



Market Operator

Procedure Change Report

**Title: Changes to Market
Procedure for Procedure
Administration**

Ref: PC_2010_01

Date: 1 November 2010

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DOCUMENT DETAILS

IMO Notice No.:PC_2010_01

Report Title: Procedure Change Report: Changes to Market Procedure for Procedure
Administration

Release Status: Public

Confidentiality Status: Public domain

Published in accordance with Market Rule 2.10.12

Independent Market Operator

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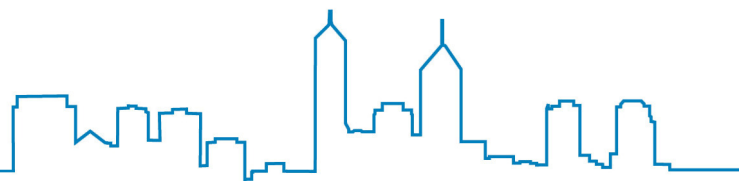
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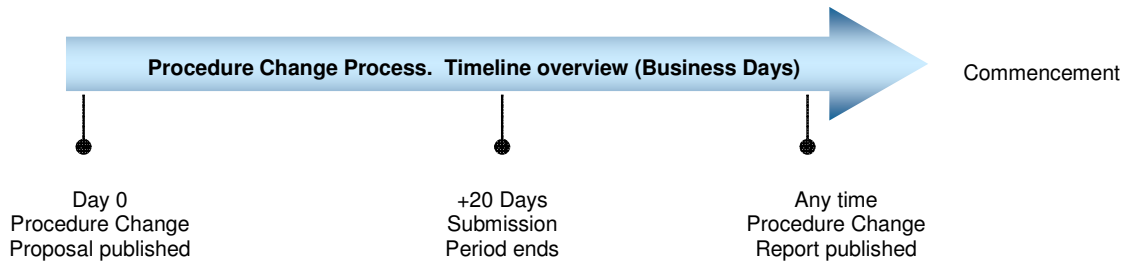
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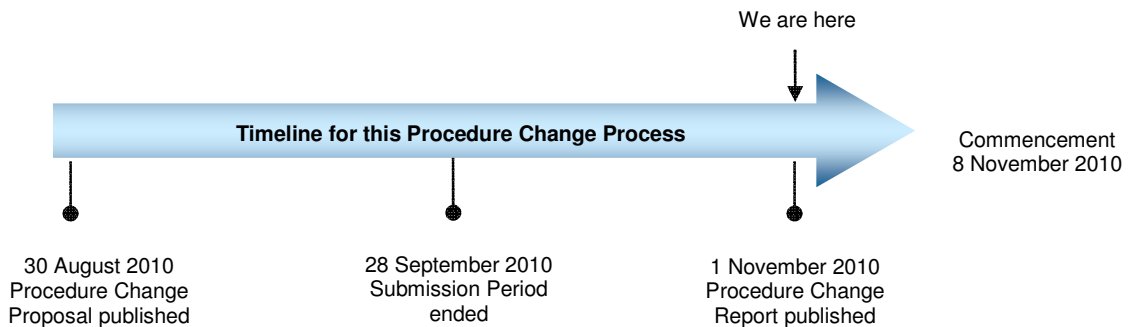


1. INTRODUCTION

On 30 August 2010, the Independent Market Operator (IMO) published a Procedure Change Proposal titled “Changes to Market Procedure for Procedure Administration”. The proposal has been processed according to the Procedure Change Process under clause 2.10 of the Wholesale Electricity Market Rules (Market Rules). This process adheres to the following timelines:



The key dates in processing this Procedure Change Proposal are:



2. THE PROCEDURE CHANGE PROPOSAL

2.1 Details of the Proposal

In its Procedure Change Proposal the IMO noted that the updates to the Market Procedure were to reflect the IMO's new format resulting from its Market Procedure Project and implement the following:

- Incorporate a diagram reflecting the IMO's procedure change process (Step 2);
- Ensure changes to procedures are shown as tracked changes where possible (Step 2.1.4);
- Include details of the role of Working Groups and the process for convening Working Groups (Step 2.2);
- Clarify that the IMO or System Management must conduct an assessment of the proposal against the Market Objectives, Market Rules and Industry Act and Regulations prior to preparing a Procedure Change Report (Step 2.6.2); and

- Delete details of the submission form from the appendix.

