

The background of the lower half of the page is a photograph of a wind farm and power lines, overlaid with a semi-transparent blue filter. On the left, several large white wind turbines are visible, their towers and nacelles extending upwards. On the right, a tall, lattice-structured power transmission tower stands prominently. The sky is a clear, light blue, and the ground in the foreground appears to be a dry, hilly landscape.

**Independent Market Operator**

**Procedure Change Report**

**Title: Transitional arrangements  
for the pre-registration of  
Demand Side Programmes  
and the association of  
Curtaillable Loads, Non-  
Dispatchable Loads and  
Interruptible Loads**

**Ref: PC\_2011\_03**

**Date: 27 June 2011**

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## DOCUMENT DETAILS

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## Independent Market Operator

Level 3, Governor Stirling Tower

197 St George's Terrace, Perth WA 6000

PO Box 7096, Cloisters Square, Perth WA 6850

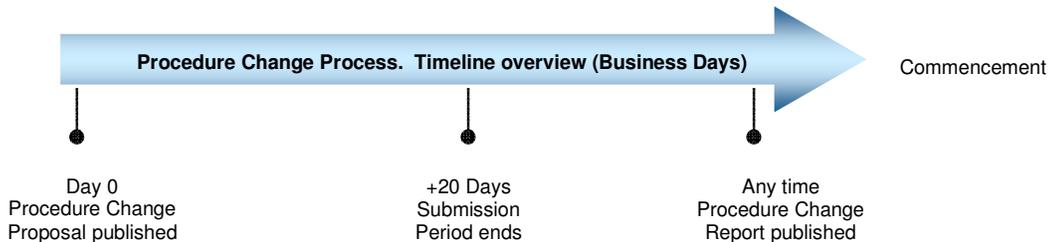
Tel. (08) 9254 4300

Fax. (08) 9254 4399

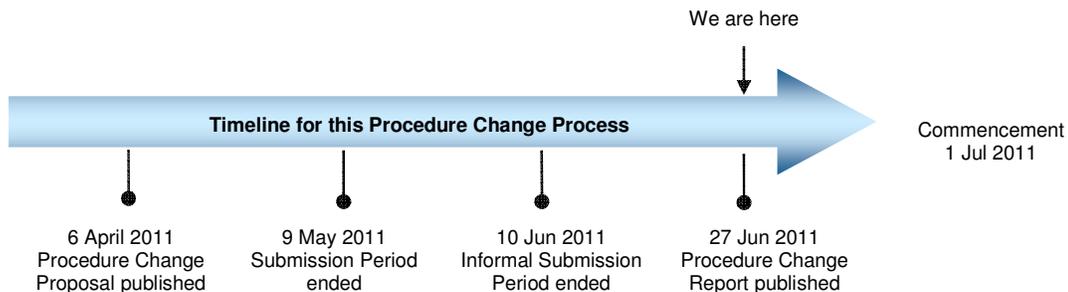
Email: [imo@imowa.com.au](mailto:imo@imowa.com.au) Website: [www.imowa.com.au](http://www.imowa.com.au)

## 1. INTRODUCTION

On 6 April 2011, the Independent Market Operator (IMO) published a Procedure Change Proposal titled “Transitional arrangements for the Registration of Demand Side Programmes and the association of Non-Dispatchable Loads”<sup>1</sup>. 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

After a comprehensive review of the Market Rules a number of issues relevant to Curtailable Loads (CLs) were identified. To enact the outcomes of the IMO’s review, proposed solutions to each of the issues were developed in conjunction with the Market Advisory Committee (MAC) during 2010. These solutions are contained in the Rule Change Proposal: Curtailable Loads and Demand Side Programmes (RC\_2010\_29<sup>2</sup>).

The IMO’s proposed solution to the current issues associated with the registration of

<sup>1</sup> Note that this was amended in the Addendum issued on 23 May 2011 to “Transitional arrangements for the pre-registration of Demand Side Programmes and the association of Curtailable Loads, Non-Dispatchable Loads and Interruptible Loads”. For further details refer to [http://www.imowa.com.au/PC\\_2011\\_03](http://www.imowa.com.au/PC_2011_03)

<sup>2</sup> For full details of the issues and the proposed solutions refer to: [http://www.imowa.com.au/RC\\_2010\\_29](http://www.imowa.com.au/RC_2010_29).

CLs (Issue 1) will amend the way that Demand Side Programmes (DSPs) and CLs are registered. To facilitate the transition<sup>3</sup> to the amended registration processes, a number of transitional arrangements were proposed by the IMO for existing CLs and DSPs prior to the commencement of the Amending Rules on 1 October 2011. These included the development of this Market Procedure for Registration of DSPs and association of Non Dispatchable Loads (NDLs) in accordance with new clause 2.31.23A.

Further details of the proposed new Market Procedure and associated background are presented in Appendix 1 of this report.

### **3. PUBLIC CONSULTATION PERIOD**

The public submission period was between 7 April 2011 and 9 May 2011. During this period no formal submissions were received.

