

Rule Change Notice: Manifest Error in the Deferral of Dates for the 2018 Reserve Capacity Cycle (RC_2018_04)

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

Submitter: Rule Change Panel

Date submitted: 20 August 2018

The Rule Change Proposal

Rule Change Proposal RC_2018_04 seeks to correct minor and manifest errors in clause 1.27.1 of the Market Rules that were introduced by the *Wholesale Electricity Market Rules Amending Rules 2018 (No. 2)*.

The attached Rule Change Proposal gives complete information about:

- the proposed amendments to the Market Rules;
- relevant references to the Market Rules and any proposed specific amendments to those clauses; and
- how the proposed amendments would allow the Market Rules to better address the Wholesale Market Objectives.

The Rule Change Panel notes that although clause 1.27.1 of the Market Rules is not a Protected Provision under clause 2.8.13, the proposed amendments to clauses 1.27.1(i) and 1.27.1(j) change the effect of clauses 4.1.16A and 4.1.17, respectively. As clauses 4.1.16A and 4.1.17 are Protected Provisions, the proposed Amending Rules in RC_2018_04 require Ministerial approval under clause 2.8.3 of the Market Rules.

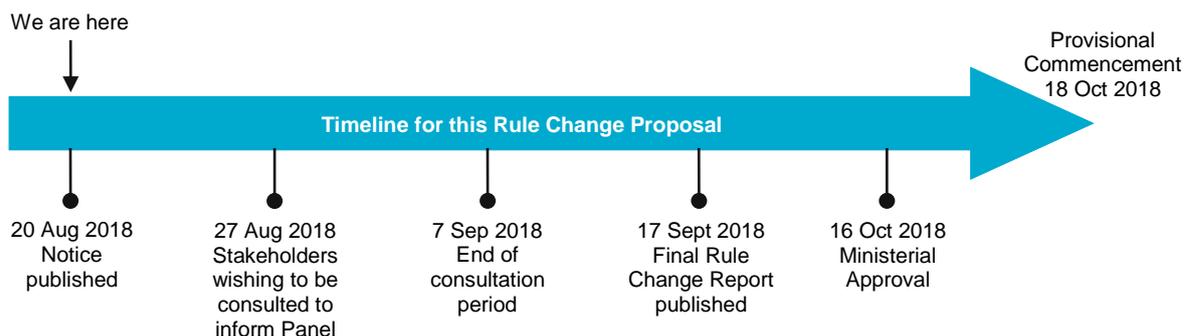
Decision to progress the Rule Change Proposal

The Rule Change Panel has decided to progress Rule Change Proposal RC_2018_04 on the basis that it corrects minor and manifest errors in the Market Rules, and is consistent with the Wholesale Market Objectives.

Timeline

This Rule Change Proposal will be progressed under the Fast Track Rule Change Process described in section 2.6 of the Market Rules, on the grounds that the proposed changes correct minor and manifest errors, thereby satisfying the criteria in clauses 2.5.9(a) and 2.5.9(b) of the Market Rules.

The projected timeline for progressing this proposal is:



Call for submissions

Any Rule Participant wishing to be consulted regarding this Rule Change Proposal is invited to notify the Rule Change Panel within 5 Business Days of the Rule Change Notice publication date, by **5:00 PM on Monday 27 August 2018**.

The consultation period is 14 Business Days from the Rule Change Notice publication date. Submissions must be delivered to the RCP Secretariat by **5:00 PM on Friday 7 September 2018**.

The Rule Change Panel prefers to receive submissions by email sent to rcp.secretariat@rcpwa.com.au, using the submission form available at: <https://www.erawa.com.au/rule-change-panel/make-a-rule-change-submission>.

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

Wholesale Electricity Market Rule Change Proposal

Rule Change Proposal ID: RC_2018_04
Date received: 20 August 2018

Change requested by:

Name:	Rule Change Panel
Phone:	(08) 6557 7900
Email:	rcp.secretariat@rcpwa.com.au
Organisation:	Rule Change Panel
Address:	Albert Facey House 469 Wellington Street Perth WA 6000
Date submitted:	20 August 2018
Urgency:	Fast Track Rule Change Process
Rule Change Proposal title:	Manifest Error in the Deferral of Dates for the 2018 Reserve Capacity Cycle
Market Rule(s) affected:	1.27.1

Introduction

Clause 2.5.1 of the Wholesale Electricity Market (WEM) Rules (Market Rules) provides that any person may make a Rule Change Proposal by completing a Rule Change Proposal form that must be submitted to the Rule Change Panel.

This Rule Change Proposal can be sent by:

Email to: rcp.secretariat@rcpwa.com.au

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

The Rule Change Panel will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives.

The objectives of the market are:

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

Details of the Proposed Rule Change

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

On 18 June 2018, the Public Utilities Office (**PUO**) published draft Amending Rules for the deferral of dates for the 2018 Reserve Capacity Cycle (**Draft Amending Rules**). The submission period to provide feedback on the Draft Amending Rules closed on 22 June 2018.

The Minister implemented the *Wholesale Electricity Market Rules Amending Rules 2018 (No. 2)* by publishing the Amending Rules in the Government Gazette on 27 June 2018 (Gazette No. 2018/99). The Amending Rules commenced at 8:00 AM on 29 June 2018.

