



Independent Market Operator

Rule Change Notice

**Title: Correction of Chapter 4
minor, typographical
and manifest errors**

Ref: RC_2010_02

Fast Track Rule Change Process

Date: 8 April 2010

CONTENTS

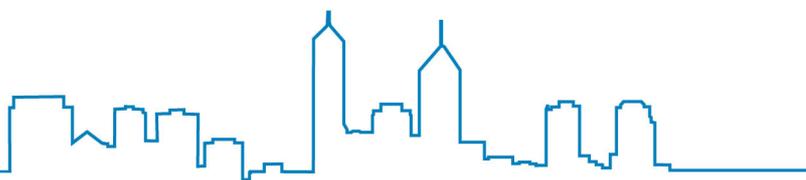
1. THE RULE CHANGE PROPOSAL	3
1.1. The Submission	3
1.2. Details of the Proposal.....	3
1.3. The Proposal and the Wholesale Market Objectives	7
2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER	7
3. CALL FOR SUBMISSIONS.....	8
4. PROPOSED AMENDING RULES.....	8
5. ABOUT RULE CHANGE PROPOSALS	15

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1. THE RULE CHANGE PROPOSAL

1.1. The Submission

On 7 April 2010 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding amendments to several clauses in Chapter 4 of the Wholesale Electricity Market Rules (Market Rules). These clauses are outlined in the table below.

This Rule Change Notice is published according to clause 2.5.7 of the Market Rules, which requires the IMO to publish a notice when it has developed a Rule Change Proposal.

1.1.1 Submission details

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Address:	
Date submitted:	7 April 2010
Urgency:	Low
Change Proposal title:	Correction of Chapter 4 minor, typographical and manifest errors
Market Rules affected:	Clauses 4.1.21, 4.1.27, 4.13.5(a), 4.13.8(c), 4.13.10(c), 4.13.11, 4.23A.3(c), 4.24.1, 4.25.3A, 4.25.4(b), 4.25.4B, 4.25.4F, 4.25.8(b), 4.25.9, 4.25.12, 4.26.1A(a), 4.26.2C(d), 4.27.5, 4.27.6, 4.27.7, 4.27.8, 4.27.9, 4.27.10A, 4.27.11, 4.27.11A, 4.27.11D, 4.28C.2, 4.28C.4, 4.28C.7, 4.28C.8, 4.28C.9 and 4.28C.12.

1.2. Details of the Proposal

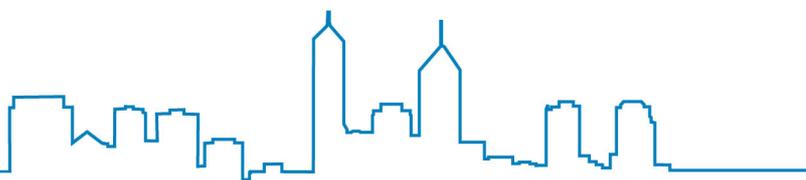
As part of its ongoing review of the Market Rules, the IMO has committed to submitting three Rule Change Proposals per year to address minor and typographical errors that have been identified. This Rule Change Proposal is the first minor, typographical and manifest error proposal for 2010 and concentrates on chapter 4 of the Market Rules.

The amendments outlined in this Rule Change Proposal are to improve the language and punctuation used, correct Market Rule references, remove unnecessary ambiguity in identified clauses and eliminate any manifest errors. The IMO considers that this will enhance the integrity of the Market Rules.

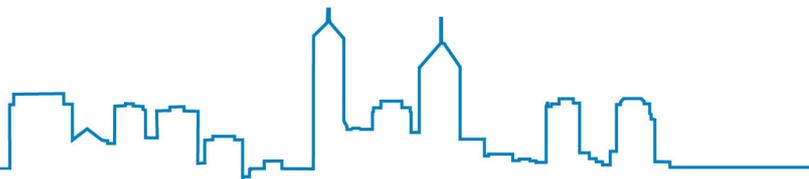
The proposed amendments are to:

- **Clause 4.1.21:**
Amend the clause reference from “4.13.10” to “4.13.10A”;
- **Clause 4.1.21(a):**
Amend the clause by:

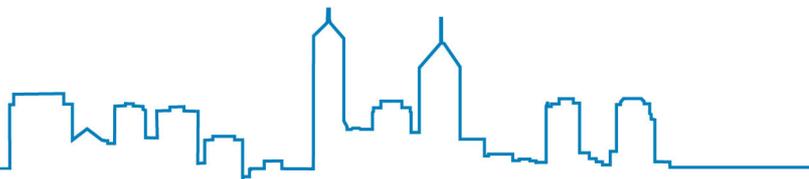
- replacing “provided” with “requested the IMO to release”;
- inserting “of its determination as to whether” after “Reserve Capacity Security for a Facility”; and
- deleting “the” in the last line;
- **Clause 4.1.21(b):**
Amend the clause by inserting “that is no longer required” at the end of the clause;
- **Clause 4.1.27:**
Amend the clause by:
 - updating the clause reference from “4.13.10” to “4.13.10A”;
 - replacing “provided” with “requested the IMO to release”;
 - inserting “, which the Market Participant considers to be in commercial operation and capable of meeting its Reserve Capacity Obligations, of its determination as to whether” after “Reserve Capacity Security for a Facility”;
 - deleting “the” before “Reserve Capacity Security is no longer required”;
 - inserting “that is no longer required” after “cash deposit”;
 - replacing “five” with “10”; and
 - replacing “of the first day that the Facility to which the Reserve Capacity Security relates is considered by the IMO to be in commercial operation and capable of meeting its Reserve Capacity Obligations” with “after receiving the Market Participant’s request”.
- **Clause 4.13.5(a)(iv):**
Amend the clause reference from “4.13.11” to “4.13.11A”;
- **Clause 4.13.8(c)(iii):**
Amend the clause reference from “4.13.11” to “4.13.11B”;
- **Clause 4.13.10(c):**
Amend the clause reference from “4.13.11” to “4.13.11A”;
- **Clause 4.13.11:**
Insert the following text “, unless the IMO has already returned the Reserve Capacity Security to the Market Participant under clause 4.13.10A,” to the last paragraph of the clause between “then” and “the IMO will return...”;



- **Clause 4.23A.3(c):**
Replace “original” with “originally”;
- **Clause 4.24.1:**
Remove “first” from the first line of the clause;
- **Clause 4.25.3A:**
Amend the clause by:
 - removing “that Facility is” from the end the first sentence;
 - inserting “that facility is” to the start of sub clause (a);
 - replacing “if the facility” with “the relevant Market Participant” at the start of sub clause (b);
 - inserting “for that Facility” after “Consequential Outage” in sub clause (b); and
 - replacing “if the” with “that” at the start of sub clause (c); and
 - inserting “a” prior to “Commissioning Test” in sub clause (c).
- **Clause 4.25.4(b):**
Replace the semi colon with a full stop.
- **Clause 4.25.4B(b):**
Amend the clause reference from “4.13.10,” to “4.13.10A,” and add “of its determination” after the clause reference;
- **Clause 4.25.4F:**
Replace both instances of “curtailable load” with “Curtailable Load”;
- **Clause 4.25.8(b):**
Insert “Power System” before “Security”;
- **Clause 4.25.9:**
Insert “must” at the end of the first sentence and remove from the beginning of sub clauses (a) to (f);
- **Clause 4.25.12:**
Capitalise “certified”;
- **Clause 4.26.1A(a):**
Amend the clause by:
 - updating the roman numeral clause numbering; and



- removing “in” from “Intermittent Facility in which are deemed”;
- **Clause 4.26.2C(d):**
Insert “identified in clause 4.26.2C(a)” after “32 Trading Intervals”;
- **Clause 4.27.5:**
Delete the comma following the clause reference;
- **Clause 4.27.6:**
Replace “a” with “the”;
- **Clause 4.27.7:**
Move the comma from after “practice” to after “discretion”;
- **Clause 4.27.8:**
Delete the comma after “4.27.7”;
- **Clause 4.27.9:**
Delete the comma after “exceeds 80”;
- **Clause 4.27.10A:**
Amend the clause by:
 - inserting “the” before the second “IMO”;
 - amending the clause reference from “4.13.10,” to “4.13.10A,”; and
 - inserting “of its determination” after the clause reference;
- **Clause 4.27.11:**
Insert “or clause 4.27.10A, whichever applies,” after “in clause 4.27.10”;
- **Clause 4.27.11A:**
Insert “or clause 4.27.10A” after “in clause 4.27.10”;
- **Clause 4.27.11D:**
Amend the clause by:
 - inserting “or clause 4.27.10A” after the first reference to “clause 4.27.10”; and
 - inserting “or clause 4.27.10A,” after the second reference to “clause 4.27.10”;
- **Clause 4.28C.2:**
Insert “clause” before “4.28C.1”;



