



Rule Change Notice: Formalisation of the Process for Maintenance Applications (RC_2015_03)

This notice is given under clause 2.5.7 of the Wholesale Electricity Market Rules (Market Rules).

Submitter: Kate Ryan, IMO

Date submitted: 27 March 2015

The Rule Change Proposal

The proposal relates to the determination of the Relevant Demand of a Demand Side Programme (DSP) and a Load's status as a Non-Temperature Dependent Load (NTDL) status of a Load. The Market Rules allow for a Market Customer to provide the IMO with evidence that a Load had reduced its consumption upon System Management's request or because of 'maintenance' during one or more of the relevant Trading Intervals (hereafter referred to as a consumption deviation application).

The Market Rules do not currently prescribe a process for consumption deviation applications. The majority of the consumption deviation applications received by the IMO do not meet the requirements for the information provided as evidence. The IMO must therefore reject the application, request further information and/or clarify the provided information, incurring administrative costs for the IMO of around \$150 per application processed.

The IMO proposes to introduce a head of power in the Market Rules for a Market Procedure to formalise the process for consumption deviation applications, specifying the requirements for the evidence provided with an application, and specifying the criteria for the IMO's decision, to provide for more certainty and efficiency in the process of determining Relevant Demand for DSPs and a Load's NTDL status.

The IMO also proposes to introduce the requirement for a Market Customer to pay an Application Fee when making a consumption deviation application to provide for a more equitable recovery of the costs associated with processing the application by recovering the costs from the causer and beneficiary.

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

- the proposed amendments to the Market Rules;
- relevant references to 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.

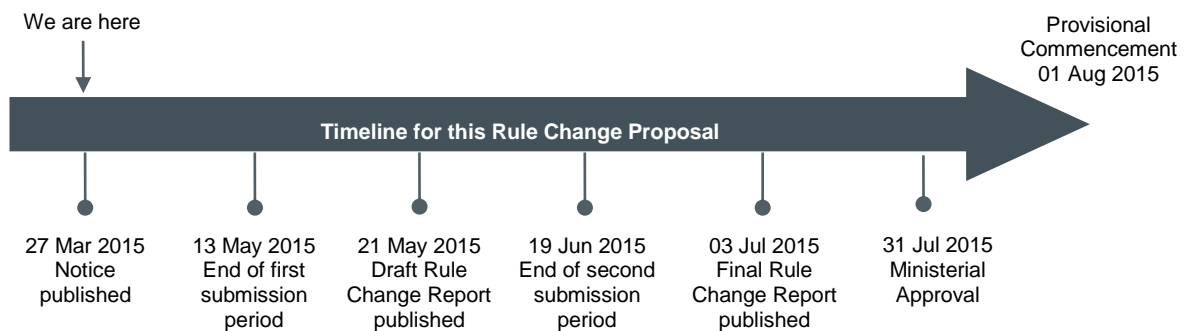
Decision to progress the Rule Change Proposal

The IMO has decided to progress this Rule Change Proposal on the basis, as outlined in section 4 of the Rule Change Proposal, the IMO considers that the proposed changes will better achieve Wholesale Market Objectives (c) and (d) as they will decrease the overall cost of administering the WEM and will provide for a more equitable allocation of administrative costs to the causer and beneficiary reducing discrimination.

Therefore, the IMO considers that stakeholders should be given an opportunity to provide submissions as part of the Standard Rule Change Process.

Timeline

The projected timelines for progressing this proposal are:



Please note that timeframes for the IMO to publish the Draft Rule Change Report and the Final Rule Change Report have been reduced in order to allow for the proposed Amending Rules to commence on 1 August 2015 and be applied for the next period of consumption deviation applications for the determination of the NTDL statuses of Loads.

Call for submissions

The IMO invites interested stakeholders to make submissions on this Rule Change Proposal. The submission period is 30 Business Days from the Rule Change Notice publication date. Submissions must be delivered to the IMO by **5:00 PM** on **Wednesday 13 May 2015**.

The IMO prefers to receive submissions by email, using the submission form available at: www.imowa.com.au/wem-rule-changes sent to market.development@imowa.com.au.

