



INDEPENDENT  
MARKET  
OPERATOR

---

---

**Wholesale Electricity Market  
Submission to proposed amendment to civil penalty provision  
2.27.1**

**RC\_2012\_07  
Loss Factor Determination**

---

---

**Submitted by**

<b>Name:</b>	Noel Ryan
<b>Phone:</b>	9326 4083
<b>Email:</b>	noel.ryan@westernpower.com.au
<b>Organisation:</b>	Western Power
<b>Address:</b>	GPO Box L921, Perth, WA 6842
<b>Date submitted:</b>	30 April 2013

---

---

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

Following the close of second round submissions on Rule Change Proposal RC\_2012\_07, the Public Utilities Office raised concerns with the application of civil penalty provisions in the Electricity Industry (Wholesale Electricity Market) Regulations 2004 (the Regulations). Under the Regulations, clause 2.27.1 of the Market Rules is listed as a civil penalty.

In the current draft of the Market Rules, clause 2.27.1 reads  
"2.27.1 By 1 June of each year Network Operators must, in accordance with this section 2.27 [newly inserted], calculate and provide to the IMO Loss Factors for..."

This re-drafting expands the application of the civil penalty from clause 2.27.1 to the whole of 2.27. Western Power does not support this expansion. Section 2.27 contains many requirements, not just for the Network Operator but for the IMO and Market Participants. The current drafting of 2.27.1 implies that Western Power is financially responsible for the actions of others.

The IMO has since suggested that the civil penalty provision be changed from 2.27.1 to 2.27.6, which follows:

"2.27.6 Each year by 1 June each Network Operator must, in accordance with the Market Procedure for Determining Loss Factors, recalculate the Loss Factors for its connection points and provide the IMO with updated Transmission Loss Factors and Distribution Loss

Factors (as applicable) for each Loss Factor Class in the Network Operator's classification system."

Western Power believes this clause more closely matches the original intent of the civil penalty and therefore supports the change.

---