



INDEPENDENT
MARKET
OPERATOR

Final Rule Change Report

Title: Updates to Commissioning Test Plans

RC_2012_12

Standard Rule Change Process

Date 29 November 2012

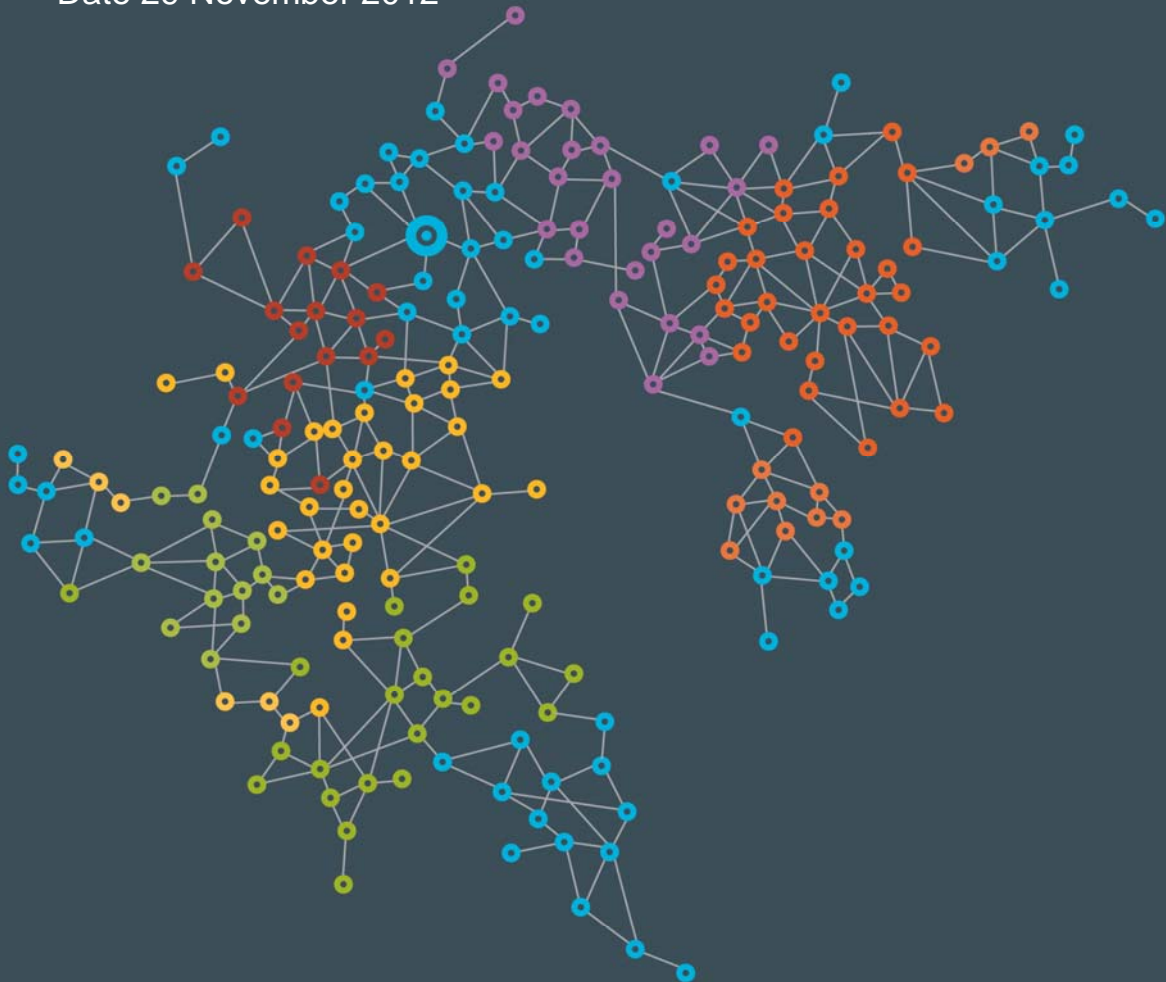


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Executive Summary

Proposed amendments

The IMO proposed to:

- remove the liability for civil penalties on Commissioning Test applications made within the 20 Business Days notice period currently outlined in clause 3.21A.4 of the Market Rules;
- shorten the Commissioning Test Plan application period to seven Trading Days before the start date of the proposed Commissioning Test whilst maintaining System Management's discretion to reject a Commissioning Test Plan received less than 20 Business Days prior; and
- allow revisions of an original Commissioning Test Plan where either an extension to the end date of a Commissioning Test Period or a change in the tests to be undertaken is required.

Consultation

- A Pre Rule Change Discussion Paper was discussed by the Market Advisory Committee (MAC) at its 11 July 2012 meeting.
- The IMO formally submitted the Rule Change Proposal on 25 July 2012. The first submission period was between 26 July 2012 and 5 September 2012. Five submissions were received during the first submission period, all supporting the proposal. System Management, Verve Energy and Perth Energy also raised a variety of issues, generally minor in nature.
- The second submission period was held between 5 October 2012 and 1 November 2012. Four submissions were received during the second submission period, all supporting the proposal. Alinta Energy, System Management and Verve Energy raised a variety of issues, also generally minor in nature. System Management raised an issue that requires further analysis and consultation which has been logged for consideration at a future date.

Assessment against Wholesale Market Objectives

The IMO has found that the proposed amendments better Wholesale Market Objective (a) and are consistent with the remaining Wholesale Market Objectives.

