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## Wholesale Electricity Market – Procedure Change Proposal

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Procedure Change No: PC\_2009\_05

### Change requested by:

<b>Name:</b>	Troy Forward
<b>Phone:</b>	08-92544300
<b>Fax:</b>	08-92544399
<b>Email:</b>	<a href="mailto:imo@imowa.com.au">imo@imowa.com.au</a>
<b>Organisation:</b>	IMO
<b>Address:</b>	Level 3, 197 St Georges Terrace, Perth, WA 6000
<b>Date submitted:</b>	30 September 2009
<b>Procedure change title:</b>	Market Procedure for Declaration of Bilateral Trades and the Reserve Capacity Auction
<b>Market Procedure(s) affected:</b>	Declaration of Bilateral Trades and the Reserve Capacity Auction

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### 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.

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## Details of Procedure Change Requested

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

The proposed new Market Procedure for Declaration of Bilateral Trades and the Reserve Capacity Auction details the process by which:

- Rule Participants propose, in the form of a declaration, the level of Certified Reserve Capacity it intends to trade bilaterally; and
- the IMO processes the Declaration and assigns Certified Reserve Capacity.

The procedure includes:

- an overview of the process;
- the information that is required to be exchanged; and
- the timing and sequence of events.

The new procedure has been developed in light of clause 4.14.11 of the Amending Rules resulting from the Rule Change Proposal “Heads of Power for Market Procedures” (RC\_2009\_26) which commenced on 24 August 2009. In particular, clause 4.14.11 requires the IMO to develop a Market Procedure documenting the process the IMO and Rule Participants will follow for the Bilateral Declaration and Reserve Capacity Auction.

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### 2. Provide the wording of the Procedure

The new Market Procedure for Declaration of Bilateral Trades and the Reserve Capacity Auction is provided as an attachment to this proposal.

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### **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 for Declaration of Bilateral Trades and the Reserve Capacity Auction 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 steps described in the proposed new Market Procedure for Declaration of Bilateral Trades and the Reserve Capacity Auction facilitates the declaration of Certified Reserve Capacity for Market Participants that wish to operate in the Wholesale Electricity Market as prescribed in 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 for Declaration of Bilateral Trades and the Reserve Capacity Auction as a whole is consistent with the Wholesale Market Objectives.