

The background of the lower half of the page is a photograph of a wind farm and power lines, overlaid with a semi-transparent blue filter. On the left, several white wind turbines are visible, with their blades extending outwards. On the right, a tall, lattice-structured power transmission tower stands prominently. The overall scene is set against a clear sky.

Independent Market Operator

**Final Market Rule Change
Report**

**Title: Timing flexibility for
transfer of information
from System Management**

Ref: RC_2009_13

Date: 17 July 2009

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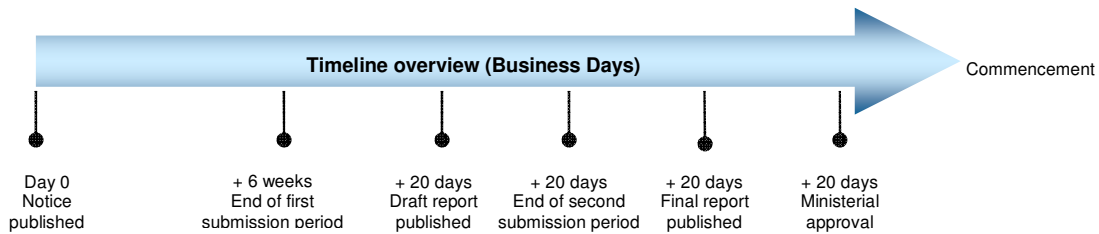
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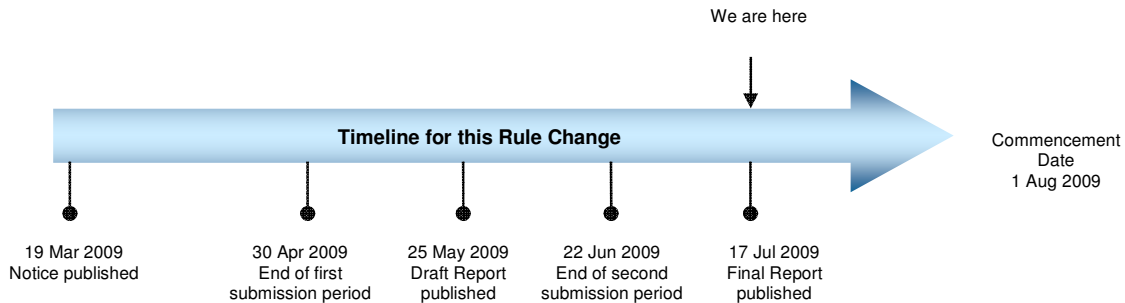
1. INTRODUCTION

On 12 March 2009 the Independent Market Operator (IMO) 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 has been processed using the Standard Rule Change Process, described in section 2.7 of the Market Rules. The standard process adheres to the following timelines:



The key dates in processing this Rule Change Proposal are:



In making its final decision on the Rule Change Proposal, the IMO has taken into account the:

- Wholesale Market Objectives;
- practicality and cost of implementing the proposal;
- submissions received on the Rule Change Proposal; and
- views of the Market Advisory Committee (MAC).

The amendments to the Market Rules made as a result of this Rule Change Proposal will commence at 08.00am on 1 August 2009.

All documents related to this Rule Change Proposal can be found on the IMO website: http://www.imowa.com.au/Attachments/RuleChange/RuleChange_2009_13.html.

2. THE RULE CHANGE PROPOSAL

2.1 Submission Details

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Organisation:	System Management
Address:	GPO Box L921 PERTH WA 6842
Date submitted:	12 March 2009
Urgency:	Standard Rule Change Process
Change Proposal title:	Timing flexibility for transfer of information from System Management
Market Rules affected:	Clauses 7.2.3C, 7.3.6

2.2 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 noted 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 aimed to remedy this.

2.3 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.

2.4 The Amending Rules Proposed by System Management

The amendments to the Market Rules proposed by the System Management are outlined in section 8 of this report.



2.5 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.

3. FIRST SUBMISSION PERIOD

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

3.1 Submissions Received

During the first public submission period the IMO received submissions from Landfill Gas & Power (LGP) and Synergy.

The details of the submissions received during the first submission period are summarised below. The full text of the public submissions is also available on the IMO web site.

3.1.1 Submission from LGP

LGP supported the Rule Change Proposal as it was 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 supported 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.

3.1.2 Submission from Synergy

Synergy supported 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 supported this rule change as it provided further clarity for System Management.

3.2 Public Forums and Workshops

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

4. THE IMO'S DRAFT ASSESSMENT

The IMO's draft assessment, as contained in its Draft Rule Change Report can be viewed on the IMO's website.



5. THE IMO'S DRAFT DECISION

Based on the matters set out in the Draft Rule Change Report, the IMO's draft decision, in accordance with clause 2.7.7(f), was to implement the Rule Change Proposal as proposed by System Management. The IMO made its draft decision on the basis that the Amending Rules:

- were considered to be consistent with the Wholesale Market Objectives;
- had no identified costs associated with their implementation; and
- had the support of both the MAC and all participants providing submissions during the first submission period.

5. SECOND SUBMISSION PERIOD

Following the publication of the Draft Rule Change Report on the IMO website, the second submission period was between 26 May 2009 and 22 June 2009.

The IMO did not receive any submissions during this period.

6. THE IMO'S FINAL ASSESSMENT

In preparing its 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.

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.

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



6.1 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 IMO considers that the proposed amendments to the Market Rules serve to provide additional certainty and clarity between the IMO and System Management. This is with respect to timing flexibility of information provided by System Management, as outlined in section 2.2.

The IMO also 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.

6.2 Practicality and cost of implementation

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.

6.3 Views expressed in submissions

The proposed changes had the support of all submitters in the first round of consultation.

No further submissions were received in the second round of consultation.



6.4 Market Advisory Committee

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.

7. THE IMO'S FINAL DECISION

The IMO's final decision is to implement the proposed amendments to clause 7.2.3C and 7.3.6 of the Market Rules as proposed in System Management's Rule Change Proposal.

7.1 Reasons for the decision

The IMO has made its decision on the following basis:

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

Additional detail outlining the analysis behind the IMO's reason is outlined in section 6 of this Final Rule Change Report. The wording of the relevant Amending Rules is provided in section 8 of this report.

8. AMENDING RULES

8.1 Commencement

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at **8:00am** on **1 August 2009**.

8.2 Amending Rules

The following clauses are amended (~~deleted text~~, added text):

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.

