

**Call for Further Submissions:  
Removal of Market Operation Market Procedures  
(RC\_2015\_01)  
Standard Rule Change Process**

22 October 2018

## 1. Background

On 3 March 2015 the Independent Market Operator (**IMO**) submitted a Rule Change Proposal titled “Removal of Market Operation Market Procedures” (RC\_2015\_01). The Rule Change Proposal sought to make changes to the head of power clauses for several Market Procedures.

The first submission period was held between 4 March 2015 and 16 April 2015. Submissions were received from Community Electricity and Perth Energy. Both submissions supported the proposed amendments on grounds including that removing unnecessary administrative prescription will streamline the Market Procedures and improve transparency in the market.

The IMO delayed its draft decision on the Rule Change Proposal due to uncertainties associated with the Minister’s Electricity Market Review. In May 2015 the Minister asked the IMO to exercise its discretion under clause 2.5.10 of the Market Rules to extend the normal timeframes for processing all Rule Change Proposals in progress (except for those relating to the deferral of Reserve Capacity Cycles) until the new rule change approval body was established as part of the Electricity Market Review reforms.

The rule making functions of the IMO were transferred to the Rule Change Panel on 26 November 2016, and the Rule Change Panel commenced its rule making functions on 3 April 2017.

On 10 April 2017, the Rule Change Panel extended the timeframe for publication of the Draft Rule Change Report until 29 December 2017, to allow the Rule Change Panel sufficient time to assess the Draft Rule Change Report against the recent changes to the Market Rules and the Government’s further reform announcements.

On 21 December 2017 the Rule Change Panel further extended the timeframe for publication of the Draft Rule Change Report until 31 December 2018, to give it time to assess the Draft Rule Change Report against the recent changes of the Market Rules while managing competing priorities of other Rule Change Proposals.

The Rule Change Panel has assessed the changes proposed in RC\_2015\_01 against the changes to the Market Rules that have been made by the Minister and the Rule Change Panel since RC\_2015\_01 was submitted. The Rule Change Panel considers that most of the changes proposed in RC\_2015\_01, if amended to reflect the current Market Rules,<sup>1</sup> are still valid to be considered via the rule change process.

## 2. Call for Further Submissions

The Rule Change Panel seeks further submissions on Rule Change Proposal RC\_2015\_01 on the basis that a significant period of time has passed since the IMO last consulted on this Rule Change Proposal, during which time the Market Rules have undergone numerous changes. The Rule Change Panel has also identified an additional related issue on which it requires feedback, as set out in section 4.2.

The Rule Change Panel invites interested stakeholders to make submissions on this Rule Change Proposal. The further submission period is 14 Business Days from the publication of this notice. Submissions must be delivered to the Rule Change Panel by **5:00 pm on Friday 9 November 2018**.

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<sup>1</sup> The Market Rules as at 1 September 2018 and the Amending Rules in RC\_2017\_06, which will commence on 1 June 2019.

The Rule Change Panel prefers to receive submissions by email, using the submission form available at <https://www.erawa.com.au/rule-change-panel/make-a-rule-change-submission> sent to [support@rcpwa.com.au](mailto:support@rcpwa.com.au).

Submissions may also be sent to the Rule Change Panel by post, addressed to:

Rule Change Panel  
Attn: Executive Officer  
C/o Economic Regulation Authority  
PO Box 8469  
PERTH BC WA 6849

### 3. Overview of Proposed Changes

The Rule Change Proposal seeks to make changes to certain head of power clauses for Market Procedures that will lead to the removal of one Market Procedure and allow for the consolidation of some other Market Procedures.

In particular the Rule Change Proposal seeks to:

- remove references to the names of Market Procedures, and instead refer to 'a Market Procedure' in clauses 4.28A.3, 7A.1.6, 7A.3.3, 7A.3.19, 7A.3.20, 7B.3.3, 9.2.1 and 9.4.3, the heading of section 9.2, and the Glossary. The suggested changes to clauses 4.28A.3 and 9.4.3 would retain the requirement for documentation of the information in a Market Procedure, but not in a specific named Market Procedure;
- replace the existing head of power clause for the Market Procedure that outlines the process that the IMO must follow when determining the Balancing Forecast with a clause providing more specific information about the processes that must be included in the Market Procedure;
- delete the head of power in clause 8.6.2, which requires the documentation of the format of Meter Data Submissions, removing the requirement for the Market Procedure: Meter Data Submissions;
- remove the requirement in clauses 4.28A.3 and 9.2.1 for AEMO and Market Participants to comply with the relevant Market Procedure, on the grounds that a general requirement to comply with Market Procedures is contained in clauses 2.9.6, 2.9.7 and 2.9.8; and
- make minor drafting improvements to clauses 4.28A.3, 7A.1.6, 7A.3.21, 7B.3.3 and 9.4.3 and the Glossary.

