

Procedure Change Proposal:
Changes to Working Group Obligations in the
Market Procedure: Procedure Administration
(REPC_2017_03)

25 August 2017

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1. Introduction

Section 2.10 of the Wholesale Electricity Market (WEM) Rules (Market Rules) outlines the Procedure Change Process.

Under clause 2.10.1, the Rule Change Panel may initiate the Procedure Change Process in respect of a Market Procedure for which it is responsible by developing a Procedure Change Proposal.

Under clause 2.9.3 of the Market Rules, Market Procedures:

- must:
 - be developed, amended or replaced in accordance with the process in the Market Rules;
 - be consistent with the Wholesale Market Objectives; and
 - be consistent with these Market Rules, the Electricity Industry Act and Regulations; and
- may be amended or replaced in accordance with section 2.10 and must be amended or replaced in accordance with section 2.10 where a change is required to maintain consistency with Amending Rules.

The Wholesale Market Objectives are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

2. Reason for the Procedure Change Proposal

Between 30 November 2015 and 26 November 2016 the Minister for Energy made several amendments to the Market Rules that modified the governance arrangements for WEM Market Procedures.

Prior to 30 November 2015 System Management was responsible for the development and maintenance of the Power System Operation Procedures, while the IMO was responsible for the development and maintenance of all other Market Procedures. The IMO was also

responsible for the final approval of changes to all Market Procedures, including Power System Operation Procedures.

Two permanent Working Groups, established by the Market Advisory Committee (MAC) in 2007, were used to support the Procedure Change Process:

- the IMO Procedure Change and Development Working Group (IMOPWG), whose scope of work included consideration, assessment and development of changes to Market Procedures assigned to the IMO under the Market Rules; and
- the System Management Procedure Change and Development Working Group (SMPWG), whose scope of work included consideration, assessment and development of changes to Market Procedures assigned to System Management (i.e. the Power System Operation Procedures).

Under the new market arrangements there is no longer a single, central approving body for Procedure Change Proposals. Instead, for each Market Procedure the Market Rules identify a single responsible party (“responsible procedure administrator”), which may be AEMO (including in its capacity as System Management), the Economic Regulation Authority or the Rule Change Panel¹.

The MAC has retained its role as a provider of advice to responsible procedure administrators regarding Procedure Change Proposals. At the MAC meeting held on 1 May 2017, members considered how Working Groups should be used by the MAC in future to support its function of providing advice to responsible procedure administrators. MAC members agreed that:

- the IMOPWG and SMPWG should be disbanded;
- a new, permanent Working Group should be established to assist the MAC in providing advice to AEMO (including in its capacity as System Management) regarding its Procedure Change Proposals; and
- the Rule Change Panel and the Economic Regulation Authority should seek advice on their Market Procedures either directly from the MAC or, for more complex Market Procedures, from procedure-specific Working Groups established by the MAC on an as-required basis².

The MAC approved the establishment of the AEMO Procedure Change Working Group (APCWG) and the Working Group’s Terms of Reference during the MAC meeting held on 14 June 2017.

The role of MAC Working Groups in the Procedure Change Process is set out in the Market Procedure: Procedure Administration (Administration Procedure). In this Procedure Change Proposal the Rule Change Panel seeks to amend the Administration Procedure to reflect the recent changes made by the MAC to its procedure change Working Group arrangements.

3. Proposed Amended Market Procedure

The proposed amended Administration Procedure (with the proposed amendments in mark-up) is available on the Rule Change Panel’s website at http://www.erawa.com.au/rule-change-panel/market-procedure-changes/repc_2017_03.

¹ The Market Rules also contemplate the IMO acting as a responsible procedure administrator, but at present no Market Procedures are assigned to the IMO and none are expected to be in the future.

² Currently the Rule Change Panel and the Economic Regulation Authority are each responsible for two Market Procedures.

A clean copy of the proposed amended Administration Procedure is also available on this webpage.

4. Consultation to Date

The changes to the MAC Working Group arrangements were discussed at the 1 May 2017 and 14 June 2017 MAC meetings.

A draft of the proposed amendments to the Administration Procedure was discussed at the 14 June 2017 MAC meeting. Members were supportive of the proposed amendments and suggested two further changes to improve the clarity and readability of the procedure:

- removal of the Maximum Reserve Capacity Price Working Group example in step 2.2.4, as it may be confusing given the Maximum Reserve Capacity Price is now called the Benchmark Reserve Capacity Price; and
- replacement of “current existing active Working Groups” in step 2.2.4 with “active Working Groups”.

The Rule Change Panel has included the suggested changes in the proposed amended procedure.

The meeting papers and minutes of both MAC meetings are available on the Rule Change Panel’s website³.

5. Consistency with the Wholesale Market Objectives

The proposed amendments reflect the recent changes to the MAC’s Working Group arrangements and improve the clarity of the Administration Procedure. The amendments do not affect the consistency of the procedure with the Wholesale Market Objectives.

As a result, the Rule Change Panel considers that the proposed amended Administration Procedure, as a whole, is consistent with the Wholesale Market Objectives.

6. Consistency with the Market Rules, Electricity Industry Act and Regulations

The proposed amended Administration Procedure has been reviewed as a whole by the Rule Change Panel to ensure compliance of the procedure with the relevant provisions in the:

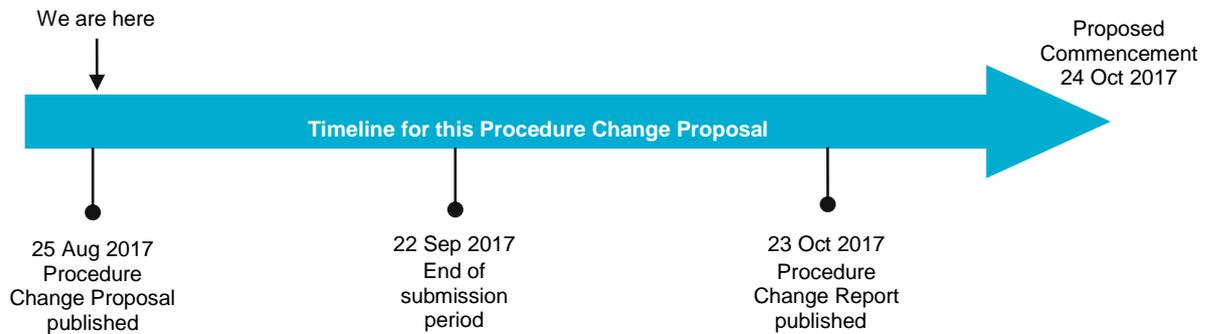
- Market Rules;
- Electricity Industry Act; and
- Regulations.

³ <https://www.erawa.com.au/rule-change-panel/market-advisory-committee/market-advisory-committee-meetings>

7. Timeline

This Procedure Change Proposal has been prepared and published in accordance with the Procedure Change Process in section 2.10 of the Market Rules.

The projected timeline for progressing this proposal is:



8. Call for Submissions

The Rule Change Panel invites interested stakeholders to make submissions on this Procedure Change Proposal. The submission period is 20 Business Days from the publication date of the Procedure Change Proposal. Submissions must be delivered to the RCP Secretariat by **5:00 PM** on **Friday, 22 September 2017**.

The Rule Change Panel prefers to receive submissions by email, using the submission form available at <http://aemo.com.au/Electricity/Wholesale-Electricity-Market-WEM/Procedures/Procedure-changes> sent to rcp.secretariat@rcpwa.com.au.

Submissions may also be sent to the Rule Change Panel by post addressed to:

Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849