

RULE CHANGE NOTICE

CORRECTION OF MINOR, TYPOGRAPHICAL AND MANIFEST ERRORS

(RC_2011_06)

This notice is given under clause 2.5.7 of the Market Rules.

Date Submitted: 19 August 2011

Submitter: Allan Dawson, the Independent Market Operator (IMO)

THE PROPOSAL

The proposed amendments would correct a number of minor and manifest errors identified in the Market Rules.

Appendix 1 contains the Rule Change Proposal and gives complete information about:

- the proposed amendments to the Market Rules;
- relevant references to clauses of the Market Rules and any proposed specific amendments to those clauses; and
- the submitter's description of how the proposed amendments would allow the Market Rules to better address the Wholesale Market Objectives.

DECISION TO PROGRESS THE RULE CHANGE

The IMO has decided to progress the Rule Change Proposal on the basis that Rule Participants should be given an opportunity to provide submissions as part of the rule change process.

RULE CHANGE PROCESS

The IMO has decided to subject the Rule Change Proposal to the Fast Track Rule Change Process described in section 2.6 of the Market Rules, on the grounds that it satisfies the criteria in clauses 2.5.9(a) and (b) of the Market Rules.

Clause 2.5.9 states:

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; or

(b) is required to correct a manifest error; or



(c) is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.

The IMO considers that incorrect clause references are manifest errors. Accordingly the proposed amendments to correct clause references meet the test in clause 2.5.9(b).

Additionally, the IMO considers that the remaining proposed changes consist of typographical amendments that are minor and procedural in nature. The changes do not seek to amend the operation of the Market Rules. Accordingly the IMO considers that the proposal fulfils clause 2.5.9(a).

TIMELINE

The projected timelines for processing this proposal are:



CALL FOR SUBMISSIONS

Any Rule Participant wishing to be consulted regarding this Rule Change Proposal is invited to notify the IMO within 5 Business Days of this notice being published (**26 August 2011**).

The consultation period is 15 Business Days from the publication date of this Rule Change Notice. Submissions must be delivered to the IMO by 5.00pm on **Friday 9 September 2011**.

Submissions should be made by email to market.development@imowa.com.au using the submission form available on the IMO website: <http://www.imowa.com.au/rule-changes>. Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator
Attn: Group Manager, Market Development
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4399



APPENDIX 1

Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: RC_2011_06
Received date: 19 August 2011

Change requested by:

Name:	Suzanne Frame
Phone:	(08) 9254 4300
Fax:	(08) 9254 4399
Email:	marketdevelopment@imowa.com.au
Organisation:	IMO
Address:	Level 3, Governor Stirling Tower, 197 St Georges Terrace
Date submitted:	19 August 2011
Urgency:	Fast Track
Change Proposal title:	Correction of minor, typographical and manifest errors
Market Rules affected:	Clauses 2.8.11, 2.24.1, 2.24.2A, 2.34.12, 3.19.12, 3.21.9, 4.1.11, 4.1.13, 4.1.18, 4.5.9, 4.10.1, 4.25.4F, 5.1.1 6.3B.1B, 6.6.3A, 6.14.4, 7.6A.5, 9.20.5, 9.24.5, the Glossary, Appendix 1 and Appendix 3.

Introduction

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

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

Independent Market Operator
 Attn: Group Manager, Market Development
 PO Box 7096
 Cloisters Square, Perth, WA 6850
 Fax: (08) 9254 4339
 Email: market.development@imowa.com.au

The Independent Market Operator 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 further progressed.

In order for the proposal to be progressed, all fields below must be completed and the 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:

The amendments outlined in this Rule Change Proposal are to improve the language and punctuation used, correct clause references, remove unnecessary ambiguity in identified clauses and correct a number of identified manifest errors in the Wholesale Electricity Market Rules (Market Rules). The Independent Market Operator (IMO) considers that these amendments will enhance the integrity of the Market Rules.

As part of its ongoing review and aim for continuous improvement of the Market Rules, the IMO has committed to submitting three Rule Change Proposals per year to address minor and typographical errors that have been identified in the Market Rules.

This Rule Change Proposal is the first minor, typographical and manifest error proposal for 2011.

The following table outlines the proposed amendments and provides an assessment of the amendments against clause 2.5.9 (the criteria that a Rule Change Proposal must meet in order to be processed using the Fast Track Rule Change Process).