### **4. ADDENDUM TO PROCEDURE CHANGE PROPOSAL**

#### **4.1 Public Notice**

The IMO published a Public Notice on 27 April 2011 to inform interested parties that it had identified a number of issues with the pre-registration process outlined in the proposed Market Procedure. The issues identified included the following:

- A DSP cannot be registered as a Registered Facility until the relevant Amending Rules resulting from the Rule Change Proposal: Curtailable Loads and Demand Side Programmes (RC\_2010\_29)<sup>4</sup> commence on 1 October 2011. Therefore a Market Participant cannot currently register a DSP in accordance with the Market Procedure for Facility Registration, De-registration and Transfer, as outlined in the proposed Market Procedure.
- The proposed Market Procedure requires amendment to support the implementation of a suitable naming convention for DSPs.

A copy of the Public Notice is available on the following IMO Web Page: [http://www.imowa.com.au/PC\\_2011\\_03](http://www.imowa.com.au/PC_2011_03)

#### **4.2 Addendum to Procedure Change Proposal**

The IMO published an Addendum to the Procedure Change Proposal containing the revised pre-registration process to apply during the transitional phase on 23 May 2011. The IMO also included a number of amendments to better assist impacted Market Customers in transitioning to the proposed new arrangements.

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<sup>3</sup> The IMO notes that the transition period for RC\_2010\_29 will allow for a staged implementation of the associated Amending Rules.

<sup>4</sup> A copy of the Final Report for RC\_2010\_29 is available on the following webpage: [http://www.imowa.com.au/RC\\_2010\\_29](http://www.imowa.com.au/RC_2010_29)

A basic overview of the revised pre-registration process is provided below.

- Creation of DSP Facilities
  - IMO determines transition plan for a DSM portfolio, including any alternative options for revising the transition plan and Reserve Capacity Security implications.
  - Market Customer notifies the IMO of any requested changes to transition plan (consistent with alternative options that have been identified).
  - IMO confirms transition plan (including any revisions).
  - IMO creates required DSP Facility names in WEMS.
- Pre-Registration of DSPs (optional for Market Customer)
  - Market Customer provides completed application form, including required Standing Data.
  - IMO determines whether to approve pre-registration (in consultation with System Management).
- Association of CLs, NDLs and ILs with a pre-registered DSP (optional for Market Customer)
  - Market Customer provides completed application form, including required supporting evidence.
  - IMO determines whether to approve the association.

A copy of the Addendum is available on the following IMO Web Page:  
[http://www.imowa.com.au/PC\\_2011\\_03](http://www.imowa.com.au/PC_2011_03)

### **4.3 Informal Public Submission Period**

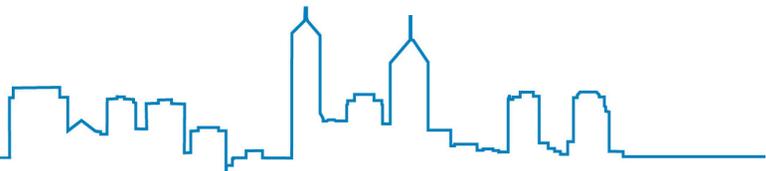
The IMO held an informal public submission period between 23 May 2011 and 10 June 2011 to allow interested parties an opportunity to, if they considered it appropriate, make submissions on the revised process (as contained in the Addendum).

During the informal submission period the IMO received submissions from Alinta and System Management. The full text of all informal submissions is available on the IMO website.

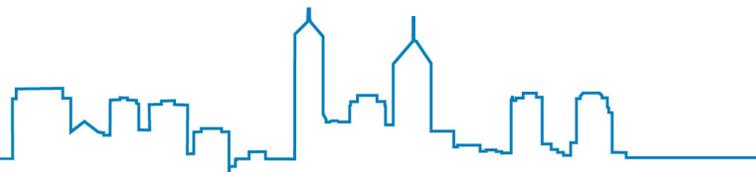
In summary, System Management supported the IMO's proposed transitional procedure. Alinta provided a number of comments on the proposed new Market Procedure. The details of the submissions received, and the IMO's response to them, are included in the following table:

Clause/Issue	Submitter	Comment/Change Requested	IMO's response
	System Management	Agrees with the procedure based on their understanding of the requirements for a transitional arrangement	The IMO notes System Management's support.
Clause 1.1	Alinta	This clause states that this Market Procedure should be read in conjunction with clause <b>2.29.5M - 2.29.5N</b> of the Market Rules. While these clauses appear in the information provided to the Market Procedures Working Group (as Appendix 2), it does not appear that these clauses exist in any existing or proposed Market Rules including RC_2010_29. While it has been asked of the Market Procedures Working Group to limit comment to the Procedure Change, this is difficult due to the introduction of Market Rule changes in the Procedure that Market Participants have not yet had the opportunity to comment upon.	<p>The IMO notes that clauses 2.29.5N and 2.29.5O (amended from 2.29.5M and 2.29.5N as originally provided to the Working Group as Appendix 2<sup>5</sup>) are new clauses included in the Amending Rules resulting from RC_2010_29. In particular:</p> <ul style="list-style-type: none"> <li>• clause 2.29.5N will make more explicit the process to apply during the interim period for preparing existing CLs, Interruptible Loads and DSPs for the new Market Rules.</li> <li>• clause 2.29.5O will make more explicit what will happen on 1 October 2011 when the majority of the Amending Rules resulting from RC_2010_29 commence.</li> </ul> <p>For further details refer to the IMO's Final Rule Change Report published on 17 June 2011 and available on the following webpage: <a href="http://www.imowa.com.au/RC_2010_29">http://www.imowa.com.au/RC_2010_29</a></p> <p>The IMO provided Appendix 2 to allow members an ability to read the revised procedure in the context of the revised Amending Rules the IMO intended to incorporate into the Final Rule Change Report. The IMO notes that the revisions to the Amending Rules did not change the intent of the clauses relating directly to the transition period that were presented in the Draft Rule Change Report. The amendments were simply a clarification of the process</p>

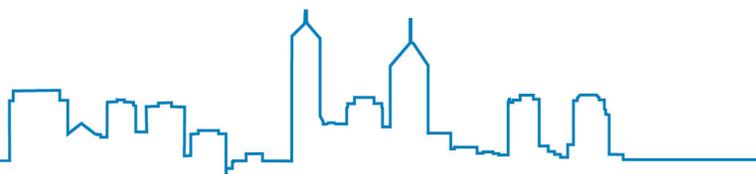
<sup>5</sup> Refer to the Final Rule Change Report for RC\_2010\_29 for further details: [http://www.imowa.com.au/RC\\_2010\\_29](http://www.imowa.com.au/RC_2010_29)



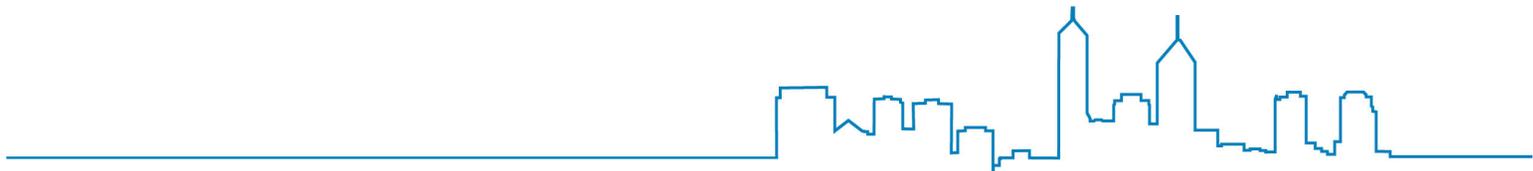
Clause/Issue	Submitter	Comment/Change Requested	IMO's response
			following further consideration of the procedure to apply.
Clause 1.2.3 (b)	Alinta	Again while there is information about new Market Rule changes in Appendix 2 in relation to Interruptible Loads, the need of the role of associating Interruptible Loads with a DSP for the transition period is unclear. It is understood by Alinta that Interruptible Loads will be able to transition to a DSP through the normal registration of DSP facilities process. This process involves the current facility (Interruptible Load) becoming a new facility (DSP). Given this, is there any need to refer to an Interruptible Load in the transitional Procedure Change?	The IMO notes that an Interruptible Load does not necessarily have to become a DSP. It is possible an Interruptible Load could provide both a Spinning Reserve service (under an Ancillary Service Contract) and a curtailability service. The Market Rules recognise that an Interruptible Load could provide a similar service to a Non-Dispatchable Load when requested to curtail by System Management. There are however restrictions incorporated into the Market Rules to ensure that a Interruptible Load that is associated with a DSP can not hold CC's as an Interruptible Load (and vice versa). This is to ensure no double payment occurs.
Clause 1.5.2 (c)	Alinta	Should this clause refer to 'Standing' Data Formats rather than 'Standard' Data Formats?	Yes. The IMO has incorporated this amendment into the amended Market Procedure.
Clause 2.1.5	Alinta	Is a DSP provider limited to the available options provided by the IMO in its notification (transition plan) under clause 2.1.4? For example, a DSP provider may intend to sign further customers that may require a different Facility size/composition to those proposed as options by the IMO, yet this clause infers that DSP providers do not have the flexibility of selecting alternative options not provided by the IMO in its transition plan. This may just be a question of interpretation of this current clause, however there would be benefits in further clarifying this clause.	Yes. Market Participants will be restricted to the alternative options presented in the transition plan, however they will be provided with an opportunity to consult with the IMO prior to transition plans being developed. Any discussed variants to the structure of the DSP provider's portfolio, provided that they are consistent with the relevant provisions of the Market Rules and Market Procedure, will be reflected in the transition plan. As such the IMO does not propose any amendments to this process.
Clause 2.1.6	Alinta	The five business days that Market Customers have to review transition plans, assuming that once the size of the DSP is nominated it is locked in for future years,	The IMO considers that, given impacted Market Participants will be involved in consultation with the IMO prior to transition plans being developed, five Business Days is adequate time



