

Final Rule Change Report:
Formalisation of the Process for Maintenance
Applications (RC_2015_03)

Standard Rule Change Process

25 June 2019

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1. Rule Change Proposal, Process and Timeline

On 27 March 2015, the Independent Market Operator (**IMO**) submitted a Rule Change Proposal titled “Formalisation of the Process for Maintenance Applications” (RC_2015_03).

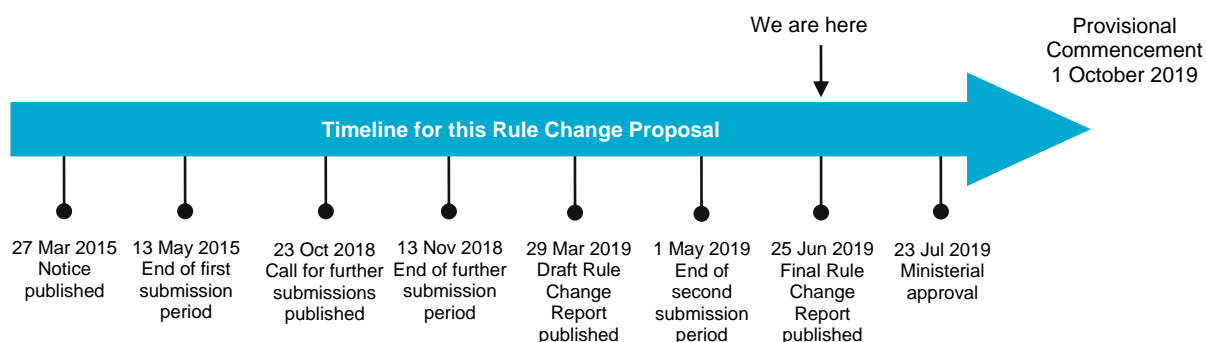
The Market Rules allow a Market Customer to apply to AEMO to replace or disregard a period unrepresentative of a Load’s usual consumption for the purposes of determining the Relevant Demand (**RD**) of a Demand Side Programme (**DSP**), and a Load’s status as a Non-Temperature Dependent Load (**NTDL**). The objective of the Rule Change Proposal is to streamline and formalise the processes relating to these applications.

The Rule Change Proposal was processed using the Standard Rule Change Process described in section 2.7 of the Market Rules.

The timeframes for the first submission period and the preparation of the Draft Rule Change Report were extended by the IMO under clause 2.5.10; and the timeframe for the preparation of the Draft Rule Change Report was further extended by the Rule Change Panel under clauses 1.18.3(b) and 2.5.10. Further details of the extensions are available on the Rule Change Panel’s website.

On 23 October 2018, the Rule Change Panel published a call for further submissions (**CFFS**) on the Rule Change Proposal. The further submission period closed on 13 November 2018.

The key dates for progressing the Rule Change Proposal, as amended in the extension notices, are:



All documents related to the Rule Change Proposal can be found on the Rule Change Panel’s website at https://www.erawa.com.au/rule-change-panel/market-rule-changes/rule-change-rc_2015_03.

2. The Rule Change Panel’s Decision

The Rule Change Panel’s final decision is to accept the Rule Change Proposal in a modified form, as set out in section 8 of this report.

2.1 Reasons for the Decision

The Rule Change Panel has made its final decision on the basis that the Amending Rules, as modified in this report will:

- increase the clarity and efficiency of the process for Consumption Deviation Applications (**CDA**) through:

- the requirement for the processes to be documented in a Market Procedure; and
- the introduction of timelines for submitting and processing CDAs;
- reduce the risk of AEMO rejecting CDAs by clarifying the process;
- incentivise Market Customers to submit compliant CDAs through AEMO's ability to charge an Application Fee if it needs to clarify or request further information from a Market Customer;
- allow for the efficient and equitable allocation of additional costs incurred by AEMO where it needs to clarify or request further information from a Market Customer through its ability to charge an Application Fee;
- reduce costs to Market Participants who do not directly benefit from a CDA through:
 - increased clarity and efficiency of the processes; and
 - the ability for AEMO to charge an Application Fee if it needs to clarify or request further information from a Market Customer;
- allow the Market Rules to better achieve Wholesale Market Objectives (a) and (d); and will be consistent with Wholesale Market Objectives (b), (c) and (e);¹ and
- create no significant cost or practicality issues.

The analysis supporting the Rule Change Panel's final decision is provided in section 7 of this report.

2.2 Commencement

Subject to Ministerial approval, the Amending Rules as set out in section 8 of this report will commence at **8:00 AM on 1 October 2019**.

3. Proposed Amendments

3.1 The Rule Change Proposal

The Market Rules allow a Market Customer to provide evidence to AEMO that a Load reduced its consumption during one or more Trading Intervals due to:

- for a DSP, a request from System Management (i.e. a Dispatch Instruction or Operating Instruction);
- for a DSP or NTDL, a 'maintenance' event; or
- for a NTDL, a Trading Interval falling on a Trading Day that is not a Business Day.

The outcome of AEMO's assessment of such evidence will affect AEMO's determination of the RD of a DSP,² and a Load's status as a NTDL. The objective of the Rule Change Proposal was to streamline and formalise the processes relating to CDAs.

The IMO proposed a number of amendments to the Market Rules to amend the processes relating to CDAs. The proposed amendments are summarised in Table 1.

¹ The Wholesale Market Objectives are set out in section 7.4 of this report.

² The methodology for determining the RD of a DSP has changed since the Rule Change Proposal was published and is now determined in accordance with clause 4.26.2CA and Appendix 10.

Table 1: Summary of Proposed Changes and Associated Reasons

Proposed Change	IMO’s Reason for Proposed Change
Formalise the process for CDAs, including by introducing a head of power for the IMO to develop a Market Procedure specifying the processes that AEMO and Market Customers must follow.	The IMO considered that a requirement to follow a formalised process when submitting a CDA, and to document that process in a Market Procedure, would provide for more certainty and efficiency in the process of determining the RD for a DSP and a Load’s NTDL status.
Introduce an Application Fee payable for each submitted CDA.	The IMO noted that it incurred significant administrative costs as a result of the volume of CDAs submitted and that the cost of processing the applications was primarily recovered from Market Participants not utilising CDAs.
Introduce timeframes by which CDAs must be submitted.	Introducing timeframes by which CDAs must be submitted by a Market Customer would give the IMO sufficient time to process the CDAs.
Administrative changes.	The IMO proposed a number of administrative changes to improve the clarity of the Market Rules by improving the drafting and streamlining the process to reflect the logical sequence of a CDA.

Full details of the Rule Change Proposal are available on the Rule Change Panel’s website.

3.2 The IMO’s Initial Assessment of the Proposal

The IMO decided to progress the Rule Change Proposal on the basis of its preliminary assessment that the proposed amendments were likely to better achieve Wholesale Market Objectives (c) and (d), and were consistent with the other Wholesale Market Objectives.

4. Consultation

Although the Rule Change Panel has summarised the submissions received in the first, further and second submission periods and the views expressed by the Market Advisory Committee (MAC) in accordance with clause 2.7.7, the Rule Change Panel has reviewed this information in its entirety and taken into account each matter raised by stakeholders and the MAC in making its decision on the Rule Change Proposal.

4.1 Market Advisory Committee

The Rule Change Proposal was discussed with the MAC on 18 March 2015 as a Pre-Rule Change Proposal. MAC members agreed for the IMO to progress the Rule Change Proposal under the Standard Rule Change Process.

The following key points were discussed.

- Mr Michael Zammit³ supported the proposed changes and suggested the IMO involve affected Market Customers in the development of the Market Procedure.
- Mr Simon Middleton⁴ asked if the proposed changes were introducing obligations for DSPs similar to the existing obligations for Scheduled Generators to register Outages. The Chair clarified that this was not the case. The Chair noted that under the current Market Rules, Market Customers had the option to apply to the IMO to replace or disregard a period unrepresentative of the consumption of a Load for the purposes of determining the RD for a DSP or assessing a Load's status as a NTDL. The proposed changes would formalise these existing processes.
- Mr Geoff Gaston⁵ asked if one application could cover several maintenance events or if every maintenance event required a separate application. Ms Laura Koziol of the IMO explained that one application could cover all maintenance undertaken during relevant Trading Intervals for either determining RD or NTDL status.
- Mr Gaston asked if the calculations for the determination of RD and NTDL status could be included in the new Market Procedure or another document. Ms Kate Ryan⁶ noted that the RD was calculated by a tool within the Market Participant Interface and that the tool was available for Market Customers to also use.
- Mr Zammit sought clarification regarding the IMO's plans for consultation on the Market Procedure. Ms Ryan clarified that some engagement had already occurred, and the IMO would consult with Market Customers on the Market Procedure through the IMO Procedure Change and Development Working Group as well as through the formal submission process.
- Mr Peter Huxtable⁷ sought confirmation that the invoicing of the new Application Fee would be a simple process and not involve unnecessary costs. Ms Ryan confirmed that a simple invoice would be used for the new Application Fee.
- Ms Wendy Ng⁸ asked if the IMO knew why there had been an increase in the number of applications. Mr Zammit answered that there had been an increase in the number of Associated Loads and that many of these Loads shut down or undertake maintenance during the relevant periods. The Chair noted that Market Customers were using the options available in the Market Rules to provide better outcomes for their customers. Ms Ryan also noted that the applications included numerous repeat applications where the initial application had not met the IMO's requirements.

Further details of the MAC meeting are available in the MAC meeting papers and minutes available on the Rule Change Panel's website.

³ Representing Market Customers.

⁴ Appointed by the Minister as an observer.

⁵ Representing Market Customers.

⁶ Representing the IMO.

⁷ Representing Contestable Customers.

⁸ Representing Market Generators.

4.2 Submissions Received During the First Submission Period

The first submission period for the Rule Change Proposal was held between 30 March 2015 and 13 May 2015. The IMO received submissions from Community Electricity, EnerNOC and Perth Energy.

The submissions generally supported the proposed Amending Rules for reasons including that the proposed changes were consistent with a user-pays principle, clarified and formalised the relevant processes, and gave guidance on CDAs to Market Customers.

EnerNOC supported the Rule Change Proposal on the basis it would provide further clarity to industry, and improve the efficiency in collating and presenting the information. EnerNOC stated that it was keen to review the Market Procedure to be developed under the proposed Amending Rules, and that the key to ensuring a successful implementation would be formalisation of principles governing the application process, clarity on the supporting evidence requirements, and a set of criteria by which applications would be assessed.

EnerNOC raised concerns regarding the requirement in the proposed Amending Rules that a reduction in the level of consumption must be “solely attributable” to maintenance. For example, if the Load experienced a mechanical failure, the maintenance activity may be a secondary driver of the Load reduction. EnerNOC proposed that the test for whether a substitution event should be allowed should consider whether the event that caused the need for maintenance, and the subsequent maintenance activity, were likely to reoccur during the next year’s peak Trading Intervals.

EnerNOC raised concerns that the proposed drafting makes the submission of a CDA subject to a reduction in consumption. EnerNOC stated that this implied that there must be an actual drop in the Load to submit a CDA. EnerNOC contended that a CDA should be allowed to be submitted for both an actual reduction in the Load, as well as a deviation from where the Load should be. For example, if maintenance occurred at the time when a plant typically commenced production, there would not be a reduction in the Load, instead the plant would be operating at a lower level than it normally would.

EnerNOC raised concerns with respect to the deadline for submitting a CDA for a DSP:

- a delay in publishing the 32 peak Trading Intervals relevant to a DSP’s RD may lead to significant timing issues in particular for aggregators with a large number of participating Loads;
- the proposed deadline for submitting a CDA would not be achievable for Loads that were associated with a DSP after the deadline; and
- if there was a mid-year revision of the 32 peak Trading Intervals the DSP would not be able to submit a CDA, which could have a significant impact on the DSP’s RD.

