extent reasonably necessary in relation to the inspection of any Facility including

providing for or procuring rights of entry for the purposes of commissioning, inspection and testing of the Facility.

12 Testing of Facilities

- 12.1 The IMO may conduct from time to time and at any time, but at intervals of not less than 5 Business Days, a test of the Facility in accordance with Schedule E.
- 12.2 The IMO may delegate its powers under this clause to System Management in which case the Supplier agrees to do all things necessary to enable System Management to test the Facility.
- 12.3 The Supplier must cooperate and coordinate with the IMO and System Management to the extent reasonably necessary in relation to the testing of the Facility including providing or procuring rights of entry for the purposes of testing of the Facility.

13 Failure of test of Facilities

- 13.1 If the Facility fails a test pursuant to clause 12 and Schedule E, the IMO may, at its discretion:
 - 13.1.1 if the test relates to a Dispatchable Load, Curtailable Load or Interruptible Load reduce the Availability Price to zero; or
 - 13.1.2 in all other circumstances, reduce the Maximum Capacity of the Facility to reflect the maximum capacity achieved in the test.
- 13.2 For the purpose of this clause, the Facility fails a test if it is unable to provide 90% of the Maximum Capacity.

14 Re-testing the Facilities

- 14.1 The Supplier may request a re-test in accordance with clause 12 and Schedule E within 5 Business Days after the previous test.
- 14.2 If the Facility does not fail the re-test the IMO must adjust the Maximum Capacity to the original Maximum Capacity specified in the Contract.
- 14.3 If the Facility fails the re-test the IMO may:
 - 14.3.1 adjust the Maximum Capacity (as adjusted in by clause 13.1.2) to reflect the maximum capacity achieved in the re-test; or
 - 14.3.2 terminate the Contract pursuant to clause 20.2.
- 14.4 For the purpose of this clause, the Facility fails a re-test if it is unable to provide 90% of the Maximum Capacity.

15 Assignment

- 15.1 The Supplier must not assign or otherwise deal with its rights under this Contract or allow any interest in them to arise or be varied in each case without the prior written consent of the IMO. That consent may be given or withheld at the IMO's absolute discretion.
- 15.2 If the IMO consents pursuant to clause 15.1, the Supplier must not assign all or any part of its rights and interests under this Contract without requiring the assignee to enter into a deed of novation in terms to the reasonable satisfaction of the IMO under which the assignee assumes all, or the relevant portion, of the Supplier's obligations under this Contract.
- 15.3 Any purported assignment in breach of the requirements of any of the provisions of this clause 15 is void ab initio.

16 Variation of Contract

- 16.1 Unless otherwise stated in the Contract, this Contract may be varied:
- 16.1.1 by mutual consent in writing and signed by the parties; or
 - 16.1.2 unilaterally by the IMO pursuant to subclause 16.2.
- 16.2 If the Market Rules are amended and, in the IMO's reasonable opinion, the amendment will affect this Contract or the performance of obligations under this Contract, the IMO may, by notice in writing:
- 16.2.1 specify relevant amendments to the Contract as a result of the amendment of the Market Rules; and
 - 16.2.2 specify the date that the amendments to the Contract come into force.
- 16.3 For the avoidance of doubt, clause 16.2 may only be invoked by the IMO if there has been an amendment to the Market Rules.

17 Technical Standards

- 17.1 When providing the Service and performing its obligations under the Contract, the Supplier must comply with:
- 17.1.1 the Technical Rules; and
 - 17.1.2 Good Electricity Industry Practice.

18 Insurance

- 18.1 Subject to clause 18.2, the Supplier must procure, and maintain at its own expense throughout the duration of this Contract, worker's compensation insurance in accordance with the *Workers Compensation and Injury Management Act 1981* and for the Supplier's common law liability to workers.

18.2 The IMO may (but is not obliged to) waive compliance by the Supplier with clause 18.1 if the IMO is satisfied:

18.2.1 the Supplier has adequate alternate arrangements;

18.2.2 the Supplier is a self insurer; or

18.2.3 there are other reasons to waive such compliance.

18.3 The Supplier must produce:

18.3.1 certificates of currency for the insurances required under clause 18.1; or

18.3.2 other such proof regarding the insurances required under clause 18.1 as required by the IMO,

upon request by the IMO.

19 Disputes

19.1 The parties agree that the dispute process set out in clauses 2.18, 2.19 and 2.20 of the Market Rules apply to a dispute under this Contract between the parties as if the Supplier was a Rule Participant for the purposes of those clauses.

20 Termination

20.1 The IMO has the right to terminate this Contract by notice in writing to the other party if:

20.1.1 the Supplier becomes Insolvent;

20.1.2 the Supplier commits a breach of this Contract; and

(a) the breach is material and not capable of being cured; or

(b) the breach is capable of being cured and the Supplier fails to cure the breach within:

(i) 5 Business Days of being notified in writing of the breach by the IMO, if the breach is notified by the IMO before the Availability Period and the time for cure would not fall within the Availability Period; or

(ii) 1 Business Day of being notified in writing of the breach by the IMO in all other cases.

20.2 The IMO has the right to terminate this Contract immediately by notice in writing to the Supplier if:

20.2.1 the Supplier fails to supply the Service as determined by clause 9.2 for 2 or more Trading Intervals; or

- 20.2.2 the Facility fails 2 tests conducted pursuant to clause 12 and Schedule E or a re-test pursuant to clause 14 and Schedule E.
- 20.3 A notice given under clause 20.1 or 20.2 must specify the event in relation to which notice is given.

