



F i n a e Change epõr

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1. INTRODUCTION.....3
2. THE RULE CHANGE PROPOSAL

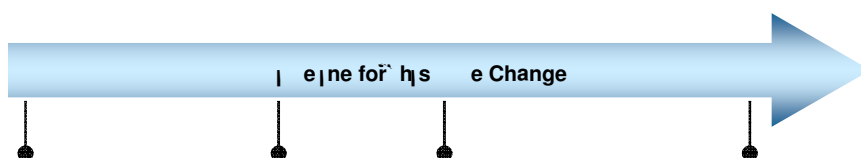
N O D C O N

On 10 April 2008, the IMO submitted a Rule Change Proposal regarding changes to clauses 3.21A.7, 4.1.26, 4.10.1, 4.27.10, 4.27.11, 4.27.12, 6.5.1A and 6.5.1C, and the addition of new clauses 3.21A.7A, 4.27.10A and 4.27.11A-D to the Wholesale Electricity Market Rules (Market Rules).

This Proposal is being processed using the Standard Rule Change Process, described in section 2.7 of the Market Rules.

The standard process adheres to the following timelines, outlined in section 2.7 of the Market Rules:

The key dates in processing this Rule Change Proposal are:



Based on its own analysis and the submissions received, the IMO's final decision is to implement the Rule Change in the form outlined in section 7 of this report.

This Final Rule Change Report on the Rule Change Proposal has been prepared by the IMO in accordance with clause 2.7.8 of the Market Rules.

The amendments to the Market Rules made as a result from this Rule Change Proposal will commence at 08.00am on 1 September 2008.

EMILE PROPOSAL

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Address	Level 3, 197 St Georges Terrace, Perth WA 6000
Effective Date	10/04/2008
Priority	Medium
Change Proposal Title	Commissioning Tests and the Reserve Capacity Mechanism

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The IMO submitted that this Rule Change Proposal aims to improve the clarity regarding the provisions for a new Facility transitioning from commissioning to an in-service state with regard to the Reserve Capacity Mechanism. This transition occurs when a Facility is fully capable of meeting its Reserve Capacity Obligations and hence is eligible to receive Reserve Capacity payments.

When a new Facility undergoes initial Commissioning Tests it is relieved from a number of the Reserve Capacity Obligations, including the need to pay Capacity Cost Refunds. When a Market Participant nominates the Facility to be eligible to receive payments for Capacity Credits, then the Facility also becomes subject to these obligations.

Under the current arrangements, the commissioning dates, and the dates when the Market Participant is fully capable of meeting its Reserve Capacity Obligations, are first nominated when the Market Participant applies for Certified Reserve Capacity. The Market Participant can then nominate new dates in its quarterly progress reports that must be submitted to the IMO under the Market Rules.

New Facilities must be available at the start of the hot season for the relevant capacity
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The IMO proposed the following amendments to the Market Rules (added words are underlined and deletions are shown with ~~strikethrough~~):

- 3.21A.7. System Management must accept a request for a Commissioning Test unless:
- (a) inadequate information is provided in the request; or
 - (b) the conduct of the test at the proposed time would pose a threat to Power System Security or Power System Reliability; or
 - (c) clause 3.21A.7A applies.

3.21A.7A. System Management may not accept a request for a Commissioning Test, for Facilities that are yet to commence operation, if the information provided in accordance with clause 3.21A.4(b) includes Trading Intervals after the commencement of the Trading Day commencing on the date specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A or clause 4.27.11D.

- 4.1.26. Reserve Capacity Obligations apply:
- ...
 - (b) in the case of subsequent Reserve Capacity Cycles:

4.27.11. The report described in clause 4.27.10 must include the current revised nominations of each date to which clause 4.10.1(c)(iii) refers.

4.27.11A On receiving the report described in clause 4.27.10, the IMO must conduct an assessment and approve or not approve the current nominations for each date provided in accordance with clause 4.27.11. The IMO must not approve a nomination for a date which would have prevented the IMO from assigning Certified Reserve Capacity to a Facility.

4.27.11B From the commencement of the calendar year in which the date referred to in clause 4.10.1(c)(iii)(7) falls, the IMO must consult with System Management when conducting its assessment in accordance with clause 4.27.11A of a nomination for a date to which clause 4.10.1(c)(iii)(7) refers. The IMO must not approve that nomination if, in System Management's opinion, the Facility, or part of the Facility, is unlikely to have completed all Commissioning Tests by the nominated date.

4.27.11C If, in accordance with clause 4.27.11A, the IMO does not approve one or more of the nominated dates provided in accordance with clause 4.27.11 the IMO must, within five business days, notify the Market Participant of its decision and provide reasons why the dates have not been approved.

4.27.11D In respect of a report submitted in accordance with clause 4.27.10 including the dates nominated in accordance with clause 4.27.11, the IMO may require the Market Participant to provide supporting evidence, submitted by a suitably authorised person, and the IMO may require the Market Participant to submit further reports in accordance with clause 4.27.10 or revise the dates nominated in accordance with 4.27.11.

4.27.12. The IMO must document the procedure to be

- 6.5.1A. Market Generators with Registered Facilities that are not undergoing ~~commissioning a~~ Commissioning Test, except those with only Intermittent Generators, or Market Customers with Dispatchable Load must provide the IMO with a Resource Plan Submission, either via submitting Resource Plan Submissions or in accordance with clause 6.5.1B.
- 6.5.1C. Market Generators with only Intermittent Generators may provide the IMO with a Resource Plan Submission, unless undergoing ~~commissioning a~~ Commissioning Test, either via submitting Resource Plan

B M O N E C E E D N E F B M O N P E O D

The IMO received one submission, from Landfill Gas & Power Pty Ltd, on the changes proposed by the IMO. The submission is summarised below, and the full text is available on the IMO web site.