EnerNOC also sought clarification on whether there would be an additional fee for a CDA where the IMO requested further information.

Perth Energy agreed that transparency would be improved if the process and information requirements relating to applications to reinstate RD levels or NTDL status were to be captured within a Market Procedure. Perth Energy also agreed that it would be reasonable and would improve the effectiveness and fairness of the Wholesale Electricity Market (**WEM**) if applicants were required to pay a reasonable administration fee to cover the IMO’s costs in processing these applications.

The assessment by submitting parties as to whether the Rule Change Proposal would better

achieve the Wholesale Market Objectives is summarised in Table 2.

Table 2: Submitters' Comments on the Wholesale Market Objectives

Submitter	Wholesale Market Objective Assessment
Community Electricity	<p>Community Electricity considers that the Rule Change Proposal will:</p> <ul style="list-style-type: none"> • promote Wholesale Market Objective (c) [non-discrimination] by more properly allocating costs to users; • promote Wholesale Market Objective (a) [efficiency] by allocating costs to users; and • promote Wholesale Market Objective (d) [minimising costs] through clarifying the requirements of a successful application and thereby avoiding fruitless administration.
EnerNOC	<p>If the issues raised in its submission are addressed, EnerNOC agrees with the IMO's assessment that the proposed changes will support Wholesale Market Objectives (c) and (d).</p>
Perth Energy	<p>Subject to its comments about DSPs, Perth Energy considered the proposed changes would improve the transparency of the Market Rules and improve on cost allocation and fairness with the allowance for the IMO to charge its reasonable costs for processing these applications. Perth Energy also considered the proposed changes would improve the overall efficiency of the market, through the improved transparency of the process by explicitly describing its requirements in a Market Procedure, and also through the incentives introduced by charging applicants for the reasonable costs incurred by the IMO in processing their applications. Perth Energy considered the proposed changes on balance were likely to positively impact the ability to achieve Wholesale Market Objectives (a) and (d). Perth Energy did not identify any impacts on the remaining Wholesale Market Objectives.</p>

Copies of all submissions received during the first submission period are available on the Rule Change Panel's website.

4.3 The Rule Change Panel's Response to Submissions Received During the First Submission Period

The Rule Change Panel's response to each of the specific issues raised in the first submission period is detailed in Appendix A of the Draft Rule Change Report, which is available on the Rule Change Panel's website. A more general discussion of the Rule Change Proposal, which addresses the main issues raised in the submissions and the Rule Change Panel's response to these issues, is available in section 5.2 of the Draft Rule Change Report (which is reproduced in Appendix A of this report).

4.4 Call for Further Submissions

A significant amount of time had passed since the IMO consulted on the Rule Change Proposal and the Market Rules had undergone numerous changes since the publication of the Rule Change Proposal. Consequently, on 23 October 2018, the Rule Change Panel published a CFFS on the Rule Change Proposal.

The Rule Change Panel sought further submissions from stakeholders on the Rule Change Proposal.

A copy of the CFFS is available on the Rule Change Panel's website.

4.5 Submissions Received During the Further Submission Period

The further submission period was held between 24 October 2018 and 13 November 2018. The Rule Change Panel received submissions from AEMO, Alinta Energy and Simcoa Operations.

AEMO supported the proposed Amending Rules and considered it would enable AEMO to clearly define the CDA process for RD and NTDL assessments, lower AEMO's operational costs by reducing the number of incomplete or erroneous submissions, and allow for cost recovery through a causer pays model.

Alinta supported formalising and prescribing the process for CDAs, including introducing a head of power for AEMO to document the process in a Market Procedure. However, Alinta considered that an application fee for submitting a CDA may not be required if the process for CDAs was sufficiently detailed and communicated effectively; but if an application fee was introduced, then it should only be payable if AEMO needed to request further information or clarify the information provided with a CDA.

Simcoa supported a transparent process that defined the method for making a maintenance application with respect to DSPs and NTDLs, but opposed the proposed introduction of a head of power for AEMO to develop the process by which CDAs are prepared, submitted and decided upon. RCP Support engaged with Simcoa regarding its objection. Simcoa clarified that it was concerned that AEMO could decide to:

- convert its current 'Guideline for Consumption Deviation Application for Demand Side Programmes' into a Market Procedure; and
- extend the Market Procedure to also apply to the assessment of CDAs relating to NTDLs.

Simcoa also clarified in its further discussions with RCP Support that it was supportive of the introduction of a head of power for AEMO to develop a Market Procedure on the basis that the development of, and amendments to, Market Procedures under the Market Rules must be undertaken via the Procedure Change Process which requires stakeholder consultation.

Simcoa noted that it opposed, in principle, the imposition of fees for the submission of CDAs. Simcoa opposed the idea that a Market Customer that wished to submit a CDA for a Load that was both an Associated Load and a Load that was to be assessed for NTDL status, would have to submit the CDA twice and pay two application fees, even if the CDAs affected the same Trading Intervals.

Simcoa also objected to being required to submit separate CDAs that contain the same set of information for a DSP and an NTDL because each CDA needed to be made in slightly different formats at different times.

Simcoa expressed concerns regarding the proposed timeline by which a CDA relating to RD must be submitted. RCP Support clarified with Simcoa that its concerns were:

- the meter data would not be available for the complete relevant reference period by the proposed deadline;

- the deadline would not allow sufficient time for Market Customers to resubmit a CDA if the initial CDA was rejected by AEMO; and
- the relevant Trading Intervals for the calculation of RD could change.

Simcoa also raised several issues relating to the current methodology in the Market Rules for determining a DSP's RD.

The assessment by submitting parties as to whether the Rule Change Proposal would better achieve the Wholesale Market Objectives is summarised in Table 3.

Table 3: Submitters' Comments on the Wholesale Market Objectives

Submitter	Wholesale Market Objective Assessment
AEMO	AEMO agreed with the Wholesale Market Objectives assessment in the Independent Market Operator's Rule Change Proposal submitted on 25 March 2015.
Alinta Energy	<p>In the assessment of the original proposal against the Wholesale Market Objectives the IMO noted that it considered:</p> <p><i>...that the proposed amendments to allocate the costs of processing consumption deviation applications to the applicant will provide for a more equitable cost allocation where the costs are born by and can be managed by the causer.</i></p> <p>Alinta noted that, under the original proposal, the only way for the causer to manage the costs was to not submit a consumption deviation application. Alinta suggested that its alternative proposal,⁹ provided a real mechanism by which the applicant could manage its costs i.e. ensuring that its application was compliant with the Market Rule and/or Market Procedure requirements. Alinta considered that its suggested refinements would better reflect the Wholesale Market Objectives.</p>
Simcoa	RCP Support engaged with Simcoa to clarify Simcoa's assessment of the proposed changes against the Wholesale Market Objectives. Simcoa clarified its view that the proposed changes would better achieve the Wholesale Market Objectives, but only to the extent that the changes introduced the obligation for AEMO to document the processes to be followed by AEMO and Market Customers for CDAs in a Market Procedure.

Copies of the submissions received during the further submission period are available on the Rule Change Panel's website.

4.6 The Rule Change Panel's Response to Submissions Received During the Further Submission Period

The Rule Change Panel's response to each of the specific issues raised in the further submission period is detailed in Appendix B of the Draft Rule Change Report. A more general discussion of the Rule Change Proposal, which addresses the main issues raised in

⁹ In its submission, Alinta proposed that, in respect to an application fee, a participant can make an initial CDA without attracting an application fee. However, if the CDA is not compliant with the requirements in the Market Rules and/or the Market Procedures, which results in AEMO having to request further information and/or clarify the provided information, then the applicant should be required to pay a processing fee.

the submissions and the Rule Change Panel's response to these issues, is available in section 5.2 of the Draft Rule Change Report (which is reproduced in Appendix A of this report).

4.7 Submissions Received During the Second Submission Period

The second submission period was held between 29 March 2019 and 1 May 2019. The Rule Change Panel received a submission from AEMO.

AEMO has revised its position with respect to the requirement for a Market Customer to submit a CDA where the deviation in the level of consumption of a Load was due to a request from System Management. Following its preliminary investigations, AEMO was not aware of any practical reason for the obligation for a Market Customer to provide information on System Management requests to AEMO. However, AEMO has stated that, on further investigation and reflection, because DSPs are dispatched at a Facility level, AEMO does not have visibility of which Associated Load reduced its consumption to comply with a Dispatch Instruction (except where there is only one Load associated with the DSP). Therefore, the requirement for Market Customers to provide that information to AEMO via a CDA should remain, and proposed new clause 4.26.2CC(b) should be amended to enable an Application Fee to be charged.

AEMO expressed concerns with the application of proposed new clauses 4.26.2CF and 4.28.9F. These clauses provide that, for Loads that are both an Associated Load and a Load assessed for NTDL status, AEMO is precluded from charging an Application Fee with respect to an event in a subsequent CDA that was already assessed and accepted by AEMO in an earlier CDA. AEMO stated that it understands the intent of these clauses, but considers they could only be applied to a CDA with a single maintenance event, or where there are multiple events but they are all captured in both CDAs, and do not cater for CDAs with multiple maintenance events that are not identical across both CDAs. AEMO outlined two examples to demonstrate the issue and requested changes to these clauses to clarify how they apply to CDAs with multiple maintenance events that are not identical across both CDAs.

AEMO stated that its preferred solution would be for the Application Fee to apply in all cases, except where both submissions for a particular Load contain exactly the same maintenance events over the same Trading Intervals.

AEMO agreed with the Wholesale Market Objectives assessment in section 5.4 of the Draft Rule Change Report, but considered the complexity associated with the administration of the Application Fee (proposed new clauses 4.26.2CF and 4.28.9F) would result in a more inefficient market outcome. AEMO considered this was evident with the requirement to manually compare two submissions from the same Load to determine the appropriate Application Fee.

4.8 The Rule Change Panel's Response to Submissions Received During the Second Submission Period

The Rule Change Panel's response to each of the specific issues raised in the second submission period is detailed in Appendix B of this report. A more general discussion of the Rule Change Proposal, which addresses the main issues raised in the submission and the Rule Change Panel's response to these issues, is available in section 7.2 of this report.

4.9 Public Forums and Workshops

The Rule Change Panel did not hold a public forum or workshop for the Rule Change Proposal.

5. The Rule Change Panel's Draft Assessment

The Rule Change Panel's draft assessment against clauses 2.4.2 and 2.4.3 and analysis of the Rule Change Proposal are provided in section 5 of the Draft Rule Change Report.

6. The Rule Change Panel's Proposed Decision from the Draft Rule Change Report

The Rule Change Panel's proposed decision in the Draft Rule Change Report was to accept the Rule Change Proposal in a modified form, as set out in section 7 of the Draft Rule Change Report.

The reasons for the Rule Change Panel's proposed decision are set out in section 6.1 of the Draft Rule Change Report.

7. The Rule Change Panel's Final Assessment

7.1 Assessment Criteria

In preparing its Final Rule Change Report, the Rule Change Panel must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3.

Clause 2.4.2 states that the Rule Change Panel "*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*".

Clause 2.4.3 states that, when deciding whether to make Amending Rules, the Rule Change Panel must have regard to:

- any applicable statement of policy principles the Minister has issued to the Rule Change Panel under clause 2.5.2;
- the practicality and cost of implementing the proposal;
- the views expressed in submissions and by the MAC; and
- any technical studies that the Rule Change Panel considers necessary to assist in assessing the Rule Change Proposal.