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

Independent Market Operator

Attn: Group Manager, Development and Capacity
PO Box 7096
Cloisters Square, PERTH, WA 6850



Rule Change Proposal: RC_2015_03

Change requested by:

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Address	Level 17, 197 St Georges Tce, Perth WA 6000
Date submitted	27 March 2015
Urgency	Medium
Rule Change Proposal title	Formalisation of the Process for Maintenance Applications
Clauses affected	Clauses 2.24.1, 4.26.2C, 4.26.2CA, 4.26.2CB (new), 4.26.2CC (new), 4.26.2CD (new), 4.28.8, 4.28.9A (new), 4.28.9B (new), 4.28.9C (new), 4.28.9D (new), 4.28.9E (new), the Glossary and Appendix 5A

Introduction

Clause 2.5.1 of the Wholesale Electricity Market Rules (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 IMO.

The IMO prefers to receive submissions by email to market.development@imowa.com.au using the Rule Change Proposal form available at: <http://www.imowa.com.au/wem-rule-changes>.

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

Independent Market Operator

Attn: Group Manager, Development and Capacity
PO Box 7096
Cloisters Square, PERTH, WA 6850

The IMO will assess the proposal and, within five 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 proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives.

The Wholesale 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.

Details of the Rule Change Proposal

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed changes

1.1 Background

Maintenance applications for Relevant Demand

Capacity Credits for Demand Side Programmes (DSPs) are assigned based on evidence regarding the curtailment capability and taking into account each Associated Loads' performance during the previous Hot Season (Relevant Demand (RD)) if available. For each Capacity Year the IMO determines the RD for every DSP. The RD is also used to determine the DSP's shortfall in Reserve Capacity and therefore the amount of any Capacity Cost Refunds for a DSP.

Under the Wholesale Electricity Market (WEM) Rules (Market Rules), the RD of a DSP in a Capacity Year is defined as the median of the Associated Loads' historical consumption level in megawatts (MW) of the relevant 32 Trading Intervals. The relevant 32 Trading Intervals are made up of the eight consecutive Trading Intervals with the highest aggregated system demand for each month during the previous Hot Season.

The Market Rules allow for a Market Customer to provide the IMO with evidence that an Associated Load had reduced its consumption upon System Management's request or because of 'maintenance' during one or more of the relevant Trading Intervals used for determining RD (hereafter referred to as a consumption deviation application). If the IMO is satisfied by the evidence provided, the IMO may calculate the RD for the respective DSP using an estimate of what that Associated Load's consumption would have been without System Management's request or if the maintenance had not taken place.

A Market Customer must submit a consumption deviation application using the Market Participant Interface (MPI), and include evidence to the satisfaction of the IMO. Once an application is received, the IMO reviews the consumption deviation application and makes

a decision whether to accept it. If the IMO accepts the consumption deviation application, an alternative value for the relevant Trading Interval is determined using an algorithm programmed within the MPI. In the event that the algorithm is unable to determine a replacement value, the IMO will estimate a replacement value based on other available information.

Maintenance applications for Non-Temperature Dependent Loads

Under the Market Rules the IMO determines the Individual Reserve Capacity Requirement (IRCR) for each Market Customer. Each Market Customer is required to secure Capacity Credits to cover its IRCR. A Market Customer's IRCR is based on the median of the Market Customer's Loads' consumption during the previous Hot Season. In the determination of the IRCR, the contribution of a Load's consumption to the Market Customer's IRCR is significantly reduced if the Load is classified as a Non-Temperature Dependent Load (NTDL).

Under the Market Rules, the IMO must accept a Load as an NTDL if its consumption during the relevant period does not deviate downwards from its median consumption over the relevant Trading Intervals by more than 10% for more than 10% of the time¹. Depending on its former NTDL status, a Load can be accepted as a NTDL for a whole Capacity Year, by passing the assessment before the start of a Capacity Year for the previous year, or on a month-by-month basis.