Practicality and Cost of Implementation

No significant implementation costs have been identified by the IMO, System Management and the other Rule Participants. The IMO has not identified any issues with the practicality of implementing the proposed changes.

The IMO's Decision

The IMO's decision is to accept the Rule Change Proposal as modified following the second submission period.

Next Steps

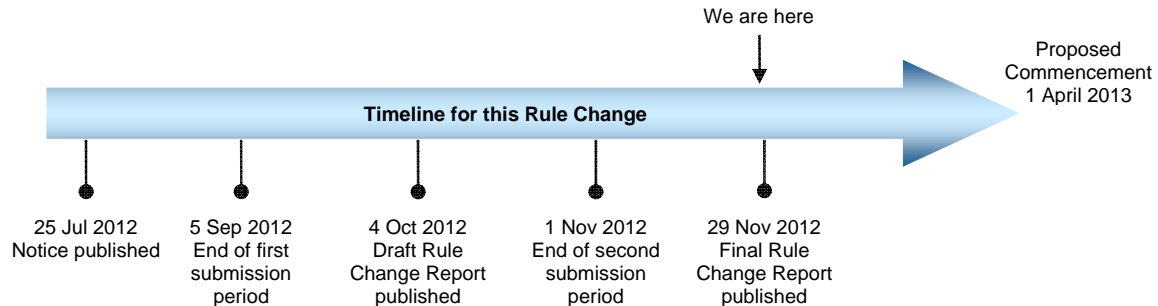
The Amending Rules will provisionally commence at **8.00 am** on **1 April 2013**.

1. Rule Change Process and Timetable

On 25 July 2012 the IMO submitted a Rule Change Proposal regarding amendments to numerous clauses of the Wholesale Electricity Market Rules (Market Rules).

This proposal is being 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:



2. Proposed Amendments

2.1. The Rule Change Proposal

The IMO, Griffin Energy and Verve Energy have recently identified similar issues relating to:

- Potential for Market Generators to be liable for civil penalties where an application for a Commissioning Test is made within the 20 Business Days notice period currently outlined in clause 3.21A.4 of the Market Rules; and
- Inability for a Market Participant to change the proposed Commissioning Test Period as approved in its Commissioning Test plan where an extension to the end date of a Commissioning Test Period is required.

To address these two issues the IMO considers that a Market Participant should be able to request and System Management should be able to approve (if it considered appropriate):

- A Commissioning Test plan within a shorter application period than currently provided under the Market Rules (20 Business Days).
- A revision to its original Commissioning Test Plan to amend the applicable Commissioning Test Period or change the tests to be undertaken.

In particular, the IMO proposed to shorten the Commissioning Test Plan application period to be 7 Trading Days before the start date of the proposed Commissioning Test. Note that this will be a best endeavours requirement which will take into account reduced timeframes where a revision to a Commissioning Test plan is requested.

A number of further revisions to the approvals process for Commissioning Test plans were also proposed by the IMO to improve the integrity of the process and ensure System Management has sufficient discretion to reject a Commissioning Test plan received under the proposed shorter timeframes where it does not have sufficient time to consider the new or revised plan. For full details of the Rule Change Proposal please refer to the Market Web Site: http://www.imowa.com.au/RC_2012_12

2.2. 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. Consultation

3.1. The Market Advisory Committee

The Market Advisory Committee (MAC) discussed the proposal at its 11 July 2012 meeting. During the meeting Ms Fiona Edmonds advised the MAC that the Pre Rule Change Proposal: Updates to Commissioning Tests (PRC_2012_12) had been prepared by the IMO in conjunction with Griffin Energy and Verve Energy following identification of two issues relating to the Commissioning Test process under the Market Rules. An overview of the key points raised during the discussion by the MAC is given below:

- Ms Edmonds noted that Griffin Energy had requested to reduce the timeframes for a request for a Commissioning Test from the seven Trading Days that the IMO had proposed (currently 20 Business Days). Ms Edmonds sought the views of members on moving those dates forward.
- Ms Jacinda Papps noted that Verve Energy was very appreciative that the IMO had worked with it on this issue. Verve Energy's main concern was around revisions to Commissioning Test Plans. Verve Energy was comfortable with the 20 Business Day timeframe for a new Commissioning Test Plan but considered more flexibility was needed when there are changes to the original plan.
- Mr Shane Cremin and Mr Phil Kelloway queried whether the IMO would consider defining 'Significant Maintenance'. Ms Edmonds responded that the IMO had considered this previously but had found that 'Significant Maintenance' is used in a number of areas of the Market Rules in slightly different contexts. This would be a substantial piece of work to get the definition to apply universally. Ms Edmonds noted that the approach System Management has taken in defining Significant Maintenance in a PSOP appeared to be working.
- Mr Ben Tan queried if further work was planned around the interaction between commissioning and the Balancing Market. Mr Tan raised a number of concerns about the impacts of an unregistered Facility commissioning outside of the Balancing Market, and considered that it was currently unclear how the process should work and how participants interact with System Management in these situations. The Chair acknowledged Mr Tan's concerns and considered that the IMO should look into the issues further. However, the Chair confirmed that the intention was for all Facilities to commission within the Balancing Market.

The MAC agreed for PRC_2012_12 to be formally submitted into the Rule Change process, subject to the IMO recognizing that there are further issues with the process of commissioning and testing to be looked at separately.

