



Final Rule Change Report
Title: Correction of References and
Minor Drafting Errors

Ref: RC 2008 19

Fast Track Rule Change Process

Date: 23 June 2008

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Independent Market Operator

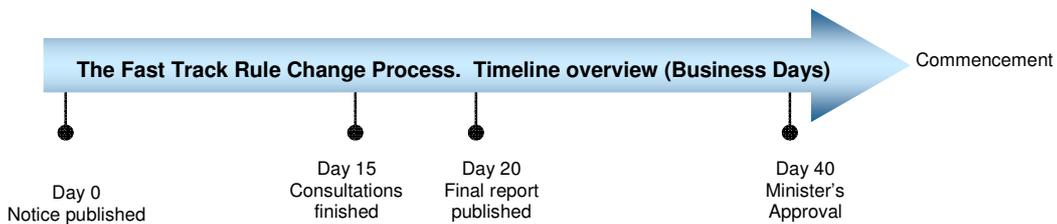
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1. INTRODUCTION

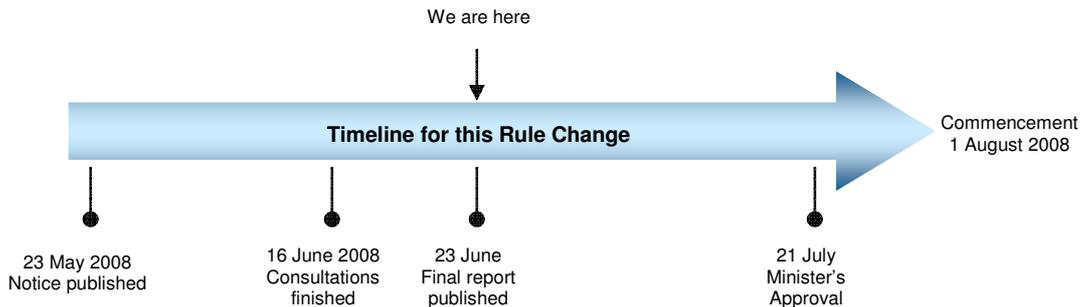
On 28 February 2008, the IMO submitted a Rule Change Proposal regarding changes to clauses 2.13.8 (b), 4.16.4 (e), 4.26.2, 6.14.4 (b), 7.7.5A (b), 9.10.1 and Appendix 5 of the Wholesale Electricity Market Rules.

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

The fast track process adheres to the following timelines, outlined in section 2.6 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 2.7.6 of the Market Rules.

Subject to approval by the Minister, the amendments to the Market Rules made as a result from this Rule Change Proposal will commence at 08.00am on 1 August 2008.

2. THE RULE CHANGE PROPOSAL

2.1. Submission Details

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Date submitted:	21/05/2008
Urgency:	Low
Change Proposal title:	Correction of References and Minor Drafting Errors

2.2. The Proposal

The IMO submitted that, as part of its ongoing review of the Market Rules, the IMO had found a number of incorrect cross references and other minor errors that this Proposal aimed to correct.

The cross references that needed to be corrected were:

- In clause 2.13.8 (b) the reference to clause 2.13.4 should be to 2.13.6.
- In clause 4.26.2 the clause reference at end of the RTFO(p,d,t) definition should be changed from 7.13.1(e) to 7.13.1A(b).

The following minor wording corrections were proposed:

- In clause 7.7.5A (b), “clauses 7.7.5B” should be replaced with “clause 7.7.5B”.
- In clause 4.16.4 (e), “duel fuel” should be replaced with “dual fuel”

Other proposed minor corrections were:

- Clause 6.14.4 (b) refers to a “Resource Plan Load”. The Resource Plan Load is not used in any calculation and clause 6.14.4 (b) was therefore proposed to be removed, as was the definition of Resource Plan Load in the Glossary.
- In clause 9.10.1 there are too many brackets in the formula for Commitment and Outage Compensation. It was proposed to correct the formula to remove the redundant brackets.
- Appendix 5, step 6, refers to “Non Temperature Sensitive Load”. This term doesn’t exist in the Market Rules and the reference should instead be to “Non Temperature Dependent Loads”.

2.3. Amending Rules Proposed by the IMO

The amendment to the Market Rules proposed by the IMO is presented in section 5 of this paper.

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 Rule Change Process described in section 2.6 of the Wholesale Electricity Market Rules. The fast track process was used on the basis that the proposal satisfied the criteria in sections 2.5.9(a) and (b) of the Market Rules. All amendments included in the proposal are 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

An invitation for all Rule Participants to contact the IMO, should they wish to be consulted on this Rule Change, was published on the IMO website on 23 May 2008, together with the Rule Change Notice.

The IMO did not receive any requests for consultation on this Rule Change Proposal.

3.1. Market Advisory Committee

The Market Advisory Committee (MAC) was invited to have preliminary discussions on the Proposal at its meeting on 14 May 2008, before it was formally submitted by the IMO.

MAC expressed general support for the Rule Change Proposal.

4. THE IMO'S ASSESSMENT AND DECISION

4.1. Assessment

4.1.1. Consultations

No Rule Participant expressed any concerns to the IMO regarding the proposed amendments 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 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	

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 amendments.

No costs have been identified in relation to this change during the consultation process.

4.2. The IMO's Decision

The IMO's decision is to implement the amendments to clauses 2.13.8 (b), 4.16.4 (e), 4.26.2, 6.14.4 (b), 7.7.5A (b), 9.10.1 and Appendix 5 of the Wholesale Electricity Market Rules as proposed by the IMO.

