
Wholesale Electricity Market Rule Change Proposal Submission Form

**RC_2009_28 Market Advisory Committee Constitution and
Operating Practices**

Submitted by

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Submission

- 1. Please provide your views on the proposal, including any objections or suggested revisions.**

Background

During its annual review of the composition of the Market Advisory Committee (MAC) for the 2009 calendar year, the Independent Market Operator (IMO) identified a number of areas of the Wholesale Electricity Market Rules (Market Rules) and MAC Constitution that it considered would benefit from amendment.

In particular, the IMO noted that while there is a requirement to annually review the composition of the MAC, neither the Market Rules nor the MAC Constitution contain a defined process or formal criteria for undertaking such a review. While the IMO has internal procedures for the review, these are not necessarily transparent to interested stakeholders and so the IMO's decisions with respect to appointments to the MAC may also lack transparency.

Rule Change Proposal

RC_2009_28 would result in various amendments to aspects of Market Rules 2.3, 2.7 and 2.10.

Alinta's views

Alinta generally supports RC_2009_28.

However, it considers that the Rule Change Proposal may benefit from further amendments to increase the clarity of the proposed amendments and/or to better achieve the objectives of the amendments. These further amendments are discussed in more detail below.

Delegation of MAC functions to Working Groups.

Market Rule 2.3.17 allows the MAC to “nominate” a Working Group to assist it in advising the IMO. The use of this term may imply that such Working Groups already exists, and that the MAC may at any time choose for one of the pre-existing Working Groups to assist it in advising the IMO.

In practise, it appears that Market Rule 2.3.17 has been used by the MAC to form Working Groups to assist it in advising the IMO. It is unclear whether the Market Rules currently contain a power for the MAC to establish Working Groups, or a power for the MAC to delegate any of the roles it is given under Market Rule 2.3.1.

Alinta suggests that it may be preferable for the following further amendments to be made.

- Market Rule 2.3.17 be amended to provide an explicit power for the MAC to establish and disband Working Groups.
- Market Rule 2.3.2 be amended to provide an explicit power for the MAC to delegate of its role in advising the IMO on Rule Change Proposal and Procedure Change Proposals to a Working Group.

Alinta suggests that the reference to “...if required, or if requested by any Working Groups established under clause 2.3.17...” (and a similar reference in the proposed amendment to Market Rule 2.3.15) potentially diminishes the role of the MAC.

- It is unclear who would determine if the MAC is required to advise the IMO and System Management (the Working Group, another party?).
- It appears that a Working Group may be able to determine whether or not the MAC has a role in advising the IMO (by choosing whether or not to “request” the MAC to advice the IMO). Alinta considers that the ability for a Working Group to determine whether or not the MAC should be convened to discuss a Procedure Change should be determined as part of the governance arrangements that apply between the MAC and Working Groups.

In addition, Alinta suggests that the concept behind the reference to “interaction” between the MAC and Working Groups may be more appropriately termed “governance arrangements”.

The further amendments proposed by Alinta are provided below.

Market evolution matters

The reference to “market evolution matters” in the proposed amendment to Market Rule 2.3.1 may not be sufficiently clear, defined or understood.

If the intention is to provide a role for the MAC in advising the IMO generally on the future development of the Market Rules (rather than simply specific Rule or Procedure changes, and operational matters), Alinta suggests it may be preferable to specify this role as “to advise the IMO regarding potential future changes to the Market Rules regardless of whether these have been submitted as Rule Change Proposals.”

The further amendments proposed by Alinta are provided below.

