



**Independent Market Operator**

**Final Market Rule Change  
Report**

**Title: Update to Protected  
Provisions**

**Ref: RC\_2009\_02**

**Date: 20 February 2009**

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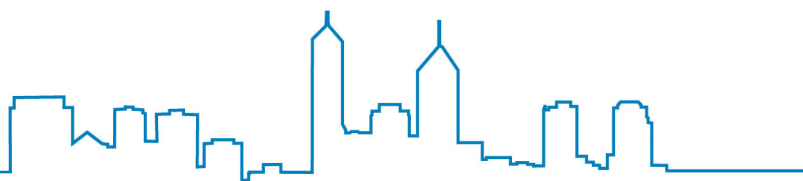
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### Independent Market Operator

Level 3, Governor Stirling Tower  
197 St George's Terrace, Perth WA 6000  
PO Box 7096, Cloisters Square, Perth WA 6850  
Tel. (08) 9254 4300  
Fax. (08) 9254 4399  
Email: [imo@imowa.com.au](mailto:imo@imowa.com.au)  
Website: [www.imowa.com.au](http://www.imowa.com.au)

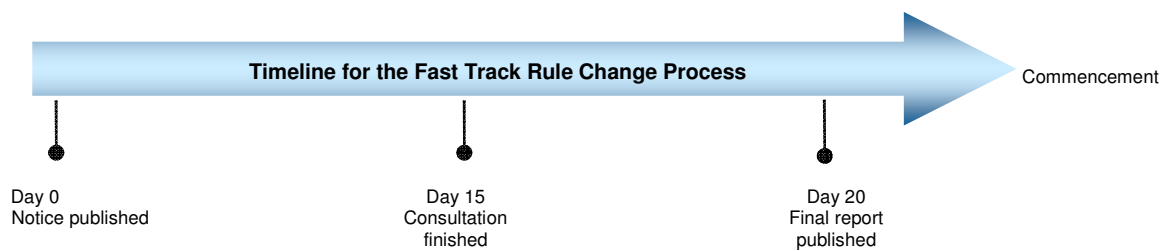


## 1. INTRODUCTION

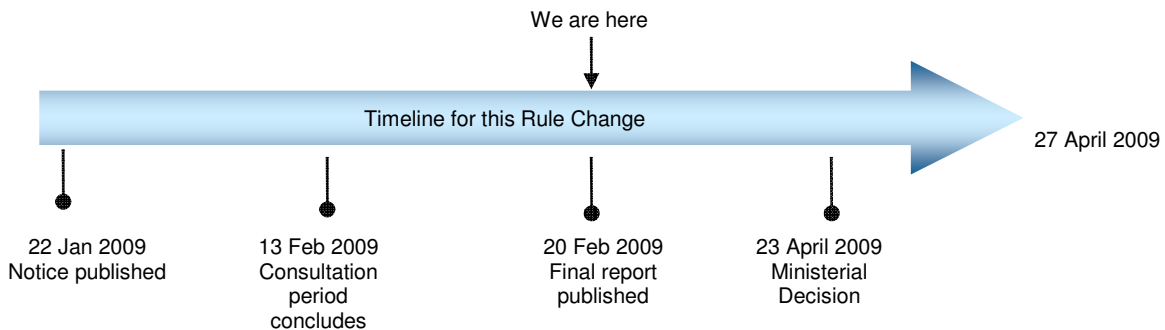
On 14 January 2009 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding changes to clause 2.8.13 of the Wholesale Electricity Market Rules (Market Rules).

This Proposal was processed using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules.

The fast track process adheres to the following timelines:



The key dates in processing this Rule Change Proposal are:



Based on the IMO's assessment of the Rule Change Proposal against the Wholesale Market Objectives, the practicality and cost of implementing the proposal, the Market Advisory Committee's (MAC) recommendations, and the outcomes of the public consultation period, the IMO's final decision is to implement the Rule Change Proposal in the form outlined in section 6 of this Report.

The amendments to the Market Rules made as a result of this Rule Change Proposal will commence at 08.00am on 27 April 2009.

## 2. THE RULE CHANGE PROPOSAL

### 2.1 Submission Details

<b>Name:</b>	Allan Dawson
<b>Phone:</b>	(08) 9254 4300
<b>Fax:</b>	(08) 9254 4399
<b>Email:</b>	<a href="mailto:imo@imowa.com.au">imo@imowa.com.au</a>
<b>Organisation:</b>	IMO
<b>Address:</b>	Level 3, Governor Stirling Tower, 197 St George's Terrace
<b>Date submitted:</b>	14 January 2009
<b>Urgency:</b>	Low
<b>Change Proposal title:</b>	<b>Update to Protected Provisions</b>
<b>Market Rule(s) affected:</b>	Clauses 2.8.13

### 2.2 Details of the Proposal

The IMO determined that an update to the protected provisions listed under clause 2.8.13 needed to be made to take into account the changes which resulted from the IMO's Rule Change Proposal: Reserve Capacity Security (RC\_2008\_30).

To improve the efficiency of the provisions regarding administering the return of Reserve Capacity Security, clauses 4.13.10 and 4.13.11 were restructured in the Amending Rules which resulted from RC\_2008\_30. While these two clauses are protected provisions under clause 2.8.13 of the Market Rules, the restructuring of the Amending Rules has meant that some of the content which was previously protected under these provisions is now contained in 4.13.10A, 4.13.11A, and 4.13.11B which are not protected provisions. The IMO's view is that it is appropriate that the new Amending Rules are also protected by the Ministerial approval process required under clause 2.8.13.

