

Independent Market Operator



## **Final Market Rule Change Report**

### **Title: Provision of Information for ST and MT PASA**

Ref: RC\_2008\_03

Date: 23 May 2008

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### Independent Market Operator

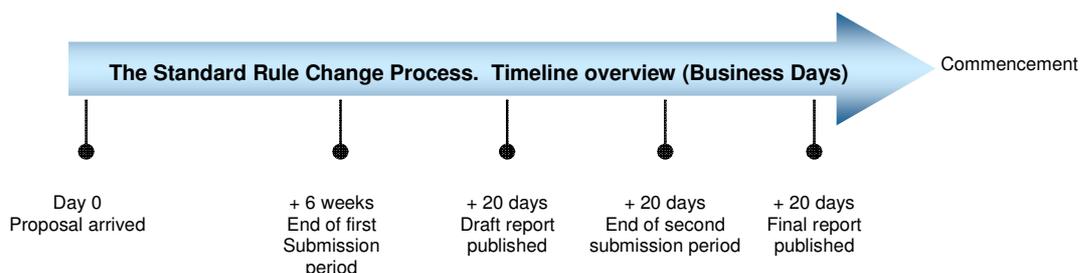
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## 1. INTRODUCTION

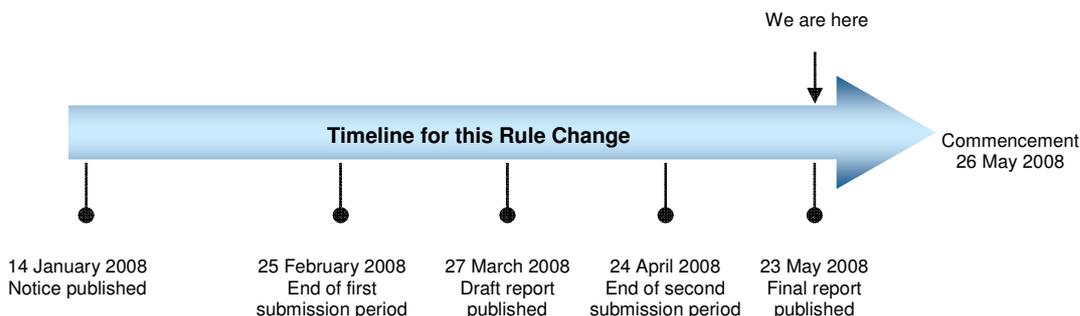
On 7 January 2008, System Management submitted a Rule Change Proposal regarding changes to clauses 3.16.4 and 3.17.5 of the Market Rules.

This Proposal has been processed using the Standard Rule Change Process, described in section 2.7 of the Wholesale Electricity Market Rules.

The standard process adheres to the following timelines, outlined in section 2.7 of the Market Rules:



The key dates in processing this Rule Change Proposal are:



Based on the response received from interested parties, and the IMO's assessment of the proposed changes against the Market Objectives, IMO's decision is to accept the rule changes as proposed by System Management.

This Final Rule Change Report on the Rule Change Proposal has been prepared by the IMO in accordance with clause 2.7.6 of the Market Rules.

## 2. THE RULE CHANGE PROPOSAL

### 2.1. *The Submission*

System Management submitted, on 7 January 2008, a Rule Change Proposal regarding changes to clauses 3.16.4 and 3.17.5 of the Wholesale Electricity Market Rules.

#### 2.1.1. *Submission Details*

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**Organisation:** System Management  
**Date submitted:** 07/01/2008  
**Urgency:** Normal

### 2.2. *Details of the Proposal*

Clauses 3.16.4 and 3.17.5 of the Market Rules detail information that must be provided to System Management by Participants for the purposes of Medium Term and Short Term Projected Assessment of System Adequacy (PASA), respectively.

System Management submits that most Participants do not provide this data and that, in any case, System Management relies on other information to complete the PASA processes. For example, the data detailed in clause 3.17.5 of the Market Rules concerns the availability of equipment; information which is already held by System Management as part of the outage planning process. System Management submits that, as the clauses that relate to outage planning have associated Civil Penalties, it is in the interest of Participants to comply with these clauses.

System Management seeks to modify clauses 3.16.4 and 3.17.5, as they impose an obligation on Market Participants that is currently unnecessary for the successful operation of the PASA process. However, System Management also submits that at some point in the future the provision of this information may be required, and therefore the clause must be retained. System Management proposes to add the words “unless otherwise directed by System Management...” to provide discretion to System Management. System Management intends to advise Market Participants that the information for clauses 3.16.4 and 3.17.5 is not required until further notice.

### 2.3. *The Proposal and the Market Objectives*

System Management submitted that these proposed Rule Changes would better address objective (a) of the Wholesale 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 argued that the proposed Rule Changes would increase the certainty regarding the application of the rules, and aid economically efficient outcomes

through the removal of obligations that are currently unnecessary for the operation of the PASA process.

#### **2.4. *Amending Rules Proposed by System Management***

The Amending Rules proposed by System Management are outlined in Section 7 of this report.

