





The IMO will assess the proposal and, within five Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.



The current Market Rules require that a Market Participant contracted to provide an NCS must seek certification for Reserve Capacity for the relevant Facility. To the extent that such



Proposal:

The proposal is to remove the NCS EOI, tender and contracting processes from Chapter 5 of the Market Rules. This will allow a Network Operato



Overview of proposed process



Clause/ Section	Explanation of proposed amendments
6.17.6(d)	Updated to explicitly exclude instructions made under an NCS contract to a Curtailable Load (as these are covered in clause 6.17.6(e).
6.17.6(e)	Amend the energy price for NCS dispatches to MCAP for generation contracts and zero for DSM contracts. Note that no changes are anticipated to clauses 6.15.1, 6.17.2 and 6.18.3.
7.1.1	Updated to refer to the NCS contract data received from the Network Operator (rather than the IMO) and update the clause reference.
7.6.6	Updated to refer to the NCS contract data received from the Network Operator.
9.12	Remove these clauses as this payment is now an off-market contractual payment.
9.14.1	Remove the reference to Market Participant Network Control Service settlement amount (MPNCSA) as this input (from clause 9.12.1) is no longer required.
9.14.2	Remove this clause as the calculation is no longer required.
9.18.3	Remove the reference to NCS settlement in the non-STEM settlement statement as this has been removed by deleting clause 9.12. This payment is now an off-market contractual payment.
9.24.3	Remove the reference to “payments which the IMO is required to make under Network Control Services” from the list of priority payments for settlement in default situations.
10.5.1(vD)	Add a new clause requiring the IMO to publish reports providing the MWh quantities of energy dispatched under NCSCs by Facility and Trading Interval, similar to those required for Balancing Support Contracts under clause 10.5.1(vC).
Glossary	<ul style="list-style-type: none"> • Credit Limit: Remove the sentence relating to Network Operators. • Monthly Availability Payment: Remove this definition as this payment is now an off-market contractual payment between a Network Operator and a Market Participant contracted to provide an NCS. • Network Control Service: No change to this definition. • Network Control Service Certification: Remove this definition as the NCS certification no longer applies. This was certification for the tender process. • Network Control Service Contract: Amend to refer to a Network Operator and not the IMO. Also remove the reference to a contract entered into pursuant to chapter 5. • Prudential Obligations: Remove the reference to Network Operators.
Appendix 1: Standing data	Delete the references to the limits on the availability of a facility for NCS, the Monthly Availability Payment and the identity of the Network Operator required to fund the Monthly Availability payment.

In addition to the rule changes identified a number of Market Procedures may need amendment. These are:

- Procurement of NCS;
- Prudential Requirements;
- Dispatch;



- Operational Data Points for Generating Plant;
- Operational Data Points for Non Western Power Networks, Substations, and Loads;
- Certification of Reserve Capacity;
- Declaration of Bilateral Trades and Reserve Capacity Auction;
- Facility Registration, de-Registration and Transfer;
- Reserve Capacity Testing; and
- Settlement.

2. Explain the reason for the degree of urgency:

The IMO proposes that the Rule Change Proposal be progressed via the Standard Rule Change Process.

3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strikethrough~~ where words are deleted and underline words added)

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;



Criteria set out in clause 2.38.6, then the Market Participant, ~~or Network Operator~~



For ease of reference a “clean” version of the proposed chapter 5 is contained in appendix 1 to this Rule Change Proposal.

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]~~



- ~~(b) — the location at which the facility would need to connect to the relevant network;~~
- ~~(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);~~
- ~~(d) — the date by which the facility is required to be in service;~~
- ~~(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~~







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.~~ Network Control Service tenders [Blank]

~~5.4.1.~~ Where it is required to carry out a tender process for Network Control Service, the IMO must publish details of the tender process and





- 5.4.6. ~~A Market Participant submitting a tender in response to an invitation to tender must not offer more capacity than is indicated by the relevant Network Control Service Certification. [Blank]~~
- 5.4.7. ~~A Market Participant submitting a tender in response to an invitation to tender must not offer a per MWh price to apply when the Facility is called upon to provide the Network Control Service that is greater than the Alternative Maximum STEM Price. [Blank]~~
- 5.4.8. ~~In determining the result of a tender process, and entering into Network Control Service Contracts, the IMO must seek to achieve the lowest total cost of the tenders selected, evaluating each tender on the basis of:~~
- ~~(a) — the offered Monthly Availability Payment amount contained in the tender;~~
 - ~~(b) — plus an amount equal to:~~
 - ~~i. — the offered per MWh price to apply when the Facility is called upon to provide the Network Control Service contained in the tender;~~
 - ~~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 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 Participant must ensure that the Facility is registered as a Registered Facility during the period for which Network Control Services are to be provided under the Network Control Service Contract. [Blank]~~
- 5.4.14. ~~The IMO must document the procedure it follows in carrying out Network Control Service tender processes in the Network Control Service Procedure, and:~~
- ~~(a) the IMO must follow that documented Market Procedure when carrying out tender processes under this clause 5.4; and~~
 - ~~(b) Market Participants and Network Operators must follow that documented Market Procedure when participating in a tender process under this clause 5.4. [Blank]~~