To improve the integrity of the Market Procedure, the IMO also proposed a number of minor and typographical amendments.

The proposed amended Market Procedure was discussed by the IMO Market Procedures Working Group at its 28 July 2010 meeting. Minutes from the meeting are available: <http://www.imowa.com.au/IMO-Procedures-Working-Group>

3. PUBLIC CONSULTATION PERIOD

3.1 Submissions received

The public submission period was between 31 August 2010 and 28 September 2010. The IMO received a submission from Landfill Gas & Power (LGP) during this period.

LGP's submission is summarised below. The full text of the submission is available on the IMO website.

3.1.1 Submission from Landfill Gas & Power

LGP supports the proposed amendment as it improves the integrity of the Market Procedure through improved presentation and clarifying and typographical corrections that harmonise the procedure with the Market Rules.

Wholesale Market Objectives

LGP supports the proposed changes as being consistent with the Wholesale Market Objectives in general in a manner that does not materially change the content.

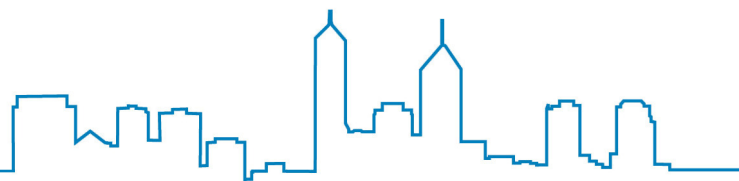
4. THE IMO'S ASSESSMENT

In determining whether to accept the Procedure Change Proposal, the IMO has undertaken an assessment in light of clauses 2.9.3 (a) of the Market Rules. Market Procedures must be:

- developed, amended or replaced in accordance with the process in the Market Rules;
- consistent with the Wholesale Market Objectives; and
- consistent with the Market Rules, the Electricity Industry Act and Regulations.

The Procedure Change Report prepared by the IMO must contain:

- the wording of the proposed Market Procedure or amendment to or replacement for the Market Procedure;
- the reason for the proposed Market Procedure or amendment to or replacement for the Market Procedure;



- all submissions received before the due date, a summary of those submissions and the response of the IMO or System Management, as applicable, to any issues raised;
- a summary of the views of the Market Advisory Committee (MAC), and if the MAC has delegated its role to consider the Procedure Change Proposal to a Working Group, a summary of the views expressed by that Working Group; and
- a proposed date and time for the Market Procedure or amendment to or replacement to commence, which must allow sufficient time, in the IMO's opinion, after the date of publication for Rule Participants to implement changes required by it (clause 2.10.13).

The IMO's assessment is outlined in the following sections.

4.1 Wholesale Market Objectives

Market Procedures must be consistent with the Wholesale Market Objectives (clause 2.9.3(a) ii).

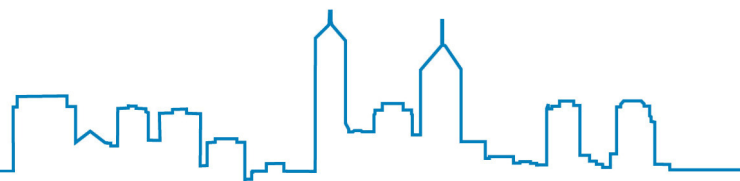
The IMO considers that the Market Procedure, as a whole, if amended will be consistent with the Wholesale Market Objectives.

Wholesale Market Objective	Consistent with objective
(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system	Yes
(b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors	Yes
(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	Yes
(d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system	Yes
(e) to encourage the taking of measures to manage the amount of electricity used and when it is used	Yes

4.2 Wholesale Market Rules, the Electricity Industry Act and Regulations

The IMO considers that the proposed amended Market Procedure is consistent, as a whole, with the Market Rules, the Electricity Industry Act and Regulations.

The IMO also considers that the Market Procedure is consistent with all other Market Procedures.



4.3 Views expressed in submissions

During the consultation period the IMO received one submission, from LGP, which supported the proposed amendments.