### **3. SUBMISSIONS RECEIVED IN THE FIRST SUBMISSION PERIOD**

The first submission period for this Rule Change Proposal was between 14 January 2008 and 25 February 2008. The IMO received two submissions, from Synergy and from Landfill Gas and Power Pty, on the changes proposed by System Management. A summary of the submissions is provided below. The full text of the submissions can be found on the IMO website.

#### **3.1. *Submission from Synergy***

Synergy submitted that it viewed System Management's proposal as having some technical merit and did not foresee any material adverse impacts on Synergy's operations.

Synergy also accepted the System Management's view that the proposed rule change would increase the certainty regarding the application of the rules and aid economically efficient outcomes through the removal of obligations that are currently unnecessary for the operation of the PASA process.

Synergy identified no significant cost increases in implementing the rule change proposal, and indicated that implementation of the rule change proposal would not take a protracted period of time to implement.

Synergy expressed support for the proposal at this stage.

#### **3.2. *Submission from Landfill Gas & Power Pty Ltd (LGP)***

In its submission LGP supported System Management's contention that the proposed Rule Change would increase the certainty regarding the application of the rules, and aid economically efficient outcomes through the avoidance of obligations that are currently unnecessary for the operation of the PASA process.

LGP expressed its support for the proposed Rule Change on the grounds that Rule Participants have difficulty in providing the required information and in any case System Management already obtains the necessary information from other sources.

#### **3.3. *Market Advisory Committee***

The Market Advisory Committee (MAC) was first advised of the proposed rule change at its meeting on 12 December 2007. At this meeting MAC expressed general support for this proposal. No member expressed concerns with the proposed changes.

At the MAC meeting on 13 February 2008, members were invited to express their view on the formal Proposal. All members of MAC supported the Rule Change. No member expressed concerns with the proposed changes.

### **3.4. *Public Forums and Workshops***

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

### **3.5. *The IMO's Response to the First Round of Submissions***

No interested party expressed any concern regarding the proposed change. In their submissions both Synergy and LPG expressed support for the proposal.

#### 4. THE IMO'S DRAFT DECISION

Based on the submissions received and its assessment against the Market Objectives, the IMO's draft decision was to implement the proposed changes to clauses 3.16.4 and 3.17.5 in the form proposed by System Management. This will amend the Market Rules to remove an obligation on Market Participants that is currently unnecessary for the successful operation of the PASA process.

The IMO made its draft decision on the basis that the resulting Amending Rules would be consistent with the Market Objectives.

## **5. SUBMISSIONS RECEIVED IN THE SECOND SUBMISSION PERIOD**

Following the Draft Rule Change Report publication on the IMO website, the second submission period was between 27 March 2008 and 24 April 2008. The IMO did not receive any submissions during the second submission period.

The IMO therefore considers that both the proposal and the IMO's draft decision have the support of the Participants in the Wholesale Electricity Market.

## 6. THE IMO'S ASSESSMENT AND THE IMO'S FINAL DECISION

No interested party expressed concerns regarding the amendments to the Market Rules outlined in the Draft Rule Change Report.

### 6.1. *The IMO's Assessment of the Rule Change Proposal*

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 considers that the proposed Amending Rules will have the following impact on how the Market Rules address the Wholesale Market Objectives:

Impact	Wholesale Market Objectives
Allow the Market Rules to better address objective	
Consistent with objective	(a) (b) (c) (d) and (e)
Inconsistent with objective	

The IMO's assessment is therefore that the proposed Amending Rules are consistent with all of the Market Objectives.

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 proposed rule changes will not require changes to the Wholesale Electricity Market System operated by the IMO. No other costs have been identified in relation to these changes during the submission process.

### 6.2. *The IMO's Final Decision*

The IMO's final decision is to accept the proposed changes to 3.16.4 and 3.17.5 as proposed by System Management. This will amend the Market Rules to remove an obligation on Market Participants that is currently unnecessary for the successful operation of the PASA process.

The IMO has made its decision on the basis that the changes to the Market Rules are consistent with the Market Objectives.

### 6.3. *Amending Rules Commencement*

The amendments to 3.16.4 and 3.17.5 of the Wholesale Electricity Market Rules, as set out in Section 7 of this Report, will commence at **08.00am** on **26 May 2008**.

## 7. AMENDING RULES

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

3.16.4 Unless otherwise directed by System Management, Rule Participants must provide the following data to System Management in respect of each week in the Medium Term Planning horizon described in clause 3.16.2 by the time specified in the Power System Operation Procedure:

(a) ...

3.17.5 Unless otherwise directed by System Management, Rule Participants must submit information to System Management before 10 AM every Thursday, consisting of:

(a) ...

## 8. GENERAL INFORMATION ABOUT RULE CHANGE PROPOSALS

Clause 2.5.1 of the Wholesale Electricity Market Rules (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 Market Objectives. The market objectives are:

- (b) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system
- (c) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors
- (d) 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
- (e) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system
- (f) 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 Rule Change Process or a Fast Track Rule Change 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.