



**Draft Rule Change Report**  
**Title: Timing flexibility for transfer of**  
**information from System Management**

Ref: RC\_2009\_13  
Standard Rule Change Process

Date: 25 May 2009

## CONTENTS

1.	INTRODUCTION .....	3
2.	CALL FOR SECOND ROUND SUBMISSIONS .....	4
3.	THE RULE CHANGE PROPOSAL.....	4
3.1	Submission Details.....	4
3.2	Details of the Proposal .....	4
3.3	The Proposal and the Wholesale Market Objectives .....	5
3.4	Amending Rules proposed by System Management.....	5
3.5	The IMO's Initial Assessment of the Proposal .....	5
4.	FIRST SUBMISSION PERIOD .....	5
4.1	Submissions received .....	5
4.1.1	Submission from LGP .....	5
4.1.2	Submission from Synergy Energy .....	5
4.2	Public Forums and Workshops .....	6
5.	THE IMO'S ASSESSMENT .....	6
5.1	Wholesale Market Objectives.....	6
5.2	Practicality and Cost of Implementation.....	7
5.3	Views expressed in submissions .....	7
5.4	Market Advisory Committee .....	7
6.	THE IMO'S DRAFT DECISION .....	7
6.1	Reasons for the decision.....	8
7.	PROPOSED AMENDING RULES.....	8
8.	GENERAL INFORMATION ABOUT RULE CHANGE PROPOSALS .....	8

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## Independent Market Operator

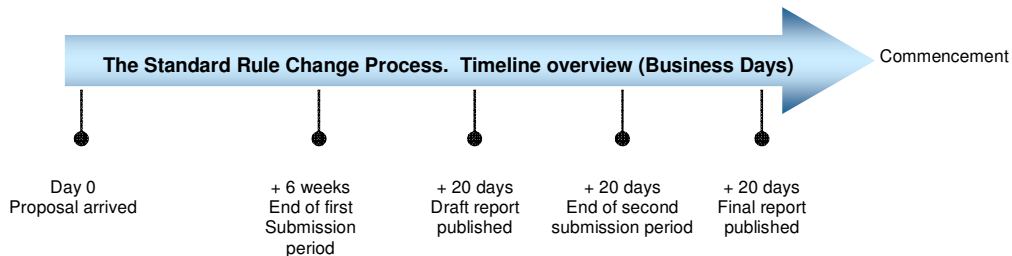
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## 1. INTRODUCTION

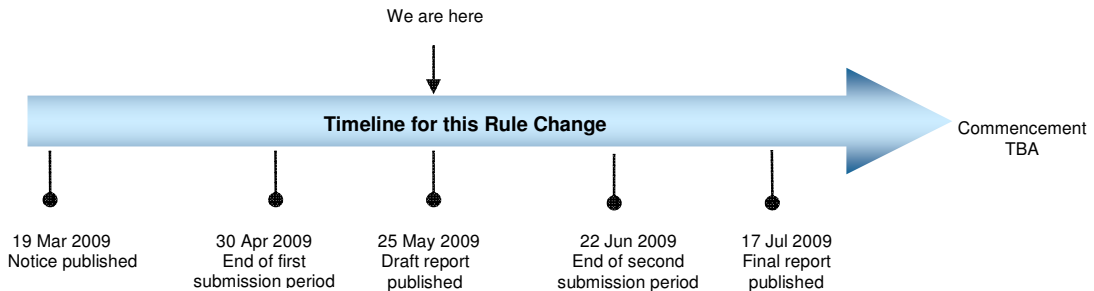
On 12 March 2009 System Management submitted a Rule Change Proposal regarding an amendment to the clauses 7.2.3C and 7.3.6 in the Wholesale Electricity Market Rules (Market Rules).

This Proposal is being processed using the Standard Rule Change Process, described in Section 2.7 of the Market Rules.