Further details are available in the MAC meeting minutes available on the Market Web Site: <http://www.imowa.com.au/MAC>

3.2. Submissions received during the first submission period

The first submission period for this Rule Change Proposal was between 26 July 2012 and 5 September 2012. Submissions were received from Community Electricity, Perth Energy, Synergy, System Management and Verve Energy.

All submissions received by the IMO supported the intent of improving the flexibility of the application and approval processes for undertaking Commissioning Tests. In its submission Verve Energy recommended a number of minor changes to the clause references in certain clauses. Likewise, Perth Energy raised issues in regard to the timelines and criteria surrounding the application, approval and cancellation processes for Commissioning Test Plans. Perth Energy also suggested a number of minor additional amendments.

System Management supported the intent of the proposal but recommended amendments to the definition of a Commissioning Test Plan and the inclusion in the Market Rules of a deadline by which a Commissioning Test Plan must be received to be considered. System Management also raised a number of broader commissioning issues. System Management supported the IMO's intent to include into the Draft Rule Change Report a clause prohibiting a Market Participant from requesting a new or revised Commissioning Test Plan principally to avoid exposure to capacity refunds. System Management also supported the IMO's intention to attach civil penalties for breaches of this clause.

The assessment by submitting parties as to whether the proposal would better achieve the Wholesale Market Objectives is summarized below:

Submitter	Wholesale Market Objective Assessment
Community Electricity	Better achieves Wholesale Market Objectives (a) and (d) and is consistent with other Wholesale Market Objectives.
Perth Energy	If the issues raised in Perth Energy's submission are addressed then the proposed changes will better achieve Wholesale Market Objective (d); no impact on the other Wholesale Market Objectives identified.
Synergy	Better achieves Wholesale Market Objective (a).
System Management	Better achieves Wholesale Market Objectives (a) and (b).
Verve Energy	Will promote Wholesale Market Objectives (a) and may assist in the better achievement of (b) and (d).

A copy of all submissions in full received during the first submission period is available on the Market Web Site: http://www.imowa.com.au/RC_2012_12

3.3. The IMO's response to submissions received during the first submission period

The IMO's response to submissions received during the first submission period is detailed in Section 4.3 of the Draft Rule Change Report available on the Market Web Site: http://www.imowa.com.au/RC_2012_12

3.4. Submissions received during the second submission period

Following publication of the Draft Rule Change Report on the Market Web Site, the second submission period was between 5 October 2012 and 1 November 2012. On 8 October 2012 the IMO issued an addendum requesting submissions from interested parties on the issue of whether Category C civil penalties should apply to clause 3.21A.5.

Submissions were received from Alinta Energy, Community Energy, System Management and Verve Energy. All submissions received by the IMO supported the intent of improving the flexibility of the application and approval processes for undertaking Commissioning Tests. Community Electricity and Verve Energy supported the proposal to attach Category C civil penalties to clause 3.21A.5. Alinta Energy, Community Electricity and Verve Energy, did not support delaying the commencement of the Amending Rules to align with implementation of the Regulations (under which clause 3.21A.5 is proposed to be a Category C civil penalty provision).

Alinta Energy expressed support for the inclusion of clause 3.21A.5A into the Market Rules and also suggested a minor additional amendment. System Management requested the IMO to reconsider expanding the definition of a Commissioning Test to include an obligation to comply with the Technical Rules and any other applicable requirements. System Management also noted that it would be difficult for it or the IMO to reach a definitive position on the good faith intentions set out in clauses 3.21A.5 and 3.21A.5A based on the information at hand when considering a Commissioning Test Plan. System Management also reiterated that responsibility for pursuing compliance with clauses 3.21A.5 and 3.21A.5A rests with the IMO.

Verve Energy did not support inclusion of new clause 3.21A.5A in to the Market Rules. Verve Energy also suggested two minor additional amendments and raised a concern with the IMO's convention of deleting "blank" clauses in the Market Rules where this does not break the consecutive sequencing of the clauses.

The assessment by submitting parties as to whether the proposal would better achieve the Wholesale Market Objectives is summarized below:

Submitter	Wholesale Market Objective Assessment
Alinta Energy	Will promote Wholesale Market Objective (a)
Community Electricity	No comment provided.
System Management	Supports Wholesale Market Objectives (a) and (b).
Verve Energy	Will promote Wholesale Market Objectives (a) and may assist in the better achievement of (b) and (d).

A copy of all submissions in full received during the second submission period is available on the following Market Web Site http://www.imowa.com.au/RC_2012_12

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

The IMO's responses to each of the issues identified during the second submission period are presented in Appendix 1 of this Final Rule Change Report.

3.6. Public Forums and Workshops

No public forum or workshop has been held as part of this Rule Change Proposal.

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 Section 5 of the Draft Rule Change Report (available on the Market Web Site).

5. The IMO's Proposed Decision

The IMO's proposed decision was to accept the amended Rule Change Proposal. The wording of the relevant Amending Rules was presented in section 7 of the Draft Rule Change Report.

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

- better achieve Wholesale Market Objective (a) and are consistent with the remaining Wholesale Market Objectives;
- do not involve any IT system or process changes to implement;
- have the general support of the MAC; and
- have the support of the submissions received during the first submission period.

6. 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 Final Rule Change Report.

Details of the additional amendments to the Amending Rules made following the first and second submission periods are presented in section 6.1 below. The IMO's assessment of the Rule Change Proposal, inclusive of the further amendments made following the first and second submission periods, is outlined in the following sub-sections.