21 Representations and warranties

- 21.1 The Supplier represents and warrants that:
- 21.1.1 the Supplier's obligations under this Contract are valid and binding and are enforceable against the Supplier under their terms;
 - 21.1.2 this Contract and any other transaction under it does not contravene the Supplier's constituent documents or any Law or any of the Supplier's obligations or undertakings by which the Supplier or any of the Supplier's assets are bound or cause to be exceeded any limitation on the Supplier's or the Supplier's directors' powers;
 - 21.1.3 the Supplier has in full force and effect all contracts, authorisations, licences, permits, consents, certificates, authorities and approvals necessary to enter into this Contract, to perform its obligations under this Contract and to allow those obligations to be enforced;
 - 21.1.4 neither the Supplier nor any of its Related Bodies Corporate is in default under a Law affecting any of them or their respective assets, or any obligation or undertaking by which it or any of its assets are bound which will or might reasonably be expected to, materially affect its ability to perform the obligations under this Contract;
 - 21.1.5 there is no pending or threatened action or proceeding affecting the Supplier or any of its Related Bodies Corporate or any of their respective assets before a court, governmental agency, commission, arbitrator or other tribunal which will, or might reasonably be expected to, materially affect its ability to perform its obligations under this Contract; and
 - 21.1.6 neither the Supplier nor any of its Related Bodies Corporate have immunity from the jurisdiction of a court or from legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise).
- 21.2 The representations and warranties in clause 21.1 (other than 21.1.3) and 5.3 are made on and from the Commencement Date ~~first day of the Availability Period~~ and will be taken to be made anew on each day after that for the Term of this Contract.
- 21.3 The representations and warranties in clause 21.1.3 are made on and from the first day of the Availability Period and will be taken to be made anew on each day after that for the Term of this Contract.

22 Notices

Giving notices

22.1 A notice, consent, information, application or request that must or may be given or made to a party under this Contract is only given or made if it is in writing and:

22.1.1 delivered or posted to that party at its address set out below; or

22.1.2 faxed to that party at its fax number set out below.

If a party gives the other party 3 Business Days' notice of a change of its address or fax number, a notice, consent, information, application or request is only given or made by that other party if it is delivered, posted or faxed to the latest address or fax number.

Name: Independent Market Operator
Address: Level 22, The Forrest Centre, 221 St Georges Terrace,
Perth WA 6000
Fax Number: (08) 9254 4399
Attention: **[insert name]**

Name: **[Insert Supplier's name]**
Address: **[Insert Supplier's address]**
Fax Number: **[Insert Supplier's fax number]**
Attention: **[Insert relevant contact name]**

Time notice is given

22.2 A notice, consent, information, application or request is to be treated as given or made, if it is:

22.2.1 delivered, when it is left at the relevant address;

22.2.2 sent by post, 2 Business Days after it is posted; or

22.2.3 sent by fax, as soon as the sender receives from the sender's fax machine a report of an error free transmission to the correct fax number.

If a notice, consent, information, application or request is delivered, or an error free transmission report in relation to it is received, after the normal business hours of the party to whom it is sent, it is to be treated as having been given or made at the beginning of the next business day.

23 Miscellaneous

Costs

23.1 Except as otherwise agreed by the parties in writing, each party must pay its own costs in relation to preparing, negotiating and executing this Contract and any document related to this Contract.

Entire agreement

23.2 This Contract contains everything the parties have agreed on in relation to the matters it deals with. No party can rely on an earlier document, or anything said or done by another party, or by a director, officer, agent or employee of that party, before this Contract was executed, save as permitted by law.

Execution of separate documents

23.3 This Contract is properly executed if each party executes either this document or an identical document. In the latter case, this Contract takes effect when the last party executes the Contract.

Further acts

23.4 The parties will promptly do and perform all acts and things and execute all documents as may from time to time be required, and at all times will act in good faith, for the purposes of or to give effect to this Contract.

Governing law and jurisdiction

23.5 This Contract is governed by the law of Western Australia. The parties submit to the non-exclusive jurisdiction of its courts. The parties will not object to the exercise of jurisdiction by those courts on any basis.

No agency or partnership

23.6 No party is an agent, representative, partner of any other party by virtue of this Contract.

No authority to act

23.7 No party has any power or authority to act for or to assume any obligation or responsibility on behalf of another party, to bind another party to any agreement, negotiate or enter into any binding relationship for or on behalf of another party or pledge the credit of another party except as specifically provided in this Contract or by express agreement between the parties.

Severability

23.8 If a clause or part of a clause of this Contract can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable and valid, it must be read in the latter way. If any clause or part of a clause is illegal, unenforceable or invalid, that clause or part is to be treated as removed from this Contract, but the rest of this Contract is not affected.

Waiver

23.9 The fact that a party fails to do, or delays in doing, something the party is entitled to do under this Contract, does not amount to a waiver of any obligation of, or breach of obligation by, another party. A waiver by a party is only effective if it is in writing. A written waiver by a party is only effective in relation to the particular obligation or breach in respect of which it is given. It is not to be taken as an implied waiver of any other obligation or breach or as an implied waiver of that obligation or breach in relation to any other occasion.

24 Definitions and interpretation

Definitions

24.1 In this Contract the following definitions apply:

ACCC means the Australian Competition & Consumer Commission or its successor entity.

Access Code means the *Electricity Networks Access Code 2004*.

Activation Price means the unit price per kWh for each hour or part thereof that the Service was activated pursuant to the Contract as more particularly described in Schedule C.

Availability Period means the period specified in Schedule D.

Availability Price means the unit price expressed in \$ per kW for each day that the Facility is available under the terms and conditions of this Contract as more particularly described in Schedule C.

Business Day means a day other than a Saturday, Sunday or public holiday in Western Australia.

Commencement Date means the date specified in Schedule D.

Connection Point has the meaning it has in the Access Code.

Contract means this contract and the Schedules attached to it.

Controller has the meaning it has in the *Corporations Act 2001*.

Curtaillable Load has the meaning it has in the Market Rules.

Dispatchable Load has the meaning it has in the Market Rules.

Facility means any plant or equipment used to provide the Service, as described in Schedule A, clause 1.

Force Majeure means any event or circumstance not within a party's control and which the Party is not able to prevent or overcome.

Good Electricity Industry Practice means the exercise of that degree of skill, diligence, prudence and foresight that a skilled and experienced person would reasonably and ordinarily exercise under comparable conditions and circumstances consistent with applicable Laws and applicable recognised codes, standards and guidelines.

GST has the meaning it has in the GST Act.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

Input Tax Credit has the meaning it has in the GST Act.

A party is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the *Corporations Act 2001*);
- (b) it has had a Controller appointed or is in liquidation, in provisional liquidation, under administration or wound up or has had a Receiver appointed to any part of its property;
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other party to this Contract);
- (d) an application or an order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above;
- (e) it is taken to have failed to comply with a statutory demand under section 459F of the *Corporations Act 2001*;
- (f) it is the subject of an event described in section 459C or section 585 of the *Corporations Act 2001* (or it makes a statement from which the other party to this Contract reasonably infers it is so subject);
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a similar effect to (a) to (g) happens in connection with that party under the law of any jurisdiction.

