



Draft Rule Change Report Title Delegation by IMO

Revised RC 2  

Standard Rule Change Process

Date 22 August 200

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2.1.	

1 INTRODUCTION

On 4 June 2008 the IMO submitted a Rule Change Proposal regarding changes to clauses 2.1.3 and 2.2.3 to the Wholesale Electricity Market Rules (Market Rules).

This Proposal is being processed using the Standard Rule Change Process, described in section 2.1 of the Market Rules.

The standard process adheres to the following timelines, outlined in section 2.1 of the Market Rules

The key dates in processing this Rule Change Proposal are

Based on the submissions received, the IMO's draft decision is to implement the Rule Change Proposal in the form outlined in section 2.1 of this Report.

This Draft Rule Change Report on the Rule Change Proposal has been prepared by the IMO in accordance with clause 2.1.1 of the Market Rules.

As this change relates to a Protected Provision, the IMO is required by clause 2.1.13 of the Market Rules to seek the approval of the Minister for Energy to any change to the Protected Provision that results from the proposal. That approval must be sought after the IMO's Final Report on the Rule Change Proposal is published.

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 14 September 2008.

Clause 2.2.3 of the Market Rules, which gives System Management the power to delegate, is phrased in the same way as clause 2.1.3 – it permits System Management to delegate to competent persons – but, because it is in the same terms as the IMO delegation provision, could be read to mean only to persons outside of System Management. In order to clarify that the clause was intended to permit delegation to the officers and staff of System Management, the same changes are proposed to be made to clause 2.2.3.

Executive Summary

The IMO's submission regarding how the amendments will allow the Market Rules to better address the market objectives can be found in section 4.1.2 of this Report.

Annex A – IMO's Submission

The amendments to the Market Rules proposed by the IMO are available in section 4 of this report.

5. IMO's Submission

3 SUBMISSIONS

The IMO received two submissions on the changes proposed by the IMO, from Synergy and from Landfill Gas and Power Pty Ltd. The submissions are summarised in the paragraphs below, and the full text is available on the IMO website.

Market Advisory Committee

The Market Advisory Committee (MAC) was first advised of the proposed rule change at its meeting on 14 May 2008, before it was formally submitted by the IMO.

At the meeting, no members of MAC expressed any concerns regarding the rule change as proposed.

Conclusion

THE IMO'S ASSESSMENT AND DECISION

Amending

4.1.1. Submissions

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

4.1.2. The IMO's Assessment

According to clause 2.4.2 of the Market Rules *“the IMO must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives”*.

The IMO considers that the proposed Amending Rules will have the following impact on how the Market Rules address the Wholesale Market Objectives

The IMO's assessment against market objective (a) is as follows

(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;

The proposed amendments will allow the IMO to operate more effectively and efficiently, and potentially reduce the cost of unnecessary bureaucracy. This will be accomplished by clarifying the operation of the power to delegate as set out in the Market Rules.

The proposed change will provide certainty and confidence to existing and new participants that the IMO was operating within the scope of the Market Rules and Regulations in the manner in which it organised its

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The IMO's draft decision is to implement the proposed amendments to clauses 2.1.3 and 2.2.3 of the Wholesale Electricity Market Rules as proposed.

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 of this Report.

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 22 August 2008.

The IMO prefers to receive submissions by email to marketadmin@imowa.com.au using the following subject line: **RC 2 - Delegation by IMO**

