



Final Rule Change Report Title: Delay of Resource Plan Submissions

Ref: RC_2008_15

Standard Rule Change Process

Date: 18 August 2008

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DOCUMENT DETAILS

IMO Notice No.: RC_2008_15
Report Title: Final Rule Change Report: Delay of Resource Plan Submissions
Release Status: Public
Confidentiality Status: Public domain
Published in accordance with Market Rule 2.7.8

Independent Market Operator

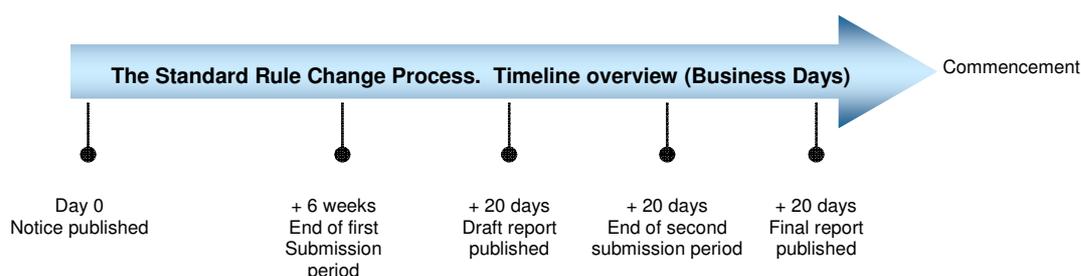
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1. INTRODUCTION

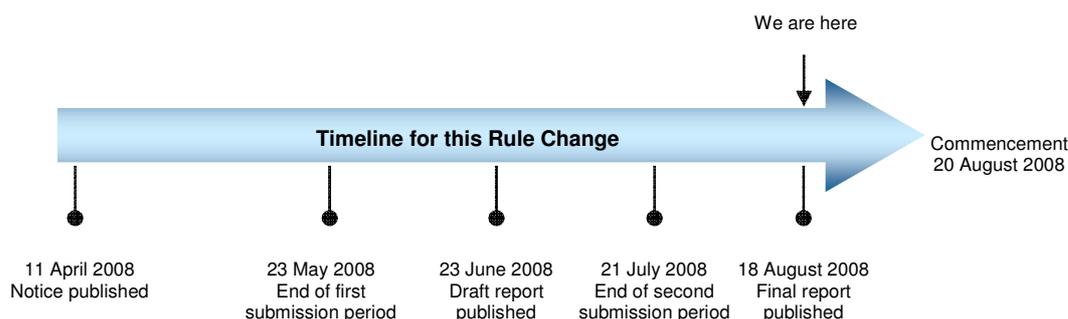
On 10 April 2008, the IMO submitted a Rule Change Proposal regarding changes to clauses 6.5.1(a) and 6.5A.1(a) of the Wholesale Electricity Market Rules (Market Rules).

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 its own analysis and the submissions received, the IMO's final decision is to implement the Rule Change in the form outlined in section 7 of this report.

This Final Rule Change Report on the Rule Change Proposal has been prepared by the IMO in accordance with clause 2.7.8 of the Market Rules.

The amendments to the Market Rules made as a result from this Rule Change Proposal will commence at 08.00am on 20 August 2008.

2. THE RULE CHANGE PROPOSAL

2.1. Submission Details

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Address:	Level 3, 197 St Georges Terrace, Perth WA 6000
Date submitted:	10/04/2008
Urgency:	Medium
Change Proposal title:	Delay of Resource Plan Submissions

2.2. Details of the Proposal

The IMO submitted that the Proposal aimed to introduce flexibility into the opening of the Resource Plan Submission window, to allow for any delay in the IMO conducting the STEM auction process in accordance with Market Rule 6.4.6.

The Resource Plan Submission window allows Market Participants other than the Electricity Generation Corporation to make Resource Plan Submissions in line with their Net Contract Position.

The Resource Plans are used by System Management to effectively conduct the scheduling processes for the Trading Day.

Currently Market Rule 6.5.1(a) prescribes that the Resource Plan Submission window opens at 11:00 AM on the Scheduling Day. Under normal operation this time is suitable since the IMO will have calculated the Net Contract Position on which Resource Plans are based as part of the STEM process by 10:30 AM.

Under Market Rule 6.4.6, it is possible for the STEM process to be delayed by up to two hours to allow time to rectify any software system or supporting infrastructure issues at the IMO site. If the STEM processes have been delayed past 11:00 AM, it is possible that the Resource Plan Submission window may open without valid Net Contract Positions having been calculated.

Under these circumstances Resource Plan submissions may not be validated against the correct Net Contract Positions.

This situation may impact on System Management's scheduling processes for the Trading Day. It may also impact on the ability of Market Participants to meet their market obligations.

The IMO submitted that it is therefore more efficient to delay the opening of the Resource Plan Submission window to thwart the possibility that this window opens when the STEM processes are yet to be completed.

The IMO proposed to amend the relevant clauses in Chapter 6 of the Market Rules to allow the extension of both the Balancing Data Submission and the Resource Plan Submission windows, as these windows are conducted simultaneously, in the event the STEM timelines are delayed under the existing rules.

