



**Independent Market Operator**

**Final Rule Change Report  
Title: Correction of Minor, Typographical  
and Manifest Errors**

**RC\_2011\_11**

**Fast Track Rule Change Process**

**Date: 1 February 2012**

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## EXECUTIVE SUMMARY

### ***Rule Change Proposal***

The IMO proposed amendments to correct a number of minor, typographical and manifest errors identified in the Market Rules.

### ***Consultation***

- The IMO formally submitted the Rule Change Proposal and issued a notice calling for submissions on 3 January 2012.
- A request to be consulted was received from System Management. A submission was received from Landfill Gas & Power supporting the proposed amendments.

### ***Assessment against Wholesale Market Objectives***

The IMO has found the proposed amendments to be consistent with the Wholesale Market Objectives and improve the overall integrity of the Market Rules.

### ***Practicality and Cost of Implementation***

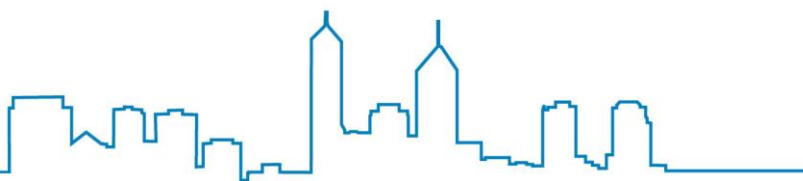
Implementing the proposed amendments will not result in either the IMO or System Management incurring any IT costs. Likewise, submitting parties did not identify any costs associated with the proposed amendments. No practical implications have been identified.

### ***The IMO's Decision***

The IMO's decision is to accept the Rule Change Proposal.

### ***Next steps***

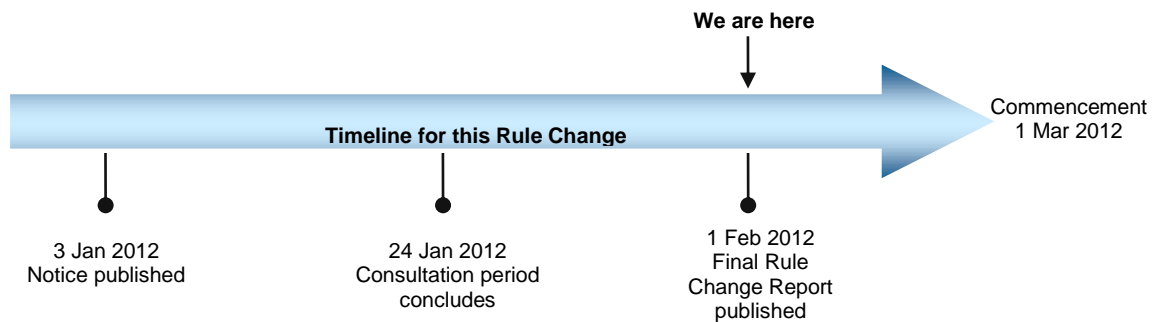
The Amending Rules will commence at **8:00am** on **1 March 2012**.



## 1. INTRODUCTION

On 3 January 2012 the IMO submitted a Rule Change Proposal regarding amendments to clauses 2.33.1, 2.33.2, 2.33.3, 2.33.4, 3.2.1, 3.11.8A, 3.11.8B, 3.13.1, 3.13.3B, 3.13.3C, 3.14.3, 3.21B.7, 4.25.2., 4.28.5, 6.5C.6, 6.18.2, 7.2.3B, 7.6.2, 7.6A.5 , 10.5.1, the Glossary, and Appendix 1 of the Wholesale Electricity Market Rules (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 its proposed form. The detailed reasons for the IMO's decision are set out in section 5 of this report.

All documents related to this Rule Change Proposal can be found on the IMO website: [www.imowa.com.au/RC\\_2011\\_11](http://www.imowa.com.au/RC_2011_11)

## 2. PROPOSED AMENDMENTS

### 2.1 The Rule Change Proposal

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

Full details of the Rule Change Proposal are contained in the Rule Change Notice and Proposal available on the following webpage: [http://www.imowa.com.au/RC\\_2011\\_11](http://www.imowa.com.au/RC_2011_11).

### 2.2 The IMO's Initial Assessment of the Proposal

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

The IMO decided to process the Rule Change Proposal using 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.

*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 considered that:

- the current incorrect clarification that the Shared Reserve Capacity Cost may be negative where there is no over-supply of capacity (clause 4.28.5);
- the exclusion of clause 7.6.1A from clause 7.6.2, which concerns the priority with which System Management must reschedule and dispatch Registered Facilities; and
- the restriction of data under clause 3.11.11(b) as being public when the data in the entire 3.11.11 clause is relevant (clause 10.5.1(g))

are manifest errors and the proposed amendments meet the test in clause 2.5.9(b).