Interruptible Load has the meaning it has in the Market Rules.

Interval Energy Data means a measurement (including an estimated or substituted measurement) of electricity production or consumption at a Metering Point which is accumulated for each Trading Interval.

Interval Meter has the meaning it has in the Metering Code.

Invoice means an invoice that contains:

- (a) details of the Settlement Statement to which the Invoice relates;
- (b) the net amount to be paid by the IMO (including taxes);
- (c) the payment date and time; and
- (d) any amounts outstanding from overdue payments in relation to previous Settlement Statements.

kW means kilowatt.

kWh means kilowatt hour.

Laws means a statute, ordinance, code, clause, by-law, local law, official directive, order, instrument, undertaking, obligation or applicable judicial, administrative or

regulatory decree, judgement or order and includes the terms and conditions of any licence, permit, consent, certificate, authority or approval issued thereunder or any assurance or bond or similar requirements including all applicable standards and obligations under the common law.

Market Objectives means the objectives set out in clause 1.2 of the Market Rules.

Market Rules means the Wholesale Electricity Market Rules made under the *Electricity Industry (Wholesale Electricity Market) Regulations 2004* as amended from time to time.

Maximum Capacity means the maximum amount of Supplementary Reserve Capacity that the Service may supply as more particularly described in Schedule A.

Metering Code means the *Electricity Industry Metering Code 2005*.

Metering Point means a point at which an Interval Meter measures electricity production or consumption for the Connection Point;

Month means a calendar month.

National Meter Identifier means the unique identifier assigned to a Metering Point as set out in Schedule F.

[note: the National Meter Identifier will be provided by the Supplier either in the tender or pursuant to clause 8.2]

Notice of Disagreement means a notice containing:

- (a) details of the Settlement Statement and the day or days to which the Notice of Disagreement relates;
- (b) a list of information in the Settlement Statement with which the Supplier disagrees, including:
 - (i) the reasons for the disagreement; and
 - (ii) what the Supplier believes the correct value should be (if this is known); and
 - (iii) the basis for the Supplier's belief (including any calculations made).

Receiver includes a receiver or receiver and manager.

Related Bodies Corporate has the meaning in section 50 of the *Corporations Act 2001*.

Rule Participant has the meaning it has in the Market Rules.

Service means the load reduction or generation able to be activated during the Availability Period, if required, in accordance with the terms and conditions of this Contract as more particularly described in Schedule A, clause 2.

Settlement Statement means a statement containing:

- (a) the Month that the statement relates to;
- (b) details of the energy directed by System Management to be dispatched during that Month;
- (c) details of the meter reading for the Facility for the Month;
- (d) details of any refunds payable in accordance with clause 9.1.2;
- (e) all applicable taxes; and
- (c) any other information that the IMO considers is necessary.

Supplementary Reserve Capacity is the capacity, measured in kWh, supplied by a Facility as a result of activation of the Service as more particularly described in Schedule A, clause 3.

System Management has the meaning it has in the Market Rules.

Tax Invoice has the meaning it has in the GST Act.

Technical Rules means the technical rules applying to Western Power's South West Interconnected Network approved under Chapter 12 of the Access Code (as amended or modified) including any variations or exemptions granted by Western Power to those rules.

Term means the period set out in Schedule D.

Trading Interval means a 30 minute period ending on the hour (WST) or on the half hour and, where identified by a time, means the 30 minute period ending at that time.

Western Power means Electricity Networks Corporation established by the *Electricity Corporations Act 2005* trading as Western Power.

Interpretation

24.2 In this Contract, unless the context otherwise requires:

- 24.2.1 a reference to any law or legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision;
- 24.2.2 a reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time;
- 24.2.3 a reference to a clause, part, schedule or attachment is a reference to a clause, part, schedule or attachment of or to this Contract unless otherwise stated;
- 24.2.4 an expression importing a natural person includes any company, trust, partnership, joint venture, association, corporation, body corporate or governmental agency;

- 24.2.5 a covenant or agreement on the part of two or more persons binds them jointly and severally; and
- 24.2.6 the schedules and attachments form part of this Contract.

Draft

Execution

Executed

Date:

Signed for, and on behalf of,
the **Independent Market Operator**
in accordance with regulation 52 of the
Electricity Industry (Independent Market
Operator) Regulations 2004:

Signature of authorised person

Print name of authorised person

Position of authorised person

Signed for and on behalf of
[insert Supplier's name]
by authority of its directors in
accordance with section 127 of
the Corporations Act

Signature of Director

Signature of *Director/*Secretary

Print name of Director

Print name of *Director/*Secretary

**delete that which does not apply*

Schedule A – Description of the Service

1 Facility

[insert description of the Facility used to provide the Service]

2 Service

[insert description of the Service i.e. generation of load or demand side management]

3 Supplementary Reserve Capacity

The Service is able to supply Supplementary Reserve Capacity up to a maximum of *[insert the maximum capacity of that Service]* (Maximum Capacity).

4 Restrictions

[insert any restrictions noted on the tender form including:

- 1. maximum number of hours that the Service will be available;*
- 2. maximum number of hours each day that the Service will be available;*
- 3. time of day that the Service will be available]*

DRAFT

Schedule B – Activation of the Service

1 Direction to activate

- 1.1 The Supplier acknowledges and agrees that:
 - 1.1.1 a direction to activate the Service may be given by System Management; and
 - 1.1.2 that direction may require the Supplier to provide some or all of the Supplementary Reserve Capacity.
- 1.2 The Supplier must comply with any direction given by System Management or the IMO regarding the activation of the Service and the supply of the Supplementary Reserve Capacity.

2 Method of activation

- 2.1 System Management will *[insert method of activation]*.
- 2.2 The Supplier will *[insert method of notification of activation – i.e. email by Supplier's nominated representative to System Management]*.

3 Time of activation

- 3.1 Within *[insert time]* of receiving a direction from System Management or the IMO, the Supplier must:
 - 3.1.1 activate the Service; and
 - 3.1.2 commence supplying the Supplementary Reserve Capacity..
- 3.2 The time for activation will be measured by *[insert basis for measuring the response]*.

