



INDEPENDENT
MARKET
OPERATOR

Final Rule Change Report: Market Rule changes arising due to the merger of the Electricity Retail Corporation and Electricity Generation Corporation

RC_2013_18

Fast Track Rule Change Process

Date: 19 December 2013

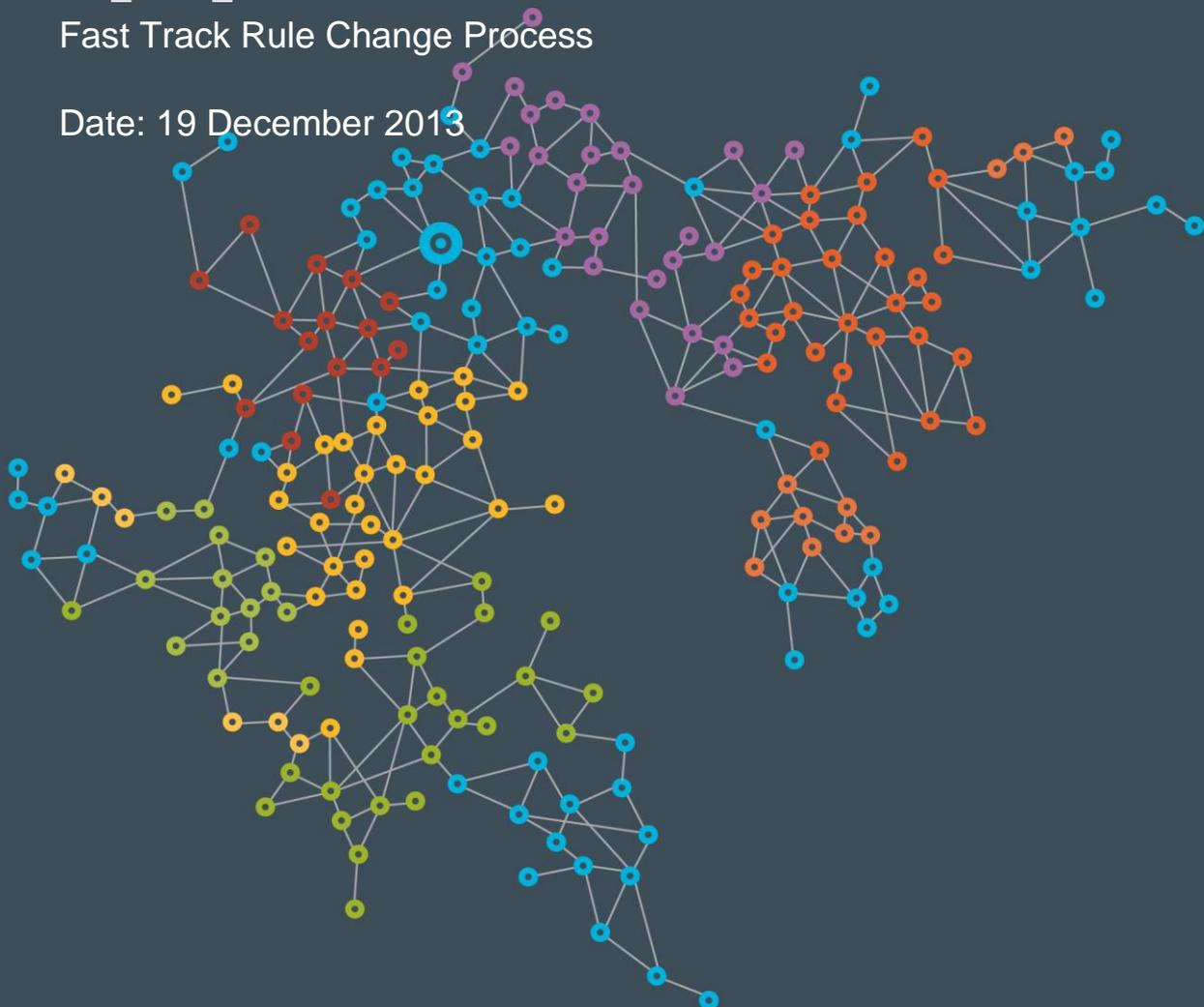


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Executive Summary

Proposed Amendments

On 11 November 2013, Mr Simon Middleton, on behalf of the Merger Implementation Group (MIG), submitted a Rule Change Proposal proposing amendments to numerous clauses of the Wholesale Electricity Market (WEM) Rules (Market Rules), in response to the legislated merger of Verve Energy and Synergy effected by the *Electricity Corporations Amendment Act 2013* (Amendment Law). This proposal was processed using the Fast Track Rule Change Process.

In accordance with clause 2.5.10 of the Market Rules, the IMO extended the period for the publication of the Final Rule Change Report to 27 December 2013 as the IMO's decision on the Rule Change Proposal was dependent on the Electricity Corporations Amendment Bill 2013 gaining Royal Assent. Royal Assent for the Amendment Law was received on 18 December 2013 and it is intended that the merger will take effect on 1 January 2014.

In light of the legislative changes, the MIG considered that amendments of a minor, procedural or administrative nature were required to the Market Rules to preserve their overall integrity, clarity and consistency. Additionally, the proposed amendments were required to ensure that manifest errors did not arise in the Market Rules as an unintended consequence of the merger. The MIG also noted that the Rule Change Proposal contemplated only the minimum changes necessary to preserve the overall integrity of the Market Rules from the merger time and was not intended to alter the current operation of the Market Rules to the extent possible.

The proposed amendments in the Rule Change Proposal were divided into three broad areas:

- (a) replacing references to Verve Energy with Synergy (as the trading name of the new merged entity will be Synergy);
- (b) deleting references to Verve Energy, where appropriate; and
- (c) amending the drafting of relevant clauses of the Market Rules to avoid or correct manifest errors that would arise as an unintended consequence of the merger and to preserve the current operation of the Market Rules, as far as possible.

Consultation

Since the announcement of the merger, the MIG held three stakeholder forums. These forums were primarily focused on the merger generally, rather than the Rule Change Proposal itself. However, the last of the stakeholder forums, on 5 December 2013 was held to familiarise Market Participants with the proposed identity and operation of the merged entity in the market so that stakeholders could amend their own operations in the WEM, as necessary.

Following the submission of the Rule Change Proposal into the Fast Track Rule Change Process, the MIG also presented the Rule Change Proposal to the Market Advisory Committee (MAC) members at the 13 November 2013 meeting. The MAC members raised concerns about:

- the proposed amendment to clause 2.3.5 of the Market Rules which removes the requirement for the two individually named entities to be represented on the MAC and replaces them with the requirement for a single representative from the newly merged entity;

- the absence of the associated Regulations, noting that it was difficult to comment on the Rule Change Proposal as these Regulations are expected to contain further information on the obligations which constrain operations for the newly merged entity;
- whether further rule changes would be initiated after the merger eventuates particularly with respect to the potential abuse of market power;
- whether the IMO was satisfied that the criteria for progressing the proposed amendments under the Fast Track Rule Change Process had been fully met; and
- whether the costs incurred in facilitating this rule change process could be estimated.

The consultation period for this Rule Change Proposal was held between 12 November and 2 December 2013. Submissions were received from the APA Group, Community Electricity and System Management.

Community Electricity supported the Rule Change Proposal on the grounds that the proposed amendments were necessary to maintain the integrity of the Market Rules as a consequence of the proposed legislative amendments. The APA Group did not support the Rule Change Proposal noting that there did not appear to be a strong justification to amend the Market Rules because manifest errors would not eventuate until the merger actually took place. System Management raised no objection to the Rule Change Proposal and noted that further clarification related to the definition of the Balancing Portfolio may be required.

Assessment against Wholesale Market Objectives

The IMO considers that the proposed amendments better achieve Wholesale Market Objectives (a), (b) and (d) and are consistent with objectives (c) and (e).

Practicality and Cost of Implementation

The IMO has identified administrative costs associated with the changes required to the IMO's market and settlements systems to cater for the merged entity. Additionally, administrative costs have been identified for both the IMO and System Management with regard to the Rule Change Process and consequent amendments to Market Procedures and Power System Operation Procedures. These costs, estimated to be approximately \$300,000 have been accommodated within existing resources.

The IMO does not consider that there are any issues with the practicality of implementation of the proposed amendments by 1 January 2014. The necessary amendments to Market Procedures are not expected to be in place by the commencement of the proposed Amending Rules. However, the IMO considers that this is not necessary to operate the market.

The IMO's Decision

The IMO's decision is to accept the proposed Amending Rules in the Rule Change Proposal as modified following further analysis on the operation of clause 4.26.2 of the Market Rules, as described in Section 4.1 of this report.

Next steps

The transitional provisions in clause 1.11 and clause 6.12.1 of the proposed Amending Rules will provisionally commence at **8:00 AM** on **30 December 2013**.

All other proposed Amending Rules will provisionally commence at **8.00 AM** on **1 January 2014**.

1. Rule Change Process and Timetable

On 11 November 2013, Mr Simon Middleton, on behalf of the Merger Implementation Group (MIG), submitted a Rule Change Proposal regarding amendments to numerous clauses of the Wholesale Electricity Market (WEM) Rules (Market Rules).

This proposal is being progressed under the Fast Track Rule Change Process, described in section 2.6 of the Market Rules. In accordance with clause 2.5.10 of the Market Rules, the IMO extended the period for the publication of the Final Rule Change Report by 12 Business Days as the IMO's decision on the Amending Rules presented in the Rule Change Proposal was dependent on the Electricity Corporations Amendment Bill 2013 gaining Royal Assent.

The key dates in processing this Rule Change Proposal are:



** In accordance with clause 2.8.4 of the Market Rules, the Minister has 20 Business Days from receipt of the Final Rule Change Report to make a decision on the proposed Amending Rules. For the purposes of facilitating the merger by 1 January 2014, the IMO has determined the latest date for Ministerial approval of 27 December 2013.*

The IMO's final decision is to accept the Rule Change Proposal as modified following further analysis on the operation of clause 4.26.2 of the Market Rules. The detailed reasons for the IMO's decision are set out in Section 4 of this report.

All documents related to this Rule Change Proposal can be found on the Market Web Site: http://www.imowa.com.au/rc_2013_18

2. Proposed Amendments

2.1. The Rule Change Proposal

2.1.1. Background

On 10 April 2013, the Government of Western Australia announced a merger of the state owned electricity retailer, the Electricity Retail Corporation (trading as 'Synergy') and electricity generator, the Electricity Generation Corporation (trading as 'Verve Energy'). The MIG was established to coordinate the implementation of the merger of the two corporations.

To give legal effect to the merger, the Electricity Corporations Amendment Bill 2013 (Amendment Law) was laid before the Western Australia Parliament on 16 October 2013. The principal purpose of the Amendment Law is to amend the *Electricity Corporations Act 2005* and other Acts to effect the merger.

Royal Assent for the Amendment Law was received on 18 December 2013 and in accordance with the Amendment Law, the merger will take effect from 1 January 2014. Relevantly, the Amendment Law contemplates that, with effect from this time:

- (i) all of the assets, rights and liabilities of Synergy will vest in Verve Energy (as the continuing corporation);
- (ii) Synergy will cease to exist as an electricity corporation;
- (iii) Verve Energy's corporate name will be changed to 'Electricity Generation and Retail Corporation'; and
- (iv) Verve Energy's trading name will change to 'Synergy'.

2.1.2. Proposed Amendments to the Market Rules

In light of the legislative changes, the MIG considered that amendments of a minor, procedural or administrative nature were required to the Market Rules to preserve their overall integrity, clarity and consistency with other legislation including the Amendment Law. Additionally, the proposed amendments were required to ensure that manifest errors did not arise as an unintended consequence of the merger. The MIG also noted that the Rule Change Proposal contemplated only the minimum changes necessary to preserve the overall integrity of the Market Rules from the merger time and was not intended to alter the current operation of the Market Rules to the extent possible.

The MIG proposed to amend clauses 1.10.2, 1.10.3, 1.11 (new), 2.2.2, 2.3.5, 2.16.7, 3.11.7A, 3.11.8, 3.13.3A, 3.13.3AB, 4.12.1, 4.14.4, 4.14.5, 4.23A.2, 4.26.2, 6.5.1, 6.5.1A, 6.5.4, 6.5C.1, 6.11.1, 6.11.3, 6.12.1, 6.15.1, 6.15.2, 6.16B.1, 6.16B.2, 6.17.1, 6.17.5, 6.17.5A, 6.17.5B, 6.17.9, 6.17.10, 6.21.2, 7.5.4, 7.6.2, 7.6.2A, 7.6.12, 7.6A.1, 7.6A.2, 7.6A.3, 7.6A.4, 7.6A.5, 7.6A.6, 7.6A.7, 7.6A.8, 7.7.1, 7.10.7, 7.11.5, 7.12.1, 7.13.1, 7.13.1A, 7.13.1C, 7A.1.14, 7A.2.1, 7A.2.2, 7A.2.3, 7A.2.9, 7A.2.10, 7A.2.12, 7A.3.1, 7A.3.5, 7A.4.1, 7A.4.2, 7A.4.4, 7A.4.5, 7A.4.6, 7A.4.8, 7A.4.9, 7B.2.1, 7B.2.2, 7B.2.3, 7B.2.4, 7B.2.5, 7B.2.6, 7B.3.7, 7B.4.1, 7B.4.2, 9.8.1, 9.9.1, 9.9.2, 9.18.3, 10.5.1 and 10.8.2, the Glossary and Appendices 1, 2 and 9 of the Market Rules.

A summary of the specific issues and proposed amendments raised in the Rule Change Proposal is provided below:

Issue 1: The definition of Synergy in the Glossary of the Market Rules will refer to an entity (i.e. the Electricity Retail Corporation) that will cease to exist from the merger time

The definition of Synergy in the Glossary currently refers to the Electricity Retail Corporation (which will cease to exist from the merger time) and the definition of Verve Energy in the Glossary currently refers to the Electricity Generation Corporation (which will be renamed the Electricity Generation and Retail Corporation).

Given the changes, it was proposed that:

- (i) the definition of Synergy in the Glossary of the Market Rules is updated to reflect the Amendment Law by referring to the body corporate established under section 4(1)(a) of the Electricity Corporations Act (i.e. the Electricity Generation and Retail Corporation); and
- (ii) the definition of Verve Energy in the Glossary of the Market Rules is deleted as it will be redundant as it refers to an entity that will no longer exist.