Clause(s)	Explanation of proposed amendments	Type of Fast Track amendment (refer clause 2.5.9)
2.8.11(b)	<p>Currently clause 2.8.11(b) references the IMO's decision to make Amending Rules in accordance with clause 2.6.4(h) or clause 2.7.8(g). This is incorrect as the IMO does not make a decision to approve a Rule Change Proposal under a specific clause.</p> <p>A decision to approve (in the current or a modified form) or reject a Rule Change Proposal is not made under either sub-clause 2.6.4 (h) or 2.7.8 (g). Rather these sub-clauses simply note that where the IMO proposes to make Amending Rules, details of the wording of the Amending Rules and the proposed date for commencement must be included in the Final Rule Change Report.</p> <p>The IMO proposes that the reference in clause 2.8.11(b) should be to clauses 2.6.4(f) and 2.7.8(e) as these sub-clauses require details of the IMO's decision on the Rule Change Proposal to be explicitly stated in the Final Rule Change Report.</p>	Manifest error – Clause 2.5.9(b). See Section 2 of this paper for more details.
2.24.1	To correct the punctuation of the clause by removing an extra comma within sub-clause (b), including a semicolon after sub-clause (b) and replacing the capital A at the beginning of sub-clause (c) with a lower case letter.	Minor or Procedural - Clause 2.5.9(a)
2.24.2A(a)	To remove the incorrect apostrophe and “s” after “Minister” and include a full stop after the clause reference 2.24.2A.	Minor or Procedural - Clause 2.5.9(a)
2.34.12	The sub-clauses are currently listed using roman numerals. The IMO proposes to amend the clauses to be listed with letters (a) - (i) for consistency with the construct elsewhere in the Market Rules.	Minor or Procedural - Clause 2.5.9(a)
3.19.12	To correct “installments” to “instalments” to reflect Australian spelling.	Minor or Procedural - Clause 2.5.9(a)
3.21.9	To correct the spelling of “uness” to “unless” and to include a missing full stop after the clause reference 3.21.9.	Minor or Procedural - Clause 2.5.9(a)
4.1.11 (a) and (b)	The Rule Change Proposal: Certification of Reserve Capacity (RC_2010_14) will bring forward the application lodgement date for	Manifest error – Clause 2.5.9(b). See Section 2 of this paper for more details.

Clause(s)	Explanation of proposed amendments	Type of Fast Track amendment (refer clause 2.5.9)
	<p>Certified Reserve Capacity from 20 July to 1 July of the Capacity Year from 2012 onwards. The amendment to this clause affected by RC_2010_14 will commence on 1 January 2012. This proposed amendment ensures that this clause reflects the delayed implementation of the earlier deadline for lodging applications for certification of Reserve Capacity and ensures the deadline applies only from the 2012 capacity cycle onwards.</p> <p>The IMO proposes that 4.1.11 (a) reads “2011” not “2010” and 4.1.11 (b) reads “2012” onwards, not “2011” onwards’.</p>	
4.1.13	To remove the brackets on sub-clause references i. and ii, and add a missing semi-colon to the end of the latter sub-clause..	Minor or Procedural - Clause 2.5.9(a)
4.1.18	To include a colon at the end of the first sentence and delete the extra word “must” from the beginning of sub-clause (b).	Minor or Procedural - Clause 2.5.9(a)
4.5.9	To remove the current incorrect reference to the "Long Term PASA Planning Horizon" and replace this with the "Long Term PASA Study Horizon" as defined in the Market Rules.	Minor or Procedural - Clause 2.5.9(a)
4.10.1	Clause 4.10.1 is currently incorrectly split with a colon. This is incorrect grammatically. This correction will remove the colon and the clause reference (i) and replace it with a comma to create one sentence.	Minor or Procedural - Clause 2.5.9(a)
4.25.4F	Supplementary Reserve Capacity is not a defined term, nor is it commonly used in other sections of the Market Rules. The IMO proposes that clause 4.25.4F refer to "supplementary capacity" for consistency with other sections of the Market Rules.	Minor or Procedural - Clause 2.5.9(a)
5.1.1	<p>Clause 5.1.1 currently defines a Network Control Service as "a service provided by distributed generation or demand side management". A Network Control Service may also be provided by a transmission connected generator.</p> <p>The proposed amendment to clause 5.1.1 will remove the word “distributed” from the clause to clarify that transmission connected</p>	Minor or Procedural - Clause 2.5.9(a)

