

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 Rule Change Report:
De-registration of Rule
Participants who no longer meet
registration requirements**

Ref: RC_2010_31

Date: 28 July 2011

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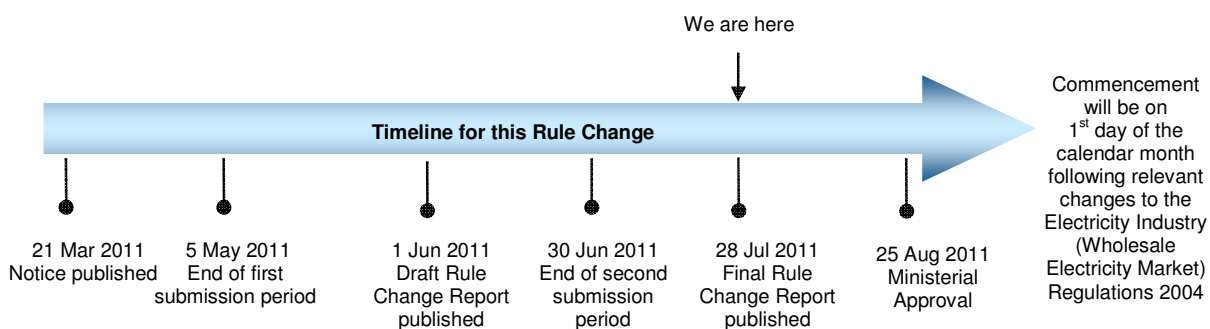
1. INTRODUCTION

On 18 March 2011 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding amendments to clauses 2.17.1 and 2.31.13 and new clauses 2.32.7A, 2.32.7B, 2.32.7C, 2.32.7D, 2.32.7E and 2.32.7F and the Glossary of the Wholesale Electricity Market Rules (Market Rules).

The proposal was processed using the Standard Rule Change Process, described in section 2.7 of the Market Rules.



The key dates in processing this Rule Change Proposal are:



The IMO's final decision is to accept the Rule Change Proposal in a modified form. The detailed reasons for the IMO's decision are set out in section 7 of this report.

In making its final 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_31

2. THE RULE CHANGE PROPOSAL

2.1 Submission Details

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Date submitted:	18 March 2011
Urgency:	Medium
Change Proposal title:	De-registration of Rule Participants who no longer meet registration requirements
Market Rules affected:	2.17.1, 2.31.13 new clauses 2.32.7A, 2.32.7B, 2.32.7C, 2.32.7D, 2.32.7E, 2.32.7F and the glossary.

2.2 Summary Details of the Proposal

In its Rule Change Proposal, the IMO noted that generally anyone subject to the Wholesale Electricity Market Rules (Market Rules) is required to register as a Rule Participant (there are some exemptions available).

Under the current Market Rules there are two avenues for Rule Participant de-registration, these are:

- the Rule Participant applying to the IMO to be de-registered; and
- the IMO applying to the Electricity Review Board (ERB) for the Rule Participant to be de-registered.

The IMO noted that applying to the ERB for a de-registration order is a lengthy and costly process.

The IMO proposed to be able to de-register a Rule Participant without applying to the ERB if it is clear that the Rule Participant no longer meets the requirements of its original registration as stated in clause 2.28.19 of the Market Rules.

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

2.3 The Proposal and the Wholesale Market Objectives

The IMO submitted that the proposed amendments will promote Wholesale Market Objective (a) by ensuring that the IMO does not need to undertake a lengthy and costly process of applying to the ERB should it wish to de-register Rule Participants. The IMO considered that the proposed process is a more economically efficient process than the status quo.

The IMO considered that the proposed amendments were consistent with the remaining Wholesale Market Objectives.

2.4 The Amending Rules Proposed by the IMO

The amendments to the Market Rules originally proposed by the IMO are presented in Appendix 2 of this report.

2.5 The IMO's Initial Assessment of the Proposal

The IMO decided to proceed with the proposal on the basis that Market Participants should be given an opportunity to provide submissions as part of the rule change process.

3. FIRST SUBMISSION PERIOD

The first submission period for this Rule Change Proposal was between 22 March 2011 and 5 May 2011.

