



Draft Rule Change Report
Title: Excluding Providing Price
Related Standing Data
to System Management

Ref: RC_2010_21
Standard Rule Change Process

Date: 24 December 2010

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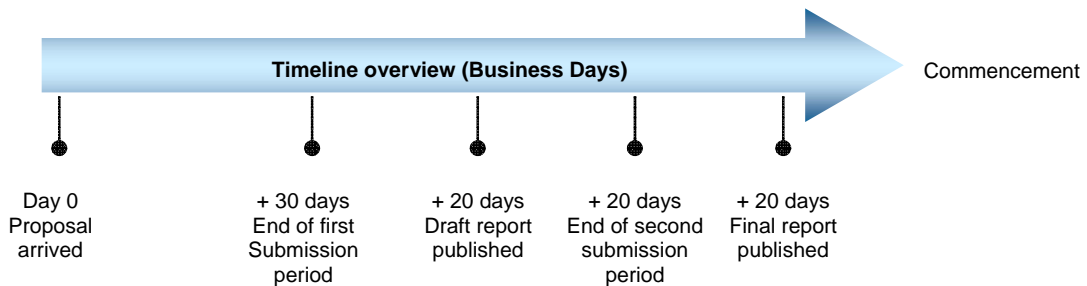
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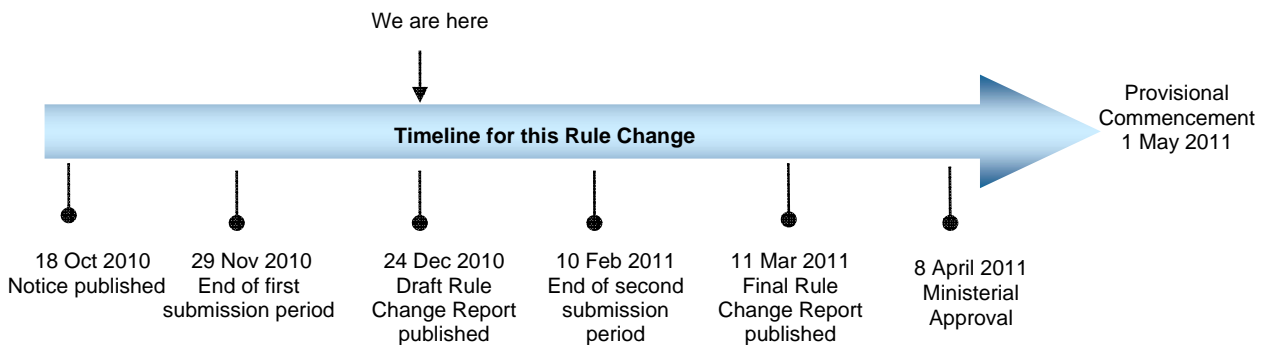
1. INTRODUCTION

On 15 October 2010, the IMO submitted a Rule Change Proposal regarding amendments to clause 2.34.1 of 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:



The key dates in processing this Rule Change Proposal are:



Please note the commencement date is provisional and may be subject to change in the Final Rule Change Report.

The draft decision of the IMO CEO is to accept the Rule Change Proposal, as modified by the IMO following the first submission period. The detailed reasons for the decision are set out in section 5 of this report.

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

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

All documents related to this Rule Change Proposal can be found on the IMO website: http://www.imowa.com.au/RC_2010_21.html

2 CALL FOR SECOND ROUND SUBMISSIONS

The IMO invites interested stakeholders to make submissions on this Draft Rule Change Report. The submission period is 30 Business Days from the publication date of this report. Submissions must be delivered to the IMO by 5.00pm, **Thursday 10 February 2011**.

The IMO prefers to receive submissions by email (using the submission form available on the IMO website: <http://www.imowa.com.au/rule-changes>) to: market.development@imowa.com.au

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

Independent Market Operator
 Attn: General Manager, Development
 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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Date submitted:	15 October 2010
Urgency:	Low
Change Proposal title:	Excluding Providing Price Related Standing Data to System Management
Market Rule affected:	2.34.1

3.2 Summary details of the Proposal

Standing Data is the data required to be maintained by the IMO for use by:

- the IMO in market processes; and
- System Management in dispatch processes.

Standing Data includes all the data (including pricing information) described in Appendix 1 of the Market Rules which, under clause 2.34.1 (b) of the Market Rules, is to be provided System Management.

The IMO proposes to amend the Market Rules to ensure that price related Standing Data is not provided to System Management.

The full details of the Rule Change Proposal are available in Appendix 1 of this report.

