

ELECTRICITY INDUSTRY ACT 2004
ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY - MARKET)
REGULATIONS 2004
Wholesale Electricity Market Rules

IMO AMENDING RULES RC_2009_23 MADE ON 30 October 2009
These Amending Rules commence at 08.00am on 30 November 2009

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

- 2.23.1. For the purposes of this clause 2.23, the services provided by System Management are:
- (a) system operation services, including all of System Management's functions and obligations under these Market Rules, ~~except the provision of Ancillary Services;~~ and
 - (b) ~~System Management's functions and obligations under these Market Rules in relation to the provision of Ancillary Services.~~
- 2.23.2. For each year until the process referred to in clause 2.23.3 to 2.23.10 applies, the Shareholding Minister must determine the budget of System Management for ~~each of the services~~ described in clause 2.23.1.
- 2.23.3. For each Review Period, System Management must seek the approval of its Allowable Revenue from the Economic Regulation Authority in accordance with the following:
- ...
- (c) by 31 March of the year in which the Review Period commences, the Economic Regulation Authority must determine the Allowable Revenue of System Management for the Review Period for ~~each of the services~~ described in clause 2.23.1.
- 2.23.5. Following the first determination of the Allowable Revenue of System Management by the Economic Regulation Authority in accordance with clause 2.23.3, by 30 April each year System Management must prepare a budget proposal for ~~each of the services~~ described in clause 2.23.1 for the coming Financial Year.
- 2.23.7. Where the revenue earned for a service described in clause 2.23.1 via System Operation Fees ~~or Ancillary Service payments~~ in the previous Financial Year is greater than or less than System Management's expenditure for that Financial Year, the current year's budget must take this into account by decreasing the budgeted revenue by the amount of the surplus or adding to the budgeted revenue the amount of any shortfall, as the case may be.
- 2.23.12. The Economic Regulation Authority must take the following into account when determining the Allowable Revenue of System Management:
- ...
- (b) the Allowable Revenue must include only costs which would be incurred by a prudent provider of the services described in clause 2.23.1, acting

efficiently, in accordance with good electricity industry practice, seeking to achieve the lowest practicably sustainable cost of delivering the services described in clause 2.23.1 in accordance with these Market Rules, while effectively promoting the Wholesale Market Objectives; and

- (c) where possible, the Economic Regulation Authority should benchmark the Allowable Revenue against the costs of providing similar services in other jurisdictions; ~~and~~
- ~~(d) the determination of the Allowable Revenue of Ancillary Service provision must take into account the payment structure set out in clause 3.13, and the Economic Regulation Authority must determine values for:~~
 - ~~i. the reserve availability payment margin applying for Peak Trading Intervals, Margin_Peak, which must take account of:~~
 - ~~1. the margin the Electricity Generation Corporation could reasonably have been expected to earn on energy sales forgone due to the supply of Spinning Reserve during Peak Trading Intervals;~~
 - ~~2. the loss in efficiency of the Electricity Generation Corporation Registered Facilities that System Management has scheduled to provide Spinning Reserve during Peak Trading Intervals that could reasonably be expected due to the scheduling of these reserves;~~
 - ~~ii. the reserve availability payment margin applying for Off-Peak Trading Intervals, Margin_Off-Peak, which must take account of:~~
 - ~~1. the margin the Electricity Generation Corporation could reasonably have been expected to earn on energy sales forgone due to the supply of Spinning Reserve during Off-Peak Trading Intervals;~~
 - ~~2. the loss in efficiency of the Electricity Generation Corporation Registered Facilities that System Management has scheduled to provide Spinning Reserve during Off-Peak Trading Intervals that could reasonably be expected due to the scheduling of those reserves;~~
 - ~~iii. Cost_LRD, which must cover the costs for providing the Load Rejection Reserve and System Restart Ancillary Services, but does not take into account the costs for providing Dispatch Support Ancillary Services.~~
- ~~(e) the determination of the Allowable Revenue of Ancillary Service provision must take into account Ancillary Service Contracts that System Management has entered into.~~

3.11.11. By 1 June each year, System Management must submit to the IMO a report containing information on:

...

