



INDEPENDENT
MARKET
OPERATOR

Wholesale Electricity Market Procedure Change Proposal

Procedure Change ID: PC_2014_02

Change requested by

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Address:	Level 17, 197 St Georges Terrace, Perth
Date submitted:	14 February 2014
Urgency:	2-medium
Procedure change title:	Changes to Market Procedure for Declaration of Bilateral Trades and Reserve Capacity Auction
Market Procedure(s) affected:	Market Procedure for Declaration of Bilateral Trades and Reserve Capacity Auction

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 Wholesale Electricity Market (WEM) Rules (Market Rules);
 - ii. be consistent with the Wholesale Market Objectives;
 - iii. be consistent with the Market Rules, the Electricity Industry Act and the 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:

Background

The *Market Procedure for Declaration of Bilateral Trades and Reserve Capacity Auction* (Market Procedure) outlines the processes to be followed by Market Participants with respect to submitting Bilateral Trade Declarations and Reserve Capacity Offers. The Market Procedure also details the process that the IMO follows in assessing Bilateral Trade Declarations, determining if a Reserve Capacity Auction will be required and the process for clearing the Reserve Capacity Auction.

Consultation

The Market Procedure was presented at the IMO Procedure Change and Development Working Group (IMOPWG) meeting held on 6 February 2014. Minor changes to improve clarity with respect to timeframes and the definition of Reserve Capacity Facility Status were recommended and have been included in the proposed amended Market Procedure.

Proposed Amendments

The *Rule Change Proposal RC_2013_18: Market Rule changes arising from the merger of the Electricity Retail Corporation and Electricity Generation Corporation* replaced references

to Verve Energy in the Market Rules with Synergy. Step 2.2.4 of this Market Procedure has been amended to reflect this change.

The IMO has also taken the opportunity to make minor changes to improve the clarity of the Market Procedure and update it to reflect the IMO's new style and format.

Call for Submissions

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 Monday, 17 March 2014**.

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.

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 Market 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 amendments do not change the current operation or interpretation of the Market Rules. As a result, the IMO considers that the proposed

amended Market Procedure as a whole is consistent with the Wholesale Market Objectives.

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