



Draft Rule Change Report
Title: Consistency Between Clauses
4.12.1 and 4.26.2 of the Market Rules

Ref: RC_2008_26

Standard Rule Change Process

Date: 31 October 2008

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1. INTRODUCTION

On 28 August 2008 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding changes to clause 4.12.1 of 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 the submissions received, the IMO's draft decision is to implement the Rule Change Proposal in the 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.

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 28 November 2008.

2. THE RULE CHANGE PROPOSAL

on

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Date submitted:	28/08/2008
Urgency:	Low
Change Proposal title:	Consistency between Clauses 4.12.1 and 4.26.2 of the Market Rules

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The IMO submitted that Market Participant Reserve Capacity obligations are set out in clause 4.12.1. Obligations under sub-clauses 4.12.1(a) and 4.12.1(b) are set out in more detail in clause 4.26.2.

In its Rule Change Proposal, the IMO noted that in December 2006 and July 2007 changes were made to clause 4.26.2 where on both occasions corresponding changes were not made to clause 4.12.1. This proposal is to modify clause 4.12.1 so that it is consistent with clause 4.26.2.

The IMO submitted that clause 4.26.2 calculates the capacity made available to the market by market generators including those also registered as Market Customers and determines any shortfall from Reserve Capacity obligations.

The components used in the calculation include:

- a. the MW equivalent of the Capacity Credits held by the Market Par244.052(o)12.1971(f)-15.654

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The IMO's assessment on how these amendments will allow the Market Rules to better address the market objectives is contained in section 4.1.2 of this Report.

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The amendments to the Market Rules proposed by the IMO are outlined in section 6 of this report.

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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 29 August 2008.

4. THE IMO'S ASSESSMENT AND DECISION

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4.1.1. *Submissions*

All parties responding to the IMO's invitation for submissions expressed support for the Rule Change Proposal.

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.

This proposed Rule Change is required to improve clarity and remove uncertainty surrounding the application of the Rules and is therefore expected to enhance efficiency in the operation of the market.

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.

5. CALL FOR SUBMISSIONS

The IMO invites Market Participants to make submissions on this Draft Rule Change Report and proposed Rule Change. 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 28 November 2008.

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](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

The IMO proposes to implement the following new clauses to the Market Rules (~~deleted words, added words~~):

- 4.12.1. The Reserve Capacity Obligations of a Market Participant holding Capacity Credits, are as follows:
- (a) a Market Participant (other than the Electricity Generation Corporation) must ensure that for each Trading Interval:
- i. the aggregate MW equivalent of the quantity of Capacity Credits held by the Market Participant applicable in that Trading Interval for Interruptible Loads and Curtailable Loads registered by the Market Participant; plus
 - ii. the MW quantity calculated by doubling the net ~~total~~ MWh quantity of energy to be sent out during the Trading Interval by Facilities registered by that Market Participant, ~~as indicated in the applicable Resources Plans~~; plus
 - iiA if a STEM submission does not exist for that Trading Interval, the MW quantity calculated by doubling the total MWh quantity of energy to be consumed by that Market Participant including demand associated with any Curtailable Load or Interruptible Load, but excluding demand associated with any Dispatchable Load, during that Trading Interval as indicated in the applicable Resource Plan; plus
 - iii. the MW quantity calculated by doubling the total MWh quantity covered by STEM Offers which were not scheduled and the STEM Bids which were scheduled in the relevant STEM Auction determined by the IMO for that Market Participant under clause 6.9 for that Trading Interval, corrected for loss factor adjustments so as to be a sent out quantity; plus
 - iv. capacity expected to experience a forced outage at the time that STEM submissions were due which becomes available in real time,
- is not less than the total Reserve Capacity Obligation Quantity for that Trading Interval for Facilities registered by the Market Participants, less double the total MWh quantity to be provided as Ancillary Services as specified by the IMO for that Market Participant in accordance with clause 6.3A.2(e)(i).
- (b) the Electricity Generation Corporation must ensure that for each Trading Interval:
- i. [Blank]

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- iA. the aggregate MW equivalent of the quantity of Capacity Credits held by the Electricity Generation Corporation applicable in that Trading Interval for Interruptible Loads and Curtailable Loads registered by the Electricity Generation Corporation; plus
- ii. the MW quantity calculated by doubling the total MWh quantity which the Electricity Generation Corporation is selling to other Market Participants as indicated by the applicable Net Contract Position of the Electricity Generation Corporation, corrected for loss factor adjustments so as to be a sent out quantity; plus
- iii. the MW quantity calculated by doubling the total MWh quantity

