
Wholesale Electricity Market – Procedure Change Proposal

Procedure Change No: PC_2009_10

Change requested by:

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Date submitted:	4 January 2010
Procedure change title:	Market Procedure for Reserve Capacity Testing
Market Procedure(s) affected:	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 updates the procedure to improve the process followed by the IMO when testing a Facility's ability to meet its Reserve Capacity Obligations.

The purpose of this Procedure Change Proposal is to:

- o define testing cycles and Temperature Dependence Curves (section 1.2);
- o define how passes and fails of Reserve Capacity Tests are determined using the Temperature Dependence curve (section 1.7.4 -1.7.6); and
- o detail how the IMO measures temperature (section 1.8.2 -1.8.3).

To improve the integrity of the Market Procedure, the IMO also proposes:

- o a number of minor and typographical amendments; and
- o to include details relating to the Amending Rules and associated procedure steps resulting from Rule Change Proposal: Demand Side Management – Operational Issues (RC_2008_20). Please note that these changes will not constitute a part of the Market Procedure until commencement on 1 October 2010.

Ancillary to these changes, the IMO proposes a number of amendments to the Glossary and Defined Terms used in the Market Procedure.

Any approved changes to the Market Procedure relating to RC_2008_20 resulting from this Procedure Change Process will be included formally by the IMO into the Market Procedure on 1 October 2010. Prior to this date they will simply be indicated in boxes within the Market Procedure for reference.

The proposed new Market Procedure was discussed by the IMO Market Procedures Working Group at the 13 August 2009 meeting. Minutes from the meeting are available on the following webpage: <http://www.imowa.com.au/IMO-Procedures-Working-Group>

2. Provide the wording of the Procedure

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

For ease of review, both a clean version and a tracked-change version of the proposed amended Market Procedure for Reserve Capacity Testing have been provided.

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 Undertaking 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.
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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 amended Market Procedure for Reserve Capacity Testing facilitates 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.