



INDEPENDENT  
MARKET  
OPERATOR

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# Draft Rule Change Report Specific Transition Provisions for the 2014 Reserve Capacity Cycle

RC\_2014\_04  
Standard Rule Change Process

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Date: 1 September 2014



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## Executive summary

On 29 April 2014, the IMO received a Ministerial Direction to defer the processes related to certification of Reserve Capacity, declaration of bilateral trades, assignment of Capacity Credits

for the purpose of satisfying its obligations with respect to the 2014 Reserve Capacity Cycle under the Market Rules.

### ***Consultation***

A pre Rule Change Proposal was presented to the Market Advisory Committee (MAC) at its 25 June 2015 meeting where members agreed that the proposal should be submitted into the formal rule change process. The IMO formally submitted the Rule Change Proposal into the Standard Rule Change Process and published the Rule Change Notice on 30 June 2014.

The first submission period was held between 1 July and 11 August 2014. Submissions were received from Community Electricity and Perth Energy. Both submissions were supportive of the Rule Change Proposal on the basis that the proposed amendments would avoid unintended consequences of deferring aspects of the 2014 Reserve Capacity Cycle. Perth Energy also noted that the introduction of the changes in transition provisions is an efficient and practical approach.

### ***Wholesale Market Objective assessment***

The IMO considers that the Rule Change Proposal better achieves Wholesale Market



On 29 April 2014, the IMO received a Ministerial Direction to defer the processes related to certification of Reserve Capacity, declaration of bilateral trades, assignment of Capacity Credits and the Reserve Capacity Auction for the 2014 Reserve Capacity Cycle by 12 months in accordance with clause 4.1.32 of the Market Rules. The 2014 Reserve Capacity Cycle is to procure capacity for the 2016/17 Capacity Year, starting 1 October 2016. In accordance with the Ministerial Direction, the IMO published a notice of extension for these aspects of the 2014 Reserve Capacity Cycle on 8 May 2014<sup>2</sup>.

The Ministerial Direction did not direct the IMO to extend the publication date for the 2014 ESOO, specified to be 17 June 2014 under clause 4.1.8 of the Market Rules. Clause 4.5.13(b) of the Market Rules states that the ESOO must include the Reserve Capacity Target for each Capacity Year of the LT PASA Study Horizon. The IMO considered that publishing the 2014 ESOO on the scheduled date and the necessary inclusion of the determined Reserve Capacity Target may result in inefficient outcomes. This is because any updated demand forecasts that become available by the time the capacity procurement processes for the 2014 Reserve Capacity Cycle are conducted in 2015, would not be able to be included in the calculation.

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process and progress it using the Standard Rule Change Process.

Further details are provided in the MAC meeting minutes available on the Market Web Site: <http://www.imowa.com.au/MAC>.

#### **4.2. Submissions received during the first submission period**

The first submission period for this Rule Change Proposal was held between 1 July 2014 and 11 August 2014. Submissions were received from Community Electricity and Perth Energy.

Both submissions were supportive of the Rule Change Proposal on the basis that the proposed amendments would avoid unintended consequences of deferring the Reserve Capacity Cycle.

Community Electricity noted that the proposed amendments are consistent with all the Wholesale Market Objectives.

Perth Energy considers that the proposed amendments remove the risk of the IMO becoming non-compliant with the Market Rules as a result of the Ministerial Direction and will ensure that the Reserve Capacity process undertaken in 2015 will produce efficient outcomes on the basis of the most accurate information being used. For these reasons, Perth Energy considers the proposed amendments will better facilitate achievement of Wholesale Market Objectives (b) and (d).

Perth Energy also noted that the introduction of the changes in transition provisions is an efficient and practical approach.

A copy of all submissions in full received during the first submission period is available on the Market Web Site: [http://www.imowa.com.au/RC\\_2014\\_04](http://www.imowa.com.au/RC_2014_04).

#### **4.3. The IMO's response to submissions received during the first submission period**

No issues with regard to this Rule Change Proposal were raised in the submissions received during the first submission period.

#### **4.4. Public forums and workshops**

No public forums or workshops were held with regard to this Rule Change Proposal.

### **5. The IM6.6(s r6d6.6(M)-5.9(O.2(r)-4..6 0 T14.)-6.7(4.))TJ 0 Tc 02(P)2(r)B4)-654**

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## 7. Proposed Amending Rules

The proposed Amending Rules as presented in the Rule Change Proposal and amended following the first submission period are as follows (~~deleted text~~, added text):

### **1.12. Specific Transition Provisions for the 2014 Reserve Capacity Cycle**

1.12.1. For the purposes of clause 4.5.1, the Long Term PASA for the 2014 Reserve Capacity Cycle is deemed to be the study conducted in accordance with clause 4.5 and published under clause 4.5.11 in the Statement of Opportunities Report for the 2015 Reserve Capacity Cycle by the date specified in clause 4.1.8.

1.12.2. For the purposes of clauses 4.3.1(b) and 4.6.3(b), the preliminary Reserve Capacity Requirement for the 2015 Reserve Capacity Cycle is deemed to be the Reserve