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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

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 2.7.6 of the Market Rules.

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

The IMO decided to proceed with the proposal on the basis of its preliminary

3. SUBMISSIONS

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 will 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 the economy, efficiency, safety and reliability of production and supply of electricity and electricity related services in South African interconnected systems.

The IMO considers that making the proposed amendments will

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 3.17.9(h) 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.

6. PROPOSED AMENDING RULES

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