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## Wholesale Electricity Market – Rule Change Proposal Submission Form

### RC\_2007\_07 DISCRETION OF IMO TO DECIDE WHETHER TO ISSUE A WARNING

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#### Submitted by

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#### Submission

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#### 1. Please provide your views on the proposal, including any objections or suggested revisions

##### Background

The IMO believes that the current mandatory requirements to issue a warning for breach of rules may be inappropriate where the event is minor or has already been corrected by the time the IMO becomes aware of it. It may also discourage Rule Participants from volunteering information about behaviour which may constitute a rule breach, and to that extent prevents the IMO from being able to engage constructively with Rule Participants to provide assistance in the development of compliance systems.

The rule change proposes to give the IMO discretion whether to issue a warning letter once it has completed an investigation into an alleged rule breach.

##### Synergy Position

Synergy supports the IMO's proposal that the current requirements under Clause 2.13.10 of the Wholesale Electricity Market Rules, which mandate that the IMO issue a warning at the conclusion of investigations into alleged rule breaches where the IMO to reasonably believe that a breach of the Market Rules or Market Procedures has taken place, are overly prescriptive and do not allow the IMO to exercise discretion in carrying out its regulatory functions. In particular, Synergy sees

the current requirement as being inappropriate in circumstances where the event is minor or has already been corrected by the time the IMO becomes aware of it. Synergy's regulatory policy requires the business to actively engage regulators in circumstances where the business becomes aware of a current or potential rule breach. Synergy agrees, however, that the current market rules may actively discourage other Rule Participants from volunteering such information. As such, Synergy supports this Rule Change Proposal.

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**2. Please provide an assessment, whether the change will better facilitate the achievement of the Market Objectives**

The objectives of the WEM are clearly enunciated as:

- 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.

Synergy agrees with the position of the IMO that this Rule Change Proposal will decrease compliance costs for participants and result in more economically efficient operation of the Market in the South West Interconnected system. This will facilitate objective (a) above.

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**3. Please indicate if the proposed change will have any implications for your organisation, (for example changes to your IT or business systems) and any costs involved**

Synergy does not anticipate that this change will require any modifications to existing Synergy systems and processes.

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**4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed**

Nil