
Agenda Item 6a (iv):

Wholesale Electricity Market Pre Market Rule Change Discussion Paper

Submitted by

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Date submitted:	29 January 2009
Urgency:	Medium
Change Proposal title:	Approval of proposed new, amended, and replacement Market Procedures
Market Rule(s) affected:	Clauses 2.10.6, 2.10.13, 2.10.14, 2.10.15, 2.10.16 and Glossary

Introduction

This Pre Market Rule Change Discussion Paper can be posted, faxed or emailed to:

Independent Market Operator

Attn: Troy Forward, Manager Market Administration & System Capacity
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

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The discussion paper should explain how the proposed rule change will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and

- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Details of the proposed Market Rule Change

1) Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:

Clauses 2.10 and 2.11 of the Market Rules outline the process for amending Market Procedures.

A Procedure Change Proposal is defined as a proposal developed by the IMO or System Management to initiate a Procedure Change Process. In other words, the Procedure Change Proposal is the originating document.

A Procedure Change Report is currently defined as a final report published by the IMO or System Management in relation to a Procedure Change Proposal. In other words, the final document. Please note, an amendment to this glossary term is also proposed below.

Clause 2.10.14 of the Market Rules is the clause under which the IMO may approve or reject System Management's proposed procedure changes. The clause currently states that the IMO's role is deciding whether to approve a Procedure Change **Proposal** prepared by System Management. Given that this document undergoes a public consultation process, which potentially could result in amendments to the originally proposed wording, the IMO proposes that the Market Rules should be amended to clarify that the IMO's role is to decide not whether to approve the original document, but rather the wording of the proposed Market Procedure or amendment to or replacement for the Market Procedure contained in the Procedure Change Report.

Additionally, the IMO proposes to correct the patently incorrect reference to Proposals 'published' by System Management in clause 2.10.14 and the glossary definition of Procedure Change Report. Proposals are developed either by the IMO or by System Management, and are published by the IMO. The opening words of clause 2.10.14 are clearly intended to refer to those proposals *developed* by System Management.

The IMO also proposes, in a number of clauses, to improve the language surrounding proposed amendments to Market Procedures by the IMO or by System Management to read "...an amendment to" rather than "...an amendment of".

2) Explain the reason for the degree of urgency:

This pre-rule change discussion paper consists of a procedural correction to clarify the role of the IMO in approving System Management's proposed Market Procedures. It does not seek to amend the operation of the Market Rules. As such, it fulfils sub-clause 2.5.9(a), in that it is of a procedural nature, and therefore may be fast-tracked:

2.5.9. The IMO may subject a Rule Change Proposal to the Fast Track Rule Change

Process if, in its opinion, the Rule Change Proposal:

- (a) is of a minor or procedural nature;

3) Provide any proposed specific changes to particular Rules (for clarity, please use the current wording of the Rules and place a ~~strike through~~ where words are deleted and underline words added)

2.10.6. A Procedure Change Proposal must include:

- (a) a proposed Market Procedure or an amendment ~~of~~ to or replacement for a Market Procedure, indicating the proposed amended words, or a proposed Market Procedure; and
- (b) the reason for the proposed Market Procedure or an amendment ~~of~~ to or replacement for a Market Procedure or proposed Market Procedure.

2.10.13. The Procedure Change Report must contain:

- (a) the wording of the proposed Market Procedure or amendment ~~of~~ to or replacement for the Market Procedure;
- (b) the reason for the proposed Market Procedure or amendment ~~of~~ to or replacement for the Market Procedure;
- (c) all submissions received before the due date for submissions, a summary of those submissions, and the response of the IMO or System Management, as applicable, to the issues raised in those submissions;
- (d) a summary of the views expressed by the Market Advisory Committee;
- (e) in the case of a Procedure Change Proposal developed by the IMO, a proposed date and time for the Market Procedure or amendment or replacement to commence, which must, in the IMO's opinion, allow sufficient time after the date of publication of the Procedure Change Report for Rule Participants to implement changes required by it; and
- (f) in the case of a Procedure Change Proposal developed by System Management, a recommendation for a date and time for the Market Procedure, amendment or replacement to commence which, in System Management's opinion, allows sufficient time after the date of publication of the IMO's approval of the Procedure Change Proposal under clause 2.10.12, for Rule Participants to implement changes required by it.

2.10.14. For Procedure Change Proposals ~~published~~ developed by System Management, the IMO must within 10 Business Days of the publication of the Procedure Change

Report make a decision as to whether to approve the ~~Procedure Change Proposal~~ proposed Market Procedure or amendment to or replacement for the Market Procedure. The IMO may:

- (a) approve the ~~Procedure Change Proposal~~ proposed Market Procedure or amendment to or replacement for the Market Procedure; or
- (b) reject the ~~Procedure Change Proposal~~ proposed Market Procedure or amendment to or replacement for the Market Procedure.

2.10.15. Where the IMO approves a ~~Procedure Change Proposal~~ proposed Market Procedure or amendment to or replacement for the Market Procedure from System Management, it must notify System Management and the IMO must publish, the following information:

- (a) that the ~~Procedure Change Proposal~~ proposed Market Procedure or amendment to or replacement for the Market Procedure is approved;
- (b) the IMO's reasons for the decision; and
- (c) a date and time for the Market Procedure, amendment or replacement to commence, which must, in the IMO's opinion, allow sufficient time after the date of publication of the Procedure Change Report for Rule Participants to implement changes required by it.

2.10.16. Where the IMO rejects a ~~Procedure Change Proposal~~ proposed Market Procedure or amendment to or replacement for the Market Procedure from System Management:

- (a) the IMO must:
 - i. notify System Management; and
 - ii. publish the following information:
 - 1. that the ~~Procedure Change Proposal~~ proposed Market Procedure or amendment to or replacement for the Market Procedure is rejected; and
 - 2. the IMO's reasons for the decision; and
- (b) in the case of a ~~Procedure Change Proposal~~ proposed Market Procedure or amendment to or replacement for the Market Procedure required by an Amending Rule, System Management must submit a revised Procedure Change Proposal in accordance with clause 2.10 that complies with the Amending Rule and is acceptable to the IMO. The provisions of clause 2.10

apply to any revised Procedure Change as if it were a new Procedure Change Proposal by System Management.

Procedure Change Report: A final report ~~published~~ prepared by the IMO or System Management in relation to a Procedure Change Proposal, containing the information described in clause 2.10.13.

4) Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The IMO considers that the proposed changes, which clarify the IMO's role in approving System Management's proposed Market Procedures, are consistent with the market objectives in that they have no material impact on the substance of the Rules but are necessary to maintain their integrity. The IMO considers that the proposed amendments will ensure that the administrative processes surrounding the approval of Procedure Change Reports are clear and unambiguous.

5) Provide any identifiable costs and benefits of the change:

Costs

No system changes associated with implementing this proposed rule change have been identified.

Benefits

The proposed rule change is consistent with the Market Objectives as outlined in section 4 of this proposal.