6.1. Additional Amendments to the Amending Rules

Following the first public submission period the IMO made some additional changes to the proposed Amending Rules. The changes the IMO made to the Amending Rules presented in the Rule Change Proposal are outlined in section 5.1 and Appendix 1 of the Draft Rule Change Report.

Following the second public submission period the IMO has made some additional changes to the proposed Amending Rules. These include:

- Amending clause 3.21A.2 to refer to “an existing generating system”.
- Removing clause 3.21A.5A which was proposed in the Draft Report. This clause stipulated that a Commissioning Test Plan submitted by a Market Participant principally to avoid exposure to Reserve Capacity refunds shall be deemed to breach clause 3.21A.5.
- Making clause 3.21A.7(c) a blank clause.
- Removing the reference in clause 3.21A.10(a)(ii) to clause 3.21A.7(c).
- Amending 3.21A.13(b) to include a statement that a Market Participant that cannot conform to its most recent Commissioning Test Plan must obtain System Management's approval of a Commissioning Test Plan for that Commissioning Test if it wishes to carry out that Commissioning Test.

The changes the IMO made to the Amending Rules presented in the Draft Rule Change Report are outlined in detail in Appendix 2 of this Final Rule Change Report.

6.2. Wholesale Market Objectives

The IMO considers that the Market Rules as a whole, if amended as presented in section 8.2, will not only be consistent with the Wholesale Market Objectives but also allow the Market Rules to better achieve Wholesale Market Objective (a).

The IMO considers that the proposed reduced timeframe for applying for Commissioning Tests and introduction of an ability to request revisions to a previously approved Commissioning Test will allow greater flexibility both for Market Generators and System Management. By providing for

greater flexibility to generators undertaking commissioning activities the IMO considers that any required tests will be able to be conducted in a more efficient and timely manner which should result in the earlier availability of approved generating facilities. This contributes to the efficient, safe and reliable production of energy in the South West interconnected system. The IMO considers the changes are consistent with the remaining Wholesale Market Objectives.

6.3. Practicality and Cost of Implementation

6.3.1. Cost:

The IMO notes that the proposed changes will have no material impact on its operations and has not identified any direct financial costs.

The proposed changes will not have any significant operational impact on System Management. In its second submission System Management does not identify any further implications from this Rule Change than those already stated in its first submission. In its first submission System Management noted that “the process of applying for a Commissioning Test is set out in the Commissioning and Testing PSOP currently. The process is largely manual and the proposed amendments should have minimal impact on current business systems.” System Management does not note any direct financial costs associated with the proposed changes.

Verve Energy and Alinta Energy noted that they would not require any changes to their IT or business systems, nor incur any organisation costs as a consequence of adopting the changes. Verve Energy noted that it will need to update some internal processes and procedures to reflect the changes.

6.3.2. Practicality:

System Management noted in its submission that it will need to make some changes to the PSOP: Commissioning and Testing to reflect the proposed changes. In its first submission System Management noted that it will require approximately four months implementing these changes to the PSOP following the publication of the Final Rule Change Report. In its second submission System Management repeated its four month implementation time requirement whilst also noting that the true extent of the required PSOP changes will not be known until the Final Rule Change Report is published.

A number of participants have suggested in their submissions that the commencement of the Amending Rules should not be delayed to align with the implementation of the Regulations (under which clause 3.21A.5 is proposed to be a Category C civil penalty provision). After further review and following consultation with the Public Utilities Office the IMO's decision is to support this suggestion. While it would be desirable for the Amending Rules and the Regulations to be implemented at the same time, should this not be possible the benefits of this Rule Change are sufficient to warrant implementing the Amending Rules prior to the Regulations.

The IMO also notes that the proposed commencement date for the Amending Rules was stated as 1 March 2013 in Section 1 of the Draft Rule Change Report. System Management has indicated that it will need four months from the date when the Final Rule Change Report is published (29 November 2012) to implement the changes required for this Rule Change. The IMO therefore intends to defer the commencement of the Amending Rules until 1 April 2013.

7. The IMO's Decision

Based on the matters set out in this report, the IMO's decision is to accept the Rule Change Proposal as modified following the first and second submission periods.

7.1. Reasons for the decision

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

- better achieve Wholesale Market Objective (a) and are consistent with the remaining Wholesale Market Objectives;
- do not involve any IT system or process changes to implement;
- have the general support of the MAC; and
- have the support of the submissions received during the first and second submission periods.

Additional detail outlining the analysis behind the IMO's decision is outlined in section 6 of this Final Rule Change Report.

8. Amending Rules

8.1. Commencement

The amendments to the Market Rules resulting from this Rule Change Proposal will provisionally commence at **8.00 am** on **1 April 2013**.

8.2. Amending Rules

The IMO has decided to implement the following Amending Rules (~~deleted text~~, added text):

3.21A Commissioning Tests

3.21A.1. A Commissioning Test ("Commissioning Test") is a ~~test of the~~ series of activities which confirm the ability of a generating system to operate at different levels of output reliably.

