

**Change Proposal No:** \_\_\_\_\_ [to be filled in by the IMO]

**Received date:** \_\_\_\_\_ [to be filled in by the IMO]

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## Wholesale Electricity Market - Rule Change Proposal Form

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### Change requested by

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<b>Organisation:</b>	System Management
<b>Address:</b>	
<b>Date submitted:</b>	21 March 2007
<b>Urgency:</b>	High
<b>Change Proposal title:</b>	Treatment of DSM in outage planning and PASA
<b>Market Rule(s) affected:</b>	Clauses 3.16, 3.17, 3.18 and 3.19

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### Introduction

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

This Change Proposal can be posted, faxed or emailed to:

#### **Independent Market Operator**

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

Fax: (08) 9420 5755

Email: [dora.guzeleva@imowa.com.au](mailto:dora.guzeleva@imowa.com.au)

The Independent Market Operator will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity 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.

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## **Details of the proposed Market Rule Change**

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### **1. Outline the issue concerning the existing Market Rules that is to be addressed by the proposed Market Rule change:**

Remove references to System Management taking account of demand side management capacity when accepting/approving outages and carrying out short term and medium term PASA studies.

The outage planning (clauses 3.18 and 3.19) and PASA (clauses 3.16 and 3.17) provisions require System Management to take demand side management capacity into account. System Management considers that it is not practicable to adhere to these requirements, due to the level of uncertainty surrounding demand side management (eg. Limitations on frequency of its availability) and the inherent danger of overstating system margins. Therefore, for system security reasons, DSM is not currently considered by System Management. System Management considers that the requirement to take DSM into account when considering available capacity should be removed from the Market Rules.

### **2. Explain the reason for the degree of urgency:**

It is not practicable to consider DSM in assessing system availability. System Management seeks the proposed rule change to bring the Market Rules into line with practices employed by System Management for sound system security reasons.

### **3. Provide any proposed specific changes to particular Rules:**

- a. Deletion of clause 3.16.9(c):

~~Forecast total available Demand Side Management capacity by week and by constrained region;~~

- b. Deletion of clause 3.16.9(d)(iii) (and consequential deletion of “minus” from clause 3.16.9(d)(ii)):

~~The total available Demand Side Management Capacity~~

- c. Deletion of clause 3.17.9(c):

~~Forecast total available Demand Side Management capacity by six hour period;~~

- d. Deletion of clause 3.17.9(d)(iii) (and consequential deletion of “minus” from clause 3.17.9(d)(ii)):

~~The total available Demand Side Management capacity;~~

- e. Amendments to clause 3.18.11(aA) as follows:

~~The capacity of the total generation and Demand Side Management Facilities remaining in service must satisfy the Ready Reserve Standard described in clause 3.18.11A;~~

- f. Amendments to clause 3.19.6(a) as follows:

~~The capacity of the generation and Demand Side Management Facilities remaining in service must be greater than the load forecast for the relevant time period.~~

#### **4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:**

The proposed Rule changes would promote the economically efficient, safe and reliable production and supply of electricity in the SWIS.

Removal of the obligation to take account of demand side management capacity limits the potential for System Management to overstate system margins, thereby aiding the safe and reliable supply of electricity.

#### **5. Provide any identifiable costs and benefits of the change:**

- Increased security of supply.