

**Draft Rule Change Report**  
**Title: Removal of Network Control**  
**Services expression of interest and**  
**tender process from the Market Rules**

Date: 24 December 2010

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## 2 CALL FOR SECOND ROUND SUBMISSIONS

The IMO invites interested stakeholders to make submissions on this Draft Rule Change Report. The submission period is 30 Business Days from the publication date of this report. Submissions must be delivered to the IMO by 5.00pm, **Thursday 10 February 2011**.

The IMO prefers to receive submissions by email (using the submission form available on the IMO website: <http://www.imowa.com.au/rule-changes>) to: [market.development@imowa.com.au](mailto:market.development@imowa.com.au)

Submissions may also be sent to the IMO by fax or post, addressed to:

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## 3. THE RULE CHANGE PROPOSAL

### 3.1 Submission Details

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<b>Date submitted:</b>	15 October 2010
<b>Urgency:</b>	Standard Rule Change Process
<b>Change Proposal title:</b>	Removal of Network Control Services, expression of interest and tender process from the Market Rules
<b>Market Rule affected:</b>	2.1.2, 2.8.13, 2.17.1, 2.22.1, 2.37.6, 2.37.7, 2.37.8, 2.38.1, 2.38.2, 2.38.3, 2.38.4, 2.38.5, 5.1.1, 5.1.2, 5.1.3, 5.1.4, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5, 5.2.6, 5.2.7, 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.5, 5.3.6, 5.3.7, 5.3.8, 5.3.9, 5.4.1, 5.4.2, 5.4.3, 5.4.4, 5.4.5, 5.4.6, 5.4.7, 5.4.8, 5.4.9, 5.4.10, 5.4.11, 5.4.12, 5.4.13, 5.4.14, 5.5.1, 5.5.2, 5.5.3, 5.5.4, 5.6.1, 5.6.2, 5.6.3, 5.7.1, 5.7.2, 5.8.1, 5.8.2, 5.8.3, 5.8.4, 5.8.5, 5.8.6, 5.8.7, 5.8.8, 5.9.1, 6.17.6, 7.1.1, 7.6.6, 9.12.1, 9.12.2, 9.14.1, 9.14.2, 9.18.3, 9.24.3, the Glossary and Appendix 1 with the addition of new clauses 5.2A.1, 5.2A.2, 5.2A.3, 5.3A.1, 5.3A.2, 5.3A.3, 5.3A.4, 5.9.2, 5.9.3 and 10.5.1(vD).

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the current procurement framework were examined in greater detail. As such, the Office of Energy (OoE) presented an issues paper which recommended that the IMO give consideration to removing the requirement on the IMO to conduct the expression of interest (EOI) and tender processes.

Following from the endorsement of this concept by the Market Advisory Committee (MAC) at the April 2010 meeting, the IMO submitted a Rule Change Proposal which sought to:

- Remove the NCS EOI, tender and contracting processes from Chapter 5 of

website. Additional detail along with the IMO's response is contained in section 4.2 of this paper.

In summary, all the submissions supported the proposed amendments. Specifically Perth Energy and LGP agree that:

- it would be more appropriate for a Network Operator to be responsible for any tendering for NCS; and
- there is a potential for significant cross subsidies and therefore support the proposed amendments to energy price paid for generation and DSM suppliers of NCS. Perth Energy notes that cross-subsidies in general lead to inefficient and sub-optimal economic outcomes. LGP considers that the extent to which additional payment required is a matter for Western Power to negotiate and fund from network revenue.

## 5. THE IMO'S ASSESSMENT

In preparing its Draft Rule Change Report, the IMO must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3 of the Market Rules.

Clause 2.4.2 outlines that 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*”. Additionally, clause 2.4.3 states, when deciding whether to make Amending Rules, the IMO must have regard to the following:

- any applicable policy direction from the Minister regarding the development of the market;
- the practicality and cost of implementing the proposal;
- the views expressed in submissions and by the MAC; and
- any technical studies that the IMO considers necessary to assist in assessing the Rule Change Proposal.

The IMO notes that there has not been any applicable policy direction from the Minister or any technical studies commissioned in respect of this Rule Change Proposal.

The IMO's assessment is outlined in the following sections.

### 5.1 Wholesale Market Objectives

The IMO considers that the Market Rules as a whole, if amended, will be consistent with the Wholesale Market Objectives.

Wholesale Market Objective	Consistent with objective
(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system	Yes
(b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors	Yes
(c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions	Yes
(d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system	Yes
(e) to encourage the taking of measures to manage the amount of electricity used and when it is used	Yes

The proposed amendments will allow a Network Operator to more effectively manage its own risk in contracting for NCS and also remove potential cross subsidy energy payments from Market Participants to the SWIS users benefitting from a NCS. The IMO considers that this will promote the economically efficient production and supply of electricity in the SWIS.

Additionally, the IMO considers that the amendments may be more efficient in facilitation the procurement of NCS (where required), which will assist in ensuring the reliable supply of electricity.