In making its final decision, the Rule Change Panel has had regard to each of the matters described in clauses 2.4.2 and 2.4.3 as follows:

- the Rule Change Panel's assessment of the Rule Change Proposal against the Wholesale Market Objectives is available in section 7.4 of this report;
- the Rule Change Panel notes that there has not been any applicable statement of policy principles from the Minister in respect of the Rule Change Proposal;
- the Rule Change Panel's assessment of the practicality and cost of implementing the Rule Change Proposal is available in section 7.6 of this report;

- a summary of the views expressed in submissions and by the MAC is available in section 4 of this report. The Rule Change Panel's responses to the submissions is available in section 4 and Appendices A and B of the Draft Rule Change Report, and section 4.8 and Appendix B of this report; and
- the Rule Change Panel does not believe a technical study in respect of the Rule Change Proposal is required and therefore has not commissioned one.

The Rule Change Panel's assessment is presented in the following sections.

7.2 Assessment of the Proposed Changes

The Rule Change Panel's assessment of the following aspects of the Rule Change Proposal has not changed from the assessment in section 5 of the Draft Rule Change Report (which is reproduced in Appendix A of this report):

- formalisation of the process to submit a CDA (section 5.2.1 of the Draft Rule Change Report);
- the introduction of deadlines for the submission of CDAs (section 5.2.3 of the Draft Rule Change Report); and
- various minor, administrative and other amendments (section 5.2.4 of the Draft Rule Change Report).

The Rule Change Panel has undertaken a further assessment of the proposed introduction of an Application Fee, primarily in response to issues raised by AEMO in its second submission and in a subsequent meeting with RCP Support.

Based on further information from AEMO in its second submission, the Rule Change Panel has reconsidered its view in the Draft Rule Change Report that the obligation in Step 2(c) of Appendix 10, which requires a Market Customer to provide evidence to AEMO that an Associated Load was operating at below capacity due to its consumption being reduced at the request of System Management, is a manifest error.

The Rule Change Panel's final assessment of these matters and the Rule Change Proposal is presented in the remainder of this section 7.2.

7.2.1 Application Fee

AEMO raised issues in its second submission and in a subsequent meeting with RCP Support relating to:

- the application of proposed new clauses 4.26.2CF and 4.28.9F; and
- the administrative impact and complexities of determining and administering the proposed Application Fee.

For a Load that is both an Associated Load and a Load assessed for NTDL status, the Market Rules and the associated systems require a Market Customer to submit separate CDAs, even where the CDAs contain the same maintenance event(s).

While the processes create extra administration for Market Customers with these kinds of Loads, by requiring them to submit two separate CDAs for the same maintenance event, the relevant Market Rules were drafted, and the associated systems were designed, for two different calculations – RD for DSPs and a Load's NTDL status, and did not consider any potential commonalities in the processes.

Even though such Market Customers must submit two CDAs, as stated in the Draft Rule Change Report the Rule Change Panel considered that it would be inappropriate to require these Market Customers to pay two Application Fees for AEMO to assess essentially the same information twice. Consequently, the Rule Change Panel proposed to introduce new clauses 4.26.2CF and 4.28.9F. The intent of these clauses was that, where AEMO had assessed and accepted a maintenance event specified in a CDA, AEMO would be precluded from charging a second Application Fee for assessing the same maintenance event in a separate subsequent CDA.

AEMO considers that these new clauses can only be applied to CDAs with a single maintenance event, or with multiple events that are identical across both CDAs. AEMO does not consider that it can efficiently cater for CDAs with multiple maintenance events that are not identical across both CDAs. Even though this was not the Rule Change Panel's intent, the Rule Change Panel agrees with AEMO because if this was not the case:

- any additional maintenance events in the subsequent CDA would still need to be assessed by AEMO but would not attract an Application Fee; and
- it would prevent Market Customers from specifying multiple different events in a single CDA, resulting in additional work for Market Customers and additional Application Fees. AEMO has previously confirmed that Market Customers can submit CDAs containing multiple events that affected a Load's consumption for multiple Trading Intervals, if they all relate to the same Load.

AEMO has also expressed concerns regarding the cumbersome manual process that it would need to undertake to determine whether a maintenance event specified in a subsequent CDA had already been assessed and accepted by AEMO in an earlier CDA. AEMO has advised that a manual process would likely involve:

- checking all previously submitted CDAs for the Load for the relevant Capacity Year. As there is no limit on the number of CDAs a Market Customer can submit, this could be a large undertaking; and
- reconciling the events specified in the CDAs and the Trading Intervals affected by the event, to identify any commonalities. Even minor discrepancies could result in an incorrect determination of whether an Application Fee is chargeable, or add to AEMO's time and cost for processing the CDA if it needs to clarify any matters with the Market Customer.

The Rule Change Panel agrees with AEMO that this type of manual process would be administratively burdensome and inefficient, and would potentially increase AEMO's costs to process CDAs due to the amount of work required, for which an Application Fee is not chargeable (i.e. where the event has already been assessed and accepted under a previous CDA).

In its second submission, AEMO stated that its preference is for an Application Fee to apply in all cases except where both CDAs for a particular Load contain exactly the same maintenance events over the same Trading Intervals. RCP Support has subsequently clarified with AEMO that its intent was that, where both CDAs for a particular Load contain exactly the same maintenance events over the same Trading Intervals, an Application Fee would be payable on the first submitted CDA but not the subsequent CDA. The Rule Change Panel notes that this approach would still result in the issues described above.

AEMO also expressed concerns with determining an equitable and appropriate level of Application Fee having regard to:

- the potential difference in the number of events in a CDA that will need to be assessed; and
- the Application Fee having to incorporate AEMO's costs for undertaking the required manual checks.

The Rule Change Panel agrees that the associated complexities and inefficiencies in the processes for administering the Application Fee may result in an under or over recovery of AEMO's costs to process CDAs.

While the Rule Change Panel still considers that the causer-pays principle is a sound approach for these types of processes, the Rule Change Panel does not consider that it is appropriate to apply the principle where it results in a perverse outcome, or creates additional administrative processes that are unnecessarily complex or burdensome and potentially increases the overall costs to the WEM.

The Rule Change Panel notes that AEMO's systems are not configured in a way that would allow an Application Fee to be accommodated or easily administered, or for commonalities between CDAs to be readily identifiable, resulting in cumbersome and inefficient manual processes.

Consequently, the Rule Change Panel considers the introduction of an Application Fee as proposed in the Rule Change Proposal, and as modified by proposed new clauses 4.26.2CF and 4.28.9F would not be consistent with the Wholesale Market Objectives at this time.

However, the Rule Change Panel notes that a primary driver for introducing an Application Fee was to deter Market Customers from submitting incomplete CDAs or insufficient evidence in support of CDAs, which created significant costs to the IMO to process the applications. While this is not currently a material problem for AEMO as a result of the significant reduction in the number of registered DSPs in the WEM since the Rule Change Proposal was published, the number of registered DSPs could increase following the WA Government's electricity reforms.

The Rule Change Panel notes Alinta's suggestion in its further submission that it would be appropriate for AEMO to charge an Application Fee to Market Customers if it needs to clarify or request further information in respect of a CDA. The Rule Change Panel agrees that Alinta's proposal would more efficiently address the concerns raised by the IMO and would be consistent with the causer-pays principle. AEMO has confirmed that this type of Application Fee would be relatively straightforward to administer.

Therefore, the Rule Change Panel supports the introduction of a head of power to give AEMO the ability to charge an Application Fee if it needs to clarify or request further information from a Market Customer in relation to a CDA in accordance with proposed new clauses 4.26.2CF and (renumbered) 4.28.9F.

The Rule Change Panel notes that there have been some concerns raised about the current methodologies for assessing NTDs and the RD for DSPs. In the case of DSPs, the 200 Calendar Hours that are relevant to the calculation of RD are not locked in. The uncertainty regarding the Trading Intervals that comprise the 200 Calendar Hours may result in Market Customers including Trading Intervals in a CDA that later turn out to be irrelevant for the calculation of RD. While this creates extra administration, for the Market Customer and AEMO, imposing an Application Fee on the Market Customer for these CDAs exacerbates the inefficiency of the process. The Rule Change Panel notes that these matters are outside the scope of this Rule Change Proposal. However, if either or both of these methodologies,

and associated systems and processes, are changed in the future, then it may be appropriate to reconsider introducing an Application Fee.

7.2.2 Manifest Error

The Rule Change Panel considered that the obligation in Step 2(c) of Appendix 10¹⁰ – that a Market Customer provide evidence to AEMO that the Associated Load was operating at below capacity due to its consumption being reduced at the request of System Management – was a manifest error (see section 5.6.3 of the Draft Rule Change Report, which is reproduced at Appendix C of this report). The Rule Change Panel indicated that it would address this manifest error when AEMO was in a position to implement the required system changes. The Rule Change Panel's view was based on confirmation from AEMO that it was not aware of any practical reason for the obligation for a Market Customer to provide information to AEMO regarding System Management requests.

In its second submission, AEMO has stated that, on further investigation and reflection, because DSPs are dispatched at a Facility level, AEMO does not have visibility of which Associated Loads reduced their consumption to comply with a Dispatch Instruction (except where there is only one Load associated with the DSP). Therefore, the requirement for Market Customers to provide that information to AEMO should remain.

Based on this new information, the Rule Change Panel agrees with AEMO that the obligation in Step 2(c) of Appendix 10 is not a manifest error for DSPs that contain more than one Associated Load.

The Rule Change Panel also considers that the requirement in Step 2(c) of Appendix 10 may not be a manifest error with respect to a DSP with a single Associated Load if the intent was to put the administrative burden onto Market Customers to submit a CDA when consumption of an Associated Load was reduced at the request of System Management. This is because, historically the IMO, and AEMO up until the time System Management functions were conferred on it, were provided with dispatch data by System Management.

Nevertheless, even if that was not the intent, due to the historical and current low number of DSPs with a single Associated Load, any system changes to remove the obligation would be unlikely to pass a cost-benefit assessment, and would not outweigh the inconvenience and cost to a Market Customer of having to submit a CDA.

Consequently, the Rule Change Panel no longer intends to remove the requirement for a Market Customer to submit a CDA to AEMO where the consumption of a Load was reduced at the request of System Management, as was proposed in the Draft Rule Change Report.

7.3 Additional Changes to the Proposed Amending Rules

7.3.1 Changes to the Market Rules Affecting the Rule Change Proposal

In the CFFS, the Rule Change Panel made changes to the proposed Amending Rules to account for the changes made to the Market Rules since the Rule Change Proposal was published, and for the changes introduced by RC_2017_06: Reduction to the prudential exposure in the Reserve Capacity Mechanism, that commenced on 1 June 2019 (RC_2017_06).

¹⁰ As part of the overall amendments to streamline the processes for CDAs, the obligation at Step 2(c) of Appendix 10 of the Market Rules has been moved to new clause 4.26.2CB(a)(ii).

A summary of these changes is provided at Part A of Appendix C of this report and shown in detail at section 7 of the Draft Rule Change Report.

7.3.2 Amendments Following the Further Submission Period

Following the further submission period, the Rule Change Panel made changes to the proposed Amending Rules. A summary of these changes is provided in Part B of Appendix C of this report, and shown in detail at section 7 of the Draft Rule Change Report.

7.3.3 Amendments Following the Second Submission Period

Following the second submission period, the Rule Change Panel has made changes to the proposed Amending Rules. The changes are summarised in Table 4 and are detailed in Appendix D of this report.