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The Market Advisory Committee (MAC) was first advised of the proposed rule change at its meeting on 12 March 2008, before it was formally submitted by the IMO.

At the meeting, members requested more information regarding the evidence required to be provided by a participant for it to be considered to be able to complete its Commissioning Tests by a nominated date. MAC proposed that the IMO could include in a procedure an outline of the information a participant needs to provide to enable the IMO to complete its assessment.

MAC noted that the proposed changes must be aligned with the processes in Chapter 3 of the Market Rules, covering System Management's approval of Commissioning Tests, in order to ensure that the treatment of Commissioning Tests is consistent throughout the Market Rules.

MAC also questioned the merit of providing more frequent reports to the IMO than under the current rules. However, it was agreed that since these reports are normally produced internally anyway, providing them to the IMO should not be an onerous exercise.

Following the MAC meeting, the IMO reworked the proposal to include a requirement for a market procedure – which has now been developed by the IMO - that will provide a list of items the IMO may require to assess whether commissioning can be completed by a nominated date. An indicative list of these items was also provided in the IMO's reworked proposal.

MAC members were also invited to discuss the proposal at the MAC meeting on 14 May 2008, after the proposal had been published on the IMO web site. All members of MAC expressed their support for the Rule Change.

MEMORANDUM

Attachment

During the first submission period the IMO Market Procedures Development Group met to commence the development of the market procedure containing the supporting evidence that would be required by the IMO to assess whether a facility is able to complete its Commissioning Tests by a nominated date. During this meeting it was noted that the time limit of five business days in clause 4.27.11C, as proposed in the IMO's Rule Change Proposal, may be too tight in order for a full assessment to be made of a report provided to the IMO, especially at the beginning of each Capacity Year, when the IMO may have multiple facilities commissioning at the same time. The IMO therefore proposed to extend this time limit to ten business days and also to clarify in the clause that the time limit begins upon the participant submitting a report to the IMO.

As a result of the Working Group discussion, the IMO proposed to amend clause 4.27.11C to read as follows:

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Following the publication of the Draft Rule Change Report on the IMO web site, the second submission period was between 24 June 2008 and 21 July 2008. The IMO received one submission from System Management duri

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All parties resp

The IMO's final decision is to implement the amendments to clauses 3.21A.7, 4.1.26, 4.10.1, 4.27.10, 4.27.11, 4.27.12, 6.5.1A and 6.5.1C, and the addition of new clauses 3.21A.7A, 4.27.10A and 4.27.11A-D to the Wholesale Electricity Market Rules (Market Rules) proposed by the IMO with the amendments outlined in the IMO Draft Rule Change Report.

The wording of the relevant Amending Rules is presented in section 7 of this Report.

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

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The amendments to the Market Rules resulting from this Rule Change Proposal will commence at a on e p e er .

AMEND N LE

The following clauses are amended (added words are underlined and deletions are shown with ~~strikethrough~~):

- 3.21A.7. System Management must accept a request for a Commissioning Test unless:
- (a) inadequate information is provided in the request; or
 - (b) the conduct of the test at the proposed time would pose a threat to Power System Security or Power System Reliability; or
 - (c) clause 3.21A.7A applies.

3.21A.7A. System Management may not accept a request for a Commissioning Test, for Facilities that are yet to commence operation, if the information provided in accordance with clause 3.21A.4(b) includes Trading Intervals after the commencement of the Trading Day commencing on the date specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A or clause 4.27.11D.

- 4.1.26. Reserve Capacity Obligations apply:
- ...
- (b) in the case of subsequent Reserve Capacity Cycles:
 - i. from the Trading Day commencing on 1 October of Year 3, for Facilities that were commissioned as at the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 4.1.18(a) or for Facilities which have

1. when all approvals will be finalised or, in the case of Interruptible Loads and Curtailable Loads all required contracts will be in place;
2. when financing will be finalised;
3. when site preparation will begin;
4. when construction will commence;
5. when generating equipment or Dispatchable Load equipment will be installed or, in the case of Interruptible Loads and Curtailable Loads all required control equipment will be in place;
6. when the Facility , or part of the Facility, will be ready for ~~commissioning trials~~ to undertake Commissioning Tests; and
7. when the Facility , or part of the Facility, will have completed all Commissioning Tests and be capable of meeting Reserve Capacity Obligations in full;

4.27.10. ~~Subject to clauses 4.28.11C and 4.27.10A,~~ Market Participants holding Capacity Credits for Facilities that are yet to commence operation must file a report on progress with the IMO at least once every three months ~~between from~~ from the date the Capacity Credit is confirmed under clause 4.20 ~~and the date that Facility commences operation.~~

4.27.10A. Market Participants holding Capacity Credits for Facilities that are yet to commence operation must file a report on progress with the IMO at least once every month between the commencement of the calendar year in which the date referred to in clause 4.10.1(c)(iii)(7) falls and the date IMO has notified the Market Participant, in accordance with clause 4.13.10, that the need to maintain the Reserve Capacity Security for the Facility has ceased.

4.27.11. The report described in clause 4.27.10 must include the current ~~revised~~ nominations of each date to which clause 4.10.1(c)(iii) refers.

4.27.11A On receiving the report described in clause 4.27.10, the IMO must conduct an assessment and approve or not approve the current nomina 142.401 Tm (a)1.32101(s)-0.29872(s)

INFORMACIÓN SOBRE EL PROCEDIMIENTO

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