

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

Fast Track Rule Change Process

17 September 2018

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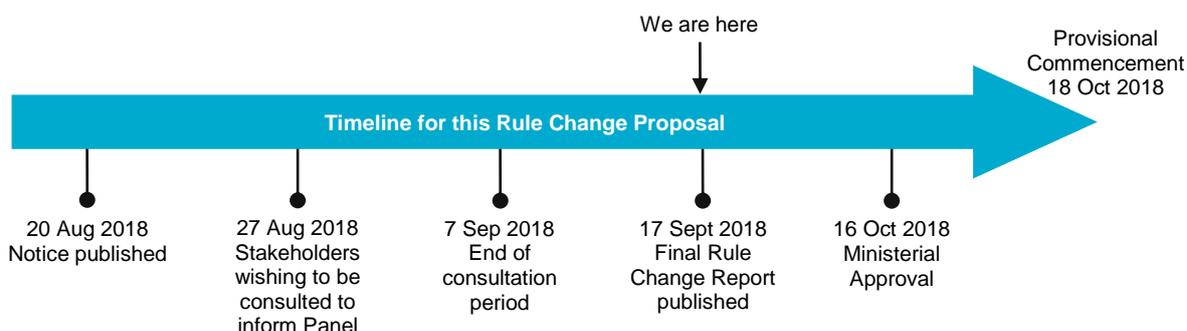
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1. Rule Change Proposal and Timeline

On 20 August 2018 the Rule Change Panel submitted a Rule Change Proposal titled “Manifest Error in the Deferral of Dates for the 2018 Reserve Capacity Cycle” (**RC_2018_04**).

This proposal is being processed using the Fast Track Rule Change Process, described in section 2.6 of the Wholesale Electricity Market Rules (**Market Rules**).

The timeline for processing this proposal is:



The Rule Change Panel’s final decision is to accept the Rule Change Proposal. The reasons for the Rule Change Panel’s decision are set out in section 5 of this report.

All documents related to the Rule Change Proposal can be found on the Rule Change Panel’s website at [Rule Change: RC_2018_04 - Economic Regulation Authority Western Australia](#).

2. Proposed Amendments

2.1 The Rule Change Proposal

On 27 June 2018, the Minister for Energy deferred the dates for the 2018 Reserve Capacity Cycle through publication of the *Wholesale Electricity Market Rules Amending Rules 2018 (No. 2)*. The Amending Rules deviate in two places from the draft Amending Rules¹ that were published by the Public Utilities Office for consultation on 18 June 2018, and the deviations resulted in two manifest errors in the Market Rules. 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.

The Rule Change Proposal seeks to correct the manifest errors by replacing the drafting that causes the ambiguities with the original drafting proposed in the draft Amending Rules.

The proposal also seeks to make a minor amendment to align the punctuation with the standard drafting conventions in the Market Rules.

¹ The Draft Amending Rules were published on the Rule Change Panel’s website on 18 June 2018.

2.2 The Rule Change Panel's Initial Assessment of the Proposal

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

The Rule Change Panel progressed the Rule Change Proposal using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules, on the grounds that the proposed changes are required to correct minor and manifest errors, and satisfies the criteria in clauses 2.5.9(a) and 2.5.9(b) of the Market Rules.

2.5.9. *The Rule Change Panel 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.*

3. Consultation

3.1 General

The Rule Change Notice for this proposal was published on 20 August 2018, and stakeholders were advised of the publication of the Rule Change Notice and Proposal on the same day.²

3.2 The Market Advisory Committee

The Rule Change Proposal was discussed prior to its submission, by the Market Advisory Committee (**MAC**) at its 8 August 2018 meeting. The MAC supported progression of the Rule Change Proposal under the Fast Track Rule Change Process. Further details are available in the MAC meeting papers and minutes, which are on the Rule Change Panel's website at [Market Advisory Committee Meetings - Economic Regulation Authority Western Australia](#).

3.3 Submissions Received During the Consultation Period

The consultation period for this Rule Change Proposal was held between 20 August 2018 and 7 September 2018. One submission was received from the Public Utilities Office, which was supportive of the Rule Change Proposal.

3.4 Public Forums and Workshops

No public forums or workshops were held in regard to this Rule Change Proposal.

4. The Rule Change Panel's Final Assessment

In preparing its Final Rule Change Report, the Rule Change Panel 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 states that the Rule Change Panel "must not make Amending Rules unless it is satisfied that the

² Stakeholders were notified via RulesWatch, the Rule Change Panel's weekly newsletter.

Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives”.

Additionally, clause 2.4.3 states that, when deciding whether to make Amending Rules, the Rule Change Panel must have regard to the following:

- any applicable statement of policy principles the Minister has issued to the Rule Change Panel under clause 2.5.2 of the Market Rules;
- the practicality and cost of implementing the proposal;
- the views expressed in submissions and by the MAC; and
- any technical studies that the Rule Change Panel considers necessary to assist in assessing the Rule Change Proposal.

When making its final decision, the Rule Change Panel had regard to each of the matters identified in clauses 2.4.2 and 2.4.3 of the Market Rules as follows:

- The Rule Change Panel’s assessment of the Rule Change Proposal against the Wholesale Market Objectives is available in section 4.2 of this report.
- The Rule Change Panel notes that there has not been any applicable statement of policy principles from the Minister in respect of this Rule Change Proposal.
- The Rule Change Panel’s assessment of the cost and practicality of implementing the Rule Change Proposal is available in section 4.3 of this report.
- A summary of the views expressed in submissions is available in section 3 of this report. A summary of the MAC’s discussion of the Rule Change Proposal is provided in section 3.2 of this report.
- The Rule Change Panel has not commissioned a technical study in respect of this Rule Change Proposal.

The Rule Change Panel’s assessment is presented in the following sections.

4.1 Additional Amendments to the Amending Rules

Following the consultation period the Rule Change Panel made no changes to the proposed Amending Rules.

4.2 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.

4.3 Practicality and Cost of Implementation

4.3.1 Cost

The Rule Change Panel has not identified any additional costs arising from the implementation of the proposed amendments.

4.3.2 Practicality

The Rule Change Panel has not identified any issues with the practicality of implementing the proposed changes.

4.4 Protected Provisions, Reviewable Decisions and Civil Penalties

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.

The Rule Change Proposal does not amend any Reviewable Decisions or Civil Penalty Provisions.

5. The Rule Change Panel's Decision

The Rule Change Panel's final decision is to accept the Rule Change Proposal.

5.1 Reason for the Rule Change Panel's Decision

The Rule Change Panel has made its decision on the basis that the Amending Rules:

- correct manifest errors in the Market Rules, thereby ensuring that the 2018 Reserve Capacity Cycle functions as intended;
- will better achieve Wholesale Market Objective (a) and are consistent with the remaining Wholesale Market Objectives; and
- are supported by the MAC.

6. Amending Rules

6.1 Commencement

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at 8:00 AM on 18 October 2018, subject to Ministerial approval.

6.2 Amending Rules

The Rule Change Panel has determined to implement the following Amending Rules (~~deleted text~~, added text):

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 May 2019;

...