
Wholesale Electricity Market – Procedure Change Proposal

Procedure Change No: PC_2009_11

Change requested by:

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Procedure change title:	Market Procedure for Undertaking the Long Term PASA and Conducting a Review of the Planning Criterion
Market Procedure(s) affected:	Undertaking the Long Term PASA and Conducting a Review of the Planning Criterion [new]

Introduction

The Independent Market Operator (IMO) or System Management, as applicable, may initiate the Procedure Change Process by developing a Procedure Change Proposal. Rule Participants may notify the IMO or System Management, as applicable, where they consider an amendment or replacement of a Market Procedure would be appropriate.

If an Amending Rule requires the IMO or System Management to develop new Market Procedures or to amend or replace existing Market Procedures, then the IMO or System Management, as applicable, is responsible for the development, amendment, or replacement of Market Procedures so as to comply with the Amending Rule.

Market Procedures:

- (a) must:
 - i. be developed, amended or replaced in accordance with the process in the Market Rules;
 - ii. be consistent with the Wholesale Market Objectives; and
 - iii. be consistent with the Market Rules, the Electricity Industry Act and Regulations; and
- (b) may be amended or replaced in accordance with clause 2.10 and must be amended or replaced in accordance with clause 2.10 where a change is required to maintain consistency with Amending Rules.

The Wholesale Market Objectives are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Details of Procedure Change Requested

1. Provide a reason for the proposed new, amended or replacement Market Procedure:

The proposed new Market Procedure for Undertaking the Long Term Projected Assessment of System Adequacy (PASA) and Conducting a Review of the Planning Criterion (Market Procedure) describes the process by which the IMO conducts the Long Term PASA and the review required under clause 4.5.15 of the Market Rules.

The Market Procedure includes:

- an overview of the process Rule Participants, must follow in providing information to the IMO to assist in the preparation of the Long Term PASA and Statement of Opportunity Report (SOO);
- an overview of the process the IMO is required to undertake in preparing the Long Term PASA and SOO¹;
- what the IMO will consider when determining whether a review of the Planning Criterion is required; and
- the degree of consultation to be applied in undertaking a review of the Planning Criterion, including the establishment of a Working Group to provide a formal industry forum for the review.

The proposed new Market Procedure was discussed by the IMO Market Procedures Working Group at the 13 August 2009 meeting. Minutes from the meeting are available on the following webpage: <http://www.imowa.com.au/IMO-Procedures-Working-Group>

¹ The Long Term PASA is published as part of the SOO as a guide for Market Participants and potential investors.

2. Provide the wording of the Procedure

The new Market Procedure is provided as an attachment to this proposal.

3. Describe how the proposed changes to the Market Procedure would be consistent with the Market Rules, the Electricity Industry Act and Regulations

The proposed new Market Procedure has been reviewed as a whole by the IMO to ensure compliance of the Market Procedure with the relevant provisions in the:

- Market Rules;
 - Electricity Industry Act; and
 - Regulations.
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4. Describe how the proposed changes to the Market Procedure would be consistent with the Wholesale Market Objectives

The proposed new Market Procedure sets out the steps to be taken by the IMO and Rule Participants in order to conduct the Long Term PASA and review under clause 4.5.15 of the Market Rules.

The IMO considers that the steps are drafted in a way that does not change the operation or objectives of the Market Rules.

As a result the IMO considers that the new Market Procedure, as a whole, is consistent with the Wholesale Market Objectives.