Table 4: Amendments Following the Second Submission Period

Market Rule	Description of Change
2.24.1	Amended to correct an oversight in the Draft Rule Change Report that should have specified proposed new clause 4.26.2CC instead of proposed new clause 4.26.2CB(b).
4.26.2CC, 4.28.9B	Amended to reflect when AEMO may charge an Application Fee.
4.26.2CF	Removed (original) proposed new clause to reflect that AEMO may only charge an Application Fee in accordance with clause 4.26.2CC for a request under (renumbered) proposed new clause 4.26.2CF.
4.26.2CB(b), 4.26.2CD(a), 4.26.2CF, 4.26.2CG, 4.26.2CH	Updated the clause numbers and/or references to other clauses as a result of removing proposed new clause 4.26.2CF.
4.28.9A, 4.28.9F	Updated the clause numbers and/or references to other clauses as a result of removing proposed new clause 4.28.9F.
4.28.9F	Removed (original) proposed new clause to reflect that AEMO may only charge an Application Fee in accordance with clause 4.28.9B for a request under (renumbered) proposed new clause 4.28.9F.
Appendix 5A, Appendix 10	To correct the tracking of amendments.

7.4 Wholesale Market Objectives

The Rule Change Panel considers that the Market Rules as a whole, as modified in section 8 of this report, will better achieve Wholesale Market Objectives (a) and (d), and be consistent with the remaining Wholesale Market Objectives¹¹ because:

¹¹ The Wholesale Market Objectives are:

- documenting a Market Procedure that specifies the requirements for the information and evidence to be provided by Market Customers in support of a CDA, and specifying the criteria for AEMO’s decision on a CDA will decrease the overall cost of administering the WEM by:
 - increasing the clarity and improving the efficiency of the CDA assessment process; and
 - reducing the risk to AEMO of receiving non-compliant CDAs; and
- giving AEMO the ability to charge an Application Fee where it needs to clarify or request further information from a Market Customer will improve the efficiency of the WEM and reduce the overall cost of administering the WEM by:
 - allocating AEMO’s additional costs of processing CDAs to the applicant; and
 - incentivising Market Customers to submit compliant CDAs.

7.5 Protected Provisions, Reviewable Decisions and Civil Penalties

It is proposed to amend clause 2.24.1, which is a Protected Provision. Under clause 2.8.3, the Amending Rules in the Rule Change Proposal must be approved by the Minister if they affect a Protected Provision.

The proposed Amending Rules do not amend any Reviewable Decisions or civil penalty provisions, nor does the Rule Change Panel consider that any of the proposed new Amending Rules should be Reviewable Decisions or civil penalty provisions.

7.6 Practicality and Cost of Implementation

7.6.1 Cost

In its further submission, AEMO stated that it expected the costs to develop and consult on a new Market Procedure, as proposed in new clauses 4.26.2CE and 4.28.9E, should not exceed \$20,000. However, AEMO noted that these costs were included in AEMO’s business-as-usual activities and would not impact on Market Fees.

In its second submission, AEMO re-iterated that it did not anticipate any additional costs to comply with the Rule Change Proposal, as it would undertake the required procedural changes as a business-as-usual activity.

However, AEMO also stated in its second submission that it anticipated an increase in its overheads to administer the proposed Application Fee (as it was proposed in the Draft Rule

-
- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
 - (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
 - (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
 - (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
 - (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Change Report) due to the complexity associated with how and when the Application Fee would apply. AEMO stated that it would include this in its determination of the level of Application Fee and did not anticipate any additional staffing requirements as a result of the Rule Change Proposal.

AEMO has subsequently confirmed that, based on the Rule Change Panel's decision to give AEMO the power to charge an Application Fee only where it needs to clarify or request further information from a Market Customer with respect to a CDA, the complexity, and therefore cost of administering the Application Fee would be substantially reduced.

AEMO confirmed in its further submission that no system changes were anticipated as a result of the proposed changes described in the CFFS. RCP Support has confirmed with AEMO that this remains the case with respect to the Amending Rules in this report.

RCP Support engaged with Simcoa to clarify the implications that the proposed changes would have on it. Simcoa confirmed that it did not expect any additional costs due to the proposed changes, if the process for CDAs relating to the assessment of a Load's NTDL status are not significantly different from the process for CDAs relating to the calculation of RD.

7.6.2 Practicality

In its further submission, AEMO stated that it expected that it would take approximately six months to complete the Procedure Change Process for the new Market Procedure that it must develop under the proposed Amending Rules.

In its second submission, AEMO has requested the commencement date be pushed back by one month to 1 September 2019, as it requires additional time to complete the Procedure Change Process. However, due to the further extension of time for publishing this report, AEMO has subsequently requested the commencement date be pushed back to 1 October 2019. The Rule Change Panel agrees to this change but notes that the commencement date of the Amending Rules is subject to Ministerial consent.

In their respective first period submissions, Community Electricity and Perth Energy noted that the proposed changes would have no implications for either of them.

In its first submission, EnerNOC noted that it did not anticipate any material implementation costs, as no systems changes should be needed.

As outlined in section 5.6.1 of the Draft Rule Change Report (which is reproduced in Appendix A of this report), Simcoa confirmed that it would not need any time to implement the proposed changes, if the process for CDAs relating to the assessment of a Load's NTDL status were not significantly different to the process for CDAs relating to the calculation of RD.

7.6.3 Amendments to Associated Market Procedures and new Market Procedures

The proposed Amending Rules require AEMO to document in a Market Procedure its processes for CDAs relating to the calculation of the RD for DSPs and a Load's NTDL status, which may include:

- developing a new Market Procedure formalising the process for CDAs relating to the calculation of the RD for DSPs; and

- updating the Market Procedure: Individual Reserve Capacity Requirement, which currently provides some details regarding the process for CDAs relating to the assessment of a Load's NTDL status.

AEMO may also need to make changes to a range of market documents published by it, including market design summaries and user guides.

The Economic Regulation Authority is the Responsible Procedure Administrator for the ERA's Monitoring Protocol that may be affected by the proposed Amending Rules.

8. Amending Rules

The Rule Change Panel proposes to implement the following Amending Rules (~~deleted text~~, added text, clauses that are included for context but not amended).

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2.24.1. The fees charged by AEMO are:

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- (b) Application Fees described in clauses 2.33.1(a), 2.33.2(a), 2.33.3(a), 2.33.4(a), 2.33.5(a), ~~and 4.9.3(c)~~, 4.26.2CC and 4.28.9B; and

...

...

4.26.2CA. The Relevant Demand of a Demand Side Programme for a Trading Day d in a Capacity Year is the lesser of:

- (a) a value determined for the Demand Side Programme using the methodology set out in Appendix 10; and
- (b) the sum of Individual Reserve Capacity Requirement Contributions of the Associated Loads of the Demand Side Programme for the Trading Month in which Trading Day d falls.

4.26.2CB. For the purposes of step 2(c) of Appendix 10:

(a) a Market Customer may submit a Consumption Deviation Application to AEMO in accordance with the Market Procedure referred to in clause 4.26.2CE, in respect of an Associated Load for the previous Capacity Year, if:

- i. the level of consumption of the Associated Load was affected in a Trading Interval; and
- ii. the Market Customer considers that the deviation in the level of consumption was due to:
 - 1. a request received from System Management; or
 - 2. a maintenance event; and

(b) AEMO must accept or reject a Consumption Deviation Application submitted under clause 4.26.2CB(a) by the time specified in clause 4.26.2CG.

4.26.2CC. AEMO may charge an Application Fee to cover its costs of requesting clarification or further information of any aspect of a Consumption Deviation Application in accordance with clause 4.26.2CF.

4.26.2CD. A Consumption Deviation Application submitted under clause 4.26.2CB(a) must:

- (a) subject to clause 4.26.2CH, be submitted as soon as practicable but, in any event, on or before 31 October in the Capacity Year to which the Relevant Demand applies; and
- (b) contain, or be accompanied by, the information specified in the Market Procedure referred to in clause 4.26.2CE.

4.26.2CE. AEMO must specify the following matters in a Market Procedure:

- (a) the process that a Market Customer must follow when submitting a Consumption Deviation Application for an Associated Load under clause 4.26.2CB(a);
- (b) the information and supporting evidence that a Market Customer must provide in its Consumption Deviation Application submitted under clause 4.26.2CB(a);
- (c) the process that AEMO must follow when it receives a Consumption Deviation Application submitted under clause 4.26.2CB(a);
- (d) the criteria that AEMO must consider when deciding whether to accept or reject a Consumption Deviation Application submitted under clause 4.26.2CB(a); and
- (e) for the purposes of step 2(c) of Appendix 10, the process that AEMO must follow when estimating what the consumption of an Associated Load would have been if it had not been affected by the matters set out in the Consumption Deviation Application.

4.26.2CF. If it considers it reasonably necessary to assess the Consumption Deviation Application, AEMO may request clarification or further information of any aspect of the Consumption Deviation Application submitted under clause 4.26.2CB(a). Any clarification or information received is deemed to be part of the Consumption Deviation Application.

4.26.2CG. AEMO must accept or reject a Consumption Deviation Application submitted by a Market Customer in accordance with clause 4.26.2CB(a) within 10 Business Days of the later of:

- (a) receipt of the Consumption Deviation Application; and
- (b) receipt of any clarification or information provided under clause 4.26.2CF.

4.26.2CH. A Consumption Deviation Application for a Load that was first associated with a Demand Side Programme under clause 2.29.5G, for the Market Customer submitting the Consumption Deviation Application, after the date and time referred

to in clause 4.26.2CD, must be submitted on or before the date which is 30 days from commencement of the Association Period for that Associated Load.

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4.28.8. To assist AEMO in determining Indicative Individual Reserve Capacity Requirements in accordance with clause 4.28.6 and Individual Reserve Capacity Requirements in accordance with clause 4.28.7 for the Capacity Year starting on 1 October of Year 3 of a Reserve Capacity Cycle, Market Customers must, by the date and time specified in clause 4.1.23, provide to AEMO:

- (a) the identity of all interval meters associated with that Market Customer which measure Loads that it nominates that the Market Customer wants AEMO to treat as Non-Temperature Dependent Loads;

...

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4.28.8C. Subject to clause 4.28.11, a Market Customer may provide to AEMO:

- (a) the identity of additional interval meters (to those provided under clause 4.28.8) associated with the Market Customer which measure Loads that it nominates that the Market Customer wants AEMO to treat as Non-Temperature Dependent Loads for the remainder of the relevant Capacity Year; and

...

...

4.28.9A. A Market Customer may submit a Consumption Deviation Application to AEMO in accordance with the Market Procedure referred to in clause 4.28.9E, in respect of a Load that it has nominated as a Non-Temperature Dependent Load under clause 4.28.8(a) or clause 4.28.8C(a) and a Trading Interval, if:

- (a) the level of consumption of the Load was affected in the Trading Interval; and
- (b) the Market Customer considers that the deviation in the level of consumption was due to:
 - i. the Trading Interval falling on a Trading Day that is not a Business Day; or
 - ii. a maintenance event.

4.28.9B. AEMO may charge an Application Fee to cover its costs of requesting clarification or further information of any aspect of a Consumption Deviation Application in accordance with clause 4.28.9F.

4.28.9C. A Consumption Deviation Application submitted under clause 4.28.9A must:

- (a) be submitted as soon as practicable, but in any event:
 - i. for an application that relates to the Individual Reserve Capacity Requirement for October in the relevant Capacity Year, must be submitted by the date and time specified in clause 4.1.23; and

ii. for an application that relates to the Individual Reserve Capacity Requirement for a Trading Month, other than October, in the relevant Capacity Year, must be submitted by the date and time specified in clause 4.28.8C; and

(b) contain, or be accompanied by, the information specified in the Market Procedure referred to in clause 4.28.9E.

4.28.9D. AEMO must accept or reject a Consumption Deviation Application submitted under clause 4.28.9A in accordance with the Market Procedure referred to in clause 4.28.9E no later than the time the information is needed for the calculation of the relevant Indicative Individual Reserve Capacity Requirement.