The MIG noted that the changes were procedural in nature and necessary to align the Market Rules to the governing legislation at the merger time. It also noted that the proposed amendments are required to ensure that Rule Participants understand the effect of the merger with respect to the structure of the merged entity as a Market Participant.

Issue 2: The Market Rules will contain a number of references to Verve Energy that should be changed to Synergy from the merger time

The Rule Change proposal noted that given Verve Energy's trading name will change to Synergy from the merger time, references to Verve Energy will be redundant. The Rule Change Proposal proposed Amending Rules to remove the redundant references from the Market Rules to minimise unnecessary ambiguity in interpreting Market Rules with respect to the obligations on Rule Participants.

Issue 3: The Market Rules will contain a number of references to Verve Energy that should be deleted from the merger time

The Rule Change Proposal identified the following references to Verve Energy that were considered more appropriate to delete, rather than replace:

- (i) clause 2.16.7(c) of the Market Rules which provides the Economic Regulation Authority (ERA) with the ability to collect information on the terms of the Bilateral Contracts entered into by Verve Energy and Synergy;
- (ii) clause 6.12.1 of the Market Rules which provides an exception for Verve Energy such that Verve Energy Facilities (which currently only includes Scheduled and Non-Scheduled Generators) are not able to be dispatched under the Non-Balancing Dispatch Merit Order (NBDMO);
- (iii) items (h)(vi) and (i)(xA) of Appendix 1 of the Market Rules which currently exempt Verve Energy from providing Standing Data for Demand Side Programmes (DSPs) and Dispatchable Loads; and
- (iv) references to the Verve Energy Balancing Portfolio in the Market Rules where changing the reference to Synergy after the merger time would be superfluous.

Issue 4: The current drafting of the definition of the Balancing Portfolio is such that it will inadvertently include Synergy's DSPs, Interruptible Loads and Dispatchable Loads from the merger time

The Rule Change Proposal highlighted that the current definition of the Balancing Portfolio in the Glossary would require amendments because from the merger time, Synergy's DSPs, Interruptible Load and potential Dispatchable Loads will be considered part of the Balancing Portfolio as a result of Verve Energy being the continuing entity. This would result in a manifest error, as these Facilities are not Balancing Facilities and can only be dispatched under the NBDMO.

The proposed amendment would change the definition of the Balancing Portfolio to account for Synergy's Registered Facilities other than Stand Alone Facilities, DSPs, Dispatchable Loads and Interruptible Loads.

The Rule Change proposal noted that, in order for these Amending Rules to be effective and therefore Synergy's Non-Balancing Facilities to be able to be dispatched and Synergy to continue to be compliant with the Market Rules, a revised definition of the Balancing Portfolio would need to be commenced to apply for the period from the merger time (midnight on 1 January 2014) to the

beginning of the Trading Day on which the merged entity comes into existence (8:00 AM on 1 January 2014). It was therefore proposed that the definition of the Balancing Portfolio is commenced on or before 30 December 2013 as per the proposed transitional provision in new clause 1.11 of the Market Rules.

Issue 5: The current drafting with respect to the operation of the NBDMO is such that Synergy's DSPs and potential Dispatchable Loads will be excluded from the merger time

The Rule Change Proposal highlighted that from the merger time, the current definition of Non-Balancing Dispatch Merit Order in the Glossary and the associated clause 6.12.1 of the Market Rules will operate such that Synergy's DSPs and any potential Dispatchable Loads will be excluded and will not be able to be dispatched by System Management. This would result in a manifest error and would be inefficient as these Facilities would be paid to make this capacity available but never able to be dispatched. Further, the current inclusion of Scheduled Generators in the definition of the NBDMO is a manifest error that should be corrected in the proposed Amending Rules.

The Rule Change Proposal proposed amendments to change the definition of NBDMO in the Glossary and clause 6.12.1 of the Market Rules to delete the exclusion for Verve Energy, such that from the merger time Synergy's DSPs and Dispatchable Loads are included in the NBDMO.

The Rule Change Proposal noted that, in order for these Amending Rules to be effective and therefore Synergy's Non-Balancing Facilities to be able to be dispatched and Synergy to continue to be compliant with the Market Rules, this clause would effectively need to be commenced to apply for the period from the merger time (midnight on 1 January 2014) to the beginning of the Trading Day on which the merged entity comes into existence (8:00 AM on 1 January 2014). It was therefore proposed that the definition of the NBDMO would be commenced on or before 30 December 2013 as per the proposed transitional provision in new clause 1.11, and that clause 6.12.1 of the Market Rules would also be commenced in line with that timing.

Issue 6: The Market Rules will contain a number of references to Verve Energy's Registered Facilities that should be amended to ensure the correct Facilities are referred to from the merger time

Ancillary Services

Clauses 3.13.3A and 3.13.3AB of the Market Rules currently contemplate Spinning Reserve Ancillary Services being provided only by Verve Energy Registered Facilities. The Rule Change Proposal noted that this is currently appropriate as Verve Energy only has Scheduled Generators and Non-Scheduled Generators.

Similarly, for the provision of Load Following Ancillary Services (LFAS), the Market Rules refer to Registered Facilities of Verve Energy. The Rule Change Proposal noted that this is also currently appropriate in the context of the provision of LFAS. Specifically, the Rule Change Proposal highlighted that clause 7B.3.7 of the Market Rules provides that, in the event the IMO is unable to publish an LFAS Merit Order for a Trading Interval, System Management must use the Registered Facilities of Verve Energy to provide LFAS for that Trading Interval. The proposal noted that the definitions of Downwards LFAS Backup Enablement and Upwards LFAS Backup Enablement in the Glossary also refer to the capacity of a Registered Facility of Verve Energy which System Management activates to provide backup LFAS.

From the merger time, Synergy's DSPs and Interruptible Load will vest in Verve Energy as the continuing entity. This will effectively broaden the meaning of Verve Energy Registered Facilities in

these clauses to include these Facilities.

The Rule Change Proposal proposed the following proposed amendments aimed at maintaining the current interpretation of the Market Rules:

- (i) Spinning Reserve Ancillary Services for the purposes of clauses 3.13.3A and 3.13.3AB of the Market Rules would continue to be provided by Verve Energy's Scheduled Generators, allowing for the references in these clauses to be amended to Synergy's Scheduled Generators; and
- (ii) LFAS for the purposes of clause 7B.3.7 of the Market Rules would continue to be provided by Verve Energy's Scheduled Generators and Non-Scheduled Generators, allowing for the references in these clauses to be amended to Synergy's LFAS Facilities.

Stand Alone Facilities

The definition of Stand Alone Facility in the Glossary and the associated clause 7A.4.1 of the Market Rules currently operate such that Verve Energy may nominate one of its Registered Facilities to be trialed as a Stand Alone Facility. The Rule Change Proposal noted that this is currently adequate because Verve Energy only has Scheduled Generators and Non-Scheduled Generators and, therefore, it is not necessary to specify which types of Facilities it may nominate.

From the merger time, Synergy's DSPs and Interruptible Load will vest in Verve Energy as the continuing entity. Without a change to the definition of Stand Alone Facility in the Glossary, Synergy's DSPs and Interruptible Load could inadvertently be included in the group of Facilities that can be trialed as Stand Alone Facilities.

The proposed amendment to replace "Registered Facilities" with "Scheduled Generator or Non-Scheduled Generator" in the definition of Stand Alone Facility in the Glossary and clause 7A.4.1 of the Market Rules was required to preserve the current interpretation and operation of the Market Rules.

Issue 7: The current drafting of clause 4.12.1 of the Market Rules is such that quantities derived from Synergy's DSPs and Interruptible Load and the Load being supplied and consumed by the merged entity will inadvertently be excluded from the calculation of the Reserve Capacity Obligation of the merged entity from the merger time

The Rule Change Proposal highlighted that from the merger time, clause 4.12.1(b) of the Market Rules would operate to exclude some quantities of energy from Synergy's Reserve Capacity Obligation. These quantities are derived from:

- (i) Synergy's DSPs and Interruptible Load which will vest in Verve Energy from the merger time; and
- (ii) Synergy's supply to itself which would no longer be explicitly accounted for in the calculation of its Reserve Capacity Obligation from the merger time.

The Rule Change Proposal provided proposed Amending Rules to correct for these exclusions.

Issue 8: The current drafting of clause 4.26.2(e) of the Market Rules is such that quantities being supplied and consumed by the merged entity may inadvertently be excluded when calculating the Net STEM Shortfall of the merged entity from the merger time

The Rule Change Proposal highlighted that because of the interdependencies between clauses 4.12.1 and 4.26.2 of the Market Rules, the proposed amendments to clause 4.12.1 needed to be replicated in clause 4.26.2. Specifically, clause 4.26.2 of the Market Rules was proposed to be amended to include the quantities of energy derived from Synergy's DSPs and Interruptible Load and the quantities of energy that Synergy would supply to itself.

Issue 9: The current drafting of clause 2.3.5 of the Market Rules is such that it is not clear whether the merged entity will have two members on the Market Advisory Committee or have a single member representing both Market Generators and Market Customers from the merger time

The Rule Change Proposal noted that from the merger time, the operation of clause 2.3.5 of the Market Rules which outlines the required composition of the MAC would be ambiguous with regard to representation from the merged entity.

For clarity, it was proposed that both the reference to Verve Energy and Synergy be removed from the existing sub-clauses (a) and (d) and a separate sub-clause (h) be inserted that provides for the merged entity to be represented on the MAC by one member only.

Issue 10: The current draft of clauses 9.18.3(c)(vi) and (vii) of the Market Rules should be amended to clarify the obligations regarding the information to be set out in the merged entity's Non-STEM Settlement Statements

The Rule Change Proposal noted that from merger time, clause 9.18.3(c)(vi) of the Market Rules would be ambiguous about what information was required to be included in a Non-STEM Settlement Statement for the merged entity. The proposed Amending Rules aimed to clarify that the Non-STEM Settlement Statement should contain both the total quantity of energy deemed to have been supplied by Synergy's Registered Facilities and Notional Wholesale Meter values.

Issue 11: The current drafting of clause 6.5.4 of the Market Rules is such that there would be a reduction in the extent to which this clause applies to the merged entity from the merger time

The Rule Change Proposal noted that currently clause 6.5.4(a) of the Market Rules sets out the values to be included in a default Resource Plan for a "Market Participant other than Verve Energy" (this includes the existing Synergy) and clause 6.5.4(b) of the Market Rules sets out the values to be included in a default Resource Plan covering Verve Energy's Stand Alone Facilities.

The Rule Change Proposal highlighted that if the exclusion in clause 6.5.4(a) of the Market Rules was not amended before the merger time, clause 6.5.4(a) would cease to apply to the merged entity to the extent this clause currently applies to Synergy for its potential Dispatchable Loads. The proposed Amending Rules replaced the exclusion that would apply to Synergy from the merger time in order to only relate to Synergy's Stand Alone Facilities.

Issue 12: The current drafting of clause 7.6A.2(c) of the Market Rules is such that this clause would inadvertently cease to apply to amounts derived from Dispatchable Loads acquired by Synergy after the Merger Time

Clause 7.6A.2(c) of the Market Rules sets out the Balancing Portfolio forecast energy data System Management must provide to Verve Energy on the relevant Scheduling Day. Under clause 7.6A.2(c)(i)(1), System Management is required to determine the forecast energy data by reference to, among other things, the “Dispatchable Loads of other Market Participants” being Market Participants other than Verve Energy.

The Rule Change Proposal noted that this drafting is currently adequate because the words, “other Market Participants” currently capture Synergy and accordingly, its Dispatchable Loads. However, it highlighted that from the merger time, the drafting of this clause would operate to exclude Dispatchable Loads of the merged entity.

The proposed Amending Rules outlined in the Rule Change Proposal were drafted to ensure that Synergy’s Dispatchable Loads were not excluded when determining the Balancing Portfolio forecast energy requirements.

For full details of the Rule Change Proposal please refer to the Market Web Site: http://www.imowa.com.au/rc_2013_18

2.2. The IMO’s Initial Assessment of the Proposal

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

The IMO decided to process the Rule Change Proposal using 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) and (b) of the Market Rules.

Clause 2.5.9 of the Market Rules 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 proposed amendments contained in this Rule Change Proposal meet the Fast Track Rule Change criteria set out in clauses 2.5.9(a) and (b) of the Market Rules as follows:

- (i) Consistent with clause 2.5.9(a) of the Market Rules, the majority of the proposed changes reflect the change in name of Verve Energy to Synergy and are therefore of a minor, administrative and procedural nature. These proposed changes are designed to preserve the clarity and consistency of the Market Rules.
- (ii) Consistent with clause 2.5.9(b) of the Market Rules, a number of the proposed changes are required to ensure manifest errors in the Market Rules do not arise as an unintended consequence of the merger. This includes the proposed changes to clauses

3.13.3A, 3.13.3AB, 4.12.1, 4.26.2, 6.5.4, 6.12.1, 7.6A.2(c)(1), 7.10.7, 7A.4.1 and 7B.3.7 and the definitions of Balancing Portfolio, Downwards LFAS Backup Enablement, Non-Balancing Dispatch Merit Order, Stand Alone Facility, Synergy and Upwards LFAS Backup Enablement.

- (iii) Consistent with clauses 2.5.9(a) and (b), the proposed changes are designed to preserve the status quo, to the extent possible, with respect to the current operation and intent of the Market Rules.

2.3. Protected Provisions, Reviewable Decisions and Civil Penalties

The IMO notes that the proposed Amending Rules require changes to clauses 2.2.2, 2.3.5 and 2.16.7 which are Protected Provisions under clause 2.8.13 of the Market Rules. Under clause 2.8.3 of the Market Rules, these amendments to Protected Provisions require the Amending Rules contained in this Rule Change Proposal to be approved by the Minister.

It should also be noted that clauses 6.5.1A, 7.6A.5(e) and 7.6A.6 of the Market Rules are Category B civil penalty provisions and clauses 3.11.7A, 7.6A.2(g), 7.6A.3(c) and 7A.2.9 of the Market Rules are Category C civil penalty provisions. The IMO notes that the proposed amendments do not change the obligations on Market Participants or the intent of the clauses and is therefore of the view that the civil penalties remain appropriate.

