

Independent Market Operator



Rule Change Notice

Title: Standing Data Compliance Monitoring

Ref: RC_2008_04

Date: 14 January 2008

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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 clauses 2.13.9(a) and 2.34.12 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

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Organisation:	System Management
Date submitted:	07 January 2008
Urgency:	Normal rule change process
Change Proposal title:	Standing Data Compliance Monitoring
Market Rule(s) affected:	Clause 2.13.9(a), 2.34.12

2.2. Details of the Proposal

Clause 2.13.9 (a) from the Market Rules states that:

System Management must monitor Rule Participants for breaches of the following clauses:

- (a) clauses 2.34.2, 2.34.2A and 2.34.3;
- (b) ...

This provision imposes an obligation upon System Management to monitor Rule Participants' compliance with the requirement to:

- provide to the IMO, and maintain, accurate standing data (clause 2.34.2);
- revise standing data once the participant becomes aware it is inaccurate, or will be inaccurate (clause 2.34.2A); and
- notify the IMO of certain aspects of revisions to standing data (clause 2.34.3).

System Management submits that while it can observe outcomes related to some items of standing data (for example, those related to dispatch), a number of aspects of standing data are not visible to it (for example, those related to price), making the obligation to monitor the accuracy of standing data impossible for it to fulfil. System Management submits, in addition, that it is not in a position to monitor a Rule Participant's notifications to the IMO of standing data revisions, or even whether the Rule Participant has revised inaccurate standing data.

System Management submits that the removal of System Management's obligation to monitor does not similarly affect the obligations of Rule Participants under clauses

2.34.2, 2.34.2A and 2.34.3. The obligation for Market Participants to submit and maintain accurate standing data, and to submit this in a specified format, will be unaffected by the proposed changes. System Management notes that a breach of these clauses would continue to expose Rule Participants to the potential for civil penalties under the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*.

System Management further submits that clause 2.34.12 of the Market Rules states that the IMO must consult with System Management before making a decision to require a Rule Participant to provide updated standing data. This provision applies to all standing data, even that related to pricing. System Management considers that it is inappropriate that the provision continue in its current broad form, and suggests it be constrained to only non-pricing related data.

The Changes proposed by System Management are outlined in section 5 of this Notice.

2.3. The Proposal and the Market Objectives

System Management submits 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 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 can not be satisfied by System Management.

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 Wholesale Market Objectives.

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

As this change relates, in part, to a Protected Provision, the IMO is required by clause 2.8.13 of the Market Rules to seek the approval of the Minister for Energy to any change to the Protected Provision that results from the proposal. That approval must be sought after the IMO's Final Report on the Rule Change Proposal is published.

The projected timelines for processing this proposal are:

- This Rule Change Notice published 14/01/2008
- First Submission period 14/01/2007 - 25/02/2008
- Draft Report published 27/03/2008
- Second submission period 27/03/2008 - 24/04/2008
- Final Report published 23/05/2008
- Minister grants his approval 23/06/2008

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 (added words, ~~deleted words~~):

- 2.13.9 System Management must monitor Rule Participants for breaches of the following clauses:
- (a) ~~clauses 2.34.2, 2.34.2A, and 2.34.3;~~
 - (b) ...
- 2.34.12 The IMO must consult with System Management before making a decision requiring a Rule Participant to provide updated Standing Data under clause 2.34.11, other than Standing Data which concerns prices.