

Independent Market Operator



Final Market Rule Change Report

Title: Correction of References and Minor Drafting Errors

Ref: RC_2007_20

Date: 30 October 2007

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Independent Market Operator

Level 22, The Forrest Centre
221 St George's Terrace, Perth WA 6000
PO Box 7096, Cloisters Square, Perth WA 6850
Tel. (08) 9254 4300
Fax. (08) 9254 4399
Email: imo@imowa.com.au
Website: www.imowa.com.au

1. INTRODUCTION

1.1. *General Information about Rule Changes*

Clause 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the Independent Market Operator) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submitting this to the Independent Market Operator (IMO).

In order for the proposal to be progressed, the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market are:

- (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
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used

A Rule Change Proposal can be processed using a Standard process or a Fast Track process. The Standard process involves a combined 10 weeks public submission period. Under the shorter Fast Track process the IMO consults with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.

1.2. *About this Rule Change*

On 28 September 2007, the IMO submitted a Rule Change Proposal titled "Correction of References and Minor Drafting Errors".

The Proposal was processed using the Fast Track Rule Change Process, described in section 2.6 of the Wholesale Electricity Market Rules. The Fast Track Process was used as the proposal satisfied the requirements of clause 2.5.9 (b) of the Market Rules.

The Fast Track Process adheres to the following timelines, outlined in section 2.6 of the Market Rules:

- Within 5 Business Days of a Rule Change Notice being published, the IMO must notify any Rule Participants that the IMO intends to consult regarding the Rule Change.
- Within 5 Business Days of the Rule Change Notice being published, any Rule Participant wishing to be consulted may contact the IMO to request consultation on the Rule Change.
- Within 15 Business Days of the Rule Change Notice being published, all consultations must be concluded.
- Within 20 Business Days of the Rule Change Notice being published, the IMO must publish a Final Rule Change Report.

The key dates in processing this Rule Change Proposal were:

- The Rule Change Notice for this Proposal was published on the IMO website on 2 October 2007.
- On 2 October 2007, the IMO notified interested parties that it wished to consult regarding the Rule Change.
- Consultations on the Rule Change Proposal were completed on 22 October 2007.
- This Final Rule Change Report was published on 30 October 2007.

This Final Rule Change Report on the Rule Change Proposal has been prepared by the IMO in accordance with clause 2.6.4 of the Market Rules.

Based on its analysis against the Market Objectives and the responses received from interested parties, the IMO's decision is to accept the Rule Change in the form outlined in this Final Report.

The amendments to clauses 2.37.1, 3.19.1, 3.21.6, 4.24.13, 6.5.1, 10.5.1, and to chapter 11 of the Wholesale Electricity Market Rules will commence at 08.00am on 1 November 2007.

2. THE RULE CHANGE PROPOSAL

2.1. *The Submission*

The IMO submitted, on 28 September 2007, a Rule Change Proposal regarding corrections of cross references and minor drafting errors in the Wholesale Electricity Market Rules.

2.1.1. *Submission details*

Name:	Anne Nolan
Phone:	(08) 9254 4300
Email:	imo@imowa.com.au
Organisation:	Independent Market Operator
Address:	Level 22, Forest Centre, 221 St Georges Tce, Perth WA 6000
Date Submitted:	28/09/2007
Urgency:	High

2.2. *The Proposal*

The IMO had reviewed the cross references in the Market Rules and found a number of incorrect cross references and minor wording errors that the Proposal aimed to correct.

The cross references that needed to be corrected are:

- In clause 3.21.6 the reference to clause 7.13.1 (e) should refer to 7.13.1A (b).
- In clause 4.24.13 (f) the reference to clause 2.24.13 should refer to 4.24.16 and the reference to 2.14.4 should refer to 4.24.17.
- In clause 10.5.1 (g) the reference to clause 3.11.11B should refer to 3.11.11 (b).
- In the Glossary (Chapter 11), Allowable Revenue, the reference to clause 2.22.2 should refer to 2.22.12.

The minor wording corrections are:

- In clause 2.37.1, replace “Participants” with “Participant”.
- In clause 3.19.1, the last line, add the word “which” between “during” and “the”.
- In clause 6.5.1, replace “to up” with “up to”.
- In the Glossary (Chapter 11), Ancillary Service Provider, replace “clauses” with “clause”.

2.3. *Amending Rules Proposed by the IMO*

The amendments proposed by the IMO can be found in section 5 of this Report.

2.4. The IMO's Initial Assessment of the Proposal

The IMO decided to proceed with the Rule Change Proposal on the basis of its preliminary assessment which indicated that the Proposal was consistent with the Market Objectives.

The proposal was processed using the Fast Track Process, described in section 2.6 of the Wholesale Electricity Market Rules, on the basis that it satisfies the criteria in section 2.5.9(a) of the Rules. The amendments proposed were considered to be of a minor nature and intended to correct manifest errors in the Rules.

