
Wholesale Electricity Market – Procedure Change Proposal

Procedure Change No: PC_2011_07

Change requested by:

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| Date submitted: | 1 November 2011 |
| Procedure change title: | Change to Market Procedure for Procedure Administration |
| Market Procedure affected: | Market Procedure for Procedure Administration |

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:

Background

The Market Procedure for Procedure Administration details the process by which Market Procedures (including Power System Operation Procedures) are to be developed and amended. In particular it details the processes to be taken by:

- the IMO in developing and approving Procedure Change Proposals;
- System Management in developing Procedure Change Proposals; and
- Rule Participants where participating in the Procedure Change Process.

Step 2.1.2 of the current Market Procedure states that the IMO or System Management, as applicable, must develop new Market Procedures, or amend or replace existing Market Procedures following an amendment to the Market Rules as soon as practicable after the Amending Rules have commenced. This results in a potential delay between the Amending Rules commencing and the new or amended Market Procedure commencing.

Issue

Given the recent shift towards introducing more principles based drafting of the Market Rules as reflected in the Rule Change Proposal: Balancing and Load Following Ancillary Services (RC_2011_10)¹, the IMO notes that the more detailed description of the processes and express steps to be followed by impacted parties will be presented in the Market Procedures (including Power System Operation Procedures). To ensure transparency to the market of the proposed processes when submitting on Rule Change Proposals the IMO considers it will be necessary to progress amendments to the Market Rules and Market Procedures in tandem, Further as the Market

¹ For further details refer to the following webpage: www.imowa.com.au/RC_2011_10

Rules will not provide the level of detail for the operation of the amended processes it will be important in many cases for the amendments to the Market Procedure (or new Market Procedure) to commence at the same time as any Amending Rules to ensure the efficient and effective operation of the market.

Proposal

To allow for the IMO and System Management to progress amendments to the Market Rules and Market Procedures in tandem the IMO proposes that the Market Procedure for Procedure Administration should be amended to:

- remove the express statement in step 2.1.2(b) that amendments to new and existing Market Procedures progressed by the IMO or System Management as soon as practicable after the Amending Rules commence; and
- include new step 2.1.5 to clarify that the IMO or System Management may commence the Procedure Change Process at any time considered appropriate, including before the commencement of the Amending Rule or proposed Amending Rule to which the Procedure Change Proposal relates. The commencement of the new or amended Market Procedure will be conditional on the related Amending Rules commencing.

The IMO notes that the proposed amendments will allow for the proposed new and amended Market Procedures (and Power System Operation Procedures) that are required to support the proposed implementation of the new Balancing and Load Following Services markets to be progressed prior to any related Amending Rules taking effect.

The proposed amendments were provided to members of the IMO Procedure Change and Development Working Group for out of session for comment on 13 October 2011. The IMO received no comments on the amendments.

Request for public consultation

The IMO is seeking submissions regarding this proposal. The submission period is 20 Business Days from the publication of this Procedure Change Proposal. Submissions must be delivered to the IMO by **5:00pm on Monday 5 December 2011**.

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/procedure-changes>

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

Independent Market Operator
Attn: Group Manager, Market Development
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4399

2. Provide the wording of the Procedure

The proposed amended Market Procedure for Procedure Administration 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 amended 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 2004; and
 - Regulations made under the Electricity Industry Act 2004.
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4. Describe how the proposed changes to the Market Procedure would be consistent with the Wholesale Market Objectives

The steps described in the proposed amended Market Procedure for Procedure Administration facilitate the Procedure Change Process described in section 2.10 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. The proposed amendments will improve the integrity of the Procedure Change Process by allowing for greater alignment with the Rule Change Process. This will ensure transparency of related processes to interested parties submitting on principles based proposed Amending Rules.

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