Full details relating to the Rule Change Proposal are available on the Rule Change Panel's website at [Rule Change: RC\\_2015\\_01 - Economic Regulation Authority Western Australia](#).

### 4. Particular Issues for Feedback

The Rule Change Panel has assessed the changes proposed in RC\_2015\_01 against the recent changes to the Market Rules. An update of the proposed drafting against the current Market Rules is provided in section 5. While some of the proposed changes required some minor amendments to reflect the current Market Rules, the Rule Change Panel considers that the changes proposed in RC\_2015\_01 are still valid to be considered via the rule change process. While the Rule Change Panel seeks submissions on all aspects of the Rule

Change Proposal, it seeks stakeholders' views on the questions outlined in section 4.3 in particular.

#### **4.1 Market Procedure: Meter Data Submissions**

The proposal seeks to delete clause 8.6.2 of the Market Rules, which requires AEMO to document the format of Meter Data Submissions in the Settlement Procedure. The proposal states that this requirement is redundant because the format of Meter Data Submissions is already covered in clause 8.6.1 and is specified in detail in various subordinate documents to the Metering Code.

The Rule Change Panel notes that clauses 8.6.1(f)-(g) specify components of a Meter Data Submission that are not documented in the Metering Code or its subordinate documents, namely the format requirements for various counts of non-interval or accumulation meters. The proposal suggests that format requirements for this information are redundant because the information is not used for any settlement purposes. However, this information is required for the calculation of Individual Reserve Capacity Requirements,<sup>2</sup> so the Rule Change Panel does not agree that the associated format requirements are redundant.

Further, the Rule Change Panel considers that the relationship between Meter Data Submissions as defined in clause 8.6.1 and the Metering Code is not self-evident due to differences in terminology and other apparent discrepancies. The Rule Change Panel considers that it would be inappropriate to remove an obligation in the Market Rules to clarify the relationship until such time as these discrepancies have been addressed in a holistic manner.

As such the Rule Change Panel intends to reject the proposed deletion of clause 8.6.2.

#### **4.2 Expansion of this Rule Change Proposal to Make Referencing of all Market Procedures Consistent in the Market Rules**

The proposal suggests that inclusion of Market Procedure names in the Market Rules creates unnecessary administrative prescription and has resulted in the inefficient creation and maintenance of Market Procedures.

The Rule Change Panel notes that currently the referencing of Market Procedures in the Market Rules is inconsistent, but the proposal changes the referencing for only five Market Procedures. The Rule Change Panel suggests that it would be most efficient and cost effective to address the referencing of all Market Procedures in this Rule Change Proposal.

Currently, 43 Market Procedures are maintained by either the Rule Change Panel, the ERA or AEMO, including 15 Power System Operation Procedures. Appendix A provides a list of clauses referencing Market Procedures (including Power System Operation Procedures) in the Market Rules.

The Rule Change Panel has identified 80 instances where some reference to a specific Market Procedure is made. Approximately half of these instances refer to a Market Procedure by name. The Rule Change Panel has identified 60 instances in the Market Rules where some reference to a specific named Power System Operation Procedure is made. Fewer than ten of these instances refer to a procedure by name.

The Rule Change Panel considers that there are two alternatives to remove this inconsistency in the Market Rules:

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<sup>2</sup> See Step 5A of Appendix 5 of the Market Rules.

1. ensure that Market Procedures and Power System Operation Procedures are only ever referred to in the Market Rules as 'a/the Market Procedure' and 'a/the Power System Operation Procedure', with reference to the head of power clause under which they are created; or
2. ensure that all Market Procedures and Power System Operation Procedures are named in the Market Rules and that they are always referred to by their name.

#### 4.3 Request for Feedback

The Rule Change Panel requests feedback from stakeholders on the proposal. In particular, the Rule Change Panel seeks feedback on:

1. the proposed deletion of clause 8.6.2; and
2. whether Market Procedures should be referred to by name in the Market Rules, or by reference to the head of power clauses under which they are created.

### 5. Proposed Amending Rules

To assist stakeholders in preparing their submissions, the Rule Change Panel has prepared the following revisions to the proposed Amending Rules to reflect the changes of the Market Rules since the publication of the Rule Change Proposal.

The recent changes made to the Market Rules affect the proposed drafting in the proposal as follows:

- multiple clauses in the current Market Rules refer to AEMO rather than the IMO;
- clause 4.28A.3 has changed, and no longer refers to the Reserve Capacity Procedure. This clause now refers more generally to a Market Procedure, thus some of the proposed changes are no longer relevant;
- the proposed drafting of new clause 7A.3.19A has been amended to refer to AEMO rather than the IMO;
- clause 9.4.3 has changed, and some of the requirements under this clause have moved to new clause 9.4.18. Clauses 9.4.3 and 9.4.18 already reflect the key intent of the proposal, by referring to 'a Market Procedure', thus the proposed change is no longer relevant.