3.1 Submissions received

The IMO received submissions from Alinta, Landfill Gas & Power (LGP) and Synergy. The full text of the submissions is available on the IMO website.

Two of the submissions received supported the Rule Change Proposal and one submission did not oppose it. Specifically:

- Alinta suggests some minor drafting changes to the proposed amendments.
- LGP supports the Rule Change Proposal on the grounds that it would simplify the administration and cost associated with the de-registration of a Market Participant;
- Synergy notes that the rule change will also enable a Rule Participant to appeal the IMO's decision to de-register it to the ERB. Synergy considers that the proposed amendments should not commence until after the Electricity Industry (Wholesale Electricity Market) Regulations 2004 (Regulations) have been appropriately changed or a Rule Participant will be unable to appeal a decision by the IMO to cancel its registration.

3.2 The IMO's response to submissions received during the first Submission Period

The IMO's response to each of the issues identified during the first submission period can be found in Appendix 3.

3.3 Public Forums and Workshops

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

3.4 Additional Amendments to the Amending Rules

Following the first submission period the IMO made some additional changes to the proposed Amending Rules, in response to suggestions received from Alinta. Please refer to Appendix 3 for further details of Alinta's suggested amendments. The IMO has also made a number of minor and typographical changes to improve the integrity of the proposed Amending Rules.

The additional amendments are contained in Appendix 4 of this report.

4. THE IMO'S DRAFT ASSESSMENT

The IMO's draft assessment, against clauses 2.4.2 and 2.4.3 of the Market Rules, and analysis of the Rule Change Proposal can be viewed in the Draft Rule Change Report (available on the IMO 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 accept the Rule Change Proposal as modified by the amendments outlined in section 3.4 and specified in Appendix 4 of this report.

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

- will allow the Market Rules to better address Wholesale Market Objective (a);
- are consistent with the remaining Wholesale Market Objectives;
- improve the integrity of the Market Rules;
- have the support of the MAC; and
- are supported by all the submissions received during the first submission period.

Additional detail outlining the analysis behind the IMO's reasons was presented in the Draft Rule Change Report.

6. SECOND SUBMISSION PERIOD

Following the publication of the Draft Rule Change Report on the IMO website, the second submission period was between 2 June 2011 and 30 June 2011.

6.1 *Submissions received*

During the second submission period the IMO received submissions from Synergy and System Management. The full text of the submissions is available on the IMO website.

Synergy's submission supports the Rule Change Proposal and the Draft Rule Change Report, including the IMO's additional amendments and correction of errors. Synergy again notes that it does not support the commencement of RC_2010_31 prior to changes being made to the Regulations to enable a Rule Participant to appeal a decision by the IMO to cancel its registration. Synergy agrees with the IMO that the Rule Change Proposal will allow the Market Rules to better address Market 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.

System Management supports the premise that the registration of a participant should reflect the bona fide status of that participant. System Management also proposes that the same philosophy must apply to Facility de-registration and contends that the Rule Change Proposal be expanded to include the de-registration of facilities. System Management believes that the proposed changes will better facilitate the achievement of the Market Objectives.

6.2 The IMO's response to submissions received during the second submission period

This IMO agrees with Synergy's note that rule change RC_2010_31 should not be commenced until the relevant changes have been made to the Regulations to enable a Rule Participant to appeal a decision by the IMO to cancel its registration. The commencement date for this rule change has therefore been determined as the first day of the calendar month following the changes to the Regulations being made.

While the IMO acknowledges System Management's submission that the same philosophy must apply to Facility de-registration, wider consideration of Facility de-registration is outside the scope of this Rule Change Proposal, which simply seeks enable the IMO to de-register a Rule Participant without applying to the ERB if it is clear that the Rule Participant no longer meets the requirements of its original registration as stated in clause 2.28.19 of the Market Rules. The IMO has included the issue of Facility de-registration to the IMO's issue log for further consideration.

7. 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.

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 in respect of this Rule Change nor has it commissioned a technical review in respect of this Rule Change Proposal.