4.28.9E. AEMO must specify the following matters in a Market Procedure:

(a) the process that a Market Customer must follow when submitting a Consumption Deviation Application for a Load under clause 4.28.9A;

(b) the information and supporting evidence that a Market Customer must provide in its Consumption Deviation Application submitted under clause 4.28.9A;

(c) the process that AEMO must follow when it receives a Consumption Deviation Application submitted under clause 4.28.9A; and

(d) the criteria that AEMO must consider when deciding whether to accept or reject a Consumption Deviation Application submitted under clause 4.28.9A.

4.28.9F. If it considers it reasonably necessary to assess the Consumption Deviation Application, AEMO may request clarification or further information of any aspect of the Consumption Deviation Application submitted under clause 4.28.9A. Any clarification or information received is deemed to be part of the Consumption Deviation Application.

...

11. Glossary

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Consumption Deviation Application: An application submitted by a Market Customer to AEMO under clause 4.26.2CB(a) or clause 4.28.9A, notifying AEMO and providing evidence that the consumption of a Load was affected.

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Appendix 5A: Non-Temperature Dependent Load Requirements

This Appendix specifies how AEMO must determine whether or not to accept a Load measured by an interval meter nominated in accordance with clauses 4.28.8(a) or 4.28.8C(a) as a Non-Temperature Dependent Load for the purposes of clause 4.28.9. This Appendix presents the method and requirements for accepting, in accordance with clause 4.28.9, a

~~load measured by an interval meter nominated in accordance with clauses 4.28.8(a) or 4.28.8C(a) as a Non-Temperature Dependent Load.~~

For the purpose of this Appendix:

- ~~AEMO must use the current set of meter data (as at the time when it commences its calculations)~~the meter data to be used in any calculations is to be the most current set of meter data as at the time of commencing the calculations; and
- the 4 Peak SWIS Trading Intervals in a Trading Month are the 4 Peak SWIS Trading Intervals determined and published by AEMO under clause 4.1.23B for that Trading Month.

AEMO must perform the following steps (in sequential order) when determining whether or not in deciding whether to accept, ~~in accordance with clause 4.28.9,~~ a load measured by an interval meter nominated in accordance with clauses 4.28.8(a) or 4.28.8C(a) as a Non-Temperature Dependent Load for the purposes of clause 4.28.9:

Step 1:

- If, in accordance with clause 4.28.8(a), the Market Customer provides AEMO ~~is provided by a Market Customer~~ in Trading Month n-2 with the identity of an interval meter associated with that Market Customer which measures a Load that it nominates ~~wants AEMO to treat~~ as a Non-Temperature Dependent Load from Trading Month n; ~~and~~
- If the identity of the interval meter is provided by the date and time specified in clause 4.1.23; and
- If the load was treated as a Non-Temperature Dependent Load in Trading Month n-8,

then AEMO must accept the load as a Non-Temperature Dependent Load if:

- the median value of the metered consumption for ~~the that load, was in excess of 1.0 MWh,~~ calculated ~~for~~ the set of Trading Intervals defined as the 4 Peak SWIS Trading Intervals in each of the Trading Months starting from the start of Trading Month n-11 to the end of Trading Month n-3, exceeded 1.0 MWh; and
- the metered consumption for the load did not deviate downwards from the median consumption value in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of Trading Month n-11 to the end of Trading Month n-3, except during Trading Intervals for which where:
 - the metered consumption was 0 MWh; or
 - consumption was reduced at the request of System Management; or
 - AEMO has accepted a Consumption Deviation Application for the Load under clause 4.28.9D.
 - ~~evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.~~

Step 2:

- If, in accordance with clauses 4.28.8(a) or 4.28.8C(a), the Market Customer provides AEMO ~~is provided by a Market Customer~~ in Trading Month n-2 with the identity of an interval meter associated with that Market Customer which measures a Load that ~~wants AEMO to treat~~ nominates as a Non-Temperature Dependent Load from Trading Month n; ~~and~~
- If the Load ~~was~~ not treated as a Non-Temperature Dependent Load in Trading Month n-1; and
- If the Load was not treated as a Non-Temperature Dependent Load for any of the Trading Months in the Capacity Year in which Trading Month n falls,

then AEMO must accept the Load as a Non-Temperature Dependent Load for Trading Month n if:

- (a) the median value of the metered consumption ~~values~~ for the heat Load during the 4 Peak SWIS Trading Intervals in Trading Month n-3 ~~exceeded~~ was in excess of 1.0 MWh; and
- (b) the metered consumption for the Load did not deviate downwards from the median consumption value in paragraph (a) by more than 10% for more than 10% of the time during Trading Month n-3, ~~except during Trading Intervals for which~~ where:
 - i. the metered consumption was 0 MWh; or
 - ii. consumption was reduced at the request of System Management; or
 - iii. AEMO has accepted a Consumption Deviation Application for the Load under clause 4.28.9D.
 - iii. ~~evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.~~

Step 3:

- If a Load was not accepted under Step 1 as a Non-Temperature Dependent Load for Trading Month n; and
- If the Load was accepted under Step 2, or previously under this Step 3, as a Non-Temperature Dependent Load for Trading Month n-1,

then AEMO must accept the Load as a Non-Temperature Dependent Load for Trading Month n if:

- (a) the median value of the metered consumption for the heat Load ~~was in excess of 1.0 MWh~~, calculated ~~for~~ over the set of Trading Intervals defined as the 4 Peak SWIS Trading Intervals in each of the Trading Months commencing at the start of the Trading Month for which metered consumption ~~values~~ were used by AEMO to accept the Load as a Non-Temperature Dependent Load under Step 2 to the end of Trading Month n-3, exceeded 1.0 MWh; and

- (b) the metered consumption for the ~~I~~Load did not deviate downwards from the median consumption value in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of the Trading Month for which metered consumption ~~values were~~was used by AEMO to accept the ~~I~~Load as a Non-Temperature Dependent Load under Step 2 to the end of Trading Month n-3, ~~except during Trading Intervals~~ for which~~where~~:
- i. the metered consumption was 0 MWh; or
 - ii. consumption was reduced at the request of System Management; or
 - iii. AEMO has accepted a Consumption Deviation Application for the Load under clause 4.28.9D.
 - iii. ~~evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.~~

Step 4:

Otherwise, AEMO must treat a ~~I~~Load as a Temperature Dependent Load.

...

Appendix 10: Relevant Demand Determination

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Step 2

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- (c) ~~if a Market Customer provides evidence satisfactory to AEMO that the Associated Load was operating at below capacity due to its consumption being reduced at the request of System Management or because of maintenance, if AEMO has accepted a Consumption Deviation Application for the Associated Load under clause 4.26.2CB(b), AEMO's estimate of what the consumption of the Associated Load would have been if it had not been~~ reduced~~affected~~.

...

Appendix A. Extract of the Assessment of the Proposed Changes in the Draft Rule Change Report

A.1 Formalisation of the Process to Submit a Consumption Deviation Application

The IMO proposed to formalise the process for CDAs, including by introducing a head of power for AEMO to develop a Market Procedure specifying the process that AEMO and Market Customers must follow.

The Rule Change Panel agrees with the IMO that formalising the process for submitting a CDA will provide for more certainty and efficiency in the process of determining the RD for a DSP and a Load's NTDL status.

The process for CDAs relating to the calculation of RD for DSPs is currently outlined in AEMO's 'Guideline for Consumption Deviation Application for Demand Side Programmes'. The process for CDAs relating to the assessment of a Load's NTDL status is currently outlined in the Market Procedure, 'Individual Reserve Capacity Requirements'.

However, the Rule Change Panel notes that there is currently no clear head of power in the Market Rules for the process for CDAs to be documented in a Market Procedure.

The Rule Change Panel considers that prescriptive processes setting out how an obligation or requirement in the Market Rules is to be performed, complied with or assessed should typically be set out in a Market Procedure, to the extent possible, and not in the Market Rules.

The Rule Change Panel considers that a Market Procedure documenting the process a Market Customer is required to follow when submitting a CDA:

- will provide clarity to Market Customers regarding the:
 - process, and the information and evidence to be provided in support of a CDA;
 - processes AEMO must follow when it receives a CDA;
 - criteria AEMO must consider when deciding whether to accept or reject a CDA; and
- should reduce the risk of AEMO rejecting a CDA due to a Market Customer not being fully aware of the process or the information and evidence required to be submitted in support of a CDA.

The Rule Change Panel notes that the Market Procedure will be subject to the governance framework in the Market Rules with respect to the development of, and amendments to, Market Procedures, which includes the requirement for consultation. The Rule Change Panel considers that matters that could affect the financial outcomes of Market Participants, such as AEMO's assessment of the RD of a DSP, should not be set out in a guideline that has no formal standing under the Market Rules.

Therefore, the Rule Change Panel supports the proposed formalisation of the process for CDAs, and the introduction of a head of power for AEMO to document the process in a Market Procedure. All six submissions received in the first and further submission periods generally expressed support to formalise the process for CDAs.

A.2 Application Fee

The IMO proposed to introduce the requirement for a Market Customer to pay an Application Fee when submitting a CDA.

The Rule Change Panel agrees with the IMO that the introduction of an Application Fee¹² for processing a CDA would provide for a more equitable recovery of the costs associated with processing the application, by recovering the costs from the causer and beneficiary of the application.

Alinta expressed the view that an Application Fee for submitting a CDA may not be required if the process for CDAs is sufficiently detailed and communicated effectively; but if an Application Fee is introduced, then it should only be payable if AEMO needs to request further information or clarify the information provided with a CDA.

In its response to the call for further submissions, Simcoa objected to the introduction of a fee for the processing of a CDA to obtain, in its view, a right of the Market Participant in providing a service to the market. Simcoa also opposed the idea that a Market Customer that wanted to put in a CDA for a Load that was both an Associated Load and a Load that is to be assessed for NTDL status, would have to pay two application fees, even if the CDAs affected the same Trading Intervals.

The Rule Change Panel notes that, under the current Market Rules, a Market Customer can choose how many CDAs it submits, and how often it resubmits a CDA that has been previously rejected. Subject to complying with the proposed relevant deadlines (see section 5.2.3 of this report), this will still be the case under the proposed Amending Rules. Therefore, the Market Customer has, and will continue to have, a direct influence on the costs it pays for the assessment of CDAs. The Rule Change Panel considers that imposing an Application Fee will incentivise the most economic use of CDAs as the participant in control of the costs will be exposed to the costs.

The Rule Change Panel notes that AEMO has confirmed that Market Customers are currently able to submit a CDA containing multiple events that affected the Load's consumption for multiple Trading Intervals, as long as they all relate to the same Load.¹³ AEMO has also confirmed that it has not identified any reasons against this practice continuing.

The Rule Change Panel agrees, in principle, with Simcoa that, for a Load that is both an Associated Load and a Load assessed for NTDL status (the Market Rules, and related systems, require separate CDAs to be submitted as they are separate calculations), only one Application Fee should apply. The Rule Change Panel considers that only one Application Fee should be payable where:

- AEMO has accepted a CDA;
- the same Market Customer submits a subsequent CDA in respect of the same Load;
- the maintenance event specified in the subsequent CDA is the same as the maintenance event specified in the earlier accepted CDA; and

¹² Under the Market Rules, Application Fees are required to be paid for applications referred to in clauses 2.33.1(a) (registration of a Rule Participant), 2.33.2(a) (de-registration of a Rule Participant), 2.33.3(a) (registration of a Facility), 2.33.4(a) (de-registration of a Facility), 2.33.5(a) (transfer of a Facility) and 4.9.3(c) (conditional certification for a further Reserve Capacity Cycle, or subsequent applications for Early Certified Reserve Capacity for a Facility for the same Reserve Capacity Cycle).