4 Maximum and minimum period of activation

- 4.1 If directed to activate the Service by System Management, the period that the Supplementary Reserve Capacity must be supplied for will be specified in the direction of System Management.
- 4.2 If the Service is activated, the maximum duration of each single activation will be the period beginning when the Service is activated by the Supplier in response to a direction by System Management and ending:
 - 4.2.1 once the maximum number of hours each day that the Service will be available as set out in Schedule A, clause 3 is reached; or

4.2.2 when directed to by System Management,
whichever period ends sooner.

5 Limits to activation

5.1 System Management may only *[insert limits to activation]*.

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Schedule C – Price and Payment Terms

1 Availability Price

- 1.1 The Availability Price for the Contract for each day during the Availability Period is *[insert amount]* per kW.

2 Activation Price

- 2.1 The Activation Price for the Contract is \$*[insert price]* for each kWh of the Service that is supplied during the Availability Period.

3 Invoicing and Payment terms

- 3.1 The Availability Price and the Activation Price will be payable Monthly.
- 3.2 The total Availability Price payable for the Month will be determined by the IMO as follows:

$$\text{AvP} \times \text{D} \times \text{MC}$$

where AvP = the Availability Price,

D = days in the Month,

MC = Maximum Capacity (as adjusted by clause 13 or 14 as the case may be).

- 3.3 The total Activation Price payable for the Month will be determined by the IMO as follows:

$$\text{AP} \times \text{K}$$

where AP = the Activation Price,

K = the amount of the Supplementary Reserve Capacity actually supplied during any Trading Interval or part thereof during the Month in accordance with a direction by System Management and the terms and conditions of this Contract.

- 3.4 The IMO expects to receive Interval Energy Data from Western Power by the first Business Day of the second Month following the Month in which:

3.4.1 the Facility was available; and

3.4.2 if required, the Supplementary Reserve Capacity was supplied.

- 3.5 Not less than three Business Days and not more than five Business Days after the IMO receives the information in Schedule C, clause 3.4, the IMO will issue a Settlement Statement to the Supplier.
- 3.6 On the sixth Business Day of the second Month following the month in which:
- 3.6.1 the Facility was available; and
- 3.6.2 if required, the Supplementary Reserve Capacity was supplied,
- the IMO will issue an Invoice to the Supplier.
- 3.7 The amount of the Invoice is payable by the IMO on or before the due date specified in the Invoice which must be two Business Days after the due date specified in the Invoice.
- 3.8 The Supplier must provide any information and perform any act that the IMO considers necessary to facilitate the payment of the Invoice by the IMO.
- 3.9 If the Supplier disagrees with a Settlement Statement, the Supplier may lodge a Notice of Disagreement with the IMO by no later than 5pm on the twentieth Business Day following the date on which the Settlement Statement was issued.
- 3.10 The IMO will, within 1 month of receipt of a Notice of Disagreement respond to the Notice of Disagreement by:
- 3.10.1 indicating any revisions to the Settlement Statement and issuing a revised Invoice; or
- 3.10.2 disagreeing with the Notice of Disagreement (and therefore taking no action).
- 3.11 If the Supplier is not satisfied with the IMO's response pursuant to Schedule C, clause 3.10, the Supplier may commence a dispute in accordance with clause 19.

4 Goods and Services Tax

- 4.1 The consideration specified in this Contract does not include any amount for GST.
- 4.2 If a supply under this Contract is subject to GST, the recipient must pay to the supplier an additional amount equal to the amount of the consideration multiplied by the applicable GST rate.
- 4.3 The additional amount is payable at the same time as the consideration for the supply is payable or is to be provided but need not be paid until the supplier gives the recipient a Tax Invoice.
- 4.4 If the additional amount differs from the amount of GST payable by the supplier, the parties must adjust the additional amount.
- 4.5 If a party is entitled to be reimbursed under this Contract the amount to be reimbursed does not include any amount for GST for which the party is entitled to an Input Tax Credit.

5 Invoices

- 5.1 The Supplier must, if requested by the IMO, do everything necessary (including the entering into of recipient created tax invoice agreements) to enable the IMO to issue an Invoice, recipient created tax invoices and adjustment notes in respect of all payments made by or to the IMO under this Contract.

Draft

Schedule D – Term of the Contract

1 Commencement and Term

- 1.1 The Commencement Date is the date specified on the execution page of this Contract.
- 1.2 The Availability Period is the period commencing on ***[insert date]*** and ending on ***[insert date]*** (inclusive).
- 1.3 The Term of the Contract is the period from the Commencement Date to the end of the Availability Period (inclusive).

Draft

Schedule E – Testing

1 Testing of the Facility

- 1.1 The IMO may, from time to time and at any time but at intervals of not less than 5 Business Days, test the Facility to ensure that it is able to deliver the Maximum Capacity.
- 1.2 The test may be conducted:
 - 1.2.1 by the IMO observing the Facility operate at the required level at least once as part of normal market operations;
 - 1.2.2 in the case of a generation system, requiring System Management to test the ability of the generation system's plant and equipment to operate at the required level for not less than 60 minutes and the generation system successfully passing that test; or
 - 1.2.3 in the case of Interruptible Loads, Curtailable Loads and Dispatchable Loads, requiring System Management to test the process and systems to activate a reduction in demand without requiring demand to actually reduce, and the processes and systems successfully passing that test.
- 1.3 Notwithstanding Schedule E, clause 1.2, the IMO may, acting reasonably, determine another method of testing the Facility.

Schedule F – Metering

[insert details of the meters including the National Meter Identifier for each relevant meter. If these are unascertainable at the first day of the Term of the Contract they must be inserted within the time set out in clause 8.1]

Draft

Draft



MARKET PROCEDURE: Web Site Changes

VERSION 3

ELECTRICITY INDUSTRY ACT 2004

ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY MARKET) REGULATIONS 2004

WHOLESALE ELECTRICITY MARKET RULES

COMMENCEMENT:

This Market Procedure took effect from 8:00am (WST) on the same date as the Wholesale Electricity Market Rule.

