

RULE CHANGE NOTICE

EXTENSIONS TO PROCEDURE CHANGE PROCESS TIMELINES

(RC_2011_12)

This notice is given under clause 2.5.7 of the Market Rules.

Date Submitted: 24 October 2011

Submitter: Suzanne Frame, the Independent Market Operator (IMO)

THE PROPOSAL

The proposed amendments would allow the IMO to extend the Procedure Change Process timelines if required.

Appendix 1 contains the Rule Change Proposal and gives complete information about:

- the proposed amendments to the Market Rules;
- relevant references to clauses of the Market Rules and any proposed specific amendments to those clauses; and
- the submitter's description of how the proposed amendments would allow the Market Rules to better address the Wholesale Market Objectives.

DECISION TO PROGRESS THE RULE CHANGE

The IMO has decided to progress the Rule Change Proposal on the basis that Rule Participants should be given an opportunity to provide submissions as part of the rule change process.

RULE CHANGE PROCESS

The IMO has decided to subject the Rule Change Proposal to the Fast Track Rule Change Process described in section 2.6 of the Market Rules, on the grounds that it satisfies the criteria in clauses 2.5.9(a) 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 an optional extension of the Procedure Change Process timeline is procedural in nature, and this qualifies it for the Fast Track Rule Change Process under clause 2.5.9(a) of the Market Rules. In making this determination the IMO notes that the proposed amendments will enhance the process for amending or creating Market Procedures but will not otherwise affect the process that is prescribed in the rules or undermine any of the protections provided. Providing for flexibility around timelines replicates the process provided for to amend or introduce new Rules, and will improve the IMO's ability to consult on any amendment as well as administrative efficiency.

TIMELINE

The timelines for processing this proposal are:



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 (**1 November 2011**). 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 **Tuesday 15 November 2011**.

Submissions should be made 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: Group Manager, Market Development
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4399



APPENDIX 1

Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: RC_2011_12
Received date: 24 October 2011

Change requested by:

Name:	Suzanne Frame
Phone:	(08) 9254 4300
Fax:	(08) 9254 4399
Email:	marketdevelopment@imowa.com.au
Organisation:	IMO
Address:	Level 3, Governor Stirling Tower, 197 St Georges Terrace
Date submitted:	24 October 2011
Urgency:	Fast Track
Change Proposal title:	Extensions to Procedure Change Process Timelines
Market Rules affected:	New Clauses 2.10.17, 2.10.18, 2.10.19.

Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the 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: Group Manager, Market Development
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4339
Email: market.development@imowa.com.au

The Independent Market Operator will assess the proposal and, within 5 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

The process for making changes to Market Procedures is outlined in clause 2.10 of the Market Rules. The clause sets out a process to be followed by each of the Independent Market Operator (IMO) and System Management, including the timelines that will apply.

Issue

There is no ability for the IMO to issue an extension to any of the timeframes outlined in section 2.10 of the Market Rules. In particular:

- The public consultation period on a Procedure Change Proposal prepared by either the IMO or System Management is restricted to twenty Business Days from the date the call for submissions on the Procedure Change Proposal is published to receive submissions (clause 2.10.7);
- The IMO is restricted to making a decision to approve or reject a proposed Market Procedure or amendments to a Market Procedure developed by System Management within 10 Business Days of publishing a Procedure Change Report (clause 2.10.14).

The inability to extend timeframes for the consultation period means that there can be insufficient time to consult on large amendments to existing Market Procedures or complicated new Market Procedures. This is because substantive amendments (or new obligations) may require significant consideration by Market Participants which may not be achievable within a 20 Business Day timeframe.

In addition, if a further issue is identified during the consultation process that would justify the issuing of an addendum (acknowledging an addendum would have no formal standing under the Market Rules), there would be insufficient time available to do this.

This was the situation with the Procedure Change Proposal: Transitional arrangements for the Registration of Demand Side Programmes and the association of Non-Dispatchable Loads (PC_2011_03) and resulted in the IMO undertaking an informal consultation process on the further identified amendments.

