

The background of the lower half of the page is a photograph of a wind farm and power lines, overlaid with a semi-transparent blue filter. On the left, several white wind turbines are visible, with their blades extending outwards. On the right, a tall, lattice-structured power line tower stands prominently. The overall scene is set against a clear sky.

Independent Market Operator

**Final Market Rule Change
Report**

**Title: Market Procedure Change
Process Timelines**

Ref: RC_2009_24

Date: 18 August 2009

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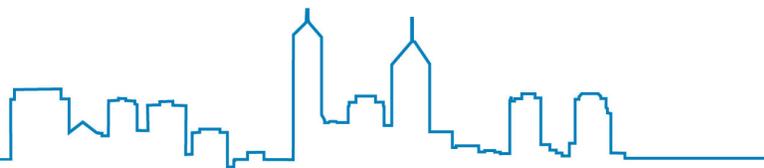
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Independent Market Operator

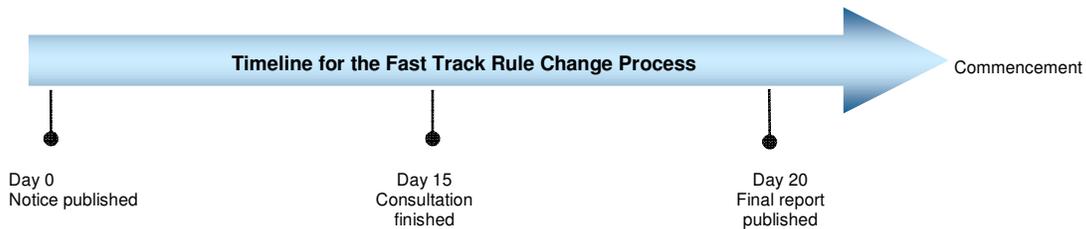
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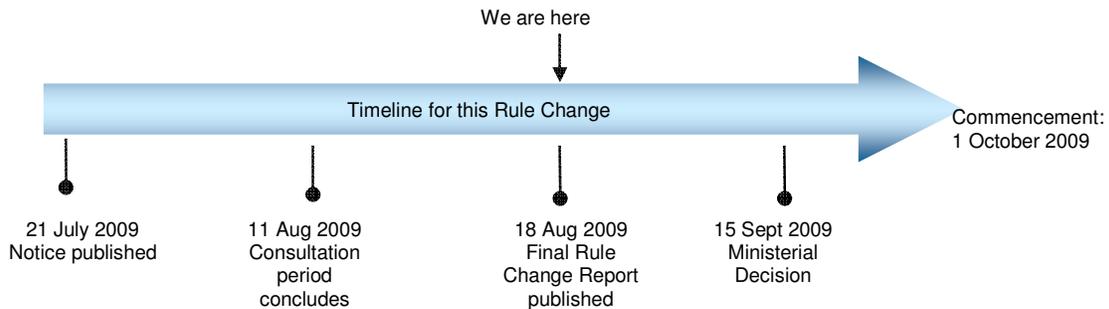
1. INTRODUCTION

On the 20 July 2009 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding the amendment of clauses 2.10.4 and 2.10.11 of the Wholesale Electricity Market Rules (Market Rules).

This Proposal was processed using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules. The Fast Track Rule Change Process adheres to the following timelines:



The key dates in processing this Rule Change Proposal are:



The IMO's final decision is to implement the Rule Change Proposal in the form outlined in section 6.2 of this report. The decision is based on the IMO's assessment of the Rule Change Proposal against the:

- Wholesale Market Objectives;
- practicality and cost of implementing the proposal;
- Market Advisory Committee's (MAC) recommendations; and
- public consultation period outcomes.

The amendments to the Market Rules made as a result of this Rule Change Proposal will commence at 8.00am on 1 October 2009.

All documents related to this Rule Change Proposal can be found on the IMO website: http://www.imowa.com.au/Attachments/RuleChange/RuleChange_2009_24.html

2. THE RULE CHANGE PROPOSAL

2.1 Submission Details

Name:	Troy Forward
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Email:	imo@imowa.com.au
Organisation:	IMO
Address:	Level 3, Governor Stirling Tower, 197 St George's Terrace
Date submitted:	20 July 2009
Urgency:	Fast Track Rule Change Process
Change Proposal title:	Market Procedure Change Process Timelines
Market Rule(s) affected:	2.10.4 and 2.10.11

2.2 Summary Details of the Proposal

The proposed amendments to the Market Rules will incorporate a timeframe of five Business Days for publishing System Management's Procedure Change Proposals and Procedure Change Reports on the IMO's webpage.