Alinta’s suggested further changes to the proposed specific changes to particular Rules

(for clarity, amendments proposed by RC_2009_28 to the current wording of the Rules are shown by a ~~strikethrough~~ where words are deleted and underlined where words added. Alinta’s proposed further amendments are shown by a ~~red strikethrough~~ where words are deleted and red underlined where words added)

2.3.1. The Market Advisory Committee is a committee of industry representatives convened by the IMO:

- (a) to advise the IMO regarding Rule Change Proposals;
- (b) to advise the IMO and System Management regarding Procedure Change Proposals; ~~if required, or if requested by any Working Groups established under clause 2.3.17;~~ and
- (c) to advise the IMO regarding market operation and SWIS operation matters; and
- (d) to advise the IMO regarding potential future changes to the Market Rules regardless of whether these have been submitted as Rule Change Proposals. ~~market evolution matters.~~

2.3.2. The IMO must develop and publish a constitution for the Market Advisory Committee detailing:

- (a) the process for convening the Market Advisory Committee;
- (b) the terms of reference of the Market Advisory Committee;
- (c) the membership terms of Market Advisory Committee members;
- (d) the process for appointing and replacing Market Advisory Committee members by the IMO;
- (e) the conduct of Market Advisory Committee meetings;
- (f) the role of the Market Advisory Committee secretariat; ~~and~~
- (g) interaction between the Market Advisory Committee and the IMO;
- (h) the ability of the Market Advisory Committee to delegate the role described in clauses 2.3.1(a) and 2.3.1(b) to a Working Group established under clause 2.3.17; and

- (i) interaction the governance arrangements to apply between the Market Advisory Committee and any Working Groups established under clause 2.3.17 where the Market Advisory Committee delegates any of the roles described in clauses 2.3.1(a) and 2.3.1(b) to a Working Group established under clause 2.3.17.

2.3.15. The secretariat must convene the Market Advisory Committee:

- (a) on any occasion where these Market Rules require a meeting to discuss a Rule Change Proposal;
- (aA) on any occasion where these Market Rules require a meeting to discuss a Procedure Change Proposal, if considered necessary by any Working Groups established under clause 2.3.17;
- (b) not less than once every six months so as to raise and discuss issues with respect to the operation of the market; and
- (c) on any occasion when two or more members of the Market Advisory Committee have informed the secretariat in writing that they wish to bring a matter regarding market operation, market evolution or the operation of these Market Rules before the Market Advisory Committee for discussion.

2.3.17. The Market Advisory Committee may:

- (a) ~~nominate a~~ establish **one or more** Working Groups, comprised of Representatives of Rule Participants and other interested stakeholders, to assist the Market Advisory Committee in advising the IMO **on Rule Change Proposals and/or Procedure Change Proposals; and**
- (b) **disband any Working Groups where it considers that the Working Group is no longer required, or will no longer be required, to assist the Market Advisory Committee in advising the IMO on Rule Change Proposals and/or Procedure Change Proposals.**

2.7.7. The draft Rule Change Report must contain:

- (d) a summary of the views expressed by the members of the Market Advisory Committee where the Market Advisory Committee met to consider the Rule Change Proposal and/or, if relevant, the Working Group to which the Market Advisory Committee has under clause 2.3.2(h) delegated its role to consider the Rule Change Proposal ;

2.10.13. The Procedure Change Report must contain:

- (a) the wording of the proposed Market Procedure or amendment to or replacement for the Market Procedure;
- (b) the reason for the proposed Market Procedure or amendment to or replacement for the Market Procedure;
- (c) all submissions received before the due date for submissions, a summary of those submissions, and the response of the IMO or System Management, as applicable, to the issues raised in those submissions;

- (d) a summary of the views expressed by the Market Advisory Committee and/or, if relevant, the or Working Group specifically appointed by to which the Market Advisory Committee has under clause 2.3.2(h)17 delegated its role to consider such the Procedure Change Proposals;

2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.

Market Rule 2.4.2 states 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. The Wholesale Market Objectives are as follows.

- (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.

Alinta considers that the IMO can be satisfied that RC_2009_28 is consistent with the Wholesale Market Objectives, and in any event is not likely to be inconsistent with the Wholesale Market Objectives.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

The changes to the Market Rules contemplated by RC_2009_28 would not require Alinta to change its IT or business systems, and hence there are no IT or business costs associated with the rule change proposal.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

The changes to the Market Rules contemplated by RC_2009_28 would not require Alinta to change its IT or business systems, and hence there is no specific period of time that would be required to implement the changes arising from the rule change proposal.