3.3 The Proposal and the Wholesale Market Objectives

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

3.4 Amending Rules proposed by the IMO

The amendments to the Market Rules originally proposed by the IMO are available in the Rule Change Notice and presented in Appendix 2 of this report.

3.5 The IMO's Initial Assessment of the Proposal

The IMO has decided to proceed with this proposal on the basis that its preliminary assessment 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 October 2010 and 29 November 2010.

4.1 Submissions received

The IMO received submissions from Perth Energy and Synergy during the first submission period and one late submission from System Management. The main points raised in the submissions are summarised below with the IMO's response contained in section 4.2 of this paper. A copy of the full text of all submissions is available on the IMO website.

In summary, Perth Energy and Synergy supported the proposed amendments. Specifically:

- Perth Energy agreed that it is not necessary for System Management to review or receive any Standing Data relating to pricing issues and that it supports strict controls on access to commercially sensitive information; and
- Synergy considers that information related to price is highly confidential and, as it is not required by System Management to carry out its duties, should not be provided.

Both Synergy and Perth Energy suggested an amendment to the drafting to include explicit references to the sub-sections of Appendix 1 that should be excluded from being shared with System Management.

In its out-of-session submission, System Management requested that the IMO note the discussion held on this proposal during the 13 October Market Advisory Committee (MAC) meeting. A summary of this discussion is contained in section 5.3 of this paper.

Perth Energy considers that the Rule Change Proposal would allow the Market Rules to better address Wholesale Market Objective (a).

4.2 The IMO's response to submissions received during the First Submission Period

Both Synergy and Perth Energy suggested an amendment to the drafting to include explicit references to the sub-sections of Appendix 1 that should be excluded from being

shared with System Management. The IMO agrees with this suggestion and has amended the proposal. A subsequent amendment to clause 2.34.12 is required to reflect the suggestion.

These additional amendments are contained in Appendix 3 of this paper.

4.3 Public Forums and Workshops

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

4.4 Additional Amendments to the Amending Rules

Following the closure of the first consultation period, the IMO made additional changes to the proposed Amending Rules to reflect Perth Energy's and Synergy's suggestion of making more explicit which clauses will not be released to System Management.

The amendments made by the IMO are presented in Appendix 3 of this report.

5. THE IMO'S ASSESSMENT

In preparing its 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.

Clause 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 or any technical studies commissioned in respect of this Rule Change Proposal.

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

5.1 Wholesale Market Objectives

The IMO considers that the Market Rules as a whole, if amended, will improve the integrity of the Market Rules and are 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	Yes

Wholesale Market Objective	Consistent with objective
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	Yes
(e) to encourage the taking of measures to manage the amount of electricity used and when it is used	Yes

5.2 Practicality and Cost of Implementation

Cost:

The proposed amendments will have no additional costs identified with implementing this Rule Change Proposal.

Practicality:

The IMO has not identified any issues with the practicality of implementing the proposed changes.

5.3 Market Advisory Committee

This proposal was discussed at the 13 October 2010 MAC meeting. During the meeting some issues were raised regarding this Rule Change Proposal including the following:

- System Management noted that in light of recent discussions in the Rules Development Implementation Working Group (RDIWG) on Network Control Services, Ancillary Services and Balancing; it is no longer certain that price related information should not be provided to it. System Management does not currently use any pricing related information but its role may change in the future.
- System Management agreed for the proposal to progress, noting that if in the future it needs pricing information; further changes to the Market Rules would be needed.

The MAC agreed to progress the Rule Change Proposal, noting that it is dependent on the outcomes of the RDIWG, subsequent changes to provide System Management with this information may be required.

Further details are available in the MAC meeting minutes available on the IMO website: <http://www.imowa.com.au/market-advisory-committee>

5.4 Views Expressed in Submissions

The IMO received two submissions during the first submission period that all largely supported the proposed amendments, albeit with a suggestion to be more specific about the information that will no longer be released to System Management. The IMO's response to the issue raised in submissions is presented in section 4.2 of this report.

The IMO received an out-of-session submission, requesting that the IMO note the MAC discussion in its report. This is contained in section 5.3 of this report.

6. THE IMO'S DRAFT DECISION

The IMO's draft decision is to accept the amendment of clause 2.34.1 of the Market Rules as proposed in the Rule Change Proposal and amended following the first submission period.