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

7.1 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

Wholesale Market Objective	Consistent with objective
(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

Further, the IMO considers that the Market Rules if amended would not only be consistent with the Wholesale Market Objectives but also allow the Market Rules to better address Wholesale Market Objective (a):

Impact	Wholesale Market Objectives
Allow the Market Rules to better address objective	a
Consistent with objective	b, c, d, e
Inconsistent 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*

The IMO considers that the proposed amendments will promote Wholesale Market Objective (a) by ensuring that the IMO does not need to undertake a lengthy and costly process of applying to the ERB should it wish to de-register Rule Participants. The IMO considers that the proposed process is a more economically efficient process than the status quo.

The IMO considers that the proposed changes are consistent with the remaining Market Objectives and improve the integrity of the Market Rules.

7.2 Practicality and cost of implementation

Cost:

The proposed amendments will require minor changes to the IMO's internal procedure for Registration. The update costs fall within the IMO's normal operating budget.

The proposed amendments do not require changes to any of System Management's systems or procedures. In addition there have been no identified changes to other Rule Participant's costs.

Practicality:

The IMO identified that that rule change RC_2010_31 must not be commenced until the changes have been made to the Regulations to enable a Rule Participant to appeal a decision by the IMO to cancel its registration. The commencement date for this rule change has therefore been determined as the first day of the calendar month following the changes to the Regulations being made.

7.3 Views expressed in submissions

The IMO received three submissions during the first submission period and two submissions during the second submission period. The responses to these submissions are detailed in section 6.2 and Appendix 3 of this report.

In summary:

- Synergy supported the proposal and made a submission in both submission periods that rule change RC_2010_31 must not be commenced until the changes have been made to the Regulations to enable a Rule Participant to appeal a decision by the IMO to cancel its registration;
- Alinta did not oppose the proposal and made some drafting suggestions to improve the clarity of the proposed amendments; and
- System Management supported the proposal and submitted that the same philosophy must apply to Facility de-registration.

7.4 Views expressed by the Market Advisory Committee

The MAC discussed the proposal at the 9 February 2011 MAC meeting. An overview of the discussion from the MAC meeting is presented in Appendix 5 of this report.

8. THE IMO'S FINAL DECISION

Based on the matters set out in this report, the IMO's final decision, in accordance with clause 2.7.8 (e), is to accept the Rule Change Proposal as modified by the amendments outlined in section 3.4 and specified in Appendix 4 of this report.

8.1 Reasons for the Decision

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

- will allow the Market Rules to better address Wholesale Market Objective (a);
- are consistent with the remaining Wholesale Market Objectives;
- improve the integrity of the Market Rules;
- have the support of the MAC; and
- are supported by all the submissions received in the first and second submission periods except one, which did not oppose the proposal.

Additional detail outlining the analysis behind the IMO's decision is outlined in section 7 of this Final Rule Change Report.

9. AMENDING RULES

9.1 Commencement

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at **8.00am on the first day of the calendar month following the relevant changes to the Electricity Industry (Wholesale Electricity Market) Regulations 2004 being made.**

9.2 Amending Rules

The IMO's final decision is to amend the Market Rules. The following clauses are amended (~~deleted wording~~, new wording):

2.17.1. Decisions by the IMO made under the following clauses are Reviewable Decisions:

- (a) clause 2.3.8;
- (aA) clause 2.5.9;
- (aB) clause 2.6.4(f);
- (aC) clause 2.7.8(e);
- (aD) clause 2.10.13;
- (aE) clause 2.10.14;
- (b) clause 2.13.28;
- (c) clause 2.28.16;
- (d) clauses 2.30.4 and 2.30.8;
- (e) clause 2.31.10;
- (eA) Clause 2.32.7E(b);
- (f) clause 2.34.7;
- (g) clause 2.34.11;
- (h) clauses 2.37.1 to 2.37.3;
- (i) clause 2.37.6 and 2.37.7;
- (j) clause 4.9.9;
- (k) clause 4.15.1;
- (l) clause 4.27.7;
- (m) clause 4.28.7;
- (n) clauses 5.2.6 and 5.2.7;
- (o) clause 5.3.6; and
- (p) clause 10.2.1.