Likewise, the 10 Business Day period for making a decision regarding a proposed System Management Market Procedure creates administrative issues for the IMO when it assesses the proposed amendments. This can affect the robustness of the IMO's review of System Management Market Procedures, potentially undermining the Procedure Change Process and the confidence of Market Participants in the Market Procedures.

These concerns are given greater focus in light of the forthcoming changes to the Market Rules resulting from the Market Evolution Program (MEP). The introduction of the new balancing rules means there will be multiple Market Procedure proposals entering the formal process within a short space of time.

Further, the balancing regime provides for a substantive amount of detail to be included in Market Procedures. Without the option to extend the timelines it could prove difficult to carry out adequate consultation on the proposed amendments, and the IMO is likely to experience administrative issues in undertaking a comprehensive review of proposed new and amended Market Procedures put forward by System Management.

The IMO can receive multiple Market Procedure proposals and/or amendments from System Management at the one time (as will likely be the case following the changes to the Market Rules associated with the MEP). This can create a bottleneck of Procedure Change Proposals or amendments to be reviewed and accepted or rejected by the IMO, within 10 Business Days.

Proposal

The proposed amendments to the Market Rules outlined in this Rule Change Proposal will allow the IMO to extend the timelines for the Procedure Change Process, set out by clauses 2.10.7 and 2.10.14 of the Market Rules.

The IMO notes that the proposed amendments will also:

- more closely align the rule change process and the Procedure Change Process. The rule change process allows for an extension of the timelines as per clause 2.5.10 of the Market Rules;
- improve the administrative efficiency of the IMO and the integrity of the Procedure Change Process.

2. Explain the reason for the degree of urgency:

The IMO submits that this Rule Change Proposal should be fast-tracked, on the basis that it satisfies the criteria in clauses 2.5.9(a) 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;*
- (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 submits that the Rule Change Proposal should be subject to the Fast Track Rule Change Process as it is of a procedural nature. The proposed amendments will amend the Procedure Change Process to allow for extensions of the timeframes specified in clauses 2.10.7 and 2.10.14. This will enhance the process for amending or creating Market Procedures but will not otherwise affect the process that is prescribed in the Market Rules or undermine any of the protections provided. Providing for flexibility around timelines replicates the process provided for to amend or introduce new Rules, and will improve the IMO's ability to consult on any amendment as well as administrative efficiency.

The IMO notes that the changes only amend the Procedure Change Processes and not the operation of the Market. There will be no financial consequences as a result of the proposed amendments. Likewise there will be no operational impacts, except for those to the IMO as a result of the changes.

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)

2.10.17. The IMO may, at any time after publishing a Procedure Change Proposal, decide to extend the normal timeframe for processing the Procedure Change Proposal. If the IMO decides to do so, then it may modify the times and time periods under clauses 2.10.7 or 2.10.14 in respect of the Procedure Change Proposal and publish details of the modified times and time periods.

2.10.18. The IMO must publish a notice of an extension determined in accordance with 2.10.17 and must update any information already published in accordance with clause 2.10.7 or 2.10.15.

2.10.19. A notice of extension under clause 2.10.18 must include:

- (a) the reasons for the proposed extension;
 - (b) the views of any Rule Participant consulted on the extension; and
 - (c) the proposed length of any extension.
-

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

The IMO considers that the proposed Rule Change, which will improve the administrative ease in the IMO and will ensure sufficient consultation can be undertaken on proposed amendments to the Market Procedures, is consistent with the Wholesale Market Objectives.

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

Costs:

No costs associated with implementing these proposed changes have been identified.

Benefits:

The proposed changes will improve the administrative efficiency of the IMO, allow the IMO to maintain a high standard in comprehensively reviewing Market Procedure proposals and amendments, and allow additional time for consultation on complex changes to Market Procedures, where necessary.