## **5.2 Practicality and Cost of Implementation**

### **Cost:**

The proposed amendments will require changes to the Wholesale Electricity Market Systems operated by the IMO. The costs to the IMO are estimated to be approximately \$17,000 AUD.

There will be additional costs relating to the update of the following IMO Market Procedures:

- Procurement of NCS2 10.98 89.88 544.7628 Tmty.



The following points were raised during the meetings.

14 April 2010 meeting:

During the meeting, the OoE presented its issues paper “Network Control Service as an Alternative to Network Augmentation”. It was noted that during 2009 the IMO had facilitated a number of workshops on NCS between System Management, ERA, Western Power and OoE. The goal of these workshops had been to try to facilitate the NCS procurements processes within the current legislative framework. Late in 2009, the policy reasons for the original procurement framework were examined in greater detail. As a result the OoE had put forward in its issues paper a recommendation that Western Power tender for and contract with a NCS provider, with ERA to conduct regulatory oversight.

The following additional points were raised:

- A member noted that the energy costs would be allocated to the network users who would benefit but queried if those users would be consulted prior to any large costs being unexpectedly imposed. The OoE clarified that existing users would not be required to make any retrospective payments with only new users being required to cover any incurred costs.
- Western Power noted that the proposed treatment of energy costs would be similar to the Capital Contributions policy. That is it would only be able to levy costs through regulated network tariffs which satisfy the New Facilities Investment Test, additional energy costs would need to be finance by some other means.
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- A member questioned why the Network Operator was not liable for the entire payment given that the service was a substitute for a transmission solution for which only the affected network users would pay. In response the IMO noted that the MCAP payment was needed because electricity was being generated and purchased by the balancing generator and if the Network Operator paid for this and passed the charge through to customers, then those customers would be paying for their electricity twice.
- Concerns about whether Western Power had the necessary powers under sections 41 and 42 of the Electricity Corporations Act were discussed. It was agreed by the MAC that OoE and Western Power would discuss the future provision of NCS off-line and update the MAC.
- Capacity payments for NCS providers were discussed with regard to the potential double payment issue. The IMO noted that capacity payments for NCS providers were expected to be dealt with in a similar way to NCS energy payments, in that the Network Operator would pay the NCS provider the difference between the amount paid by the market and the total (availability or energy) payment due under the NCS contract.
- A member queried whether the IMO had considered the scenario of a generator located behind an existing network connection (and serving an Intermittent Load) being contracted to provide NCS and the settlement issues if the metering at the site did not measure the output of the generator directly. The IMO agreed to investigate potential settlement issues relating to NCS provision by generators supplying an Intermittent Load and lacking independent metering and report back to the MAC.
- The proposed exclusion of the provision of NCS payment terms to System Management was discussed. Members suggested that this information could be used by System Management in its dispatch planning. The Chair questioned why Western Power would not give System Management an NCS merit order for NCS dispatch. Western Power noted that determination of a merit order would not be simple, as several factors would need to be considered. Western Power and System Management agreed to discuss the provision of NCS payment terms to

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under the Market Rules. The IMO's response to this issue is presented in section 4.2 of this report.

## 6. THE IMO'S DRAFT DECISION

The IMO's draft decision is to accept the amendment of clauses 2.1.2, 2.8.13, 2.17.1, 2.22.1, 2.37.6, 2.37.7, 2.37.8, 2.38.1, 2.38.2, 2.38.3, 2.38.4, 2.38.5, 5.1.1, 5.1.2, 5.1.3, 5.1.4, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5, 5.2.6, 5.2.7, 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.5, 5.3.6, 5.3.7, 5.3.8, 5.3.9, 5.4.1, 5.4.2, 5.4.3, 5.4.4, 5.4.5, 5.4.6, 5.4.7, 5.4.8, 5.4.9, 5.4.10, 5.4.11, 5.4.12, 5.4.13, 5.4.14, 5.5.1, 5.5.2, 5.5.3, 5.5.4, 5.6.1, 5.6.2, 5.6.3, 5.7.1, 5.7.2, 5.8.1, 5.8.2, 5.8.3, 5.8.4, 5.8.5, 5.8.6, 5.8.7, 5.8.8, 5.9.1, 6.17.6, 7.1.1, 7.6.6, 9.12.1, 9.12.2, 9.14.1, 9.14.2, 9.18.3, 9.24.3, the Glossary and Appendix 1 with the addition of new clauses 5.2A.1, 5.2A.2, 5.2A.3, 5.3A.1, 5.3A.2, 5.3A.3, 5.3A.4, 5.9.2, 5.9.3, 7.6.1A and 10.5.1(vD) of the Market Rules as proposed in the Rule Change Proposal and amended following the first submission period.

### 6.1 *Reasons for the decision*

The IMO has made its decision on the basis that the Amending Rules:

- will allow the Market Rules to better address Wholesale Market Objective (a);
- are consistent with the remaining Wholesale Market Objectives;
- had the general support of the MAC; and
- have the support of submissions received during the first submission period.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 5 of this Draft Rule Change Report.