3.21A.2. A Market Participant ~~seeking to conducting~~ conducting a Commissioning Test for:

(a) an existing generating system that has undergone significant maintenance; or

(b) ~~for~~ a new generating system that has yet to commence operation,

must conduct request permission for such tests under a Commissioning Test Plan approved by System Management. ~~from System Management in accordance with clause 3.21A.4.~~

- 3.21A.3. System Management may approve a Commissioning Test Plan only for a new generating system that is yet to commence operation, or for an existing generating system that has undergone significant maintenance.
- 3.21A.4. A Market Participant requesting permission for a Commissioning Tests must use best endeavours to submit to System Management its Commissioning Test Plan for approval at least 7 Trading Days prior to the start of the Commissioning Test Period. A Commissioning Test Plan must contain the following information at least 20 Business Days in advance of the start date of the proposed tests:
- (a) the name and location of the facility to be tested;
 - (b) details of the proposed Commissioning Test Period, including start and end Trading Intervals and dates for the proposed Commissioning Tests; and
 - (c) details of the proposed Commissioning Test to be undertaken tests to be conducted, including an indicative test program, fuel mix and trip risk of the facility to be tested; and
 - (d) contact details for the relevant contact persons at the facility to be tested, where such persons must be contactable by System Management during all Trading Intervals during the proposed Commissioning Test Period
- 3.21A.5. A Commissioning Test Plan plans submitted by a Market Participant must represent the good faith intention of the Market Participant to conduct such the Commissioning Test.
- 3.21A.7. System Management must ~~accept~~ approve a ~~request for a Commissioning Test Commissioning Test Plan,~~ unless:
- (a) in its opinion inadequate information is provided in the ~~request~~ Commissioning Test Plan; or
 - (b) in its opinion ~~the conducting any of the test~~ proposed activities to be undertaken at the proposed times would pose a threat to Power System Security or Power System Reliability; or
 - (c) [Blank] in the case of a new generating system that is yet to commence operation, the proposed Commissioning Test Period is greater than four months.
 - (d) in its opinion inadequate time to properly consider the Commissioning Test Plan has been provided, where the request has been received less than 20 Trading Days prior to the start date of the proposed Commissioning Test.
- 3.21A.7A. [Blank]
- 3.21A.8. System Management must not show bias towards a Market Participant in regard to scheduling of approving a Commissioning Tests Plan.

3.21A.9. System Management must notify a Market Participant as to whether ~~System Management~~ it has approved a Commissioning Test Plan ~~within 10 Business Days of receiving the notification described in clause 3.21A.4.~~ as soon as practicable but in any event no later than 8:00am on the Scheduling Day for which the Commissioning Test Plan would apply.

3.21A.10. Where System Management notifies a Market Participant that:

- (a) a Commissioning Test Plan has not been approved ~~it must then:~~
 - i. System Management must provide an explanation for its decision;
 - ii. if the Commissioning Test Plan complied with clause 3.21A.7(a) but did not comply with any or all of clauses 3.21A.7(b) or 3.21A.7(d) then, System Management and the Market Participant must use their best endeavours to agree to an alternative time for the relevant Commissioning Test that is consistent with the requirements in clause 3.21A.7; and
 - iii. where System Management and the Market Participant agree an alternative time under clause 3.21A.10(a)(ii), the Market Participant must, as soon as practicable, submit a revised Commissioning Test Plan which reflects the agreed alternative time to System Management and System Management must approve that revised Commissioning Test Plan; or
- (b) a Commissioning Test Plan has been approved then, subject to clause 3.21A.11, the Market Participant may proceed with that Commissioning Test

3.21A.11. If, having approved a Commissioning Test Plan, System Management becomes aware that:

- (a) ~~the conducting any of the test activities~~ at the proposed time would pose a threat to Power System Security or Power System Reliability, or in the case of a Facility returning to service after ~~extended~~ undergoing significant maintenance the return to service has been delayed, then it may delay the commencement of ~~the that~~ Commissioning Test or cancel that Commissioning Test; or
- (b) the Commissioning Test is no longer required then it may ~~revoke~~ cancel its approval of ~~the that~~ Commissioning Test,

and must notify the Market Participant conducting the Commissioning Test of such delay or cancellation as soon as practicable after making its decision.

3.21A.12. In conducting a Commissioning Test a Market Participant must conform to the most recent Commissioning Test Plan ~~test plan~~ approved by System Management.

3.21A.13. If a Market Participant conducting a Commissioning Test cannot conform to the ~~Test Plan~~ most recent Commissioning Test Plan approved by System Management for that Commissioning Test then it must:

- (a) inform System Management as soon as practicable; and
- (b) obtain System Management's approval ~~under this clause 3.21A. for a new Commissioning Test~~ of a Commissioning Test Plan for that Commissioning Test if it wishes to conduct that Commissioning Test.

3.21A.14. [Blank]

3.21A.15. System Management must document the procedure it follows in scheduling and approving Commissioning Tests in the Power System Operation Procedure and System Management and Market Participants must follow that documented Market Procedure when planning and conducting Commissioning Tests.

3.21A.16. By 8.30am each day System Management must provide the IMO with the information submitted under clause 3.21A.4 for Commissioning Tests Plans approved under clauses 3.21A.9 and 3.21A.10(a)(iii) for the Trading Day following the current Scheduling Day.

3.21A.17. A reference in these Market Rules to an "approved Commissioning Test" shall be interpreted to mean a "Commissioning Test specified in the most recent Commissioning Test Plan approved by System Management".

4.12.6. Subject to clause 4.12.7, any initial Reserve Capacity Obligation Quantity set in accordance with clauses 4.12.4, 4.12.5, 4.28B.4, or 4.28C.4 is to be reduced once the Reserve Capacity Obligations take effect, as follows:

...

- (c) if the generating system, ~~which for the purposes of permission sought under clause 3.21A.2 has undergone significant maintenance being a generating system referred to in clause 3.21A.2(a),~~ is subject to a Commissioning Test Plan approved by System Management during a Trading Interval, then the IMO must reduce the Reserve Capacity Obligation Quantity for that Facility to zero during that Trading Interval.