6.1 *Reasons for the decision*

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

- can be implemented at no additional cost to the Market;
- are consistent with the Wholesale Market Objectives; and
- have the support of the MAC and submissions received 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 Amending Rules (added text, ~~deleted text~~):

2.34.1. The IMO must:

- (a) maintain a record of the Standing Data described in Appendix 1, including the date from which the data applies; and
- (b) provide the Standing Data excluding any Standing Data described in the following clauses of Appendix 1, and any revisions of the that Standing Data, to System Management as soon as practicable:-
 - i. clause (c);
 - ii. clause (e) v;
 - iii. clause (h) vi;
 - iv. clause (i) xA;
 - v. clause (k) i.7;
 - vi. clause (k) ii.2;
 - vii. clause (l) iii.4;
 - viii. clause (l) iii.5; and
 - ix. clause (m).

2.34.12 The IMO must consult with System Management before making a decision requiring a Rule Participant to provide updated Standing Data under clause 2.34.11, ~~other than Standing Data which concerns prices.~~ excluding any Standing Data described in the following clauses of Appendix 1:

- i. clause (c);
- ii. clause (e) v;
- iii. clause (h) vi;

- iv. clause (i) xA:
- v. clause (k) i.7:
- vi. clause (k) ii.2:
- vii. clause (l) iii.4:
- viii. clause (l) iii.5; and
- ix. clause (m).

APPENDIX 1: IMO'S RULE CHANGE PROPOSAL

Background

Standing Data is the data required to be maintained by the IMO for use by:

- the IMO in market processes; and
- System Management in dispatch processes.

Standing Data includes all the data described in Appendix 1 of the Market Rules.

Clause 2.34.1(b) of the Market Rules currently requires the IMO to provide Standing Data to System Management. However, some of the information in Appendix 1 relates to prices (for example (c) v and vi, (h) vi and (i) xA).

A similar problem existed with clause 2.34.12 in that the IMO had an obligation to consult with System Management before making a decision to require a Market Participant to provide updated Standing Data. This provision applied to all standing data even that related to pricing.

In 2008 System Management submitted a Rule Change Proposal¹ to rectify this issue, noting that:

- *“System Management considers that it is inappropriate that the provision continue in its current broad form, and suggests it be constrained to only non-pricing related data”*; and
- *“The changes [from RC_2008_04] would delete an inappropriate provision, which is System Management being consulted about price related standing data”*.

Issue

In its Rule Change Proposal the IMO notes that the Market Rules currently require the IMO to provide Standing Data, including price related data, to System Management. The IMO considers that this is inappropriate and inconsistent with the changes arising from RC_2008_04.

Proposal

The IMO proposes to amend the Market Rules to ensure that price related Standing Data is not provided to System Management.

¹ Refer: www.imowa.com.au/RC_2008_04

APPENDIX 2: PROPOSED AMENDING RULES IN THE RULE CHANGE PROPOSAL

The IMO proposed the following amendments to the Market Rules in its Rule Change Proposal (~~deleted text~~, added text):

2.34.1. The IMO must:

- (a) maintain a record of the Standing Data described in Appendix 1, including the date from which the data applies; and
- (b) provide the Standing Data excluding any Standing Data that concerns prices, and any revisions of ~~the~~ that Standing Data, to System Management as soon as practicable.

APPENDIX 3: ADDITIONAL AMENDMENTS MADE BY THE IMO FOLLOWING THE FIRST SUBMISSION PERIOD

The IMO proposed the following amendments to the Market Rules in its Rule Change Proposal (~~deleted text~~, added text):

2.34.1. The IMO must:

- (a) maintain a record of the Standing Data described in Appendix 1, including the date from which the data applies; and
- (b) provide the Standing Data excluding any Standing Data that concerns prices described in the following clauses of Appendix 1, and any revisions of that Standing Data, to System Management as soon as practicable:
 - i. clause (c);
 - ii. clause (e) v;
 - iii. clause (h) vi;
 - iv. clause (i) xA;
 - v. clause (k) i.7;
 - vi. clause (k) ii.2;
 - vii. clause (l) iii.4;
 - viii. clause (l) iii.5; and
 - ix. clause (m).

2.34.12 The IMO must consult with System Management before making a decision requiring a Rule Participant to provide updated Standing Data under clause 2.34.11, ~~other than Standing Data which concerns prices~~. excluding any Standing Data described in the following clauses of Appendix 1:

- i. clause (c);
- ii. clause (e) v;

- iii. clause (h) vi:
- iv. clause (i) xA:
- v. clause (k) i.7:
- vi. clause (k) ii.2:
- vii. clause (l) iii.4:
- viii. clause (l) iii.5: and
- ix. clause (m).