



**Independent Market Operator**

**Final Market Rule Change  
Report**

**Title: Heads of Power for Market  
Procedures**

**Ref: RC\_2009\_26**

**Date: 18 August 2009**

## Contents

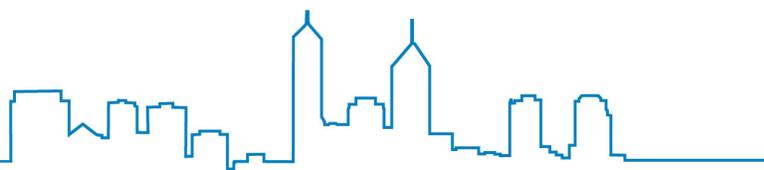
<b>1. INTRODUCTION</b> .....	3
<b>2. THE RULE CHANGE PROPOSAL</b> .....	4
2.1 Submission Details .....	4
2.2 Summary Details of the Proposal .....	4
2.3 The Proposal and the Wholesale Market Objectives .....	4
2.4 The Amending Rules Proposed by the IMO .....	4
2.5 The IMO's Initial Assessment of the Proposal .....	5
<b>3. CONSULTATION</b> .....	5
3.1 Submission from Synergy .....	5
3.2 Submission from LGP .....	6
<b>4. THE IMO'S ASSESSMENT</b> .....	6
4.1 Wholesale Market Objectives .....	6
4.2 Practicality and cost of implementation .....	7
4.3 Views expressed from submissions .....	7
4.4 Views expressed by Market Advisory Committee .....	7
<b>5. THE IMO'S FINAL DECISION</b> .....	7
5.1 Reasons for the decision .....	7
<b>6. AMENDING RULES</b> .....	8
6.1 Commencement .....	8
6.2 Amending Rules .....	8
<b>APPENDIX 1: FULL DETAILS OF THE PROPOSAL</b> .....	9

## DOCUMENT DETAILS

IMO Notice No.: RC\_2009\_26  
Report Title: Heads of Power for Market Procedures  
Release Status: Public  
Confidentiality Status: Public domain  
[http://www.imowa.com.au/Attachments/RuleChange/RuleChange\\_2009\\_26.html](http://www.imowa.com.au/Attachments/RuleChange/RuleChange_2009_26.html)  
Published in accordance with Market Rule 2.6.4

### Independent Market Operator

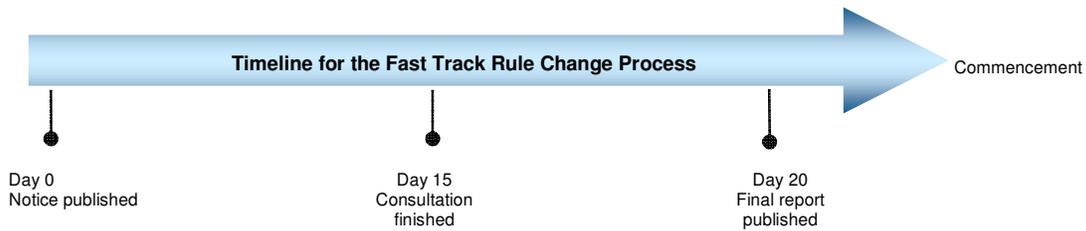
Level 3, Governor Stirling Tower  
197 St George's Terrace, Perth WA 6000  
PO Box 7096, Cloisters Square, Perth WA 6850  
Tel. (08) 9254 4300  
Fax. (08) 9254 4399  
Email: [imo@imowa.com.au](mailto:imo@imowa.com.au)  
Website: [www.imowa.com.au](http://www.imowa.com.au)