4.26.1A. The IMO must calculate the Reserve Capacity Deficit refund for each Facility ("**Facility Reserve Capacity Deficit Refund**") for each Trading Month m as the lesser of:

- (a) the sum over all Trading Intervals t in Trading Month m of the product

of:

...

- v. if, from the Trading Day commencing on 30 November of Year 3 for Reserve Capacity Cycles up to and including 2009 or 1 October of Year 3 for Reserve Capacity Cycles from 2010 onwards, the Facility is undergoing an approved Commissioning Test and, for the purposes of permission sought under clause 3.21A.2, is a new generating system

referred to in clause 3.21A.2(b), the number of Capacity Credits associated with the relevant Facility; or

- vi. if, from the Trading Day commencing on 30 November of Year 3 for Reserve Capacity Cycles up to and including 2009 or 1 October of Year 3 for Reserve Capacity Cycles from 2010 onwards, the Facility is not yet undergoing an approved Commissioning Test and, for the purposes of permission sought under clause 3.21A.2, is a new generating system referred to in clause 3.21A.2(b), the number of Capacity Credits associated with the relevant Facility; or

7.9.4. System Management must grant permission to synchronise unless:

- (a) the synchronisation is not in accordance with the relevant Resource Plan, Dispatch Instruction or Operating Instruction or an instruction issued under clause 7.6A.3(a); or
- (b) System Management considers that it would not be able to meet the criteria set out in clause 7.6.1 were synchronisation to occur; or
- (c) in the case of a Facility that is undergoing a Commissioning Tests, synchronisation is not in accordance with the Commissioning Test ~~plan~~ Plan for the Facility approved by System Management pursuant to clause 3.21A.

Glossary

Commissioning Test Plan: The information submitted to System Management in accordance with clause 3.21A.4, which may be an original Commissioning Test Plan or a revised Commissioning Test Plan, as applicable.

Commissioning Test Period: The proposed period during which Commissioning Tests will be conducted, as provided to System Management under clause ~~3.21A.3~~ 3.21A.4(b).

Appendix 1. Responses to Submissions received during the second submission period

	Submitter	Comment/Change requested	IMO Response
1	Alinta Energy	<p>As a principle Alinta Energy considers that when drafting the Market Rules the IMO should avoid including unnecessary obligations or complication where possible. It is acknowledged that the Market Rules cannot be drafted to encompass every possible situation that may arise however in some circumstances it may be appropriate to provide a clarification of a Rule Participants obligation.</p> <p>With respect to the incorporation of new clause 3.21A.5A and the IMO's proposal to amend the Regulations to attach a Category C Civil Penalty to breaches of clause 3.21A.5, Alinta Energy notes that while the new clause 3.21A.5A is not entirely necessary given the existing obligations contained within clause 3.21A.5, it will provide greater certainty to System Management of its obligations. That is System Management is not responsible under the Market Rules for ensuring that Commissioning Tests Plans are not submitted principally to avoid exposure to Reserve Capacity refunds. Alinta Energy notes that System Management has previously</p>	<p>Following review the IMO has decided not to include clause 3.21A.5A into the Amending Rules as had been proposed in the Draft Report. The IMO views inclusion of this clause as overly prescriptive and unnecessary given that a Commissioning Test Plan submitted principally to avoid exposure to Capacity Cost Refunds would in any case constitute a breach of the good faith intentions in clause 3.21A.5.</p> <p>The IMO notes that it has responsibility for pursuing potential compliance breaches in cases where Commissioning Tests Plans are suspected to have been submitted principally to avoid exposure to Capacity Cost refunds. However, the IMO also notes that System Management has direct engagement with commissioning generators during the commissioning process. System Management approves Commissioning Test Plans and oversees commissioning testing activities. As such, System Management has more information available to it and is in a better position than the IMO to assess whether or not such breaches may have occurred. To this extent, System Management has a responsibility to notify the IMO of instances where it suspects a breach may have occurred.</p>

	Submitter	Comment/Change requested	IMO Response
		<p>expressed similar concerns with respect to its obligations relating to applications for Opportunistic Maintenance.</p> <p>Alinta Energy notes the parallels between what is proposed and the current treatment of Planned Outages. In particular where the IMO determines that a breach of clause 3.18.7 of the Market Rules has occurred they may apply to the Electricity Review Board for the application of a Category C Civil Penalty. Alinta Energy does however note that there may be difficulties associated with determining whether a Commissioning Test Plan has been submitted purely with the intention to avoid exposure to Reserve Capacity refunds in some circumstances.</p>	
2	Alinta Energy	<p>Alinta Energy questions the need to commence the Amending Rules at the same time as the Regulations in this case given that there are no proposed changes to Reviewable Decisions.</p> <p>As clause 3.21A.5:</p> <ul style="list-style-type: none"> • has been an obligation under the Market Rules since market start; and • does not relate directly to the proposed amended commissioning regime under RC_2012_12, 	<p>A number of participants have suggested in their submissions that the commencement of the Amending Rules should not be delayed to align with the implementation of the Regulations. After further review the IMO supports this suggestion. While it would be desirable for the Amending Rules and the Regulations to be implemented at the same time, should this not be possible the benefits of this Rule Change are sufficient to warrant implementing the Amending Rules prior to the amendments to the Regulations.</p>