The standard process adheres to the following timelines, described in section 2.7 of the Market Rules:



The key dates in processing this Draft Rule Change Report, which are reflective of the aforementioned timeframe extension, are:



Based on the Independent Market Operator's (IMO) assessment of the Rule Change Proposal against the Wholesale Market Objectives, the practicality and cost of implementing the proposal, the submissions received during the first submission period and the views of the Market Advisory Committee (MAC), the IMO's draft decision is to implement the Rule Change Proposal in the form outlined in Section 7 of this Report.

This Draft Rule Change Report on the Rule Change Proposal has been prepared by the IMO in accordance with clause 2.7.6 of the Market Rules.

## 2. CALL FOR SECOND ROUND SUBMISSIONS

The IMO invites interested stakeholders to make submissions on this Draft Rule Change Report. The submission period is 20 Business Days from the publication date of this Report. Submissions must be delivered to the IMO by close of business on **Monday 22 June 2009**.

The IMO prefers to receive submissions by email to [marketadmin@imowa.com.au](mailto:marketadmin@imowa.com.au) using the submission form available on the IMO website:  
[http://www.imowa.com.au/10\\_5\\_1\\_b\\_rule\\_change\\_proposal.htm](http://www.imowa.com.au/10_5_1_b_rule_change_proposal.htm)

Submissions may also be sent to the IMO by fax or post, addressed to:

**Independent Market Operator**  
 Attn: Manager Market Administration and System Capacity  
 PO Box 7096  
 Cloisters Square, PERTH, WA 6850  
 Fax: (08) 9254 4399

## 3. THE RULE CHANGE PROPOSAL

### 3.1 Submission Details

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<b>Date submitted:</b>	12 March 2009
<b>Urgency:</b>	Standard Rule Change Process
<b>Change Proposal title:</b>	Timing flexibility for transfer of information from System Management

### 3.2 Details of the Proposal

In its Rule Change Proposal, System Management submitted that the Market Rules provide the IMO with the authority to extend certain timeframes attaching to the provision of data in certain situations. System Management noted that the Market Rules provide once the timeframes are extended, the IMO has complied with the Market Rules.

System Management submitted there are also Market Rules which extend the timeframes for certain information provided by System Management. However, the Rules do not always provide that, where these timeframes are extended, System Management has complied with the Market Rules. For example, clause 7.13.1B allows the IMO to extend the timeframe attaching to the provision of certain data by System Management, while clauses 7.2.3C and 7.3.6 merely imply, but do not specify, the extension of the timeframes of clauses 7.2.3B and 7.3.4.

System Management's proposal notes that this results in a situation that it has complied with an implied extension, but is not complying with the requirements of the Market Rules. This Rule Change Proposal aims to remedy this.

### **3.3 The Proposal and the Wholesale Market Objectives**

System Management contended that the proposed rule changes are in accordance with the market objectives and provide for a more transparent and consistent approach to the compliance of System Management.

### **3.4 Amending Rules proposed by System Management**

The amendments to the Market Rules proposed by System Management are outlined in section 7 of this report.

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

The IMO decided to proceed with the proposal on the basis of its preliminary assessment, which indicated that the proposal was consistent with the Wholesale Market Objectives.

## **4. FIRST SUBMISSION PERIOD**

The first submission period for this Rule Change Proposal was between 19 March 2009 and 30 April 2009.

### **4.1 Submissions received**

The IMO received submissions on the Rule Change Proposal from Landfill Gas & Power (LGP) and Synergy Energy. The submission is summarised below, and the full text is available on the IMO website.

#### **4.1.1 Submission from LGP**

LGP supports the Rule Change proposal as it is evident that if System Management has authority to grant an extension for completion of an activity, then compliance with the extension should also be compliant with the Market Rules.

LGP also supports System Management's contention that the proposed rule changes are in accordance with the market objectives and provide for a more transparent and consistent approach to the compliance of System Management.