Clause(s)	Explanation of proposed amendments	Type of Fast Track amendment (refer clause 2.5.9)
	generators can also provide Network Control Services.	
6.3B.1B(a)	To correct the spelling of “cumulatie” to “cumulative”.	Minor or Procedural - Clause 2.5.9(a)
6.6.3A	To include a missing space in the clause.	Minor or Procedural - Clause 2.5.9(a)
6.14.4(d)(iii)	To include a missing space in the clause.	Minor or Procedural - Clause 2.5.9(a)
7.6A.5	To correct the spelling of 'is' to 'its' in sub-clauses (c) and (d) and to replace the full stops at the end of sub-clauses (b), (c) and (d) with semi-colons.	Minor or Procedural - Clause 2.5.9(a)
9.20.5(c)(ii)	This clause currently states that a revised value “may be a revised value”. This is not clear and is unnecessary. The amendment will delete “which may be a revised value” to clarify this clause.	Minor or Procedural - Clause 2.5.9(a)
9.24.5	To include a missing space and to append an “s” to “Market Participant” to reflect the plural.	Minor or Procedural - Clause 2.5.9(a)
Glossary	To capitalise the word at the beginning of the sentence for consistency with other definitions provided in the Glossary.	Minor or Procedural - Clause 2.5.9(a)
Appendix 1 – (k) ii. 3	To include a missing word “be”.	Minor or Procedural - Clause 2.5.9(a)
Appendix 3 - step 10	<p>For each Availability Class the capacity shortfall must be reported. Currently Step 10 of Appendix 3 refers to the fact that in the case of the Reserve Capacity Auction, this report indicates the amount to be procured through “supplementary capacity auctions”. No such term is defined in the Market Rules. This step should refer to “supplementary capacity” and not “supplementary capacity auctions” for consistency with other sections of the Market Rules.</p> <p>The term “reserve capacity auction” is also proposed to be capitalised as it is a defined term under the Market Rules.</p> <p>This amendment will also replace the full stop at the end of the first sentence with a colon.</p>	Minor or Procedural - Clause 2.5.9(a)

2. Explain the reason for the degree of urgency:

The IMO submits that this Rule Change Proposal should be fast-tracked, on the basis that it satisfies the criteria in clauses 2.5.9(a) and 2.5.9(b) of the Market Rules.

Clause 2.5.9 states:

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;*
- (b) is required to correct a manifest error; or*
- (c) is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.*

The IMO submits that:

- an incorrect clause reference (clause 2.8.11(b)); and
- ceasing to accept lodgement of applications for certification of Reserve Capacity by a date prior to the commencement of the new clause 4.1.11

are manifest errors. As such, these amendments fulfil sub-clause 2.5.9(b), in that they are required to correct a manifest error, and therefore may be fast-tracked.

The IMO further submits that the remaining proposed changes consist of minor and typographical amendments which will improve the integrity of the Market Rules. The changes do not seek to amend the operation of the Market Rules. As such, the remaining proposals fulfil sub-clause 2.5.9(a), in that they are of a minor or procedural nature and therefore may be fast-tracked.

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)

2.8.11. Amending Rules are made:

...

- (b) for Rule Change Proposals to which clause 2.8.3 does not apply, when the IMO has decided to make the Amending Rules ~~in accordance with clause 2.6.4(h) or clause 2.7.8(g)~~ as notified under clause 2.6.4(f) or clause 2.7.8(e).

2.24.1. The fees charged by the IMO are:

- (a) Market Fees, System Operation Fees and Regulator Fees determined in accordance with clause 2.24.2;

- (b) Application Fees described in clauses 2.33.1(a), 2.33.2(a), 2.33.3(a), 2.33.4(a), 2.33.5(a); and 4.9.3(c); and
- (c) ~~A~~ Reassessment Fee described in clause 4.11.11.

2.24.2A. The IMO must determine and publish a level of revised Market Fee rate, System Operation Fee rate or Regulator Fee rate (as applicable) within five Business Days of receiving the information, if in any year:

- (a) the Minister's notifies approval of the IMO budget proposal later than 30 June; or

...

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, excluding any Standing Data described in the following clauses of Appendix 1:

- ~~(a)~~i. clause (c);
- ~~(b)~~ii. clause (e) v;
- ~~(c)~~iii. clause (h) vi;
- ~~(d)~~iv. clause (i) xA;
- ~~(e)~~v. clause (k) i.7;
- ~~(f)~~vi. clause (k) ii.2;
- ~~(g)~~vii. clause (l) iii.4;
- ~~(h)~~viii. clause (l) iii.5; and
- ~~(i)~~ix. clause (m).

