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1. INTRODUCTION

1.1. *General Information about Rule Changes*

Clause 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the Independent Market Operator) may make a Rule Change Proposal by

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- The second Public Submission period is 4 weeks from the date the IMO publishes the Draft Rule Change Report.
- The IMO publishes its Final Rule Change Report within 20 Business Days of the end of the second Public Submissions period.

The key dates in processing this Rule Change Proposal were:

- The Rule Change Notice for this proposal was published on the IMO website on 11 May 2007.
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2.4. Amending Rules Proposed by System Management

System Management proposed the following changes to the Market Rules to address the issues identified in its Proposal:

a. Revision to clause 3.18.11(aA) from:

The capacity of the total generation and Demand Side Management Facilities remaining in service must satisfy the Ready Reserve Standard described in clause 3.18.11A;

to

The total capacity of the generation Facilities remaining in service, which may at System Management's discretion include Demand Side Management, must satisfy the Ready Reserve Standard described in clause 3.18.11A;

b. Revision to clause 3.19.6(a) from:

The capacity of the generation and Demand Side Management Facilities remaining in service must be greater than the load forecast for the relevant time period.

to

The capacity of the generation Facilities remaining in service, which may at System Management's discretion include Demand Side Management, must be greater than the load forecast for the relevant time period.

c. Deletion of clause 3.16.9(c) and inclusion of new clause 3.16.9A:

3.16.9(c)

~~forecast total available Demand Side Management capacity by week and by constrained region;~~

New 3.16.9A:

In submitting the information described in clause 3.16.9, System Management

3. SUBMISSIONS RECEIVED IN THE FIRST SUBMISSION PERIOD

Alinta considered that System Management's proposal would better facilitate Market Objective (a) by promoting the reliable production of electricity. However, Alinta considered that System Management's proposal may also be detrimental to objective (a), i.e. detrimental to promoting economically efficient production and supply, if a reasonable amount of DSM is not included in outage planning and PASA studies.

Alinta submitted that the rule change, in the modified form suggested by Alinta, would better facilitate achievement of market objectives (a), (b) and (d).

3.3. *Submission from Synergy*

Synergy supported the proposal to allow some discretion in the inclusion of DSM in PASA studies. Synergy agreed with System Management that DSM programs are generally not appropriate for providing capacity during generator outages, especially in the non-summer season.

Synergy submitted that the proposal facilitates objective (a), i.e. it will promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.

3.4. *Public Forums and Workshops*

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

4. THE IMO'S DRAFT DECISION

During the first submission period Alinta proposed changes to the amended rules to require System Management to include a reasonable forecast of DSM in its outage planning and PASA processes. The IMO discussed Alinta's proposal with System Management, who accepted that these changes should be made to their proposed amending rules, as long as it was made clear that the relevant forecasts are made by System Management.

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6. THE IMO'S ASSESSMENT AND FINAL DECISION

No interested party expressed concerns regarding the amendments to the Market Rules as proposed in the IMO's Draft Rule Change Report. In its submission, Griffin Energy expressed its support of the modified changes.

6.1. *The IMO's Assessment*

According to clauses 2.4.2 of the Market Rules *"the IMO must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or*

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7. AMENDING RULES

The following consolidated amendments will be made to the Market Rules (~~deleted wording~~, new wording):

7.1. **Clause 3.16.9(c)**

System Management's reasonable forecast of the total available Demand Side Management capacity by week and by constrained region;

7.2. **Clause 3.16.9(d)(iii)**

System Management's reasonable forecast of the total available Demand Side Management capacity;

7.3. **Clause 3.17.9(c)**