## 7. PROPOSED AMENDING RULES

The IMO proposes to implement the following Amending Rules (added text, ~~deleted text~~):

2.1.2. The functions of the IMO are:

...

- (e) ~~to administer tender processes for Network Control Services where required by these Market Rules and to enter into Network Control Service Contracts;~~ [Blank]

...

2.8.13. The following clauses are Protected Provisions:

- (a) clauses 1.1 to 1.3 and 1.5 to 1.9 ;
- (b) clauses 2.1 to 2.24, 2.28, 2.31.1, 2.31.3, 2.31.5(a), 2.31.6, 2.34.1 and 2.36.1;
- (c) clauses 3.15, 3.18.18 and 3.18.19;
- (d) clauses 4.1.4 to 4.1.12, 4.1.15 to 4.1.19, 4.1.21, 4.1.22, 4.1.24, 4.1.27, 4.5.10, 4.5.11, 4.5.15 to 4.5.20, 4.13.10, 4.13.10A, 4.13.11, 4.13.11A, 4.13.11B, 4.16, 4.24.1, 4.24.2 and 4.24.12;
- (e) ~~clauses 5.2.3, 5.2.7 and 5.5.1;~~ [Blank]

- (f) clauses 9.16.3, 9.16.4 and 9.20.2; and
- (g) clauses 10.1.1, 10.1.2, 10.2.1, 10.3 and 10.4.

2.17.1. Decisions by the IMO made under the following clauses are Reviewable Decisions:

...

- (h) clauses 2.37.1 to 2.37.3;
- (i) ~~clause 2.37.6 and 2.37.7; [Blank]~~
- (j) clause 4.9.9;=
- (k) clause 4.15.1;
- (l) clause 4.27.7;
- (m) clause 4.28.7; and
- (n) ~~clauses 5.2.6 and 5.2.7; [Blank]~~
- (o) ~~clause 5.3.6; and [Blank]~~
- (p) clause 10.2.1.

2.22.1. For the purposes of this clause 2.22, the services provided by the IMO are:

- (a) market operation services, including the IMO's operation of the Reserve Capacity market, STEM and Balancing and the IMO's settlement and information release functions;
- (b) system planning services, including the IMO's performance of the Long Term PASA function ~~and functions under Chapter 5; and~~
- (c) market administration services, including the IMO's performance of the Market Rule change process, Market Procedure change process, the operation of the Market Advisory Committee and other consultation, monitoring, enforcement, audit, registration related functions and other functions under these Market Rules.

2.37.6. ~~The IMO must determine a Credit Limit for each Network Operator that is required under these Market Rules to fund a Network Control Service Contract, where this Credit Limit is the dollar amount determined by the IMO as being equal to maximum possible amount payable over a 70 day period under the Network Control Service Contracts relating to the Network Operator. [Blank]~~

2.37.7. ~~The IMO must review the Network Operator's Credit Limit when a Network Control Services Contract relating to the Network Operator commences or terminates. [Blank]~~

2.37.8. ~~The IMO must notify each Market Participant, and each Network Operator required to fund a Network Control Service Contract, of their Credit Limit, and provide details of the basis for the determination of the Credit Limit.~~



at the end of each calendar month less any liabilities and expenses incurred by the IMO, including bank fees and charges.

## **5 Network Control Services ~~Procurement~~**

### **Network Control Service ~~Tender Process and Timelines~~**

#### **5.1. Definitions and ~~Obligations~~**

5.1.1. A Network Control Service is ~~any service specified according to clause 5.2.1 a service provided by distributed generation or demand side management that can be a substitute for transmission or distribution network upgrades.~~

5.1.2. A Network Control Service Contract is a contract between ~~the IMO~~ a Network Operator and a Market Participant for the Market Participant to provide a Network Control Service.

5.1.3. ~~The IMO must not enter into a Network Control Service Contract except:~~  
(a) ~~following a tender process under clause 5.4; or~~  
(b) ~~in the case of a Network Control Service Contract to apply from Energy Market Commencement, with the approval of the Minister. [Blank]~~

5.1.4. ~~The IMO must seek to carry out the expression of interest, certification and tender processes in this Chapter 5 in a way that minimises its costs of doing so. [Blank]~~