- **Clause 4.28C.4:**
Replace “The” with “An” at the start of the clause;
- **Clause 4.28C.7:**
Insert “receiving” after “within 90 days of”;
- **Clause 4.28C.8:**
Amend the clause by:
 - replacing “provided” with “provide”; and
 - removing the full stop after “4.28C.9”;
- **Clause 4.28C.9:**
Replace “clause” with “clauses” in the first line; and
- **Clause 4.28C.12:**
Replace the comma at end of clause with a full stop and amend the first clause reference from “4.28C.4 (b)” to “4.28C.8”.

1.3. The Proposal and the Wholesale Market Objectives

The IMO considers that the proposed changes, which will improve the integrity of the Market Rules, are consistent with the operation of the Wholesale Market Objectives.

2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has 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 clauses 2.5.9(a) and (b) of the Market Rules.

Clause 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.

The IMO considers that incorrect clause references are manifest errors. As such, the amendments correcting clause references fulfils sub-clause 2.5.9(b), in that they are required to correct a manifest error, and therefore may be fast-tracked.

Additionally, the IMO considers that the remaining proposed changes consist of minor and typographical amendments which will improve the integrity of the Market Rules. The changes do not seek to amend the operation of the Market Rules. As such, the IMO considers that the proposal fulfils sub-clause 2.5.9(a), in that it is of a minor or procedural nature, and therefore may be fast-tracked.

The projected timeline for processing this proposal is:



3. CALL FOR SUBMISSIONS

Any Rule Participant wishing to be consulted regarding this Rule Change Proposal is invited to notify the IMO within 5 Business Days of this notice being published (**15 April 2010**).

The consultation period is 15 Business Days from the publication date of this Rule Change Notice. Submissions must be delivered to the IMO by 5.00pm on **Friday 30 April 2010**.

The IMO prefers to receive submissions by email to **market.development@imowa.com.au** using the submission form available on the IMO website: <http://www.imowa.com.au/rule-changes>

Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator
Attn: Manager Market Development and System Capacity
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

4. PROPOSED AMENDING RULES

The IMO proposes the following amendments to the Market Rules (~~deleted text~~, added text):

4.1.21. Not later than 5 PM of the last Business Day falling on or before 23 December of Year 1 of a Reserve Capacity Cycle, the IMO must, in accordance with clause 4.13.10A:

- (a) notify a Market Participant that has ~~provided~~ requested the IMO to release a Reserve Capacity Security for a Facility of its determination as to whether that the Reserve Capacity Security is no longer required; and
- (b) return any Reserve Capacity Security which was provided in the form of a cash deposit that is no longer required,

in the event that the Market Participant does not hold Capacity Credits for the Facility to which the Reserve Capacity Security relates in the relevant Reserve Capacity Cycle.

4.1.27. The IMO must in accordance with clause 4.13.10A notify a Market Participant that has ~~provided~~ requested the IMO to release a Reserve Capacity Security for a Facility, which the Market Participant considers to be in commercial operation and capable of meeting its Reserve Capacity Obligations, of its determination as to whether that the Reserve Capacity Security is no longer required, and return any cash deposit that is no longer required, within five- 10 Business Days after receiving the Market Participant's request of the first day that the Facility to which the Reserve Capacity Security relates is considered by the IMO to be in commercial operation and capable of meeting its Reserve Capacity Obligations.

4.13.5. The Reserve Capacity Security for a Market Participant must be:

- (a) an obligation in writing that:

...

- iv. constitutes valid and binding unsubordinated obligations to the Reserve Capacity Security provider to pay to the IMO amounts in accordance with its terms which relate to the obligations of the relevant Market Participant under the Market Rules to pay compensation under clause 4.13.11A; and

...

4.13.8. The IMO must develop a Market Procedure dealing with:

...

- (c) Reserve Capacity Security arrangements, including:

...

- iii. the application of monies drawn from Reserve Capacity Security in respect of amounts payable by the relevant Market Participant to the IMO under clause 4.13.11B;

...

4.13.10. A Market Participant is no longer required to ensure that the IMO holds the benefit of a Reserve Capacity Security after:

...