VERSION HISTORY

VERSION	EFFECTIVE DATE	NOTES
1	21 September 2006	Market Procedure for Web Site Changes
2	10 June 2008	Amendments to Market Procedure resulting from PC_2008_03
3	Xx Xxx 2010	Amendments to Market Procedure resulting from PC_2010_07

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1 PROCEDURE OVERVIEW

1.1 Relationship with the Market Rules

1.1.1 This Web Site Change Market Procedure (Procedure) should be read in conjunction with clause 10.3.5 of the Wholesale Electricity Market (WEM) Rules (Market Rules).

1.1.2 Reference to particular Market Rules within the Procedure in bold and square brackets **[MR XX]** are current as of 1 October 2010. These references are included for convenience only, and are not part of this Procedure.

1.2 Purpose

1.2.1 The Procedure specifies the protocols by which System Management and the IMO can change the Market Web Site.

1.3 Application

1.3.1 This Procedure applies to the IMO and System Management.

1.4 Associated Market Procedures and Market Documents

1.4.1 The following IMO Market Procedures are associated with this Procedure:

a) Notices and Communications.

1.4.2 A list of all market related information and documents and the associated confidentiality status are available on the following webpage:
[http://www.imowa.com.au/Confidentiality Status](http://www.imowa.com.au/Confidentiality_Status)

1.5 Interpretation

1.5.1 In this Procedure the conventions specified in clauses 1.3- 1.5 of the Market Rules apply.

1.5.2 The Market Web Site includes any web site operated by the IMO to carry out its functions under the Market Rules. The Market Web Site consists of the Wholesale Electricity Market System (WEMS) used by Market Participants and the public website at <http://www.imowa.com.au>

2 PROCEDURE STEPS

2.1 Publishing information on the Market Web Site

- 2.1.1 Where System Management has not been delegated the authority to directly post information or documents on the Market Web Site **[MR10.3.3]**, System Management must provide to the IMO any information or documents that it is required to publish under the Market Rules
- 2.1.2 On receiving any information or documents from System Management for publication on the Market Web Site the IMO must publish this information, taking into account the information confidentiality status of that information or document as determined in accordance with clause 10.2.1 of the Market Rules.
- 2.1.3 The IMO may publish information classified as Public under clause 10.5 of the Market Rules on the IMO public web site <http://www.imowa.com.au>
- 2.1.4 The IMO must only publish information classified as SWIS Restricted Information under clause 10.6 through the WEMS.
- 2.1.5 The IMO must only publish information classified as Rule Participant Market Restricted Information under clause 10.7 through the WEMS and only be accessible to the Market Participant for which the information applies.



MARKET PROCEDURE: Monitoring Protocol ~~(Concise Version)~~

VERSION 3

ELECTRICITY INDUSTRY ACT 2004

ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY MARKET) REGULATIONS 2004

WHOLESALE ELECTRICITY MARKET RULES

COMMENCEMENT:

This Market Procedure is to have effect from 8:00am (WST) on the same date as the Wholesale Electricity Market Rule, ~~in which this Procedure is made in accordance with,~~ commences.

VERSION HISTORY

VERSION	EFFECTIVE DATE	NOTES
1	21 September 2006	Market Procedure for Monitoring Protocol
2	17 October 2008	Amendments to Market Procedure resulting from PC_2008_10
3	Xx Xxx 2010	Amendments to Market Procedure resulting from PC_2010_03

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1. PROCEDURE OVERVIEW

1.1 Relationship with the Market Rules

1.1.1 The Monitoring Protocol (Procedure) has been developed in accordance with, and should be read in conjunction with, clauses 2.15.1 – 2.15.3 and 2.15.7 of the Wholesale Electricity Market (WEM) Rules (Market Rules).

1.1.2 Reference to particular Market Rules within the ~~Monitoring Protocol~~Procedure in bold and square brackets **[MR XX]** are current as of 1 July 2010. These references are included for convenience only, and are not part of this ~~Monitoring Protocol~~Procedure.

1.2 Purpose

1.2.1 The purpose of the ~~Monitoring Protocol~~Procedure is to outline how the IMO will monitor Rule Participants' compliance with the Market Rules and Market Procedures **[MR 2.15.2]**.

1.3 Application

1.3.1 This ~~Monitoring Protocol~~Procedure applies to:

- a) The IMO;
- b) System Management; and
- c) Rule Participants.

1.4 Associated Market Procedures

1.4.1 The following Market Procedures are associated with this ~~Monitoring Protocol~~Procedure:

- a) System Management Monitoring and Reporting Protocol **[MR 2.15.4]**; and
- b) Notices and Communications Procedure.

1.5 Interpretation

1.5.1 In this ~~Monitoring Protocol, unless the contrary intention is expressed~~Procedure, the conventions specified in clauses 1.3 – 1.7 of the Market Rules apply. The following additional clarifications are provided:

a) The following terms have the following meanings:

~~a) terms used in this Monitoring Protocol have the same meaning as those given in the Market Rules (made pursuant to the Electricity Industry (Wholesale Electricity Market) Regulations 2004);~~ "Market Regulations" means the Electricity Industry (Wholesale Electricity Market) Regulations 2004;
"Regulation" means a regulation in the Market Regulations.

~~a) to the extent that this Monitoring Protocol is contrary or inconsistent with the Market Rules, the Market Rules shall prevail to the extent of the inconsistency;~~

~~b) a reference to the Market Rules or Market Procedures includes any associated forms required or contemplated by the Market Rules or Market Procedures;~~

~~c) words expressed in the singular include the plural or vice-versa; and~~

~~d) the following terms have the following meanings:~~

~~_____ "Market Regulations" means the Electricity Industry (Wholesale Electricity Market) Regulations 2004;~~

~~_____ "Regulation" means a regulation in the Market Regulations.~~

1.5.2 For the avoidance of doubt, this ~~Monitoring Protocol~~ Procedure does not include any protocols for the IMO monitoring the effectiveness of the market.

2. PROCEDURE STEPS

2.1 Monitoring Rule Participants' Compliance

2.1.1 One of the IMO's functions is to monitor Rule Participants' compliance with the Market Rules and Market Procedures. This includes monitoring compliance by System Management.

2.2 Reports

2.2.1 The Market Rules require that the IMO publishes a report, at least one a year, on the results of its monitoring of System Management. Generally these reports will be deemed to be a Public Report for the purpose of confidentiality status. However in determining the publication status of any report the IMO ~~will~~must consider the Wholesale Market Objectives outlined in clause 1.2.1 of the Market Rules.

