

EXTENSION OF THE TIMEFRAME FOR PREPARING THE DRAFT RULE CHANGE REPORT UNDER CLAUSE 2.5.12 OF THE MARKET RULES FOR RC_2010_08

In accordance with clause 2.5.10 of the Market Rules, the Independent Market Operator (IMO) has extended the timeframe for preparing the Draft Rule Change Report for the Rule Change Proposal titled "Removal of DDAP uplift when less than facility min gen " (Ref: RC_2010_08).

The date for publication of the Draft Rule Change Report is extended until **Friday, 17 December 2010**. Dates for subsequent steps of the Rule Change Process are extended accordingly.

Reason for the extension

During the first submission period, a number of important points regarding the drafting of the proposed Amending Rules were raised along with the need for further analysis of the impact of deviations from Resource Plans below MinGen to be undertaken. In particular the IMO had identified that:

- to be satisfied the proposed Amending Rules would not result in a Market Generator artificially inflating its MinGen values to avoid DDAP penalties, appropriate values for MinGen must be specified in Standing Data; and
- the period when a Facility is ramping up or down would need to be defined in the settlement calculations.

The IMO has now undertaken a comprehensive assessment of the costs and benefits of the proposed Amending Rules to the market. A brief summary of the assessment is provided below.

Expected Costs	(\$)	Expected Benefits	(\$)
Technical expert report on how to: <ul style="list-style-type: none"> • Ensure an appropriate value for MinGen is specified in Standing Data; and • Define ramping in the settlements equations. 	\$40,000 (one off cost)	Annual financial benefit to IPPs (based on data for April 2010):	\$43,500 per year
Technical expert review of appropriate general MinGen levels to apply for new and existing Scheduled Generators (based on technology type)	\$10,000 (one off cost)		
Technical expert report and IMO review of MinGen for	\$15,000 (ongoing cost)		

new and existing Scheduled Generators requesting an alternative MinGen value to apply for their facility	per application)		
IMO Settlements System IT changes	\$80,000 (one off cost)		
Total	\$130,000 (one off cost) and \$15,000 (ongoing cost)	Total	\$43,500 per year

The assessment has identified that while there would be financial benefits to Independent Power Producers associated with the changes these are likely to be negated by the costs of implementation of the Amending Rules when spread over a two year period. Additionally, the Rules Development Implementation Working Group (RDIWG) will be undertaking a thorough review of UDAP and DDAP, as was agreed at the August 2010 Market Advisory Committee meeting. Any outcomes of the RDIWG are expected to be progressed through the formal rule change process within the next year.

After considering the value that this Rule Change Proposal may provide to the market as a whole, the IMO has decided to extend the period for preparing the Draft Rule Change Report by approximately three months. This extension will allow sufficient time for the RDIWG to have initially considered the issues identified with DDAP and UDAP under the Market Rules. Subject to the outcomes of the RDIWG the IMO will further consider the benefit to the market in progressing with the Rule Change Proposal before publishing the Draft Rule Change Report.

Proposed Work Programme

- RDIWG considers DDAP/UDAP in the Market Rules.
- The IMO presents its draft decision in the Draft Rule Change Report.
- A second consultation period is held.
- The IMO presents its final decision in the Final Rule Change Report.

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**NOTICE OF CANCELLATION OF PUBLIC WORKSHOP:
RC_2010_08 REMOVAL OF DDAP BELOW MINGEN**

The IMO wishes to inform Rule Participants that it no longer intends to hold a public workshop on Tuesday, 24 August 2010 to discuss the wider issues identified with the Rule Change Proposal: Removal of DDAP uplift when less than facility min gen (RC_2010_08). The reason for this is that the IMO's comprehensive cost benefit analysis of the impacts of the proposed Amending Rules has resulted in a decision by the IMO and Griffin Energy to extend the period for preparing the Draft Rule Change Report by 3 months.

The IMO does not consider that there is currently a need for a public workshop to discuss the additional issues identified with RC_2010_08. Subject to the outcomes and progress of the Rules Development Implementation Working Group, the IMO will reconsider the need to hold a public workshop to discuss the identified issues at a later date.