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## 1. INTRODUCTION

### 1.1. *General Information about Rule Changes*

Clause 2.5.1 of the Wholesale Electricity Market Rules (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 Market Objectives. The market objectives 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

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 14 January 2008.
- The first Public Submission period on the Rule Change Proposal ended on 25 February 2008.
- This Draft Rule Change Report is published on 27 March 2008.
- The second Public Submission period is from 27 March 2008 to 24 April 2008.
- The Final Rule Change Report will be published by the IMO on 23 May 2008.

Based on the submissions received, the IMO's draft decision is to accept the Rule Change in the proposed form outlined 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 53(1)(s) of the 1978 Convention on the International Convention for the Safety of Life at Sea (SOLAS), 1978, as amended, and the 1978 Convention on the International Convention for the Safety of Life at Sea (SOLAS), 1978, as amended, and the 1978 Convention on the International Convention for the Safety of Life at Sea (SOLAS), 1978, as amended.

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### **2.3. *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 Wholesale Market Objectives. This preliminary assessment was published in a Rule Change Notice on 14 January 2008.

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## 4. THE IMO'S ASSESSMENT AND DECISION

### 4.1. Assessment

#### 4.1.1. Support

All responding parties expressed support for the Rule Change Proposal. No party proposed any changes to the proposed amendments to the Market Rules.

#### 4.2. The IMO's Assessment

According to clause 2.4.2 of the Market Rules "The IMO must not amend the Market Rules unless satisfied that the proposed amendments are consistent with the Market Objectives".

The IMO's assessment against each of the market objectives is as follows:

- (a) to promote economic efficiency, safe and reliable production and supply of electricity and electricity related services in interconnected systems.

The IMO considers that making the proposed amendments to clause 4.25.9(e) will increase the certainty of the application of the Market Rules, and thereby aid economically efficient outcomes through the removal of an obligation which cannot be satisfied.

The IMO considers that the proposed changes are, th



The IMO considers that the proposed changes do not impact on, and therefore are consistent with, the operation of market objective (e).

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 changes will not require any changes to the Wholesale Electricity Market Systems operated by the IMO. No other costs have been identified in relation to the implementation of the proposed changes.

#### **4.2. IMO's Draft Decision**

The IMO's draft decision is to:

- Accept the proposed changes to clause 4.25.9(e) of the Wholesale Electricity Market Rules, as proposed by System Management.

The IMO has made its draft decision on the basis that the resulting Amending Rules will allow the Market Rules to better address the Wholesale Market Objectives.

The wording of the relevant Amending Rules is presented in section 6 of this Report.

## 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 Thursday, 24 April 2008.

The IMO prefers to receive submissions by email to [marketadmin@imowa.com.au](mailto: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](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: Manager Market Administration

PO Box 7096

Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

## 6. PROPOSED AMENDING RULES

System Management proposes the following amendments to the Market Rules (added words are underlined and deletions are shown with strikethrough):

- 4.25.9 In conducting a test, System Management:
- (a) ...
  - ...
  - (e) must report to the IMO whether the test was successfully performed, ~~and if not, report the generation achieved by the Facility during the test;~~