2.3 Non-compliance Reporting by Rule Participants

2.3.1 The Market Rules require that a Rule Participant may inform the IMO if it considers that it has, or another Rule Participant has, contravened the Market Rules or Market Procedures **[MR 2.13.4]**.

2.3.2~~3~~ The notification must contain:

- a) the name of the Rule Participant and contact details for the person responsible for the notification;
- b) the name of the Rule Participant who is alleged to have breached the Market Rules or Market Procedures;
- c) the specific clauses in the Market Rules or Market Procedures alleged to have been breached;
- d) the dates and times on which the alleged breach occurred;
- e) a description of the reasons that the notifying Rule Participant has for considering a breach may have taken place, including any evidence of the potential breach; and
- f) if the breach is by the notifying Rule Participant, a description of the reasons for the breach, including any mitigating circumstances and any proposed remedies.

- 2.3.4 Contact details for the IMO are outlined in the Notices and Communications Procedure.
- 2.3.5 Where the IMO receives any notification from a Rule Participant it ~~will~~must provide a letter of acknowledgement to the notifying Rule Participant within three business days of receipt.
- 2.3.6 The IMO ~~will~~must notify the Rule Participant alleged to be non-compliant that an allegation has been made. The notification ~~will~~must set out:
- a) that the Rule Participant is alleged to have committed a breach;
 - b) a summary of the alleged non-compliant behaviour; and
 - c) a contact person at the IMO to discuss the matter and processes.

However, the IMO has the discretion not to provide such notification if the IMO reasonably believes that doing so would prejudice an investigation.

- 2.3.7 The IMO ~~will~~must not disclose ~~to the Rule Participant alleged to have committed the breach~~ the identity of the Rule Participant notifying the non-compliant behaviour. An exception applies where System Management notifies the IMO of an alleged breach as a result of its monitoring activities. In that case the identity of System Management will be disclosed to the Rule Participant alleged to have committed the breach.
- 2.3.8 Where the notification by a Rule Participant results in an IMO decision regarding the potential rule breach, including bringing proceedings before the Electricity Review Board, the IMO ~~will~~must inform the Rule Participant of the decision.

2.4 Investigating Alleged Breaches

- 2.4.1 The Market Rules require that if the IMO becomes aware of an alleged breach of the Market Rules or Market Procedures, it must investigate the ~~behaviour~~matter [MR 2.13.10].
- 2.4.2 Where the IMO considers that an alleged breach notified by a Rule Participant relates to a matter already under investigation, the IMO may join the two investigations.
- 2.4.3 Where the IMO considers that an alleged breach notified by a Rule Participant has already been investigated, and the notification does not give rise to any new information or factors to justify further investigating the matter, the IMO may have regard to the previous investigation and not investigate the matter further.

- 2.4.4 Where an alleged breach notified by a Rule Participant relates to a matter in which the IMO has already concluded that no breach occurred, the IMO may have regard to its previous decision, and the factors giving rise to it, and not reopen the matter.
- 2.4.5 The purpose of Steps 2.5.3 and 2.5.4 is to prevent the IMO having to reinvestigate previously settled matters.
- 2.4.6 Where the IMO requires information, it may make a request by email, facsimile or post to the person nominated as the contact for the Rule Participant. The IMO ~~will~~ must indicate a reasonable timeframe in which it considers any required information and records should be provided.
- 2.4.7 Where the IMO decides that, in the course of its investigation, it needs to search the Rule Participant's premises for documents or records or to inspect the Rule Participants' equipment, it must follow the requirements set out Part 5, Division 2 of the Market Regulations.
- 2.4.8 The Market Rules provide that the IMO may meet with the Rule Participant on one or more occasions to discuss the alleged breach and avenues for rectifying it **[MR 2.13.11]**. Where the IMO is of the view that the potential breach of the Market Rules or Market Procedures is ongoing and serious, it ~~will~~ must urgently seek such a meeting.

2.5 Warnings

- 2.5.1 The Market Rules provide that where the IMO reasonably believes that non-compliant behaviour has taken place, it may issue a warning to the Rule Participant.
- 2.5.2 The warning ~~will~~ must be issued within two Business Days of the completion of the investigation.
- 2.5.3 The IMO ~~may~~ must provide the warning ~~by e-mail, facsimile or post~~ to the person nominated as the contact for the Rule Participant in accordance with the Market Procedure for Notices and Communications.
- 2.5.4 The Rule Participant may request a meeting with the IMO to discuss the alleged breach and proposed resolutions. The IMO ~~will~~ must not unreasonably refuse such a meeting.
- 2.5.5 The Rule Participant is required to provide the explanation requested in the warning within five Business Days of receipt of the warning. The explanation is required to be in writing and may be provided to the IMO by e-mail, facsimile or post. The IMO may extend this timeframe, at the request of the Rule Participant, by providing confirmation in writing.

2.6 Bringing Proceedings Before the ~~Energy~~lectricity Review Board

2.6.1 The requirements for making an application to the [Electricity Review Board \(ERB\)](#) are set out in the Electricity Industry (Wholesale Electricity Market) regulations 2004.

2.6.2 Once it has lodged an application with the ERB the IMO ~~will~~must notify the Participants involved, and provide them with a copy of the application.

Appendix A - Categories of Rule Breaches and the mechanisms to Identify the Breaches

To the extent that this Appendix A and the Market Regulations are inconsistent, the Market Regulations prevail.

