

Independent Market Operator



Rule Change Notice

Title: ST PASA Fuel Supply Issues Notification

Ref: RC_2008_02

Date: 14 January 2008

CONTENTS

1. INTRODUCTION	2
2. THE RULE CHANGE PROPOSAL	3
2.1. The Submission	3
2.2. Details of the Proposal	3
2.3. The Proposal and the Market Objectives	4
3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER.....	5
4. CALL FOR SUBMISSIONS	6
5. PROPOSED AMENDING RULES	7

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Independent Market Operator

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1. INTRODUCTION

Market Rule 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 submit this to the Independent Market Operator (IMO).

The IMO will assess the proposal and, within 5 Business Days of receiving the Rule Change Proposal Form, will notify the proponent whether the Rule Change Proposal will be progressed further.

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 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; and
- (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, while the Fast Track Process involves the IMO consulting with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.

2. THE RULE CHANGE PROPOSAL

2.1. The Submission

System Management submitted a Rule Change Proposal, on 07 January 2008, regarding changes to clause 3.17.9(h) of the Wholesale Electricity Market Rules.

This Rule Change Notice is published according to Market Rule 2.5.7, which requires the IMO to publish a notice within 7 Business Days of receiving a Rule Change Proposal.

2.1.1. Submission details

Name:	Alistair Butcher
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Organisation:	System Management
Date submitted:	07 January 2008
Urgency:	Normal rule change process
Change Proposal title:	ST PASA Fuel Supply Issues Notification
Market Rule(s) affected:	Clause 3.17.9(h)

2.2. Details of the Proposal

Clause 3.17.9 (h) in the Market Rules states that:

System Management must ensure that the results of a Short Term PASA study which it provides to the IMO include for the Short Term PASA Planning Horizon:

- (a) ...
- (h) potential fuel supply, transport or storage limitations that could affect generation capacity of which System Management is aware;

This clause requires that the results of any short term Projected Assessment of System Adequacy (ST PASA) study that System Management submits to the IMO include “potential fuel supply, transport or storage limitations that could affect generation capacity of which System Management is aware.”

System Management submits that it cannot satisfactorily comply with the requirements of clause 3.17.9 (h), as potential fuel supply limitations, and particularly the impact upon available generation, cannot be adequately represented in ST PASA. This is because fuel supply limitations will not necessarily affect particular generation facilities, nor have a readily determined effect on the system margin.

System Management seeks to remove sub-clause (h), as it imposes an obligation which, System Management submits, it cannot satisfactorily fulfil. System Management submits that it currently provides information to Market Participants regarding fuel issues by releasing a dispatch advisory whenever fuel supply is significantly more restricted than usual, pursuant to System Management’s obligations under clause 7.11.5 (e) of the Market Rules.

System Management submits that the release of a Dispatch Advisory fulfils the intent of the obligation imposed under clause 3.17.9 (h) of the Market Rules and renders that clause unnecessary. System Management therefore proposes to remove this obligation.

The rule change proposed by System Management is provided in section 5 of this Notice.

2.3. The Proposal and the Market Objectives

System Management submits that this proposed Rule Change would better address objective (a) of the Market Objectives. That is, the changes as submitted would promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.

System Management argues that the rule change would increase the certainty of the application of the rules, and aid economically efficient outcomes through the removal of an obligation which cannot readily be satisfied.

3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicates that the proposal is consistent with the Market Objectives.

The proposal will be progressed according to the Standard Rule Change Process described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:

- This Rule Change Notice published 14/01/2008
- First Submission period 14/01/2008 - 25/02/2008
- Draft Report published 27/03/2008
- Second submission period 27/03/2008 - 24/04/2008
- Final Report published 23/05/2008

4. CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is six weeks from the publication date of this notice. Submissions must be delivered to the IMO by close of business on **Monday 25 February 2008**.

The IMO prefers to receive submissions by email to **marketadmin@imowa.com.au** using the submission form available on the IMO website:
http://www.imowa.com.au/10_5_1_MarketRulesChangeSummary.html

Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator
Attn: Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

5. PROPOSED AMENDING RULES

System Management proposes the following amendments to the Market Rules(~~deleted wording, added wording~~):

- 3.17.9 System Management must ensure that the results of a Short Term PASA study which it provides to the IMO include for the Short Term PASA Planning Horizon:
- a. ...
 - ...
 - ~~(h) potential fuel supply, transport or storage limitations that could affect generation capacity of which System Management is aware; —~~