



Agenda

MEETING TITLE	Market Advisory Committee
MEETING NO	82
DATE	Wednesday 22 July 2015
TIME	2:00 PM – 4:00 PM
LOCATION	IMO Board Room, Level 17, 197 St Georges Terrace, Perth

Item	Responsibility	Duration
1. Welcome	Chair	2 min
2. Meeting apologies/attendance	Chair	2 min
3. Minutes of previous meeting	Chair	5 min
4. Actions arising	Chair	5 min
5. Overview of the Progression of Rule Change Proposals	IMO	5 min
6. Discussion: Electricity Market Review Update	PUO	10 min
7. Position Paper – A Proposed Design for the new Rule Change Assessment Panel	PUO	30 min
8. Presentation: Margin Values	IMO	20 min
9. Presentation: Deadband control and the application of the Technical Rules	Western Power	15 min
10. Working Groups	IMO	2 min
11. General business	IMO	5 min
12. Next meeting: 12 August 2015		

Please note this meeting will be recorded to assist with the preparation of minutes.

Minutes

MEETING TITLE	Market Advisory Committee
MEETING NO	81
DATE	Wednesday 17 June 2015
TIME	3:00 PM – 4:50 PM
LOCATION	IMO Board Room, Level 17, 197 St Georges Terrace, Perth

Attendees	Class	Comment
Allan Dawson	Chair	
Kate Ryan	Compulsory – IMO	
Dean Sharafi	Compulsory – System Management	
Matthew Cronin	Compulsory – Western Power	(3:05 PM – 4:50 PM)
Andrew Stevens	Compulsory – Generator	
Wendy Ng	Compulsory – Generator	
Michael Zammit	Compulsory – Customer	
Geoff Gaston	Compulsory – Customer	
Peter Huxtable	Discretionary – Contestable Customers	
Tony Leahy	Compulsory – Customer	Proxy
Simon Middleton	Minister's Appointee – Observer	Presenter
Elizabeth Walters	Economic Regulation Authority (ERA) – Observer	

Apologies	Class	Comment
Will Bargmann	Compulsory – Synergy	
Shane Cremin	Compulsory – Generator	
Steve Gould	Compulsory – Customer	Proxy attended
Ray Challen	Minister's Appointee – Small Use Consumers Representative	

Also in attendance	From	Comment
Natalia Kostecki	Public Utilities Office (PUO)	Presenter
Fiona Bishop	Western Power	Observer
John Rhodes	Alinta Energy	Observer
Mia Threnoworth	Synergy	Observer

Rebecca Petchey	IMO	Presenter
Erin Stone	IMO	Observer
Neetika Kapani	IMO	Observer
Greg Ruthven	IMO	Observer (3:00 PM – 4:30 PM)
Jenny Laidlaw	IMO	Observer (3:00 PM – 4:30 PM)
Caroline Cherry	IMO	Observer and Minutes
Alex Penter	IMO	Observer and Minutes

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 3:00 PM and welcomed members to the 81st meeting of the Market Advisory Committee (MAC).</p>	
2.	<p>MEETING APOLOGIES/ATTENDANCE</p> <p>The following apologies were received.</p> <ul style="list-style-type: none"> • Will Bargmann • Shane Cremin • Steve Gould • Ray Challen <p>The following proxies were noted:</p> <ul style="list-style-type: none"> • Tony Leahy <p>The following presenters and observers were noted:</p> <ul style="list-style-type: none"> • Natalia Kostecki (Presenter – PUO) • Fiona Bishop (Observer – Western Power) • John Rhodes (Observer – Alinta Energy) • Mia Threnoworth (Observer – Synergy) • Rebecca Petchey (Presenter – IMO) • Erin Stone (Observer – IMO) • Neetika Kapani (Observer – IMO) • Greg Ruthven (Observer – IMO) • Jenny Laidlaw (Observer – IMO) • Caroline Cherry (Observer and Minutes – IMO) • Alex Penter (Observer and Minutes – IMO) 	
3.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of MAC Meeting No. 80, held on 6 May 2015, were circulated to members prior to the meeting. The minutes were accepted as a true record of the meeting.</p> <p><i>Action Point: The IMO to publish the minutes of Meeting No. 80 on the Market Web Site as final.</i></p>	IMO

