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1. RULE CHANGE PROCESS AND TIMETABLE

On 4 y System Management submitted a Rule Change Proposal regarding amendments to clauses 4.4.4, 4.4.D and of the Wholesale Electricity Market Rules (Market Rules).

This proposal is being processed using the Standard Rule Change Process described in section of the Market Rules.

The key dates in processing this Rule Change Proposal are:

Please note the commencement date is provisional and may be subject to change in the Final Rule Change Report.

2. CALL FOR SECOND ROUND SUBMISSIONS

The IMO invites interested stakeholders to make submissions on this Draft Rule Change Report. The submission period is Business Days from the publication date of this report. Submissions must be delivered to the IMO by **5.00pm, Monday 24 October 2011**.

The IMO prefers to receive submissions by email using the submission form available on the IMO website: http: io co rulechanges to: market development io co

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

Independent Market Operator
Attn: Group Manager Market Development
PO Box
Cloisters Square PER A
Fax: 544

4.2 Where Current Load is dispatched to meet requirements Reserve Capacity Obligation Quantity on any one of two consecutive days the Reserve Capacity Obligation quantity for the following days are zero'd

System Management may need to issue dispatch instructions to curtailable loads to meet system security in accordance with the dispatch merit order or for network control service contracts.

Network Control Service Contracts generally require unrestricted dispatch that is for more than 3 consecutive days and more than 24 hours per year. The current rules prevent System Management dispatching curtailable loads for this purpose.

As such System Management believes the Market Rules prevents operation of Network Control Services as agreed between the Curtailable Load Owner and the Network Service Provider.

Issue 2: The Market Rules reduce the Reserve Capacity Obligation Quantity (RCOQ) for Curtailable Loads for unintended purposes being Network Control Service Dispatch, Ancillary Service, Tests and Balancing Support.

The IMO at the MAC meeting of 3 July requested System Management include this issue in this submission as it is related to the RCOQ of curtailable loads. This expands the scope of the concept to include Ancillary Services Contracts, Testing and Balancing Support Contracts.

System Management may issue a dispatch instruction under Market Rule ___

System Management may issue Dispatch instructions to Market Participants over

a the Electricity Generation Corporation

b in accordance with any Ancillary Service Contract

c in accordance with any Balancing Support Contract

c in accordance with the details of any Network Control Service Contract advised to

ence the number of times called however should only be counted if it is used for system security purposes that is only for the reason given in subsection e of clause ___.

... here ... that defines the obligations at any time for a certain ... should is given in clauses 4 __ 4 and 4 __

.2 __ Subject to clause .2 5 the MO us apply the following principles in establishing

energy Reserve Capacity Obligation quantity to apply for ... capacity forwarding

n er ...

c for Interruptible Loads Curtailable Loads and Dispatchable Loads except where otherwise precluded by subclause .2 __ the Reserve Capacity Obligation quantity for each of

- us ... e required to ... ... e for ... number of hours per year ... does not exceed the ... number of hours per year ... specified in accordance ... clause . __ f

- us ... e required to ... ... e for ... number of hours per day ... does not exceed the ... number of hours per day ... specified in accordance ... clause . __ f

- us ... e specified ... dropping to zero once the capacity from the ... oc ... s been c ... ed the ... number of ... es per year ... specified in accordance ... clause . __ f ... nd

- us ... ccount for staffing and other restrictions on the ability of the ... capacity to provide energy upon request ... d

.2 __ Where ... Curtailable Load is dispatched to ... e e ... requ ... o s Reserve Capacity Obligation quantity on ... o consecutive days the Reserve Capacity Obligation quantity for the following days ... e zero ... d

he current ... ar et ... res ... end the RCOQ for any reasons not ... st those relating to system supply shortfall ... e ents