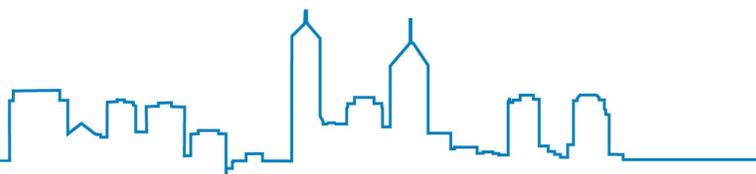
Clause/Issue	Submitter	Comment/Change Requested	IMO's response
		<p>does not provide a sufficient length of time for Market Participants to obtain long-term commercial approval that may be needed. For example, the approval of transition plans may need Board or Senior Management approval due to the longer term Commercial implications of locking in DSP facilities.</p>	<p>for Market Participants to review transition plans and inform the IMO of any requested changes.</p> <p>Market Participants will be able to brief their Board/Senior Management at an earlier time based on the details discussed and agreed between itself and the IMO during this earlier consultation (and prior to receipt of the transition plan).</p>
Clause 2.3.2	Alinta	<p>The need for a single line diagram for an associated load which has a generation system behind its associated meter is unclear, particularly where it is obvious that the generation system is small and will not impact the network. While Alinta is aware that the IMO is seeking clarification from System Management as to this requirement, Alinta considers that a more appropriate clause would require that for any licensed generation system (&gt;10 MW) behind an associated meter, a Single Line diagram would be compulsorily required to be submitted to the IMO/System Management. Alternatively a Single line diagram could be specifically requested by System Management within the 5 day period under Clause 2.2.12, should a generation system be small and not licensed (i.e &lt;10MW) but System Management considers that it still likely to impact upon the network. Again, the programme/facility would be taken as facilitated by System Management should it not make a decision within 5 business days as under the current wording of Clause 2.2.12. Alinta proposes this amendment because of the onerous obligation that the proposed Procedure places upon DSP providers and its associated non-dispatchable loads for small generation systems.</p>	<p>The IMO notes Alinta's suggestion relates to the requirements outlined in the Market Rules, as contemplated by RC_2010_29.</p> <p>Following discussions with System Management, the IMO included under clause 2.29.5B (as presented in the Final Rule Change Report for RC_2010_29) a requirement for a single line diagram to be provided where a load to be associated with a DSP has a generation system behind its meter that can connect to the network. This information is necessary for System Management to ensure that there is transparency over whether a generation facility will be displacing load when an instruction to curtail to a site is issued. Otherwise there may be potential system security issues associated with curtailing a load that System Management would otherwise be unaware of, i.e. unexpected increased generation on a particular line.</p> <p>The IMO considers that this requirement will not be onerous, as contended by Alinta, but will ensure that system security is maintained.</p>



Clause/Issue	Submitter	Comment/Change Requested	IMO's response
	Alinta	<p>Alinta appreciates that comments upon PC_2011_03 by Market Participants should exclude commentary on RC_2010_29. Alinta considers that this whole process post October 1 2011 favours large DSP aggregators that have small dispatchable loads and are able to over-subscribe their DSM programmes. Given this, Alinta proposes the wider question, related to RC_2010_29 but directly linked to the current Procedure Change is: are the DSP sizes that we specify then locked in for future Capacity Years as the facility size, or is there a level of flexibility under the procedure? Specifically,</p> <p>a. Can we specify different sizes of our DSP during the transition?</p> <p>b. Can we specify different DSP sizes in future cycles without paying security but maintaining the total size of all programmes?</p>	<p>To the extent that a Market Customer is unable to contract in advance to meet the capacity requirements for the relevant DSP, this is a commercial risk that is most appropriately borne by the DSM provider. The IMO notes that where a large load cannot be procured it will be still possible for the Market Customer to associate multiple smaller loads to meet the RCOQ of the DSP. The IMO acknowledges that this may have operational impacts on the Market Customer (who in this case would operate as an aggregator), but notes that the ability to restructure DSM portfolios during the interim period will allow for these risks to be partially mitigated.</p> <p>The IMO notes that it will be possible to specify different sizes (number of CCs allocated) to apply to a DSP for the 2011/12 and 2012/13 Capacity Years. However, the total value of CCs across the Market Customer's DSM portfolio in each Capacity Year must equate to the total number of CCs assigned to the Market Customer's DSM assets in that Capacity Year.</p> <p>Where the IMO currently holds a Reserve Capacity Security for a DSP or CL then the it will need to be replaced where the Market Customer:</p> <ul style="list-style-type: none"> <li>• aggregates the relevant DSP/CL with another DSP/CL (to which a separate Reserve Capacity Security currently applies); or</li> <li>• disaggregates the relevant DSP in two or more DSPs.</li> </ul> <p>The replacement Reserve Capacity Security is required as</p>