2.31.13. The IMO may only reject an application if:

- (e) in the case of an application to register as a Rule Participant in any class where the person has previously been de-registered as a Rule Participant following an order from the Electricity Review Board or de-registered by the IMO under clause 2.32.7E(b), the IMO is not satisfied that person has remedied the reason for or underlying cause of the prior de-registration;

2.32.7A. The IMO may at any time review whether a Rule Participant registered in the classes outlined in clause 2.28.1(b) or (c) continues to meet all of the criteria specified in clause 2.28.19.

2.32.7B. If the IMO becomes aware that a Rule Participant registered in the classes outlined in clause 2.28.1(b) or (c) no longer meets all of the criteria specified in clause 2.28.19, the IMO may issue a Registration Correction Notice to that Rule Participant.

2.32.7C. Each Registration Correction Notice must:

- (a) specify which of the criteria specified in clause 2.28.19 the IMO considers the Rule Participant no longer meets;
- (b) require that the Rule Participant:
 - i. correct the circumstances that have led to it no longer meeting all of the criteria specified in clause 2.28.19 and provide evidence to the IMO that it has done so; or
 - ii. provide evidence to the IMO that it continues to meet all of the criteria specified in clause 2.28.19;
- (c) specify a date and time for the Rule Participant to respond to the Registration Correction Notice, which must be at least 90 days from the date of the Registration Correction Notice; and
- (d) specify a date and time from which the de-registration of the Rule Participant will become effective, should that Rule Participant not provide evidence in response to the Registration Correction Notice that is satisfactory to the IMO.

2.32.7D. Where the IMO has issued a Registration Correction Notice it may extend the deadline for:

- (a) correcting the circumstances that are the subject of the notice; or
- (b) responding to the notice

for any period that it considers is appropriate in the circumstances.

2.32.7E. The IMO must consider any evidence or submissions provided by a Rule Participant in response to a Registration Correction Notice and determine whether:

- (a) it is satisfied that the Rule Participant meets all of the criteria specified in clause 2.28.19. If so, the IMO will notify the Rule Participant that no further action will be taken; or
- (b) it is not satisfied that the Rule Participant meets all of the criteria specified in clause 2.28.19. If so, the IMO will issue a De-registration Notice notifying the Rule Participant that it will cease to be registered from the date and time specified in the De-registration Notice and the Rule Participant will cease to be registered with effect from that date and time.

2.32.7F. Where the IMO de-registers a Rule Participant it must also de-register all of the Facilities registered by the Rule Participant by the time specified in the De-registration Notice. For the avoidance of doubt, the IMO must not de-register a

Rule Participant, if that Rule Participant holds Capacity Credits for any of its Facilities.

Chapter 11: Glossary

De-registration Notice: means the notice issued by the IMO under clause 2.32.7E(b).

Registration Correction Notice: means a notice issued by the IMO under clause 2.32.7B.

APPENDIX 1: FULL DETAILS OF THE PROPOSAL

Background

The IMO notes in its Rule Proposal that generally, anyone subject to the Wholesale Electricity Market Rules (Market Rules) is required to register as a Rule Participant (there are some exemptions available). Since different Market Rules relate to different types of participants, a number of Rule Participant classes are defined (clause 2.28.1). In general, a Rule Participant can belong to more than one class, except where this is explicitly restricted. Rule Participants who trade, or intend to trade, in the Wholesale Electricity Market (WEM) are required to register as a Market Participant (i.e. Market Generator or a Market Customer).

Under the Market Rules there are currently two avenues for Rule Participant de-registration, these are:

1) The Rule Participant applying to the IMO to be de-registered:

- Prior to an applicant applying to be de-registered as a Rule Participant they must have undertaken the following steps where they are also a Market Participant:
 - i. ensure any Facilities registered do not hold Capacity Credits; and
 - ii. apply to have its Facilities de-registered or transferred to another Rule Participant);
- Once the relevant Facility(s) has been transferred or de-registered by the IMO, the Rule Participant can apply to be de-registered. De-registration as a Rule Participant will only be effective from the date on which all (if any) outstanding debts to the market have been settled (clause 2.31.16).
- When all accounts have been settled and de-registration is effective, the IMO will repay any credit support held and, upon provision of a release form for execution by IMO Directors, release the fixed and floating charge.
- As per clause 2.31.16 of the Market Rules a Rule Participant's obligations will cease from the end of the first Business Day in which:
 - i. their application to de-register from a Rule Participant class has been accepted by the IMO;
 - ii. the Rule Participant has de-registered all their facilities applicable to the class to be de-registered from;
 - iii. all outstanding disputes, investigations and enforcement actions have been resolved and settled;
 - iv. all outstanding debts to the IMO have been paid; and
 - v. the Rule Participant has received final payment for the amounts owed to it by the IMO.
- The IMO may deny an application for de-registration (for reasons set out in clause 2.31.13 of the Market Rules). The IMO's decision to deny an application for de-registration may be appealed to the Electricity Review Board (ERB) (clause 2.17.1(e)).
- It should be noted that this de-registration process attracts the following fees:

