

Procedure Change Report:  
Changes to Working Group Obligations in the  
Market Procedure: Procedure Administration  
(REPC\_2017\_03)

23 October 2017

## Executive Summary

### ***Proposed Amendments***

This Procedure Change Proposal seeks to amend the Market Procedure: Procedure Administration (Administration Procedure) to reflect the recent changes made by the Market Advisory Committee (MAC) to its procedure change Working Group arrangements. These changes include disbandment of the previous procedure change Working Groups and establishment of the AEMO Procedure Change Working Group.

### ***Consultation***

A draft of the proposed amendments was discussed at the 14 June 2017 MAC meeting. Members were supportive of the proposed amendments and suggested two additional minor changes, which the Rule Change Panel has included in the amended Administration Procedure.

The formal consultation period was held between 25 August 2017 and 22 September 2017. No submissions were received during the consultation period.

### ***The Rule Change Panel's Assessment of the Proposal***

The proposed amendments reflect the recent changes to the MAC's Working Group arrangements and improve the clarity of the Administration Procedure. The Rule Change Panel considers that the proposed amended Administration Procedure, as a whole, is consistent with the Wholesale Market Objectives, the Market Rules, the Electricity Industry Act and Regulations.

### ***The Rule Change Panel's Decision***

The Rule Change Panel's decision is to approve the amended Administration Procedure as proposed in the Procedure Change Proposal.

### ***Next Steps***

The amended Administration Procedure will commence at **8:00 AM on 24 October 2017**.

**Contents**

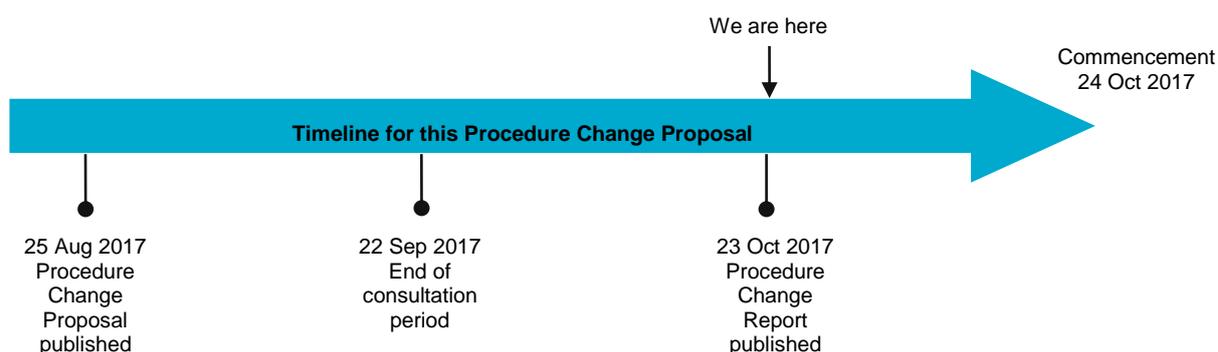
- Executive Summary .....2**
- 1. Introduction and Timeline .....4**
- 2. Details of the Procedure Change Proposal .....4**
- 3. Consultation .....5**
  - 3.1 Market Advisory Committee.....5
  - 3.2 Public Workshops .....6
  - 3.3 Submissions Received during Consultation Period.....6
- 4. The Rule Change Panel’s Assessment .....6**
  - 4.1 Wholesale Market Objective Assessment .....6
  - 4.2 The Market Rules, Electricity Industry Act and Regulations .....6
  - 4.3 Implementation of the Amended Market Procedure .....6
- 5. The Rule Change Panel’s Decision .....7**
- 6. The Amended Market Procedure .....7**
  - 6.1 Commencement.....7
  - 6.2 The Amended Market Procedure.....7

## 1. Introduction and Timeline

On 25 August 2017 the Rule Change Panel published a Procedure Change Proposal titled “Changes to Working Group Obligations in the Market Procedure: Procedure Administration” (REPC\_2017\_03).

This proposal is being processed using the Procedure Change Process, described under section 2.10 of the Wholesale Electricity Market Rules (Market Rules).

The timelines for progressing this proposal are:



## 2. Details of 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 Market Procedures.

Prior to 30 November 2015 System Management was responsible for the development and maintenance of the Power System Operation Procedures, while the Independent Market Operator (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 the

Australian Energy Market Operator (AEMO), the Economic Regulation Authority or the Rule Change Panel<sup>1</sup>.

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 basis.

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.

Full details of the Procedure Change Proposal, including the proposed amended Administration Procedure, are available on the Rule Change Panel's website at [https://www.erawa.com.au/rule-change-panel/market-procedure-changes/repc\\_2017\\_03](https://www.erawa.com.au/rule-change-panel/market-procedure-changes/repc_2017_03).

## 3. Consultation

### 3.1 Market Advisory Committee

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 amended Administration Procedure.

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<sup>1</sup> 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.

The meeting papers and minutes of both MAC meetings are available on the Rule Change Panel's website at [Market Advisory Committee Meetings - Economic Regulation Authority Western Australia](#).

### **3.2 Public Workshops**

No public workshop was held in regard to this Procedure Change Proposal.

### **3.3 Submissions Received during Consultation Period**

The consultation period for the Procedure Change Proposal was held between 25 August 2017 and 22 September 2017. No submissions were received.

## **4. The Rule Change Panel's Assessment**

In determining whether to approve the proposed amended Administration Procedure, the Rule Change Panel has undertaken an assessment in light of clause 2.9.3(a) of the Market Rules which requires Market Procedures to be:

- developed, amended or replaced in accordance with the process in the Market Rules;
- consistent with the Wholesale Market Objectives; and
- consistent with the Market Rules, the Electricity Industry Act and Regulations.

The Rule Change Panel has also had regard to the advice provided by the MAC on the Procedure Change Proposal. The Rule Change Panel notes that no submissions were received during the consultation period for the proposal.

### **4.1 Wholesale Market Objective Assessment**

The proposed amendments reflect the recent changes to the MAC's Working Group arrangements and improve the clarity of the Administration Procedure. The amendments are consistent 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.

### **4.2 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.

### **4.3 Implementation of the Amended Market Procedure**

The Rule Change Panel has not identified any costs or practicality issues associated with the implementation of the proposed amended Administration Procedure

No specific implementation requirements have been identified. Therefore, the Rule Change Panel considers that commencement at **8:00 AM on 24 October 2017** will allow Rule Participants sufficient time from the date of publication of this Procedure Change Report to ensure compliance with the amended Administration Procedure.

## 5. The Rule Change Panel's Decision

The Rule Change Panel's decision is to approve the amended Administration Procedure as proposed in the Procedure Change Proposal.

The Rule Change Panel has made its decision on the basis that the amended Administration Procedure:

- reflects the changes made to the MAC's procedure change Working Group arrangements;
- is consistent with the Wholesale Market Objectives;
- is consistent with the Market Rules, Electricity Industry Act and Regulations;
- has the support of the MAC; and
- creates no cost or practicality issues.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 4 of this report.

## 6. The Amended Market Procedure

### 6.1 Commencement

The amended Administration Procedure will commence at **8:00 AM on 24 October 2017**.

### 6.2 The Amended Market Procedure

The amended Administration Procedure (with the amendments in mark-up) is available on the Rule Change Panel's website at [https://www.erawa.com.au/rule-change-panel/market-procedure-changes/repc\\_2017\\_03](https://www.erawa.com.au/rule-change-panel/market-procedure-changes/repc_2017_03).

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