

From: Steve Gould
Sent: Friday, 19 April 2013 2:55 PM
Subject: RE: RC_2012_07 - Invitation for Submissions on Proposed Amendment to Civil Penalty Provision 2.27.1

H Courtney.

Thanks for this.

It seems to me that civil penalties should be applied only on a 'fit-for-purpose' basis with the intention of motivating compliance with material requirements.

In this case, it seems to me that the timely provision by Western Power of loss factors is extremely important and therefore WP should be liable to the penalties.

In respect of other network operators, as I understand the system, the only connection point that matters is the point of interconnection of the private network to the SWIN, for which the loss factor is determined by Western Power. All connections downstream of that connection point are effectively not part of the SWIN and, by extension, not part of the WEM. Consequently it seems to me that the loss factors pertaining to connection points on the private network are more properly addressed in the private contracts between the appropriate parties and should not be subject to the Market Rules Civil Penalties obligations.

Perhaps one way of formulating the distinction would be to apply the penalties only to network operators responsible for the loss factors of NMLs that are individually visible to the WEM (other than WP / NWM).

Regards

Steve

From: Courtney Roberts [<mailto:Courtney.Roberts@imowa.com.au>]
Sent: Thursday, 18 April 2013 4:26 PM
To: Market Admin
Subject: RC_2012_07 - Invitation for Submissions on Proposed Amendment to Civil Penalty Provision 2.27.1

Good afternoon,

Please find further information below concerning [RC_2012_07: Loss Factor Determination](#):

Invitation for submissions on proposed amendment to civil penalty provision 2.27.1: RC_2012_07: Loss Factor Determination

Background

Section 2.27 of the Market Rules outlines the requirements for the determination of Loss Factors in the Wholesale Electricity Market (WEM). The IMO has identified a number of discrepancies between section 2.27, the Market Procedure for Determining Loss Factors (Loss Factor Procedure) and the practice that has formed over the past five years in the WEM. The Rule Change Proposal: Loss Factor Determination (RC_2012_07) seeks to resolve these discrepancies in a way that promotes the efficiency and transparency of the Loss Factor determination process.

The second submission period for RC_2012_07 closed on 16 April 2013 and the Final Rule Change Report will be published on 15 May 2013. The IMO has also progressed a Procedure Change Proposal (PC_2012_09) to amend the Loss Factor Procedure. The consultation period for PC_2012_09 also

closed on 16 April 2013. The proposed amendments to the Market Rules and the Loss Factor Procedure are consistent with current practice in the WEM, with the exception of a refinement to the methodology used to calculate the Distribution Loss Factor for the Notional Wholesale Meter and a minor change to the analysis period used for Transmission Loss Factor calculation in the Loss Factor Procedure.

Full details of the Rule Change Proposal and Procedure Change Proposal are available on the Market Web Site (see http://imowa.com.au/RC_2012_07 and http://imowa.com.au/PC_2012_09).

Issue and request for submissions

The proposed Amending Rules for RC_2012_06 include the following change to clause 2.27.1, which is a category A civil penalty provision in the Electricity Industry (Wholesale Electricity Market) Regulations 2004 (Regulations):

- 2.27.1. ~~By 1 June of each year Network Operators must, in accordance with this section 2.27, calculate and provide to the IMO Loss Factors for:~~
- ~~(a) _____ each connection point in their Networks at which any of the following is connected:
 - ~~i. _____ a Scheduled Generator;~~
 - ~~ii. _____ a Non-Scheduled Generator;~~
 - ~~iii. _____ an Interruptible Load;~~
 - ~~iv. _____ a Dispatchable Load; or~~
 - ~~v. _____ a Non-Dispatchable Load equipped with an interval meter; and~~~~
 - ~~(b) _____ in the case of Western Power, the Notional Wholesale Meter.~~
 - ~~(a) _____ a Scheduled Generator;~~
 - ~~(b) _____ a Non-Scheduled Generator;~~
 - ~~(c) _____ a Non-Dispatchable Load;~~
 - ~~(d) _____ an Interruptible Load; or~~
 - ~~(e) _____ [Blank]~~
 - ~~(f) _____ a Dispatchable Load.~~

Since the proposed clause 2.27.1 will expressly expand the civil penalty application to section 2.27 as a whole, the proposed amendments will therefore broaden the obligations of a Network Operator currently under clause 2.27.1. Section 2.27 contains a number of Network Operator obligations relating to the calculation and provision of Loss Factors, although the specific obligation currently outlined in clause 2.27.1 is proposed to be moved to clause 2.27.6, and is arguably the single most substantial obligation.

2.27.6 Each year by 1 June each Network Operator must, in accordance with the Market Procedure for Determining Loss Factors, recalculate the Loss Factors for its connection points and provide the IMO with updated Transmission Loss Factors and Distribution Loss Factors (as applicable) for each Loss Factor Class in the Network Operator's classification system.

The Public Utilities Office (PUO) has expressed a preliminary view to the IMO that, as a result of the proposed broadening of the drafting of clause 2.27.1, it may no longer be appropriate for the existing civil penalty to apply to this broader clause and by extension all of section 2.27, and has requested that stakeholder views be sought on the issue.

The IMO requests the views of interested parties as to whether all of, or which of, the clauses contained within section 2.27 (as proposed to be amended by RC_2012_07) should be subject to category A civil penalties. In particular, whether a civil penalty on 2.27.6 be sufficient?

Feedback should be delivered to the IMO (market.development@imowa.com.au) by 5:00 pm on **Wednesday, 1 May 2013**.

Regards,
Courtney

Courtney Roberts

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