Clause/Issue	Submitter	Comment/Change Requested	IMO's response
			<p>the performance requirements for the return of the Reserve Capacity Security (following successful completion of either the 100 or 90 percent test) would have changed. The IMO notes that the total value of Reserve Capacity Security would however not change as it is based on the total number of Capacity Credits allocated to the DSM assets.</p> <p>Where the IMO no longer holds a Reserve Capacity Security for a DSP or CL (i.e. for existing DSPs and CLs) then there will be no requirement to provide a replacement.</p>
	Alinta	<p>It is also unclear as to the definition of the term registration between the RC_2010_29 and PC_2011_03. Does registration of a DSP occur when non-dispatchable loads are associated with it (as per the PC_2011_03) or does registration refer to when DSP is registered? (as per RC_2010_29, proposed clause 4.25A.1 (c))? As it appears that the verification test is on the DSP (which is essentially a placeholder) and is not linked to the association of the loads. It would seem more appropriate that testing is linked to association of loads into the DSP.</p>	<p>The IMO notes that no registration of the new DSPs (in accordance with the changes resulting from RC_2010_29) will occur during the transition phase, but rather a pre-registration of the DSPs and association of any applicable Loads will occur, ready for transition to the new Market Rules on 1 October 2011 (see clause 2.29.50 for further details). CLs/DSPs wishing to enter the market earlier than 1 October 2011 will need to also register both Curtailable Loads (and DSPs) between 1 July and 1 October. Following 1 October 2011, registration of the DSP will occur in accordance with clause 2.29.5A of the Market Rules.</p> <p>The IMO expects that post 1 October 2011; new DSP facilities will not be registered by Market Participants until such time as they are ready to operate given the requirements to perform a Verification Test within 20 Business Days or between 1 October and 30 November. As such the association of Loads with the registered DSP will most likely occur in close proximity to the registration of the DSP.</p>



## 5. THE IMO'S ASSESSMENT

In determining whether to accept the Procedure Change Proposal, the IMO has undertaken an assessment in light of clause 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.

### 5.1 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, 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	Yes

Wholesale Market Objective	Consistent with objective
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	Yes
(e) to encourage the taking of measures to manage the amount of electricity used and when it is used	Yes

The IMO notes that while the new Market Procedure is consistent with the Wholesale Market Objectives it is required to allow for the staged implementation of the Amending Rules resulting from RC\_2010\_29. The Amending Rules will allow the Market Rules to better address Wholesale Market Objectives (a), (b), (c) and (e). Further details of the IMO's assessment of the Amending Rules against the Wholesale Market Objectives is presented in the Final Rule Change Report available on the following IMO Web Page: [http://www.imowa.com.au/RC\\_2010\\_29](http://www.imowa.com.au/RC_2010_29)

### **5.2 Wholesale Market Rules, the Electricity Industry Act and Regulations**

The IMO considers that the proposed new 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.

### **5.3 Views expressed in submissions**

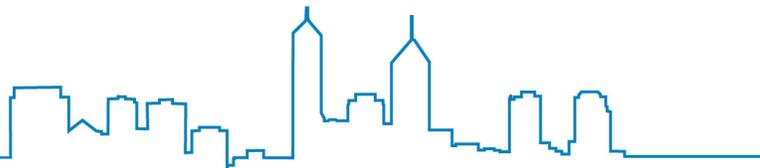
During the consultation period the IMO did not receive any submissions. The IMO notes that this is most likely as the result of the Public Notice published on 27 April 2011, which indicated its intent to issue a further revised new Market Procedure for informal consultation.

During the informal consultation period, the IMO received two submissions; one from Alinta and one from System Management. System Management supported the proposed new Market Procedure. In its submission Alinta raised a number of queries which the IMO has responded to in section 4.3 of this report.

### **5.4 Implementation of the Market Procedure**

The IMO notes that the new Market Procedure creates a number of obligations on the IMO, System Management and Market Customers to apply during the transition period resulting from RC\_2010\_29. The IMO notes that, where possible, the obligations on Market Customers with DSM assets (new and existing) during this time have been minimised to reduce any operational burden that may occur during the transitional phase.

The IMO considers that commencement of this amended Market Procedure at 8:00am on 1 July 2011 will allow Rule Participants sufficient time from the date of publication of this Procedure Change Report to ensure compliance with both:



- the procedure steps, specified in the new Market Procedure, to apply during the transitional period (1 July – 1 October 2011); and
- the Amending Rules resulting RC\_2010\_29, due to commence on 1 October 2011.

### **5.5 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 the proposal 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 March 2011 and 26 May 2011 meetings. An overview of the discussions is presented in Appendix 2 of this report. Further details are available in the Working Group minutes available on the IMO website: <http://www.imowa.com.au/IMO-Procedures-Working-Group>

In general the Working Group supported both the original proposed new Market Procedure and revised Market Procedure given its relevance in allowing for the staged implementation of any Amending Rules resulting from RC\_2010\_29. A number of operational queries around the process were raised during the Working Group's discussion.