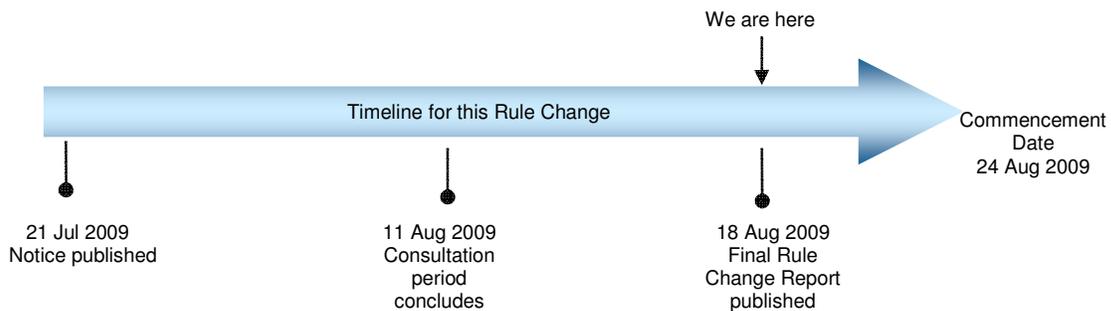
## 1. INTRODUCTION

On the 20 July 2009 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding the addition of new clauses 3.11.15, 4.14.11, 7.13.3 and 10.2.7 to 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
- outcomes from the public consultation period.

The amendments to the Market Rules made as a result of this Rule Change Proposal will commence at 8.00am on 24 August 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\\_26.html](http://www.imowa.com.au/Attachments/RuleChange/RuleChange_2009_26.html)

## 2. THE RULE CHANGE PROPOSAL

### 2.1 Submission Details

<b>Name:</b>	Troy Forward
<b>Phone:</b>	(08) 9254 4300
<b>Fax:</b>	(08) 9254 4399
<b>Email:</b>	imo@imowa.com.au
<b>Organisation:</b>	IMO
<b>Address:</b>	Level 3, Governor Stirling Tower, 197 St George's Terrace
<b>Date submitted:</b>	20 July 2009
<b>Urgency:</b>	Fast Track Rule Change Process
<b>Change Proposal title:</b>	<b>Heads of Power For Market Procedures</b>
<b>Market Rule(s) affected:</b>	New clauses 3.11.15, 4.14.11, 7.13.3 and 10.2.7

### 2.2 Summary Details of the Proposal

The proposed new clauses will enable the IMO and System Management to enforce and maintain the following Market Procedures:

- 1) Data Cleansing Power System Operation Procedure (PSOP);
- 2) Information Confidentiality Procedure;
- 3) System Restart PSOP; and
- 4) Declaration of Bilateral Trades and the Reserve Capacity Auction Procedure.

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

### 2.3 The Proposal and the Wholesale Market Objectives

This Rule Change Proposal provides the IMO and System Management with the ability to enforce and maintain the stated Market Procedures. This rule change supports the Market Rules from an operational perspective.

The IMO contends that this is 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 section 2.6 of the Market Rules, on the basis that it satisfies the criteria in section 2.5.9(b) of the Market Rules, in that it is required to correct a manifest error.

This correction will enable the IMO and System Management to develop, amend and replace additional Market Procedures.

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. CONSULTATION**

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 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 during this time. The IMO did however receive submissions from Synergy and Landfill Gas & Power (LGP) before the end date of the consultation period. The details of the submissions received are summarised below, with the full text available on the IMO's website.

### **3.1 Submission from Synergy**

Synergy supported the proposed rule change and that it should be fast tracked. To ensure an efficient and effective market, Synergy highlighted that the IMO needs to have the authority to undertake its role in the Procedure Change Process for all procedures. This includes those that had been developed outside the Market Rules (eg. under *Electricity Industry (Wholesale Electricity Market) Regulations 2004* or without a specific Market Rule requiring development).

### 3.2 Submission from Landfill Gas & Power

LGP supported this Rule Change Proposal on the grounds that it corrects a manifest error. LGP considered that Market Procedures are intended to at all times be fit for purpose and therefore must be capable being upgraded and enforced under the jurisdiction of the IMO.

## 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 studies 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

<b>Wholesale Market Objective</b>	<b>Consistent with objective</b>
(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 or any of the systems operated by System Management.

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 received two submissions before the end date for consultation. These submissions were 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 supported the proposal to be progressed.