3. Consultation

3.1. The Market Advisory Committee

The MIG presented the Rule Change Proposal to the MAC meeting on 13 November 2013. The MAC members raised the following issues and queries:

- Mr Matthew Fairclough noted that the proposed drafting of clause 2.3.5 could enlarge the size of the MAC by two members. Ms Kate Ryan noted that it does increase the possible size of the MAC but based on the current membership, the number of members would reduce by one. Mr Peter Huxtable questioned if one representative would appropriately be able to represent the largest entity that is both a Market Generator and a Market Customer. Mr Shane Cremin added that it was difficult to determine the appropriate number of members representing the merged entity without a full understanding of the ring fencing arrangements and the proposed Regulations. Mr Simon Middleton noted that, based on the proposed structure of Synergy and the restrictions on the provision of information, one representative from Synergy would suffice. Mr Andrew Sutherland voiced his concern that MAC members should represent a class of Market Participants rather than a company and that having representatives from different departments within Synergy would defeat the purpose because of potential information sharing between them prior to a MAC meeting. Mr Will Bargmann noted that Verve Energy and Synergy had formed the view that a single representative should be informed enough to represent the interests of both the generating and retailing units of Synergy.
- Mr Cremin noted that without information on the proposed Regulations it was difficult to comment or make a judgement on the Rule Change Proposal more broadly. He believed that the market could still operate without the proposed amendments in the Rule Change Proposal which, in his opinion, should not have been processed under the Fast Track Rule Change Process. The Chair noted that manifest errors would also arise if no changes were made to the Market Rules. The Chair also noted that the changes were primarily because the two entities were named throughout the Market Rules where, with any other Market Participant, this type of change would only be administered through the registration

processes prescribed under the Market Rules.

- Mr Sutherland also questioned if there would be further rule changes as a result of the merger. Mr Middleton responded that the submitted Rule Change Proposal was all that is required to give effect to the merger at this time. He noted that there are existing provisions in the Market Rules to monitor the performance of the merged entity and for various stakeholders to form a view whether the Market Rules continue to be adequate. The Chair clarified that the IMO had commenced discussions with the ERA on the need for further rule changes; however, the IMO was currently unable to make a determination without visibility of the provisions in the proposed Regulations.
- Mr Sutherland commented that work on facilitating the merger appeared to have taken a considerable amount of the IMO's resources which were notionally allocated to other issues and rule changes. He questioned whether the MIG should be paying for extra resources to compensate the IMO. The Chair noted that the IMO was capturing these costs and reporting them to the Minister quarterly. He added that the most recent cost estimate was approximately \$300,000, which would also be reported in the IMO's annual report. Mr Middleton noted that the costs associated with this Rule Change Proposal should be treated as other externally driven Rule Change Proposals.
- In response to a query from Dr Natalia Kostecki, Mr Middleton confirmed that the MIG would advise the Minister on the approval of the Rule Change Proposal.
- Mr Andrew Stevens queried the Wholesale Market Objective assessment provided in the Rule Change Proposal with respect to encouraging the efficient entry of new competitors. Mr Andrew Everett noted that this Rule Change Proposal was not proposing the merger rather it was implementing the merger decision.
- Mr Nenad Ninkov questioned whether the IMO was confident that the proposed amendments qualified to be progressed under the Fast Track Rule Change Process. Ms Ryan confirmed that the IMO had completed a fast track rule change assessment and was satisfied that it had passed the test. Ms Ryan also reiterated that the IMO Board would not approve the proposed Amending Rules until the amendments to the Electricity Corporations Act had been made.

The Chair highlighted that the Rule Change Proposal was open for consultation and encouraged the MAC members to provide any further comments through that process.

Further details are available in the MAC meeting minutes available on the Market Web Site: <http://www.imowa.com.au/MAC>

3.2. Submissions received during the consultation period

The consultation period for this Rule Change Proposal was held between 12 November and 2 December 2013.

The IMO received submissions from the APA Group, Community Electricity and System Management.

Community Electricity supported the Rule Change Proposal on the grounds that the proposed amendments were necessary to maintain the integrity of the Market Rules and maintain it as a practical working document. Community Electricity also supported the Rule Change Proposal being processed under the Fast Track Rule Change Process noting that the changes were minor and avoided or corrected manifest errors arising as an unintended consequence of the merger. Community Electricity considered that the proposed amendments were consistent with the Wholesale Market Objectives.

The APA Group did not support the Rule Change Proposal, noting that there did not appear to be a strong justification to amend the Market Rules because manifest errors would not eventuate until the merger actually took place. The APA Group also did not support the use of the Fast Track Rule Change Process noting that the Rule Change Proposal was based on an arbitrary merger deadline and added that it would have been better to examine the implications of a proposed merger through the Standard Rule Change Process allowing stakeholders to consider the implications fully. With regard to assessing the proposed amendments against the Wholesale Market Objectives, the APA Group considered that removing inconsistencies from the Market Rules was a low threshold of assessment, but accepted that this had been used in previous rule changes addressing minor and typographical errors or inconsistencies in the Market Rules.

System Management raised no objection to the Rule Change Proposal but noted that further clarification related to the definition of the Balancing Portfolio may be required.

The issues noted in submissions and the IMO's responses have been detailed in Section 3.3.

A copy of all submissions in full received during the consultation period is available on the Market Web Site: http://www.imowa.com.au/rc_2013_18

3.3. The IMO's response to submissions received during the consultation period

The IMO's responses to each of the issues identified during the consultation period are presented in the table on the next page.

No.	Submitter	Comment/Change Requested	IMO's Response
1.	APA Group	<p>It is disappointing that the changes have been progressed via the Fast Track Rule Change Process to meet the arbitrarily appointed timeframe for the merger. There is no reason to make changes to the Market Rules until the merger actually occurs and manifest errors eventuate.</p>	<p>The IMO notes the APA Group's concern.</p> <p>The IMO considers that the Rule Change Proposal met the criteria for a Fast Track Rule Change Process under clauses 2.5.9(a) and (b) of the Market Rules. Further information on the IMO's assessment against the criteria for the Fast Track Rule Change Process is provided in Section 2.2 of this Final Rule Change Report.</p> <p>The IMO considers that the Rule Change Proposal only contemplates the amendments that are necessary to preserve the integrity and clarity of the Market Rules and prevent any unintended misalignments arising at the merger time between the text of the Market Rules and the changes introduced by the Amendment Law. Additionally, the IMO notes that in order to ensure that Market Rules remained clear, correct and consistent with the governing legislation, the rule change process needed to be started prior to the merger taking effect.</p>
2.	APA Group	<p>Merely because the owner of the merging Participants is the Government; and the merger is being facilitated under legislation, does not obviate the Market Rules and the market they define. The changes proposed by RC_2013_18: effectively the removal of the Electricity Generation Corporation from the rules and the allocation of its obligations under the rules to the Electricity Retail Corporation, are therefore likely to have a significant impact on the market as it currently stands – and thus on the Market Objectives. This logic seems to have escaped stakeholders to date. Given there has been no analysis on how such a change will impact the market; nor have the Regulations governing the operation of the merged entity been released, making any analysis impractical at any rate, it is impossible to understand whether these changes will better facilitate the Market Objectives.</p> <p>It is unclear whether or not the removal of the Electricity Generation Corporation from the rules and the allocation of its obligations under the rules to the Electricity Retail Corporation better facilitate the Market Objectives. But without detailed analysis or even a proposal for the affirmative, it is difficult to see how the IMO Board can make a determination that they do, and hence allow the changes to commence.</p>	<p>The IMO notes that the Rule Change Proposal highlighted that the merger is implemented by the operation of statute (i.e. the Amendment Law) and that changing the Market Rules to reflect the merger is not strictly required in order for the Market Rules to continue to operate.</p> <p>However, in the interest of preserving the overall integrity of the Market Rules and facilitating industry stakeholders to continue to interpret the Market Rules as intended, the IMO considers it necessary to make amendments to the extent that the Market Rules remain consistent with its governing legislation.</p> <p>The IMO will continue to monitor the use of market power in the WEM.</p>

3.	APA Group	<p>The Market Rules and the MAC constitution require those members of the MAC who represent Market Generators and Market Customers to represent the participant class rather than the individual participants from which they may be affiliated. This is an important aspect of the MAC which allows it to operate effectively and credibly as an advisory body. The proposed change in RC_2013_18 has the effect of reducing the compulsory representation of the merging entities (Verve as a Market Generator and Synergy as a Market Customer) to a single representative. Firstly, it is unclear if this will be achievable under the yet-to-be-released Regulations and until Participants have an opportunity to examine the Regulations, they are simply not able to make a comment on whether this is appropriate. More importantly, as currently drafted, the merged Synergy will be unique among Market Participants in that it has a MAC member representing its interests, rather than representing a class of Participants.</p>	<p>The IMO notes that the current wording and operation of clause 2.3.5 of the Market Rules is such that the current MAC members representing Verve Energy and Synergy are representatives of their respective corporations unlike discretionary class members.</p> <p>The IMO therefore, considers that the proposed amendment to clause 2.3.5 maintains the consistency of the proposed Amending Rules with the current operation of the Market Rules and the MAC constitution.</p> <p>Should the Amending Rules result in ambiguity as to whether the merged entity has one or two representatives, the MAC constitution provides further guidance. Section 4.4 of the MAC constitution states that the MAC should not have more than one representative from the same employing organisation. Therefore, the APA Group's proposed Amending Rules would also result in the merged entity being represented by a single member.</p> <p>Further, the IMO understands that under the proposed structure, the Wholesale Business Unit (which must consider both the generator and the retailer perspectives) will be the entity operating in the market. The IMO therefore considers it appropriate that the Wholesale Business Unit would also represent Synergy on the MAC. This would ensure that the interests of both Market Generators and Market Customers are represented by the largest gentailer in the WEM.</p>
4.	System Management	<p>With regard to the manifest error that would result if the current definition of the Balancing Portfolio remained unchanged such that Synergy's DSPs, Interruptible Loads and Dispatchable Loads would be inadvertently included in the Balancing Portfolio, System Management queried whether Verve Energy's Facilities, PPP_KCP_IL1 and WAPL_Worsley_IL1, which are Non-Dispatchable Loads should continue to remain in the Balancing Portfolio.</p>	<p>The IMO clarifies that these Facilities are Non-Dispatchable Loads that by definition cannot respond to instructions from System Management. Additionally, these Loads are identified as Intermittent Loads that must meet the requirements of clause 2.30B of the Market Rules, which specifies that Intermittent Loads must have an associated generation system. Both these Loads are serviced by embedded Scheduled Generators which are appropriately included within the Balancing Portfolio and dispatched in accordance with the governing Market Rules.</p> <p>The IMO notes the proposed amendment to the definition of the Balancing Portfolio does not change its operation.</p>

3.4. Public Forums and Workshops

Since the announcement of the merger, the MIG has held three stakeholder forums. These forums were primarily focused on the merger more broadly, rather than the Rule Change Proposal itself. However, the last of the stakeholder forums, on 5 December 2013 was held to familiarise Market Participants with the identity and operation of the merged entity in the market so that stakeholders could amend their own operations in the WEM, as necessary.

The IMO has not held any stakeholder forums or workshops in relation to this Rule Change Proposal.

4. The IMO's Final Assessment

In preparing its Final Rule Change Report, the IMO must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3 of the Market Rules.

Clause 2.4.2 outlines that the IMO *“must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives”*. Additionally, clause 2.4.3 states, when deciding whether to make Amending Rules, the IMO must have regard to the following:

- any applicable policy direction from the Minister regarding the development of the market;
- the practicality and cost of implementing the proposal;
- the views expressed in submissions and by the MAC; and
- any technical studies that the IMO considers necessary to assist in assessing the Rule Change Proposal.

The IMO notes that no policy direction was provided nor any technical studies undertaken in relation to this Rule Change Proposal. The IMO notes that this Rule Change Proposal was submitted in response to the requirement to maintain consistency with the Amendment Law and other relevant legislation.

A summary of the views expressed in submissions and by MAC members is available in section 3 of this Final Rule Change Report.

The IMO's assessment of the Rule Change Proposal inclusive of the further amendments made following the public consultation period is outlined in the following sub-sections.

4.1. Additional Amendments to the Amending Rules

During the rule change process, the IMO undertook further analyses to assess the operation of clause 4.26.2 of the Market Rules both prior to and after the merger. Clause 4.26.2 outlines the calculation of the Net STEM Shortfall for Market Participants. The analyses showed that, in the post-merger scenario, combining the STEM demand and supply curves for the merged entity would result in the same effect on the Net Contract Position and therefore, on the Net STEM Shortfall, as it does in the pre-merger scenario. Based on this analysis, the IMO concluded that the proposed amendment to sub-clause 4.26.2(e)(ii) as outlined in the Rule Change Proposal was not required to maintain the current interpretation and operation of the clause. The removal of this amendment will also be reflected in sub-clause 4.12.1(b)(ii) because of the interdependency of the two clauses.

The IMO has provided these further amendments in Appendix 1 of this Final Rule Change Report.

4.2. Wholesale Market Objectives

The IMO considers that the Market Rules as a whole, if amended as presented in Section 6.2, will allow the Market Rules to better achieve Wholesale Market Objectives (a), (b) and (d) than would otherwise be the case had the Market Rules remained unchanged.

The IMO considers that if the proposed changes are not implemented by the merger time, Wholesale Market Objective (a) and (d) would be undermined due to the presence of manifest errors in the Market Rules. For example, the market would bear costs for ensuring availability of capacity which was unable to be dispatched. These unintended outcomes would be inconsistent with the requirements for the Market Rules to promote efficiency of the supply of electricity in the South West interconnected system (SWIS) minimising the long-term cost of electricity.

Further, the IMO considers that the introduction of the Amendment Law without the necessary name changes would reduce the clarity and consistency of the Market Rules. This would result in the Market Rules being inconsistent with other legislation governing the industry, and therefore more difficult to interpret and administer and, in some instances, not operate as intended. This has the potential to decrease the ease of new Market Participants entering the market.

The IMO considers that the proposed amendments are also consistent with the remaining Wholesale Market Objectives (c) and (e).

4.3. Practicality and Cost of Implementation

4.3.1. Cost:

The IMO has identified the following costs associated with implementing the proposed changes:

- (i) costs associated with amendments to the IMO's market and settlements systems to cater for the merged entity;
- (ii) administrative costs associated with implementing the proposed changes; and
- (iii) administrative costs for both the IMO and System Management associated with amending Market Procedures and Power System Operation Procedures (PSOPs) as a consequence of this Rule Change Proposal.

