



Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2012_06 Clarification of Reviewable Decisions and Definition of Regulations

Submitted by

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Submission

1. Please provide your views on the proposal, including any objections or suggested revisions.

Verve Energy supports the intent of the Rule Change Proposal, as proposed by the Independent Market Operator (IMO), and updated in the addendum issued on 4 December 2012. However, in reviewing the Rule Change Proposal, Verve Energy has identified the following issues for further consideration.

Clarification of Reviewable Decisions

Verve Energy understands that the Rule Change Proposal, while titled "Clarification of Reviewable Decisions...", originally sought to clarify only one Reviewable Decision clause. That is, to make the decision contemplated by clause 2.10.2A an explicit decision.

In the addendum released by the IMO a further three Reviewable Decision clauses were identified as referring to the publication of the IMO's decisions, rather than to the decisions themselves. The IMO noted that it considered that all four clauses (which are related to either the Rule Change Process or Procedure Change Process) should explicitly refer to the relevant decisions.

Verve Energy notes that there are a number of other Reviewable Decision clauses in the Market Rules that either do not contain explicit decisions, or the actual decision is unclear.

As such, Verve Energy strongly recommends that the IMO undertake a review of all Reviewable Decision clauses to ensure that the same principle is applied across the entire Wholesale Electricity Market Rules (Market Rules) rule book.

Proposed clause 2.10.2A

Verve Energy has reviewed the IMO's proposed drafting for clause 2.10.2A and would like to make the following comments.

The way the current Market Rules and proposed clause 2.10.2A are currently drafted means that:

- either the IMO or System Management has 20 Business Days to decide whether to progress a Procedure Change Proposal following a request from a Rule Participant; and
- following the decision to progress a Procedure Change Proposal the IMO or System Management, as applicable, then have an undetermined amount of time to prepare the said Procedure Change Proposal (under clauses 2.10.4 and 2.10.5 respectively).

Verve Energy considers that:

- the proposed timeframe of 20 Business Days for the IMO or System Management to just assess whether to progress a Procedure Change Proposal is too long¹. Noting that, in contrast, the Rule Change Process outlines that the IMO must notify the person who submitted the Rule Change Proposal whether or not it will progress the proposal within five Business Days of the later of receiving the proposal or any clarification it has requested on the proposal²; and
- there should be a mandated timeframe in which the IMO or System Management must prepare a Procedure Change Proposal following a decision to proceed under proposed clause 2.10.2A.

Verve Energy suggests that the IMO consider:

- amending the proposed timeframe in clause 2.10.2A to five Business Days (with the ability to request clarification should it be required);
- adding a timing requirement for the IMO or System Management to prepare a Procedure Change Proposal following a decision to proceed under proposed clause 2.10.2A (for example, 20 to 30 Business Days);
- adding an additional obligation to the publication requirements under proposed clause 2.10.2A for the IMO to publish the timeframe for the Procedure Change Process (should the decision be to progress a Procedure Change Proposal); and

¹ Verve Energy considers that the 20 Business Day requirement would be appropriate if that time was to both assess whether to progress a Procedure Change Proposal and to develop the Procedure Change Proposal.

² See clause 2.5.6 of the Market Rules.

- amending clause 2.10.17 to allow for the timeframe for the IMO or System Management to prepare a Procedure Change Proposal, following a decision to proceed under proposed clause 2.10.2A, to be extended (currently the IMO is only able to extend timeframes after the publication of a Procedure Change Proposal).

Additionally, Verve Energy requests clarification of the decision making framework that the IMO or System Management would apply when deciding whether or not to proceed with a Procedure Change Proposal following a Rule Participant's request.

Improved governance for the Procedure Change Process

Given the IMO's recent move to less prescriptive rule drafting and including increased detail in procedures, Verve Energy is supportive of the IMO improving the governance and increasing the rigour and transparency around the Procedure Change Process.

However, in noting this support, Verve Energy considers that the IMO could improve the Procedure Change Process further. While out of scope for this Rule Change Proposal, Verve Energy suggests that the IMO consider a review of the entire Procedure Change Process, areas that the IMO could review are:

- ***Procedure Change Proposal processing timeframes:*** Verve Energy notes that some of the Procedure Change Proposal process steps contain timeframes, whereas others don't. As such, Verve Energy considers that there is merit in including timeframes in the following clauses of the Market Rules³:
 - clause 2.10.3 of the Market Rules: add a timeframe for the IMO or System Management, as applicable, to develop a new or to amend or replace an existing Market Procedure in order to comply with an Amending Rule; and
 - clause 2.10.10 of the Market Rules: add a timeframe for the IMO or System Management, as applicable, to prepare the Procedure Change Report on the Procedure Change Proposal.
- ***Other:***
 - Clause 2.10.2 of the Market Rules: currently a Rule Participant can request that the IMO or System Management amend or replace an existing Market Procedure and not request a new Market Procedure in its entirety. Verve Energy questions whether this clause should be expanded to allow a Rule Participant to also request the development of a new Market Procedure.

Minor and typographical suggestion

Verve Energy notes that clause 2.8.1 of the Market Rules contains a capitalised term "Procedural Review", this term is currently not contained in the glossary.

³ This is in addition to Verve Energy's suggestion regarding timeframes under the section headed "Proposed clause 2.10.2A".

2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.

Verve Energy considers that the Rule Change Proposal is consistent with the Wholesale Market Objectives.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

Verve Energy would not require any changes to its IT or business systems, nor incur any organisation costs as a consequence of adopting the changes.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

Verve Energy does not need to undertake any actions to implement this Rule Change Proposal.