Additionally, the IMO considered that the remaining proposed changes consist of minor and typographical amendments that would improve the integrity of the Market Rules. The changes do not seek to amend the operation of the Market Rules. Accordingly the IMO considered that the remainder of the proposal fulfils clause 2.5.9(a).

### **3. CONSULTATION**

#### **3.1 Views expressed by the Market Advisory Committee**

The MAC did not meet to discuss the proposed amendments.

#### **3.2 Submissions received during consultation period**

The IMO received a formal request to be consulted on the Rule Change Proposal from System Management. During this consultation System Management advised the IMO that it had no comments on the proposed amendments.

The IMO received an out of session submission from Landfill Gas & Power (LGP) supporting the proposed amendments. LGP noted that it would be able to implement the proposed amendments with no additional costs. LGP perceived that the changes have no material impact on the Market Rules but are necessary for tidy administration. A full copy of the submission is available on the IMO website.

### **3.3 Public Forums and Workshops**

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

## **4. 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. A summary of the views expressed in submissions and by the MAC is available in section 3 of this report.

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

### **4.1 Wholesale Market Objectives**

The IMO considered that the Market Rules as a whole, if amended, will be consistent with the Wholesale Market Objectives and will improve the overall integrity of the Market Rules.

## 4.2 Practicality and Cost of Implementation

### Cost:

The proposed changes do not require any change to the Wholesale Electricity Market System operated by the IMO or any of the systems operated by System Management.

There have been no additional costs identified with the implementation of this Rule Change Proposal.

### Practicality:

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

## 5. 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 in the proposed form.

### 5.1 Reasons for the Decision

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

- are consistent with the Wholesale Market Objectives;
- improve the integrity of the Market Rules; and
- incur no additional cost on the market.

Additional detail outlining the analysis behind the IMO's decision is outlined in section 4 of this Final Rule Change Report.

## 6. AMENDING RULES

### 6.1 Commencement

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at **8.00 am** on **1 March 2012**.

### 6.2 Amending Rules

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

- 2.33.1. ~~The Rule Participant registration form must require an applicant for registration as a Rule Participant to provide the following information, and the applicant must provide the information required:~~

The IMO must prescribe a Rule Participant registration form that requires an applicant for registration as a Rule Participant to provide the following:

- (a) the relevant non-refundable Application Fee;

...

- 2.33.2. ~~The Rule Participant de-registration form prescribed by IMO must require that a Rule Participant provide the following:~~

The IMO must prescribe a Rule Participant de-registration form that requires an applicant for de-registration as a Rule Participant to provide the following:

- (a) the relevant non-refundable Application Fee;

...

- 2.33.3. ~~The Facility Registration form prescribed by IMO must require that an applicant for facility registration provide the following:~~

The IMO must prescribe a Facility registration form that requires an applicant for Facility registration to provide the following:

- (a) the relevant non-refundable Application Fee where this Application Fee may differ for different facility classes;

...

- 2.33.4. ~~The Facility de-registration form prescribed by the IMO must require that the applicant provide the following:~~

The IMO must prescribe a Facility de-registration form that requires an applicant for Facility de-registration to provide the following:

- (a) the relevant non-refundable Application Fee;

...

- 3.2.1. An ~~equipment limit~~ Equipment Limit means any limit on the operation of a Facility's equipment that is provided as Standing Data for the Facility to System Management by the IMO in accordance with clause 2.34.1(b).



