

Wholesale Market Objective	Consistent with objective
electricity used and when it is used	

Furthermore, the IMO considers that the Market Rules if amended would not only be consistent with the Wholesale Market Objectives but also allow the Market Rules to better address Wholesale Market Objective (a):

Impact	Wholesale Market Objectives
Allow the Market Rules to better address objective	a
Consistent with objective	b, c, d, e
Inconsistent with objective	-

The IMO considers that the proposed amendments will promote Market Objective (a) by ensuring that the IMO does not need to undertake a lengthy and costly process of applying to the ERB should it wish to de-register Rule Participants. The IMO considers that its proposed process is a more economically efficient process than the status quo.

5.2 Practicality and Cost of Implementation

Cost:

The proposed amendments will not require any changes to the IMO's IT systems. Some minor changes will be required to the IMO's internal procedures. The costs of these changes fall within the IMO's normal operating budget.

The proposed amendments do not require any changes to any of System Management's systems or procedures. In addition there have been no identified changes to other Rule Participants' costs.

Practicality:

The IMO has not identified any issues with the practicality of implementing the proposed changes.

5.3 Market Advisory Committee

The proposal was presented to the MAC at the 9 February 2011 meeting.

During this meeting, Mrs Jacinda Papps provided an overview of the IMO's proposal. The following points were raised by MAC members.

- x The Chair noted that the IMO had issued cure notices to a company in liquidation, which did not wish to remain a Market Participant but was unable to pay the required de-registration fee. Mr Dykstra queried whether de-registration fees were cost-reflective. Mrs Papps confirmed that this was the case. Mr Dykstra suggested incorporating these fees with registration fees. Mrs Papps responded that this would not remove the problem completely as the IMO would still need to initiate the de-registration process in some cases.
- x Mr Dykstra queried whether it really mattered if these Rule Participants were not de-registered. Mr Dykstra noted that a significant amount of paperwork was involved in the registration of a Rule Participant, and suggested that it could be valuable to an inactive Rule Participant to keep the option to retain its registration status. Mrs Papps responded that the focus of the proposal was to deal with Rule Participants that no longer met the criteria for their registration (e.g. were no longer companies). Mr Dykstra then questioned whether in that case the criteria

listed in the proposed new clauses 2.32.7B(b) and 2.32.7B(c) were really relevant.

- x Mr Ken Brown noted that Perth Energy was registered as a Rule Participant for some time before it began to actively participate in the market. Mr Forward confirmed that the IMO's focus was on Rule Participants that no longer met the criteria for registration. There was general agreement among MAC members that this should be the only criterion for the IMO to issue a Registration Correction Notice to a Rule Participant.
- x The Chair confirmed that MAC members had no other issues or queries relating to PRC_2010_31. The IMO undertook to remove criteria (b) and (c) from the proposed new clause 2.32.7B, and then formally submit the proposal into the Rule Change Process.

5.4 Views Expressed in Submissions

The IMO received three submissions during the first submission period. LGP and Synergy support the proposed amendments, although Synergy considers that they should not commence until after the Regulations have been appropriately changed, to ensure that a Rule Participant will be able to appeal a decision by the IMO to cancel its registration.

Alinta did not oppose the proposal and suggested some amendments to improve the clarity of the drafting.

The IMO's response to each of the issues raised in submissions is available in section 4.2 of this report.

6. THE IMO'S DRAFT DECISION

The IMO's draft decision is to accept the Rule Change Proposal as modified by the amendments outlined in section 4.4 and specified in Appendix 3 of this report.

6.1 Reasons for the decision

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

- x will allow the Market Rules to better address Wholesale Market Objective (a);
- x are consistent with the remaining Wholesale Market Objectives;
- x have the support of the MAC;
- x have the support of, or are not opposed by, the submissions received during the first submission period; and
- x impose no additional cost on the market.

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 amendments to the Market Rules (~~deleted text~~, added text)

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2.32.7C. Each Registration Correction Notice must:

- (a) sy wh h of the c19 Tcrt speifiedin cl the IMOT110.52 757.2 -16/Cs6322.92 s71997T10.3303 C

Registration Correction Notice: means a notice issued by the IMO under clause 2.32.7B.

APPENDIX 1: IMO'S RULE CHANGE PROPOSAL

Background

The IMO notes in its Rule Proposal that generally, anyone subject to the Wholesale Electricity Market Rules (Market Rules) is required to register as a Rule Participant (there are some exemptions available). Since different Market Rules relate to different types of participants, a number of Rule Participant classes are defined (clause 2.28.1). In general, a Rule Participant can belong to more than one class, except where this is explicitly restricted. Rule Participants who trade, or intend to trade, in the Wholesale Electricity Market (WEM) are required to register as a Market Participant (i.e. Market Generator or a Market Customer).