- i. Rule Participant de-registration application fee: \$290 per application; and
- ii. Either- Facility de-registration application fee: \$250 per application or Facility transfer application fee: \$320 per application.

2) The IMO applying to the Electricity Review Board (ERB) for the Rule Participant to be de-registered:

- Where a Rule Participant has been suspended for 90 days, the IMO may apply to the ERB for a de-registration order in accordance with the Regulations;
- Where the IMO receives notice that the ERB has made a decision in accordance with the Regulations that a Rule Participant be de-registered, the relevant Rule Participant ceases to be a Rule Participant from the time specified in the notice. The IMO must de-register all of the Facilities registered by the Rule Participant by the time specified in the notice (clause 2.32.7);
- It should be noted that applying to the ERB for a de-registration order is a lengthy and costly process.

The de-registration of a Rule Participant does not affect any rights, obligations or liabilities arising under or in connection with these Market Rules prior to the time the Rule Participant ceases to be a Rule Participant.

The Market Procedure: Registration and De-registration of Rule Participants outlines the processes that need to be followed by:

- Applicants when registering as a Rule Participant;
- Rule Participants when wishing to register in an additional Rule Participant class or wishing to de-register from one or more classes; and
- The IMO when processing applications for Rule Participant registration or de-registration.

Issue

While there are two processes outlined in the Market Rules for Rule Participant de-registration, to de-register a Rule Participant (in either the Market Generator or Market Customer class) who no longer meets the requirements of its original registration (for example, no longer satisfies the criteria outlined in clause 2.28.19 of the Market Rules), the IMO needs to undertake a lengthy and costly process of going to the ERB to de-register that Rule Participant. This assumes that the Rule Participant is either unwilling- or even unable - to pay the de-registration application fees to de-register themselves. Even if the IMO removes the fees for de-registration¹ it should be noted that there are some instances where the IMO would still need to initiate the de-registration process.

In situations where the Rule Participant no longer meets the requirements of its original registration, the IMO considers that it should be able to de-register the Rule Participant without the need to go to the ERB.

Proposal

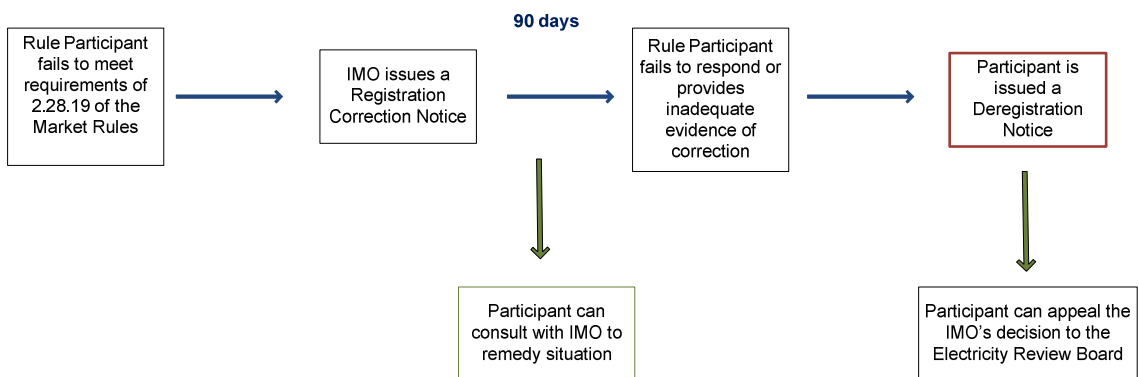
The IMO proposes to be able to de-register a Rule Participant if it is clear that the Rule Participant no longer meets the requirements of its original registration as stated in clause 2.28.19 of the Market Rules.