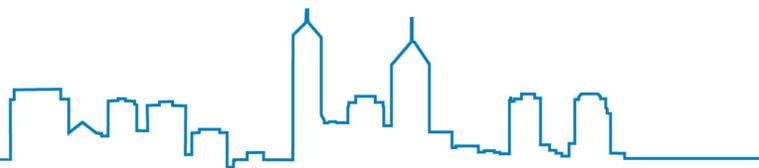
The IMO notes that all changes to the new Market Procedure (both the original and the revised version) as agreed at the Working Group have been taken into account where relevant.

## **6. THE IMO'S DECISION**

The IMO's decision is to approve the proposed Market Procedure for the pre-registration of Demand Side Programmes and the association of Curtailable Loads, Non-Dispatchable Loads and Interruptible Loads as proposed in the Addendum to the Procedure Change Proposal and amended following the informal consultation period.

The IMO has made its decision on the following basis. The new Market Procedure for the pre-registration of Demand Side Programmes and the association of Curtailable Loads, Non-Dispatchable Loads and Interruptible Loads:

- is consistent with the Wholesale Market Objectives;
- is consistent with the Market Rules, Electricity Industry Act and Regulations; and
- had the support of the Working Group.



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

## **7. THE NEW MARKET PROCEDURE**

### **7.1 Commencement**

The new Market Procedure for the pre-registration of Demand Side Programmes and the association of Curtailable Loads, Non-Dispatchable Loads and Interruptible Loads will:

- commence at 8.00am on 1 July 2011; and
- be revoked immediately following the revocation of the Heads of Power for the Market Procedure. The Heads of Power, under clause 2.31.23A, will be revoked at 8.00 am on 1 December 2011<sup>6</sup>.

### **7.2 The New Market Procedure**

The new Market Procedure for the pre- registration of Demand Side Programmes and the association of Curtailable Loads, Non-Dispatchable Loads and Interruptible Loads is attached to this report and is also available on the IMO's website: [http://www.imowa.com.au/PC\\_2011\\_03](http://www.imowa.com.au/PC_2011_03).

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<sup>6</sup> For further details refer to the Final Rule Change Report for RC\_2010\_29.

## APPENDIX 1: FULL DETAILS OF THE PROPOSAL

### **Background**

After a comprehensive review of the Market Rules a number of issues relevant to CLs were identified. To enact the outcomes of the IMO's review, proposed solutions to each of the issues were developed in conjunction with the MAC during 2010 and contained in the Rule Change Proposal: Curtailable Loads and Demand Side Programmes (RC\_2010\_29<sup>7</sup>).

The IMO's proposed solution to the current issues associated with the registration of CLs (Issue 1) will amend the way that DSPs and CLs are registered. In particular all obligations, rights and liabilities currently belonging to a CL will be transferred to a DSP and all CLs will be deemed to be NDLS from 1 October 2011(new clause 2.29.5J). To ensure that this can occur:

- each Market Customer which has a registered CL that is not currently linked with a DSP, will need to link that CL to a registered DSP following the transitional Amending Rules taking effect and prior to the remainder of the proposed Amending Rules taking effect (provisionally set between 1 June 2011 and 1 October 2011). Note that a Market Participant will not be able to transfer Capacity Credit obligations between DSPs indefinitely; and
- where a Market Customer with a registered CL does not have a registered DSP it must apply to the IMO to register a DSP for these purposes. There will be no registration fees applied by the IMO in these cases<sup>8</sup>.

To facilitate these processes, a number of transitional arrangements (provisionally scheduled to commence on 1 June 2011) have been proposed by the IMO for existing CLs and DSPs prior to the proposed commencement of the Amending Rules on 1 October 2011. These include the development of a Market Procedure for Registration of DSPs and association of NDLS in accordance with new clause 2.31.23A (refer to the Draft Rule Change Report for further details).

Subject to the IMO Board's final decision (to be presented in the Final Rule Change Report to be published 20 May 2011) any transitional Amending Rules resulting from RC\_2010\_29 would commence at the same time as the new Market Procedure (provisionally 1 June 2011), to ensure sufficient time is provided to complete any transfer or registration activities required prior to 1 October 2011.

An overview of the provisional commencement date for any Amending Rules that may result from RC\_2010\_29 is presented below:

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<sup>7</sup> For full details of the issues and the proposed solutions refer to: [http://www.imowa.com.au/RC\\_2010\\_29](http://www.imowa.com.au/RC_2010_29).

<sup>8</sup> Note that provision has been made for associating new NDLS to a DSP in section 2.3 of the proposed Market Procedure.