Detailed information on the proposal is contained in Appendix 1 and can also be found in the Rule Change Proposal available on the IMO's website.

2.3 The Proposal and the Wholesale Market Objectives

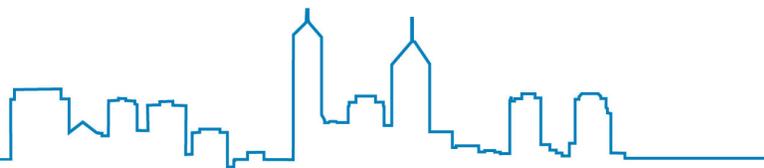
In its proposal the IMO submitted that the proposed Amending Rules will improve the integrity of the Market Rules, and are consistent with the Wholesale Market Objectives.

2.4 The Amending Rules Proposed by the IMO

The amendments to the Market Rules originally proposed by the IMO are provided in section 6.2 of this final report.

2.5 The IMO's Initial Assessment of the Proposal

The IMO decided to proceed with this proposal on the basis that its preliminary assessment indicated that the proposal was consistent with the Wholesale Market Objectives.



The IMO decided to process this Rule Change Proposal using the Fast Track Rule Change Process, described in clause 2.6 of the Market Rules, on the basis that it satisfies the criteria in clause 2.5.9(a) of the Market Rules.

The proposed amendments do not seek to amend the operation of the Market Rules and are therefore considered to be of a procedural nature.

3. CONSULTATION

An invitation for all Rule Participants to contact the IMO, should they wish to be consulted on this Rule Change Proposal, was published on the IMO website on 21 July 2009, together with the Rule Change Notice.

The consultation period for this Rule Change Proposal was between 22 July 2009 and 11 August 2009 (interested stakeholders were requested to inform the IMO if they wished to be consulted on this Rule change Proposal by 28 July 2009).

The IMO did not receive any requests to be consulted on this Rule Change Proposal. The IMO received a submission from Landfill Gas & Power (LGP) before the end date of the consultation period. The details of the submission received from LGP are summarised below, with the full text available on the IMO website.

3.1 Submission from Landfill Gas & Power

In its submission LGP supported the proposed rule change as it:

- tidies the administration of Procedure Change Proposals;
- is of a minor nature; and
- is acceptable to the party most affected by it.

LGP submitted that it agrees with the IMO's contention that the rule change is consistent with all the market objectives and enhances the integrity of the Market Rules.

4. THE IMO'S ASSESSMENT

In preparing this Final Rule Change Report, the IMO must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3 of the Market Rules.

Market Rule 2.4.2 outlines that 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".

Additionally, clause 2.4.3 states, when deciding whether to make Amending Rules, the IMO must have regard to the following:



- Any applicable policy direction from the Minister regarding the development of the market;
- The practicality and cost of implementing the proposal;
- The views expressed in submissions and by the MAC; and
- Any technical studies that the IMO considers necessary to assist in assessing the Rule Change Proposal.

The IMO notes that there has not been any applicable policy direction from the Minister or any technical report commissioned in respect of this Rule Change Proposal.

This IMO's assessment is outlined in the following sections.

4.1 Wholesale Market Objectives

The IMO considers that the Market Rules as a whole, if amended, will be consistent with the Wholesale Market Objectives.

Wholesale Market Objective	Consistent with objective
(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system	Yes
(b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors	Yes
(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	Yes
(d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system	Yes
(e) to encourage the taking of measures to manage the amount of electricity used and when it is used	Yes

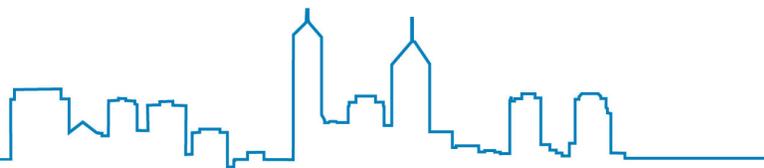
4.2 Practicality and cost of implementation

The proposed changes do not require any change to the Wholesale Electricity Market Systems operated by the IMO.