¹ The IMO has indicated that it will review this as part of its fee setting process in 2011.

The IMO proposes the following process:

- The IMO will identify that the Rule Participant no longer meets the criteria for registration outlined in clause 2.28.19;
- The IMO will prepare and issue a Registration Correction Notice which includes a proposed date for de-registration. This notice will allow 90 days for the Rule Participant to make submissions to the IMO stating any reason why the IMO should not de-register the participant and how it can correct the situation;
- In cases where the IMO does not receive any submissions from the Rule Participant at the end of the 90 day period (outlined in the Registration Correction Notice), or the Rule Participant does not provide the IMO with sufficient evidence proving that it has the potential to remedy the situation, the IMO will issue a De-registration Notice formally notifying the Rule Participant that it will cease to be registered from the time and date specified in that De-registration Notice. The IMO must also de-register all of the Facilities (if there are any) registered by the Rule Participant by the time specified in the notice (clause 2.32.7), unless these Facilities hold Capacity Credits;
- In situations where the Rule Participant makes a submission (on the Registration Correction Notice) the IMO must consider it before making a decision;
- In accordance with the other de-registration processes within the Market Rules, this proposal does not affect any rights, obligations or liabilities arising under or in connection with these Market Rules prior to the time the Rule Participant ceases to be a Rule Participant; and
- The Rule Participant will be able to appeal the IMO's decision to de-register it to the ERB (this will be facilitated by adding the clause which enables the IMO to make a decision to de-register a Rule Participant to the list of Reviewable Decisions. The IMO acknowledges the need to liaise with the Office of Energy to ensure that this amendment is also reflected in the Electricity Industry (Wholesale Electricity Market) Regulations 2004).

For a graphical representation of the process, please see below.



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):

2.17.1. Decisions by the IMO made under the following clauses are Reviewable Decisions:

- (a) clause 2.3.8;
- (aA) clause 2.5.9;
- (aB) clause 2.6.4(f);
- (aC) clause 2.7.8(e);
- (aD) clause 2.10.13;
- (aE) clause 2.10.14;
- (b) clause 2.13.28;
- (c) clause 2.28.16;
- (d) clauses 2.30.4 and 2.30.8;
- (e) clause 2.31.10;
- (eA) Clause 2.32.7E(b);
- (f) clause 2.34.7;
- (g) clause 2.34.11;
- (h) clauses 2.37.1 to 2.37.3;
- (i) clause 2.37.6 and 2.37.7;
- (j) clause 4.9.9;
- (k) clause 4.15.1;
- (l) clause 4.27.7;
- (m) clause 4.28.7;
- (n) clauses 5.2.6 and 5.2.7;
- (o) clause 5.3.6; and
- (p) clause 10.2.1.

2.31.13. The IMO may only reject an application if:

...

- (e) in the case of an application to register as a Rule Participant in any class where the person has previously been de-registered as a Rule Participant following an order from the Electricity Review Board or de-registered by the IMO under clause 2.32.7E(b), the IMO is not satisfied that person has remedied the reason for or underlying cause of the prior de-registration;

...

2.32.7A The IMO may at any time review whether a Rule Participant registered in the classes outlined in clause 2.28.1(b) or (c) continues to meet the criteria specified in clause 2.28.19.

2.32.7B If the IMO becomes aware that a Rule Participant registered in the classes outlined in clause 2.28.1(b) or (c) no longer meets the criteria to be a Rule Participant, as outlined in clause 2.28.19, the IMO may issue a Registration Correction Notice to that Rule Participant.

2.32.7C Each Registration Correction Notice must include:

- (a) the reason for the issue of the Registration Correction Notice;
- (b) A request that the Rule Participant correct the circumstances that are the subject of the Registration Correction Notice;
- (c) A request to provide evidence to the IMO that it should remain registered as a Rule Participant;
- (d) A date and time for response, which must be at least 90 Days from the date of the Registration Correction Notice;
- (e) A date and time from which the de-registration of the Rule Participant will become effective, should that Rule Participant not provide sufficient evidence under paragraphs (b) or (c).