These costs estimated to be approximately \$300,000 have been accommodated within existing resources.

4.3.2. Practicality:

The IMO does not consider that there are any issues with the practicality of implementation of the proposed amendments by 1 January 2014.

However, the IMO has identified that the proposed amendments need to be reflected in Market Procedures and PSOPs as outlined in the table on the next page. The IMO will engage with System Management to create a plan for progressing amendments to the PSOPs based on the priority of amendments. While the necessary amendments to Market Procedures are not expected to be in place by the commencement of the proposed Amending Rules, the IMO considers that this

is not necessary to operate the market. These changes are provided in the table on the following page.

No.	Market Procedure/ PSOP	Name	Nature of changes required
1.	Market Procedure	IMS Interface	Replace references to Verve Energy with Synergy and amend references to Verve Energy Balancing Portfolio with Balancing Portfolio. Maintain consistency with clause 7A.4 and the definitions of LFAS Facility and Stand Alone Facility in the Glossary of the Market Rules.
2.	Market Procedure	Balancing Market Forecast	Amend references to Verve Energy Balancing Portfolio with Balancing Portfolio.
3.	Market Procedure	Declaration of Bilateral Trades and the Reserve Capacity Auction	Replace reference to Verve Energy with Synergy and maintain consistency with clauses 4.14.4 and 4.14.5 of the Market Rules.
4.	PSOP	Ancillary Services	Replace references to Verve Energy with Synergy and maintain consistency with clauses related to Ancillary Services, specifically clauses 3.11.7A, 3.11.8, 7B.4.1, 7B.4.2 and the definitions of LFAS Facility, Downwards LFAS Backup Enablement and Upwards LFAS Backup Enablement in the Glossary of the Market Rules.
5.	PSOP	Commissioning and Testing	Replace references to Verve Energy with Synergy.
6.	PSOP	Communications and Control	Replace references to Verve Energy with Synergy and amend references to Verve Energy Balancing Portfolio with Balancing Portfolio.
7.	PSOP	Cleansing of Generation Facility MWh Output Data	Update charts and references with respect to Verve Energy (Synergy) metering data.
8.	PSOP	Dispatch	Replace references to Verve Energy with Synergy and amend references to Verve Energy Balancing Portfolio with Balancing Portfolio. Maintain consistency with clause 7.6A of the Market Rules.
9.	PSOP	Facility Outages	Replace references to Verve Energy with Synergy.
10.	PSOP	Monitoring and Reporting Protocol	Replace references to Verve Energy with Synergy and maintain consistency with clause 7.6A of the Market Rules.

5. The IMO's Decision

Based on the matters set out in this report, the IMO's final decision is to accept the Amending Rules in the Rule Change Proposal as modified following further analyses conducted by the IMO as described in Section 4.1 and outlined in Appendix 1 of this Final Rule Change Report.

5.1. Reasons for the IMO's Decision

The IMO has made its decision on the basis that the Amending Rules:

- better achieve Wholesale Market Objectives (a), (b) and (d);
- are consistent with the remaining Wholesale Market Objectives; and
- have the general support of the MAC and two of the three submissions received during the consultation period.

Additional detail outlining the analysis supporting the IMO's decision is outlined in section 4 of this Final Rule Change Report.

6. Amending Rules

6.1. Commencement

Transitional Amending Rules proposed in new clause 1.11 and clause 6.12.1 will provisionally commence at **8:00 AM** on **30 December 2013** to allow for Synergy's continued compliance with the Market Rules and ensure that its Non-Balancing Facilities are able to be dispatched.

All other amendments to the Market Rules resulting from this Rule Change Proposal will provisionally commence at **8.00 AM** on **1 January 2014**.

6.2. Amending Rules

The IMO has determined to implement the Amending Rules (~~deleted text~~, added text) as shown below.

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1.11.	<u>Specific Transition Provisions – Electricity Generation and Retail Corporation</u>
6.16B.	Verve Energy Balancing Portfolio Out of Merit
7.6A.	Scheduling and Dispatch of Verve Energy Balancing Portfolio and Stand Alone Facilities for certain Ancillary Services
7A.4.	Verve Energy <u>Synergy</u> - Stand Alone Facilities
7B.4.	Verve Energy <u>Synergy</u> - Back Up LFAS Provider

...

- 1.10.2. Before 8:00 AM on the Balancing Market Commencement Day, notwithstanding that the Pre-Amended Rules continue to apply, each Rule Participant must perform all obligations imposed on that Rule Participant under the Post-Amended Rules, in relation to the Balancing Market Commencement Day and subsequent Trading Days, that, if the

Post-Amended Rules were in force, the Rule Participant would have been required to perform under the Post-Amended Rules. This includes but is not limited to obligations relating to:

...

- (i) information in relation to the ~~Verve Energy~~ Balancing Portfolio under clause 7.6A.2;

...

- 1.10.3. On the Scheduling Day relating to the Trading Day that is also the Balancing Market Commencement Day set by the IMO under clause 7A.1.2, notwithstanding that the Pre-Amended Rules continue to apply, Rule Participants are not required to perform obligations under the following Pre-Amended Rules:

...

- (h) Scheduling and Dispatch of ~~Verve Energy~~ Synergy under clause 7.6A; and

...

...

1.11. Specific Transition Provisions – Electricity Generation and Retail Corporation

- 1.11.1. From 12:00 AM until 8:00 AM on 1 January 2014, notwithstanding the definitions of Verve Energy Balancing Portfolio and Non-Balancing Dispatch Merit Order in Chapter 11, the following definitions will apply for the purposes of these Market Rules:

Verve Energy Balancing Portfolio: Means all the Registered Facilities of the body corporate established by section 4(1)(a) of the Electricity Corporations Act, as renamed as the Electricity Generation and Retail Corporation under section 4(2A) of that Act, other than:

- (a) Stand Alone Facilities;
- (b) Demand Side Programmes;
- (c) Dispatchable Loads; and
- (d) Interruptible Loads.

Non-Balancing Dispatch Merit Order: An ordered list of Demand Side Programmes and Dispatchable Loads registered by Market Participants, as determined by the IMO in accordance with clause 6.12.1.

...

- 2.2.2. The other functions of System Management in relation to the Wholesale Electricity Market are:

- (a) to procure adequate Ancillary Services where ~~Verve Energy~~Synergy cannot meet the Ancillary Service Requirements;

...

2.3.5. Subject to clause 2.3.13, the Market Advisory Committee must comprise:

- (a) at least three and not more than four members representing Market Generators, ~~of whom one must represent Verve Energy~~;
- (b) one member representing Contestable Customers;
- (c) at least one and not more than two members representing Network Operators, of whom one must represent Western Power;
- (d) at least three and not more than four members representing Market Customers, ~~of whom one must represent Synergy~~;
- (e) one member nominated by the Minister to represent small-use consumers;
- (f) one member representing System Management;
- (g) one member representing the IMO; ~~and~~
- (h) one member representing Synergy; and
- (i) _____ a chairperson, who must be a representative of the IMO.

...

2.16.7. Without limitation, additional information that can be collected by the Economic Regulation Authority includes:

- (a) cost data for ~~Verve Energy~~Synergy, including actual fuel costs by Trading Interval;
- (b) System Management's operational records, including SCADA records, of the level of utilisation and fuel related data for each of ~~Verve Energy's~~Synergy's Registered Facilities by Trading Interval; and
- (c) the terms of Bilateral Contracts entered into by ~~Verve Energy and Synergy~~.

...

3.11.7A. ~~Verve Energy~~Synergy must make its capacity to provide Ancillary Services from its Facilities available to System Management to a standard sufficient to enable System Management to meet its obligations in accordance with these Market Rules.

3.11.8. System Management may enter into an Ancillary Service Contract with a Rule Participant other than ~~Verve Energy~~Synergy for Spinning Reserve Ancillary Services, where:

- (a) it does not consider that it can meet the Ancillary Service Requirements with ~~Verve Energy's~~Synergy's Registered Facilities; or

- (b) the Ancillary Service Contract provides a less expensive alternative to Ancillary Services provided by ~~Verve Energy's~~Synergy's Registered Facilities.

...

3.13.3A. Subject to clause 3.13.3AB, for each Financial Year, by 31 March prior to the start of that Financial Year, the Economic Regulation Authority must determine values for the parameters Margin_Peak and Margin_Off-Peak, taking into account the Wholesale Market Objectives and in accordance with the following:

- (a) by 30 November prior to the start of the Financial Year, the IMO must submit a proposal for the Financial Year to the Economic Regulation Authority:
 - i. for the reserve availability payment margin applying for Peak Trading Intervals, Margin_Peak, the IMO must take account of:
 - 1. the margin ~~Verve Energy~~Synergy could reasonably have been expected to earn on energy sales forgone due to the supply of Spinning Reserve Service during Peak Trading Intervals; and
 - 2. the loss in efficiency of ~~Verve Energy Registered Facilities~~Synergy's Scheduled Generators that System Management has scheduled to provide Spinning Reserve Service during Peak Trading Intervals that could reasonably be expected due to the scheduling of those reserves;
 - ii. for the reserve availability payment margin applying for Off-Peak Trading Intervals, Margin_Off-Peak, the IMO must take account of:
 - 1. the margin ~~Verve Energy~~Synergy could reasonably have been expected to earn on energy sales forgone due to the supply of Spinning Reserve Service during Off-Peak Trading Intervals; and
 - 2. the loss in efficiency of ~~Verve Energy Registered Facilities~~Synergy's Scheduled Generators that System Management has scheduled to provide Spinning Reserve Service during Off-Peak Trading Intervals that could reasonably be expected due to the scheduling of those reserves; and

...

3.13.3AB. During the period:

...

- (d) when determining a value for the parameter Margin_Peak under this clause 3.13.3AB the Economic Regulation Authority or the IMO, as applicable, must take account of
 - i. the margin ~~Verve Energy~~Synergy could reasonably have been expected to earn on energy sales foregone due to the supply of Spinning Reserve during Peak Trading Intervals; and

- ii. the loss in efficiency of ~~Verve Energy Registered Facilities~~Synergy's Scheduled Generators that System Management has scheduled to provide Spinning Reserve during Peak Trading Intervals that could reasonably be expected due to the scheduling of those reserves; and
- (e) when determining a value for the parameter Margin_Off-Peak under this clause 3.13.3AB the Economic Regulation Authority or the IMO, as applicable, must take account of:
 - i. the margin ~~Verve Energy~~Synergy could reasonably have been expected to earn on energy sales foregone due to the supply of Spinning Reserve during Off-Peak Trading Intervals; and
 - ii. the loss in efficiency of ~~Verve Energy Registered Facilities~~Synergy's Scheduled Generators that System Management has scheduled to provide Spinning Reserve during Off-Peak Trading Intervals that could reasonably be expected due to the scheduling of those reserves.

...

4.12.1. The Reserve Capacity Obligations of a Market Participant holding Capacity Credits, are as follows:

- (a) a Market Participant (other than ~~Verve Energy~~Synergy) must ensure that for each Trading Interval:

...

- (b) ~~Verve Energy~~Synergy must ensure that for each Trading Interval:
 - i. ~~[Blank]~~the aggregate MW equivalent of the quantity of Capacity Credits held by Synergy applicable in that Trading Interval for Interruptible Loads and Demand Side Programmes registered to it; plus
 - ii. the MW quantity calculated by doubling the total MWh quantity which ~~Verve Energy~~Synergy is selling to other Market Participants as indicated by the applicable Net Contract Position of ~~Verve Energy~~Synergy, corrected for loss factor adjustments so as to be a sent out quantity; plus
 - iii. the MW quantity calculated by doubling the total MWh quantity covered by STEM Offers which were not scheduled and the STEM Bids which were scheduled in the relevant STEM Auction determined by the IMO for ~~Verve Energy~~Synergy under clause 6.9 for that Trading Interval, corrected for loss factor adjustments so as to be a sent out quantity; plus
 - iv. capacity expected to experience a Forced Outage at the time that STEM submissions were due which becomes available in real time,

is not less than the total Reserve Capacity Obligation Quantity for ~~Verve Energy~~Synergy for that Trading Interval, less double the total MWh quantity to be

provided as Ancillary Services as specified by the IMO for ~~Verve Energy~~Synergy in accordance with clause 6.3A.2(e)(i).

...

4.14.4. The value specified by ~~Verve Energy~~Synergy in accordance with clause 4.14.1(c) must be not less than:

- (a) the lesser of:
 - i. the total Certified Reserve Capacity held by ~~Verve Energy~~Synergy; and
 - ii. ~~Verve Energy's~~Synergy's peak load, as determined in accordance with clause 4.14.5 multiplied by an amount equal to:

...

4.14.5. For the purpose of clause 4.14.4, ~~Verve Energy's~~Synergy's peak load is calculated by doubling the average of ~~Verve Energy's~~Synergy's supply quantities (expressed in MWh) specified in the Bilateral Submissions that applied during the 12 peak Trading Intervals, as specified in Appendix 5, of the previous Hot Season. Prior to the completion of the first Hot Season following Energy Market Commencement this value will be determined by the IMO and provided to ~~Verve Energy~~Synergy not less than 20 Business Days prior to the date specified in clause 4.1.14.

...

4.23A.2. In performing the allocations described in clause 4.23A.1, the IMO must:

- (a) ensure that the total Certified Reserve Capacity, Capacity Credits and Reserve Capacity Obligation Quantities of the Registered Facilities equal, respectively, the Certified Reserve Capacity, Capacity Credits and Reserve Capacity Obligation Quantities that were associated with Western Power Corporation's generation systems in accordance with clauses 4.11, 4.12, and 4.20;
- (b) where facilities will not be registered as being ~~Verve Energy~~Synergy facilities as at Energy Market Commencement, allocate Certified Reserve Capacity, Capacity Credits and Reserve Capacity Obligation Quantities to the Market Participant to whom those facilities are to be registered; and
- (c) consult with Western Power Corporation or ~~Verve Energy~~Synergy (as applicable) and give consideration to Western Power Corporation or ~~Verve Energy~~Synergy (as applicable) preferences as to how clause 4.23A.1 should be implemented.

...

4.26.2. The IMO must determine the net STEM shortfall ("Net STEM Shortfall") in Reserve Capacity supplied by each Market Participant p holding Capacity Credits associated with a generation system in each Trading Interval t of Trading Day d and Trading Month m as:

...

