

Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: *[to be filled in by the IMO]*

Received date: *[to be filled in by the IMO]*

Change requested by:

N.54

In order for the proposal to be progressed, all fields below must be completed and the

To continue encouraging private sector participation the Market Rule 2.3.5 needs to be changed to provide for fairer and wider representation. With Verve and Synergy, the State owned generator and retailer respectively, having compulsory (permanent) class membership, the MAC membership cap should exclude Verve and Synergy. While Perth Energy agrees with Verve and Synergy remaining compulsory class members due to their role as system energy balancer and retailer to the franchise market segment respectively, total membership should be expanded by at least 2 discretionary class members accordingly. This will broaden the catchment of private suppliers' representation and make it more equitable, enrich debate at MAC level and assist the IMO better achieve the objectives of the market stated above.

2. Explain the reason for the degree of urgency:

There are significant changes to Market Rules in the IMO's work programs for this year, partly as a result of participation of the Oates Committee, which is reviewing the Vesting Contract between Verve and Synergy and certain Market Rules that are seen to be defective in the functioning of the WEM's Short Term Energy Market and energy balancing mechanism. All these changes, while conceptually supported by market participants, have the potential to impact significantly on the finances of all participants.

There is an urgent schedule being pursued by the Oates Committee and the IMO in

4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The changes to the Market Rule 2.3.5 as proposed will address objectives (a), (b), (c) and (d) above, by improving on the quality of debate at MAC, encourage competition through increased participation, and minimise the long term cost of electricity through retention of investor confidence required to facilitate investment in generation, retail and wholesale trading in the WEM.

Should this Market Rule change proposal be adopted it is recommended that the IMO appoint immediately the additional MAC members to ensure the urgency of the Market Rules change schedule be maintained.

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

Costs – none

Benefits – more effective contribution to Market Rules change process and smoother implementation through greater acceptance by market participants of the changes.
