

ELECTRICITY INDUSTRY ACT 2004
ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY
MARKET) REGULATIONS 2004
WHOLESALE ELECTRICITY MARKET RULES

Guidelines for
Rule Change Proposals

Revision History

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2.0	Fiona Edmonds	24/07/2009	Jacinda Papps	24/07/2009		

1. Rule Change Proposals

Clause 2.5 of the Wholesale Electricity Market Rules (Market Rules) outlines the process for proposing changes to the Market Rules. The purpose of this document is to provide an overview of the rule change process and information on how to lodge a Rule Change Proposal form.

1.1 Initiating a Rule Change [MR 2.5]

The steps for initiating a rule change are as follows:

1. Any person may propose a rule change using the Rule Change Proposal form and submitting the completed form to the Independent Market Operator by email.
2. All sections of the Rule Change Proposal form must be completed. It is important to ensure that the proposal clearly sets out the suggested rule change and how it will allow the *Market Rules* to better address the *Wholesale Market Objectives* (as stated in clause 1.2.1 of the Market Rules), namely
 - (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.
3. Information included in the Rule Change Proposal form is contained in Appendix A, and a copy of the form can be found on the IMO website.
4. The IMO may contact the person submitting the Rule Change Proposal for any clarification regarding the Proposal. Any clarification is deemed to become part of the Rule Change Proposal.
5. The IMO determines if the Rule Change Proposal will be progressed further.
6. The IMO must notify the person submitting the Rule Change Proposal of its determination whether or not to progress the Rule Change Proposal within five business days of receiving:

- (a) the Rule Change Proposal form; or
- (b) any subsequent clarification sought on a Rule Change Proposal.

1.2 Publication of Rule Change Proposals [MR 2.5.7]

The IMO must publish notice of all Rule Change Proposals on its website, including any that the IMO has determined will not progress and any rule changes proposed by the IMO. The notice will include:

- Details from the Rule Change Proposal form, including the identity of the person making the proposal;
- The IMO's determination of whether the proposal will be progressed, including reasons;
- Whether the proposal (if it is to be progressed) is subject to the Fast Track Rule Change Process (see section 1.5 below); and
- For proposals not subject to the Fast Track Rule Change Process, an invitation for any person to make written submission and the date by which all submissions must be received (30 Business Days after notification). The IMO will assign a reference number to be quoted on submissions.

1.3 Standard Rule Change Process [MR 2.7]

Unless subject to the Fast Track Rule Change Process, proposed rule changes will undergo the following standard process:

1. Any person is able to make a submission on a Rule Change Proposal provided the submission is made within the timeframe specified by the IMO.
2. The IMO is required to publish the submission.
3. The IMO may, but is not compelled, to hold public forums concerning Rule Change Proposals.
4. For significant rule change issues, the Market Advisory Committee may be convened to meet. The Market Advisory Committee comprises industry representatives and is established under clause 2.3.1 of the Market Rules. The Market Advisory Committee does not vote on issues, but provides a forum for views to be heard and advice to be offered to the IMO on Rule Change Proposals.

Draft Rule Change Report

5. Within 20 Business Days of the close of submissions, the IMO will publish a Draft Rule Change Report on the Rule Change Proposal. The report will include:
 - (a) the information in the notice of the Rule Change Proposal;
 - (b) all submissions received before the due date for submissions, a summary of those submissions, and the IMO's response to issues raised in those submissions;

- (c) a summary of any public forums or workshops held;
 - (d) a summary of the views expressed by the members of the Market Advisory Committee where the Market Advisory Committee met to consider the Rule Change Proposal;
 - (e) the IMO's assessment of the Rule Change Proposal in accordance with clauses 2.4.2 and 2.4.3 of the Market Rules;
 - (f) a proposal as to whether the Rule Change Proposal should be accepted in the form proposed. The proposal may be that:
 - i. the Rule Change Proposal be accepted in the proposed form; or
 - ii. the Rule Change Proposal be accepted in a modified form; or
 - iii. the Rule Change Proposal be rejected; and
 - (g) if the IMO proposes to make Amending Rules arising from the Rule Change Proposal:
 - i. the wording of the proposed Amending Rules; and
 - ii. a proposed date and time the proposed Amending Rules will commence.
6. The IMO will also call for further submissions, with a deadline of no less than 20 Business Days after the IMO calls for the further submissions.