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

The wording of the relevant Amending Rules is presented in Section 5 of this Report.

4.3. Minister Approval

Clauses 2.13.8 and 4.16.4 of the Market Rules are Protected Provisions, as specified in clause 2.8.13 of the Market Rules. Amendments to Protected Provisions require approval from the Minister for Energy. As required under clause 2.8.3 of the Market Rules, the IMO will submit this Final Rule Change Report to the Minister for Energy for his consideration. The Minister's decision is expected to be available by 21 July 2008.

4.4. Amending Rules Commencement

Subject to receipt of the Minister's approval, the amendments to the Wholesale Electricity Market Rules will commence at 08.00am on 1 August 2008.

5. AMENDING RULES

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

Clause 2.13.8 (b)

- 2.13.8. If System Management becomes aware of an alleged breach of the Market Rules or Market Procedures as a result of its monitoring activities, then it must:
- (a) record the alleged breach of the Market Rules or Market Procedures; and
 - (b) notify the IMO of the alleged breach in accordance with clause ~~2.13.4~~ 2.13.6 or, in the case of an alleged breach by the IMO, notify the person referred to in clause 2.13.1 in accordance with clause 2.13.5.

Clause 4.16.4 (e)

- 4.16.4. In conducting the review required by clause 4.16.3, the IMO must assess the appropriateness of the following values specified in Appendix 4 for calculating the Maximum Reserve Capacity Price:

[Balance of clause not changed]

- (e) the capital cost of a pipeline lateral of reasonable length to connect to a main gas pipeline (so as to allow for ~~due~~ dual fuel capability);
- (f) the estimate of the fixed operating and maintenance costs for a typical open cycle gas turbine power station and the transmission facilities described in (c);
- (g) a margin allowed for legal, approval and financing costs; and

Clause 4.26.2

- 4.26.2. The IMO must determine the net STEM shortfall ("**Net STEM Shortfall**") in Reserve Capacity supplied by each Market Participant p holding Capacity Credits in each Trading Interval t of Trading Day d and Trading Month m relative to its Reserve Capacity Obligation Quantity as:

[Balance of clause not changed]

$RTFO(p,d,t)$ is the total MW quantity of Forced Outage associated with Market Participant p in real-time for Trading Interval t of Trading Day d , where this is the sum over all the Market Participant's Registered Facilities of the lesser of the Reserve Capacity Obligation Quantity of the Facility for Trading Interval t and the MW Forced Outage of the

Facility for Trading Interval t as provided to the IMO by System Management in accordance with clause ~~7.13.1(e)~~ 7.13.1A (b);

[Balance of clause not changed]

Clause 6.14.4 (b)

6.14.4. For the purposes of clause 6.14.3:

- (a) the “Operational System Load Estimate” for a Trading Interval is the estimate that the IMO receives from System Management of the total Loss Factor adjusted MWh consumption supplied via the SWIS during that Trading Interval. This estimate equals the total loss adjusted generator sent out energy as estimated from generator operational meter data and the use of state estimator systems;
- (b) [Blank] ~~the “Resource Plan Load” for a Trading Interval is total consumption as specified in applicable Resource Plans relating to that Trading Interval, including for Interruptible Loads, Curtailable Loads, Dispatchable Loads and Non-Dispatchable Loads; and~~

[Balance of clause not changed]

Clause 7.7.5A (b)

7.7.5A. For the purpose of determining the quantity described in clause 6.17.6(c)(i) for each Trading Interval the quantity is:

- (a) where System Management has been provided with information in accordance with clause 7.7.5B, System Management’s estimate of the MWh reduction in output, by Trading Interval, of the Non-Scheduled Generator as a result of System Management’s Dispatch Instruction; or
- (b) in the case of a Non-Scheduled Generator included in a Resource Plan, for which System Management has not been provided with information in accordance with clauses ~~7.7.5B~~, the greater of zero and the MWh difference between the Resource Plan MWh quantity of the Non-Scheduled Generator less the MWh output of the Non-Scheduled generator over the Trading Interval implied by its Dispatch Instruction.

Clause 9.10.1

9.10.1. The Commitment and Outage Compensation settlement amount for Market Participant p for Trading Month m is:

$$\begin{aligned} \text{COCSA}(p,m) &= (\text{Com_Compensation}(p,m) + \text{Out_Compensation}(p,m)) \\ &\quad - \{ \text{Consumption_Share}(p,m) \times \text{Sum}(q, \text{Com_Compensation}(q,m)) \} \\ &\quad + \text{Out_Compensation}(q,m) \} \end{aligned}$$

Where

[Balance of clause not changed]

Appendix 5, Step 6

STEP 6: Calculate the values of $d(u,i)$ for Non-Temperature-Sensitive Dependent Loads, $d(v,i)$ for Temperature Dependent Loads and $d(w,i)$ for Intermittent Loads such that:

- $d(u,i)$ has a value of zero if meter u measures Intermittent Load or was not registered to Market Customer i during Trading Month $n-3$, otherwise it has a value equal to the number of full Trading Days the meter was registered to Market Customer i in Trading Month $n-3$ divided by the number of days in Trading Month $n-3$.

[Balance of clause not changed]

Appendix 11, Glossary

Resource Plan Load: Has the meaning given in clause 6.14.4(b).

6. GENERAL INFORMATION ABOUT RULE CHANGES

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 either with Rule Participants who advise the IMO that they wish to be consulted or whom the IMO considers have an interest in the change.