	Submitter	Comment/Change requested	IMO Response
		there appears no reason to delay the commencement of the Amending Rules to align with the commencement of the Regulations (under which existing clause 3.21A.5 is proposed to be a Category C Civil Penalty provision).	
3	Alinta Energy	As a more minor drafting consideration Alinta Energy notes that subsequent changes to clause 3.21A.10 will be required to reflect any amendments to clause 3.21A.7 that may result from the Rule Change Proposal: Four Month Commissioning Test Period for new generating systems (RC_2012_15).	The IMO agrees with this suggestion. Clause 3.21A.7(c) will become a blank clause following the commencement on 1 March 2013 of RC_2012_15 and therefore the reference to it in clause 3.21A.10(a)(ii) shall be removed from this Rule Change which commences on 1 April 2013.
4	Community Electricity	In response to the IMO's call for comment on the appropriateness of whether Category C civil penalties should apply to clause 3.21A.5 given the possibility of delays with amending the enabling legislation, we confirm our opinion that the principle is sound and should be proceeded with. Specifically, a generator should be required to submit Commissioning Test Plans in good faith and should be liable to Category C civil penalties if it attempts to avoid capacity refunds by abusing the process. That said, in the event of this being likely to cause a substantial delay to implementation of the remainder of the change, we suggest that the higher-level issue should be struck out from the instant proposal and resubmitted as a separate stand-	Refer to the IMO's response to issue 2.

	Submitter	Comment/Change requested	IMO Response
		alone proposal, which should be fast-tracked through the Rule Change process.	
5	System Management	<p>In its first submission System Management set out its understanding that RC_2012_12 would expand the definition of a Commissioning Test to include an obligation to comply with the Technical Rules and any other applicable regulatory requirements.</p> <p>System Management's position was based on agreements reached at officer level with the IMO in discussions held on 22 August 2012.</p> <p>System Management notes that the Draft Rule Change Report does not implement this expanded definition as per the aforementioned discussions but suggests that this issue be dealt with solely in the Commissioning and Testing Power System Operation Procedure (PSOP).</p> <p>It is unclear whether there are sufficient heads of power in the Rules to allow this to occur in the absence of an expanded Commissioning Test definition. System Management requires that the IMO reconsider its position on this issue.</p>	<p>Following consultation with System Management and Western Power it has been identified that System Management currently lacks visibility as to whether or not a commissioning generator has complied with the relevant tests required under the Technical Rules. As such, System Management risks connecting a generating system which has not met the necessary tests under the Technical Rules. This can have implications for system security because the tests under the Technical Rules help to screen whether a generating system will present a danger to system security if it is connected to the network.</p> <p>Following further investigation the IMO has identified that this issue requires further analysis and given its potential impact on Market Participants should be consulted upon separately from this Rule Change. The IMO shall therefore log this issue into the Rule Change log for consideration at a later date. The IMO considers that developing a solution to this issue will require a defined process being agreed between System Management and Western Power.</p> <p>The IMO notes that clause 3.21A.7(b) currently provides System Management the discretion to reject a Commissioning Test Plan where it considers that conducting the Commissioning Tests would pose a threat to system security. The IMO considers that this clause provides System Management the discretion to reject a Commissioning Test Plan if it is not satisfied that the required tests under the Technical Rules have been passed.</p>
6	System Management	The Rules currently require a Commissioning Test Plan to represent the 'good faith' intention of the Market Participant to conduct the test (clause 3.21A.5). The IMO has added clause	Please refer to the IMO's response to issue 1.

	Submitter	Comment/Change requested	IMO Response
		<p>3.21A.5A to the proposed amendments to the effect that a Market Generator must not request a Commissioning Test Plan principally to avoid exposure to Reserve Capacity refunds when applied in conjunction with existing clause 3.21A.5.</p> <p>The IMO has released an addendum to the Draft Rule Change Report which seeks views on whether Category C civil penalties should apply to these clauses.</p> <p>System Management considers that it would be difficult for it or the IMO to reach a definitive position on the good faith intentions test set out in clauses 3.21A.5 and 3.21A.5A based on the information at hand when considering a Commissioning Test Plan. System Management notes that Category C civil penalties are determined by the Electricity Review Board (ERB) and in these situations it seems reasonable that the ERB should make a decision based on the facts put to it by the IMO and the relevant participant.</p> <p>System Management reiterates that the responsibility for pursuing compliance with clause 3.21A.5 and 3.21A.5A properly rests with the IMO.</p>	
7	Verve Energy	Verve Energy considers that the addition of clause 3.21A.5A in the proposed Amending Rules is unnecessary detail and is the type of	Please refer to the IMO's response to issue 1.

	Submitter	Comment/Change requested	IMO Response
		<p>prescriptive detail that the IMO should be seeking to avoid in its drafting. Additionally, Verve Energy considers that it is inappropriate to list just one example of what would be considered to be a breach of a good faith provision.</p>	
9	Verve Energy	<p>The addendum to the Draft Rule Change Report released by the IMO indicates that if Civil Penalties are attached to clause 3.21A.5 the timing of the required changes to the Electricity Industry (Wholesale Electricity Market) Regulations 2004 would occur at the same time as the currently proposed commencement date of 1 March 2013. The IMO also noted that this timeline is subject to any timing restrictions arising from a caretaker government period.</p> <p>Verve Energy does not support delaying the commencement of the Rule Change Proposal to wait for other regulatory amendments to be made (particularly when there is no certainty around when these other regulatory amendments might be made). Verve Energy considers that the current commissioning test process is inflexible and largely unworkable and that aligning the commencement date with the commencement of other regulatory amendments is inappropriate in this instance. Verve Energy suggests that the IMO consider</p>	Please refer to the IMO's response to issue 2