### 2.3 The Proposal and the Wholesale Market Objectives

In its initial Rule Change Proposal the IMO considered that the proposed Amending Rules do not impact on, and therefore are consistent with, the operation of the Wholesale Market Objectives.

### 2.4 The Amending Rules Proposed by the IMO

The amendments to the Market Rules originally proposed by the IMO are provided in section 6.2 of this final report.

## **2.5 The IMO's Initial Assessment of the Proposal**

The IMO decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicated that the proposal was consistent with the Wholesale Market Objectives.

The IMO decided to progress this Rule Change Proposal using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules, on the basis that it satisfied the criteria in section 2.5.9(a) of the Market Rules. All amendments included in this proposal are of procedural nature.

Section 2.5.9 states:

*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; or*

*(b) is required to correct a manifest error; or*

*(c) is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.*

## **3. CONSULTATION**

An invitation for all Rule Participants to contact the IMO, should they wish to be consulted on this Rule Change, was published on the IMO website on 22 January 2009, together with the Rule Change Notice.

The consultation period for this Rule Change Proposal was between 23 January 2009 and 13 February 2009.

The IMO received requests to be consulted on this Rule Change Proposal from Landfill Gas & Power (LGP) and Synergy. The details of the submissions received and any associated discussions during the public consultation period are summarised below. The full text of the submissions is also available on the IMO web site.

### **3.1 Submission from Landfill Gas and Power**

LGP supported the rule change on the grounds that the amendments had no material impact on the substance, but were necessary to maintain the integrity, of the Market Rules.

### **3.2 Submission from Synergy**

Synergy supported the rule change as they agreed with the IMO that it was required to give effect to a previously approved, and commenced, Market Rule Change.

## 4. THE IMO'S ASSESSMENT

In preparing this Final Rule Change Report, the IMO must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3 of the Market Rules. This is outlined in the following sections.

### 4.1 Wholesale Market Objectives

According to clause 2.4.2 of the Market Rules *“the IMO must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives”*.

The IMO considers that the proposed Amending Rules will have the following impact on how the Market Rules address the Wholesale Market Objectives:

Impact	Wholesale Market Objectives
Allow the Market Rules to better address objective	
Consistent with objective	a, b, c, d, and e
Inconsistent with objective	-

The IMO submits that the proposal is consistent with the operation of the Wholesale Market Objectives.

### 4.2 Practicality and cost of implementation

In accordance with Clause 2.4.3(b) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must also have regard to the practicality and cost of implementing the Amending Rules.

The proposed changes do not require any change to the Wholesale Electricity Market Systems operated by the IMO or any of the systems operated by System Management.

There have been no additional costs identified with the implementation of this Rule Change Proposal.

### 4.3 Views expressed from submissions

In accordance with Clause 2.4.3(c) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must have regard to the views expressed in submissions on the Rule Change Proposal.

The Amending Rules proposed by the IMO had the support of all parties who made a submission in the consultation process.

#### **4.4 Views expressed by Market Advisory Committee**

In accordance with Clause 2.4.3(d) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must have regard to the views expressed by the MAC, where the MAC met to consider the Rule Change Proposal.

The MAC was first advised of the proposed Rule Change at its meeting on 11 February 2009. At the meeting, the MAC was in general support of the proposal.

### **5. THE IMO'S FINAL DECISION**

The IMO's final decision is to implement the amendment to clause 2.8.13 of the Market Rules.

#### **5.1 Reasons for the decision**

The IMO has made its decision on the basis that the Amending Rules:

- Are consistent with the operation of the Wholesale Market Objectives;
- Have the support of both the MAC and all participants who signalled that they wished to be consulted on this rule change; and
- Can be easily implemented at no additional cost to the market whilst maintaining the integrity of the Market Rules.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 4 of this Final Rule Change Report.

### **6. AMENDING RULES**

#### **6.1 Commencement**

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at **8:00am** on **27 April 2009**.

#### **6.2 Amending Rules**

The following clauses are amended (~~deleted wording~~, new wording):

- 2.8.13. The following clauses are Protected Provisions:
- (a) clauses 1.1 to 1.3 and 1.5 to 1.9 ;
  - (b) clauses 2.1 to 2.24, 2.28, 2.31.1, 2.31.3, 2.31.5(a), 2.31.6, 2.34.1 and 2.36.1;
  - (c) clauses 3.15, 3.18.18 and 3.18.19;

- (d) clauses 4.1.4 to 4.1.12, 4.1.15 to 4.1.19, 4.1.21, 4.1.22, 4.1.24, 4.1.27, 4.5.10, 4.5.11, 4.5.15 to 4.5.20, 4.13.10, 4.13.10A, 4.13.11, 4.13.11A, 4.13.11B, 4.16, 4.24.1, 4.24.2 and 4.24.12;
- (e) clauses 5.2.3, 5.2.7 and 5.5.1;
- (f) clauses 9.16.3, 9.16.4 and 9.20.2; and
- (g) clauses 10.1.1, 10.1.2, 10.2.1, 10.3 and 10.4.

## 7. GENERAL INFORMATION ABOUT RULE CHANGE PROPOSALS

Clause 2.5.1 of the Wholesale Electricity Market Rules (Market Rules) provides that any person (including the Independent Market Operator) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submitting this to the Independent Market Operator (IMO).

In order for the proposal to be progressed, the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives. The market objectives 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
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used

A Rule Change Proposal can be processed using a Standard Rule Change Process or a Fast Track Rule Change Process. The standard process involves a combined 10 weeks public submission period. Under the shorter fast track process the IMO consults with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.