

## Market Rules Design Review Development Pathway Decision: Approval and Timeframe

### Development pathway decision: Approval Framework

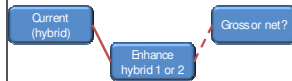
#### Pathway 1: Enhance Hybrid



- IMO: Consult with Minister on major initiatives that:
  - Amount to a major initiative; or
  - Likely to be of significant public interest (reg.24 IMO regulations)
- MAC on behalf of Industry: pathway decision for A1 or A2
- Minister: Amended Operational Plan/Budget approval – will impact 2011/12 Market Fees.
  - A1: Detailed design can be accommodated within current budget (subject to Ministerial approval)
  - A2: Amended Operational Plan required prior to detailed design phase
- Rule Change Process:
  - IMO Board Approval (must be consistent with WMO, with regard to views from MAC/ submissions/ practicality & cost of implementation/ any applicable policy direction & any technical studies)
  - Minister's Approval (protected provisions)

## Development pathway decision: Approval

### Pathway 2: Enhance hybrid as stepping stone towards mature design



- IMO: Consult with Minister on major initiatives that:
  - Amount to a major initiative; or
  - Likely to be of significant public interest (reg.24 IMO regulations)
- MAC on behalf of Industry: pathway decision to enhance hybrid as a stepping stone towards mature design
- Minister: Amended Operational Plan/Budget approval for stepping stone (A1 or A2) – will impact 2011/12 Market Fees.
  - A1: Detailed design can be accommodated within current budget (subject to Ministerial approval)
  - A2: Amended Operational Plan required prior to detailed design phase
- ERA approval: Declared Market Project for options B/C, if project involves:
  - Major change to IMO or SM functions or major change to software and systems required to perform functions; and
  - Cost estimate to implement exceeds either IMO's or SM's Allowable Revenue by 15%
- Rule Change Process:
  - IMO Board Approval (must be consistent with WMO, with regard to views from MAC/ submissions/ practicality & cost of implementation/ any applicable policy direction & any technical studies)
  - Minister's Approval (protected provisions)

Page 3

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## Development pathway decision: Approval Framework

### Pathway 3: Straight to mature design



- IMO: Consult with Minister on major initiatives that:
  - Amount to a major initiative; or
  - Likely to be of significant public interest (reg.24 IMO regulations)
- MAC on behalf of Industry: pathway decision to develop mature design (options B/C)
- ERA: Declared Market Project for options B/C, if project involves:
  - Major change to IMO or SM functions or major change to software and systems required to perform functions; and
  - Cost estimate to implement exceeds either IMO's or SM's Allowable Revenue by 15%
- Rule Change Process:
  - IMO Board Approval (must be consistent with WMO, with regard to views from MAC/ submissions/ practicality & cost of implementation/ any applicable policy direction & any technical studies)
  - Minister's Approval (protected provisions)

Page 4

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## Development pathway decision: Approval Framework

Work still underway:

### – ACCC approval:

- In 2006 the ACCC granted immunity (for 15 years) from prosecution for conduct under the Market Rules that might otherwise be considered to be anti-competitive under the TPA (sections 45 and 47).
- Will ACCC approval need to be sought for any of the options under consideration?
- This decision likely to come after the detailed design phase.

### – Requirement for an Australian Financial Services Licence:

- To what extent do any of the options under consideration require an Australian Financial Services licence?

### – Any changes required to other Regulatory instruments?



Market Design Review: Timeframe Framework																
				May-10			Jun-10			Jul-10						
Week ending				7/5	14/5	21/5	28/5	4/6	11/6	18/6	25/6	2/7	9/7	16/7	23/7	30/7
MAC meeting Dates							12th			16th			7th			
High Level Design																
May MAC meeting:							X									
Level 1: Balancing Support Contracts							X									
Approval Framework							X									
Timeframe framework							X									
Workshop washup							X									
Answers to workshop questions								X								
MAC members request for information								X								
MRDT meeting										X						
Development of Level 1 costings										X						
Develop concept paper v3 (Incl detail on BSC and Level 1 costings)										X						
MRDT meeting										X						
Papers to MAC											X					
June MAC meeting											X					
MAC to consider and provide comments											X	X				
MRDT to provide information requested by MAC											X	X				
Pricing Review level 1 (Issues in STEM/MCAP Pricing)											X	X				
Incentives review level 1 (Incl UDAP/DDAP and RC refunds)											X	X				
MRDT meeting											X					
MRDT meeting													X			
Papers to MAC													X			
July MAC meeting (Pathway discussion/decision)														X		
Level 2 Design																
Design commence																
Timing (Market) development																
Pricing development																
Incentive development																
Costing Development																
Benefits assessment																
Design paper development																
Papers to MAC (incl level 2 assessment)																
MAC meeting (including MAC endorsement decision, see note 1)																
Rule Drafting																
See note 2																
Formal Rule Change Process																

Notes:

1. MAC will need to sign off on a design option and some of the critical design aspects. For Options A2, B, or C this will also be the trigger for issuing a tender for the development of IT systems.
2. This will need to begin prior to a formal decision on design. The rule drafting and change process will take around 3 months and the formal submission and approval process has been allocated 5 months.

