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## Wholesale Electricity Market – Procedure Change Proposal

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Procedure Change No: PC\_2011\_03

### Change requested by:

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| <b>Date submitted:</b>            | 6 April 2011   |
| <b>Procedure change title:</b>    | Transitional arrangements for the Registration of Demand Side Programmes and the association of Non-Dispatchable Loads   |
| <b>Market Procedure affected:</b> | Market Procedure for the Registration of Demand Side Programmes and the association of Non-Dispatchable Loads (Transitional arrangements) (New Market Procedure) |

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### 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.

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## Details of Procedure Change Requested

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### 1. Provide a reason for the proposed new, amended or replacement Market Procedure:

#### **Background**

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 and contained in the Rule Change Proposal: Curtailable Loads and Demand Side Programmes (RC\_2010\_29<sup>1</sup>).

The IMO's proposed solution to the current issues associated with the registration of CLs (Issue 1) will amend the way that Demand Side Programmes (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 Non-Dispatchable Loads (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

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<sup>1</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).

the IMO in these cases<sup>2</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:

| 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 NDLS to a DSP; and
- Reassigning Capacity Credits from one DSP to one or more other DSPs.

<sup>2</sup> Note that provision has been made for associating new NDLS to a DSP in section 2.3 of the proposed Market Procedure.

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.

### ***Request for public consultation***

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 **Monday, 9 May 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: General Manager Development  
PO Box 7096  
Cloisters Square, Perth, WA 6850  
Fax: (08) 9254 4399

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

The proposed new Market Procedure for Registration of Demand Side Programmes and the association of Non-Dispatchable Loads (Transitional arrangements) is provided as an attachment to this proposal.

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

- Market Rules (including the Amending Rules currently proposed under the RC\_2010\_29);
- 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 new Market Procedure specify the processes 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,

during the transitional period (provisionally set for between 1 June 2011 and 1 October 2011) for the commencement of any Amending Rules resulting from RC\_2010\_29. The IMO notes that should the proposed Amending Rules from RC\_2010\_29 be amended or rejected following the outcomes of the second consultation period the Market Procedure will be updated to reflect these changes as appropriate.

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