On 27 June 2018, just after the publication of the Gazette, the PUO informed RCP Support that clauses 1.27.1(i) and 1.27.1(j) of the Amending Rules inadvertently deviated from the Draft Amending Rules, as shown in the following table:

Clause	Drafting in the Draft Amending Rules	Drafting in Gazetted Amending Rules
1.27.1(i)	clause 4.1.16A is modified so that if a Reserve Capacity Auction is cancelled, AEMO must assign Capacity Credits in accordance with clause 4.20.5A(a) and make the determination referred to in clause 4.1.16A(b) by 5:00 PM on 15 May 2019	clause 4.1.16A is modified so that so that, if a Reserve Capacity Auction proceeds, then AEMO must accept submission of Reserve Capacity Offers from Market Participants in accordance with clause 4.17.2 from 9:00 AM on 17 May 2019

Clause	Drafting in the Draft Amending Rules	Drafting in Gazetted Amending Rules
1.27.1(j)	clause 4.1.17(a)(iii) is modified so that, if a Reserve Capacity Auction proceeds, then AEMO must accept submission of Reserve Capacity Offers from Market Participants in accordance with clause 4.17.2 from 9:00 AM on 17 May 2019	clause 4.1.17(a)(iii) is modified so that, if a Reserve Capacity Auction proceeds, then AEMO must accept submission of Reserve Capacity Offers from Market Participants in accordance with clause 4.17.2 from 9:00 AM on 13 May 2019

The PUO confirmed that the deviations were caused by a clerical error, and the Minister's intent was to implement the clauses as set out in the Draft Amending Rules.

The deviations, as well as being contrary to the Minister's intent, create two manifest errors in the Market Rules:

- New clause 1.27.1(i) seeks to modify clause 4.1.16A by changing the start time of the submission window for Reserve Capacity Offers for the case where a Reserve Capacity Auction proceeds. This is a manifest error because clause 4.1.16A specifies AEMO's obligations in the case where the Reserve Capacity Auction is cancelled, not where the Reserve Capacity Auction proceeds.
- New clause 1.27.1(j) modifies clause 4.1.17(a)(iii) so that, if a Reserve Capacity Auction proceeds, the submission window for Reserve Capacity Offers opens at 9:00 AM on 13 May 2019. This is a manifest error because the specified deadline is two days before AEMO must publish whether a Reserve Capacity Auction is required under new clause 1.27.1(h). It would be illogical for AEMO to open the submission window for Reserve Capacity Offers before it publishes its decision on whether a Reserve Capacity Auction is needed.

The two errors interfere with the efficient operation of the 2018 Reserve Capacity Cycle by creating ambiguity about AEMO's obligations under clauses 4.1.16A and 4.1.17(a)(iii) of the Market Rules.

This Rule Change Proposal seeks to correct the problem by replacing clauses 1.27.1(i) and 1.27.1(j) with the drafting set out in the Draft Amending Rules.

This Rule Change Proposal further seeks to correct a minor punctuation error in clause 1.27.1, where the text preceding the list of amendments ends with a long dash. This should be a colon.

2. Explain the reason for the degree of urgency:

While the relevant events will not occur until May 2019, the Rule Change Panel considers it preferable to make the changes as soon as practicable to remove any uncertainty for AEMO or Market Participants.

Further, the proposed amendments seek to correct minor or manifest errors, and thereby satisfy the criteria set out in clauses 2.5.9(a) and 2.5.9(b) of the Market Rules for use of the Fast Track Rule Change Process.

The Rule Change Panel therefore intends to progress this proposal under the Fast Track Rule Change Process.

3. Provide any proposed specific changes to particular Market Rules: (for clarity, please use the current wording of the rules and place a ~~strikethrough~~ where words are deleted and underline words added)

1.27.1. Notwithstanding any other provision of these Market Rules, the operation of the following clauses is modified in respect of the 2018 Reserve Capacity Cycle as follows—follows:

...

- (i) ~~clause 4.1.16A is modified so that so that, if a Reserve Capacity Auction proceeds, then AEMO must accept submission of Reserve Capacity Offers from Market Participants in accordance with clause 4.17.2 from 9:00 AM on 17 May 2019~~clause 4.1.16A is modified so that if a Reserve Capacity Auction is cancelled, AEMO must assign Capacity Credits in accordance with clause 4.20.5A(a) and make the determination referred to in clause 4.1.16A(b) by 5:00 PM on 15 May 2019;
- (j) clause 4.1.17(a)(iii) is modified so that, if a Reserve Capacity Auction proceeds, then AEMO must accept submission of Reserve Capacity Offers from Market Participants in accordance with clause 4.17.2 from 9:00 AM on ~~13-17~~17 May 2019;

...

4. Describe how the proposed rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The Rule Change Panel considers that the proposed amendments will better achieve Wholesale Market Objective (a) as they correct manifest errors that interfere with the efficient operation of the 2018 Reserve Capacity Cycle. Further, the amendments are consistent with the remaining Wholesale Market Objectives.

5. Provide any identifiable costs and benefits of the change:

Costs

The proposed amendments are not expected to impose any costs on Market Participants or AEMO.

Benefits

The proposed changes correct manifest errors in the Market Rules, and will ensure that the 2018 Reserve Capacity Cycle functions as intended, thereby improving the integrity of the Market Rules.