The Market Rules allow for Market Customers to submit a consumption deviation application, similar to that for Associated Loads' of a DSP. If the IMO is satisfied by the evidence provided, the IMO must not consider the consumption during these Trading Intervals for the determination of that Load's NTDL status.

A Market Customer must submit a consumption deviation application by e-mail, and include evidence to the satisfaction of the IMO. Once an application is received, the IMO reviews the consumption deviation application and makes a decision whether to accept it. If the IMO accepts the consumption deviation application, it will exclude these Trading Intervals from the determination of that Load's NTDL status.

Administration of maintenance applications

The IMO incurs, on average, costs of around \$150 for processing each consumption deviation application, although the cost may vary for different types of applications. The IMO notes that DSP providers who submit consumption deviation applications do not currently pay Market Fees associated with the DSP except for Application Fees (although the Market Customers may pay fees if they participate in the WEM in other ways).

For the 2013/14 Capacity Year, the IMO received 240 consumption deviation applications from DSP providers, of which half were rejected. Most of the rejections were due to insufficient information provided as evidence. As a result, the IMO developed a reference guide for consumption deviation applications, which is attached in Appendix A of this Rule Change Proposal, to clarify the requirements for these submissions. The reference guide has been provided to those Market Customers that have previously submitted a maintenance application or contacted the IMO regarding maintenance.

¹ Depending on the former NTDL status of a Load, the relevant period includes the past 1 to 9 Trading Months with a time lag of two Trading Months and the relevant Trading Intervals cover the the four highest demand Trading Intervals of each Trading Month of the relevant period.

For the 2014/15 Capacity Year, the IMO received 91 consumption deviation applications from DSP providers of which two thirds were rejected. Despite the IMO stating the requirements in the reference guide, again, most of the rejections were due to the information provided as evidence not meeting the requirements.

In regards to consumption deviation applications for the assessment of a Load's NTDL status the IMO currently receives around 18 applications for an annual assessment and around 35 applications each year for a monthly assessment. For the majority of both the annual and monthly assessments, the IMO must request further information of clarify the information provided as evidence.

1.2 Proposed Amendments

The IMO considers that a requirement to follow a formalised process when submitting a consumption deviation application would provide for more certainty and efficiency in the process of determining the RD and a Load's NTDL status. The IMO therefore proposes to introduce a head of power for a Market Procedure in new clauses 4.26.2CD and 4.28.9E of the Market Rules. The Market Procedure must specify the process that Market Customers must follow and the evidence they must provide when making a consumption deviation application along with the process that the IMO must follow and criteria it must consider when assessing a consumption deviation application.

The IMO notes that the IMO incurs significant administrative costs as a result of the significant number of consumption deviation applications it is required to process, and that the cost of doing so is primarily recovered from Market Participants not using this process. The IMO therefore proposes to introduce the requirement for a Market Customer to pay an Application Fee when making a consumption deviation application. This requirement is set out in the new clause 4.26.2CB(b) of the Market Rules for RD related applications and the new clause 4.28.9B of the Market Rules for NTDL status related applications. The IMO also proposes to include these new fees in clause 2.24.1 of the Market Rules to consistently administer them with other Application Fees.

The IMO proposes to introduce timeframes by which consumption deviation applications must be made in new clause 4.26.2CC of the Market Rules in regards to RD related applications and in new clause 4.28.9C of the Market Rules in regards to NTDL related applications. This will provide sufficient time for the IMO to process a consumption deviation application and will allow the IMO to invoice Application Fees more efficiently. The IMO also proposes to clarify the obligation for the IMO to decide whether to accept or to reject a consumption deviation application in new clause 4.26.2CB(c) of the Market Rules for RD related applications and in new clause 4.28.9D of the Market Rules for NTDL related applications.