¹³ This is reflected in the current CDA Guideline for DSPs.

- all of the Trading Intervals affected by the maintenance event in the subsequent CDA were specified in the earlier accepted CDA.

Therefore, the Rule Change Panel proposes to further amend the proposed Amending Rules accordingly.

The Rule Change Panel considers that the introduction of an Application Fee will:

- allow for the efficient and equitable allocation of costs to the parties that cause the cost to be incurred (the Rule Change Panel also notes that those parties have the ability to manage the costs they pay);
- reduce the costs to Market Participants that do not directly benefit from a successful assessment; and
- provide an incentive for Market Customers to submit CDAs that are compliant with the Market Procedure; and may help to mitigate the number of non-compliant submissions that create additional work for AEMO, and result in additional costs.

Therefore, the Rule Change Panel supports the introduction of an Application Fee, except for CDAs where the reason for a deviation in the level of consumption is due to a request from System Management, as outlined in section 5.6.3 of this report.

The Rule Change Panel notes that AEMO is responsible for setting the level of the Application Fee for processing a CDA in accordance with clause 2.24.7 of the Market Rules. This clause requires that the level of each Application Fee:

- (a) must reflect the estimated average costs to AEMO of processing that type of application;
- (b) must be consistent with the Allowable Revenue approved by the Economic Regulation Authority; and
- (c) may be different for different classes of Rule Participant and different classes of facility.

A.3 Introduction of Deadlines for the Submission of CDAs

The Market Rules do not contain any deadlines by which CDAs must be submitted.

The Rule Change Proposal seeks to introduce deadlines by which CDAs must be submitted to ensure AEMO¹⁴ has sufficient time to assess the CDAs before the outcomes of the assessments are applied to other processes and calculations under the Market Rules.

EnerNOC (in its first submission) and Simcoa (in its response to the call for further submissions), both raised issues regarding the proposed introduction of deadlines for the submission of CDAs, including the particular proposed deadlines.

The Rule Change Panel considers that AEMO must be given sufficient time to assess CDAs before the outcome of the assessments are applied to other processes and calculations under the Market Rules, and that the introduction of deadlines is reasonable. Therefore, the Rule Change Panel agrees with the proposal to introduce deadlines by which CDAs must be submitted.

However, the Rule Change Panel notes that the Rule Change Proposal does not propose a deadline by which AEMO must assess a CDA. While the Market Rules contain an inherent deadline for AEMO to assess CDAs for NTDLs, the absence of a deadline for assessing CDAs relating to the calculation of a DSP's RD may result in unnecessary uncertainty for the

¹⁴ At the time the Rule Change Proposal was submitted, the IMO had the function to assess CDAs. This function was subsequently transferred to AEMO with the transfer of the market operator functions.

submitting Market Customer and could lead to adverse outcomes for the Market Customer. The Rule Change Panel considers that the introduction of a deadline for AEMO to assess CDAs relating to the calculation of a DSP's RD will increase certainty in the process for Market Customers.

The Rule Change Panel's assessment of the different deadlines in the proposed Amending Rules is provided in the remainder of this section.¹⁵

The deadlines are proposed to be different for CDAs relating to the calculation of a DSP's RD and CDAs relating to the assessment of a Load's NTDL status.

The Rule Change Panel supports the approach to assign different deadlines for the submission of CDAs relating to the calculation of a DSP's RD, and CDAs relating to the assessment of a Load's NTDL status on the basis that they are different processes with different timelines and occurrences under the Market Rules, and refer to different reference periods.

DSPs

The IMO proposed to set the deadline for the submission of CDAs relating to a DSP's RD to 31 October in the Capacity Year to which the RD applies.

RCP Support engaged with AEMO regarding the appropriateness of the suggested deadline. AEMO clarified that the proposed deadline will ensure that AEMO has enough time to assess the CDAs for the DSP's Verification Test that must be undertaken between 1 October and 30 November (section 4.25A of the Market Rules).

In its response to the call for further submissions, Simcoa expressed concerns that the Trading Intervals comprising the 200 Calendar Hours relevant to the calculation of a DSP's RD, are determined for each Trading Day and may be subject to change after 31 October based on updated meter data. Therefore, the proposed deadline may result in Market Customers choosing to prepare CDAs for all maintenance events during the full Capacity Year prior to the Capacity Year to which the RD applies, instead of only preparing CDAs for the Trading Intervals comprising the 200 Calendar Hours. The Rule Change Panel agrees with Simcoa that the uncertainty of the Trading Intervals comprising the 200 Calendar Hours and the proposed deadline for the submission of CDAs, may lead to additional administrative burden, including:

- Market Customers having to predict which Trading Intervals in the prior Capacity Year will be relevant over the full Capacity Year where they choose to only submit CDAs for those relevant Trading Intervals, and not wanting to risk missing any of the relevant Trading Intervals in its CDAs; and
- Market Customers may include Trading Intervals in a CDA that later turn out to be irrelevant for the calculation of RD.¹⁶

The Rule Change Panel notes that this issue is inherent in the current methodology for determining the RD for DSPs, and as Simcoa states in its response to the call for further submissions,¹⁷ this is an existing issue. The Rule Change Panel considers that this issue

¹⁵ Section 5.2.3 of the Draft Rule Change Report.

¹⁶ In its first submission, EnerNOC raised similar concerns. At the time of the submission, the calculation of RD was based on 32 Trading Intervals during the Hot Season of the previous Capacity Year. EnerNOC raised concerns that it was possible that the relevant 32 Trading Intervals could get revised after the deadline, leaving Market Customers no recourse to submit applications for any Trading Intervals that had not previously been part of the 32 Trading Intervals.

¹⁷ In its response to the CFFS, Simcoa states that:

could be addressed if the 200 Calendar Hours used for the calculation of RD were locked-in before the deadline for CDA submissions. However, this would constitute a change to the current methodology for determining the RD for DSPs which is outside of the scope of the Rule Change Proposal.

The Rule Change Panel notes that, by 31 October, a Market Customer will be aware of all maintenance events that occurred during the previous Capacity Year even though not all meter data for the relevant period is available. Therefore, a Market Customer could submit a CDA in respect of each of those maintenance events by the deadline.

The Rule Change Panel supports the proposal to introduce a deadline of 31 October of the Capacity Year to which the RD applies, as the date by which CDAs must be submitted to AEMO.

In its response to the call for further submissions, EnerNOC expressed concerns that the proposed deadline was not achievable for new Associated Loads that are enrolled after the deadline. The Rule Change Panel agrees with EnerNOC and proposes to introduce an additional deadline for submission of CDAs for new Associated Loads, namely 30 days after commencement of the association of the Associated Load with the relevant DSP. However, the Rule Change Panel proposes that the additional deadline will only apply for Loads that have not been associated with any other DSP registered with the relevant Market Customer during the relevant Capacity Year.

In its response to the call for further submissions Simcoa also asserted that introducing a deadline would lead to insufficient time being available for a Market Customer to resubmit a CDA if AEMO has rejected the CDA. The Rule Change Panel notes that its proposal to introduce a deadline for AEMO to assess a CDA relating to the calculation of a DSP's RD will address this issue to the extent possible, having regard to the uncertainty of the Trading Intervals comprising the relevant 200 Calendar Hours.

The Rule Change Panel notes that the Rule Change Proposal does not propose a deadline by which AEMO must assess a CDA. This may result in unnecessary uncertainty for the submitting Market Customer, and could lead to adverse outcomes for the Market Customer. For example, a Market Customer could submit a CDA long before the deadline for submissions, and AEMO could reject the CDA after the deadline leaving the Market Customer with no time to resubmit the CDA. Without a deadline on AEMO for assessing CDAs, Market customers will not know the date by which they will need to submit a CDA if they want it to be assessed by a particular date (e.g. before the proposed deadline or the start of the Capacity Year), and have the opportunity to resubmit the CDA before the applicable deadline if the CDA is rejected by AEMO. The Rule Change Panel considers that the introduction of a deadline for AEMO to assess CDAs relating to the calculation of a DSP's RD will increase certainty in the process for Market Customers, including that the CDA will be assessed by the time it needs to be for the outcome to be applied to other processes and calculations under the Market Rules.

"In the 2017/18 Capacity year, for example, 45 of the 200 hours occurred in the period 1 August through to 12 September. Simcoa, having been penalised the year before with the submission which resulted in a reduction in the Relevant Demand due to the submission not being approved prior to the issuance of Capacity Credits due to an extended period for the providing documentation to the satisfaction of AEMO, submitted a CDA 15/09/2018 for the period 1 October 2017 through to 1 August 2018. This was the last meter data Simcoa had received when the CDA preparation process commenced. AEMO published the Relevant Demand at a much-reduced level on 1st October, which became effective on 3rd October. The reason for the reduced level was that 45 of the top 200 hours had occurred in the period between when the CDA data was analysed and the end of September."

Therefore, for a CDA relating to the calculation of a DSP's RD, the Rule Change Panel proposes to introduce a deadline for AEMO to assess a CDA and decide to accept or reject it. The deadline is proposed to be 10 Business Days after AEMO receives a CDA. Further, the deadline is proposed to be reset if AEMO requests further information.

NTDLs

The IMO proposed to set the deadline for submitting CDAs relating to the assessment of a Load's NTDL status at the same time Market Customers are required to provide the identity of the Loads the Market Customer nominates as NTDLs to AEMO.

The Rule Change Panel notes that:

- the NTDL status of a Load is relevant for AEMO's monthly calculation of the Indicative Individual Reserve Capacity Requirement (Indicative IRCR);
- a Load's NTDL status may be assessed once at the start of the Capacity Year (for Loads that qualify for annual assessment), or monthly during the Capacity Year, depending on the NTDL status of the Load in the relevant previous months; and
- the different assessments are based on the meter data in different reference periods.

The IMO proposed different deadlines depending on the month for which the assessment is relevant. The IMO's proposed deadlines depend on the IRCR it relates to, and AEMO's deadline for calculating the relevant Indicative IRCR is outlined in Table 4.

Table 4: IMO's Proposed Timelines for CDA Submissions Related to NTDL Assessment and AEMO's Timeline for Calculating the Relevant Indicative IRCR

Relevant IRCR	AEMO's deadline for calculating the relevant Indicative IRCR	IMO's proposed deadline for relevant CDA submissions	Relevant reference period for meter data
October	10 Business Days before the start of October	20 August of the previous Capacity Year	November to July of the previous Capacity Year or July depending on NTDL status in previous months
Any month n but October	10 Business Days before the start of month n	25 Business Days before the start of month n	n-3.

The Rule Change Panel notes that the proposed deadlines are set at a time when the Market Customer will be aware of all maintenance events that occurred during the relevant reference period even though not all meter data for the relevant period may be available. However, a later deadline will not leave sufficient time for AEMO to assess the CDA before the calculation of the relevant Indicative IRCR, which would make the CDA submission futile.

The Rule Change Panel supports the introduction of the proposed deadlines for Market Customers to submit CDAs for the assessment of the NTDL status of a Load.

A.4 Minor, Administrative and Other Amendments

The IMO also proposed a number of minor amendments to improve the clarity and integrity of the Market Rules. The Rule Change Panel's assessment of the proposed minor amendments is provided in Table 5.