Clause	Subject	Commencement Date
2.29.5I	Disaggregation of Loads belonging to current DSP and association with other DSPs before 1 October 2011.	1 June 2011
2.29.5J	Existing CLs will become NDLS from 1 October 2011	1 June 2011
2.29.5K	A DSP must be registered and CLs/NDLS associated it and the IMO must also allocate the CLs rights, responsibilities and obligations to the DSP prior to 1 October 2011	1 June 2011
2.31.23A	Heads of Power for the Market Procedure for Registration of Demand Side Programmes and the association of Non-Dispatchable Loads.	1 June 2011
All remaining proposed new and amended clauses.	N/A	1 October 2011

### ***Proposed new Market Procedure***

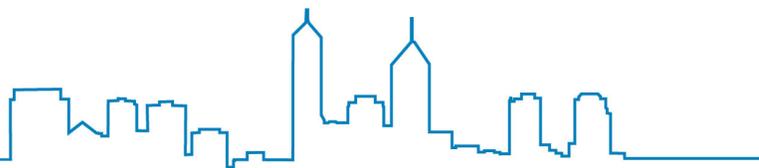
The new Market Procedure for Registration of Demand Side Programmes and the association of Non-Dispatchable Loads (Transitional arrangement) will be an interim Market Procedure specifying the processes to be followed by the IMO and Market Customers between 1 June 2011 and 1 October 2011, for:

- Registering a DSP;
- Linking a CL to a DSP;
- Associating an NDL to a DSP; and
- Reassigning Capacity Credits from one DSP to one or more other DSPs.

The association of any NDLS to a DSP resulting from following the processes outlined in the proposed Market Procedure will have an effective date no earlier than 1 October 2011. Note that during this transitional phase a Market Customer will be required to register new CLs in accordance with the Market Procedure for Facility Registration, De-registration and Transfer. A registration fee will continue to apply in these instances (as is currently required). These registration activities will not be subject to the delayed effective date.

Further details of the ongoing process for associating NDLS to DSPs and registering DSPs as a Facility will be specified in the Market Procedure for Facility Registration, De-Registration and Transfer.

The proposed amended Market Procedure was discussed by the IMO Market Procedures Working Group at the 28 March 2011 meeting.



## APPENDIX 2: DISCUSSION AT THE WORKING GROUP

The Working Group discussed the Procedure Change Proposal at its 28 March 2011 and 26 May 2011 meetings. An overview of the discussions is provided below. Further details are available in the Working Group minutes on the IMO website: <http://www.imowa.com.au/IMO-Procedures-Working-Group>.

### March 2011 Meeting

The following points were raised during the meeting.

- The Chair noted that the Market Procedure will be updated to reflect correct website URLs in steps 2.1.5, 2.2.3 and 2.3.2.
- In response to a question from Mr Rob Rohrlach, Ms Fiona Edmonds explained that an NDL can only be associated with one DSP at a time.
- In response to a question from Mr Rohrlach, Ms Edmonds clarified that facilities registering prior to 1 October 2011 (not under the transitional arrangements) will have to operate under the current Market Rules.
- Mr Geoff Down questioned whether a DSP can be split if it is currently linked to an existing DSP. Mr Nguyen informed the Working Group that this can be done, however, participants will need to notify the IMO of their intentions during the transitional period. .
- Mr Pablo Campillos questioned that whether an applicant, who is the owner of the Curtailable Load, would need to provide the IMO with evidence of a contract with themselves. Ms Edmonds responded that the IMO will need to be notified that the applicant is also the owner but this is something the IMO should take into account.

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

### May 2011 Meeting (discussion of revised Market Procedure)

Ms Edmonds explained that subsequent to formal submission into the Procedure Change Process the IMO had identified a number of issues with the proposed new Market Procedure. In particular as a Demand Side Programme (DSP) is not currently a Registered Facility the proposed process would not have worked in practice. In addition, issues were identified with the naming convention for DSPs and a number of opportunities were highlighted for simplifying the process for Market Customers during the transition period.

Ms Edmonds confirmed that Market Participants would be involved along every step of the process and would be able to discuss their transition plan and any requirements directly with the IMO. Ms Edmonds noted that if Market Customers pre-register a DSP during this transitional phase, it will become a registered DSP on 1 October 2011. Within 20 Business Days of registration, the Market Customer will need to undertake a Verification Test. As such Market Customers should only be pre-

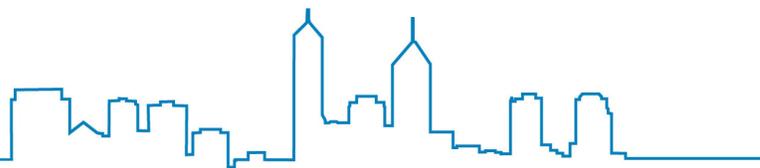
registering DSPs where they will have capacity obligations applying as on 1 October 2011.

