

## **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 timeframes for:

- Publication of the Draft Rule Change Report until **Monday, 28 March 2011**; and
- Publication of the Final Rule Change Report until **Tuesday, 7 June 2011**

for the Rule Change Proposal titled "Removal of DDAP Uplift when less than facility min gen" (Ref: RC\_2010\_08).

Dates for the other steps of the Rule Change Process have been adjusted accordingly.

### **Reason for the extension**

Following the first submission period the IMO undertook a comprehensive assessment of the impacts of the proposed Amending Rules on existing Market Generators. This assessment 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<sup>1</sup>.

The Rules Development Implementation Working Group (RDIWG) has reviewed the use of UDAP and DDAP in the Wholesale Electricity Market and has agreed in principle (at the 30 September 2010 meeting<sup>2</sup>) that DDAP and UDAP should be removed, or set to lower levels, better reflecting impacts on balancing requirements.

The IMO, in conjunction with Griffin Energy, has assessed the status of the RDIWG's review and considers that a further extension to the timeframe for preparing the Draft Rule Change Report is required<sup>3</sup>. This will allow the proposed Amending Rules to be drafted to implement the RDIWG's in principle decision regarding UDAP/DDAP. The Rule Change Proposal is anticipated to be submitted into the formal rule change process within the first half of 2011

The publication of the Final Rule Change Report has been extended beyond the usual 20 Business Days to take into account the timeframes of other Rule Change Proposals also in the process.

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<sup>1</sup> This is the likely life of any amendments resulting from this Rule Change Proposal, given the work of the RDIWG.

<sup>2</sup> For the minutes of this meeting, see: [www.imowa.com.au/RDIWG](http://www.imowa.com.au/RDIWG)

<sup>3</sup> The IMO has previously extended the time to publish the Draft Rule Change Report, this was to allow the RDIWG time to conduct its review of UDAP and DDAP in the WEM. Refer to the IMO's third extension notice, available: [www.imowa.com.au/RC\\_2010\\_08](http://www.imowa.com.au/RC_2010_08)

### **Proposed Work Programme**

- RDIWG considers the Rule Change Proposal to implement the in-principle decision regarding DDAP/UDAP.
- 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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