#### **5.2. Network Control Service ~~Procurement Requirements~~ [Blank]**

5.2.1. ~~Where required by the Access Code to submit a major augmentation, as~~

- ~~(e) — the Network Operator’s estimate of the cost of an augmentation to the Network that would provide the services; and~~
  - ~~(f) the minimum period over which the services would be required, from the date specified in paragraph (d). [Blank]~~
- 5.2.2. ~~The minimum period over which the Network Control Service is required is the period specified under clause 5.2.1(f). The IMO may at any time extend the length of the contracted period. [Blank]~~
- 5.2.3. ~~The IMO must call for expressions of interest from potential service providers to identify whether any other person could provide the required Network Control Service. [Blank]~~
- 5.2.4. ~~A person (“**potential service provider**”) may submit a written expression of interest to the IMO indicating that the potential service provider considers that it would be able to provide the Network Control Service. The expression of interest must contain:~~
  - ~~(a) — the approximate quantity of the Network Control Service that the potential service provider would be able to supply;~~
  - ~~(b) — whether the Network Control Service will be provided by a generation facility or Demand Side Management option;~~
  - ~~(c) — indicative arrangements for activating the Network Control Service;~~
  - ~~(d) — the approximate cost of the Network Control Service; and~~
  - ~~(e) — other material terms and conditions which the potential service provider proposes would apply to the provision of the Network Control Service. [Blank]~~
- 5.2.5. ~~An expression of interest is not binding on the potential service provider. A person is not required to have submitted an expression of interest to submit a tender response for any Network Control Service tender under clause 5.4. [Blank]~~
- 5.2.6. ~~Where, after considering the responses to the expression of interest, the IMO identifies that no person could provide the required Network Control Service for a cost that is less than 50% above the Network Operator’s estimate referred to in clause 5.2.1(e), then the IMO must:~~
  - ~~(a) — notify that Network Operator that there are no other alternative providers; and~~
  - ~~(b) — notify each person that submitted an expression of interest that no tender will be held. — [Blank]~~
- 5.2.7. ~~Where the IMO identifies that a person other than the Network Operator described in clause 5.2.1 could provide the required Network Control Service, for a cost that is less than 50% above the Network Operator’s estimate referred to in clause 5.2.1(e), then the IMO must:~~



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- (a) ~~make the announcement in clause 5.4.1 within 10 Business Days of the closing date for expressions of interest; and~~
- (b) ~~carry out the tender process described in clause 5.4. [Blank]~~

### **5.2A Registration and Certification**

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- (c) ~~the quantity of Network Control Service that may be reliably provided by the Facility, including any additional conditions or performance information; and~~
- (d) ~~the notice period for calling upon the Network Control Service. [Blank]~~

5.3.8. ~~Network Control Service Certifications expire after the IMO announces the results of the Network Control Service tender to which they relate. [Blank]~~

5.3.9. ~~The IMO must document the procedure it follows in processing applications for Network Control Service Certification in the Network Control Service Procedure, and the IMO, Market Participants and Network Operators must follow that documented Market Procedure when processing Network Control Service Certification applications. [Blank]~~

**5.3A Information required from the Network Operator**

5.3A.1. ~~When a Network Operator has entered into a Network Control Service Contract with a Market Participant, the Network Operator must as soon as possible, Business Days prior to a Network Control Service Tender, provide the IMO with:~~

~~the name of the Market Participant;~~

~~the name of the Market Participant providing the service;~~

~~the terms of the Network Control Service Contract;~~

~~whether the Network Control Services are to be provided by the Network Operator or a third party;~~

~~whether the Network Control Service Contract requires that the Facility be provided by the Network Operator or a third party.~~

~~When a Network Operator enters into a Network Control Service Contract, the Network Operator must inform the IMO as soon as possible of the terms of the Network Control Service Contract.~~

~~When a Network Operator enters into a Network Control Service Contract, the Network Operator must provide System~~

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- ~~(b) — the date on which the invitation to tender will be published;~~
- ~~(c) — the last date on which the tenders may be submitted; and~~
- ~~(d) — the date on which the IMO will announce the results of the tender process. [Blank]~~

5.4.2. ~~By the date specified in clause 5.4.1(a), Market Participants wishing to submit a tender must have secured Network Control Service Certification for the relevant Facility in accordance with clause 5.3. [Blank]~~

5.4.3. ~~By the date specified in clause 5.4.1(b), the IMO must issue an invitation to tender for the acquisition of the relevant Network Control Service. [Blank]~~

5.4.4. ~~An invitation to tender for the acquisition of a Network Control Service must contain:~~

- ~~(a) — the quantity of the Network Control Service to be acquired under the invitation to tender including location and timing of the requirements,~~



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accepts a tender, it must accept it in relation to the entire quantity offered unless the relevant Market Participant or Network Operator indicated that the IMO may accept a part of the quantity offered. [Blank]

- 5.4.10. ~~The IMO must notify each Market Participant and Network Operator that submitted a tender as to whether it has been successful by the date specified in accordance with clause 5.4.1(d). [Blank]~~
- 5.4.11. ~~Where a selected tender response is not from the Network Operator referred to in clause 5.2.1, then the IMO and the selected Market Participant must execute a Network Control Service Contract. [Blank]~~
- 5.4.12. ~~Where a selected tender response is not from the Network Operator referred to in clause 5.2.1, then the selected Market Participant must apply to the IMO for Certified Reserve Capacity in respect of each of the Facilities set out in the selected tender response, in respect of each Reserve Capacity Cycle that each Facility would be eligible to participate in over the period for which Network Control Services will be provided under the relevant Network Control Service Contract. [Blank]~~
- 5.4.13. ~~Where a Market Participant executes a Network Control Service Contract pertaining to a Facility, the Market Parti~~