The IMO has also taken the opportunity to improve the clarity of the relevant sections of the Market Rules and therefore proposes to:

- introduce the new clauses 4.26.2CB and 4.28.9A of the Market Rules to clarify the requirements for consumption deviation applications in regards to the determination of the RD and NTDL, respectively;
- move and clarify the description of the consumption deviation application from clause 4.26.2C(b)(iii) to the new clauses 4.26.2CB and 4.26.2CC of the Market Rules in regards to the determination of the RD and from Appendix 5A to new clauses 4.28.9A

and 4.28.9C of the Market Rules in regards to the determination of a Load's NTDL status to reflect the logical sequence of a consumption deviation application and the determination of RD and NTDL status;

- amend clauses 4.26.2C and 4.28.8 of the Market Rules to improve the drafting;
- introduce the defined term 'Consumption Deviation Application' in the Glossary of the Market Rules, and use this term in the relevant new and amended clauses, to improve the clarity of the Market Rules;
- amend clause 4.26.2CA of the Market Rules to more clearly articulate which 32 Trading Intervals are used to determine the RD; and
- amend Appendix 5A of the Market Rules to more clearly distinguish between a Load and a Load's consumption, to align the language with the proposed amendments in clause 4.28.8 and to correct typographical errors.

2. Explain the reason for the degree of urgency

The next period for consumption deviation applications will commence in August 2015 for the annual assessment of a Load's NTDL status and September 2015 for the determination of the RD for DSPs. The IMO notes that the proposed amendments aim to improve the efficiency of the processes for Market Customers submitting consumption deviation applications.

The IMO therefore proposes to process this Rule Change with medium urgency to enable the proposed Amending Rules to be in place prior to the next round of applications being processed to maximise the benefits of this Rule Change Proposal.

The IMO considers that the changes in this Rule Change Proposal are administrative in nature and involve minimal costs. The IMO therefore considers it is beneficial to commence consultancy prior to the completion of Phase Two of the State Government's Electricity Market Review.

3. Provide any specific changes to clauses of the Market Rules

[insert changes to the current wording of the Market Rules with ~~strikethrough~~ where words are deleted and underline where words are added]

...

2.24.1. The fees charged by the IMO are:

...

- (b) Application Fees described in clauses 2.33.1(a), 2.33.2(a), 2.33.3(a), 2.33.4(a), 2.33.5(a), and 4.9.3(c), 4.26.2.CB(b) and 4.28.9B; and

...

...

4.26.2C. For each Capacity Year, the IMO must determine:

- (a) for each month in the Hot Season of the previous Capacity Year, identify the eight consecutive Trading Intervals with the highest aggregate system demand in that each month during the Hot Season of the previous Capacity Year; and
- (b) for each ~~Associated Load Non-Dispatchable Load or Interruptible Load~~ associated with a Demand Side Programme (~~Associated Load~~) during the Capacity Year and for each of the 32 Trading Intervals determined identified under clause 4.26.2C(a), ~~determine~~ a MW quantity equal to:
 - i. the metered consumption of the Associated Load for the Trading Interval, multiplied by two to convert to units of MW; ~~or~~
 - ii. ~~if where~~ the metered consumption of the Associated Load for the Trading Interval is ~~not~~ unavailable or is considered by the IMO to be inappropriate, a MW quantity determined by the IMO based on available information, including but not limited to:
 - 1. ~~available~~ Meter Data Submissions; or
 - 2. Load information provided by the Market Customer; or
 - 3. ~~other relevant information; or~~
 - iii. ~~where a Market Customer provides evidence satisfactory to the IMO that the Associated Load was operating at below capacity due to its consumption being reduced at the request of System Management or because of maintenance, if the IMO has accepted a Consumption Deviation Application for the Associated Load under clause 4.26.2CB(c), the IMO's estimate of what the consumption of the Associated Load would have been if it had not been reduced, multiplied by two to convert to units of MW.~~

4.26.2CA. The Relevant Demand of a Demand Side Programme for a Trading Day d in a Capacity Year is the median of the historical consumption quantities determined by the IMO for each of the 32 Trading Intervals identified under clause 4.26.2C(a) ~~for the Capacity Year~~. The historical consumption quantity for each Trading Interval is the sum, over all the Associated Loads associated with the Demand Side Programme during Trading Day d, of the MW quantity determined by the IMO for each Associated Load and the Trading Interval under clause 4.26.2C(b).

