



Independent Market Operator

Rule Change Notice

**Title: Change to curtailable
load de-registration
timeframe**

Ref: RC_2008_29

Standard Rule Change Process

Date: 12 September 2008

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1. THE RULE CHANGE PROPOSAL

1.1. The Submission

On 11 September 2008 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding a change to clause 2.33.4(d) of the Wholesale Electricity Market Rules (Market Rules).

This Rule Change Notice is published according to Market Rule 2.5.7, which requires the IMO to publish a notice within 7 Business Days of receiving a Rule Change Proposal.

1.1.1 Submission details

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Date submitted:	<i>11 September 2008</i>
Urgency:	<i>High</i>
Change Proposal title:	Change to curtailable load de-registration timeframe

1.2. Details of the Proposal

In its proposal, the IMO submitted that the current Market Rules permit a facility to be de-registered either six months after the date of application if the facility is to cease operation or on the date of the application in the event that the facility has been rendered permanently inoperable.

However, the IMO considers that the six month timeframe that must elapse for de-registration to take effect is not in the best interests of Market Customers with Demand Side Management (DSM) Programs which are comprised of Curtailable Loads.

The IMO noted that under clause 4.8.3(b), Curtailable Loads in a DSM Program contribute towards satisfying the relevant Reserve Capacity Obligations of the DSM Program. These Curtailable Loads can 'churn' which would involve one Market Customer losing their load to another Market Customer while still retaining the Reserve Capacity Obligations of the load. If this occurs, the Market Customer that has lost their load to 'load churn' would be unable to meet the Reserve Capacity Obligations of that load.

However under the current Market Rules, the IMO noted that the Market Customer is unable to de-register the load for six months from the date of its application for de-registration and until such time as the load is de-registered no other loads can be used to satisfy the churned load's share of Reserve Capacity Obligations.

The IMO's rule change proposal allows for a facility that is a (Curtable) Load which is associated with a DSM Program to be de-registered not earlier than *one month* after the date of application. This change will protect Market Customers from having to retain the obligations of the load for six months without being able to satisfy those obligations. The proposed change will enable the de-registration of the churned load within one month of application and bring on other loads to meet the outstanding Reserve Capacity Obligations. The IMO's rule change proposal is expected to both facilitate participation in DSM through the removal of the existing risk to retailers and ensure that retailers with DSM Programs can effectively fulfil their Reserve Capacity Obligations by drawing on other available loads in place of churned Curtable Loads.

1.3. The Proposal and the Wholesale Market Objectives

The IMO submits that the Rule Change Proposal will have the following impact on the market objectives:

- (a) *to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;*

The IMO submits that the proposal supports market objective (a) by ensuring that retailers can effectively fulfil their Reserve Capacity Obligations by drawing on other available loads in place of churned curtable loads.

- (e) *to encourage the taking of measures to manage the amount of electricity used and when it is used;*

The IMO's proposal also supports market objective (e) because it encourages participation in DSM Programs by reducing the risk to retailers.

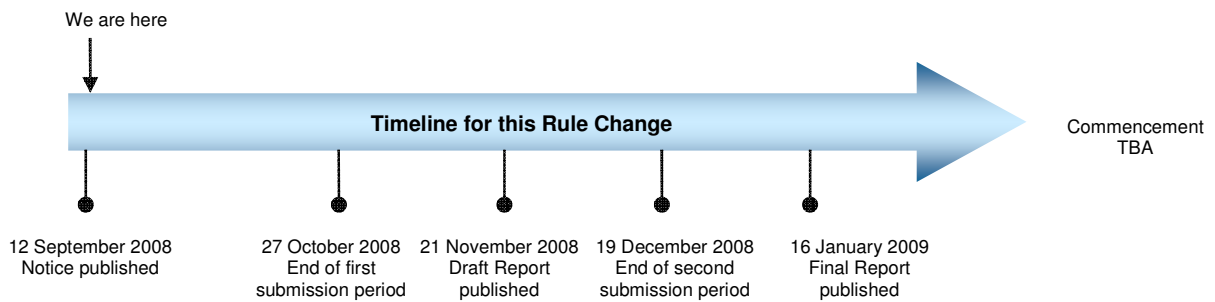
The IMO submits that the proposal is consistent with the remaining market objectives.

2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicated that the proposal is consistent with the Wholesale Market Objectives.

The IMO has decided to process this Rule Change Proposal using the Standard Rule Change Process, described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:



3. CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is six weeks from the publication date of this notice. Submissions must be delivered to the IMO by close of business on **Monday 27 October 2008**.

The IMO prefers to receive submissions by email to **marketadmin@imowa.com.au** using the submission form available on the IMO website:
http://www.imowa.com.au/10_5_1_MarketRulesChangeSummary.html

Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator
Attn: Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

4. PROPOSED AMENDING RULES

The IMO proposes the following amendments to the Market Rules (~~deleted words~~, added words):

- 2.33.4. The Facility de-registration form prescribed by IMO must require that the applicant provide the following:
- (a) the relevant non-refundable Application Fee;
 - (b) identification of the Registered Facility to which the application relates;
 - (c) Information as to whether the Registered Facility is being;
 - i. decommissioned; or
 - ii. moth-balled or placed in reserve shut-down, in which case information on the time required to return the Registered Facility to service should be included;
 - (d) a proposed date on which that Registered Facility is to cease to be registered in the name of that Rule Participant where that date must be;
 - i. not earlier than six months after the date of application if the Facility will cease operation; or
 - ii. the date the application is accepted in the event that the Facility has been rendered permanently inoperable; ~~and~~ or
 - iii. not earlier than one month after the date of application if the Facility is a Curtailable Load, which is associated with a Demand Side Programme and has been registered in accordance with clause 4.8.3; and
 - (e) such other information as the IMO considers it requires to process the application; and
 - (f) a statement that the information provided is accurate.

5. ABOUT RULE CHANGE PROPOSALS

Market Rule 2.5.1 of the Wholesale Electricity Market Rules (Market Rules) provides that any person (including the Independent Market Operator) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the Independent Market Operator (IMO).

The IMO will assess the proposal and, within 5 Business Days of receiving the proposal form, will notify the proponent whether the proposal will be progressed further.

In order for the proposal to be progressed the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives. The 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.

A Rule Change Proposal can be processed using a Standard Rule Change Process or a Fast Track Rule Change Process. The standard process involves a combined 10 weeks public submission period, while the fast track process involves the IMO consulting with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.