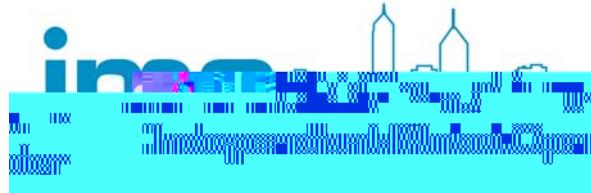


**Wholesale Electricity Market  
Rule Change Proposal Submission Form**

**RC\_2010\_04 Settlement in Default Situations**

**Submitted by**

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<b>Date submitted:</b>	23 August 2010



In its response to the first consultation period Perth Energy sought confirmation from the IMO that there would not be any transitional issues related to changing the annual reconciliation calculation period. The IMO has indicated that following further internal review, it has identified that it no longer believes it is necessary to change the calculation period. The IMO has therefore removed the fourth element from the original rule change proposal.

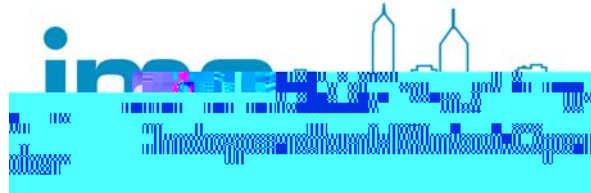
The IMO also conducted further analysis in the period following the first round consultation and identified a number of additional amendments which it is now consulting on.

### **Amended Change Proposal**

In addition to the three elements that have been retained from the original change proposal the IMO has proposed the following additional changes to be incorporated within the amended rule change proposal:

- Corrections to clause 9.18.3 to clarify that Notional Wholesale Meter data values are only provided to Synergy, as well as minor re-numbering and re-formatting of sub clauses.
- Splitting clause 9.24.3 into two clauses to address the liability of the IMO when there are insufficient cleared funds in one clause; and to deal separately with how the IMO must apply the Total Amount in these situations in a new clause 9.24.3A.
- Addressing a further potential for overpayment in clause 9.24.3A which may occur in situations where a Market Participant may both be owed a payment (for example, for providing ancillary services) and owe monies (for example, related to generation) in relation to the default settlement. The potential overpayment may occur because the current wording of the Market Rules places an absolute obligation on the IMO to pay out the amounts listed in clause 9.24.3A regardless of any money owed to the IMO. The IMO has proposed to remedy this by limiting any payments made to Market Participants to the total net amount that would be paid, had no default occurred.
- Re-prioritise payments under clause 9.24.3(a) so that payments to the entities listed in the clause are pro-rated equally in the case of insufficient funds being available. The current wording is unclear on any prioritisation in the case of insufficient funds being available.
- Correct clause 9.24.3(a)(i) to correctly refer to “Service Fee Settlement Amounts” rather than the current incorrect reference to “Revenue Requirement Settlement Amounts to the IMO, System Management and the Economic Regulation Authority...”.
- Amend clause 9.24.4 and 9.24.8 to allow distribution of any late payments or Default Levy amounts to those entities listed in clause 9.24.3(a) as well as 9.24.3(b). The





Perth Energy queries whether the rule change process defined in sections 2.6 and 2.7 of the Market Rules should be reviewed to allow for a third round of consultation in cases where significant changes are made to a rule change proposal following the close of the first round of consultation.

**2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.**

Perth Energy continues to support the change on the basis that it would better facilitate the achievement of Market Objectives (a) and (b).

**Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.**

There will be no impact for Perth Energy.

**3. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.**

Perth Energy does not require any lead time to implement the change.