3.19.12. ...

- (f) The determined amount of compensation:
 - i. if less than or equal to \$50,000, must be paid to the applicant in accordance with Chapter 9 in respect of the Trading Month during which the determination is made; and
 - ii. if greater than \$50,000, must be paid to the applicant in accordance with Chapter 9 in equal ~~installments~~ instalments over between one and six Trading Months as determined by the IMO, where:

...

3.21.9. In its determination of a Consequential Outage under clause 3.21.2, System Management must accept the information provided by a Market Participant under

clause 3.21.8 ~~unless~~unless the information is inconsistent with other information held by System Management.

- 4.1.11.¹ The IMO must cease to accept lodgement of applications for certification of Reserve Capacity for the Reserve Capacity Cycle in accordance with clause 4.9.1 from 5 PM of the last Business Day falling on or before:
- (a) 20 July of Year 1 for Reserve Capacity Cycles up to and including 2011~~0~~; and
 - (b) 1 July of Year 1 for Reserve Capacity Cycles from 2012~~1~~ onwards.
- 4.1.13. Each Market Participant must provide to the IMO any Reserve Capacity Security required in accordance with clause 4.13.1 not later than 5 PM of the last Business Day falling on or before:
- (a) for Reserve Capacity Cycles up to and including 2010:
 - ~~(i)~~₂ 10 August of Year 1 of the relevant Reserve Capacity Cycle if any of the Facility's Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c); or
 - ~~(ii)~~₂ 29 August of Year 1 of the relevant Reserve Capacity Cycle if any of the Facility's Certified Reserve Capacity is specified to be offered into the Reserve Capacity Auction in accordance with clause 4.14.1(a) and where none of the Facility's Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c);
- ...
- 4.1.18. If a Reserve Capacity Auction proceeds, then the IMO must:
- (a) run the Reserve Capacity Auction on the first Business Day falling on or following:
 - i. 3 October of 2005, in the case of the first Reserve Capacity Cycle;
 - ii. 1 September of Year 1, in the case of subsequent Reserve Capacity Cycles up to and including 2010; and
 - iii. 15 September of Year 1, in the case of Reserve Capacity Cycles from 2011 onwards; and
 - (b) ~~must~~ publish the results in accordance with clause 4.19.5 by 5 PM of that day.

¹ The IMO notes that in this proposed amendment, it has reflected the final changes approved in the Rule Change Proposal: Certification of Reserve Capacity (RC_2010_14). The change to this clause affected by RC_2010_14 is not due to commence until 1 January 2012. For further details refer to the following webpage: http://www.imowa.com.au/RC_2010_14

- 4.5.9. The Planning Criterion to be used by the IMO in undertaking a Long Term PASA study is that there should be sufficient available capacity in each Capacity Year during the Long Term PASA ~~Planning Study~~ Horizon to:
- ...
- 4.10.1. The information to be submitted with an application for certification of Reserve Capacity must pertain to the Reserve Capacity Cycle to which the certification relates, must be supported by documented evidence and must include, where applicable, the following information:
- (a) the identity of the Facility;
 - (b) the Reserve Capacity Cycle to which the application relates;
 - (bA) with the exception of applications for Conditional Certified Reserve Capacity:
 - i. ~~—~~ evidence of an Arrangement for Access or evidence that the Market Participant has accepted an Access Proposal from the relevant Network Operator made in respect of the Facility and that the Facility will be entitled to have access from a specified date occurring prior to the date specified in clause 4.10.1(c)(iii)(7), including the level of unconstrained access and details of any constraints that may apply;
- ...
- 4.25.4F. A Market Participant may not offer a Curtailable Load for supplementary ~~Reserve~~ capacity if the Curtailable Load has had its Capacity Credits reduced in accordance with clause 4.25.4C for any part of that Capacity Year.
- 5.1.1. A Network Control Service is a service provided by ~~distributed~~ generation or demand side management that can be a substitute for transmission or distribution network upgrades.
- 6.3B.1B. If the Market Participant's Standing STEM Submission has not been successfully converted into a daily STEM Submission for the Trading Day in accordance with clause 6.3B.1A, then the IMO must adjust the Standing STEM Submission to make it a valid STEM Submission with respect to the Trading Day. The adjustment will be made as follows:
- (a) if the cumulative MWh quantity over all Price-Quantity Pairs is greater than the Maximum Supply Capability as calculated under clause 6.3A.2(a), the Price-Quantity Pairs will be adjusted downward so that the cumulative MWh quantity over all Price-Quantity Pairs equals the Maximum Supply Capability. This will be achieved by deleting successively or reducing the highest price Price-Quantity Pairs until the ~~cumulative~~cumulative MWh

quantity over all remaining Price-Quantity Pairs equals the Maximum Supply Capability as calculated under clause 6.3A.2(a);

...