There have been no additional costs identified with the implementation of this Rule Change Proposal.

4.3 Views expressed from submissions

The IMO did not receive any formal requests for consultation, although the IMO did receive one submission during the consultation period. This submission was in favour of the Rule Change Proposal.



4.4 Views expressed by Market Advisory Committee

The MAC was advised of the proposed rule change at its meeting on 14 July 2009. At the meeting, the MAC was in unanimous support of the Rule Change Proposal.

5. THE IMO'S FINAL DECISION

The IMO's final decision is to implement the amendments to clause 2.10.4 and 2.10.11 of the Market Rules.

5.1 Reasons for the decision

The IMO has made its decision on the basis that the Amending Rules:

- Are consistent with the operation of the Wholesale Market Objectives;
- Have the unanimous support of the MAC;
- Can be easily implemented at no additional cost to the market; and
- Assist in maintaining the integrity of the Market Rules.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 4 of this Final Rule Change Report.

6. AMENDING RULES

6.1 Commencement

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at **8:00am on 1 October 2009**.

6.2 Amending Rules

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

- 2.10.4. Where the Procedure Change Proposal is developed by System Management, System Management must provide the Procedure Change Proposal to the IMO, and the IMO must publish it within five Business Days.
- 2.10.11. Where the Procedure Change Report is prepared by System Management, System Management must provide the Procedure Change Report to the IMO, and the IMO must publish it within five Business Days.

APPENDIX 1: FULL DETAILS OF THE PROPOSAL

Background

Clauses 2.10 and 2.11 of the Market Rules outline the process for amending Market Procedures.

Either the IMO or System Management may initiate the Procedure Change Process by developing a Procedure Change Proposal.

In the case that System Management develops a Procedure Change Proposal they must provide the proposal to the IMO for publication (clause 2.10.4). If the IMO develops a Procedure Change Proposal it must also publish it on the IMO's webpage (clause 2.10.5).

Likewise, following the conclusion of the public consultation process for a Procedure Change Proposal, the IMO or System Management, as applicable, must prepare a Procedure Change Report on the proposal (clause 2.10.10). If System Management prepares the Procedure Change Report then they must provide it to the IMO and the IMO must publish it (clause 2.10.11). The IMO must also publish Procedure Change Reports which it prepares (clause 2.10.12).

Issue

In its Rule Change Proposal the IMO noted that there is currently an inconsistency between the detail provided in the Market Rules regarding the timeframes for publication associated with the Rule Change Process and the Procedure Change Process.

For example, clause 2.5.7 of the Market Rules states that:

“When it has developed a Rule Change Proposal, or within seven Business Days of receiving a Rule Change Proposal under clause 2.5.1, the IMO must publish notice of the Rule Change Proposal on the Market Website...”

This provides a transparent timeframe around the publication of Rule Change Proposals received from other parties and results in a consistent approach being taken during the Rule Change Process.

The IMO contended that the current Procedure Change Process is open ended with regards to the timeframes for the IMO publishing System Management's Procedure Change Proposals and associated Procedure Change Reports. Recent experience and discussions held between the IMO and System Management has indicated that the current open ended timeframes lack transparency and potentially reduce the integrity of the Procedure Change Process.

Proposal

To address this issue, the IMO proposed that clauses 2.10.4 and 2.10.11 of the Market Rules be amended to incorporate a timeframe of five Business Days for publishing both Procedure Change Proposals and Procedure Change Reports on the IMO's webpage.

The IMO noted that these timeframes had been based on the provisions outlined in section 2.5 and section 2.7 of the Market Rules for the Standard Rule Change Process and in discussion with System Management. In its proposal the IMO submitted that that these timeframes will allow sufficient time for the publication of Procedure Change Proposals and Procedure Change Reports.

In its Rule Change Proposal, the IMO contended that these changes will allow for similar levels of rigour to be applied to the Procedure Change Process as the Rule Change Process. Additionally, this Rule Change Proposal will allow for a greater level of transparency and consistency when publishing these documents.