4.26.2CB. For the purposes of clause 4.26.2C(b)(iii):

- (a) a Market Customer may submit a Consumption Deviation Application to the IMO in accordance with the Market Procedure referred to in clause 4.26.2CD, in respect of an Associated Load and any of the 32 Trading Intervals determined under clause 4.26.2C(a), if:
 - i. the level of consumption of the Associated Load was reduced in the Trading Interval;

ii. the Market Customer considers that the reduced level of consumption was solely attributable to:

1. a Dispatch Instruction received from System Management;

or

2. maintenance;

(b) a Market Customer must pay an Application Fee for each Consumption Deviation Application submitted under clause 4.26.2CB(a) to cover the cost of processing the application; and

(c) the IMO must accept or reject the Consumption Deviation Application in accordance with the Market Procedure referred to in clause 4.26.2CD.

4.26.2CC. A Consumption Deviation Application submitted under clause 4.26.2CB(a) must:

(a) be submitted as soon as practicable but, in any event, on or before 31 October in the Capacity Year to which the Relevant Demand applies; and

(b) contain, or be accompanied by, the information specified in the Market Procedure referred to in clause 4.26.2CD.

4.26.2CD. The IMO must specify the following matters in a Market Procedure:

(a) the process that a Market Customer must follow when submitting a Consumption Deviation Application for an Associated Load under clause 4.26.2CB;

(b) the information and supporting evidence that a Market Customer must provide in its Consumption Deviation Application;

(c) the process that the IMO must follow when it receives a Consumption Deviation Application under clause 4.26.2CB;

(d) the criteria that the IMO must consider when deciding whether to accept or reject a Consumption Deviation Application; and

(e) the process that the IMO must follow when estimating what the consumption of an Associated Load would have been if it had not been reduced for the purposes of clause 4.26.2C(b)(iii).

...

4.28.8. To assist the IMO in determining Individual Reserve Capacity Requirements in accordance with clause 4.28.7 and updating Individual Reserve Capacity Requirements in accordance with clause 4.28.11, Market Customers must, by the date and time specified in clause 4.1.23 or no later than by 5:00 PM on the Business Day being twenty Business Days prior to the date and time specified in clause 4.1.28(b), provide to the IMO:

(a) a list of interval meters associated with that Market Customer and which measure Loads that it nominates that the Market Customer wants the IMO to treat as Non-Temperature Dependent Loads;

...
...

4.28.9A. A Market Customer may submit a Consumption Deviation Application to the IMO in accordance with the Market Procedure referred to in clause 4.28.9E, in respect of a Load that it has nominated as a Non-Temperature Dependent Load under clause 4.28.8(a) and a Trading Interval, if:

- (a) the level of consumption of the Load was reduced in the Trading Interval; and
- (b) the Market Customer considers that the reduced level of consumption was solely attributable to:
 - i. the Trading Interval falling on a Trading Day that is not a Business Day; or
 - ii. maintenance.

4.28.9B. A Market Customer must pay an Application Fee for each Consumption Deviation Application submitted under clause 4.28.9A to cover the cost of processing the application.

4.28.9C. A Consumption Deviation Application submitted under clause 4.28.9A must:

- (a) be submitted as soon as practicable, but in any event:
 - i. for an application that relates to the Individual Reserve Capacity Requirement, must be submitted by the date and time specified in clause 4.1.23; and
 - ii. for an application that relates to the updated Individual Reserve Capacity Requirement, must be submitted by 5:00 PM on the Business Day that is twenty Business Days before the date specified in clause 4.1.28(b); and
- (b) contain, or be accompanied by, the information specified in the Market Procedure referred to in clause 4.28.9E.

4.28.9D. The IMO must accept or reject a Consumption Deviation Application in accordance with the Market Procedure referred to in clause 4.28.9E.

4.28.9E. The IMO must specify the following matters in a Market Procedure:

- (a) the process that a Market Customer must follow when submitting a Consumption Deviation Application for a Load under clause 4.28.9A;
- (b) the information and supporting evidence that a Market Customer must provide in its Consumption Deviation Application;
- (c) the process that the IMO must follow when it receives a Consumption Deviation Application under clause 4.28.9A; and

- (d) the criteria that the IMO must consider when deciding whether to accept or reject a Consumption Deviation Application.