(d) subject to clause 4.26.2(c), for the case where Market Participant p is not ~~Verve Energy~~Synergy, the sum of:

...

(e) subject to clause 4.26.2(c), for the case where Market Participant p is ~~Verve Energy~~Synergy, the sum of:

...

ii. the MW quantity calculated by doubling the total MWh quantity of energy that Synergy is selling to other Market Participants as indicated by the Net Contract Position-quantity of that Market Participant for Trading Interval t, corrected for Loss Factor adjustments so as to be a sent out quantity in accordance with clause 4.26.2A; plus

...

iv. double the total MWh quantity to be provided as Ancillary Services as specified by the IMO in accordance with clause 6.3A.2(e)(i) for ~~Verve Energy~~Synergy corrected for Loss Factor adjustments so as to be a sent out quantity in accordance with clause 4.26.2A; plus

...

6.5.1. Market Participants, including ~~Verve Energy~~Synergy but only in respect of its Stand Alone Facilities, may submit Resource Plan Submission data for a Trading Day to the IMO between:

...

6.5.1A. Market Generators with Registered Facilities, including ~~Verve Energy~~Synergy but only in respect of its Stand Alone Facilities, that are not undergoing a Commissioning Test or Market Customers with Dispatchable Loads, must provide the IMO with a Resource Plan Submission by:

...

...

6.5.4. If the IMO has not accepted a Resource Plan Submission for a Trading Day by the closing time specified in clause 6.5.1(b) from a Market Participant that is required to make a Resource Plan Submission, then the IMO must prepare a default Resource Plan for that Market Participant which must include, for each Trading Interval on the Trading Day:

(a) in respect of a Market Participant (other than ~~Verve Energy~~Synergy in relation to its Stand Alone Facilities):

- i. all the Market Participant's Scheduled Generators and Non-Scheduled Generators having a scheduled output of zero;
 - ii. all Dispatchable Loads having a scheduled consumption of zero; and
 - iii. the level of the supply shortfall required pursuant to clause 6.11.1(e) equal to the total Net Contract Position; or
- (b) in respect of all of ~~Verve Energy's~~Synergy's Stand Alone Facilities, having a scheduled output of zero.

...

6.5C.1. All references to a Market Participant in this clause 6.5C include ~~Verve Energy~~Synergy, but only in respect of its Stand Alone Facilities.

...

6.11.1. A Market Participant submitting Resource Plan Submission data or Standing Resource Plan Submission data must ensure the submission is made in the form and manner prescribed and published by the IMO and include in the submission:

...

- (e) other than for ~~Verve Energy~~Synergy, any shortfall in MWh for each Trading Interval between the net energy scheduled in the Resource Plan Submission and the Net Contract Position of the Market Participant.

...

6.11.3. A Market Participant, other than ~~Verve Energy~~Synergy, must ensure that either:

...

...

6.12.1.

- (a) By 1:30 PM on the Scheduling Day (or within 40 minutes of a closing time extended in accordance with clause 6.5.1(b)) the IMO must determine the Non-Balancing Dispatch Merit Orders identified in clauses 6.12.1(b) to 6.12.1(e). A Non-Balancing Dispatch Merit Order lists the order in which the Dispatchable Loads and Demand Side Programmes of Market Participants ~~other than Verve Energy~~ will be issued Dispatch Instructions by System Management under clause 7.6.1C(d) to increase or decrease consumption, as applicable.
- (b) A Non-Balancing Dispatch Merit Order for a decrease in consumption relative to the quantities included in the applicable Resource Plan (or the current operating level of a Facility not included in a Resource Plan) during Peak Trading Intervals. The IMO must take into account the following principles when determining this Non-Balancing Dispatch Merit Order:

- i. this Non-Balancing Dispatch Merit Order must list all Demand Side Programmes and Dispatchable Loads registered by Market Participants ~~other than Verve Energy~~; and
 - ii. this Non-Balancing Dispatch Merit Order must be determined by ranking the Registered Facilities referred to in clause 6.12.1(b)(i) in increasing order of the Consumption Decrease Price for Peak Trading Intervals.
- (c) A Non-Balancing Dispatch Merit Order for an increase in consumption relative to the quantities included in the applicable Resource Plan during Peak Trading Intervals. The IMO must take into account the following principles when determining this Non-Balancing Dispatch Merit Order:
 - i. this Non-Balancing Dispatch Merit Order must list all Dispatchable Loads registered by Market Participants ~~other than Verve Energy~~;
 - ii. this Non-Balancing Dispatch Merit Order must be determined by ranking the Registered Facilities referred to in clause 6.12.1(c)(i) in increasing order of the Consumption Increase Price for Peak Trading Intervals;
- (d) A Non-Balancing Dispatch Merit Order for a decrease in consumption relative to quantities included in the applicable Resource Plan (or the current operating level of a Facility not included in a Resource Plan) during Off-Peak Trading Intervals. The IMO must take into account the following principles when determining this Non-Balancing Dispatch Merit Order:
 - i. this Non-Balancing Dispatch Merit Order must list all Demand Side Programmes and Dispatchable Loads registered by Market Participants ~~other than Verve Energy~~; and
 - ii. this Non-Balancing Dispatch Merit Order must be determined by ranking the Registered Facilities referred to in clause 6.12.1(d)(i) in increasing order of the Consumption Decrease Price for Off-Peak Trading Intervals;
- (e) A Non-Balancing Dispatch Merit Order for an increase in consumption relative to the quantities included in the applicable Resource Plan during Off-Peak Trading Intervals. The IMO must take into account the following principles when determining this Non-Balancing Dispatch Merit Order:
 - i. this Non-Balancing Dispatch Merit Order must list all Dispatchable Loads registered by Market Participants ~~other than Verve Energy~~; and
 - ii. this Non-Balancing Dispatch Merit Order must be determined by ranking the Registered Facilities referred to in clause 6.12.1(e)(i) in increasing order of the Consumption Increase Price for Off-Peak Trading Intervals.

...

6.15.1. The Maximum Theoretical Energy Schedule in a Trading Interval is:

...

- (c) for the ~~Verve Energy~~-Balancing Portfolio:
 - i. the maximum amount of sent out energy, in MWh, which could have been dispatched in the Trading Interval from Balancing Price-Quantity Pairs within the Balancing Portfolio Supply Curve with an associated price less than or equal to the Balancing Price; plus
 - ii. if the ~~Verve Energy~~-Balancing Portfolio's SOI Quantity is greater than the sum of the quantities in the Balancing Price-Quantity Pairs within the Balancing Portfolio Supply Curve which have an associated price that is less than or equal to the Balancing Price, the minimum amount of sent out energy, in MWh, if any, which could have been dispatched in the Trading Interval from any of the Balancing Price-Quantity Pairs within the Balancing Portfolio Supply Curve which have an associated price greater than the Balancing Price,

taking into account the Portfolio Ramp Rate Limit and the SOI Quantity.

6.15.2 The Minimum Theoretical Energy Schedule in a Trading Interval equals:

...

- (c) for the ~~Verve Energy~~-Balancing Portfolio, the amount which is the lesser of:
 - i. the sum of:
 - 1. the maximum amount of sent out energy, in MWh, which could have been dispatched in the Trading Interval from Balancing Price-Quantity Pairs within the Balancing Portfolio Supply Curve with an associated price less than the Balancing Price; plus
 - 2. if the ~~Verve Energy~~-Balancing Portfolio's SOI Quantity is greater than the sum of the quantities in the Balancing Price-Quantity Pairs within the Balancing Portfolio Supply Curve which have an associated price that is less than the Balancing Price, the minimum amount of sent out energy, in MWh, if any, which could have been dispatched in the Trading Interval from any of the Balancing Price-Quantity Pairs within the Balancing Portfolio Supply Curve which have an associated price greater than or equal to the Balancing Price,

taking into account the Portfolio Ramp Rate Limit and SOI Quantity; and

- ii. where a Facility in the ~~Verve Energy~~-Balancing Portfolio is subject to an Outage, the maximum amount of sent out energy, in MWh, which could have been dispatched given the sum of the Available Capacity of Facilities in the ~~Verve Energy~~-Balancing Portfolio for that Trading Interval.

...

6.16B. ~~Verve Energy~~ Balancing Portfolio Out of Merit

6.16B.1. The Portfolio Upwards Out of Merit Generation in a Trading Interval for the ~~Verve Energy~~ Balancing Portfolio equals:

- (a) subject to clause 6.16B.1(b), the sum of any Sent Out Metered Schedules for Facilities in the ~~Verve Energy~~ Balancing Portfolio less the Maximum Theoretical Energy Schedule for the ~~Verve Energy~~ Balancing Portfolio; or
- (b) zero if:
 - i. System Management has provided a report to the IMO under clause 7.10.7 and the IMO determines that ~~Verve Energy~~ Synergy has not adequately or appropriately complied with a Dispatch Order in respect of the ~~Verve Energy~~ Balancing Portfolio; or
 - ii. the sum of any Sent Out Metered Schedules for Facilities in the ~~Verve Energy~~ Balancing Portfolio less the Maximum Theoretical Energy Schedule for the ~~Verve Energy~~ Balancing Portfolio is less than the sum of:
 - 1. any increase in sent out energy due to a Network Control Service Contract which System Management instructed a Facility within the ~~Verve Energy~~ Balancing Portfolio to provide;
 - 2. if Facilities within the ~~Verve Energy~~ Balancing Portfolio were instructed by System Management to provide LFAS, the sum of Upwards LFAS Enablement and Upwards LFAS Backup Enablement, both divided by two so that they are expressed in MWh;
 - 3. if a Spinning Reserve Event has occurred, any Spinning Reserve Response Quantity; and
 - 4. the Portfolio Settlement Tolerance.

6.16B.2. The Portfolio Downwards Out of Merit Generation in a Trading Interval for the ~~Verve Energy~~ Balancing Portfolio equals:

- (a) subject to clause 6.16B.2(b), the Minimum Theoretical Energy Schedule less the sum of any Sent Out Metered Schedules for Facilities in the ~~Verve Energy~~ Balancing Portfolio; or
- (b) zero if:
 - i. System Management has provided a report to the IMO under clause 7.10.7 and the IMO determines that ~~Verve Energy~~ Synergy has not adequately or appropriately complied with a Dispatch Order; or
 - ii. the Minimum Theoretical Energy Schedule of the ~~Verve Energy~~ Balancing Portfolio less the sum of any Sent Out Metered Schedules for Facilities in the ~~Verve Energy~~ Balancing Portfolio is less than the sum of:

1. any reduction in sent out energy due to a Network Control Service Contract which System Management instructed a Facility within the ~~Verve Energy~~ Balancing Portfolio to provide;
2. if Facilities within the ~~Verve Energy~~ Balancing Portfolio were instructed by System Management to provide LFAS, the sum of the Downwards LFAS Enablement plus the Downwards LFAS Backup Enablement, both divided by two so that they are expressed in MWh;
3. if a Load Rejection Reserve Event has occurred, any Load Rejection Reserve Response Quantity; and
4. the Portfolio Settlement Tolerance.

...

6.17.1. The IMO must determine for each Market Participant and each Trading Interval of each Trading Day:

...

- (e) Loss Factor adjusted Constrained On ~~Verve Energy~~ Balancing Portfolio Quantities and associated prices; and
- (f) Loss Factor adjusted Constrained Off ~~Verve Energy~~ Balancing Portfolio Quantities and associated prices,

in accordance with this clause 6.17.

...

Constrained On ~~Verve Energy~~ Balancing Portfolio Quantities and Prices

6.17.5. Subject to clause 6.17.5C, the IMO must attribute any Upwards Out of Merit Generation from the ~~Verve Energy~~ Balancing Portfolio in a Trading Interval as follows:

- (a) Portfolio Constrained On Quantity¹ (PConQ1) equals the lesser of:
 - i. the maximum energy less the minimum energy, if any, in MWh, which could have been dispatched from the Balancing Price-Quantity Pair N in the Balancing Portfolio Supply Curve with a price (Price N) higher than but closest to the Balancing Price, taking into account the actual ~~Verve Energy~~ Balancing Portfolio SOI Quantity and the Portfolio Ramp Rate Limit; and
 - ii. the Upwards Out of Merit Generation for the ~~Verve Energy~~ Balancing Portfolio;
- (b) Constrained On Compensation Price¹ (PConP1) equals the Price N identified in clause 6.17.5(a) less the Balancing Price;

- (c) If the Portfolio Upwards Out of Merit Generation exceeds PConQ1 and a Balancing Price-Quantity Pair exists in the Balancing Portfolio Supply Curve with a price higher than Price N, then:
 - i. additional Portfolio Constrained On Quantity² (PConQ2) equals the lesser of:
 - 1. the maximum energy less the minimum energy, if any, in MWh, which could have been dispatched from the Balancing Portfolio Supply Curve Balancing Price-Quantity Pair N+1 with a price (Price N+1) higher than but closest to the Price N, taking into account when the ~~Verve Energy~~ Balancing Portfolio MW level reached the top, or the bottom, as applicable, of Balancing Price-Quantity Pair N in the calculation in clause 6.17.5(a)(i) and the Portfolio Ramp Rate Limit; and
 - 2. the Portfolio Upwards Out of Merit Generation less PConQ1; and
 - ii. Constrained On Compensation Price² (PConP2) equals the Price N+1 identified in clause 6.17.5(c)(i) less the Balancing Price;
- (d) The IMO must repeat the process set out in clause 6.17.5(c) to identify, from the next highest priced Balancing Price-Quantity Pair N+1, any PConQN+1 and PConPN+1 until all Upwards Out of Merit Generation has been attributed to Balancing Price-Quantity Pairs or, otherwise, until there are no remaining Balancing Price-Quantity Pairs in the Balancing Portfolio Supply Curve;
- (e) The Non-Qualifying Constrained On Generation for the ~~Verve Energy~~ Balancing Portfolio equals the sum, expressed in sent out MWh, of any increase in energy due to a Network Control Service Contract and of the following Ancillary Services (if any), which System Management instructed ~~Verve Energy~~ Synergy to provide from Facilities within the ~~Verve Energy~~ Balancing Portfolio:

...

