

---

## Wholesale Electricity Market – Procedure Change Proposal

---

Procedure Change No: PC\_2011\_05

### Change requested by:

<b>Name:</b>	Greg Ruthven
<b>Phone:</b>	08-92544340
<b>Fax:</b>	08-92544301
<b>Email:</b>	Greg.ruthven@imowa.com.au
<b>Organisation:</b>	IMO
<b>Address:</b>	Level 3, 197 St Georges Terrace, Perth, WA 6000
<b>Date submitted:</b>	5 August 2011
<b>Procedure change title:</b>	Changes to Market Procedure for Reserve Capacity Testing
<b>Market Procedure affected:</b>	Market Procedure for Reserve Capacity Testing

---

### 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 amended Market Procedure for Reserve Capacity Testing will implement the following changes:

- Reflect the Amending Rules resulting from the Rule Change Proposal: Curtailable Loads and Demand Side Programmes (DSPs) (RC\_2010\_29) that will commence on 1 October 2011<sup>1</sup>;
- Reflect the Required Level concept proposed under the Rule Change Proposal: Reserve Capacity Security (RC\_2010\_12). Note that the Ministers decision on whether to approve the Amending Rules resulting from RC\_2010\_12 will be published on 19 August 2011<sup>2</sup>;
- Remove the references to the Verification Tests undertaken by DSPs for consistency with the Heads of Power of the Market Procedure provided under clause 4.24.14 of the Market Rules; and
- Require a DSP provider to notify in advance the IMO and SM that the Facility will be verifying its performance by observation during a specific Trading Interval (see steps 1.9.5 and 1.11.1 for further details). This change has been incorporated to ensure that System Management is aware of any such test in advance and to allow System Management to incorporate these tests into the load forecast that is issued on the morning of the Scheduling Day.

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

The IMO notes that it has not updated the Market Procedure to reflect the new format arising from the Market Procedures project, given the timing considerations associated with the commencement of Amending Rules from RC\_2010\_29 and RC\_2010\_12 (subject to Ministerial approval).

---

<sup>1</sup> For further details refer to the following webpage: [http://www.imowa.com.au/RC\\_2010\\_29](http://www.imowa.com.au/RC_2010_29)

<sup>2</sup> For further details refer to the following webpage: [http://www.imowa.com.au/RC\\_2010\\_12](http://www.imowa.com.au/RC_2010_12)

The proposed amended Market Procedure was provided for out of session comment to the IMO Market Procedures Working Group on 15 July 2011. Comments received from working group members have been incorporated into the proposed amendments where applicable.

The IMO is seeking submissions regarding this proposal. The submission period is 20 Business Days from the publication of this Procedure Change Proposal. Submissions must be delivered to the IMO by **Friday, 2 September 2011**.

The IMO prefers to receive submissions by email to [market.development@imowa.com.au](mailto:market.development@imowa.com.au) using the submission form available on the IMO website: <http://www.imowa.com.au/procedure-changes>

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

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

---

## **2. Provide the wording of the Procedure**

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

---

## **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 amended Market Procedure for Reserve Capacity Testing 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.

---

## **4. Describe how the proposed changes to the Market Procedure would be consistent with the Wholesale Market Objectives**

The steps described in the proposed amended Market Procedure for Reserve Capacity Testing facilitate the Reserve Capacity testing processes described in section 4.25 of 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 amended Market Procedure for Reserve Capacity Testing, as a whole, is consistent with the Wholesale Market Objectives.