11 Glossary

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Consumption Deviation Application: An application submitted by a Market Customer to the IMO under clause 4.26.2CB or 4.28.9A, notifying the IMO and providing evidence that the consumption of a Load was reduced.

...

Appendix 5A: Non-Temperature Dependent Load Requirements

This Appendix specifies how the IMO must determine whether or not to accept a Load measured by an interval meter in the list provided in accordance with clause 4.28.8(a) as a Non-Temperature Dependent Load for the purposes of clause 4.28.9. ~~This Appendix presents the method and requirements for accepting, in accordance with clause 4.28.9, a load measured by an interval meter in the list provided in accordance with clause 4.28.8(a) as a Non-Temperature Dependent Load.~~

For the purpose of this Appendix:

- the IMO must use the current set of meter data (as at the time when it commences its calculations) ~~the meter data to be used in any calculations is to be the most current set of meter data as at the time of commencing the calculations;~~ and
- the four peak SWIS Trading Intervals in a Trading Month are the four highest demand Trading Intervals in that Trading Month, where the demand in a Trading Interval is measured as the Total Sent Out Generation in that Trading Interval.

The IMO must perform the following steps (in sequential order) when determining whether or not to accept, in accordance with clause 4.28.9, a Load measured by an interval meter in the list provided in accordance with clause 4.28.8(a) as a Non-Temperature Dependent Load for the purposes of clause 4.28.9:

Step 1:

- If, in accordance with clause 4.28.8(a), the Market Customer provides the IMO with a list ~~is provided by a Market Customer in Trading Month (n-2) with a list that includes an interval meter associated with that Market Customer and which measures a Load that it nominates~~ wants the IMO to treat as a Non-Temperature Dependent Load from Trading Month (n); ~~and~~

- If the list including the interval meter is provided by the date and time specified in clause 4.1.23; and
- If the I_{Load} was treated as a Non-Temperature Dependent Load in Trading Month (n-8),

then the IMO must accept the I_{Load} as a Non-Temperature Dependent Load if:

- (a) the median value of the metered consumption for ~~the~~that I_{Load} , ~~was in excess of 1.0 MWh, calculated for~~ever the set of Trading Intervals defined as the ~~4~~four peak SWIS Trading Intervals in each of the Trading Months starting from the start of Trading Month (n-11) to the end of Trading Month (n-3), ~~exceeded 1.0 MWh; and~~
- (b) the metered consumption for the I_{Load} did not deviate downwards from the ~~median consumption value~~ in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of Trading Month (n-11) to the end of Trading Month (n-3), ~~except during Trading Intervals for which~~where:
 - i. the metered consumption was 0 MWh; or
 - ii. the IMO has accepted a Consumption Deviation Application for the Load under clause 4.28.9D, ~~the consumption was reduced at the request of System Management; or~~
 - iii. ~~evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.~~

Step 2:

- If, in accordance with clause 4.28.8(a), the Market Customer provides the IMO with a list ~~is provided by a Market Customer~~ in Trading Month (n-2) ~~with a list that includes an interval meter associated with that Market Customer and which measures a Load that it wants the IMO to treat~~nominates as a Non-Temperature Dependent Load from Trading Month (n); ~~and~~
- If the I_{Load} ~~was~~is not treated as a Non-Temperature Dependent Load in Trading Month (n-1); and
- If the I_{Load} was not treated as a Non-Temperature Dependent Load for any of the Trading Months in the Capacity Year in which Trading Month (n) falls,

then the IMO must accept the I_{Load} as a Non-Temperature Dependent Load for Trading Month (n) if:

- (a) the median value of the metered consumption ~~values~~ for ~~the~~at I_{Load} during the ~~4~~four peak SWIS Trading Intervals in Trading Month (n-3) ~~exceeded~~was in excess of 1.0 MWh; and
- (b) the metered consumption for the I_{Load} did not deviate downwards from the ~~median consumption value~~ in paragraph (a) by more than 10% for more

than 10% of the time during Trading Month (n-3), ~~except during Trading Intervals for which~~where:

- i. the metered consumption was 0 MWh; or
- ii. the IMO has accepted a Consumption Deviation Application for the Load under clause 4.28.9D.~~consumption was reduced at the request of System Management; or~~
- iii. ~~evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.~~

Step 3:

- If a Load was not accepted under Step 1 as a Non-Temperature Dependent Load for Trading Month (n); and
- If the Load was accepted under Step 2, or previously under this Step 3, as a Non-Temperature Dependent Load for Trading Month (n-1),

then the IMO must accept the Load as a Non-Temperature Dependent Load for Trading Month (n) if:

- (a) the median value of the metered consumption for the at Load ~~was in excess of 1.0 MWh~~, calculated ~~for~~over the set of Trading Intervals defined as the ~~four~~ four peak SWIS Trading Intervals in each of the Trading Months commencing at the start of the Trading Month for which metered consumption ~~values~~ were used by the IMO to accept the load as a Non-Temperature Dependent Load under Step 2 to the end of Trading Month (n-3), exceeded 1.0 MWh; and
- (b) the metered consumption for the Load did not deviate downwards from the median ~~consumption value~~ in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of the Trading Month for which metered consumption values were used by the IMO to accept the Load as a Non-Temperature Dependent Load under Step 2 to the end of Trading Month (n-3), ~~except during Trading Intervals for which~~where:
 - i. the metered consumption was 0 MWh; or
 - ii. the IMO has accepted a Consumption Deviation Application for the Load under clause 4.28.9D.~~consumption was reduced at the request of System Management; or~~
 - iii. ~~evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.~~

Step 4:

Otherwise, the IMO must treat a Load as a Temperature Dependent Load.

4. Describe how the proposed changes would allow the Market Rules to better address the Wholesale Market Objectives

The IMO considers that the proposed amendments will better address Wholesale Market Objectives (c) and (d):

- (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

The IMO considers that the proposed amendments to introduce a Market Procedure formalising the process for consumption deviation applications, specifying the requirements for the evidence provided with an application, and specifying the criteria for the IMO's decision on the application would improve the efficiency of the process and therefore decrease the overall cost of administering the WEM.

The IMO also considers that the proposed changes to specify the requirements on the evidence provided in a consumption deviation application in a Market Procedure will reduce the number of applications which the IMO rejects, thereby reducing the effort for the IMO and Market Customers and the cost of administering the WEM.

The IMO considers that the proposed amendments to allocate the costs of processing consumption deviation applications to the applicant will provide for a more equitable cost allocation where the costs are born by and can be managed by the causer.

5. Provide any identifiable benefits and costs of the proposed changes

Costs

The IMO will incur some minor costs to process this Rule Change Proposal and the associated Procedure Change Proposal, and to implement the necessary processes for the invoicing of the new Application Fee for consumption deviation applications. However, these costs are not expected to be significant and can be accommodated in the IMO's existing budget.

Benefits

The IMO expects that the proposed changes will reduce the overall cost of administering the WEM by reducing the inefficiencies related to the current process for consumption deviation applications. The IMO also expects cost reductions for Market Customers associated with the proposed more efficient application process.

The IMO considers that the proposed amendments to allocate the costs of processing consumption deviation applications to the applicant will provide for a more equitable cost allocation where the costs are born by and can be managed by the causer.

6. Provide any considerations associated with the implementation of the proposed changes

The IMO notes that this Rule Change Proposal proposes to amend clause 2.24.1 of the Market Rules which is a Protected Provision. Under clause 2.8.3 of the Market Rules, the proposed amendment to a Protected Provision requires the proposed Amending Rules in this Rule Change Proposal to be approved by the Minister. The IMO will work with the Public Utilities Office to progress this Rule Change Proposal.

There are no changes proposed to Reviewable Decisions or civil penalty provisions and the IMO does not propose to make any of the new clauses Protected Provisions, Reviewable Decisions or civil penalty provisions.

The IMO will progress a Procedure Change Proposal to formalise the consumption deviation application process in a Market Procedure in parallel with this Rule Change Proposal.