- (c) in the case of a new Facility to which none of (a), (b), or clause 4.13.11A relate, the day from which Reserve Capacity Obligations cease to apply in accordance with clause 4.1.30 in respect of the Reserve Capacity Cycle.

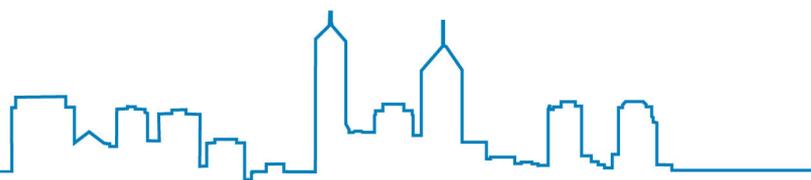
4.13.11. If a Market Participant that provides a Reserve Capacity Security in respect of a Facility under this clause 4.13 operates the Facility:

- (a) at a level (expressed in MWh) that is at least 90% of one-half of the Reserve Capacity Obligation Quantity for the Facility (as determined under clause 4.12.4 and before any adjustment made under clause 4.12.6, expressed in MW) in at least one Trading Interval when the Reserve Capacity Obligation Quantity exceeds 0 MW; and
- (b) the Trading Interval falls between the date from which Reserve Capacity Obligations apply in accordance with clause 4.1.26 and the day from which Reserve Capacity Obligations cease to apply in accordance with clause 4.1.30 in respect of the Reserve Capacity Cycle,

then, unless the IMO has already returned the Reserve Capacity Security to the Market Participant under clause 4.13.10A, the IMO will return the Reserve Capacity Security to the Market Participant within 20 Business Days after the end of the relevant Capacity Year.

4.23A.3. If at any time a Market Participant holds Capacity Credits with respect to a facility (the “**primary facility**”) that must be registered as more than one Registered Facility, either as a result of Facility aggregation not being approved by System Management or being revoked, then the IMO may re-allocate the Certified Reserve Capacity, Capacity Credits and Reserve Capacity Obligation Quantities of the primary facility between the primary facility and the Registered Facilities subject to the conditions that:

...



- (c) after the re-allocation the total Certified Reserve Capacity, the total number of Capacity Credits and the total Reserve Capacity Obligation Quantities, respectively, of the primary facility and the Registered Facilities must equal the Certified Reserve Capacity, the number of Capacity Credits, and the Reserve Capacity Obligation Quantity ~~original~~ originally held by the primary facility; and

...

4.24.1. If, at any time after the day which is six months before the ~~first~~ Capacity Year the IMO considers that, in its opinion, inadequate Reserve Capacity will be available in the SWIS to satisfy the requirements described in clauses 4.5.9(a) and (b), and Reserve Capacity Auction intended to secure Capacity Credits for that time has already occurred or been cancelled, then it must:

...

4.25.3A. The IMO must not subject a Facility to a test of Reserve Capacity if ~~that Facility is:~~

- (a) that Facility is undergoing a Scheduled Outage or Opportunistic Outage which has been approved in accordance with clause 3.19, or
- (b) the relevant Market Participant if the facility has advised System Management of a Forced Outage or Consequential Outage for that Facility in accordance with clause 3.21.4; or
- (c) ~~if the~~ that Facility is undergoing a Commissioning Test approved in accordance with clause 3.21A.

4.25.4. The IMO must, in the event that a Facility fails a Reserve Capacity test under clause 4.25.2(b), require System Management to re-test that Facility in accordance with clause 4.25.2(b), not earlier than 14 days and not later than 28 days after the first test. If the Facility fails this second test, then the IMO must, from the next Trading Day:

- (a) if the test related to a generation system, reduce the number of Capacity Credits held by the relevant Market Participant for that Facility to reflect the maximum capabilities achieved in either test performed (after adjusting these results to the equivalent values at a temperature of 41°C and allowing for the capability provided by operation on different types of fuels); or
- (b) if the test related to a Dispatchable Load, Curtailable Load or Interruptible Load, reduce the number of Capacity Credits held by the relevant Market Participant for that Facility to zero;

4.25.4B In order for an application under clause 4.25.4A to be assessed by the IMO, it must:

- (a) be in writing;

- (b) relate to a Facility for which the IMO has notified the Market Participant, in accordance with clause 4.13.10A, of its determination that the need to maintain the Reserve Capacity Security for that Facility has ceased;
- (c) detail the reasons for the reduction in the number of Capacity Credits; and
- (d) indicate whether the application relates only to the current Reserve Capacity Year or includes subsequent Capacity Years.

