
Wholesale Electricity Market Rule Change Proposal

Change Proposal No: RC_2009_26
Received date: 20 July 2009

Change requested by

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| 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: | Heads of Power For Market Procedures |
| Market Rule(s) affected: | New clause 3.11.15, 4.14.11, 7.13.3, 10.2.7 |

Introduction

Clause 2.5.1 of the Wholesale Electricity Market Rules (Market Rules) provides that any person (including the Independent Market Operator (IMO)) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

This Change Proposal can be posted, faxed or emailed to:

Independent Market Operator
Attn: Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4339
Email: marketadmin@imowa.com.au

The IMO will assess the proposal and, within five Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market 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.

Details of the proposed Market Rule Change

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:

Background

Market Procedures can be developed, amended and replaced by the IMO and System Management in accordance with clause 2.9 of the Market Rules¹. 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 considers 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.

¹ 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).

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 is 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 start and have no specific requirement to be developed in the Market Rules. Hence, the IMO considers 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 proposes 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.

2. Explain the reason for the degree of urgency:

The IMO proposes that this Rule Change Proposal be progressed through the Fast Track Rule Change Process. The IMO considers that this Rule Change Discussion Paper fulfils sub-clause 2.5.9(b), in that it is required to fix a manifest error, and therefore may be fast-tracked:

2.5.9. 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;
- (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. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strikethrough~~ where words are deleted and underline words added)

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.

4. Describe how the proposed Market Rule change would allow the Market Rules to better address 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.

5. Provide any identifiable costs and benefits of the change:

Costs

- No costs have been identified to date.

Benefits

- Better support of Market Rules by:
 - 1) allowing certain Market Procedures to be enforceable; and
 - 2) authorising the IMO and System Management to maintain stated procedures to meet changing operational requirements.
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