Clause	Penalty class	Description	Proposed Monitoring
2.13.13	B	Rule Participant must cooperate with an investigation including providing information and allowing access.	The IMO will monitor whether participant cooperates
2.13.14(a)	B	Rule Participant must cooperate with an investigation by a person appointed by the IMO with regard to possible rule breach	The person investigating will report to the IMO
2.13.25	B	Rule Participant must comply with the IMO's direction giving effect to Electricity Review Board (ERB) decision	The IMO will follow up to confirm directions are complied with
2.16.6(b)	B	Market Participants must provide information to ERA	The ERA can notify the IMO where it does not receive requested information
2.27.1	A	Network Operators provide loss factors to the IMO	The IMO will check on 1 June if it has received the loss factors
2.29.6	C	Rule Participant must ensure that a Scheduled Generator is able to respond to System Management output directions	System Management can notify the IMO where it considers that the equipment is not compliant
2.29.7	C	Rule Participant must ensure that a Non-Scheduled Generator is able to decrease output on System Management instruction	System Management can notify the IMO where it considers that the equipment is not compliant
2.29.8	B	Rule Participant must ensure that a Dispatchable Load is able to respond to System Management output directions	System Management can notify the IMO where it considers that the equipment is not compliant
2.30C.4	B	Rule Participant must provide additional Standing Data if requested by the IMO	The IMO will record if requests are not complied with
2.31.9	B	Network Operator must cooperate with registration tests for a facility	The IMO can record as it carries out registration process for facilities

Clause	Penalty class	Description	Proposed m Monitoring
2.32.4(a)	C	Rule Participant must comply with a Suspension Notice	The IMO will monitor that the Rule Participant does not make submissions but is still meeting Reserve Capacity Obligations
2.34.2	B	Rule Participant must ensure Standing Data kept accurate	Monitored by System Management
2.34.3	B	Rule Participant must ensure Standing Data kept accurate	Monitored by System Management
2.34.6	B	Rule Participant must provide additional data to support Standing Data change if requested	The IMO will record if a Rule Participant does not respond to the request
2.35.1	A	Market Participants must maintain communication equipment with Facilities	System Management can notify the IMO where it considers that the equipment is not compliant
2.35.2	A	Market Participants must maintain communication equipment for Facilities over which System management should have operational control	System Management can notify the IMO where it considers that the equipment is not compliant
2.35.3	A	Rule Participants must maintain communication equipment for Facilities registered as Interruptible Loads	System Management can notify the IMO where it considers that the equipment is not compliant
2.36.3	A	Market Participants must meet IMO's data and IT security standards	The IMO's IT staff will investigate any problems caused on the WEMS systems
2.36.4	C	Market Participant may not operate IT system to deliberately undermine market systems	The IMO's IT staff will investigate any problems caused on the WEMS systems
2.37.5	B	Market Participant must tell the IMO if electricity purchased through market is expected to be higher than in last calculation of the credit limit	The IMO will track this through its prudential monitoring, and may retrospectively investigate where the amount has increased in the past month whether the participant could have reasonably known
2.38.1	B	Market Participant must provide Credit Support	The IMO will track this through its prudential monitoring
2.38.2	B	Market Participant must provide replacement Credit Support where existing Credit Support due to end	The IMO will track this through its prudential monitoring

Clause	Penalty class	Description	Proposed Monitoring
2.38.3	B	Participant must provide additional Credit Support where required	The IMO will track this through its prudential monitoring
2.41.2	B	Market Participant must not make a submission which could result in it exceeding its Trading Margins	The IMO will track this through its prudential monitoring, and may retrospectively investigate where the amount has increased in past months whether the Market Participant could have reasonably known
2.42.4	C	Market Participant must respond to a Margin Call	The IMO will track this through its prudential monitoring
2.44.4	C	Market Participants must comply with IMO directions during market suspension	The IMO will record any non-compliance at the time, and will also assess non-compliance after the fact as part of its investigation into the market suspension
3.4.6	C	Rule Participants must comply with System Management directions and endeavour to assist System Management during high risk operating state	Monitored by System Management
3.4.8	C	Rule Participants must immediately inform System Management if cannot comply with direction	Monitored by System Management
3.5.8	C	Rule Participants must comply with System Management directions and endeavour to assist System Management during an Emergency Operating State	Monitored by System Management
3.5.10	C	Rule Participant must immediately inform System Management if it cannot comply with a direction issues during an Emergency Operating State	Monitored by System Management
3.6.5	C	Network Operators must implement load shedding plans	Monitored by System Management
3.6.6B	C	Network Operators must comply with manual disconnection instructions from System Management	Monitored by System Management
3.8.2(c)	B	System Management and Rule Participants must supply	The IMO will record if no report was provided

Clause	Penalty class	Description	Proposed m Monitoring
		requested reports on system incidents to the IMO	
3.11.7A	C	Electricity Generation Corporation (EGC) must make capacity available to System Management to provide Ancillary Services	Monitored by System Management
3.16.4	B	Rule Participants must provide MT-PASA information	Monitored by System Management
3.16.7	B	Rule Participants must provide MT-PASA information	Monitored by System Management
3.16.8A	B	Rule Participants must provide additional MT-PASA information requested by System Management within the specified timeframes	Monitored by System Management
3.17.5	C	Rule Participants must provide ST-PASA information	Monitored by System Management
3.17.6	C	Rule Participants must update ST-PASA information if it changes	Monitored by System Management
3.18.7	C	Outage Plans submitted by a Market Participant or Network Operator must represent good faith expectations	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.18.8	C	Market Participant or Network Operator must revise Outage Plan if it no longer plans to take equipment out of service	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.18.9	C	Participant must revise outage plan if time changes	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.18.13(d)(i)	C	Market Participants and Network Operators must resubmit Outage Plans after negotiation in case of a schedule clash	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.19.1	C	Market Participants and Network Operators must request approval from System Management for outage two days in advance	System Management can notify the IMO where it considers that the outage planning provisions have been breached

Clause	Penalty class	Description	Proposed Monitoring
3.19.8	C	Market Participants and Network Operators must comply with System Management rejection of an outage	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.20.2	C	Market Participants and Network Operators must comply with System Management directions to recall from outage or take other measures in the relevant Outage Contingency Plan	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.21.4	C	Market Participants and Network Operators must inform System Management of a Forced Outage	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.21A.2	C	Market Participant seeking to conduct a Commissioning Test must request permission from System Management	Monitored by System Management
3.21A.6	C	Market Participant that no longer plans to conduct a Commissioning Test must inform System Management	Monitored by System Management
3.21A.12	C	Market Participant must conform to the approved Commissioning Test plan	Monitored by System Management
3.21A.13	C	Market Participant that cannot conform to the approved Commissioning Test plan must inform System Management	Monitored by System Management
3.21B.1	C	Market Participant must seek permission from System Management before decommissioning a Scheduled Generator holding Capacity Credits	Monitored by System Management
3.21B.2	C	Permission under 3.21B.1 must be sought at least 2 hours in advance and specified information must be provided	Monitored by System Management
4.5.4	C	Rule Participants provide LT-	The IMO will record if data is not provided