Constrained Off ~~Verve Energy~~ Balancing Portfolio Quantities and Prices

- 6.17.5A. Subject to clause 6.17.5C, the IMO must attribute any Downwards Out of Merit Generation from the ~~Verve Energy~~ Balancing Portfolio in a Trading Interval as follows:
- (a) Constrained Off Portfolio Quantity¹ (PCoffQ1) equals the lesser of:
 - i. the maximum energy less the minimum energy, if any, in MWh, which could have been dispatched down from Balancing Price-Quantity Pair N, with Price N, in the Balancing Portfolio Supply Curve, taking into account the Available Capacity of the ~~Verve Energy~~ Balancing Portfolio, the MW level at the start of the Trading Interval and the Portfolio Ramp Rate Limit, where N is determined from either of the following Balancing Price-Quantity Pairs or, if different, the one with the lower price:

...

- (c) If the Portfolio Downwards Out of Merit Generation (in MWh) exceeds PCoffQ1 and a Balancing Price-Quantity Pair exists in the Balancing Portfolio Supply Curve with a price lower than Price N, then:
 - i. additional Constrained Off Portfolio Quantity² (PCoffQ2) equals the lesser of:
 - 1. the maximum energy less the minimum energy, if any, in MWh, which could have been dispatched down from the Balancing Portfolio Supply Curve Balancing Price-Quantity Pair N+1 with a price (Price N+1) lower than but closest to Price N, taking into account when the ~~Verve Energy~~ Balancing Portfolio MW level reached the bottom, or top, as applicable, of Balancing Price-Quantity Pair N in the calculation in clause 6.17.5A(a)(i) and the Portfolio Ramp Rate Limit; and

...

- (e) The Non-Qualifying Constrained Off Generation for the ~~Verve Energy~~ Balancing Portfolio equals the sum, expressed in sent out MWh, of any reduction in sent out energy due to a Network Control Service Contract and of the following Ancillary Services (if any), which System Management instructed ~~Verve Energy~~ Synergy to provide from Facilities in the ~~Verve Energy~~ Balancing Portfolio:

...

6.17.5B. Clauses 6.17.3, 6.17.3A, 6.17.4 and 6.17.4A do not apply to Facilities in the ~~Verve Energy~~ Balancing Portfolio.

...

6.17.9. The IMO must other than for Facilities in the ~~Verve Energy~~ Balancing Portfolio, determine a Settlement Tolerance for each Scheduled Generator, Non-Scheduled Generator and Dispatchable Load, where this Settlement Tolerance is equal to:

...

6.17.10. The Portfolio Settlement Tolerance equals the lesser of:

- (a) 3 MWh; and
- (b) 3% of the Sent Out Capacity of the ~~Verve Energy~~ Balancing Portfolio divided by two to be expressed as MWh.

...

6.21.2. The IMO must provide the following information to the settlement system for each Trading Interval in a Trading Day:

...

- iv. the ~~Verve Energy~~ Balancing Portfolio Loss Factor adjusted Constrained On Quantities and prices calculated in accordance with clause 6.17.5;

- v. the ~~Verve Energy~~ Balancing Portfolio Loss Factor adjusted Constrained Off Quantities and prices calculated in accordance with clause 6.17.5A; and
- vi. the Non-Balancing Facility Dispatch Instruction Payment.

...

7.5.4. Subject to clause 7.5.5, a Market Participant other than ~~Verve Energy~~Synergy may at any time between 1:30 PM on the Scheduling Day and 30 minutes prior to the commencement of the Trading Interval described in clause 7.5.4(b) notify System Management that the Market Participant will change the fuel upon which a Scheduled Generator registered to it will operate on from a Liquid Fuel to a Non-Liquid Fuel, or vice versa, where the notification must include:

...

...

7.6.2. For the purposes of clauses 7.6.1 and 7.6.1C, the ~~Verve Energy~~ Balancing Portfolio is to be treated as a Balancing Facility but the dispatch of any Facility within the ~~Verve Energy~~ Balancing Portfolio is to be under the Dispatch Plan or a Dispatch Order in accordance with clause 7.6A, which is deemed to meet the requirements to issue a Dispatch Instruction in respect of the ~~Verve Energy~~ Balancing Portfolio.

7.6.2A. Where the Dispatch Criteria requires System Management to alter the Dispatch Plan of ~~Verve Energy~~Synergy, subject to the limitations imposed by this clause 7.6, System Management must employ reasonable endeavours to minimise the change in the Dispatch Plan and to have regard for the merit order of ~~Verve Energy~~Synergy Facilities in the ~~Verve Energy~~ Balancing Portfolio.

...

7.6.12. System Management may give a direction to a Market Participant (other than ~~Verve Energy~~Synergy) in respect of a Scheduled Generator or Non-Scheduled Generator registered by the Market Participant with regard to the reactive power output of that Facility in accordance with any power factor required under the Technical Rules applying to the relevant Network.

7.6A. Scheduling and Dispatch of the ~~Verve Energy~~ Balancing Portfolio and Stand Alone Facilities for certain Ancillary Services

7.6A.1. Subject to System Management's obligations under clause 7.6, this clause 7.6A describes the rules governing the relationship between System Management and ~~Verve Energy~~Synergy for the purpose of scheduling and dispatching the Stand Alone Facilities for Ancillary Services and for scheduling and dispatching Facilities in the ~~Verve Energy~~ Balancing Portfolio generally.

7.6A.2. With respect to the scheduling of Stand Alone Facilities for Ancillary Services and the scheduling of Facilities in the ~~Verve Energy~~ Balancing Portfolio generally:

- (a) at least once every month, ~~Verve Energy~~Synergy must provide to System Management the following information in regard to the subsequent month:
- i. a plant schedule describing the merit order in which the Facilities in the ~~Verve Energy~~ Balancing Portfolio are to be called upon and any restrictions on the operations of such Facilities;
 - ii. a plan for which fuels will be used in each Facility in the ~~Verve Energy~~ Balancing Portfolio and guidance as to how that plan might be varied depending on circumstances;
 - iii. a description as to how Ancillary Services are to be provided from Facilities in the ~~Verve Energy~~ Balancing Portfolio; and
 - iv. a description as to how Ancillary Services are to be provided from the Stand Alone Facilities,

where the format and time resolution of this data is to be described in a procedure;

- (b) System Management must provide to ~~Verve Energy~~Synergy by 8:30 AM on the Scheduling Day associated with a Trading Day a forecast of total system demand for the Trading Day where the format and time resolution of this data is to be described in a procedure;
- (c) System Management must provide to ~~Verve Energy~~Synergy by 4:00 PM on the Scheduling Day associated with a Trading Day:
- i. a forecast of the requirements for energy in the ~~Verve Energy~~ Balancing Portfolio, being a forecast of the whole of system energy requirement less:
 1. the aggregate energy of all Resource Plans associated with ~~the other Market Participants' Scheduled Generators and Dispatchable Loads, including Synergy's Dispatchable Loads of other Market Participants;~~ and
 2. the aggregate forecast output of other Market Participants' Non-Scheduled Generators, including the aggregate forecast output of any Non-Scheduled Generators which are Stand Alone Facilities, for the Trading Day;
 - ii. the Dispatch Plan for each Facility for the Trading Day; and
 - iii. a forecast of the detailed Ancillary Services required from each Facility in the ~~Verve Energy~~ Balancing Portfolio and Ancillary Services from each Stand Alone Facility,

where the format and time resolution of this data is to be described in a procedure;

- (d) System Management must consult with ~~Verve Energy~~Synergy in developing the information described in clause 7.6A.2(c) and ~~Verve Energy~~Synergy must

provide System Management with any information required by System Management in accordance with a procedure to support the preparation of the information in clause 7.6A.2(c). In the event of any failure by ~~Verve Energy~~Synergy to provide information required by System Management in a timely fashion then System Management may use its reasonable judgement to substitute its own information;

- (e) System Management must provide to the IMO by 4:00 PM on the Scheduling Day associated with a Trading Day the aggregate forecast output of all Non-Scheduled Generators for the Trading Day, referred to in clause 7.6A.2(c)(i)(2);
- (f) If after 4:00 PM on the Scheduling Day but prior to the start of a Trading Interval on the corresponding Trading Day, System Management becomes aware of a change in conditions which will require a significant change in the Dispatch Plan it may make such change but must notify ~~Verve Energy~~Synergy of such change; and
- (g) ~~Verve Energy~~Synergy must notify System Management as soon as practicable if it becomes aware that it is unable to comply with a Dispatch Plan, providing reasons as to why it cannot comply.

7.6A.3. With respect to the dispatch of Stand Alone Facilities for the purposes of Ancillary Services other than LFAS but including LFAS Backup Enablement, and the dispatch of ~~Verve Energy~~ Facilities in the ~~Verve Energy~~ Balancing Portfolio generally, during a Trading Day:

- (a) System Management may issue an Operating Instruction for Stand Alone Facilities, and instruct Facilities in the ~~Verve Energy~~ Balancing Portfolio to deviate from the Dispatch Plan, or to change their commitment or output, in accordance with the Dispatch Criteria or in response to System Management's powers under a High Risk Operating State or an Emergency Operating State;
- (b) System Management must provide adequate notice to ~~Verve Energy~~Synergy, based on Standing Data, before a Facility in the ~~Verve Energy~~ Balancing Portfolio is required to respond to an instruction given under clause 7.6A.3(a); and
- (c) ~~Verve Energy~~Synergy must notify System Management as soon as practicable if ~~Verve Energy~~Synergy becomes aware that it is unable to comply with an instruction given under clause 7.6A.3(a).

7.6A.4. With respect to the dispatch compliance of ~~Verve Energy~~Synergy for Facilities in the ~~Verve Energy~~ Balancing Portfolio:

- (a) System Management may deem ~~Verve Energy~~Synergy to be in non-compliance for a Trading Interval if ~~Verve Energy~~Synergy fails to comply with the Dispatch Plan, its obligations to provide Ancillary Services, or an instruction given under clause 7.6A.3(a), to an extent that could endanger Power System Security;
- (b) ~~i~~n determining whether or not to deem ~~Verve Energy~~Synergy to be in non-compliance, System Management must give due regard to any reasonable

mitigating circumstances of which ~~Verve Energy~~Synergy has notified it in accordance with clause 7.6A.3(c);

- (c) In determining whether or not to deem ~~Verve Energy~~Synergy to be in non-compliance, System Management may only consider a deviation by an individual ~~Verve Energy~~Synergy Facility from an output level specified in any instruction from System Management to be in non-compliance if the deviation at any time exceeds 10 MW; and
- (d) In the event that System Management deems ~~Verve Energy~~Synergy to be in non-compliance for a Trading Interval then System Management must determine a single MWh quantity describing the total non-compliance of ~~Verve Energy~~Synergy for that Trading Interval.

7.6A.5. With respect to administration and reporting:

- (a) Representatives of System Management and ~~Verve Energy~~Synergy must meet at least once per month to review the procedures operating under this clause 7.6A. The minutes of these meetings must be recorded by System Management;
- (b) At the meetings described in clause 7.6A.5(a), System Management and ~~Verve Energy~~Synergy must use best endeavours to address any issues arising from the application of the procedures operating under this clause 7.6A. Where agreement cannot be reached either party may seek arbitration by the IMO;
- (c) System Management must report to the IMO any instance where it believes that ~~Verve Energy~~Synergy has failed to meet its obligations under this clause 7.6A;
- (d) ~~Verve Energy~~Synergy may report to the IMO any instance where it believes that System Management has failed to meet its obligations under this clause 7.6A;
- (e) Upon request by the IMO, ~~Verve Energy~~Synergy and System Management must make available to the IMO records created because of the operation of this clause 7.6A and procedures required by this clause 7.6A.

7.6A.6. ~~Verve Energy~~Synergy and System Management must retain all records, including meeting minutes, created because of the operation of this clause 7.6A and procedures required by this clause 7.6A.

7.6A.7. Subject to clause 7.6A.8, System Management must document the procedures System Management and ~~Verve Energy~~Synergy must follow to comply with this clause 7.6A, including the process to follow in developing the confidential procedure described in clause 7.6A.8, in the Power System Operation Procedure, and System Management and ~~Verve Energy~~Synergy must follow that documented Market Procedure.

7.6A.8. Any procedure created or data exchanged in accordance with this clause 7.6A which is commercially sensitive information of ~~Verve Energy~~Synergy must not be included in the Power System Operation Procedure. Instead, such information must be included in a confidential procedure developed by System Management in consultation with ~~Verve Energy~~Synergy.

...

7.7.1. A Dispatch Instruction is an instruction issued by System Management to a Market Participant, other than ~~Verve Energy~~Synergy in respect of its ~~Verve Energy~~ Balancing Portfolio, directing that the Market Participant vary the output or consumption of one of its Registered Facilities.

...

7.10.7. Where System Management has issued a warning about a deviation to a Market Participant under clause 7.10.5(c) regarding a failure to comply with clause 7.10.1, System Management:

(a) unless the deviation is within the Tolerance Range or Facility Tolerance Range, must, in the time, form and manner prescribed in the IMS Interface Market Procedure, report the deviation to the IMO. System Management must include in the report:

...

iii. whether System Management issued instructions to ~~the~~Synergy in respect of its Registered Facilities of ~~Verve Energy~~ or Registered Facilities covered by any Ancillary Service Contract or issued Dispatch Instructions or Operating Instructions to other Registered Facilities as a result of the failure; and

...

7.11.5. System Management must release a Dispatch Advisory in the event of, or in anticipation of situations where:

...

(g) System Management expects to issue a Dispatch Instruction Out of Merit including, for the purpose of this clause, issuing a Dispatch Order to the ~~Verve Energy~~ Balancing Portfolio in accordance with clause 7.6.2, which will result in Out of Merit dispatch of the ~~Verve~~ Balancing Portfolio;

...

...

7.12.1. System Management must provide a report to the IMO once every three months on the performance of the market with respect to the dispatch process. -This report must include details of:

...

(bA) the incidence and reasons for the issuance of Dispatch Instructions to Balancing Facilities Out of Merit, including for the purposes of this clause, issuing Dispatch Orders to the ~~Verve Energy~~ Balancing Portfolio in accordance with clause 7.6.2;

...

...

7.13.1. System Management must provide the IMO with the following data for a Trading Day by noon on the first Business Day following the day on which the Trading Day ends:

...

(d) a description of the reasons for any failure of a ~~Verve Energy~~Synergy Facility to follow the scheduling and dispatch procedures relating to clause 7.6A;

...