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- (b) ~~the duration of the contract, in accordance with clause 5.2.2, and specifying any extension options;~~
- (c) ~~the procedures for the IMO, via System Management, to call on the Facility to provide the service, including:~~
  - i. ~~operational arrangements under which the IMO will allow System Management to call on the relevant Facility to provide the service;~~
  - ii. ~~the quantities of the service that will be provided, including where applicable, any limitations on the time periods for which the relevant Facility can be called on to provide the service, including:~~
    - 1. ~~times of the day, or of the week, or of the year at which the relevant Facility cannot be called on to provide the service, or can only be called on to provide the service in reduced quantity or with other restrictions;~~
    - 2. ~~a maximum number of times which the relevant Facility can be called on to provide the service, in a week, or in a year, as applicable;~~
    - 3. ~~the maximum duration of each occasion when the relevant Facility can be called on to provide the service; and~~
    - 4. ~~a maximum cumulative duration for which the relevant Facility can be called on to provide the Network Control Service in a day, or in a week, or in a year, as~~

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- (j) ~~compliance standards, testing procedures and liquidated damages for the Market Participant, which must be in accordance with clause 5.6;~~
- (k) ~~procedures for the Market Participant to inform the IMO and System Management when the capability of any of the relevant Facilities to provide the service changes materially;~~
- (l) ~~contract modification procedures;~~
- (m) ~~provisions dealing with contract suspension, default, termination, force majeure conditions, and assignment; and~~





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- (a) ~~the costs it has incurred in:~~
- ~~i. the expression of interest process described in clause 5.2;~~
  - ~~ii. the certification process described in clause 5.3;~~
  - ~~iii. the tender process described in clause 5.4,~~
- ~~in respect of any tender process for Network Control Services~~
- (b) ~~less the amount received under any relevant invoice issued under clause 5.8.4. [Blank]~~

- 5.8.6. ~~Where the dollar amount determined in clause 5.8.4 is a positive amount, the IMO must issue an invoice to the Network Operator referred to in clause 5.2.1, and subject to clause 5.8.8, the Network Operator must pay the IMO the invoiced amount. [Blank]~~
- 5.8.7. ~~Where the dollar amount determined in clause 5.8.4 is a negative amount, the IMO must issue an invoice the Network Operator referred to in clause 5.2.1, and subject to clause 5.8.8, the IMO must pay the Network Operator the determined amount. [Blank]~~
- 5.8.8. ~~Where the Network Operator disputes the amount on an invoice issued under clauses 5.8.4, 5.8.6 or 5.8.7, the dispute resolution process set out in clauses~~

- (a) the unique identifier of the Network Control Service Contract under which the Dispatch Instruction was issued;
- (b) the MWh quantity by which the Facility was instructed by System Management to increase its output as specified by System Management in accordance with clause 7.13.1(dB) (Loss Factor adjusted to the Reference Node) or reduce its consumption as specified by System Management in accordance with clause 7.13.1(dB);
- (c) the per MWh price paid by the IMO for the quantity dispatched under the Network Control Service Contract; and
- (d) the total amount paid by the IMO to the Market Participant for the quantity dispatched under the Network Control Service Contract.

6.17.6. The Dispatch Instruction Payment,  $DIP(p,d,t)$ , for Market Participant  $p$  and Trading Interval  $t$  of Trading Day  $d$  equals the sum of:

- (a) zero, if Market Participant  $p$ :  
...
- (d) the sum over all Curtailable Loads registered by the Market Participant of the amount that is the product of:
  - i. the quantity by which the Curtailable Load was instructed by System Management to reduce its consumption, excluding any instructions given under a Network Control Service Contract; and
  - ii. the price defined in clause 6.11A.1(d)(ii) that was current at the time of the Trading Interval for the Curtailable Load (accounting for whether the Trading Interval is a Peak Trading Interval or an Off-Peak Trading Interval); and
- (e) if the participant is given an instruction under a Network Control Service Contract then the sum over all Network Control Service Contract  $f$  Facilities registered by the Market Participant of the amount that is the product of:
  - i. the quantity by which the  $f$  Facility was instructed by System Management to increase its output as specified by System Management in accordance with clause 7.13.1(dB) (where for the purpose of this calculation a Loss Factor adjustment is to be applied to the quantity specified by System Management so that the result is measured at the Reference Node) or reduce its consumption as specified by System Management in accordance with clause 7.13.1(dB); and
  - ii. the price defined as: as applicable under the relevant Network Control Service Contract for the facility as specified in clause 5.9.1(b).

1. MCAP for Trading Interval t, if the Facility was instructed to increase its output; or
2. zero, if the Facility was instructed to reduce its consumption.

7.1.1. System Management must maintain the following data set, and must use this data set when determining which Dispatch Instructions it will give:

...

- (m) Network Control Service Contract data, if any, received from the ~~IMO~~ Network Operator in accordance with clauses ~~5.7.4~~ 5.3A.3 and 5.3A.4.

7.6.1A Notwithstanding clauses 7.6.2 and 7.6.3, System Management must give priority to the dispatch of a Registered Facility under a Network Control Service Contract over the dispatch of a Registered Facility under any other arrangement, if the Network Control Service provided under that contract would assist System Management to meet the criteria in clause 7.6.1.

