

Independent Market Operator



Rule Change Notice

Title: Amendment to Business Day Convention

Ref: RC_2007_17

Date: 2 October 2007

CONTENTS

1. INTRODUCTION	2
2. THE RULE CHANGE PROPOSAL	3
2.1 The Submission	3
2.2 Details of the Proposal	3
2.3 The Proposal and the Market Objectives	4
3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER.....	5
4. CONSULTATION	6
5. PROPOSED AMENDING RULES	7

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Independent Market Operator

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1. INTRODUCTION

Market Rule 2.5.1 of the Wholesale Electricity 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 Rule Change Proposal Form, will notify the proponent whether the Rule Change 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 objectives of the market 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 Process or a Fast Track 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.

2. THE RULE CHANGE PROPOSAL

2.1 *The Submission*

Synergy submitted, on 20 September 2007, a Rule Change Proposal regarding the removal of clause 1.4.1(c) and the addition of a new clause 9.1.5, of the Wholesale Electricity 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.

2.1.1 *Submission details*

Name:	Jenni Conroy
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Address:	228 Adelaide Tce Perth
Urgency:	3-high
Change Proposal title:	Amendment to Business Day Convention

2.2 *Details of the Proposal*

Synergy submits that the current business day convention in the Market Rules states that a "business day means a day that is not a Saturday, Sunday or Public Holiday in Western Australia".

All settlement payments in the Wholesale Electricity Market (WEM) are transacted through Austraclear (a Clearing and Settlement facility provided by the Sydney Futures Exchange).

Austraclear can settle transactions when the Sydney Futures Exchange is open. This means that WEM transactions that fall due on a NSW state holiday or a bank holiday cannot be settled, as the Sydney Futures Exchange will be closed.

To avoid scheduling settlements on days when Austraclear is closed, Synergy proposes that the definition of a Business Day, as it applies specifically to settlement within the Market Rules, be amended such that a "Business Day means a day that is not a Saturday, Sunday, or a public holiday (including a bank holiday) throughout Western Australia and/or Sydney (New South Wales)".

The Rules currently have two definitions of Business Day, one in Chapter 1 and another in Chapter 11 (the Glossary). In order to avoid having too many definitions of Business Day in the Rules, given that the term is also defined in the Glossary (Chapter 11), Synergy also proposes to remove the definition of Business Day in clause 1.4.1 (c).

2.3 *The Proposal and the Market Objectives*

Synergy submits that this Market Rule Change will promote the effective operation of settlement processes.

In doing so, Synergy submits that the change will enable the Market Rules to better contribute to the achievement of the Wholesale Electricity Market Objective (a), by promoting the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West Interconnected System.

3. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

Synergy submits that this Market Rule Change should be processed as soon as possible to address the risk that WEM settlement could coincide with public or bank holidays in NSW. Under these circumstances, settlement will not be able to meet the timeline requirements of the Market Rules.

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 Market Objectives.

The IMO has decided to process this Rule Change Proposal using the Fast Track Process, described in section 2.6 of the Wholesale Electricity Market Rules, on the basis that it satisfies the criteria in section 2.5.9(a) of the Rules.

Section 2.5.9 states:

The IMO may subject a Rule Change Proposal to the Fast Track Rule Change Process if, in its opinion, the Rule Change Proposal:

- (a) is of a minor or procedural nature; or*
- (b) is required to correct a manifest error; or*
- (c) is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.*

It is important the market can settle in accordance with the timelines prescribed in the Market Rules. By ensuring that no settlement date is scheduled when Austraclear is closed due to a public or bank holiday in New South Wales, this change will provide certainty about the settlement timelines in the Rules. The IMO considers that this change is of a procedural nature, aimed to adjust the Market Rules to reflect the availability of the transaction service Austraclear, which is used for all settlement payments in the WEM.

The projected timelines for processing this proposal are:

- This Rule Change Notice published 02/10/2007
- Consultation period 02/10/2007 - 23/10/2007
- Final Report published 29/10/2007

4. CONSULTATION

Any Rule Participant wishing to be consulted regarding this rule change is invited to notify the IMO within 5 Business Days of this notice being published.

The IMO prefers to receive notifications for consultation by email to **marketadmin@imowa.com.au**.

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

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

Fax: (08) 9254 4399

5. PROPOSED AMENDING RULES

Synergy proposes the following changes to the Wholesale Electricity Market Rules:

Deleted clause 1.4.1(c)

- 1.4.1. In these Market Rules, unless the contrary intention appears:
- (a) (**Glossary**): a word or phrase listed in the Glossary in Chapter 11 has the has the meaning given in the Glossary;
 - (b) (**day**): a day means a calendar day;
 - ~~(c) (**business day**): a business day means a day that is not a Saturday, Sunday or a public holiday throughout Western Australia;~~
- [balance of clause not changed]

New clause 9.1.5

- 9.1.5. For the purpose of clauses 9.16.1(b), 9.16.2(e) and 9.16.4(d), a **Business Day** is a day that is not a Saturday, Sunday, or a public holiday (including a bank holiday) throughout Western Australia and/or Sydney (New South Wales).