- (b) the total cost of each of the categories of Ancillary Services provided, including Ancillary Services provided under Ancillary Service Contracts, in the preceding year; and
 - (c) the Ancillary Service Requirements for the coming year and the Ancillary Services plan to meet those requirements; ~~and~~
 - ~~(d) the budget approved in accordance with clause 2.23 for providing Ancillary Services for the coming year.~~
- 3.11.14 System Management must document in the Power System Operating Procedure the procedure to be followed, and must follow that documented Market Procedure, when:
- ...
- (a) determining Ancillary Service Requirements; and
 - (b) entering into Ancillary Services Contracts, including the process for conducting competitive tender processes utilised for the awarding of Ancillary Services Contracts; ~~and~~
 - ~~(c) preparing budget proposals for providing Ancillary Services.~~
- 3.13.1. The total payments by the IMO on behalf of System Management for Ancillary Services in accordance with Chapter 9 comprise:
- ...
- (c) Cost_LRD, the monthly amount for Load Rejection Reserve and System Restart, determined in accordance with ~~System Management's budget~~ the process described in clause 3.13.3B and 3.13.3C; 2.23, and Dispatch Support service determined in accordance with clause 3.11.8B.
- 3.13.3. The parameters Margin_Peak and Margin_Off-Peak to be used in the settlement calculation described in clause 9.9.2 are:
- (a) where the Economic Regulation Authority has not completed its first assessment ~~of the efficient costs of System Management~~ in accordance with clause ~~3.13.3A2.23.3~~:
 - i. 15-% for Margin_Peak; and
 - ii. 12% for Margin_Off-Peak; and
 - (b) determined by the Economic Regulation Authority, where the Economic Regulation Authority has completed its first assessment ~~of the efficient costs of System Management~~ in accordance with clause ~~3.13.3A2.23.3~~.
- 3.13.3A For each Review Period, by 31 March of the year in which the Review Period commences, the Economic Regulation Authority must determine values for the parameters Margin Peak and Margin Off-Peak, taking into account the Wholesale Market Objectives and in accordance with the following:
- (a) by 30 November of the year prior to the start of the Review Period, the IMO must submit a proposal for the Review Period to the Economic Regulation Authority;

- i. for the reserve availability payment margin applying for Peak Trading Intervals, Margin Peak, the IMO must take account of:
 - 1. the margin the Electricity Generation Corporation could reasonably have been expected to earn on energy sales forgone due to the supply of Spinning Reserve during Peak Trading Intervals;
 - 2. the loss in efficiency of the Electricity Generation Corporation Registered Facilities that System Management has scheduled to provide Spinning Reserve during Peak Trading Intervals that could reasonably be expected due to the scheduling of those reserves;
 - ii. for the reserve availability payment margin applying for Off-Peak Trading Intervals, Margin Off-Peak, the IMO must take account of:
 - 1. the margin the Electricity Generation Corporation could reasonably have been expected to earn on energy sales forgone due to the supply of Spinning Reserve during Off-Peak Trading Intervals;
 - 2. the loss in efficiency of the Electricity Generation Corporation Registered Facilities that System Management has scheduled to provide Spinning Reserve during Off-Peak Trading Intervals that could reasonably be expected due to the scheduling of those reserves;
- (b) the Economic Regulation Authority must undertake a public consultation process, which must include publishing an issues paper and issuing an invitation for public submissions.

3.13.3B For each Review Period, by 31 March of the year in which the Review Period commences, the Economic Regulation Authority must determine values for Cost LR, taking into account the Wholesale Market Objectives and in accordance with the following:

- (a) by 30 November of the year prior to the start of the Review Period, System Management must submit a proposal for the Cost LR parameter for the Review Period to the Economic Regulation Authority. Cost LR must cover the costs for providing the Load Rejection Reserve and System Restart Ancillary Services and Dispatch Support Ancillary Services except those provided through clause 3.11.8B;
- (b) the Economic Regulation Authority must undertake a public consultation process, which must include publishing an issues paper and issuing an invitation for public submissions.

3.13.3C For any year within a Review Period if System Management determines Cost LR for the following financial year to be materially different than the costs provided under clause 3.13.3B, then the Economic Regulation Authority must determine the revised values for Cost LR, taking into account the Wholesale Market Objectives and in accordance with the following:

- (a) by 30 November of the year prior to the start of the relevant financial year, System Management must submit an updated proposal for the Cost_LR parameter to the Economic Regulation Authority. Cost_LR must cover the costs for providing the Load Rejection Reserve and System Restart Ancillary Services and Dispatch Support Ancillary Services except those provided through clause 3.11.8B;
- (b) the Economic Regulation Authority may undertake a public consultation process and:
 - i) if a public consultation process is undertaken, the Economic Regulation Authority must publish an issues paper and issue an invitation for public submissions; and
 - ii) if a public consultation process is not undertaken, the Economic Regulation Authority must publish the reasons behind the decision.

3.22.1. The IMO must provide the following information to the Settlement System for each Trading Month:

- ...
- (c) Margin_Peak as described in clause ~~3.13.3A-2-23.12(d)(i)~~;
- (d) Margin_Off-Peak as described in clause ~~3.13.3A-2-23.12(d)(ii)~~;
- ...
- (g) Cost_LRD as the sum of:
 - i. Cost_LR (as described in clause 3.13.3B and 3.13.3C) divided by 12 as a monthly amount†(e); and
 - ii. the monthly amount for Dispatch Support service as advised in accordance with clause 3.22.3(b); and
- ...