7.6.6. System Management may issue Dispatch Instructions to Market Participants other than the Electricity Generation Corporation:

- (a) in accordance with any Ancillary Service Contract;
- (b) in accordance with any Balancing Support Contract;
- (c) in accordance with the details of any Network Control Service Contract, as advised to System Management by a Network Operator in accordance with clause 5.3A.3 or updated by a Network Operator in accordance with clause 5.2A.4;
- (d) in connection with any test of equipment allowed under these Market Rules; or
- (e) under clause 7.6.3 or clause 7.6.4.

## **9.12. ~~Network Control Service Calculations for a Trading Month~~ [Blank]**

9.12.1. ~~The Market Participant Network Control Service settlement amount for Market Participant p for Trading Month m is:~~

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~~N is the set of all Network Operators, where “n” refers to a member of that set. [Blank]~~

~~9.12.2.—The Network Operator Network Control Service settlement amount for Net~~

8. Net Monthly Non-STEM Settlement Amount;

9.24.3. Notwithstanding anything else in these Market Rules, if at any time the total amount received by the IMO from Rule Participants in cleared funds (“**Total Amount**”) is not sufficient to make the payments which the IMO is required to make under these Market Rules (for example, as a result of default by one or more Rule Participants), then the IMO’s liability to make those payments is limited to the Total Amount. The IMO must apply the Total Amount as follows:

- (a) first, the IMO must apply the Total Amount to satisfy:
  - i. payment of Revenue Requirement Settlement Amounts to the IMO, System Management and the Economic Regulation Authority (including as contemplated by clause 9.22.10);
  - ii. payments which the IMO is required to make under Supplementary Capacity Contracts or to a provider of Ancillary Services holding an Ancillary Service Contract with System Management; and
  - iii. ~~payments which the IMO is required to make under Network Control Service Contracts; and [Blank]~~
  - iv. funds required to be disgorged or repaid by the IMO as contemplated by clause 9.24.2; and
  - ...

10.5.1. The IMO must set the class of confidentiality status for the following information under clause 10.2.1, as Public and the IMO must make each item of information available from the Market Web-Site after that item of information becomes available to the IMO:

...

(vC) s of energy dispatched under  
Balancing Support Contracts by Facility and Trading Interval, as specified by System Management in accordance with clause 7.13.1(dA), for each Trading Month which has been settled;

(vD) dispatched under  
Balancing Support Contracts 0d [(20 Rules, -0.0anergBw0ETEMC /P A/CID 5 BDC BT

**Network Control Service Contract:** A contract between ~~the IMO~~ a Network Operator and a Market Participant, ~~entered into pursuant to chapter 5,~~ to provide a Network Control Service.

**Prudential Obligations:** In respect of a Market Participant ~~or Network Operator,~~ the obligations set out in clauses 2.37 to 2.43.

## Appendix 1: Standing Data

This Appendix describes the Standing Data to be maintained by the IMO for use by the IMO in market processes and by System Management in dispatch processes.

Standing Data required to be provided as a pre-condition for Facility Registration, and which is to be updated by Rule Participants as necessary, is described by clauses (a) to (j).

Standing Data not required to be provided as a pre-condition for Facility Registration but that which is required to be maintained by the IMO includes the data described in clauses (k) onwards.

...

(k) For each Registered Facility:

...

ii. Network Control Service information including:

1. the identity of any Network Operator that has entered into a Network Control Service Contract in relation to the Facility~~limits on the availability of a facility;~~
2. the unique identifier for any Network Control Service Contract applicable to the Facility provided by a Network Operator in accordance with clause 5.3A.1(c)~~the Monthly Availability Payment for the facility;~~ and
3. whether the Facility is subject to a Network Control Service Contract that requires the Facility not to part of an aggregated Facility~~the identity of the Network Operator required to fund the Monthly Availability Payment;~~ and

iii. the Facility Dispatch Tolerance;



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only applies to major enhancements, which are defined as exceeding the threshold capital costs of \$15 million for distribution and \$30 million for transmission projects.





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Clause/ Section	Explanation of proposed amendments
5.7	<ul style="list-style-type: none"><li>• Delete clause 5.7.1 as this is covered by the new clause 5.3A.2.</li><li>• Amend clause 5.7.2 to refer to the information that the Network Operator provides to System Management for Dispatch.</li><li>• No change to clause 5.7.4.</li></ul>
5.8	Delete entire clause as this will now be an off-market contractual payment between the Network Operator and the NCS Provider. Also the IMO will not be undertaking the procurement process




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- (d) clauses 4.1.4 to 4.1.12, 4.1.15 to 4.1.19, 4.1.21, 4.1.22, 4.1.24, 4.1.27, 4.5.10, 4.5.11, 4.5.15 to 4.5.20, 4.13.10, 4.13.10A, 4.13.11, 4.13.11A, 4.13.11B, 4.16, 4.24.1, 4.24.2 and 4.24.12;
- (e) ~~clauses 5.2.3, 5.2.7 and 5.5.1; [Blank]~~
- (f) clauses 9.16.3, 9.16.4 and 9.20.2; and
- (g) clauses 10.1.1, 10.1.2, 10.2.1, 10.3 and 10.4.