#### **4.1.2 Submission from Synergy Energy**

Synergy Energy supports the proposed rule change as the amendments relate to the extension of timeframes for the provision of data, and subsequently System Management's compliance with the requirements of the Market Rules.

Synergy Energy supports this rule change as it provides further clarity for System Management.

## 4.2 Public Forums and Workshops

No public forums or workshops were held in relation to this Rule Change Proposal.

## 5. THE IMO'S ASSESSMENT

In preparing this Draft 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.

Market Rule 2.4.2 outlines that 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”.

Additionally, clause 2.4.3 states, when deciding whether to make Amending Rules, the IMO must have regard to the following:

- Any applicable policy direction from the Minister regarding the development of the market;
- The practicality and cost of implementing the proposal;
- The views expressed in submissions and by the MAC; and
- Any technical studies that the IMO considers necessary to assist in assessing the Rule Change Proposal.

The IMO notes that there has not been any applicable policy direction from the Minister in respect of this Rule Change Proposal.

This IMO's assessment is outlined in the following sections.

### 5.1 Wholesale Market Objectives

In accordance with Clause 2.4.2 of the Market Rules, in deciding whether or not to make Amending 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 Market Rules as a whole, if amended, will be consistent with the Wholesale Market Objectives.

Wholesale Market Objective	Consistent with objective
(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system	Yes
(b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors	Yes
(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	Yes
(d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system	Yes
(e) to encourage the taking of measures to manage the amount of electricity used and when it is used	Yes

The proposed amendments to the Market Rules serve to provide additional certainty and clarity between the IMO and System Management with respect to timing flexibility of information provided by System Management, as outlined in Section 3.2.

The IMO considers that the proposed changes, amending provisions which are currently resulting in the inequitable treatment of the IMO and System Management's compliance obligations under the Market Rules, are consistent with the Wholesale Market Objectives and are necessary to provide transparency and a consistent approach to the compliance of System Management. The proposed changes will also act to maintain the integrity of the Market Rules. The IMO considers that this is consistent with the Wholesale Market Objectives.

### **5.2 *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.

### **5.3 *Views expressed in 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 System Management had the support of all parties who made submissions during the first submission period.

### **5.4 *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 Market Advisory Committee (MAC), where the MAC met to consider the Rule Change Proposal.

The MAC was advised of the proposed rule change at its meeting on 11 March 2009. At the meeting the MAC provided unanimous support for the proposal being formally progressed.

## **6. THE IMO'S DRAFT DECISION**

The IMO's draft decision is to accept the proposed amendments of clauses 7.2.3C and 7.3.6 to the Wholesale Electricity Market Rules as proposed in the Rule Change Proposal and outlined in Section 7 of this report.

## 6.1 *Reasons for the decision*

The IMO has made its decision on the following basis:

The Amending Rules:

- Are consistent with the remaining Wholesale Market Objectives;
- Have no identified costs associated with their implementation; and
- Have the support of both the MAC and all participants providing submissions during the first submission period.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 5 of this Draft Rule Change Report.

## 7. PROPOSED AMENDING RULES

The IMO proposes to implement the following amendments to the Market Rules (added words are underlined and deletions are shown with a ~~strikethrough~~):

7.2.3C. If the IMO does not receive information described in clause 7.2.3B by the required time, it must arrange for System Management to provide the information by alternative means prior to 7:50 AM in the case of the information described in clause 7.2.3B (a) and 8:50 AM in the case of the information described in clause 7.2.3B (b) and extend the timeframes in clauses 7.2.3B (a) and 7.2.3B (b) accordingly.

7.3.6. If the IMO does not receive the information described in clause 7.3.4 by the required time, it must arrange for System Management to provide the information by alternative means prior to 9:00 AM and extend the timeframes in clause 7.3.4 accordingly.

## 8. 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:

- (f) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system
- (g) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors



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- (h) 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
- (i) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system
- (j) 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.