Section 2.5.9 states:

The IMO 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. RULE PARTICIPANTS CONSULTED

For this Rule Change, the IMO notified the following interested parties of its intention to consult:

- Alcoa World Alumina Australia
- Alinta Sales Pty Ltd
- Barrick (Kanowna) Limited
- Bioenergy Limited
- Economic Regulation Authority
- Eneabba Gas Pty Ltd
- Griffin Energy
- Karara Energy Pty Ltd
- Landfill Gas and Power Pty Ltd
- Mount Herron Engineering
- NewGen Neerabup Pty Ltd
- NewGen Power Kwinana Pty Ltd
- Newmont Asia Pacific
- Office of Energy
- Perth Energy Pty Ltd
- Premier Power Sales Pty Ltd
- Skyfarming Pty Ltd
- Synergy Energy
- System Management
- TransAlta Energy
- Verve Energy
- Wambo Power Ventures
- Waste Gas Resources Pty Ltd
- Water Corporation
- Western Australia Biomass Pty Ltd (Babcock and Brown)
- Western Power Corporation

In addition to IMO's notification, an invitation for Rule Participants to contact the IMO, should they wish to be consulted on this Rule Change, was published on the IMO website on 2 October 2007.

The IMO requested the interested parties to provide their views on the Rule Change in writing.

The IMO received responses from Landfill Gas and Power, System Management and Synergy Energy. Below is a summary of the received feedback.

3.1. Market Advisory Committee

The Market Advisory Committee (MAC) was invited to have discussions on the Proposal at its meeting on 10 October 2007.

MAC supported the change. No MAC member expressed any concerns with the proposed rule change.

3.2. *Landfill Gas and Power*

Landfill Gas and Power expressed its support for the proposed changes.

3.3. *System Management*

System Management considered that the proposed rule changes will not have a detrimental effect on the attainment of the Market Objectives.

3.4. *Synergy Energy*

Synergy expressed its support for the proposed changes.

4. THE IMO'S ASSESSMENT AND DECISION

4.1. Assessment

4.1.1. Consultations

All parties responding to IMO's request for consultation expressed support for the IMO's proposal. No party expressed any concerns or proposed any amendments to the proposed changes to the Market Rules.

4.1.2. The IMO's Assessment

According to clauses 2.4.2 of the Market Rules *"the IMO 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"*.

The IMO has assessed the changes against the Market Objectives, as listed in section 1.1 of this Report. The IMO considers that the proposed changes do not impact on, and therefore are consistent with, the operation of the Market Objectives. All changes are of a minor nature. Their implementation will correct a number of references and other wording errors, improving the quality and effectiveness of the Market Rules.

In accordance with Clause 2.4.3(b) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must also have regard to the practicality and cost of implementing the Amending Rules.

The amendments will not require any changes to the market systems and therefore its implementation will not result in any additional system costs. No other implementation costs in regard to this change have been identified during the public consultations.

4.2. The IMO's Decision

The IMO's final decision is to accept the proposed changes to the Market Rules as proposed by the IMO.

The IMO has made its final decision on the basis that the resulting Amending Rules are consistent with the Market Objectives.

The wordings of the relevant Amending Rules are presented in section 5 of this Report.

4.3. Amending Rules Commencement

The amendments to clauses 2.37.1, 3.19.1, 3.21.6, 4.24.13, 6.5.1, 10.5.1, and to chapter 11 of the Wholesale Electricity Market Rules will commence at 08.00am on 1 November 2007.

5. AMENDING RULES

The following clauses are amended as follows (~~deleted wording~~, new wording):

5.1. **Clause 2.37.1**

2.37.1. The IMO must determine a Credit Limit for each Market Participants.

5.2. **Clause 3.19.1**

3.19.1. No later than two days prior to the date of commencement of any outage (“Scheduled Outage”) in System Management’s outage schedule, the Market Participant or Network Operator involved must request that System Management approve the Scheduled Outage proceeding, specifying the Trading Day and Trading Intervals during which the Scheduled Outage will occur.

5.3. **Clause 3.21.6**

3.21.6 The following will apply for the purposes of clauses 7.3.4 (a) and ~~7.13.1 (e)~~ 7.13.1A (b) :

[balance of clause not changed]

5.4. **Clause 4.24.13 (f)**

(f) a condition allowing the IMO to disclose the information required by clause ~~2.24.13~~ 4.24.16 and preventing the disclosure set out in clause ~~2.14.14~~ 4.24.17;

[balance of clause not changed]

5.5. **Clause 6.5.1**

6.5.1. Market Participants other than the Electricity Generation Corporation may submit Resource Plan Submission data for a Trading Day to the IMO between:

- (a) 11:00 AM on the Scheduling Day; and
- (b) 12:50 PM on the Scheduling Day, with the exception that if:
 - i. a software system failure at the IMO site has prevented any Market Participant from submitting a Resource Plan; or
 - ii. a software system failure at a Market Participant site has prevented that Market Participant from submitting a Resource Plan and that Market Participant has informed the IMO of this failure by 12:30 PM on the Scheduling Day;

the IMO may at its discretion extend the closing time up to ~~up~~ 3:00 PM on the Scheduled Day.

5.6. Clause 10.5.1 (g)

(g) the Ancillary Service report referred to in clause 3.11.11~~B~~ (b);

[balance of clause not changed]

5.7. Chapter 11, Glossary

Allowable Revenue: With respect to the IMO, the allowable revenue for the IMO in providing the services set out in clause 2.22.1 as approved by the Economic Regulation Authority in accordance with clause 2.22.2 12. With respect to System Management, the allowable revenue for System Management in providing the services set out in clause 2.23.1 as approved by the Economic Regulation Authority in accordance with clause 2.23.12.

Ancillary Service Provider: A Rule Participant registered as an Ancillary Service Provider under clauses 2.28.11A.