4.	<p>ACTIONS ARISING</p> <p>The Chair invited Ms Kate Ryan to update the MAC on the current action items. Ms Ryan noted that the items marked as complete would be taken as read and provided the following update on the open actions:</p> <ul style="list-style-type: none"> • Action Items 47 and 55: Ms Ryan noted that these items remained open. Regarding Action Item 55, the Chair added that IMO and Western Power had met regarding the Competing Applications Group process and noted that progress was being made. • Action Items 9, 15 and 22: Ms Ryan noted that these items related to Rule Change Proposals, which were scheduled to be discussed in further detail in Agenda Item 6.1. • Action Item 24: Ms Ryan noted that the IMO had circulated a calendar of revised MAC meetings dates from July 2015 onwards and asked MAC members for any feedback on the dates. No MAC members indicated that the dates conflicted with other industry events. MAC members agreed to accept the proposed revised meeting dates. <p><i>Action Point: The IMO to publish the revised MAC meeting dates on the Market Web Site.</i></p>	IMO
5.	<p>DISCUSSION: ELECTRICITY MARKET REVIEW UPDATE</p> <p>The Chair invited Mr Simon Middleton and Dr Natalia Kostecki from the PUO to provide an update on the progress of the Electricity Market Review (EMR). The following key points were discussed:</p> <ul style="list-style-type: none"> • Mr Middleton noted that the EMR team was in the process of developing a position paper outlining the preferred option for the establishment of a new Rule Change Committee (RCC) to replace the IMO Board in approving changes to the Wholesale Electricity Market Rules (Market Rules). Mr Middleton noted that this paper would be approved by the EMR Steering Committee and the Minister prior to being released for consultation. Mr Middleton stated that working groups would be created to inform the EMR team on technical details of the various projects and he noted that MAC would be used as the working group for the establishment of the RCC. • Mr Middleton advised the MAC that project plans for a majority of the EMR work streams had been provided to the EMR Steering Committee and that the EMR team would soon be in a position to start consulting with industry. Mr Middleton stated that an industry briefing will be held on 28 July 2015 and is open to all interested parties. Mr Middleton added that an Energy Reference Group (ERG) would be established, by invitation, to provide input into the EMR design and implementation. Mr Michael Zammit queried what role the ERG is envisaged to have. Mr Middleton responded that the ERG will be used to update the industry on a monthly basis and provide guidance on material issues and/or provide suggestions to the various projects. Mr Zammit asked whether the ERG would meet with the EMR Steering Committee. Mr Middleton noted it was still being worked out but suggested that the ERG may meet with the Minister, the EMR Steering Committee and/or the EMR team. Mr Middleton added that the Minister, in response to concerns raised by industry, requested another forum that was broader than the EMR Steering Committee in its composition to ensure industry was able to provide input into the various EMR projects. 	

- Mr Middleton provided the following expected timeframes for EMR projects: Full Retail Contestability (FRC) to be effective as of 1 July 2018, with legislative aspects being progressed through 2016; the transfer of System Management to the IMO by mid-2016; and network regulation to be implemented by 1 July 2018 at the earliest.
- Mr Middleton noted the timing of the transfer of System Management to the IMO would occur as early as possible to ensure that it is transferred in a steady-state and allow System Management to be embedded in the IMO prior to any significant changes resulting from other EMR work streams.
- Mr Middleton noted that a significant amount of work had been undertaken with regard to the network regulation project. He stated that a workshop had been held between Western Power, Australian Energy Regulator (AER), Australian Energy Market Commission and the EMR team. The AER had indicated the earliest they could table their determination for Western Power would be 1 July 2018. Mr Middleton stated there will be a gap between when the current access arrangement, administered by the ERA, expires and the AER's determination. Mr Middleton noted discussions around how the gap can best be managed were ongoing.
- Mr Middleton returned to the discussion regarding the establishment of the RCC and noted the EMR team had considered submissions from Market Participants during phase one of the EMR. He noted stakeholders had expressed concern over a perceived conflict of interest with the IMO approving changes to the Market Rules. Mr Middleton stated the EMR Steering Committee was considering a number of design options including the composition of the RCC (being the Chair of the ERA, Coordinator of Energy and Chair of the IMO as 'Standing Members') and possibly having 'Additional Members' to advise the RCC.
- Mr Middleton stated the position paper will identify, at a high level, how the new RCC model will operate and function. The position paper will also outline the preferred structure of the RCC, the new rule change process and how the RCC will interact with other bodies such as ERA and PUO. Mr Middleton noted that the release of a position paper will enable stakeholders to comment on the proposed design model of the RCC.