### **5. THE IMO'S FINAL DECISION**

The IMO's final decision is to implement the new clauses 3.11.15, 4.14.11, 7.13.3 and 10.2.7 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 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 **24 August 2009**.

### 6.2 Amending Rules

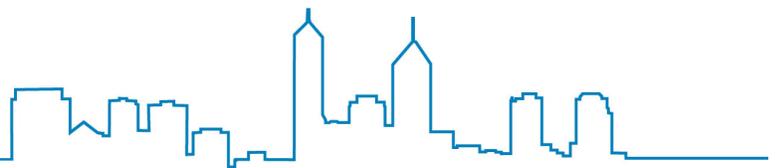
The following clauses are amended (~~deleted wording~~, new wording):

3.11.15 System Management must document in the Power System Operation Procedure the procedure to be followed where the Market Rules require Ancillary Services to be provided. System Management and Rule Participants must comply with that documented Market Procedure.

4.14.11 The IMO must develop a Market Procedure documenting the process the IMO and Rule Participants must follow for the Bilateral Trade Declaration and Reserve Capacity Auction. The IMO and Rule Participants must comply with that documented Market Procedure.

7.13.3 System Management must document in the Power System Operation Procedure the procedure to be followed in providing settlement and monitoring data to the IMO. System Management and Rule Participants must comply with that documented Market Procedure.

10.2.7 The IMO must document the Market Procedure it follows in setting and publishing the confidentiality status of information in clause 10.2. The IMO must comply with that documented Market Procedure.



## APPENDIX 1: FULL DETAILS OF THE PROPOSAL

### Background

Market Procedures can be developed, amended and replaced by the IMO and System Management in accordance with clause 2.9 of the Market Rules<sup>1</sup>. Market Procedures support the Market Rules from an operational perspective.

The Market Rules enable Market Procedures to be both enforceable (refer to clauses 2.9.6 – 2.9.8) and maintainable (via the Procedure Change Process).

The Market Rules allow for the development of certain Market Procedures. For example clause 2.9.5 outlines the requirements for the IMO to develop an Administration Procedure setting out the Market Procedure for developing and amending Market Procedures.

### Issue

There are currently four procedures which have been developed under either a heads of power established in the *Electricity Industry (Wholesale Electricity Market) Regulations 2004* or without a specific Market Rule requiring their development.

The IMO considered that it does not have jurisdiction to undertake its role in the Procedure Change Process for procedures established under the Regulations or procedures developed without a specific Market Rule requiring its development.

The procedures which fall into the above categories are:

- 1) Data Cleansing Power System Operation Procedure (PSOP);
- 2) Information Confidentiality Procedure;
- 3) System Restart PSOP; and
- 4) Declaration of Bilateral Trades and the Reserve Capacity Auction Procedure.

The Data Cleansing PSOP and Information Confidentiality Procedure were developed and approved by the Minister prior to market start. These Market Procedures are enforceable through the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*. However, the IMO was of the view that amendments to these procedures cannot be made unless enabled through the Market Rules.

The System Restart PSOP and the Declaration of Bilateral Trades and the Reserve Capacity Auction Procedure have not been approved by the Minister. These were created after market

---

<sup>1</sup> When a Power System Operation Procedure is required in the Market Rules, it is equivalent to a Market Procedure (as defined in the Market Rules Glossary).

start and have no specific requirement to be developed in the Market Rules. Hence, the IMO considered that these procedures are not enforceable and amendments made are not subject to the Procedure Change Procedure.

To ensure operational compliance, these procedures need to be enforced. To reflect changing operational requirements in the Wholesale Electricity Market, all four procedures need to be maintained.

### **Proposal**

The IMO proposed to provide the IMO and System Management with the ability to enforce and maintain the following procedures:

- 1) Data Cleansing PSOP;
- 2) Information Confidentiality Procedure;
- 3) System Restart PSOP; and
- 4) Declaration of Bilateral Trades and the Reserve Capacity Auction Procedure.