

**Final Rule Change Report:
Change the Publication Date for Relevant Level
Information (RC_2017_03)**

Fast Track Rule Change Process

30 May 2017

Executive Summary

On 1 May 2017, the Australian Energy Market Operator (AEMO) submitted a Rule Change Proposal seeking to address a manifest error in Appendix 9 of the Market Rules regarding the publication date for information related to the Relevant Level Methodology.

The Rule Change Panel progressed the proposal using the Fast Track Rule Change Process and received two submissions (from Synergy and Alinta Energy) during the consultation period. Both submissions were generally supportive of the proposed Amending Rules, but requested further amendments to place an explicit obligation on AEMO to publish provisional information in addition to final values.

Both submissions indicated that provisional information will assist Market Participants in their decision making processes. Given this advice and confirmation of AEMO's ability to publish the information, the Rule Change Panel considers an explicit obligation in the Market Rules is preferable as it provides certainty to Market Participants about the timely availability of the information.

The Rule Change Panel has therefore made additional changes to the Amending Rules to include this obligation on AEMO. The Rule Change Panel has also made further changes to clarify that the final values are to be published after the closure of the window for certification applications, regardless of whether the window is extended or modified by AEMO.

The Rule Change Panel considers that the proposed amendments, as modified after the consultation period, correct a manifest error in the Market Rules and are consistent with the Wholesale Market Objectives.

The Rule Change Panel has not identified any costs or practicality issues associated with the implementation of this proposal.

The Rule Change Panel's decision is to accept the Rule Change Proposal as modified following the consultation period. The Amending Rules will commence at **8:00am on 31 May 2017**.

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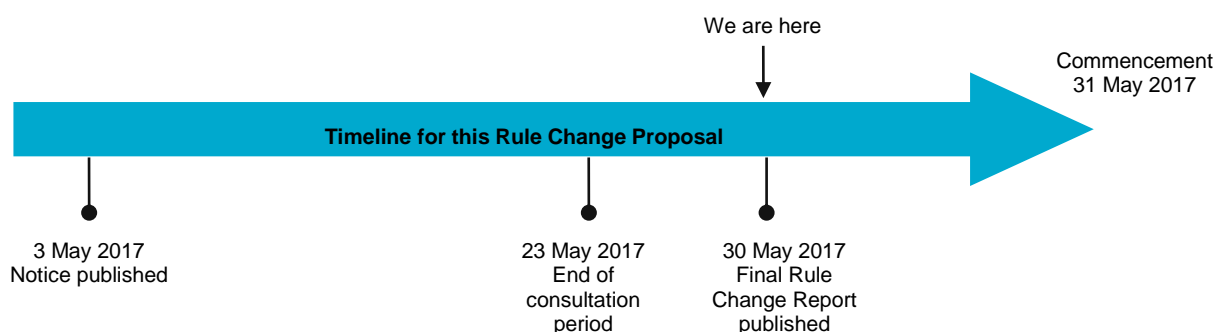
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1. Rule Change Process and Timeline

On 1 May 2017 the Australian Energy Market Operator (AEMO) submitted a Rule Change Proposal seeking amendments to Appendix 9 of the Market Rules.

This proposal is being processed using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules.

The timelines for progressing this proposal are:



The Rule Change Panel's final decision is to accept the Rule Change Proposal as modified following the consultation period. The detailed reasons for the Rule Change Panel's decision are set out in section 5 of this report.

All documents related to this Rule Change Proposal can be found on the Rule Change Panel's website: <https://www.erawa.com.au/rule-change-panel>.

2. Proposed Amendments

2.1 The Rule Change Proposal

AEMO's Rule Change Proposal seeks to address a manifest error in the Market Rules.

Under step 19 of Appendix 9 of the Market Rules AEMO must publish specific information related to the Relevant Level Methodology by 1 June of Year 1 of the relevant Reserve Capacity Cycle. One of the key input factors used to determine this information – "the total sent out generation of all Candidate Facilities" – cannot be determined until the close of the application window for Certified Reserve Capacity (which under clause 4.1.11 of the Market Rules is on the last Business Day on or before 1 July of the same year). This is because the final list of Candidate Facilities is not available before this time.

AEMO proposed to amend the Market Rules to change the publication deadline to be three Business Days after the close of the application window for Certified Reserve Capacity.

For full details of the Rule Change Proposal please refer to the Rule Change Panel's website: <https://www.erawa.com.au/rule-change-panel>.

2.2 The Rule Change Panel's Initial Assessment of the Proposal

The Rule Change Panel decided to progress the Rule Change Proposal on the basis that its preliminary assessment indicated that the proposal is consistent with the Wholesale Market Objectives.

The Rule Change Panel decided to progress the Rule Change Proposal using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules, on the grounds that the proposed changes are required to correct a manifest error and therefore the proposal satisfies the criterion in clause 2.5.9(b) of the Market Rules.

2.5.9. *The Rule Change Panel may subject a Rule Change Proposal to the Fast Track Rule Change Process if, in its opinion, the Rule Change Proposal:*

- (a) *is of a minor or procedural nature; or*
- (b) *is required to correct a manifest error; or*
- (c) *is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.*

3. Consultation

3.1 The Market Advisory Committee

The Rule Change Panel advised members of the Market Advisory Committee (MAC) by email of the publication of the Rule Change Proposal and its progression under the Fast Track Rule Change Process. No comments on the proposal were received from MAC members.

3.2 Submissions Received During the Consultation Period

The consultation period for this Rule Change Proposal was held between 3 May 2017 and 23 May 2017.

