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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 completing a Rule Change Proposal Form and submitting this to the Independent Market Operator (IMO).

In order for the proposal to be progressed, the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity 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
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used

A rule change proposal can be processed using a Standard process or a Fast Track process. The Standard process involves a combined 10 weeks public submission period. Under the shorter Fast Track process the IMO consults with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.

### 1.2. *About this Rule Change*

On 3 May 2007, Synergy submitted a Rule Change Proposal titled Requirements for Registration as a Market Participant.

The proposal is being processed by the IMO using the Standard Rule Change Process, described in section 2.7 of the Wholesale Electricity Market Rules.

The Standard Process adheres to the following timelines, outlined in section 2.7 of the Market Rules:

- The first Public Submission period is 6 weeks from the date the IMO publishes a Rule Change Notice for the proposal.
- The IMO publishes this draft Rule Change report within 20 Business Days of the end of the first Public Submission period.
- The second Public Submission period is a minimum of 20 Business Days



## 2. THE RULE CHANGE PROPOSAL

### 2.1. *The Submission*

IMO received, on 3 May 2007, a Rule Change Proposal from Synergy regarding a change to clause 2.28.6 and the inclusion of a new clause 2.28.8A in the Wholesale Electricity Market Rules.

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## **2.5. *The IMO's Initial Assessment of the Proposal***

The IMO decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicated that the proposal is consistent with the Market Objectives.

The proposal is being progressed by the IMO according to the Standard Rule Change Process, described in section 2.7 of the Market Rules.

### 3. SUBMISSIONS

IMO received submissions from Alinta Sales, Chamber of Commerce and Industry WA (CCI) and Verve Energy regarding this Rule Change Proposal. A summary of the submissions is provided below. IMO's response to the issues raised by the submissions can be found in chapter 4 of this document. The submissions, in their entirety, can be found on the IMO Website.



In addition, Alinta suggested that the provisions allowing the exemption of persons



## 4. THE IMO'S ASSESSMENT AND DECISION

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The IMO, however, has examined further the drafting of the changes proposed by Synergy and agrees with Verve Energy's observation that the wording of the proposed changes may potentially remove the IMO discretion. The IMO proposes to renumber the proposed clause to follow clause 2.28.16, which provides a general discretion for the IMO to exempt parties from the requirements to register. It also proposes to clarify the proposed wording of the new specific exemption clause to ensure that relevant parties are required to apply for an exemption to the IMO and that the IMO retains its discretion as to whether such an exemption is granted.

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The IMO notes that Synergy's proposal is aimed at avoiding a potential burden on small operators, with facilities exporting small amounts of electricity into the SWIS. The requirement to register additional facilities, even if these are relatively small, should not present similar difficulties for a Market Generator who is already

*(d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system*

Assessment: This rule change will minimise unnecessary regulatory and compliance costs for a number of customers supplied by dedicated embedded generators on the SWIS. Therefore, the IMO considers that the proposed rule change will assist the operation of Market Objective (d).

*(e) to encourage the taking of measures to manage the amount of electricity used and when it is used*

Assessment: The IMO considers that the proposed changes do not impact on, and therefore are consistent with, the operation of objective (b) of the Market Objectives.

In accordance with Clause 2.4.3(b) of the Market Rules, in deciding whether or not to make Amending Rules, the IMO must also have regard to the practicality and cost of implementing the Amending Rules.

The proposed amendment will not require any changes to the market systems and therefore its implementation will not result in any additional system costs. While the change will require ongoing compliance monitoring by the IMO, the costs of this activity are expected to be minimal.

## 5. CALL FOR SUBMISSIONS

The IMO wishes to receive submissions regarding this draft Rule Change Report.

The submission period is 20 Business Days from the publication date of this Report. Submissions must be delivered to the IMO by close of business on Friday, 17 August 2007.

The IMO prefers to receive submissions by email to **marketadmin@imowa.com.au** , using the submission form available on the IMO website:  
[http://www.imowa.com.au/10\\_5\\_1\\_a\\_v\\_open\\_rule\\_change\\_proposals.htm](http://www.imowa.com.au/10_5_1_a_v_open_rule_change_proposals.htm)

Submissions may also be sent to the IMO by fax or post, addressed to:

**Independent Market Operator**

Attn: Dora Guzeleva, Manager Market Administration  
PO Box 7096  
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

## 6. PROPOSED AMENDING RULES

The following clauses are proposed to be amended as follows (~~deleted wording~~, new wording):

2.28.6. Subject to clauses 2.28.16 ~~and 2.28.16B~~, a person who owns, controls or operates a generation system which has a rated capacity that equals or exceeds 10 MW and is electrically connected to a transmission system or distribution system which forms part of the South West Interconnected System, or is electrically connected to that system, must register as a Rule Participant in the Market Generator class.

2.28.16. The IMO may determine that a person is exempted from the requirement to register in accordance with clauses 2.28.2, 2.28.6, 2.28.10, 2.28.11A or 2.28.13. An exemption may be given subject to any conditions the IMO considers appropriate and may, upon prior reasonable notice, be revoked at any time.

2.28.16B. Without limiting the generality and the operation of clause 2.28.16, the IMO may exempt under clause 2.18.16 a person who owns, controls or operates a generation system which has a rated capacity that equals or exceeds 10 MW and is electrically connected to a transmission system or distribution system which forms part of the South West Interconnected System, or is electrically connected to that system, from the requirement to register as a Rule Participant in the Market Generator class where all of the following are satisfied:

(a) positive MWh quantities measured by the interval meter or meters associated with that generation system are not reasonably expected to exceed 5 MWh in a Trading Interval;

(b) negative MWh quantities measured by the interval meter or meters associated with that generation system are not reasonably expected to increase by more than 5 MWh in a Trading Interval in the event of an outage of that generating system;

(c) System Management informs the IMO that it has determined that it does not require information about the relevant generation system to maintain Power System Security and Power System Reliability;

(d) The meter or meters measuring the generation system remains registered by an existing Market Customer; and

(e) The IMO determines that with the exemption the cumulative effect of all exemptions given under this clause 2.28.16B is not inconsistent with the Wholesale Market Objectives.

and the IMO may give the exemption subject to any conditions the IMO considers appropriate and may revoke the exemption if the IMO determines that any of these conditions, or any of