These changes are identified via comment boxes in the proposed draft Amending Rules. The revised proposed Amending Rules are presented below in their entirety, marked up against the Market Rules as at 1 September 2018 and the Amending Rules in RC\_2017\_06 which will commence on 1 June 2019<sup>3</sup> (~~deleted text~~, added text, clauses that are included for context but not amended).

Some of the proposed changes to clause 4.28A.3 are no longer applicable due to changes that have been made to the clause since the submission of the proposal. The proposed changes that are still applicable have been amended to achieve the intent of the proposal with the current Market Rules. Note that clause 4.28A.3 referred to 'the IMO' rather than 'AEMO' when the proposal was submitted.

<sup>3</sup> The Amending Rules in RC\_2017\_06 have been approved by the Minister

4.28A.3. AEMO must document the procedure AEMO must follow in calculating Intermittent Load Refunds in a Market Procedure, ~~and AEMO must follow that documented Market Procedure when calculating Intermittent Load Refunds.~~

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7A.1.6. AEMO must ~~develop a Balancing Facility Requirements~~ specify the following matters in a Market Procedure ~~specifying:~~

(a) the technical and communication criteria that a Balancing Facility, ~~(or a type of Balancing Facility),~~ must meet, including:

- i. Facility quantity parameters and limits for participation in the Balancing Market;
- ii. the manner and forms of communication to be used while participating in the Balancing Market, including when receiving Dispatch Instructions; and

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7A.3.3. ~~In circumstances where~~ if there is a tie in the ranking of Balancing Facilities in the BMO under clause 7A.3.2 ~~in the BMO~~, AEMO must break the tie in accordance with the ~~Balancing Forecast~~ Market Procedure referred to in clause 7A.3.19A, which must give effect to the following descending order of priority:

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7A.3.19. AEMO must, if it has sufficient information available to it, determine and publish ~~under clause 7A.3.21 the a~~ Balancing Forecast for each Trading Interval in the Balancing Horizon under clause 7A.3.21. AEMO must determine the Balancing Forecast in accordance with the ~~Balancing Forecast~~ Market Procedure referred to in clause 7A.3.19A.

The proposed new clause 7A.3.19A has been amended to reflect the transfer of functions from the IMO to AEMO.

7A.3.19A. AEMO must specify the following matters in a Market Procedure:

- (a) the processes to be followed by AEMO when determining a Forecast BMO;
- (b) the processes to be followed by AEMO when determining and publishing a Balancing Forecast (under clause 7A.3.19);
- (c) the processes to be followed by AEMO when it breaks a tie in the ranking of Balancing Facilities in the BMO (under clause 7A.3.3);
- (d) the processes to be followed by AEMO when it breaks a tie in the ranking of LFAS Facilities in the LFAS Merit Order (under clause 7B.3.3); and
- (e) any other matters that AEMO considers relevant.

7A.3.20. AEMO must develop the ~~Balancing Forecast~~ Market Procedure referred to in clause 7A.3.19A in accordance with the following principles:

- (a) to the extent reasonably practicable, the Balancing Forecasts and the Forecast BMOs must use the latest information available to the IMO; and
  - (b) to provide Market Generators with information upon which to make an assessment regarding whether to make a Balancing Submission or to update a Balancing Submission in accordance with the Market Rules.
- 7A.3.21. AEMO must, to the extent it is reasonably able within the Trading Interval, commencing at 6:00 PM on Balancing Market Commencement Day:
- (a) publish on the Market Web Site a Balancing Forecast for each Trading Interval ~~during in~~ the Balancing Horizon;

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7B.3.3. ~~In circumstances where~~if there is a tie in the ranking of LFAS Facilities ~~in the LFAS Merit Order~~ under clauses 7B.3.1 or 7B.3.2 ~~in the LFAS Merit Order, then~~ AEMO must ~~break the tie in accordance with the Market Procedure referred to in clause 7A.3.19~~ assign priority to break the tie for the Trading Interval in which the tie occurred. Priority, for the relevant Trading ~~Day Interval~~, ~~will~~ must be based on a daily random number assigned to each LFAS Facility in accordance with the ~~Balancing Forecast that~~ Market Procedure.

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Note that for reasons outlined in section 4.1 of this call for further submissions, the Rule Change Panel intends to reject the proposed deletion of clause 8.6.2.