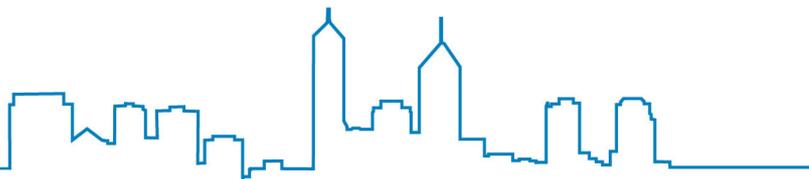
4.25.4F. A Market Participant may not offer a ~~curtailable load~~ Curtable Load for Supplementary Reserve Capacity if the ~~curtailable load~~ Curtable Load has had its Capacity Credits reduced in accordance with clause 4.25.4C for any part of that Capacity Year.

4.25.8. If the IMO requests that a test be conducted by System Management in accordance with this clause 4.25, then System Management must notify the IMO within one Business Day as to whether it is possible to conduct the test without endangering Power System Security and Power System Reliability within the time interval described in clause 4.25.7(c), and if not, System Management must provide to the IMO:

- (a) justification as to why the test cannot be conducted; and
- (b) an alternative time interval during which the test will be conducted, where this must be the earliest time that the test can be performed without endangering Power System Security and Power System Reliability.

4.25.9. In conducting a test, System Management must:

- (a) ~~must~~, subject to paragraphs (b), (c) and (d), endeavour to conduct the test without warning;
- (b) ~~must~~ allow sufficient time for the Market Participant to schedule fuel that it is not required under these Market Rules to be stored on-site
- (c) ~~must~~ allow sufficient time for switching a Facility from one fuel to an alternative fuel if operation using the alternative fuel is being tested;
- (d) ~~must~~, in the case of an Interruptible Load or a Curtable Load allow sufficient time for arrangements to be made for the Facility to be triggered in a simulation mode only;
- (e) ~~must~~ report to the IMO whether the test was successfully performed;
- (f) ~~must~~ maintain adequate records of the test to allow independent verification of the test results; and



- (g) conduct the test in the time interval specified by the IMO in accordance with clause 4.25.7(c) unless System Management has notified the IMO of an alternative time interval in accordance with clause 4.25.8, in which case, System Management must conduct the test in the time interval specified in accordance with clause 4.25.8(b).

4.25.12. The IMO may use the results of tests under this clause 4.25 in respect of a Facility in assigning ~~certified~~ Certified Reserve Capacity and setting Reserve Capacity Obligation Quantities for the Facility for subsequent Reserve Capacity Cycles.

4.26.1A. The IMO must calculate the Forced Outage refund for each Facility (“**Facility Forced Outage Refund**”) as the lesser of:

- (a) the sum over all Trading Intervals t in Trading Month m of the product of:
 - i the Off-Peak Trading Interval Rate or Peak Trading Interval Rate determined in accordance with the Refund Table applicable to Trading Interval t ; and
 - ii the Forced Outage Shortfall in Trading Interval t ,

where the Forced Outage Shortfall for a Facility is equal to:

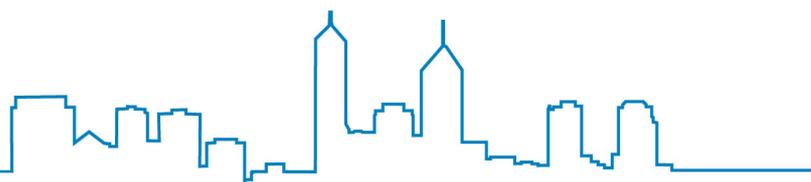
- iii. the Forced Outage in that Trading Interval measured in MW; or
- iv. the number of Capacity Credits associated with an Intermittent Facility ~~in~~ which are deemed to not have been commissioned for the purposes of clause 4.26.1; and

...

4.26.2C. The IMO must:

...

- (d) Where evidence is provided by the Market Customer that the Curtailable Load was operating at below capacity due to its consumption being reduced at the request of System Management or because of maintenance during one or more of the 32 Trading Intervals identified in clause 4.26.2C(a), the IMO must set the Relevant Demand based on the IMO’s estimate of the Curtailable Load consumption during those intervals.