Two stakeholders, Synergy and Alinta Energy, requested to be consulted on the Rule Change Proposal and subsequently provided written submissions to the Rule Change Panel.

Both submissions:

- generally supported the proposed changes;
- expressed the view that the information currently published under step 19 of Appendix 9 of the Market Rules is important information for Market Participants when applying for certification; and
- requested additional amendments to place an obligation on AEMO to publish provisional values of the information before the closure of the window for certification applications¹.

Synergy included drafting for its proposed additional amendments in its submission. Synergy also noted that it considered the publication of draft values before the closure of the window for certification applications more important than the publication of final values after the closure of the window.

¹ In its Rule Change Proposal, AEMO indicated its intention to publish provisional values of the information by 1 June.

Copies of the submissions in full are available on the Rule Change Panel's website:
<https://www.erawa.com.au/rule-change-panel>.

3.3 The Rule Change Panel's Response to Submissions Received in the Consultation Period

The two submissions indicate that the publication of provisional information before the closure of the window for certification applications will assist Market Participants in making decisions relating to their applications.

Based on this advice and confirmation of AEMO's ability to publish provisional information, the Rule Change Panel agrees with Synergy and Alinta Energy that an explicit obligation in the Market Rules is preferable, as it provides certainty to Market Participants about the timely availability of the information. The Rule Change Panel has therefore made additional changes to the proposed Amending Rules to include an obligation on AEMO to publish provisional values by 1 June.

3.4 Public Forums and Workshops

No public forums or workshops were held in regard to this Rule Change Proposal.

4. The Rule Change Panel's Final Assessment

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 of the Market Rules. Clause 2.4.2 outlines 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".

Additionally, clause 2.4.3 states, when deciding whether to make Amending Rules, the Rule Change Panel must have regard to the following:

- any applicable statement of policy principles the Minister has issued to the Rule Change Panel under clause 2.5.2 of the Market Rules;
- 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.

The Rule Change Panel notes that there has not been any applicable statement of policy principles from the Minister in respect of this Rule Change Proposal nor has it commissioned a technical review in respect of this Rule Change Proposal.

A summary of the views expressed in submissions is available in section 3 of this report. The MAC did not provide any comments on the Rule Change Proposal.

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

4.1 Additional Amendments to the Amending Rules

Following the consultation period the Rule Change Panel made some additional changes to the proposed Amending Rules to include an obligation on AEMO to publish provisional values of the information currently published under step 19 of Appendix 9 of the Market Rules. The changes are based on Synergy's suggested drafting, but have been slightly altered to further emphasise that the forecast values published by 1 June are provisional and may differ from the final values identified after the closure of the window for certification applications.

The Rule Change Panel has also made additional changes to clarify that the final values are to be published after the closure of the window for certification applications, regardless of whether the window is extended or modified by AEMO.

The additional changes (marked up against the proposed Amending Rules) are shown below (~~deleted text~~, added text):

Appendix 9: Relevant Level Determination

...

Step 19: Publish on the Market Web Site by 1 June of Year 1 of ~~within three Business Days after the date specified in clause 4.1.11 for the relevant Reserve Capacity Cycle~~ on a provisional basis:

- (a) a forecast of the Trading Intervals that may be identified in step 8; and
- (b) a forecast of the Existing Facility Load for Scheduled Generation quantities that may be determined in step 7.

Step 20: Publish on the Market Web Site within three Business Days after the date specified in clause 4.1.11 (as modified or extended) for the relevant Reserve Capacity Cycle:

- (a) the Trading Intervals identified in step 8; and
- (b) the Existing Facility Load for Scheduled Generation quantities determined in step 7.

4.2 Wholesale Market Objectives

The Rule Change Panel considers that the proposed amendments will correct a manifest error in the Market Rules and are consistent with the Wholesale Market Objectives.

4.3 Practicality and Cost of Implementation

4.3.1 Cost

AEMO has not identified any additional costs arising from the implementation of the proposed amendments, including the modifications made after the consultation period.

The proposed amendments will not result in any additional costs for Market Participants.

4.3.2 Practicality

The Rule Change Panel has not identified any issues with the practicality of implementing the proposed changes.

5. The Rule Change Panel's Decision

The Rule Change Panel's final decision is to accept the Rule Change Proposal as modified following the consultation period.

5.1 Reasons for the Rule Change Panel's Decision

The Rule Change Panel has made its decision on the basis that the Amending Rules:

- correct a manifest error in the Market Rules;
- are consistent with the Wholesale Market Objectives;
- have the support of submissions received; and
- create no cost or practicality issues.

Additional detail outlining the analysis behind the Rule Change Panel's decision is outlined in section 4 of this Final Rule Change Report.

6. Amending Rules

6.1 Commencement

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at 8:00am on 31 May 2017.

6.2 Amending Rules

The Rule Change Panel has determined to implement the following Amending Rules (~~deleted text~~, added text):

Appendix 9: Relevant Level Determination

...

Step 19: Publish on the Market Web Site by 1 June of Year 1 of the relevant Reserve Capacity Cycle on a provisional basis:

- (a) a forecast of the Trading Intervals that may be identified in step 8; and
- (b) a forecast of the Existing Facility Load for Scheduled Generation quantities that may be determined in step 7.

Step 20: Publish on the Market Web Site within three Business Days after the date specified in clause 4.1.11 (as modified or extended) for the relevant Reserve Capacity Cycle:

- (a) the Trading Intervals identified in step 8; and
- (b) the Existing Facility Load for Scheduled Generation quantities determined in step 7.