Final Rule Change Report

7. Within 20 Business Days of the deadline for further submissions, the IMO will publish a Final Rule Change Report on the Rule Change Proposal. The report will include:
- (a) the information in the Draft Rule Change Report;
 - (b) all submissions received before the deadline for submissions specified in relation to the relevant Draft Rule Change Report, a summary of those submissions, and the IMO's response to the issues raised in those submissions;
 - (c) any further analysis or modification to the Rule Change Proposal;
 - (d) the IMO's assessment of the Rule Change Proposal in accordance with clauses 2.4.2 and 2.4.3 of the Market Rules;
 - (e) a decision by the IMO that:
 - i. the Rule Change Proposal be accepted in the proposed form; or
 - ii. the Rule Change Proposal be accepted in a modified form; or
 - iii. the Rule Change Proposal be rejected;
 - (f) the IMO's reasons for the decision; and
 - (g) if the IMO decides to make Amending Rules arising from the Rule Change Proposal:

- i. the wording of the Amending Rules; and
- ii. the proposed date and time that the Amending Rules will commence.

1.4 Fast Track Rule Change Process [MR 2.6]

The IMO may subject minor and procedural, manifest errors, or urgent Rule Change Proposals to the Fast Track Rule Change Process, pursuant to clause 2.5.9 of the Market Rules. The Fast Track process is as follows:

1. Within five Business Days of publishing the notice of Rule Change Proposal, the IMO will contact those Rule Participants that it considers have an interest in the proposal for the purpose of consultation.
2. In addition, within five Business Days of publication of the proposal notice, a Rule Participant may contact the IMO and request to be consulted.
3. The IMO will complete its consultation within 15 Business Days of its publishing the notice of Rule Change Proposal.
4. The IMO will prepare and publish a Final Rule Change Report within 20 Business Days of publishing the notice of Rule Change Proposal. The Report will include:
 - (a) the information in the notice of the Rule Change;
 - (b) any analysis of the Rule Change Proposal that the IMO has carried out;
 - (c) the identities of Rule Participants that were consulted;
 - (d) information on any objections expressed by the Rule Participants consulted, and the IMO's response to the objections;
 - (e) the IMO's assessment of the Rule Change Proposal in accordance with clauses 2.4.2 and 2.4.3 of the Market Rules;
 - (f) a decision by the IMO that:
 - i. the Rule Change Proposal be accepted in the proposed form; or
 - ii. the Rule Change Proposal be accepted in a modified form; or
 - iii. the Rule Change Proposal be rejected;
 - (g) the IMO's reasons for the decision; and
 - (h) if the IMO decides to make Amending Rules arising from the Rule Change Proposal:
 - i. the wording of the Amending Rules; and
 - ii. the proposed date and time that the Amending Rules will commence.

1.5 Extensions of Time [MR 2.5.10 and 2.5.12]

The IMO may extend the timeframes for processing Rule Change Proposals. The IMO will not extend the timeframe for Fast Track Rule Changes by more than 15 Business Days without reclassifying the proposal to fall within the Standard Rule Change Process.

The IMO will publish a notice of extension and provide updates to any information already published.

1.6 Requirement for Ministerial Approval

Rule changes relating to Protected Provisions require Ministerial approval and undergo additional processes. A list of protected provisions is detailed in clause 2.8.13 of the Market Rules and appears in Appendix B.

The IMO will publish any additional notices as may be required under the Market Rules, which include Ministerial rulings and extensions.

1.7 When Amendments Come Into Force [MR 2.8.12]

Rule changes commence at the time and date set out by the IMO, which the IMO is required to publish.

Appendix A –Content of Rules Change Proposal Form

The Rule Change Proposal form must include:

- i. the name of the person submitting the Rule Change Proposal, and where relevant, details of the organisation that person represents;
- ii. the issue to be addressed;
- iii. the degree of urgency of the proposed change;
- iv. any proposed specific changes to particular Rules;
- v. a description of how the Rule Change would allow the Market Rules to better address the Wholesale Market Objectives; and
- vi. any identifiable costs and benefits of the change.

The form can be found on the following IMO web site:

http://www.imowa.com.au/10_5_1_b_rule%20change%20proposal.htm

Appendix B- List of Protected Market Rules

In accordance with Market Rule 2.8.13, the following clauses of the Market Rules are protected provisions:

- (a) clauses 1.1 to 1.3 and 1.5 to 1.9 ;
- (b) clauses 2.1 to 2.24, 2.28, 2.31.1, 2.31.3, 2.31.5(a), 2.31.6, 2.34.1 and 2.36.1;
- (c) clauses 3.15, 3.18.18 and 3.18.19;
- (d) clauses 4.1.4 to 4.1.12, 4.1.15 to 4.1.19, 4.1.21, 4.1.22, 4.1.24, 4.1.27, 4.5.10, 4.5.11, 4.5.15 to 4.5.20, 4.13.10, 4.13.10A, 4.13.11, 4.13.11A, 4.13.11B, 4.16, 4.24.1, 4.24.2 and 4.24.12;
- (e) clauses 5.2.3, 5.2.7 and 5.5.1;
- (f) clauses 9.16.3, 9.16.4 and 9.20.2; and
- (g) clauses 10.1.1, 10.1.2, 10.2.1, 10.3 and 10.4.

Note that to the extent that this Appendix B and the Market Rules are inconsistent, the Market Rules prevail.