Table 5: Minor Amendments Proposed by the IMO and the Rule Change Panel's Assessment

Proposed Amendment	The Rule Change Panel's Assessment
<p>Introduce a new Glossary definition of 'Consumption Deviation Application' to clarify the meaning of the term, and use this term in the new and amended clauses to improve the clarity of the Market Rules.</p>	<p>The Rule Change Panel supports the inclusion of the defined term 'Consumption Deviation Application' and proposes further changes to the definition to reflect the proposed additional amendments described in section 5.2 of the Draft Rule Change Report.</p>
<p>Introduce new clauses 4.26.2CB and 4.28.9A of the Market Rules to clarify the requirements for the submission of CDAs in regard to the determination of RD for DSPs and a Load's NTDL status.</p>	<p>The Rule Change Panel agrees with the IMO's proposal and supports the introduction of clauses 4.26.2CB and 4.28.9A.</p>
<p>Move and clarify the description of a CDA from clause 4.26.2C(b)(iii) to new clauses 4.26.2CB and 4.26.2CC of the Market Rules in regards to the determination of RD and from Appendix 5A to new clauses 4.28.9A and 4.28.9C in regards to the determination of a Load's NTDL status to reflect the logical sequence of a CDA and the determination of RD and a Load's NTDL status.</p>	<p>Clause 4.26.2C has been deleted since the Rule Change Proposal was submitted. However, the proposed amendment to subclause 4.26.2C(b)(iii) now applies to Step 2(c) of Appendix 10.</p> <p>The Rule Change Panel agrees with the IMO's proposal and supports the further clarification of the description of CDAs in Step 2(c) of Appendix 10 in regard to RD; and to new clauses 4.28.9A and 4.28.9C in regard to the determination of a Load's NTDL status.</p>
<p>Improve the drafting in clauses 4.26.2C and 4.28.8.</p>	<p>Clause 4.26.2C has been deleted since the Rule Change Proposal was submitted. Therefore, the proposed amendments to this clause are no longer applicable, except for the proposed amendment to subclause 4.26.2C(b)(iii), which now applies to Step 2(c) of Appendix 10.</p> <p>The Rule Change Panel agrees with the IMO's proposal and supports the drafting improvements to Step 2(c) of Appendix 10 and clause 4.28.8.</p>

Proposed Amendment	The Rule Change Panel's Assessment
Amend clause 4.26.2CA to more clearly articulate which 32 Trading Intervals are used to determine RD.	Clause 4.26.2CA has changed since the Rule Change Proposal and the proposed amendments are no longer applicable.
Amend Appendix 5A (NTDL Load Requirements) to more clearly distinguish between a Load and a Load's consumption and to align the language with the proposed amendments in clause 4.28.8.	The Rule Change Panel agrees with the IMO's proposal and supports the proposed changes to Appendix 5A, and proposes further changes to Appendix 5A to ensure the amendments are consistent with the Amending Rules in RC_2017_06: Reduction of the prudential exposure in the Reserve Capacity Mechanism which commenced on 1 June 2019.
Correction of minor and typographical errors.	The Rule Change Panel agrees with the IMO's proposal and supports the correction of minor and typographical errors.

EnerNOC raised concerns that the proposed Amending Rules imply that there must be an actual drop in the Load to submit a CDA. EnerNOC expressed its opinion that a CDA should be allowed to be submitted for both an actual reduction in the Load, as well as a deviation from where the Load should be. For example, if maintenance occurred at the time when a plant typically commenced production, there will not be a reduction in the Load, instead the plant would be operating at a lower level than it normally would.

The Rule Change Panel agrees with EnerNOC that there could be circumstances where a deviation in the Load's consumption due to a maintenance activity does not result in a reduction in the level of the Load's consumption.

Therefore, the Rule Change Panel proposes additional changes to the proposed Amending Rules to address this issue.

The Rule Change Panel notes that one of the permitted reasons for a deviation in the level of consumption of a Load is due to a Dispatch Instruction received by the Market Customer from System Management. However, System Management may issue other requests under the Market Rules. For example, System Management may issue an Operating Instruction for a Reserve Capacity Test of a DSP.

Therefore, the Rule Change Panel proposes to make additional changes to the proposed Amending Rules to address this issue.

The Rule Change Panel notes that proposed new clauses 4.26.2CB(a)(ii) and 4.28.9A(b) in the original proposed Amending Rules refer to the reasons for deviations in the level of consumption of a Load needing to be "solely attributable" to one, or more, of the reasons specified in those clauses. The Rule Change Panel considers that the intent of the Rule Change Proposal was to specify in those clauses the allowable reasons for a deviation in the level of consumption of a Load. Therefore, to remove any potential ambiguity and improve the clarity of the drafting, the Rule Change Panel proposes to amend those clauses to refer to deviations in the level of consumption of a Load being "due" to one, or more, of the reasons specified in those clauses. The Rule Change Panel notes that these amendments are also consistent with the terminology used in Step 2(c) of Appendix 10 (in the case of

proposed new clause 4.26.2CB(a)(ii)), and Steps 1(b)(iii), 2(b)(iii) and 3(b)(iii) (in the case of proposed new clause 4.28.9A(b)) of the current Market Rules which refer to deviations in the level of consumption of a Load being “due” to one of the reasons specified in those clauses. AEMO has no objections to removing the word “solely” and considers the amendment is consistent with the intent of the proposed new clauses.

Appendix B. Responses to Submissions Received in the Second Submission Period

Issue	Submitter	Comment/Issue Raised	Rule Change Panel's Response
1	AEMO	<p>AEMO has revised its previous view and believes that the requirement in Step 2(c) of Appendix 10 for a Market Customer to provide information on System Management requests to AEMO must remain in place, due to the manner in which DSPs are dispatched.</p> <p>AEMO has stated that because DSPs are dispatched at a Facility level, it does not have visibility of which Associated Load reduced its consumption to comply with the Dispatch Instruction (except in the instance where there is only one Load associated with the DSP).</p> <p>AEMO has stated that if the Relevant Demand calculation is to continue to use AEMO's estimate for Trading Intervals during which a Load was subject to dispatch, Step 2(c) of Appendix 10 must remain as currently drafted in the Market Rules. This will enable Market Customers undertaking the CDA process to advise AEMO of any Trading Intervals where an Associated Load's consumption was reduced at the request of System Management and, therefore, have this reflected in its Relevant Demand.</p>	Please refer to section 7.2.2 of this report.
2	AEMO	<p>As a consequence of the requirement in Step 2(c) of Appendix 10 for a Market Customer to provide information on System Management requests to AEMO not in fact being a manifest error, AEMO has proposed that new clause 4.26.2CC(b) be amended to enable an Application Fee to be charged.</p>	The Rule Change Panel notes that proposed new clause 4.26.2CC has been amended to specify that an Application Fee will be payable, but only where AEMO needs to clarify or request further information from a Market Customer regarding a CDA in accordance with

			proposed new clause 4.26.2CF. Please refer to section 7.2.1 of this report.
3	AEMO	<p>AEMO considers that proposed new clauses 4.26.2CF and 4.28.9F can only be applied to a CDA with a single maintenance event, or where there are multiple events but they are all captured in both CDAs, and does not appropriately cater for CDAs with multiple maintenance events that are not identical across both CDAs. AEMO has outlined the issue in the context of proposed new clause 4.26.2CF, and has requested both clauses be amended to clarify the position.</p> <p>AEMO has sought clarification on how these clauses apply in the following examples.</p> <p>Assume Load X has 2 maintenance events; Event A and Event B.</p> <p>Example 1: How do the fee or fees apply to Load X for the Non-Temperature Dependent Load (NTDL) CDA if the submissions below are made in the following order:</p> <ul style="list-style-type: none"> - Relevant Demand (RD) CDA for load X containing Event A and B - NTDL CDA (4.28.9A) for load X containing Event B <p>Example 2: How do the fee or fees apply to Load X for the NTDL CDA if the submissions below are made in the following order: `</p> <ul style="list-style-type: none"> - RD CDA for Load X containing Event A - NTDL CDA for load X containing Event A and B 	<p>The Rule Change Panel’s intent with respect to proposed new clauses 4.26.2CF and 4.28.9F was, for a Load that is both an Associated Load and a Load assessed for NTDL status, to preclude AEMO from recovering its costs of processing a subsequent CDA insofar as, and to the extent that, the subsequent CDA contained a maintenance event affecting Trading Intervals for the Load that had already been assessed and accepted by AEMO under an earlier CDA.</p> <p>In the two examples outlined by AEMO, the Rule Change Panel’s intent was to preclude AEMO from recovering its costs of undertaking the assessment of the following events in the subsequent NTDL CDAs:</p> <ul style="list-style-type: none"> • in the first example, Event B; and • in the second example, Event A. <p>This is because those events were already assessed by AEMO under the earlier RD CDA that would have already attracted an Application Fee.</p> <p>However, for the reasons discussed in section 7.2.1 of this report, the Rule Change Panel no longer intends to introduce proposed new clauses 4.26.2CF and 4.28.9F.</p>

Appendix C. Extract of the Manifest Error Determination in the Draft Rule Change Report

The Rule Change Panel considers that the obligation in Step 2(c) of Appendix 10 of the current Market Rules, which requires a Market Customer to provide evidence satisfactory to AEMO that the Associated Load was operating at below capacity due to its consumption being reduced at the request of System Management, is a manifest error and should be deleted from the Market Rules. The Rule Change Panel considers the obligation should have been deleted when System Management's functions were conferred on AEMO.

AEMO has confirmed that it cannot identify any practical reason why the obligation on a Market Customer to provide information on System Management requests to AEMO should be retained. However, AEMO has advised that:

- it cannot implement the system changes that would enable the obligation to be removed from the Market Rules for a considerable length of time due to other higher priority work;
- it will be evaluating the required system changes at a high level shortly and is not able to provide an indicative implementation date for the required system changes at this time; and
- implementing a work-around in this instance, namely where AEMO manually calculates the RD of a DSP each Trading Day, would result in significant costs, be resource intensive, and be prone to error.

Therefore, the Rule Change Panel does not intend to amend the proposed Amending Rules to delete the relevant obligation, which would remove the manifest error, or delay this Rule Change Proposal, for the following reasons:

- the inconvenience and cost to Market Customers to continue to comply with the relevant obligation (which is likely to be limited to submitting a CDA (or submitting it as part of another CDA) when the Load is performing a Reserve Capacity Test) until the required system changes are implemented are unlikely to outweigh the costs and the risks of AEMO implementing a manual work-around;
- the Rule Change Proposal, as proposed to be amended in section 7 of this report, will deliver benefits to the market so it should be commenced as soon as it is able to be commenced; and
- the Rule Change Panel is not able to specify a commencement date for the Amending Rules, or stage the commencement of particular Amending Rules, in the absence of AEMO confirming an implementation date for the required system changes.

The Rule Change Panel intends to develop a Rule Change Proposal to remove the manifest error when AEMO is in a position to implement the required system changes.

As part of the overall amendments to streamline the processes of CDAs in the proposed Amending Rules, the relevant obligation at Step 2(c) of Appendix 10 of the Market Rules is proposed to be moved to new clause 4.26.2CB of the proposed Amending Rules.

Appendix D. Summary of Amendments to the Proposed Amending Rules

Part A: Drafting Updates to Reflect Changes to the Market Rules since the Formal Submission of the Rule Change Proposal

The Rule Change Panel has made the following changes to the proposed Amending Rules in the Rule Change Proposal to reflect the changes made to the Market Rules since the publication of the Rule Change Proposal.

