

Public Domain

1. INTRODUCTION

1.1. *General Information about Rule Changes*

Clause 2.5.1 of the Wholesale Electricity Market Ru

Public Domain

- The second Public Submission period is for a minimum of 20 Business Days from the date the Draft Rule Change Report is published.
- Within 20 Business Days after the end of the second Public Submission period, the IMO must publish a Final Rule Change Report.

The key dates in processing this Rule Change Proposal are:

- The Rule Change Notice for this Proposal was published on the IMO website on 17 September 2007
- The first Public Submission period on the Rule Change Proposal ended on 29 October 2007
- This Draft Rule Change Report is published on 26 November 2007
- The second Public Submission period is from 27 November to 24 December 2007
- The Final Rule Change Report will be published by the IMO on 24 January 2008

Based on the submissions received, the IMO's draft decision is to accept the Rule Change in the amended form described in Section 6 of this report.

This Draft Rule Change Report on the Rule Change Proposal has been prepared by the IMO in accordance with clause 2.7.6 of the Market Rules.

Interested parties are invited to provide further submissions in relation to this Draft Rule Change Report. In accordance with the Market Rules timelines, the deadline for submissions is 24 December 2007.

2. THE RULE CHANGE PROPOSAL

2.1. *The Submission*

Premier Power submitted, on 13 September 2007, a Rule Change Proposal regarding changes to clause 4.28.8 in the Wholesale Electricity Market Rules.

Submission

Name:	Paul Key
Phone:	0438 926 975
Email:	pkey@wesenergy.com.au
Organisation:	Wesfarmers Premier Power Sales
Address:	PO Box 4184, Myaree WA 6960
Date submitted:	13 September 2007
Urgency:	Medium

2.2. *Details of the Proposal*

Premier Power submitted that, if a customer should have previously been nominated as a NTDL or the load has ceased to consume but the retailer is still being charged an IRCR, customers may incur costs (if these are passed through under their contracts) or retailers may be forced to absorb these costs.

Premier Power proposed to amend the rules to provide Market Customers with the ability to, throughout the year, nominate a load to be determined as a NTDL, provide details of Demand Side Management measures and also nominations of capacity requirements for Intermittent Loads.

2.3. The Proposal and the Market Objectives

Premier Power submitted that the proposed change promotes economic efficiency and minimises the long-term cost to customers in the SWIS.

2.4. Amending Rules Proposed by Premier Power

Premier Power proposed the following amendments to the Market Rules (added words are underlined):

- 4.28.8. To assist the IMO in determining Individual Reserve Capacity Requirements in accordance with clause 4.28.7 and updating Individual Reserve Capacity Requirement in accordance with clause 4.28.11, Market Customers must, by the date and time specified in clause 4.1.23 and no later than by 5:00 PM on the Business Day being twenty Business Days prior to the date and time specified in clause 4.1.28(b), provide to the IMO:
- (a) a list of interval meters associated with that Market Customer that the Market Customer wants the IMO to treat as Non-Temperature Dependent Loads;
 - (b) details of any Demand Side Management measures that the Market Customer has implemented since the previous Hot Season, including the expected MW reduction in peak consumption resulting from those measures; and
 - (c) nominations of capacity requirements for Intermittent Loads, expressed in MW, where the nominated quantity cannot exceed the greater of:
 - i. the maximum allowed level of Intermittent Load specified in Standing Data for that Intermittent Load at the time of providing the data; and
 - ii. the maximum Contractual Maximum Demand expected to be associated with that Intermittent Load during the Capacity Year to which the nomination relates. The Market Customer must provide evidence to the IMO of this

Contractual Maximum Demand level unless the IMO has previously been provided with that evidence.

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

The IMO decided to proceed with the Proposal on the basis of its preliminary assessment, which indicated that the Proposal was consistent with the Market Objectives. This preliminary assessment was published in a Rule Change Notice on 17 September 2007.

3. SUBMISSIONS

IMO received submissions from Alinta Sales, Landfill Gas and Power, and Synergy. A summary of all submissions is listed below. Section 4 includes IMO's response to the issues raised. The submissions can be found on the IMO website.

3.1. *Market Advisory Committee*

The Market Advisory Committee (MAC) was invited to have preliminary discussions on the Proposal at its meeting on 12 September 2007, before it was formally submitted by Premier Power.

MAC expressed general support of the proposed change. MAC emphasised the importance of adequate measures to be in place to verify that a load is genuinely Non Temperature Dependant. The IMO explained that a check of meter data is conducted for all loads applying to become Non Temperature Dependant.

At the MAC meeting on 10 October 2007, members were invited to express their view on the formal Proposal. MAC supported the change. No member expressed concerns with the proposed Rule Change.

3.2. *Alinta Submission*

Alinta agreed with the proposal to allow more flexibility when retailers can nominate loads to be treated as a NTDL. Alinta considered that the proposed change will better facilitate Market Objectives (b) and (d).

3.3. *Landfill Gas and Power (LGP) Submission*

LGP expressed its support of Premier Power's proposal that the Market Rules should provide for the nomination of NTDLs on a monthly basis rather than annually. LGP considered that this change will better achieve the intent of the Market Objectives by promoting economic efficiency and minimising the long-term cost to customers on the SWIS.

3.4. *Synergy Submission*

Synergy considered that the rule change will encourage competition in the Wholesale Electricity Market and that the change has the potential to create further economic efficiencies within the market.

Synergy also submitted that it is important that the IMO closely monitor requests for IRCR recalculation to ensure that an excess of these requests does not create an inefficient administrative burden to be funded by all Market Participants.

3.5. *Public Forums and Workshops*

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

4. THE IMO'S ASSESSMENT AND DECISION

4.1. Assessment

u ▸ **SS** on **S**

No interested party expressed any concern regarding the proposed change. In their submissions, Alinta, Landfill Gas and Power and Synergy expressed their support for the proposal. The IMO therefore considers that the

Market Assessment

The IMO' assessment against each of the Market Objectives is as follows:

- (a) opportunity to apply for a load to be classified as a NTDL, rather than delaying the change until the following August. Objective (a) is also supported by ensuring that a IRCR is recalculated when a load is decommissioned or permanently reduced. This ensures an economically efficient treatment of loads

The IMO considers that the proposed Rule Change supports the achievement of Market Objective (a), by allowing Market Customers churning a load to apply at any point during the year for this load to be classified as a NTDL, rather than delaying the change until the following August. Objective (a) is also supported by ensuring that a IRCR is recalculated when a load is decommissioned or permanently reduced. This ensures an economically efficient treatment of loads

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 Monday 24 December 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_b_rule_change_proposal.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

6.1. *Clause 4.28.8*

4.28.8. To assist the IMO in determining Individual