~~8.6.2. — AEMO must document:~~

- ~~(a) — the format of Meter Data Submissions;~~
- ~~(b) — [Blank]~~

~~in the Settlement Procedure, and Metering Data Agents must comply with that documented Market Procedure when developing and submitting Meter Data Submissions.~~

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## **9.2. Settlement Process Procedure**

9.2.1. AEMO must document the settlement process, including the application of taxes and interest, in ~~the a Settlement Market Procedure, and AEMO and Market Participants must follow that documented Market Procedure.~~

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Clause 9.4.3 reflects the clause as it appears in the Amending Rules RC\_2017\_06 that will commence on 1 June 2019. The Amending Rules in RC\_2017\_06 include a new clause 9.4.18, which is a head of power requiring a Market Procedure for Capacity Credit Allocations. Clauses 9.4.3 and 9.4.18 in combination achieve the key intent of the proposal, in that the name of the Market Procedure is no longer mentioned. The proposed changes are therefore no longer applicable.

9.4.3. A Capacity Credit Allocation Submission must be submitted in the form specified by AEMO and must include the information specified in clause 9.5.1.

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9.4.18. AEMO must develop a Market Procedure dealing with:

- (a) Capacity Credit Allocations; and
- (b) other matters relating to sections 9.4 and 9.5

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## 11. Glossary

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The proposed changes to clause to the Glossary have been amended to reflect the transfer of functions from the IMO to AEMO since the time of the submission of the proposal.

**Balancing Forecast:** Means, with respect to a Trading Interval, AEMO's a-forecast of each of the following matters, (as determined by AEMO in accordance with the Balancing Forecast Market Procedure referred to in clause 7A.3.19A, for a Trading Interval, of the following:

- (a) the Relevant Dispatch Quantity for the Trading Interval;
- (b) the aggregate output of all Non-Scheduled Generators which are Balancing Facilities for the Trading Interval; and
- (c) the Balancing Price for the Trading Interval.–

**Balancing Forecast Market Procedure:** ~~Means the Market Procedure developed under clause 7A.3.20.~~



## Appendix A. References to Market Procedures in the Market Rules

Instances where Market Procedures (excluding Power System Operation Procedures) are referred to in the Market Rules (including head of power clauses):

1.6.1; 1.6.2; 1.18.2; 2.9.5; 2.11.1; 2.11.2; 2.13.2; 2.13.3; 2.15.1; 2.15.2; 2.15.3; 2.15.6C; 2.15.7; 2.26.3; 2.27.10; 2.27.15; 2.27.17; 2.27.19; 2.27.6; 2.30.11; 2.30A.6; 2.31.23; 2.36.5; 2.37.4; 2.37.7; 2.37.8; 2.38.3; 2.40.1; 2.41.5; 2.42.4; 2.43.; 2.43.1; 4.5.14; 4.5.14B; 4.5.14C; 4.5.14D; 4.5.14E; 4.5.14F; 4.5.16; 4.5.17; 4.9.10; 4.9.3; 4.13.10C; 4.13.4; 4.13.8; 4.14.11; 4.16.3; 4.16.5; 4.16.9; 4.17.9; 4.24.18; 4.25.14; 4.25A.1; 4.27.12; 4.27.5; 4.28.12; 4.28A.3; 4.28B.9; 4.28C.15; 6.5.3; 6.17.6B; 6.17.6E; 6.17.6F; 6.19.10; 6.19.6; 7A.1.15; 7A.1.6; 7A.3.19; 7A.3.20; 7A.3.3; 7B.3.3; 8.6.2; 9.2.; 9.2.1; 9.4.3; 10.2.1; 10.2.7; 10.5.1, Glossary

Instances where Power System Operation Procedures are referred to in the Market Rules (including head of power clauses):

2.2.2 (c); 2.13.6K; 2.28.3A; 2.35.4; 2.36A.1; 2.36A.2; 2.36A.5; 3.2.2; 3.2.4; 3.2.6; 3.2.7; 3.2.8; 3.3.3; 3.4.9; 3.5.11; 3.7; 3.11.14; 3.11.15; 3.16.10; 3.16.4; 3.16.7; 3.16.8A; 3.17; 3.18.15 (a); 3.18.21; 3.18.3 (c); 3.19.10; 3.19.14; 3.21.12; 3.21A.15; 3.21B.5; 3.21B.8; 4.11.1 (h); 7.2.5; 7.6.10; 7.6.10A; 7.6.13; 7.6A.2; 7.6A.7; 7.7.4A; 7.7.5A; 7.7.5B; 7.7.5C; 7.7.6; 7.7.9; 7.9.19; 7.13.1(eD); 7.13.1C; 7.13.3; 7.13.5; 7A.3.15; 7A.3.7; 7A.3.7A; 7B.1.2; 7B.1.4; Appendix 9 Step 4 (a); Appendix 9 Step 4 (c); Appendix 9 Step 9A (a); Glossary