7.13.1A. System Management must provide the IMO with the following data for a Trading Day by noon on the fifteenth Business Day following the day on which the Trading Day ends:

(a) the MWh quantity of non-compliance by ~~Verve Energy~~Synergy by Trading Interval; and

(b) the schedule of all Planned Outages, Forced Outages and Consequential Outages relating to each Trading Interval in the Trading Day by Market Participant and Facility.

...

7.13.1C. The IMO may request, and System Management must provide, within 10 Business Days of receipt of a request from the IMO:

...

(d) a schedule of all instructions, including Dispatch Orders, provided to ~~Verve Energy's~~Synergy's Non-Scheduled Generators to deviate from the Dispatch Plan or change their commitment or output in accordance with clause 7.6A.3; and

(e) an estimate of the decrease in the output (in MWh) of each of ~~Verve Energy's~~Synergy's Non-Scheduled Generators as a result of an instruction from System Management to deviate from the Dispatch Plan or change their commitment or output in accordance with clause 7.6A.3(a),

for each Trading Interval during the time period specified by the IMO in its request.

...

7A.1.14. For the purposes of this Chapter 7A only, unless otherwise indicated, the ~~Verve Energy~~ Balancing Portfolio is to be treated as a single Balancing Facility and references in this Chapter 7A to a Balancing Facility are to be read as including a reference to the ~~Verve Energy~~-Balancing Portfolio.

...

7A.2.1. A Market Participant must ensure that:

- (a) it has made a Balancing Submission in accordance with clause 7A.2.4 for each of its Balancing Facilities, excluding Facilities in the ~~Verve Energy~~ Balancing Portfolio;
- (b) it has made a Balancing Submission for all Trading Intervals in the Balancing Horizon for each of its Balancing Facilities; and
- (c) the Balancing Submission is made before Balancing Gate Closure or, in the case of the ~~Verve Energy~~ Balancing Portfolio, before the times specified in clause 7A.2.9(d), for those Trading Intervals.

7A.2.2. A Market Participant may submit a subsequent Balancing Submission in accordance with clause 7A.2.4 in respect of any of its Balancing Facilities, excluding Facilities in the ~~Verve Energy~~ Balancing Portfolio, and:

- (a) the Balancing Submission may be for one or more Trading Intervals in the Balancing Horizon; and
- (b) the Balancing Submission must be made before Balancing Gate Closure for any Trading Interval in the submission.

7A.2.3. A Market Participant with a Balancing Facility that is:

- (a) the subject of an Operating Instruction; or
- (b) undergoing a Test that has an approved Test Plan,

must ensure that the price in the Balancing Price-Quantity Pair for a Balancing Submission submitted under this clause 7A.2 is at the Minimum STEM Price for the quantity for each Trading Interval specified in the Operating Instruction or the Test Plan. The provisions of this clause 7A.2.3 do not apply to the ~~Verve Energy~~ Balancing Portfolio.

...

7A.2.9. ~~Verve Energy~~Synergy, in relation to the ~~Verve Energy~~ Balancing Portfolio:

- (a) must, subject to clauses 7A.2.9(e) and 7A.2.9(f), ensure that its Balancing Portfolio Supply Curve accurately reflects:
 - i. all information reasonably available to it, including Balancing Forecasts published by the IMO and the latest information available to it in relation to any Forced Outage for a Facility in the ~~Verve Energy~~ Balancing Portfolio;
 - ii. ~~Verve Energy's~~Synergy's reasonable expectation of the capability of its ~~Verve Energy~~ Balancing Portfolio to be dispatched in the Balancing Market for that Trading Interval; and
 - iii. the price at which ~~Verve Energy~~Synergy intends to have the ~~Verve Energy~~ Balancing Portfolio participate in Balancing;

...

- (e) may update its Balancing Portfolio Supply Curve in relation to any Trading Interval in the Balancing Horizon for which Balancing Gate Closure is more than two hours in the future if a Facility in the ~~Verve Energy~~ Balancing Portfolio has experienced a Forced Outage since the last Balancing Submission; and
- (f) may after the time specified in clause 7A.2.9(d), update its Balancing Portfolio Supply Curve to reflect the impact of a Forced Outage which ~~Verve Energy~~Synergy expects will cause a Facility to run on Liquid Fuel, where the Facility would not have run on Liquid Fuel but for the Forced Outage, in order to meet ~~Verve Energy's~~Synergy's Balancing obligations in relation to the ~~Verve Energy~~ Balancing Portfolio under this Chapter 7A.

7A.2.10. A Market Participant (other than ~~Verve Energy~~Synergy in relation to the ~~Verve Energy~~ Balancing Portfolio) as soon as it becomes aware that a Balancing Submission for a Trading Interval for which Balancing Gate Closure has occurred is inaccurate:

...

...

7A.2.12. Where ~~Verve Energy~~Synergy has submitted an updated Balancing Portfolio Supply Curve in accordance with clauses 7A.2.9(e) or 7A.2.9(f) because of a Forced Outage of one of the Facilities in the ~~Verve Energy~~ Balancing Portfolio after the time specified in these clauses it must, as soon as reasonably practicable, provide the IMO with written details of:

- (a) the nature of the Forced Outage;
- (b) when the Forced Outage occurred;
- (c) the duration of the Forced Outage; and
- (d) information substantiating the commercial impact, if any, of the Forced Outage.

...

7A.3.1. The IMO must convert the prices for each Trading Interval in Balancing Price-Quantity Pairs in Balancing Submissions from Market Participants, other than ~~Verve Energy~~Synergy in respect of the ~~Verve Energy~~ Balancing Portfolio, into Loss Factor Adjusted Prices.

...

7A.3.5. A Market Participant, other than ~~Verve Energy~~Synergy in respect of the ~~Verve Energy~~ Balancing Portfolio, must make a new Balancing Submission within 30 minutes of the end of the Trading Interval in which the information is published under clause 7B.3.4(e) as follows:

...

...

7A.4. ~~Verve Energy~~Synergy – Stand Alone Facilities

7A.4.1. ~~Verve Energy~~Synergy may, at any time, nominate one of its Scheduled Generators or Non-Scheduled Generators~~Registered Facilities~~ to be trialled as a Stand Alone Facility by providing notice to the IMO in the prescribed form.

7A.4.2. Subject to clause 7A.4.3, the IMO must, as soon as reasonably practicable after receiving the information specified in clause 7A.4.1:

...

- (e) notify ~~Verve Energy~~Synergy of the IMO's decision and, at the same time, notify the Market of any further time allowed under clause 7A.4.2(c).

...

7A.4.4. If the IMO notifies ~~Verve Energy~~Synergy that it accepts the nomination of the Stand Alone Facility for a trial, then:

- (a) the IMO must notify ~~Verve Energy~~Synergy of the Trading Day from which the trial of the nominated Stand Alone Facility will commence;
- (b) subject to clause 7A.4.4(d), ~~Verve Energy~~Synergy may trial the nominated Stand Alone Facility for a period of one month for the purposes of participating in the Balancing Market in accordance with this Chapter 7A;
- (c) seven Business Days before the end of that month ~~Verve Energy~~Synergy must notify the IMO whether it wishes the nominated Stand Alone Facility to:
 - i. cease being a Stand Alone Facility and to form part of the ~~Verve Energy~~ Balancing Portfolio; or
 - ii. permanently become a Stand Alone Facility; and
- (d) the nominated Stand Alone Facility will be treated as a Stand Alone Facility until it becomes a permanent Stand Alone Facility under clause 7A.4.9 or the trial ceases under clause 7A.4.8.

7A.4.5. If ~~Verve Energy~~Synergy provides a notice under clause 7A.4.4(c)(i), then the IMO must notify ~~Verve Energy~~Synergy of the time and date from which the nominated Stand Alone Facility will cease to be treated as a Stand Alone Facility.

7A.4.6. If ~~Verve Energy~~Synergy provides a notice under clause 7A.4.4(c)(ii), then the IMO must:

...

- (d) notify ~~Verve Energy~~Synergy of the IMO's decision and the reasons for that decision.

...

7A.4.8. If the IMO notifies ~~Verve Energy~~Synergy that the nominated Stand Alone Facility is not to permanently become a Stand Alone Facility the nominated Stand Alone Facility will

cease to be treated as a Stand Alone Facility from the time and date specified by the IMO in the notice to ~~Verve Energy~~Synergy.

7A.4.9. The nominated Stand Alone Facility permanently becomes a Stand Alone Facility if the IMO notifies ~~Verve Energy~~Synergy that it is to permanently become a Stand Alone Facility.

...

7B.2.1. A Market Participant may submit an LFAS Submission:

- (a) in accordance with clause 7B.2.7 in respect of any of its LFAS Facilities, other than the ~~Verve Energy~~ Balancing Portfolio;
- (b) for any or all Trading Intervals in the Balancing Horizon; and
- (c) before LFAS Gate Closure for those Trading Intervals.

7B.2.2. A Market Participant may submit a new, updated LFAS Submission:

- (a) in accordance with clause 7B.2.7 in respect of any of its LFAS Facilities, other than the ~~Verve Energy~~ Balancing Portfolio;
- (b) for one or more Trading Intervals in the Balancing Horizon; and
- (c) before LFAS Gate Closure for those Trading Intervals.

7B.2.3. Subject to clause 7B.2.5, ~~Verve Energy~~Synergy must immediately before 6:00 PM submit an LFAS Submission, for one or more Trading Intervals in the Balancing Horizon for which LFAS Gate Closure has not occurred, by submitting it to the IMO in accordance with clauses 7B.2.6 and 7B.2.7.

7B.2.4. Subject to clause 7B.2.5, ~~Verve Energy~~Synergy may submit or update an LFAS Submission, for one or more Trading Intervals in the Balancing Horizon for which LFAS Gate Closure has not occurred, by submitting it to the IMO:

- (a) in accordance with clauses 7B.2.5 and 7B.2.7; and
- (b) at the time it submits an updated Balancing Portfolio Supply Curve under clause 7A.2.9(d).

7B.2.5. ~~Verve Energy~~Synergy must ensure that, for each Trading Interval for which it has made LFAS Submissions under this Chapter 7B, the sum of the MW quantities contained in those LFAS Submissions equals at least the latest forecast LFAS Quantity for that Trading Interval published under clause 7B.3.15(b), if any.

7B.2.6. ~~Verve Energy~~Synergy, in its LFAS Submission for the ~~Verve Energy~~ Balancing Portfolio, must include a cost per MW for providing any Upwards LFAS Backup Enablement and for providing any Downwards LFAS Backup Enablement for each Trading Interval in the Balancing Horizon.

...

7B.3.7. Where the IMO is unable to publish an LFAS Merit Order for a Trading Interval in accordance with clause 7B.3.4(d), System Management must use ~~the Registered Synergy's LFAS Facilities of Verve Energy~~ to provide LFAS for that Trading Interval.

...

7B.4 ~~Verve Energy~~ Synergy - Back Up LFAS Provider

7B.4.1. Where:

- (a) an LFAS Facility has failed to provide all or part of its LFAS when called upon to do so by System Management in accordance with clause 7B.3.6 or 7B.3.8; or
- (b) the quantity of LFAS in a Trading Interval required by System Management is greater than the most recent LFAS Quantity published under clause (b) for that Trading Interval,

System Management may use the ~~Verve Energy~~ Balancing Portfolio or a Stand Alone Facility, to provide the LFAS Quantity Balance and/or the Increased LFAS Quantity, as applicable.

7B.4.2. Where System Management has used the ~~Verve Energy~~ Balancing Portfolio or a Stand Alone Facility to provide LFAS under clause 7B.3.7 or 7B.4.1 in a Trading Interval, System Management must, as soon as reasonably practicable, advise the IMO of the Facilities which provided the LFAS and the quantity, in MW, of LFAS which was provided by the Facility in the Trading Interval.

...

9.8.1. The Balancing settlement amount for Market Participant p for Trading Interval t of Trading Day d is:

$$BSA(p,d,t) = \text{Balancing Price (d,t)} \times \text{MBQ(p,d,t)} + \text{CONC(p,d,t)} + \text{COFFC(p,d,t)} + \text{DIP(p,d,t)}.$$

Where:

MBQ(p,d,t) is the Metered Balancing Quantity for Market Participant p for Trading Interval t of Trading Day d calculated in accordance with clause 6.17.2;

Balancing Price (d,t) is the Balancing Price for Trading Interval t of Trading Day d calculated in accordance with clause 7A.3.10;

CONC(p,d,t) is the Constrained On Compensation for Market Participant p for Trading Interval t of Trading Day d. For a Market Participant other than ~~Verve Energy~~ Synergy, CONC(p,d,t) is the sum of all ConQN x ConPN for each of the Market Participant's Scheduled Generators and Non-Scheduled Generators for Trading Interval t. For ~~Verve Energy~~ Synergy, CONC(p,d,t) is the sum of all PConQN x PConPN plus the sum of all ConQN x ConPN for each Stand Alone Facility for Trading Interval t, where ConQN, ConPN, PConQN and PConPN are calculated in accordance with clause 6.17;

COFFC(p,d,t) is the Constrained Off Compensation for Market Participant p for Trading Interval t of Trading Day d. For a Market Participant other than ~~Verve EnergySynergy~~, COFFC(p,d,t) is the sum of all CoffQN x CoffPN for each of the Market Participant's Scheduled Generators and Non-Scheduled Generators for Trading Interval t. For ~~Verve EnergySynergy~~, COFFC(p,d,t) is the sum of all PCoffQN x PCoffPN plus the sum of all CoffQN x CoffPN for each Stand Alone Facility for Trading Interval t, where CoffQN, CoffPN, PCoffQN and PCoffPN are calculated in accordance with clause 6.17; and

...

9.9.1. The Ancillary Service settlement amount for Market Participant p for Trading Month m is:

$$\begin{aligned} \text{ASSA}(p,m) = & \text{~~Verve EnergySynergy~~ AS Provider Payment}(p,m) \\ & + \text{ASP_Payment}(p,m) \\ & + \text{LF_Market_Payment}(p,m) \\ & - \text{LF_Capacity_Cost_Share}(p,m) \\ & - \text{LF_Market_Cost_Share}(p,m) \\ & - \text{SR_Availability_Cost_Share}(p,m) \\ & - \text{Consumption_Share}(p,m) \times \text{Cost_LRD}(m) \end{aligned}$$

Where

the ~~Verve EnergySynergy~~ AS Provider Payment(p,m) =
 0 if Market Participant p is not ~~Verve EnergySynergy~~ and
 (SR_Availability_Payment(m) + Cost_LRD(m)
 - ASP_Balance_Payment(m)) otherwise;

...