2.3. *The Proposal and the Market Objectives*

The IMO's submission regarding how the amendments will allow the Market Rules to better address the market objectives can be found in section 6.1.2 of this Report.

2.4. *Amending Rules proposed by the IMO*

The amendments to the Market Rules proposed by the IMO are available in section 7 of this report.

2.5. *The IMO's Initial Assessment of the Proposal*

The IMO decided to proceed with the proposal on the basis of its preliminary assessment, which indicated that the proposal was consistent with the Wholesale Market Objectives. This preliminary assessment was published in a Rule Change Notice on 11 April 2008.

3. SUBMISSIONS RECEIVED IN THE FIRST SUBMISSION PERIOD

The IMO received one submission, from Landfill Gas & Power Pty Ltd, on the changes proposed by the IMO. The submission is summarised below, and the full text is available on the IMO web site.

3.1. *Market Advisory Committee*

The Market Advisory Committee (MAC) was first advised of the proposed rule change at its meeting on 12 March 2008, before it was formally submitted by the IMO. At the meeting, MAC was in general support of the proposal and of the IMO submitting it as a formal Rule Change Proposal.

MAC members were also invited to discuss the proposal at the MAC meeting on 14 May 2008, after the proposal had been published on the IMO web site. All members of MAC expressed their support for the Rule Change.

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

LGP expressed its support for the Rule Change Proposal on the grounds that it is a logical consequence of the early Rule Change relating to the STEM window and to not implement it would unnecessarily impede the smooth operation of the market.

LGP supported the IMO's argument that the Rule Change supports market objective (a) by promoting the reliable production and supply of electricity and will assist Market Participants to submit Resource Plans for their facilities that are consistent with their obligations in the Bilateral and STEM markets.

3.3. *Public Forums and Workshops*

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

4. THE IMO'S DRAFT DECISION

The IMO's draft decision was to implement the proposed amendments to clauses of the Wholesale Electricity Market Rules.

Based on the submissions received and its assessment against the Wholesale Market Objectives, the IMO's draft decision was to implement the proposed amendments to clauses 6.5.1(a) and 6.5A.1(a) of the Wholesale Electricity Market Rules as proposed by the IMO in its Rule Change Proposal and outlined in section 7 of this Report.

The IMO made its draft decision on the basis that the resulting Amending Rules would allow the Market Rules to better address the Wholesale 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 24 June 2008 and 21 July 2008. The IMO did not receive any submissions during the second submission period.

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

6.1. Assessment

6.1.1. Submissions

All parties responding within the prescribed submission periods expressed support for the Rule Change Proposal. No party proposed any changes to the proposed amendments to the Market Rules.

6.1.2. The IMO's Assessment

According to clause 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	a
Consistent with objective	b, c, d and e
Inconsistent with objective	-

The IMO's assessment against market objective (a) is as follows:

(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;

The proposed amendments allow the Market Rules to better address market objective (a) by allowing Market Participants to submit Resource Plans for their facilities in line with their obligations in the Bilateral and STEM markets. This will allow the market to operate efficiently and will also provide System Management with reliable data on which to conduct its scheduling processes. In its submission, LGP agreed with this assessment.

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 changes will not require any changes to the Wholesale Electricity Market Systems operated by the IMO. No other costs have been identified in relation to the implementation of the proposed changes.

6.2. The IMO's Final Decision

The IMO's final decision is to implement the amendments to clauses clauses 6.5.1(a) and 6.5A.1(a) as proposed by the IMO.

The wording of the relevant Amending Rules is presented in section 7 of this Report.

The IMO has made its decision on the basis that the resulting Amending Rules will allow the Market Rules to better address the Wholesale Market Objectives.

6.3. Amending Rules Commencement

The amendments to the Market Rules made from this Rule Change Proposal will commence at **08.00am** on **20 August 2008**.

7. AMENDING RULES

The following clauses are amended (added words are underlined and deletions are shown with ~~strikethrough~~):

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, with the exception that if the IMO has delayed any timelines in accordance with clause 6.4.6, the IMO may at its discretion extend this time up to 1:00 PM 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; or
 - iii. the opening time for Resource Plan Submissions was delayed;

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

Clause 6.5A.1

6.5A.1. Market Participants other than the Electricity Generation Corporation that are Market Generators or that are Market Customers with Dispatchable Loads or Curtailable Loads may submit Balancing Data Submission data for a Trading Day to the IMO between:

- (a) 11:00 AM on the Scheduling Day, with the exception that if the IMO has delayed any timelines in accordance with clause 6.4.6, the IMO may at its discretion extend this time up to 1:00 PM 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 or its supporting infrastructure has prevented any Rule Participant from submitting a Balancing Data Submission; or
 - ii. a software system failure at a Rule Participant site or its supporting infrastructure has prevented that Rule Participant from submitting a Balancing Data Submission and that Rule Participant has informed the IMO of this failure by 12:30 PM on the Scheduling Day; or
 - iii. the opening time for Resource Plan Submissions was delayed;

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

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:

- (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 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.