2.32.7D Where the IMO has issued a Registration Correction Notice it may extend the deadline for:

- (a) correcting the circumstances that are the subject of the notice; or
- (b) responding to the notice

for any period that it considers is appropriate in the circumstances.

2.32.7E The IMO must consider any evidence or submissions provided by a Rule Participant in response to a Registration Correction Notice and determine whether:

- (a) It is satisfied that the Rule Participant should remain registered. If so, the IMO will notify the Rule Participant that no further action will be taken; or
- (b) It is not satisfied that the Rule Participant should remain registered. If so, the IMO will issue a De-registration Notice notifying the Rule Participant that it will cease to be registered from the time and date specified in the De-registration Notice and the Rule Participant will cease to be registered with effect from that date and time.

2.32.7F Where the IMO de-registers a Rule Participant it must also de-register all of the Facilities registered by the Rule Participant by the time specified in the De-registration Notice. For the avoidance of doubt, the IMO must not de-register a

Rule Participant, if that Rule Participant holds Capacity Credits for any of its Facilities.

Chapter 11: Glossary

De-registration Notice: means the notice issued by the IMO under clause 2.32.7E(b)

Registration Correction Notice: means a notice issued by the IMO under clause 2.32.7B

APPENDIX 3: THE IMO'S REPOSENSE TO SUBMISSIONS RECEIVED DURING THE FIRST SUBMISSION PERIOD.

The IMO's response to each of the issues identified during the first submission period is presented in the table over the page:

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Clause/Issue	Submitter	Comment/Change Requested	IMO's response
Commencement of Reviewable Decision	Synergy	RC_2010_31 should not commence until after the Regulations have been appropriately changed or a Rule Participant will be unable to appeal a decision by the IMO to cancel its registration.	The IMO agrees that the proposed amendments should not commence until after the Regulations have been appropriately changed and will work with the Office of Energy to ensure RC_2010_31 is not commenced until the Regulations have been changed.
2.32.7A, 2.32.7B, 2.32.7C, 2.32.7E	Alinta	Alinta suggests a number of amendments to clauses 2.32.7A, 2.32.7B, 2.32.7C and 2.32.7E, to clarify that a Rule Participant has an obligation to meet <u>all</u> of the criteria specified in clause 2.28.19, and that the IMO may issue a Registration Correction Notice to a Rule Participant who fails to meet any one (or more) of these criteria.	The IMO agrees with Alinta's suggestion and has modified the proposed amendments accordingly.
2.32.7C(b)	Alinta	Alinta suggests the following amendments to clause 2.32.7C(b): (b) A request that the Rule Participant: (i) correct the circumstances that <u>have led to it no longer meeting all of the criteria in clause 2.28.19 are the subject of the Registration Correction Notice</u> ; or (ii) provide evidence to the IMO that <u>it continues to meet all of the criteria specified in clause 2.28.19</u> it should remain registered as a Rule Participant ; and	The IMO agrees that a Rule Participant issued with a Registration Correction Notice may not actually need to take any corrective action but rather to provide evidence to the IMO that it continues to meet all the required criteria, and has updated the proposed amendments accordingly. However, the IMO notes that where a Rule Participant needs to take corrective action it would also need to provide the IMO with evidence that it had done so.

APPENDIX 4: ADDITIONAL AMENDMENTS MADE BY THE IMO FOLLOWING THE FIRST SUBMISSION PERIOD

The IMO made some amendments to the Amending Rules following the first submission period. These changes are as follows (~~deleted text~~, added text):

2.32.7A₂ The IMO may at any time review whether a Rule Participant registered in the classes outlined in clause 2.28.1(b) or (c) continues to meet all of the criteria specified in clause 2.28.19.

2.32.7B₂ If the IMO becomes aware that a Rule Participant registered in the classes outlined in clause 2.28.1(b) or (c) no longer meets all of the criteria ~~to be a Rule Participant, as outlined~~ specified in clause 2.28.19, the IMO may issue a Registration Correction Notice to that Rule Participant.