2.17.1. Decisions by the IMO made under the following clauses are Reviewable Decisions:

...

- (h) clauses 2.37.1 to 2.37.3;
- ~~(i) clause 2.37.6 and 2.37.7; [Blank]~~
- (j) clause 4.9.9;
- (k) clause 4.15.1;
- (l) clause 4.27.7;
- (m) 
- (n) ~~clauses 6.2.6 and 6.2.7;~~



- 2.38.5. Where Credit Support is provided as a Security Deposit in accordance with clause 2.38.4(b), it will accrue interest daily at the Bank Bill Rate, and the IMO must pay the Market Participant or ~~Network Operator~~ the interest accumulated at the end of each calendar month less any liabilities and expenses incurred by the IMO, including bank fees and charges.

**5 Network Control Services Procurement**

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~~(c) the Network Operator's estimate of the costs involved in connecting a generation facility that could provide the services specified in paragraph (a) from the location specified in paragraph (b);~~

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- (a) ~~the Network Control Service tender for which the Network Control Service Certification was issued;~~
  - (b) ~~the Facility to which the Network Control Service Certification pertains;~~
  - (c) ~~the quantity of Network Control Service that may be reliably provided by the Facility, including any additional conditions or performance information; and~~
  - (d) ~~the notice period for calling upon the Network Control Service. [Blank]~~
- 5.3.8. ~~Network Control Service Certifications expire after the IMO announces the results of the Network Control Service tender to which they relate. [Blank]~~
- 5.3.9. ~~The IMO must document the procedure it follows in processing applications for Network Control Service Certification in the Network Control Service Procedure, and the IMO, Market Participants and Network Operators must follow that documented Market Procedure when processing Network Control Service Certification applications. [Blank]~~

### **5.3A Information required from the Network Operator**

- 5.3A.1. When a Network Operator has entered into a Network Control Service Contract with a Market Participant, the Network Operator must as soon as practicable and not less than 20 Business Days prior to a Network Control Service Contract taking effect, provide the IMO with:
- (a) the identity of the Market Participant;
  - (b) the identity of the Facility providing the service;
  - (c) a unique identifier for the Network Control Service Contract;
  - (d) the period over which the services are to be provided by the Network Control Service Contract; and
  - (e) whether the Network Control Service Contract requires that the Facility not be part of an aggregated Facility.
- 5.3A.2 When any change occurs to the details of a Network Control Service Contract listed in clause 5.3A.1 the Network Operator must inform the IMO as soon as practicable.
- 5.3A.3. When a Network Operator has entered into a Network Control Service Contract with a Market Participant, the Network Operator must provide System Management with the details of the Network Control Services Contract to enable System Management to dispatch the services provided under it.
- 5.3A.4 When any change occurs to the details of a Network Control Service Contract provided to System Management under clause 5.3A.3 the Network Operator must inform System Management as soon as practicable.

5.4.

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2. ~~a maximum number of times which the Facility may be called upon to provide the Network Control Service in a time period;~~
  3. ~~the maximum duration of each occasion when the Facility may be called upon to provide the Network Control Service; and~~
  4. ~~a maximum cumulative duration for which the Facility may be called upon to provide the Network Control Service in a time period;~~
- iv. ~~availability of the Facility, including arrangements when Planned Outages are scheduled;~~
  - v. ~~the notice period for calling on the Facility to provide the Network Control Service;~~
  - vi. ~~whether the IMO must accept the entire quantity offered, or whether it can accept a part of the quantity offered;~~
  - vii. ~~an offered Monthly Availability~~

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ii. ~~multiplied by the estimated number of hours per year that the services would be required specified in accordance with clause 5.2.1(a)(ii) divided by 12. [Blank]~~

5.4.9. ~~The IMO is not under any obligation to accept any tender, or enter into a Network Control Service Contract in respect of any tender, made in response to an invitation to tender under this clause 5.4. However, where the IMO accepts a tender, it must accept it in relation to the entire quantity offered unless the relevant Market Participant or Network Operator indicated that the~~





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- (c) ~~if the IMO finds the explanation or the plan to remedy the failure to be unsatisfactory, then it may, in accordance with the Network Control Service Contract:~~
  - i. ~~require a test of the Registered Facility's ability to provide the Network Control Service in accordance with the contract terms. The Market Participant must bear its own costs associated with the tests; and~~
  - ii. ~~withhold or reduce the Market Participant's payments for the Network Control Service for a period. [Blank]~~

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- 5.8.4. ~~After receiving the notification described in clause 5.2.1 but before commencing Network Control Services procurement, the IMO may estimate the costs described in clause 5.8.5(a), and invoice the Network Operator referred to in clause 5.2.1 for the estimated amount. [Blank]~~
- 5.8.5. ~~The IMO must determine the dollar amount that is:~~
- ~~(a) — the costs it has incurred in:~~
    - ~~i. — the expression of interest process described in clause 5.2;~~
    - ~~ii. — the certification process described in clause 5.3;~~
    - ~~iii. — the tender process described in clause 5.4,~~  
~~in respect of any tender process for Network Control Services~~
  - ~~(b) — less the amount received under any relevant invoice issued under clause 5.8.4. [Blank]~~
- 5.8.6. ~~Where the dollar amount determined in clause 5.8.4 is a positive amount, the IMO must issue an invoice to the Network Operator referred to in clause 5.2.1,~~



by 5:00 PM on the Invoicing Date for Non-STEM Settlement Statements for that Trading Month.

