

**ADDENDUM TO DRAFT RULE CHANGE REPORT:
RC_2008_34: Funding of Supplementary Reserve Capacity**

RC_2008_34 proposes to target the costs of Supplementary Reserve Capacity (SRC) at the Market Participant who causes it. This is in the situations where the Market Participant either has its capacity credits reduced or experiences an extended forced outage, which results in a shortfall and SRC being called.

Section 8 of the Draft Rule Change Report¹ for RC_2008_34 outlines the Amending Rules required to implement this proposal. In particular, clause 4.28.4C has been included to ensure that Market Customers with Demand Side Programmes are not exposed to SRC costs in respect of these programmes. This is in the case that the Market Customer has replaced loads within the programme that have churned.

The IMO notes that there is an incorrect rule reference in the proposed Amending Rule 4.28.4C and that as currently worded, the intent of the rule is not clear.

Therefore, the IMO proposes to replace:

4.28.4C In respect of Demand Side Management for a Curtailable Load holding Capacity Credits, clauses 4.28.4C and 4.28.4B apply to the Facility and in respect of a Demand Side Programme, apply in respect of that Demand Side Program.

With:

4.28.4C Clauses 4.28.4A and 4.28.4B apply:

- (a) to the Facility, in respect of Demand Side Management for a Curtailable Load holding Capacity Credits; and
- (b) to the Demand Side Programme, in respect of a Demand Side Programme.

The IMO acknowledges that, as this is not contained in the Draft Rule Change Report, this addendum has no formal standing. However, the IMO invites Market Participants to make submissions on the Draft Rule Change Report as previously notified, and if considered appropriate the IMO invites Market Participants to take into account the proposed replacement of clause 4.28.4C contained in this addendum.

As previously notified, the submission period is 20 Business Days from the publication date of the Draft Rule Change Report. Submissions must be delivered to the IMO by close of business on **Tuesday 21 April 2009**.

TROY FORWARD
MANAGER MARKET ADMINISTRATION AND SYSTEM CAPACITY

¹ http://www.imowa.com.au/Attachments/RuleChange/RuleChange_2008_34.html