4.4 Implementation of the Market Procedure

The Market Procedure will not require Rule Participants or the IMO to implement any procedural or system amendments before it can commence. Consequently, the IMO considers that commencement at 8:00am on 8 November 2010 will allow Rule Participants sufficient time from the date of publication of this Procedure Change Report to ensure compliance with the amended Market Procedure.

4.5 Views of the Market Advisory Committee or a Working Group delegated to consider the Procedure Change Proposal

The MAC has delegated the role of considering IMO Procedure Change Proposals to the IMO Procedure Change and Development Working Group (Working Group) (clause 2.3.17(a)). Therefore the MAC has not reviewed the Procedure Change Proposal. However, in accordance with clauses 2.10.8 and 2.10.9 the IMO notified the MAC once the Procedure Change Proposal had been published and noted that it would convene a meeting of the MAC to discuss should two or more members request it. No MAC member contacted the IMO in this regard.

The Working Group discussed the Procedure Change Proposal at its 28 July 2010 meeting. The Working Group noted the following points:

- LGP suggested removing the following wording "...in which this Procedure is made in accordance with, commences." The IMO agreed.
- Procedure Change Process Diagram: The IMO agreed to include the decision of when to create a Working Group in the diagram.
- Step 2.2.5: The IMO agreed to clarify that convening a Working Group, if decided by System Management or the IMO, refers to existing Working Groups. The decision to create a Working Group is made by the MAC. The IMO noted that current practice is for the IMO to decide if Market Procedures should go to Working Groups. The IMO agreed to include a procedure step of advising the Working Group of its, or System Managements, recommendation as to whether the Working Group should meet to discuss the proposed changes.
- Step 2.5.1: Alinta questioned whether the Procedure Change Submission form must be used, and whether not using the form would invalidate submissions. The IMO agreed to provide an out of session clarification to Working Group members.
- Step 2.6.4 & 2.8.2: LGP suggested removing duplicate information contained in both steps. The IMO agreed to remove duplicate information contained in both step 2.6.4 and 2.8.2. LGP also suggested amending step 2.8.2 to refer

to the IMO declining a System Management proposal rather than rejecting. The IMO noted that clause 2.10.14 of the Market Rules refers to the IMO rejecting System Management Procedure Change Proposals. Therefore no change was made.

The following additional comments were provided by LGP after the meeting:

- Step 1.2.1: The IMO to consider providing a definition of Market Procedures.
- Step 1.5.1(b): The IMO to delete "...to the extent of the inconsistency".
- Step 2.5.2: The IMO to delete "...for submissions."
- Section 2.7:5. The IMO to amend as follows "...through the same full Procedure Change Process as all other Procedure Change Proposals".
- Step 2.8.1: The IMO to delete the word "...out".

Following the Working Group meeting the reviewed whether a submission that was not provided on the Procedure Change Submission form would be still valid. It was considered that currently the Market Rules could be interpreted to allow Procedure Change Submissions to be made only on a Procedure Change Submission form. It should be noted that this is different to the Rule Change Process.

As a result the IMO has clarified that a Procedure Change Submission may be made using the Procedure Change Submission form on the website in the Rule Change Proposal: Minor, Typographical and Manifest Errors (RC_2010_26)¹.

Once the agreed changes had been made by the IMO, the amended Market Procedure was submitted directly into the public consultation process.

5. THE IMO'S DECISION

The IMO's decision is to approve the proposed amended Market Procedure as proposed in the Procedure Change Proposal.

The IMO has made its decision on the following basis. The amended Market Procedure for Procedure Administration:

- is consistent with the Wholesale Market Objectives;
- is consistent with the Market Rules, Electricity Industry Act and Regulations;
- had the support of the Working Group; and
- requires no system changes prior to implementation.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 4 of this Procedure Change Report.

¹ See: http://imowa.com.au/RC_2010_26

6. THE AMENDED MARKET PROCEDURE

6.1 Commencement

The amended Market Procedure for Procedure Administration will commence at 8.00am on 8 November 2010.

6.2 The Amended Market Procedure

The amended Market Procedure for Procedure Administration is attached to this report and is also available on the IMO's website:
http://www.imowa.com.au/PC_2010_01