



INDEPENDENT
MARKET
OPERATOR

Wholesale Electricity Market Procedure Change Proposal

Procedure Change ID: PC_2013_07

Change requested by

Name:	Kate Ryan
Phone:	9254 4357
Fax:	9254 4399
Email:	kate.ryan@imowa.com.au
Organisation:	IMO
Address:	Level 17, 197 St Georges Terrace, Perth, WA 6000
Date submitted:	21 November 2013
Urgency:	Medium
Procedure change title:	Amendments to Market Procedure for Settlement
Market Procedure(s) affected:	Market Procedure for Settlement

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, 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;
 - 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:

Clause 9.2.1 of the Market Rules requires the IMO to document the settlement process, including the application of taxes and interest, in a Market Procedure. This Procedure Change Proposal proposes to ensure the *Market Procedure for Settlement* (Procedure) encompasses the relevant settlement obligations on the IMO and Rule Participants and is clear and unambiguous.

The IMO proposes to update the *Market Procedure for Settlement* to:

- reflect the necessary changes arising from *RC_2013_08: Market Participant Fees - Clarification of GST Treatment*;
- reflect the IMO's new format;
- provide greater clarity to potential and existing Rule Participants on the settlement process by improving the information provided around the:
 - settlement processes and timelines;
 - adjustment process and timelines;
 - process for settlement of the market in the case of default situations;

- Invoices and the application of GST and interest to settlement transactions; and
- disagreement and dispute processes and timelines;
- improve the structure of the Procedure; and
- define new terms.

The IMO presented the proposed changes to the Procedure to the IMO Procedure Change and Development Working Group (IMOPWG) on 20 September 2013. The IMOPWG endorsed the Procedure to progress to a formal consultation period with minor amendments.

Amendments were recommended to the formatting of the Procedure and the formatting of formulas. The IMO has also taken the opportunity to make minor changes to improve the clarity of the Procedure. The minutes from the IMOPWG are available on the Market Web Site¹.

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 **5:00 pm on Thursday, 19 December 2013**.

The IMO proposes to commence the final amended Market Procedure on 1 January 2014 to align with the commencement date of *RC_2013_08: Market Participant Fees - Clarification of GST Treatment*.

The IMO prefers to receive submissions by email to market.development@imowa.com.au using the submission form available on the following webpage: <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, Development & Capacity
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4399

2. Provide the wording of the amended Procedure

The proposed amended Market Procedure is provided as an attachment to this proposal. Given the substantial restructuring and redrafting of the Procedure, the IMO has not shown the proposed amendments in tracked changes.

¹ [http://www.imowa.com.au/governance/market-advisory-committee-\(mac\)/mac-working-groups/imo-procedure-change-and-development-working-group](http://www.imowa.com.au/governance/market-advisory-committee-(mac)/mac-working-groups/imo-procedure-change-and-development-working-group)

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 has been reviewed as a whole by the IMO to ensure compliance of the Procedure with the relevant provisions in the:

- Electricity Industry Act;
- Electricity Industry (Wholesale Electricity Market) Regulations; and
- Market Rules.

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

The IMO considers that the proposed amended Procedure has been drafted to reflect the current obligations under the Market Rules and the evolution of the current settlement process and systems.

The Procedure clearly details the obligations of the IMO, System Management and Rule Participants required under the Market Rules for the process of settlement, including the application of taxes and interest.

For these reasons the IMO considers that the amended Procedure is consistent with the Wholesale Market Objectives.

Procedure Change ID: PC_2013_07

Received Date: 21 November 2013