	Submitter	Comment/Change requested	IMO Response
		revising the proposed commencement date to allow the Amending Rules to commence as soon as practicable.	
10	Verve Energy	<p>In the Draft Rule Change Report the IMO noted that it follows a convention whereby it only deletes “blank” clauses when this does not break the consecutive sequencing of the clauses. As a result of this convention the IMO has proposed:</p> <ul style="list-style-type: none"> • completely deleting clause 3.21A.7A; and • retaining the reference to clause 3.21A.14 by making this a “Blank” clause. <p>Verve Energy considers that this convention is flawed in that clause 3.21A.7A may be re-used in future amendments to the Market Rules which not only means that the history of this clause is lost but it also has the potential to cause confusion.</p> <p>Verve Energy suggests that the IMO reconsider how it treats “Blank” clauses in the Market Rules. If the IMO agrees with Verve Energy’s suggestion, Verve Energy suggests that the review also reconsider the IMO’s practice of replacing “blank” clauses with completely new (and unrelated) clauses. One such example of this is as follows:</p> <ul style="list-style-type: none"> • RC_2010_11 removed the Network Control Services (NCS) expression of 	<p>The IMO does not agree that deleting blank clause 3.21A.7A has the potential to cause confusion or result in loss of the clause’s history. Useful information about a clause’s history is not lost by deleting a blank clause because it is retained in the documentation for the relevant Rule Change Proposals relating to that clause (which can be identified through the version history in the Market Rules). Furthermore, leaving a clause blank does not provide any useful information about a clause’s history in any case.</p> <p>Circumstances where the IMO would consider it appropriate to leave a clause blank would be where deleting that clause would break the consecutive sequencing of the clauses or where retaining the clause as blank avoids unnecessary confusion, such as in the case of clause 3.21A.7(c) which is affected by two concurrent Rule Changes (RC_2012_15 and RC_2012_12).</p>

	Submitter	Comment/Change requested	IMO Response
		<p>interest and tender process from the Market Rules, as a result of this clause 2.1.2(e) was made a "Blank" clause.</p> <ul style="list-style-type: none"> • RC_2011_10 then replaced the "Blank" clause 2.1.2(e) with "to do anything that the IMO determines to be conducive or incidental to the performance of the functions set out in this clause 2.1.2. 	
11	Verve Energy	<p>For consistency of drafting with other clauses in the Market Rules (for example clause 3.21A.3), Verve Energy suggests amending clause 3.21A.2(a) to refer to "an existing generating system" rather than "a generating system", as follows:</p> <p>3.21A.2 A Market Participant conducting a Commissioning Test for:</p> <p>(a) an existing generating system that has undergone significant maintenance;</p>	<p>The IMO agrees with Verve Energy recommendation. This amendment has been included into the Amending Rules presented in Appendix 2 and section 8 of this report.</p>

Appendix 2. Further Amendments to the Proposed amending rules

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

3.21A.2. A Market Participant conducting a Commissioning Test for:

- (a) an existing generating system that has undergone significant maintenance; or
 - (b) a new generating system that has yet to commence operation,
- must conduct such tests under Commissioning Test Plan approved by System Management.

~~3.21A.5.A A Commissioning Test Plan submitted by a Market Participant principally to avoid exposure to Reserve Capacity refunds as described in clause 4.26 shall be deemed to be in breach of the good faith intention in clause 3.21A.5.~~

3.21A.7. System Management must approve a Commissioning Test Plan, unless:

- (a) in its opinion inadequate information is provided in the Commissioning Test Plan; or
- (b) in its opinion conducting any of the proposed activities to be undertaken at the proposed times would pose a threat to Power System Security or Power System Reliability; or
- (c) ~~[Blank] in the case of a new generating system that is yet to commence operation, the proposed Commissioning Test Period is greater than four months; or~~
- (d) in its opinion inadequate time to properly consider the Commissioning Test Plan has been provided, where the request has been received less than 20 Trading Days prior to the start date of the proposed Commissioning Test.

3.21A.10. Where System Management notifies a Market Participant that:

- a) a Commissioning Test Plan has not been approved then:
 - i. System Management must provide an explanation for its decision;
 - ii. if the Commissioning Test Plan complied with clause 3.21A.7(a) but did not comply with any or all of clauses 3.21A.7(b), ~~3.21A.7(e)~~ or 3.21A.7(d) then, System Management and the Market Participant must use their best endeavours to agree to an alternative time for the relevant Commissioning Test that is consistent with the requirements in clause 3.21A.7; and
 - iii. where System Management and the Market Participant agree an alternative time under clause 3.21A.10(a)(ii), the Market Participant must,

as soon as practicable, submit a revised Commissioning Test Plan which reflects the agreed alternative time to System Management and System Management must approve that revised Commissioning Test Plan; or

- (b) a Commissioning Test Plan has been approved then, subject to clause 3.21A.11, the Market Participant may proceed with that Commissioning Test

3.21A.13. If a Market Participant conducting a Commissioning Test cannot conform to the most recent Commissioning Test Plan approved by System Management for that Commissioning Test then it must:

- (a) ~~must~~ inform System Management as soon as practicable; and
- (b) ~~may request~~ obtain System Management's approval ~~for~~of a revised Commissioning Test Plan for that Commissioning Test if it wishes to conduct that Commissioning Test