...

9.9.2. The following terms relate to Load Following Service and Spinning Reserve Service costs in Trading Month m:

...

Where

...

LF_Up_Backup(p,t) is the sum of any Upwards LFAS Backup Enablement quantities for Trading Interval t if Market Participant p is ~~Verve EnergySynergy~~ and 0 otherwise;

LF_Up_Backup_Price(p,t) is the Backup Upwards LFAS Price for Trading Interval t if Market Participant p is ~~Verve EnergySynergy~~ and 0 otherwise;

...

LF_Down_Backup(p,t) is the sum of any Downwards LFAS Backup Enablement quantities for Trading Interval t if Market Participant p is ~~Verve Energy~~Synergy and 0 otherwise;

LF_Down_Backup_Price(p,t) is the Backup Downwards LFAS Price for Trading Interval t if Market Participant p is ~~Verve Energy~~Synergy and 0 otherwise;

...

...

9.18.3. A Non-STEM Settlement Statement must contain the following information:

...

(c) for each Trading Interval of each Trading Day:

...

- v. the meter reading for each Registered Facility associated with the Market Participant ~~and to which clause 9.18.3(c)(vii) is not applicable;~~
- vi. ~~[Blank] in the case of Verve Energy, the total quantity of energy deemed to have been supplied by Verve Energy's Registered Facilities;~~
- vii. in the case of Synergy:
 - 1. Notional Wholesale Meter values; and
 - 2. the total quantity of energy deemed to have been supplied by its Registered Facilities;

...

...

10.5.1. The IMO must set the class of confidentiality status for the following information under clause 10.2.1, as Public and the IMO must make each item of information available from the Market Web Site after that item of information becomes available to the IMO:

...

(h) for each Trading Interval in each completed Trading Day in the previous 12 calendar months:

- i. the sum of the Metered Schedule generation for Scheduled Generators and Non-Scheduled Generators registered to ~~Verve Energy~~Synergy;
- ii. the sum of the Metered Schedule generation for Scheduled Generators and Non-Scheduled Generators registered to Market Participants other than ~~Verve Energy~~Synergy; and
- iii. the sum of the Resource Plan schedule generation for Scheduled Generators and Non-Scheduled Generators registered to Market Participants other than ~~Verve Energy~~Synergy;

...

- (vA) reports providing the MWh of non-compliance of ~~Verve Energy~~Synergy by Trading Interval, as specified by System Management in accordance with clause 7.13.1A(a), for each Trading Month which has been settled;

...

- 10.8.2. The IMO must set the class of confidentiality status for all ~~Verve Energy~~Synergy information specified in clause 7.6A as Rule Participant Dispatch Restricted Information with the exception of information specified by ~~Verve Energy~~Synergy under clauses 7.6A.2(g) and 7.6A.3(c).

...

11 Glossary

...

Backup Downwards LFAS Price: Means the cost referred to in clause 7B.2.6 for ~~Verve Energy~~Synergy providing Downwards LFAS Backup Enablement.

Backup Upwards LFAS Price: Means the cost referred to in clause 7B.2.6 for ~~Verve Energy~~Synergy providing Upwards LFAS Backup Enablement.

...

Balancing Facility: Means:

- (a) for a Market Generator other than ~~Verve Energy~~Synergy:
 - i. each of its Scheduled Generators; and
 - ii. each of its Non-Scheduled Generators; and
- (b) each Stand Alone Facility.

...

Balancing Market: Means the market operated under Chapter 7A in which Facilities, including the ~~Verve Energy~~ Balancing Portfolio as a single Facility, can manage their contractual positions and meet supply and consumption deviations from contracted bilateral and STEM positions in each Trading Interval.

...

Balancing Portfolio: Means Synergy's Registered Facilities other than:

- (a) Stand Alone Facilities;
- (b) Demand Side Programmes;
- (c) Dispatchable Loads; and
- (d) Interruptible Loads.

Balancing Portfolio Supply Curve: Means a ranking of the Balancing Price-Quantity Pairs provided for the Balancing Portfolio.

...

Balancing Price-Quantity Pair: Means

...

- (c) for the ~~Verve Energy~~ Balancing Portfolio, the specified MW quantity at which ~~Verve Energy~~ Synergy is prepared to have the ~~Verve Energy~~ Balancing Portfolio dispatched at as at the end of a Trading Interval and the Loss Factor Adjusted Price, in \$/MWh, at which ~~Verve Energy~~ Synergy is prepared to provide from the sum of all of its Sent Out Capacity for each Facility in the ~~Verve Energy~~ Balancing Portfolio by the end of the Trading Interval.

~~Balancing Portfolio Supply Curve:~~ Means a ranking of the Balancing Price-Quantity Pairs provided for the ~~Verve Energy~~ Balancing Portfolio.

...

Balancing Submission: Means:

- (a) for a Balancing Facility, other than the ~~Verve Energy~~ Balancing Portfolio, that is:
 - i. a Scheduled Generator, for each Trading Interval or Trading Intervals, a ranking of Balancing Price-Quantity Pairs for each MW of its Sent Out Capacity from zero capacity to the maximum Sent Out Capacity, together with associated Ramp Rate Limit for each Trading Interval; and
 - ii. a Non-Scheduled Generator, for each Trading Interval or Trading Intervals, the Market Generator's best estimate of the quantity for the Balancing Price-Quantity Pair, in MW, the Facility is able to reduce its output, together with the associated Ramp Rate Limit for each Trading Interval; and
- (b) for the ~~Verve Energy~~ Balancing Portfolio, the Balancing Portfolio Supply Curve together with the Portfolio Ramp Rate Limit.

...

Dispatch Order: Means an instruction by System Management under clause 7.6A for a Facility or Facilities in the ~~Verve Energy~~ Balancing Portfolio to vary output or consumption from the Dispatch Plan.

Dispatch Plan: Means the schedule of energy and Ancillary Services to be provided, or to be available to be provided on request, by the Facilities of ~~Verve Energy~~ Synergy in the ~~Verve Energy~~ Balancing Portfolio, during a Trading Day, where these schedules may be revised by System Management during the course of the corresponding Scheduling Day and the Trading Day.

...

Downwards LFAS Backup Enablement: Means ~~for a Synergy LFAS Facility,~~ the capacity, in MW, ~~of a Registered Facility of Verve Energy~~ which System Management has activated under clause 7B.4.1 in a Trading Interval to compensate for a shortfall in Downwards LFAS Enablement and which has been notified to the IMO under clause 7B.4.2.

Downwards LFAS Enablement: Means, for an LFAS Facility, the capacity, or that part of the capacity, in MW, in an LFAS Downwards Price-Quantity Pair selected under clause 7B.3.4(c) which is associated with that Facility or with the ~~Verve Energy~~ Balancing Portfolio, as applicable.

...

LFAS Facility: Means:

- (a) a Stand Alone Facility, or Scheduled Generator or Non-Scheduled Generator registered to a Market Participant other than ~~Verve Energy~~Synergy, for which:
 - i. the relevant Market Participant has indicated in Appendix 1(j)(i) of Standing Data is intended to participate in the LFAS Market; and
 - ii. LFAS Standing Data has been accepted by the IMO; or
- (b) the ~~Verve Energy~~ Balancing Portfolio.

...

LFAS Submission: Means:

...

- (b) for the ~~Verve Energy~~ Balancing Portfolio for a Trading Interval or Trading Intervals, a ranking of LFAS Price-Quantity Pairs for each MW of capacity which the Market Participant wants to offer for LFAS for each Trading Interval.

...

Load Rejection Reserve Event: Means an event which causes a Facility in the ~~Verve Energy~~ Balancing Portfolio, which System Management has instructed to provide Load Rejection Reserve Service, to provide a Load Rejection Reserve Response.

...

Loss Factor: Means:

...

- (b) in relation to the ~~Verve Energy~~ Balancing Portfolio, the Portfolio Loss Factor.

...

Non-Balancing Dispatch Merit Order: An ordered list of ~~Scheduled Generators,~~ Demand Side Programmes and Dispatchable Loads registered by Market Participants, ~~other than Verve Energy,~~ and determined by the IMO in accordance with clause 6.12.1.

...

Operating Instruction: Means an instruction issued by System Management requiring a Facility to increase or decrease its output or decrease its consumption to meet the requirements of:

- (a) a Network Control Service Contract;
- (b) an Ancillary Service Contract;
- (c) a Test under these Market Rules;
- (d) a Supplementary Capacity Contract; or
- (e) Ancillary Services, other than LFAS but including LFAS Backup Enablement, to be provided by Facilities other than Facilities in the ~~Verve Energy~~ Balancing Portfolio.

...

Portfolio Loss Factor: For each Trading Interval = $\text{sum}(\text{Facility}(i) \text{ Sent Out Metered Schedule} \times \text{Loss Factor } (i)) / \text{sum}(\text{Facility } (i) \text{ Sent Out Metered Schedule})$ for all Facilities in the ~~Verve Energy~~ Balancing Portfolio.

Portfolio Ramp Rate Limit: Means ~~Verve Energy's~~ Synergy's best estimate, in MW per minute, on a linear basis, of the ~~Verve Energy~~ Balancing Portfolio's physical ability to increase or decrease its output from the commencement of a Trading Interval.

...

Sent Out Capacity: Means:

- (a) for a Balancing Facility, other than the ~~Verve Energy~~ Balancing Portfolio, that is:
 - i. a Scheduled Generator, the capacity provided as the Standing Data in Appendix 1(b)(iii); and
 - ii. a Non-Scheduled Generator, the capacity provided as the Standing Data in Appendix 1(e)(iiiA); and
- (b) for the ~~Verve Energy~~ Balancing Portfolio, the sum of all of the Standing Data in Appendix 1(b)(iii) and Appendix 1(e)(iiiA) for each Facility in the ~~Verve Energy~~ Balancing Portfolio.

...

Spinning Reserve Event: Means an event which causes a Facility in the ~~Verve Energy~~ Balancing Portfolio, which System Management has instructed to provide Spinning Reserve Service, to provide a Spinning Reserve Response.

...

Stand Alone Facility: Means a Facility Scheduled Generator or Non-Scheduled Generator that is accepted by the IMO under clause 7A.4 as a stand alone facility.

...

Synergy: The body corporate established under section 4(1)(ea) of the Electricity Corporations Act.

...

Upwards LFAS Backup Enablement: Means ~~for a Synergy LFAS Facility, the capacity, in MW, of a Registered Facility of Verve Energy which System Management has activated under clause 7B.4.1 in a Trading Interval to compensate for a shortfall in Upwards LFAS Enablement, and which has been notified to the IMO under clause 7B.4.2.~~

Upwards LFAS Enablement: Means, for an LFAS Facility, the capacity, or that part of the capacity, in MW, in an LFAS Upwards Price-Quantity Pair selected under clause 7B.3.4(b) which is associated with that Facility or with the ~~Verve Energy~~ Balancing Portfolio, as applicable.

...

~~**Verve Energy:** Means the body corporate established by section 4(1)(a) of the Electricity Corporations Act.~~

~~**Verve Energy Balancing Portfolio:** Means all the Registered Facilities of Verve Energy other than Stand Alone Facilities.~~

...

Appendix 1: Standing Data

...

(h) for a Demand Side Programme:

...

vi. for a Demand Side Programme that is registered to a Market Participant ~~other than Verve Energy~~, data comprising:

...

...

(i) for a Dispatchable Load:

...

xA. for a facility that is registered to a Market Participant ~~other than Verve Energy~~, data comprising:

...

...

...

Appendix 2: Spinning Reserve Cost Allocation

...

For the purpose of determining the SR_Share (p,t) values, each applicable facility f has an applicable capacity associated with it for Trading Interval t.

...

- If facility f is a ~~Verve Energy~~Synergy Intermittent Generator without an interval meter then this is double the average monthly MWh sent out generation of that facility based on SCADA data over the Trading Month containing Trading Interval t.
- If facility f is a ~~Verve Energy~~Synergy Scheduled Generator without an interval meter or an unmetered generation system serving Intermittent Load then this is double the MWh sent out generation of that facility based on SCADA data for Trading Interval t.

...

Appendix 9: Relevant Level Determination

...

Determining Existing Facility Load for Scheduled Generation

...

Step 3: For each Candidate Facility, identify any Trading Intervals in the period identified in step 1(b) where:

- (a) the Facility, other than a Facility in the ~~Verve Energy~~-Balancing Portfolio, was directed to restrict its output under a Dispatch Instruction as provided in a schedule under clause 7.13.1(c); or
- (b) the Facility, if in the ~~Verve Energy~~-Balancing Portfolio, was instructed by System Management to deviate from its Dispatch Plan or change its commitment or output as provided in a schedule under clause 7.13.1C(d); or
- (c) was affected by a Consequential Outage as notified by System Management to the IMO under clause 7.13.1A.

...

Appendix 1. Further amendments to the proposed Amending Rules

The IMO has made some amendments to the Amending Rules in the Rule Change Proposal following further analyses conducted during the rule change process. These changes are as follows (~~deleted text~~, added text):

- 4.12.1. The Reserve Capacity Obligations of a Market Participant holding Capacity Credits are as follows:
- (a) a Market Participant (other than Synergy) must ensure that for each Trading Interval:
...
 - (b) Synergy must ensure that for each Trading Interval:
 - i. the aggregate MW equivalent of the quantity of Capacity Credits held by Synergy applicable in that Trading Interval for Interruptible Loads and Demand Side Programmes registered to it; plus
 - ii. the MW quantity calculated by doubling the total MWh quantity which Synergy is sellingsupplying to ~~itself~~ or other Market Participants as indicated by the applicable Net Contract Position of Synergy, corrected for loss factor adjustments so as to be a sent out quantity; plus...
- 4.26.2. The IMO must determine the net STEM shortfall (“Net STEM Shortfall”) in Reserve Capacity supplied by each Market Participant p holding Capacity Credits associated with a generation system in each Trading Interval t of Trading Day d and Trading Month m as:
- ...
- (e) subject to clause 4.26.2(c), for the case where Market Participant p is Synergy, the sum of:
...
 - ii. the MW quantity calculated by doubling the total MWh quantity of energy that Synergy is supplyingselling to ~~itself~~ or other Market Participants as indicated by the Net Contract Position for Trading Interval t, corrected for Loss Factor adjustments so as to be a sent out quantity in accordance with clause 4.26.2A; plus
- ...