6.6.3A. For the purpose of Regulation 37(a) of the Electricity Industry (Wholesale Electricity Market) Regulations 2004, where a civil penalty is imposed for a contravention of clause 6.6.3, the civil penalty amount should be distributed amongst all Market Customers in proportion to their Market Fees calculated over the previous full 12 months, or part thereof if Market Commencement was less than 12 months prior to the date the civil penalty is received.

6.14.4. For the purposes of clause 6.14.3:

...

(d) the “Relevant Quantity” equals:

...

iii. the IMO’s estimate of the amount by which energy provided by Market Generators other than the Electricity Generation Corporation deviates from the relevant Resource Plan quantities. This estimate equals:

...

7.6A.5. With respect to administration and reporting:

- (a) Representatives of System Management and the Electricity Generation Corporation must meet at least once per month to review the procedures operating under this clause 7.6A. The minutes of these meetings must be recorded by System Management;
- (b) At the meetings described in (a), System Management and the Electricity Generation Corporation must use best endeavours to address any issues arising from the application of the procedures operating under this clause 7.6A. Where agreement cannot be reached either party may seek arbitration by the IMO;
- (c) System Management must report to the IMO any instance where it believes that the Electricity Generation Corporation has failed to meet its obligations under this clause 7.6A;
- (d) The Electricity Generation Corporation may report to the IMO any instance where it believes that System Management has failed to meet its obligations under this clause 7.6A;
- (e) Upon request by the IMO, the Electricity Generation Corporation and System Management must make available to the IMO records created

because of the operation of this clause 7.6A and procedures required by this clause 7.6A.

9.20.5. If a Notice of Disagreement relates to information provided to the IMO by a Metering Data Agent or System Management then as soon as practicable, but not later than five Business Days after the IMO confirms receipt of the Notice of Disagreement, the IMO must;

...

(c) require the Metering Data Agent or System Management (as applicable) to investigate the accuracy of the item and to provide a response by the time specified under paragraph (b):

...

ii. if applicable, a revised value for the item, ~~which may be a revised value,~~ that the Metering Data Agent or System Management (as applicable) considers to be in compliance with these Market Rules and accurate.

9.24.5. If, five Business Days after a Payment Default, the IMO is yet to recover in full the overdue amount, then it must raise a Default Levy from all Market Participants (other than Market Participants with unrecovered Payment Defaults) to cover the remaining shortfall (including interest calculated in accordance with clause 9.22.7). The IMO will determine the amount to be paid by each Market Participant, having regard to the absolute value of the MWh of generation or consumption, determined in accordance with the Metered Schedules, for each Market Participant for Trading Intervals during the most recent Trading Month for which Non-STEM Settlement Statements have been issued, as a proportion of the total of those values for all Market Participants (other than Market Participants with unrecovered Payment Defaults).

Glossary

Secretariat: ~~The~~ the secretariat of the Market Advisory Committee.

Working Group: ~~A~~ a working group as established under clause 2.3.17 of these Market Rules.

Appendix 1

...

(k) For each Registered Facility:

...

ii. Network Control Service information including:

1. the identity of any Network Operator that has entered into a Network Control Service Contract in relation to the Facility;
 2. the unique identifier for any Network Control Service Contract applicable to the Facility provided by a Network Operator in accordance with clause 5.3A.1(c); and
 3. whether the Facility is subject to a Network Control Service Contract that requires the Facility not to be part of an aggregated Facility; and
- iii. the Facility Dispatch Tolerance;
- ...

Appendix 3

...

Step 10: For each Availability Class report the capacity shortfall;

...

- In the case of the ~~reserve capacity auction~~ Reserve Capacity Auction, this indicates the amount to be procured through supplementary capacity ~~auctions~~.

...

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 Wholesale Market Objectives.

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

Costs:

No costs associated with implementing these proposed changes have been identified.

Benefits:

The proposed changes will improve the clarity of the Market Rules by removing minor, typographical and manifest errors.