- 3.11.8A\_ System Management may enter into an Ancillary Service Contract with a Rule Participant for Load Rejection Reserve Service, System Restart Service and or Dispatch Support Service ~~Ancillary Services~~.
- 3.11.8B\_ System Management must obtain the approval of the Economic Regulation Authority before entering into an Ancillary Service Contract for Dispatch Support Service ~~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:
- (a) [Blank]
  - (aA) for Load Following Service for each Trading Month:
    - i. a capacity payment Capacity\_LF calculated as;
      - 1. the Monthly Reserve Capacity Price in that Trading Month;
      - 2. multiplied by LFR, the capacity necessary to meet the Ancillary Service Requirement for Load Following in that month;
    - ii. an availability payment ~~Availability\_Cost\_LF(m)~~ Availability\_Cost\_LF(m) calculated in accordance with clause 9.9.2(d) for that Trading Month;
- 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 Service and ~~the System Restart Ancillary Services~~ and Dispatch Support ~~Ancillary Services~~ except those provided through clause 3.11.8B;
- ...
- 3.13.3C\_ For any year within the Review Period if System Management determines Cost\_LR for the following ~~financial year~~ 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~~ 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 Service and System Restart ~~Ancillary Services~~ and Dispatch Support ~~Ancillary Services~~ except those provided through clause 3.11.8B;
- 3.14.3. Market Participant p's share of the Load Rejection Reserve Service, System Restart Service and Dispatch Support Services payment costs in each Trading Month m is Consumption\_Share(p,m) determined in accordance with clause 9.3.7.
- 3.21B.7. If System Management grants permission, then ~~between the times between those stated~~ within the time period set out in clause 3.21B.2(b) and 3.21B.2(c), or such alternative times as are mutually agreed in accordance with clause 3.21B.6, System Management must not require that Scheduled Generator to perform in accordance with its Reserve Capacity Obligations.
- 4.25.2. The verification referred to in clause 4.25.1 can be achieved by the IMO:
- (a) in the case of a generation system:
    - i. observing the Facility operate at a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, at least once as part of normal market operations as determined from Meter Data Submissions; or
    - ii. requiring System Management, in accordance with clause 4.25.7, to test the Facility's ability to operate at a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, for not less than ~~60 minutes~~ two Trading Intervals and the Facility successfully passing that test; or
- ...
- 4.28.5. The Shared Reserve Capacity Cost may have a negative value ~~if there is no over-supply of capacity~~.
- 6.5C.6. If a Market Participant's ability to consume or supply energy in any Trading Interval of a Trading Day is less than the maximum level of its ~~supply or consumption or~~

supply as indicated by its Standing Resource Plan Submission then that Market Participant must either:

- (a) submit to the IMO Standing Resource Plan Submission data so as to revise its Standing Resource Plan Submission to comply with this clause 6.5C.6; or
- (b) for each Trading Interval for which the Standing Resource Plan Submission over-states the Market Participant's ~~supply or consumption~~ consumption or supply capabilities, submit valid Resource Plan Submission data to the IMO on the Scheduling Day immediately prior to that Trading Day.

6.18.2. Subject to clause 6.18.3, the Commitment Compensation equals the sum of for each additional start up required of a Scheduled Generator during a Peak Trading Interval or Off-Peak Trading Interval the dollar amount for a commitment of the Facility specified in Standing Data, as defined in Appendix 1(c)(i).

7.2.3B. System Management must provide:

- (a) the information determined in clauses 7.2.1(a) to the IMO by 7.30 AM on the Scheduling Day; and
- (b) the information determined in clauses 7.2.3A to the IMO by 8.30AM on the Scheduling Day.

7.6.2. Subject to clauses 7.6.1, 7.6.1A, 7.6.2A, 7.6.3, 7.6.4, 7.6.6, System Management must schedule and dispatch the Registered Facilities of the Electricity Generation Corporation and Registered Facilities covered by any Balancing Support Contract or Ancillary Service Contract in such a way as to allow the implementation of the Resource Plans that it has received from the IMO for Market Participants other than the Electricity Generation Corporation.

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

...

- (c) System Management must report to the IMO any instance where it believes that the Electricity Generation Corporation has failed to meet ~~is~~ 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 ~~is~~ its obligations under this clause 7.6A;

10.5.1. The IMO must set the class of confidentiality status for the following information under clause 10.2.1, as Public and the IMO must make each item of information available from the Market ~~Web Site~~ Web Site after that item of information becomes available to the IMO:

...

(g) the Ancillary Service report referred to in clause 3.11.11(b);

...

(o) the ~~short-term term~~ Short Term PASA report described in clause 3.17.2;

...

(r) Public Reports pertaining to the Wholesale Electricity Market issued by:

- i. the IMO;
- ii. System Management;
- iii. the Electricity Review Board;
- iv. the Economic Regulation Authority; or
- v. the Minister;

...

(w) the STEM Price for each Trading Interval of the current Trading Month for which STEM auction results have been released to Market Participants;  
~~and~~

(x) for each Trading Interval of the current Trading Month for which balancing price results have been released to Market Participants;

- i. the values of MCAP, UDAP and DDAP; and
- ii. the ~~load forecast~~ Load Forecast prepared by System Management in accordance with clause 7.2.1(b).

## Appendix 1

...

(h) for a Demand Side Programme:

- i. ...

...

- xiii. the maximum number of times that the Demand Side Programme can be curtailed during the term of its Capacity Credits;

...

## Glossary

**Maximum Participant Generation Refund:** Has the meaning given in clause 4.26.1.

