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1. THE RULE CHANGE PROPOSAL

1.1. The Submission

On 30 June 2010 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding amendments to clauses 4.1.26 and 4.26.1A of the Wholesale Electricity Market Rules (Market Rules).

This Rule Change Notice is published according to clause 2.5.7 of the Market Rules, which requires the IMO to publish a notice when it has developed a Rule Change Proposal.

1.1.1 Submission details

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Organisation:	Independent Market Operator
Address:	
Date submitted:	30 June 2010
Urgency:	High
Change Proposal title:	Updates to Reserve Capacity Obligation Provisions
Market Rule(s) affected:	4.1.26 and 4.26.1A

1.2. Details of the Proposal

Background

The IMO has recently implemented a number of amendments to the Market Rules relating to the entry of new participants into the South West interconnected system (SWIS):

- Changing the Window of Entry into the Reserve Capacity Mechanism (RC_2009_11); and
- Updates to Commissioning Provisions (RC_2009_08).

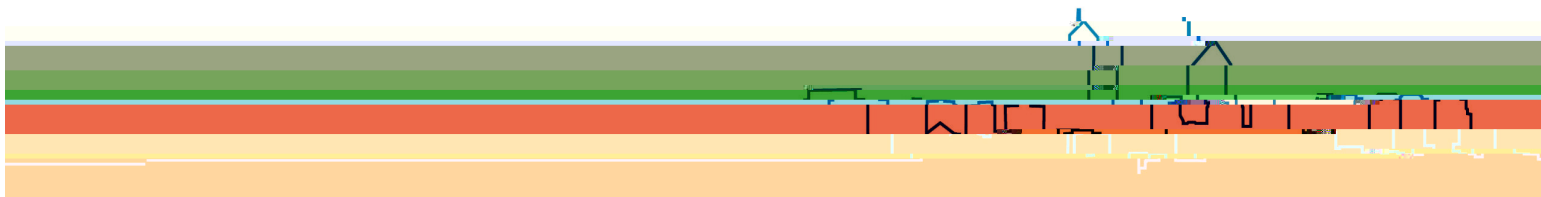
Further details of the specific amendments which resulted from these Rule Change Proposals are provided below.

Changing the Window of Entry into the Reserve Capacity Mechanism

- 1 October of Year 3, for Facilities that were previously commissioned; or
- from the Trading Day commencing on the scheduled date of commissioning, for Facilities commissioned between 1 June and 1 October of Year 3.

This amendment to the window of entry for facilities undertaking commissioning is represented diagrammatically below:

Further details regarding RC_2009_11 are available on the IMO's webpage:
http://www.imowa.com.au/RC_2009_11



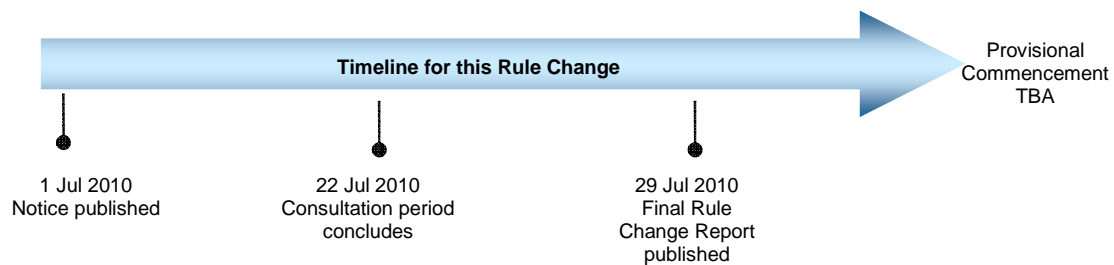
generating systems entering the market during the 2010 and 2011 Capacity Years will have Forced Outage refunds calculated for each facility from 1 October onwards despite their Reserve Capacity Obligations not applying until 30

for facilities from 1 October, despite their capacity obligations not commencing until 30 November. The IMO considers that this was an oversight which requires correction to ensure consistency with the original intent of both RC_2009_08 and RC_2009_11.

The proposal also includes a minor correction to amend the drafting of clause 4.1.26, to clarify the dates by which Reserve Capacity Obligations apply for new generating systems undertaking late Commissioning Tests during Reserve Capacity Cycles up to and including 2009. It does not seek to amend the operation of the Market Rules and is consistent with the intent of RC_2009_11.

As such the IMO considers that the proposal fulfils both sub-clause 2.5.9(a) and 2.5.9(b) and therefore maybe be fast-tracked.

The projected timeline for processing this proposal is:



3. CALL FOR SUBMISSIONS

Any Rule Participant wishing to be consulted regarding this Rule Change Proposal is invited to notify the IMO within 5 Business Days of this notice being published (**8 July 2010**).

The consultation period is 15 Business Days from the publication date of this Rule Change Notice. Submissions must be delivered to the IMO by 5.00pm on **Thursday 22 July 2010**.

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

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

Independent Market Operator
Attn: General Manager Development
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

4. PROPOSED AMENDING RULES

The IMO proposes the following amendments to the Ma

- ii. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A or clause 4.27.11D, for Facilities commissioned between 1 June of Year 3 and 1 October of Year 3; and
- iii. from the Trading Day commencing on 1 October of Year 3, for new generating systems undertaking Commissioning Tests after 1 October of Year 3.

4.26.1A. The IMO must calculate the Forced Outage refund for each Facility (“**Facility Forced Outage Refund**”) as the lesser of:

- (a) the sum over all Trading Intervals t in Trading Month m of the product of:

not yet undergoing an approved Commissioning Test and, for the purposes of permission sought under clause 3.21A.2, is a new generating system, the number of Capacity Credits associated with the relevant Facility; and

- (b) the total value of the Capacity Credit payments associated with the relevant Facility paid or to be paid under these Market Rules to the relevant Market Participant for the 12 Trading Months commencing at the start of the Trading Day of the most recent 1 October, assuming the IMO acquires all of the Capacity Credits associated with that Facility and the cost of each Capacity Credit so acquired is determined in accordance with clause 4.28.2(b), (c) and (d) (as applicable), less all Facility Forced Outage Refunds applicable to the Facility in previous Trading Months falling in the same Capacity Year.