



Independent Market Operator

Rule Change Notice

**Title: Definition of a Power
System Operation
Procedure**

Ref: RC_2009_12

Fast Track Rule Change Process

Date: 17 March 2009

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1. THE RULE CHANGE PROPOSAL

1.1. The Submission

On 13 March 2009 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding changes to the Glossary of the Wholesale Electricity Market Rules (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.

1.1.1 Submission details

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Address:	Level 3, Governor Stirling Tower, 197 St George's Terrace
Date submitted:	13 March 2009
Urgency:	Low
Change Proposal title:	Definition of a Power System Operation Procedure
Market Rule(s) affected:	Glossary: "Market Procedure" and "Power System Operation Procedure"

1.2. Details of the Proposal

The Glossary currently provides a definition of a Power System Operation Procedure (PSOP) as being the "Market Procedure developed by System Management pursuant to clause 3.2.7". Clause 3.2.7 of the Wholesale Electricity Market Rules (Market Rules) requires System management to develop PSOP's for the process(s) to be followed:

- In maintaining Equipment Limit information;
- In determining Security Limits and maintaining Security Limit information;
- In establishing and maintaining the Technical Envelope; and
- To enable System Management to operate the SWIS according to the Technical Envelope applicable to each SWIS Operating State.

However, there are a number of other instances where the Market Rules require System Management to develop a PSOP, such as (for example):

- Clause 2.35.4: System Management must document the communications and control system requirements necessary to support the dispatch process in the Power System Operation Procedure;
- Clause 3.11.14: System Management must document in the Power System Operation Procedure the procedure to be followed when determining Ancillary Service

Requirements, entering into Ancillary Service Contracts, including the process for conducting competitive tender processes utilised for the awarding of Ancillary Service Contracts; and preparing budget proposals for providing Ancillary Services; and

- Clause 3.16.10: System Management must document the procedure it follows in conducting Medium Term PASA studies in the Power System Operation Procedure.

Given that clause 3.2.7 is not the only place in the Market Rules where the development of a PSOP is required, the IMO proposes that the definition of a Market Procedure should be amended to include a reference to all the PSOP's developed by System Management. The IMO proposes to do this by replacing the current definition of a PSOP with a reference to the definition of a Market Procedure.

1.3. The Proposal and the Wholesale Market Objectives

The IMO considers that the proposed changes, which amend a current inaccuracy in the definition of a PSOP, are consistent with the market objectives and are necessary to maintain the integrity of the Market Rules.

2. 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 indicated that the proposal is consistent with the Wholesale Market Objectives.

The IMO has decided to process this Rule Change Proposal using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules, on the basis that it satisfies the criteria in sections 2.5.9(a) and 2.5.9(b) of the Market Rules. All amendments included in this proposal are of a minor nature and are required to correct a current manifest error in the definition of a Power System Operating Procedure.

Section 2.5.9 states:

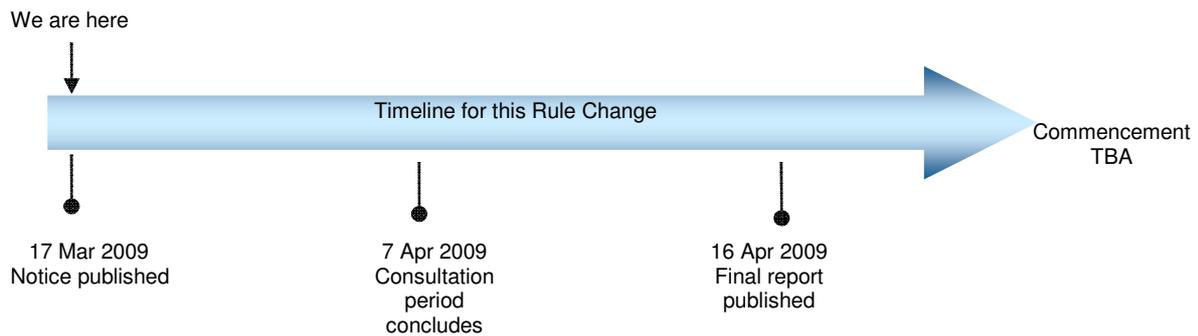
The IMO may subject a Rule Change Proposal to the Fast Track Rule Change Process if, in its opinion, the Rule Change Proposal:

(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.

The projected timelines for processing this proposal are:



3. CONSULTATION

Any Rule Participant wishing to be consulted regarding this Rule Change Proposal is invited to notify the IMO within 5 Business Days of this notice being published.

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 and System Capacity
 PO Box 7096
 Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

4. PROPOSED AMENDING RULES

The IMO proposes the following amendments to the Market Rules (~~deleted words~~, added words):

Chapter 11 Glossary

Market Procedure: The procedures developed by IMO and System Management in accordance with clause 2.9, (including the Power System Operation Procedures developed by System Management) as amended in accordance with the Procedure Change Process.

Power System Operation Procedure: ~~The Market Procedure developed by System Management pursuant to clause 3.2.7. See Market Procedure.~~

5. ABOUT RULE CHANGE PROPOSALS

Market Rule 2.5.1 of the Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the IMO.

The IMO will assess the proposal and, within 5 Business Days of receiving the proposal form, will notify the proponent whether the 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 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; 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 Rule Change Process or a Fast Track Rule Change 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.