- 4.27.5. A Market Participant must provide a report described in clause 4.27.3, to the IMO in a format specified in the Reserve Capacity Procedure within 20 Business Days of being requested to do so.
- 4.27.6. The IMO must consult with System Management on the implications of a the report.
- 4.27.7. If the IMO considers the number of days reported in accordance with clause 4.27.4(b) to be unjustified based on good industry practice, it may, at its sole discretion, limit the number of days on which Planned Outages are to be taken by the Facility in each of the next 24 months for the purposes of clause 4.27.8 and 4.27.9 and must notify the Market Participant who filed the report described in clause 4.27.3 of the limit.
- 4.27.8. If the IMO limits the number of days in accordance with clause 4.27.7, then the modified value is to supersede the corresponding value specified in the report described in clause 4.27.4.
- 4.27.9. If the number of days determined in accordance with clause 4.27.2 exceeds 80, then the IMO must:
...
- 4.27.10A. Market Participants holding Capacity Credits for Facilities that are yet to commence operation must file a report on progress with the IMO at least once every month between the commencement of the calendar year in which the date referred to in clause 4.10.1(c)(iii)(7) falls and the date the IMO has notified the Market Participant, in accordance with clause 4.13.10A, of its determination, that the need to maintain the Reserve Capacity Security for the Facility has ceased.
- 4.27.11. The report described in clause 4.27.10 or clause 4.27.10A, whichever applies, must include the current nominations of each date to which clause 4.10.1(c)(iii) refers.
- 4.27.11A On receiving the report described in clause 4.27.10 or clause 4.27.10A the IMO must conduct an assessment and approve or not approve the current nominations for each date provided in accordance with clause 4.27.11. The IMO must not approve a nomination for a date which would have prevented the IMO from assigning Certified Reserve Capacity to a Facility.
- 4.27.11D In respect of a report submitted in accordance with clause 4.27.10 or clause 4.27.10A including the dates nominated in accordance with clause 4.27.11, the IMO may require the Market Participant to provide supporting evidence, submitted by a suitably authorised person, and the IMO may require the Market Participant to submit further reports in accordance with clause 4.27.10 or clause 4.27.10A, or revise the dates nominated in accordance with 4.27.11.

- 4.28C.2. A Market Participant with a Registered Facility that meets the criteria in clause 4.28C.1 may apply to the IMO, at any time between the date when the Facility was registered under Chapter 2 and 1 January of Year 1 of the Capacity Cycle to which the application relates, for certification of Capacity and Capacity Credits for that Facility (“**Early Certified Reserve Capacity**”).
- 4.28C.4. ~~An~~ The application under clause 4.28C.2 must state that the applicant intends to trade all assigned Certified Reserve Capacity bilaterally.
- 4.28C.7 The IMO must, within 90 days of receiving the application, set Early Certified Reserve Capacity for the Facility to that amount it would normally grant the Facility if processing an application for Certified Reserve Capacity in accordance with clause 4.11.
- 4.28C.8. Within 30 Business Days of the applicant receiving notification by the IMO of the amount of Early Certified Reserve Capacity assigned to the Facility the applicant must provide~~provided~~ Reserve Capacity Security equal to the amount specified in clause 4.28C.9~~;~~, else the Early Certified Reserve Capacity assigned to the Facility will lapse.
- 4.28C.9. The amount for the purposes of clauses 4.28C.8 and 4.28C.12 is twenty-five percent of the Maximum Reserve Capacity Price included in the most recent Request for Expressions of Interest at the time and date associated with either clause 4.28C.8 or 4.28C.12 as applicable, multiplied by an amount equal to the Early Certified Reserve Capacity assigned to the Facility.
- 4.28C.12. The Reserve Capacity Security provided by the Market Participant under clause ~~4.28C.4 (b)~~ 4.28C.8 must, by the time and date in clause 4.1.13 (a), in year 1 of the first Reserve Capacity Cycle in which the Facility will commence operation be recalculated in accordance with 4.28C.9, and the difference paid to the IMO or refunded to the Market Participant as applicable~~;~~.

5. ABOUT RULE CHANGE PROPOSALS

Market Rule 2.5.1 of the Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the IMO.

The IMO will assess the proposal and, within 5 Business Days of receiving the proposal form, will notify the proponent whether the proposal will be progressed further.

In order for the proposal to be progressed the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives. The market objectives 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.

A Rule Change Proposal can be processed using a Standard Rule Change Process or a Fast Track Rule Change Process. The standard process involves a combined 10 weeks public submission period, while the fast track process involves the IMO consulting with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.