The following points were raised during the meeting:

- Mr Rohrlach questioned whether the new DSP facilities would have different names to those DSPs which are currently certified. Ms Edmonds confirmed that they would have new names and that Market Customers would be informed of the new names by the IMO.
- Ms Monica Tedeschi presented details of how the IMO will develop a transition plan for each relevant Market Customer. The transition plan will represent a default position and will detail any alternative options that the Market Customer may adopt along with any Reserve Capacity Security requirements. Mr Rohrlach questioned what would happen if a Market Customer's Capacity Credits would be changing from year to year. Ms Jenny Laidlaw explained that this would be taken into account in the transition plan.
- Mr Matt Schultz questioned whether pre-registering a DSP facility would require a reshuffling of the existing Reserve Capacity Securities. Ms Tedeschi confirmed that where a Market Customer's Reserve Capacity Security is currently held as a deed and they restructure their current portfolio structure they would need to provide new deeds, as necessary. Where a Market Customer does not restructure its portfolio (i.e. adopts the default transitional option provided by the IMO) there would most likely not be any need to replace its Reserve Capacity Security. Ms Tedeschi noted that where Market Customers accepted the default option presented in their transition plans, there would be no implications for held security but where Market Customers wanted to split facilities, that would attract security changes. Ms Tedeschi confirmed that the provision of new deeds would represent a legal transfer and not involve a changed amount of Reserve Capacity Security needing to be provided to the IMO. Any replacement Reserve Capacity Security would need to be provided to the IMO by 1 October 2011 in accordance with the process outlined in the Market Procedure for Reserve Capacity Security.
- Mr Campillos questioned whether normal registration fees would apply to pre-register a DSP. Ms Edmonds replied that no fees would apply to pre-registration of a DSP prior to 1 October 2011.
- Mr Schultz noted that where a Market Customer holds Capacity Credits for a Curtailable Load or Demand Side Programme for the 2012/13 there would be no need to do anything, other than accept the default position in the transition plan. Ms Edmonds agreed.
- Mr Campillos clarified that after 1 October 2011 Curtailable Loads would no longer be a Facility Class and any Capacity Credits allocated to Curtailable Loads would be transferred to the new DSP facility names developed by the IMO. Ms Edmonds confirmed this was the case.
- Mr Schultz questioned why a Reserve Capacity Security would need to be split if the Market Customer has already shown that they can meet the required level. Ms Edmonds responded that Market Customers will not have a

Reserve Capacity Security if they have already proved their ability to perform to the level of certification. Ms Tedeschi confirmed that it is only where a new facility with a Reserve Capacity Security is merged with an existing one that a new Reserve Capacity Security needs to be provided to cover the overall merged Demand Side Programme (similar to if an existing facility undertakes an upgrade).

- Mr John Rhodes questioned whether Market Customers who have capacity obligations in 2011/2012 should ensure they have pre-registered a DSP. Ms Edmonds confirmed that they should and that any Market Customers with Reserve Capacity Obligations later than 2011/2012 could wait and register a facility at a later point in accordance with the normal registration processes. Ms Tedeschi confirmed that in those cases, only a name change would be required.
- Mr John Nguyen outlined the data that would be required from Market Participants applying to pre-register DSPs and associated loads and gave an overview of the forms that would be provided to assist with the process of submitting the data.
- Mr Rohrlach questioned when the pre-registration form would be available. Mr Nguyen confirmed it would be made available on the IMO Web Page but would also be provided to Working Group members for their further consideration. Mr Rhodes asked whether Market Customers filled out the template and if that satisfied all the information requirements. Mr Nguyen confirmed that the template, when completed, would fulfil all data requirements for pre-registration. Mr Rohrlach asked whether the template would be hard-copy or electronic. Mr Nguyen replied that the IMO had not finalised details yet but it was likely Market Customers would be required to provide a scanned copy to the IMO.
- Mr Schultz questioned whether Market Customers will have to do this for existing Demand Side Programmes and Curtailable Loads as well. Mr Nguyen confirmed that this would be the case.
- Mr Schultz questioned if Market Customers would have to provide single line diagrams for Demand Side Programmes. Discussion ensued. *The IMO agreed to meet with System Management, Energy Response and EnerNOC out of session to discuss this issue further.*
- Mr Rohrlach questioned the need for the provision of information on the minimum load of any Associated Loads. Ms Laidlaw and Ms Edmonds confirmed that minimum load information was required to calculate Facility Reserve Capacity Deficit Refunds for DSPs during each Trading Interval where a DSP does not have sufficient Loads associated with it to meet its capacity obligations.
- Mr Rhodes asked whether System Management was involved in the creation of DSPs. Ms Edmonds confirmed that System Management's role through the pre-registration process would be consistent with its current role in registering new facilities.



- Mr Rohrlach questioned whether there would be a WEMS interface in place during the interim period. Mr William Street replied that there would be and that it would be available to test from mid July and would go live in September or October. Mr Street confirmed that most fields were replicated as per the application forms.
- Mr Rhodes noted that on the application to associate a load Market Customers have to list a NMI. Mr Rhodes questioned whether on the form the NMI and the connection point were the same thing. Mr Nguyen confirmed that this was the case and agreed to make this clearer.
- Ms Edmonds noted that the Market Procedure for Facility Registration, De-Registration and Facility Transfer would need to be updated for consistency with any Amending Rules resulting from the Rule Change Proposal: Demand Side Programmes and Curtailable Loads (RC\_2010\_29) prior to 1 October 2011.
- The Chair noted that any informal submissions received during this period along with the discussion at today's meeting would be taken into account by the IMO in determining whether to approve the further amendments