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- i. Rule Participant de-registration application fee: \$290 per application;
and
- ii. Either- Facility de-registration application fee: \$250 per application or
Facility transfer application fee: \$320 per application.

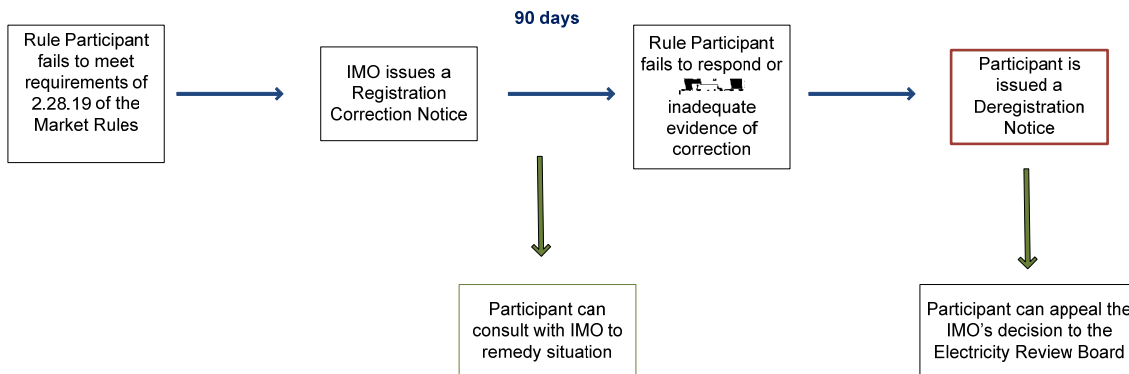
2) The IMO applying to the Electricity Review Board (ERB) for the Rule Participant to be de-registered:

- x Where a Rule Participant has been suspended for 90 days, the IMO may apply to

The IMO proposes the following process:

- x The IMO will identify that the Rule Participant no longer meets the criteria for registration outlined in clause 2.28.19;
- x The IMO will prepare and issue a Registration Correction Notice which includes a proposed date for de-registration. This notice will allow 90 days for the Rule Participant to make submissions to the IMO stating any reason why the IMO should not de-register the participant and how it can correct the situation;
- x In cases where the IMO does not receive any submissions from the Rule Participant at the end of the 90 day period (outlined in the Registration Correction Notice), or the Rule Participant does not provide the IMO with sufficient evidence proving that it has the potential to remedy the situation, the IMO will issue a De-registration Notice formally notifying the Rule Participant that it will cease to be registered from the time and date specified in that De-registration Notice. The IMO must also de-register all of the Facilities (if there are any) registered by the Rule Participant by the time specified in the notice (clause 2.32.7), unless these Facilities hold Capacity Credits;
- x In situations where the Rule Participant makes a submission (on the Registration Correction Notice) the IMO must consider it before making a decision;
- x In accordance with the other de-registration processes within the Market Rules, this proposal does not affect any rights, obligations or liabilities arising under or in connection with these Market Rules prior to the time the Rule Participant ceases to be a Rule Participant; and
- x The Rule Participant will be able to appeal the IMO's decision to de-register it to the ERB (this will be facilitated by adding the clause which enables the IMO to make a decision to de-register a Rule Participant to the list of Reviewable Decisions. The IMO acknowledges the need to liaise with the Office of Energy to ensure that this amendment is also reflected in the Electricity Industry (Wholesale Electricity Market) Regulations 2004).

For a graphical representation of the process, please see below.



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registration Notice. For the avoidance of doubt, the IMO must not de-register a

- 2.32.7E₂ The IMO must consider any evidence or submissions provided by a Rule Participant in response to a Registration Correction Notice and determine whether:
- (a) ~~It is~~ satisfied that the Rule Participant ~~should remain registered~~ meets all of the criteria specified in clause 2.28.19. If so, the IMO will notify the Rule Participant that no further action will be taken; or
 - (b) ~~It is~~ not satisfied that the Rule Participant ~~should remain registered~~ meets all of the criteria specified in clause 2.28.19. If so, the IMO will issue a De-registration Notice notifying the Rule Participant that it will cease to be registered from the ~~time and date~~ and time specified in the De-registration Notice and the Rule Participant will cease to be registered with effect from that date and time.
- 2.32.7F₂ Where the IMO de-registers a Rule Participant it must also de-register all of the Facilities registered by the Rule Participant by the time specified in the De-registration Notice. For the avoidance of doubt, the IMO must not de-register a Rule Participant, if that Rule Participant holds Capacity Credits for any of its Facilities.

Chapter 11: Glossary

De-registration Notice: means the notice issued by the IMO under clause 2.32.7E(b)₂

Registration Correction Notice: means a notice issued by the IMO under clause 2.32.7B₂