
Wholesale Electricity Market – Procedure Change Proposal

Procedure Change No: PC_2009_01

Change requested by:

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Procedure change title:	Market Procedure for Reserve Capacity Security
Market Procedure(s) affected:	Reserve Capacity Security

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 Reserve Capacity Security details the process by which Market Participants holding Certified Reserve Capacity for Facilities, that are yet to commence operation, must submit Reserve Capacity Security, and how the IMO must assess and accept such Reserve Capacity Security.

In accordance with clause 4.13.8 of the Wholesale Electricity Market Rules (Market Rules), the purpose of this proposed new procedure is to:

- (a) Outline the processes for determining Reserve Capacity Security;
- (b) Provide guidelines for assessing persons against the Acceptable Credit Criteria;
- (c) Outline the details of Reserve Capacity Security arrangements, including the form of acceptable guarantees and bank undertakings, the details surrounding the holding of cash deposits and their associated costs and fees, and the application of monies drawn from Reserve Capacity Security in respect of amounts payable by the relevant Market Participants; and
- (d) Provide relevant details on other matters relating to Reserve Capacity Security.

2. Provide the wording of the Procedure

The proposed new Market Procedure for Reserve Capacity Security is provided as an attachment to this proposal.

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

The proposed new Market Procedure for Reserve Capacity Security has been reviewed as a whole by the IMO, and amended accordingly, to ensure compliance of the Market Procedure with the relevant provisions in the:

- Market Rules;
- Electricity Industry Act; and
- Regulations.

4. Describe how the proposed new Market Procedure would be consistent with the Wholesale Market Objectives

The steps described in the proposed new Market Procedure for Reserve Capacity Security facilitates the processes by which Market Participants submit and the IMO assesses and accepts Reserve Capacity Security, as prescribed in the Market Rules.

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

As a result the IMO considers that the amended Market Procedure for Registration and De-registration as a whole is consistent with the Wholesale Market Objectives.