2.32.7C₂ Each Registration Correction Notice must ~~include~~:

- (a) ~~the reason for the issue of the Registration Correction Notice;~~ specify which of the criteria specified in clause 2.28.19 the IMO considers the Rule Participant no longer meets;
- (b) ~~A request require~~ that the Rule Participant:
 - i. ~~correct the circumstances that are the subject of the Registration Correction Notice;~~ have led to it no longer meeting all of the criteria specified in clause 2.28.19 and provide evidence to the IMO that it has done so; or
 - ii. provide evidence to the IMO that it continues to meet all of the criteria specified in clause 2.28.19;
- (c) ~~A request to provide evidence to the IMO that it should remain registered as a Rule Participant;~~
- (d) ~~A date and time for responses~~ specify a date and time for the Rule Participant to respond to the Registration Correction Notice, which must be at least 90 Days days from the date of the Registration Correction Notice; and
- (e) ~~A~~ specify a date and time from which the de-registration of the Rule Participant will become effective, should that Rule Participant not provide sufficient evidence under paragraphs (b) or (c) evidence in response to the Registration Correction Notice that is satisfactory to the IMO.

2.32.7D₂ Where the IMO has issued a Registration Correction Notice it may extend the deadline for:

- (a) correcting the circumstances that are the subject of the notice; or
- (b) responding to the notice

for any period that it considers is appropriate in the circumstances.

- 2.32.7E₂ The IMO must consider any evidence or submissions provided by a Rule Participant in response to a Registration Correction Notice and determine whether:
- (a) ~~It is~~ satisfied that the Rule Participant ~~should remain registered~~ meets all of the criteria specified in clause 2.28.19. If so, the IMO will notify the Rule Participant that no further action will be taken; or
 - (b) ~~It is~~ not satisfied that the Rule Participant ~~should remain registered~~ meets all of the criteria specified in clause 2.28.19. If so, the IMO will issue a De-registration Notice notifying the Rule Participant that it will cease to be registered from the ~~time and date~~ and time specified in the De-registration Notice and the Rule Participant will cease to be registered with effect from that date and time.
- 2.32.7F₂ Where the IMO de-registers a Rule Participant it must also de-register all of the Facilities registered by the Rule Participant by the time specified in the De-registration Notice. For the avoidance of doubt, the IMO must not de-register a Rule Participant, if that Rule Participant holds Capacity Credits for any of its Facilities.

Chapter 11: Glossary

De-registration Notice: means the notice issued by the IMO under clause 2.32.7E(b)₂

Registration Correction Notice: means a notice issued by the IMO under clause 2.32.7B₂

APPENDIX 5: DISCUSSION OF THE PROPOSAL BY THE MARKET ADVISORY COMMITTEE

The MAC discussed the proposal at the 9 February 2011 MAC meeting. The following points were raised by MAC members:

- The Chair noted that the IMO had issued cure notices to a company in liquidation, which did not wish to remain a Market Participant but was unable to pay the required de-registration fee. Mr Corey Dykstra queried whether de-registration fees were cost-reflective. Mrs Jacinda Papps confirmed that this was the case. Mr Dykstra suggested incorporating these fees with registration fees. Mrs Papps responded that this would not remove the problem completely as the IMO would still need to initiate the de-registration process in some cases.
- Mr Dykstra queried whether it really mattered if these Rule Participants were not de-registered. Mr Dykstra noted that a significant amount of paperwork was involved in the registration of a Rule Participant, and suggested that it could be valuable to an inactive Rule Participant to keep the option to retain its registration status. Mrs Papps responded that the focus of the proposal was to deal with Rule Participants that no longer met the criteria for their registration (e.g. were no longer companies). Mr Dykstra then questioned whether in that case the criteria listed in the proposed new clauses 2.32.7B(b) and 2.32.7B(c) were really relevant.
- Mr Ken Brown noted that Perth Energy was registered as a Rule Participant for some time before it began to actively participate in the market. Mr Troy Forward confirmed that the IMO's focus was on Rule Participants that no longer met the criteria for registration. There was general agreement among MAC members that this should be the only criterion for the IMO to issue a Registration Correction Notice to a Rule Participant.
- The Chair confirmed that MAC members had no other issues or queries relating to PRC_2010_31. The IMO undertook to remove criteria (b) and (c) from the proposed new clause 2.32.7B, and then formally submit the proposal into the Rule Change Process.