
Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: RC_2009_41

Received date: 20 November 2009

Change requested by

Name:	Troy Forward
Phone:	(08) 9254 4300
Fax:	(08) 9254 4399
Email:	imo@imowa.com.au
Organisation:	IMO
Address:	Level 3, Governor Stirling Tower, 197 St George's Terrace
Date submitted:	20 November 2009
Urgency:	Low
Change Proposal title:	Removal of Appendix 8 – "Top-up and Spill Rules"
Market Rule(s) affected:	Clauses 1.8.2, 1.9.7, 1.9.8, 1.9.9, 1.9.10 and Appendix 8.

Introduction

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

This Change Proposal can be posted, faxed or emailed to:

Independent Market Operator

Attn: Troy Forward, Manager Market Development and System Capacity
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

Email: market.development@imowa.com.au

The IMO will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be progressed further.

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

Details of the proposed Market Rule Change

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:

Appendix 8 of the Wholesale Electricity Market (WEM) Rules (Market Rules) outlines the Top-up and Spill Rules (TUAS). These rules were provided as a precursor to the progressive implementation of the WEM. The TUAS ceased operations after the WEM balancing and trading arrangements commenced. Therefore Appendix 8 is no longer required in the Market Rules.

Retention of Appendix 8 makes the unofficial version of the Market Rules needlessly lengthy and potentially confusing to Market Participants.

The IMO proposes to remove Appendix 8 and references to it in the Market Rules.

2. Explain the reason for the degree of urgency:

The IMO submits that the proposed change will have no effect on Market Participants or on the operation of the WEM. As such, the proposal fulfils sub-clause 2.5.9(a), in that it is of a minor nature, and therefore may be fast-tracked:

2.5.9. 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;

3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strikethrough~~ where words are deleted and underline words added)

- 1.8.2. Chapter 1, Chapter 4, and Chapter 11 ~~and Appendix 8~~ commence when these Market Rules are made.
- 1.9.7. [Blank] ~~For the purposes of Regulation 4(3), Appendix 8 of these Market Rules has effect instead of the top-up and spill rules.~~
- 1.9.8. [Blank] ~~Where a word or a phrase is defined in Appendix 8 that word or phrase is defined for the purposes of Appendix 8 only.~~
- 1.9.9. [Blank] ~~Where in Appendix 8 there is a reference to a rule, a clause, a chapter or an appendix those references are confined to Appendix 8 only.~~
- 1.9.10. [Blank] ~~Appendix 8 ceases to have effect at Energy Market Commencement. The settlement of any transactions allowed under Appendix 8 and not settled by Energy Market Commencement must be conducted in accordance with Appendix 8 following Energy Market Commencement.~~

Appendix 8: ~~Top-up and Spill Rules [Blank]~~

<Delete all of Appendix 8 as indicated below>

PREFACE

The first steps towards electricity reform were based on providing open access to Western Power's electricity transmission and distribution systems so that Independent Power Producers (IPPs) could directly supply customers whose demand exceeds the contestability threshold level. One requirement placed upon IPPs was that they balance their generation output with their load demands at all times. This required investment in load following equipment that made supply to smaller customers, those with demand less than a few megawatts, uneconomic. In recognition that perfect balancing was not possible, some tolerance was permitted but any imbalance beyond relatively low levels could incur significant costs.

In November 2002, Government accepted a recommendation from the Electricity Reform Task Force that Western Power be required to provide an improved transitional balancing service, a Top-up and Spill service, until the reformed electricity market, including a new balancing service, is fully operational. (ERTF Recommendation 76.)

<.... delete all text until...>

A6.54 — The *arbitrator* may increase the period of three months specified in clause A6.53 by periods of up to one month on one or more occasions provided it provides the parties (and each person who has made a written submission to the *arbitrator*) with a notice of the decision to increase the period.

A6.55 — The *arbitrator* need not before making a decision under clause A6.51(b) issue a draft decision.

A6.56 — *Generation and Networks* must comply with a decision of the *arbitrator* made under this Appendix 6 from the date specified by the *arbitrator*.

<Deletion of Appendix 8 complete>

4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The IMO considers that the proposed changes, which will improve the integrity of the Market Rules, are consistent with the operation of the Wholesale Market Objectives.

5. Provide any identifiable costs and benefits of the change:

Costs:

- None identified

Benefits:

- The proposed changes will improve the clarity of the Market Rules by removing parts that are no longer applicable
- Lower cost of printing by removing 86 pages from the Market Rules