Market Rule	Description of Change
2.24.1	Removed the full stop before “CB” in the reference to clause 4.26.2CB(b).
4.28.8, 4.28.8C(a), 4.28.9C and Appendix 5A	Amended to reflect the changes in RC_2017_06.
4.26.2C	This clause has been deleted since the Rule Change Proposal was submitted. Except for the proposed amendment to clause 4.26.2C(b)(iii), the proposed amendments to this clause are no longer applicable. The proposed amendment to clause 4.26.2C(b)(iii) has been moved to step 2(c) of Appendix 10.
4.26.2CA	This clause has been amended since the Rule Change Proposal was submitted, including further amendments to the clause by RC_2017_06. The proposed amendments to the clause are no longer applicable.
4.26.2CB	Amended to: <ul style="list-style-type: none"> reflect the transfer of the matters dealt with in deleted clause 4.26.2C to clause 4.26.2CA and Appendix 10 (i.e. the calculation of the value of RD for a DSP); and correct an oversight in the initial proposed Amending Rules in that a Market Customer should be able to submit a CDA in any Trading Interval in the previous Capacity Year.
4.26.2CD	Amended to reflect the transfer of the matters dealt with in deleted clause 4.26.2C to clause 4.26.2CA and Appendix 10 (i.e. the calculation of the value of RD for a DSP).
4.28.8(a)	Amended for consistency with the changes in RC_2017_06.
4.28.8C(a)	Amended for consistency with clause 4.28.8(a) and steps 1 and 2 of Appendix 5A of the proposed Amending Rules.

Market Rule	Description of Change
4.28.9A	Amended to reflect the introduction of clause 4.28.8C(a) by RC_2017_06.
4.28.9C	<p>Amended to reflect:</p> <ul style="list-style-type: none"> • the replacement of the concepts of initial and updated Individual Reserve Capacity Requirement with the concept of a monthly Individual Reserve Capacity Requirement in RC_2017_06; and • the timing for AEMO to publish the Indicative Individual Reserve Capacity Requirement for each Market Customer in RC_2017_06.
Appendix 5A	<p>Amended to:</p> <ul style="list-style-type: none"> • reflect the changes to the Appendix in RC_2017_06; • make drafting changes to the first bullet point in steps 1 and 2 to ensure the proposed amendments are consistent with RC_2017_06; • make drafting changes to paragraphs (a) and (b) in step 3 to ensure the two paragraphs are consistent with each other and to address a grammatical oversight; • mark up the comma after “n-3” in the last line of the first paragraph in step 3(b); and • remove the proposed amendments to replace the numeral “4” with the word “four” in the phrase “4 Peak SWIS Trading Intervals” in each place it appeared in Appendix 5A for consistency with the changes in RC_2017_06.
Appendix 10	Amended to reflect the proposed amendments to deleted clause 4.26.2C(b)(iii), which now apply to step 2(c) of Appendix 10.
Glossary definition – Consumption Deviation Application	Amended to correct a grammatical error.
Multiple clauses and Glossary definitions	Amended to reflect the transfer of functions from the IMO to AEMO.

Part B: Amendments following the Further Submission Period

Following the further submission period, the Rule Change Panel has made the following changes to the proposed Amending Rules in the Rule Change Proposal.

Market Rule	Description of Change
4.26.2CB(a)(i) and (ii), 4.26.2CE(e), 4.28.9A, Glossary definition of 'Consumption Deviation Application', Step 2(c) of Appendix 10	Amended to reflect that a deviation in the level of consumption of a Load may not only result in a reduction in the level of consumption.
4.26.2CB(a)(ii)(1)	Amended to reflect that instructions from System Management are not limited to Dispatch Instructions. For example, System Management may issue an Operating Instruction for a Reserve Capacity Test of a DSP.
4.28.9B	Amended to clarify that an Application Fee is payable to cover the costs of processing a CDA submitted under clause 4.28.9A.
4.26.2CB	Amended as a result of changes to clauses 4.26.CC and 4.26.2CH.
4.26.2CC	Introduced proposed new clause to clarify when a Market Customer is required to pay an Application Fee for a CDA submitted under clause 4.26.2CB(a). A consequential change has been made to clause 4.26.2CB (to delete original proposed subclause (b)).
4.26.2CB(a)(ii), 4.28.9A(b)	Amended to refer to deviations in the level of consumption of a Load being "due" to one or more of the reasons specified in those clauses.
4.26.2CD(a)	Amended as a result of changes to clauses 4.26.CI.
4.26.2CF, 4.28.9F	Introduced proposed new clauses to clarify when an Application Fee for a CDA that relates to a DSP and a NTDL is not payable.
4.26.2CG, 4.28.9G	To give AEMO the power to request clarification or further information regarding a CDA.

Market Rule	Description of Change
4.26.2CH	Introduced proposed new clause to require AEMO to process a CDA relating to the calculation of a DSP's RD within 10 Business Days of receiving it. A consequential amendment has also been made to clause 4.26.2CB(b) (to make that clause subject to the assessment deadline in clause 4.26.2CH).
4.26.2CI	Introduced proposed new clause to introduce a deadline for submitting a CDA following the association of a Load to a DSP. A consequential amendment has also been made to clause 4.26.2CD(a) (to make that clause subject to clause 4.26.2CI).
4.28.9D	Amended to specify the time by which a CDA submitted under clause 4.28.9A is to be assessed.
Steps 1(b)(ii), 2(b)(ii) and 3(b)(ii) of Appendix 5A	Amended to reinstate each reference to consumption of a Load being reduced at the request of System Management, to correct an oversight in the initial proposed Amending Rules.
Multiple clauses	Amended to update the reference to other clauses, and to clarify and improve the drafting, including for consistency with the drafting approach in other proposed Amending Rules.

Appendix E. Further Amendments to the Proposed Amending Rules

The Rule Change Panel made some amendments to the proposed Amending Rules following the end of the second submission period. These changes are as follows (~~deleted text~~, added text):

...

2.24.1. The fees charged by AEMO are:

...

- (b) Application Fees described in clauses 2.33.1(a), 2.33.2(a), 2.33.3(a), 2.33.4(a), 2.33.5(a), 4.9.3(c), ~~4.26.2CB(b)~~ 4.26.2CC and 4.28.9B; and

...

...

4.26.2CB. For the purposes of step 2(c) of Appendix 10:

- (a) a Market Customer may submit a Consumption Deviation Application to AEMO in accordance with the Market Procedure referred to in clause 4.26.2CE, in respect of an Associated Load for the previous Capacity Year, if:
 - i. the level of consumption of the Associated Load was affected in a Trading Interval; and
 - ii. the Market Customer considers that the deviation in the level of consumption was due to:
 - 1. a request received from System Management; or
 - 2. a maintenance event; and
- (b) AEMO must accept or reject a Consumption Deviation Application submitted under clause 4.26.2CB(a) by the time specified in clause 4.26.2CHG.

...

~~4.26.2CC. An Application Fee is:~~

- ~~(a) subject to clause 4.26.2CF, payable by a Market Customer to cover the cost of processing a Consumption Deviation Application submitted under clause 4.26.2CB(a) where the reason specified in the Consumption Deviation Application for a deviation in the level of consumption of the Associated Load was due to a maintenance event; and~~
- ~~(b) not payable by a Market Customer for a Consumption Deviation Application submitted under clause 4.26.2CB(a) where the reason specified in the Consumption Deviation Application for a deviation in the level of consumption was due to a request from System Management.~~

4.26.2CC. AEMO may charge an Application Fee to cover its costs of requesting clarification or further information of any aspect of a Consumption Deviation Application in accordance with clause 4.26.2CF.

4.26.2CD. A Consumption Deviation Application submitted under clause 4.26.2CB(a) must:

- (a) subject to clause 4.26.2CH, be submitted as soon as practicable but, in any event, on or before 31 October in the Capacity Year to which the Relevant Demand applies; and
- (b) contain, or be accompanied by, the information specified in the Market Procedure referred to in clause 4.26.2CE.

...

4.26.2CF. Where:

- ~~(a) AEMO has accepted a Consumption Deviation Application submitted under clause 4.28.9A in accordance with the Market Procedure referred to in clause 4.28.9E; and~~
- ~~(b) the same Market Customer submits a Consumption Deviation Application in respect of the same Load in accordance with clause 4.26.2CB(a);~~
~~then, an Application Fee is not payable in respect of the subsequent Consumption Deviation Application submitted under clause 4.26.2CB(a) provided that:~~
- ~~(c) the maintenance event specified in the subsequent Consumption Deviation Application is the same as a maintenance event specified in an earlier Consumption Deviation Application accepted by AEMO; and~~
- ~~(d) all of the Trading Intervals affected by the maintenance event specified in the subsequent Consumption Deviation Application were specified in that earlier Consumption Deviation Application.~~

4.26.2CGF. If it considers it reasonably necessary to assess the Consumption Deviation Application, AEMO may request clarification or further information of any aspect of the Consumption Deviation Application submitted under clause 4.26.2CB(a). Any clarification or information received is deemed to be part of the Consumption Deviation Application.

4.26.2CHG. AEMO must accept or reject a Consumption Deviation Application submitted by a Market Customer in accordance with clause 4.26.2CB(a) within 10 Business Days of the later of:

- (a) receipt of the Consumption Deviation Application; and
- (b) receipt of any clarification or information provided under clause 4.26.2CGF.

4.26.2CHI. A Consumption Deviation Application for a Load that was first associated with a Demand Side Programme under clause 2.29.5G, for the Market Customer submitting the Consumption Deviation Application, after the date and time referred to in clause 4.26.2CD, must be submitted on or before the date which is 30 days from commencement of the Association Period for that Associated Load.

...

4.28.9A. A Market Customer may submit a Consumption Deviation Application to AEMO in accordance with the Market Procedure referred to in clause 4.28.9FE, in respect of a Load that it has nominated as a Non-Temperature Dependent Load under clause 4.28.8(a) or clause 4.28.8C(a) and a Trading Interval, if:

- (a) the level of consumption of the Load was affected in the Trading Interval; and
- (b) the Market Customer considers that the deviation in the level of consumption was due to:
 - i. the Trading Interval falling on a Trading Day that is not a Business Day; or
 - ii. a maintenance event.

~~4.28.9B. Subject to clause 4.28.9F, a Market Customer must pay an Application Fee for a Consumption Deviation Application submitted under clause 4.28.9A to cover the cost of processing the application.~~

4.28.9B. AEMO may charge an Application Fee to cover its costs of requesting clarification or further information of any aspect of a Consumption Deviation Application in accordance with clause 4.28.9F.

...

4.28.9F. Where:

- ~~(a) AEMO has accepted a Consumption Deviation Application submitted under clause 4.26.2CB(a) in accordance with the Market Procedure referred to in clause 4.26.2CE; and~~
- ~~(b) the same Market Customer subsequently submits a Consumption Deviation Application in respect of the same Load in accordance with clause 4.28.9A, then, an Application Fee is not payable in respect of the subsequent Consumption Deviation Application submitted under clause 4.28.9A provided that:~~
- ~~(c) the maintenance event specified in the subsequent Consumption Deviation Application is the same as a maintenance event specified in an earlier Consumption Deviation Application accepted by AEMO; and~~
- ~~(d) all of the Trading Intervals affected by the maintenance event specified in the subsequent Consumption Deviation Application were specified in that earlier Consumption Deviation Application.~~

4.28.9GF. If it considers it reasonably necessary to assess the Consumption Deviation Application, AEMO may request clarification or further information of any aspect of the Consumption Deviation Application submitted under clause 4.28.9A. Any clarification or information received is deemed to be part of the Consumption Deviation Application.

...

Appendix 5A: Non-Temperature Dependent Load Requirements

...

Step 1:

...

- (b) the metered consumption for the Load did not deviate downwards from the median value in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of Trading Month n-11 to the end of Trading Month n-3, except during Trading Intervals for which:
 - i. the metered consumption was 0 MWh; or
 - ii. consumption was reduced at the request of System Management; or
 - iii. AEMO has accepted a Consumption Deviation Application for the Load under clause 4.28.9D.

...

Appendix 10: Relevant Demand Determination

...

Step 2

...

- (c) if AEMO has accepted a Consumption Deviation Application for the Associated Load under clause 4.26.2CB(b), AEMO's estimate of what the consumption of the Associated Load would have been if it had not been affected.

...

...