~~2. a maximum number of times which the relevant Facility can be called on~~



~~System Management before entering into a Network Control Service Contract that varies substantially from the terms of the standard form. [Blank]~~

5.6. Network Control Service Contract Compliance Conditions[Blank]

5.6.1. ~~Testing processes, compliance processes and non-compliance liquidated damages are to be defined within each Network Control Service Contract. [Blank]~~

5.6.2. ~~If the Market Participant fails to provide a Network Control Service in the quantity and at the time and location requested by the IMO or System Management in accordance with the contract, the IMO and the Market Participant must follow the procedure in the Network Control Service Contract. [Blank]~~

5.6.3. ~~A Network Control Service Contract must contain a procedure to be used following the failure of a Market Participant to provide a Network Control Service in the quantity and at the time and location requested by the IMO or System Management in accordance with the contract, and this procedure must include:~~

~~(a) — a requirement that the IMO must issue to the Market Participant a request for:~~

~~i. — a written explanation; and~~

~~ii. — a written plan to remedy the failure;~~

~~(b) — a requirement that the Market Participant must respond to the request within five Business Days of receiving the request; and~~

~~(c) —~~



- 5.7.2. System Management may call upon the relevant Facility to provide services under a Network Control Services Contract in accordance with the terms of the contract, as advised to it by the Network Operator in accordance with clause 5.3A.3 and amended in accordance with clause 5.3A.4.

Payments and Settlement Data

5.8. Network Control Service Contracts Payments [Blank]

- 5.8.1. The monthly Network Control Service Contract payment to a Market Participant that has a Network Control Service Contract with the IMO in respect of a Facility is to be the greater of zero and:
- (a) — the Monthly Availability Payment determined in accordance with the contract; less
 - (b) — the value of Capacity Credits held by the Market Participant for that Facility, where this value is the sum of the total value of all of those Capacity Credits, where each Capacity Credit is valued at the applicable Monthly Reserve Capacity Price even if those Capacity Credits are traded bilaterally; less
 - (c) — the value of any liquidated damages payable under the contract in respect of a failure of the Market Participant to meet its obligations under the Network Control Service Contract. [Blank]
- 5.8.2. The IMO must pay the Market Participant the monthly Network Control Service Contract payment in accordance with Chapter 9. [Blank]
- 5.8.3. The Network Operator referred to in clause 5.2.1 must pay the IMO the monthly Network Control Service Contract payment in accordance with Chapter 9. [Blank]
- 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, 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 2.18 to 2.20 apply. [Blank]~~

5.9. Settlement Data

5.9.1. The IMO must provide the following information to the settlement system:

- (a) ~~for each month's Network Control Service Contract Payment:~~
 - i. ~~the amount of the payment set out in accordance with clause 5.8.1;~~
 - ii. ~~the Market Participant to which the payment will be made; and~~
 - iii. ~~the Network Operator by which the payment will be made. [Blank]~~
- (b) for each Network Control Service Contract energy payment:
 - i. ~~the prices set out in the Network Control Service Contract in accordance with clause 5.5.3(h); and [Blank]~~
 - ii. the Market Participant to which the payment will be made.

5.9.2. The IMO must provide Network Operators with details of any quantities dispatched under their Network Control Service Contracts in a Trading Month 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 i



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~~ a Network Operator in accordance with clauses ~~5.7.4~~ 5.3A.3 and 5.3A.4.

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



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:

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

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

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

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



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
 - ...



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 s sutas ~~is subject to a Network Control Service Contract that requires~~ ~~the f00048(8266.920 02101~~



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

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

5. Provide any identifiable costs and benefits of the change:

Costs:



Appendix 1: Clean version of Chapter 5

5 Network Control Services

Network Control Service Process

5.1. Definitions

- 5.1.1. A Network Control Service is 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 a Network Operator and a Market Participant for the Market Participant to provide a Network Control Service.

5.2 [Blank]

5.2A Registration and Certification

- 5.2A.1. Where a Market Participant enters into a Network Control Service Contract for a Facility, the Market Participant must ensure that the Facility is registered as a Registered Facility during the period for which Network Control Services are to be provided under the Network Control Service Contract.
- 5.2A.2. Where a Market Participant enters into a Network Control Service Contract for a Facility then the Market Participant must apply to the IMO for Certified Reserve Capacity in respect of the Facility, in respect of each Reserve Capacity Cycle that the 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.

5.3 [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 mus



- (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 [Blank]**
- 5.5 [Blank]**
- 5.6 [Blank]**
- 5.7. Network Control Service Dispatch**
- 5.7.1 [Blank]
- 5.7.2. System Management may call upon the relevant Facility to provide services under a Network Control Services Contract in accordance with the terms of the contract, as advised to it by the Network Operator in accordance with clause 5.3A.3 and amended in accordance with clause 5.3A.4.

Settlement Data

- 5.8 [Blank]**
- 5.9. Settlement Data**
- 5.9.1. The IMO must provide the following information to the settlement system:
- (a) [Blank]
 - (b) for each Network Control Service Contract energy payment:
 - i. [Blank]
 - ii. the Market Participant to which the payment will be made.

