
**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.**

Summary

[This submission contains System Management's concerns regarding both the proposed rule change, and draft amendments to the MAC constitution.]

Amendments to the Market Rules

The proposed amendments to Market Rule 2.3 broadly fall within two categories:

- 1 minor amendments that:
 - a. clarify the interaction between the MAC and the Working Groups established under Market Rule 2.3.17;
 - b. confirm that the MAC is a non voting committee (which is consistent with the Explanatory Memorandum that accompanies the Wholesale Electricity Market Rules);

- c. incorporate minor drafting amendments (such as the proposed amendment to Market Rule 2.3.5); and
 - d. clarify when IMO must convene a meeting of the MAC (such as the proposed amendments to Market Rule 2.7.4 and 2.7.5); and
- 2 major amendments that alter the function of the MAC and the IMO by:
- a. expressly granting the MAC the power to consider “market evolution” matters; and
 - b. implicitly granting the IMO the power to initiate and direct “market evolution” matters.

Whilst System Management does not object to the minor amendments contained within the Rule Change Proposal, before System Management could support the proposed major amendments it would want clarification on two key areas of questions, expressly:

- 1. Market evolution, and;
- 2. The MAC constitution.

System Management would question whether the IMO’s proposed rule change extends beyond the existing legislative frameworks governing the Wholesale Electricity Market.

Market Evolution

Market evolution in many areas involves issues of energy policy. System Management understands that the relevant legislations vest policy decision making responsibility in the Office of Energy. How the role of the IMO in making policy choices would reconcile with the role of the Office of Energy is unclear to System Management.

The Minister for Energy has recently announced that an energy initiative will be released in the near future. System Management feels that the MAC needs to ensure that the proposed market evolution plan doesn’t conflict with this energy initiative.

Furthermore, the Oates report is expected to provide a summary of developments of the electricity industry which many industry representatives now consider necessary. The Oates report is likely to be publically available in the near future. System Management suggests that MAC members would want sufficient time to review the report for relevant material in considering the proposed changes to the MAC Constitution and market evolution matters.

Amendments to the MAC Constitution

Clause 2.3.3 of the Market Rules requires:

The constitution of the Market Advisory Committee must be consistent with the Market Rules.

The amended MAC Constitution contains a number of clauses which may inadvertently be inconsistent with the Market Rules. System Management proposes that all amended clauses be checked to ensure that they do not introduce inconsistencies with the Market Rules.

Other of the amendments regarding confidentiality and representations in MAC may place MAC members in a difficult position with respect to their employers and the class of Market Participant which they represent. Each of the clauses needs to be considered in terms of the positions which MAC members would be forced to adopt as a result of the amendments.

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

Please see above general comments.

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.

Later implications could be very significant for System Management.

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

System Management would require no time to implement the change.