5.9.3 The information provided by the IMO to a Network Operator under clause 5.9.2 must include, for each relevant Facility and Trading Interval:

- (a) the unique identifier of the Network Control Service Contract under which the Dispatch Instruction was issued;
- (b) the MWh quantity by which the Facility was instructed by System Management to increase its output as specified by System Management in accordance with clause 7.13.1(dB) (Loss Factor adjusted to the Reference Node) or reduce its consumption as specified by System Management in accordance with clause 7.13.1(dB);
- (c) the per MWh price paid by the IMO for the quantity dispatched under the Network Control Service Contract; and
- (d) the total amount paid by the IMO to the Market Participant for the quantity dispatched under the Network Control Service Contract.

6.17.6. The Dispatch Instruction Payment,  $DIP(p,d,t)$ , for Market Participant  $p$  and Trading Interval  $t$  of Trading Day  $d$  equals the sum of:

- (a) zero, if Market Participant  $p$ :
- ...
- (d) the sum over all Curtailable Loads registered by the Market Participant of the amount that is the product of:
  - i. the quantity by which the Curtailable Load was instructed by System Management to reduce its consumption, excluding any instructions given under a Network Control Service Contract; and
  - ii. the price defined in clause 6.11A.1(d)(ii) that was current at the time of the Trading Interval for the Curtailable Load (accounting for whether the Trading Interval is a Peak Trading Interval or an Off-Peak Trading Interval); and
- (e) if the participant is given an instruction under a Network Control Service Contract then the sum over all Network Control Service Contract  $f$  Facilities registered by the Market Participant of the amount that is the product of:
  - i. the quantity by which the  $f$  Facility was instructed by System Management to increase its output as specified by System Management in accordance with clause 7.13.1(dB) (cSystem0. 10em EMCn0001

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- ii. the price defined as: ~~as applicable under the relevant Network~~

9.12.2. ~~The Network Operator Network Control Service settlement amount for Network Operator n for Trading Month m is:~~

$$\text{NONCSA}(n,m) = \text{Sum}(p \in P, f \in F, \text{Network Control Service Contract Payment}(p,m,f,n))$$

Where

~~Network Control Service Contract Payment}(p,m,f,n) is the net payment to be made by the IMO under a Network Control Service Contract to Market Participant p, for Trading Month m for Registered Facility f which relates to Network Operator n as specified by the IMO under clause 5.9.1;~~

~~P is the set of all Market Participants, where “p” refers to a member of that set; and~~

~~F is the set of all Market Participant p’s Registered Facilities, where “f” refers to a member of that set. [Blank]~~

9.14.1. The Net Monthly Non-STEM Settlement amount for the IMO to Market Participant p for Trading Month m is:

$$\text{NMNSSA}(p,m) = \text{RCSA}(p,m) + \text{Sum}(d, \text{BSA}(p,d,t)) + \text{ASSA}(p,m) + \text{COCSA}(p,m) + \text{RSA}(p,m) + \text{MPNGSA}(p,m) + \text{MPFSA}(p,m)$$

9.14.2. ~~The Net Monthly Network Operator Settlement Amount for the IMO to Network Operator n for Trading Month m~~

$$\text{NMNOSA}(n,m) = (-1) \times \text{NONCSA}(n,m)$$

~~Where NONSCA is defined in clause 9.12.2. [Blank]~~

9.18.3. A Non-STEM Settlement Statement must contain the following information:

...

- ix. details of amounts calculated for the Market Participant under clauses 9.7 to 9.14 with respect to:
  - 1. Reserve Capacity settlement;
  - 2. Balancing settlement;
  - 3. Ancillary Services settlement
  - 4. Commitment and Outage Compensation settlement
  - 4A. Non-Compliance Cost settlement;
  - 5. Reconciliation settlement;
  - 6. ~~Network Control Service settlement; and [Blank]~~
  - 7. Fee settlement; and

- 9.24.3. Notwithstanding anything else in these Market Rules, if at any time the total amount received by the IMO from Rule Participants in cleared funds (“**Total Amount**”) is not sufficient to make the payments which the IMO is required to make under these Market Rules (for example, as a result of default by one or more Rule Participants), then the IMO’s liability to make those payments is limited to the Total Amount. The IMO must apply the Total Amount as follows:
- (a) first, the IMO must apply the Total Amount to satisfy:

**Network Control Service Contract:** A contract between the IMO

