



Hon Peter Collier MLC
Minister for Energy; Training and Workforce Development; Indigenous Affairs

Your ref: GTR001/1000253
Our ref: 34-17858

Mr Allan Dawson
Chief Executive Officer
Independent Market Operator
PO Box 7096 Cloisters Square
PERTH WA 6850

Dear Mr Dawson

**RULE CHANGE PROPOSAL ON REASSESSMENT OF ALLOWABLE REVENUE
DURING A REVIEW PERIOD**

In accordance with clause 2.8.5 of the Wholesale Electricity Market Rules, I give my approval to the Rule Change Proposal regarding the Reassessment of Allowable Revenue during a Review Period. I acknowledge and support the intention of the Rule Change Proposal to improve scrutiny and accountability of expenditure by the Independent Market Operator and System Management which may help to minimise long-term costs of electricity.

Notwithstanding my approval, I consider there are some elements of the Proposal that would benefit from further market consultation. In particular, I observe that, while there was market support for reducing the threshold for reassessment of Allowable Revenue, the Independent Market Operator made a late change to maintain the existing threshold level. I also note inconsistencies in the tests for reassessment of Declared Market Projects and budget proposals.

I encourage the Independent Market Operator to undertake further market consultation as soon as practicable to identify if additional amendments relating to these provisions need to be in place before the bulk of the Amending Rules commence on 1 July 2013. I do not envisage that further market consultation should prevent the commencement of the initial Amending Rules on 1 November 2012 regarding budget preparation for the next Review Period.

Thank you for your consideration of my request. I look forward to being kept informed of progress regarding these matters.

Kind regards

A handwritten signature in black ink, appearing to read 'P. Collier', written in a cursive style.

Hon Peter Collier MLC
MINISTER FOR ENERGY

3 - JUL 2012