
Wholesale Electricity Market – Procedure Change Proposal

Change requested by

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| Organisation: | System Management |
| Address: | |
| Date submitted: | 13 January 2009 |
| Urgency: | Procedure change process, clause 2.10 of the Market Rules |
| Procedure change title: | Revised PSOP: Ancillary Services |
| Market Procedure(s) affected: | PSOP: Ancillary Services |

Introduction

The 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 of, amendment of or replacement for, 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 these 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 objectives of the market 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.

Any submissions on this proposed procedure change must be made to the IMO before 5pm on the final submission date, unless otherwise noted.

The IMO prefers to receive submissions by email to marketadmin@imowa.com.au using the submission form available on the IMO website:

http://www.imowa.com.au/10_5_1_b_procedure%20change%20proposal.htm

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

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

Details of Procedure Change Requested

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

The Power System Operation Procedures (PSOP's) were originally prepared prior to the commencement of the Electricity Market. Now with several years experience in performing market functions, System Management has taken the opportunity to initiate a review process with the objective of amending the procedures to more accurately reflect System Management's performance of its functions.

In addition, the original PSOP's included significant overlaps with the Market Rules and also attempts to paraphrase Rule requirements.

Consequently, System Management has reviewed the operation of PSOP: Ancillary Services and amended it to better reflect both the performance of market functions and changes to the Market Rules which have occurred since the commencement of the Market on 21 September

2006. The amendments have been subject to consultation within the System Management Power System Operation Procedure Working Group (constituted under the auspices of the MAC) and with the Independent Market Operator.

It is the view of System Management that the amended procedure represents both a consensus outcome and a procedure which is consistent with the Market objectives.

2. Provide the wording of the new or amended Procedure *(as applicable)*

The amended Procedure, Power System Operating Procedure: Ancillary Services is attached.

Procedure Change No.: PPCL0004

Received date: 13 January 2009