Clause	Penalty class	Description	Proposed Monitoring
4.10.2	C	PASA information to the IMO A Market Participant who claims alternative fuel must have on site fuel or uninterruptible fuel supply	Monitored by System Management, if instructed by the IMO.
4.22.5(b)	B	Market Participant with Long Term Special Price Arrangement must annually re-apply for certification	The IMO will record if re-application does not occur
4.27.5	B	Market Participants must provide reports to the IMO on expected Planned Outages where Reserve Capacity of market underperforming	The IMO will record if the report is not provided in response to the request
6.5.1A	B	Generator and Dispatchable Load Participants must make Resource Plan Submission	The IMO will record where the submission is not received
6.6.3	C	Market Generator must not offer prices that do not reflect its reasonable expectation of short run marginal cost, where such behaviour relates to Market Power.	Monitored by the IMO
6.7.3	C	Market Generator must not specify quantities in a Bilateral Submission that exceed the quantity of energy it is contracted to supply	Monitored by the IMO
6.7.4	C	Market Customer must not significantly overstate its consumption as indicated by its Net Contract Position that cannot be explained by forecasting uncertainty or loss factors.	Monitored by the IMO
6.19.9	B	Market Participants, Network Operators and System Management must inform the IMO of events that could result in Market Advisory	After the fact the IMO may assess whether any Participant could have reasonably known about the circumstances and informed it

Clause	Penalty class	Description	Proposed m Monitoring
7.5.5	C	Market Participant may only issue fuel change notification where it has lost or obtained non-liquid fuel supply	Monitored by System Management
7.6A.2(g)	C	EGC must notify System Management if it is unable to comply with a dispatch plan	Monitored by System Management
7.6A.3(c)	C	EGC must notify System Management if it unable to comply with a Dispatch Instruction	Monitored by System Management
7.6A.5(e)	B	EGC and System Management must make records created because of the operation of clause 7.6A available to the IMO on request	Monitored by the IMO
7.6A.6	B	EGC and System Management must keep all records created because of the operation of clause 7.6A	Monitored by the IMO
7.7.9(b)	C	System Management and Market Participants must follow Power System Operation Procedure when issuing/receiving Dispatch Instructions	The IMO will receive notification from System Management or the Market Participant that they believe the Procedure has not been followed
7.9.1	C	Market Participant must confirm with System Management the expected synchronisation time of generating units in advance	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.9.3	C	Market Participant must coordinate with System Management the synchronisation of generating units where requested	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.9.5	C	Market Participant must confirm with System Management the expected desynchronisation time of generating units in advance	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached

Clause	Penalty class	Description	Proposed m Monitoring
7.9.7	C	Market Participant must coordinate with System Management the desynchronisation of generating units where requested	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.9.9	C	Market Participant must comply with System Management permissions on synchronisation	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.9.10	C	Market Participant must comply with System Management permissions on desynchronisation	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.9.12(a)	C	Market Participant must inform System Management where it cannot comply with System Management desynchronisation requirements	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.10.1	C	Market Participant must comply with its Resource Plan, Dispatch Instructions or directions from System Management	Monitored by System Management
7.10.3	C	Market Participant must inform System Management where it cannot comply with its Resource Plan, Dispatch Instructions or directions from System Management	Monitored by System Management
7.10.6	C	Market Participant must comply with System Management direction to follow Resource Plan etc, or inform System Management if it cannot	Monitored by System Management
7.10.6A	C	Market Participant that cannot comply with a request made under clause 7.10.5 must notify System Management	Monitored by System Management
7.11.7	C	Market Participants and Network Operators must comply with System Management directions issued in a Dispatch Advisory or	Monitored by System Management

Clause	Penalty class	Description	Proposed mMonitoring
		directly	
7.11.9	C	Market Participants, Network Operators and the IMO must inform System Management of events that could result in Dispatch Advisory	After the fact System Management may assess whether any participant could have reasonably known about the circumstances and informed it
8.1.3	B	Metering Data Agent must operate to Metering Protocol	The IMO will record where its interactions with the Metering Data Agent lead it to believe the Metering Data Agent is not operating to the Protocol (e.g. the process for missing data is not operating), and participants can also notify the IMO
8.3.1	B	Metering Data Agent must maintain Meter Registry	Participants can notify to the IMO where they do not consider that the Metering Data Agent is meeting the Meter Registry requirements
8.3.3	B	Metering Data Agent must respond to IMO information request related to facility registration	The IMO will record where the Metering Data Agent does not respond
8.3.5	B	Metering Data Agent must inform <u>the</u> IMO of changes in the Market Participants at meters	Participants can notify to the IMO where they do not consider that the Metering Data Agent is meeting the Protocol requirements
8.4.1	B	Metering Data Agent must provide Meter Data Submissions to the IMO on schedule	The IMO will record where the Metering Data Agent does not provide information on schedule
8.5.2	B	Metering Data Agent must respond to IMO notification of metering dispute	The IMO will record where the Metering Data Agent does not respond
8.8	B	Metering Data Agent must provide meter data requested by the IMO for purposes of the Market Rules	The IMO will record where the Metering Data Agent does not provide information requested
9.1.2(e)	B	Rule Participants must assist <u>the</u> IMO to produce necessary tax invoices etc	The IMO will record where participants do not respond to its requests
9.3.2	B	Metering Data Agent must provide settlement ready meter data to the IMO	The IMO will record where the Metering Data Agent does not provide data on schedule

Clause	Penalty class	Description	Proposed m Monitoring
9.22.5	B	Rule Participants must use the EFT facility nominated by the IMO	The IMO will record where participants do not make payments on time using the EFT system
9.23.3	B	Rule Participant must inform the IMO if a suspension event happens to it (e.g. bankruptcy, losing its licence)	The IMO will monitor this through information generally available to the public and in the industry, through its communications with the ERA, and when any Rule Participant notifies it.
9.24.7	C	Market Participant must pay the IMO any Default Levy amount due in full by the required time	The IMO will record where participants do not make payments on time using the EFT system
10.1.2	B	Rule Participants must retain information	This will primarily be detected as part of any other investigation under the rules, where it is revealed that the Rule Participant's records are not adequate.
10.2.4	B	Rule Participants cannot release confidential information	The affected Rule Participant can notify the IMO