Mr Middleton invited Dr Kostecki to provide further detail on the project establishing the RCC. The following points were discussed:

- Dr Kostecki noted when a new governance body is inserted into an already established governance framework, not only are the relationships between the existing bodies redefined but also the relationships between the new body and existing bodies must be developed. Dr Kostecki reiterated that the EMR team had been working with the EMR Steering Committee to develop a preferred option for the new framework and that the preferred option would be outlined in the position paper which would be released for consultation.
- Dr Kostecki reiterated that there will be three Standing Members of the RCC and that the Minister could appoint two Additional Members to act in a non-official capacity but provide expertise where required. Mr Peter Huxtable questioned what non-official meant and whether the Additional Members could vote. Mr Middleton responded that the role

is up for debate and noted that while a preferred option will be provided in the position paper, the onus is for Market Participants to propose and justify a better model than that proposed.

- Dr Kostecki noted there was an option for the RCC to appoint members of the MAC and highlighted that the EMR team would appreciate feedback on that option.
- Dr Kostecki stated that other design options [were likely to include](#) the RCC deciding on the composition of the MAC, the approval of the Market Rules Evolution Plan and the oversight of the IMO's rule change work plan and the obligations that should be inserted into the Regulations and those that should be retained in the Market Rules.
- Mr Middleton indicated that he was concerned to ensure that the proposed changes would not "throw the baby out with the bathwater", but noted that keeping such a complex matter as simple as possible; the changes must demonstrate a material benefit, address the primary concern and reflect an efficient solution for the market.
- Mr Zammit agreed a minimalist approach to reform was preferable and suggested introducing a feedback loop that would consider reviewing the EMR changes once they have been implemented. Mr Zammit further stated that when introducing another layer of bureaucracy or governance to the WEM, it may be perceived to be unnecessary, or costly. Mr Zammit noted at present that the IMO has the interest of the market as a whole, and in the event that is removed, a different bias may become evident in a different authoritative group. Mr Zammit expressed a desire for the new RCC to be subject to a review after a period of time and also asked if there were any other changes being considered that would impact the composition or operation of the MAC. Mr Middleton responded that the ERA specifically undertakes an annual review of the wholesale market and how effective the market is operating would be captured within that report. He also stated that the role of the new RCC will not be separate or different to the IMO Board's current functions and must continue to consider the Wholesale Market Objectives in its decisions and operate in the best interests of the market as a whole.
- Dr Kostecki noted the position paper does identify a role for the IMO, and the position paper will seek comment on the options of removing the IMO fully or in part; and what role the IMO needs to play in the future. She also noted the position paper will contain governance, reporting requirements and accountability measures for consideration.
- Dr Kostecki asked Mr Middleton when the position paper will be released. Mr Middleton responded that he cannot provide a definite timing on this, as it is depended on the passage of approval of the position paper by both the EMR Steering Committee and the Minister. Mr Andrew Stevens asked whether the RCC would be established by the end of 2015 as noted by Dr Ray Challen at the last MAC meeting. Mr Middleton responded that there could be some legislative elements required, such as indemnities and 'Additional Members', which may increase the overall timeline for the project.
- Mr Zammit queried whether Mr Middleton envisaged that a change to the governance of the IMO would result following the formation of the RCC and whether there was still the need for a full-time IMO Board. The Chair responded that the functions of the IMO Board were also

	<p>changing as it will also have System Management’s functions. Mr Middleton responded that this wasn’t a question for the EMR team and that this would be a question for the IMO Board. The Chair stated that he believed that the Minister’s role in appointing the IMO Board would not change and that the members of the IMO Board have specifications that are aligned with its roles and responsibilities. He stated that when the IMO’s roles and responsibilities are changed in regards to System Management and the other outcomes of the EMR, the IMO Board will review these specifications.</p> <ul style="list-style-type: none"> • Mr Stevens noted that there may be information provided as a result of the EMR but that it is still not clear how, where and when Market Participants will be able to provide meaningful input. Mr Middleton responded that the working groups and various formal forums will present an opportunity for Market Participants to provide feedback on most projects. Mr Middleton also noted that the Minister will send out invites in the coming weeks for the ERG which is also an opportunity to provide feedback. Mr Stevens stated that the ERG appeared to be primarily an opportunity to disseminate rather than receive feedback, and questioned whether this will be substantive or meaningful enough for concerned Market Participants. Mr Middleton responded that the working groups will be more details focused. • Ms Wendy Ng questioned who manages and runs the working groups. Mr Middleton stated that the EMR team will be responsible for setting up and managing the working groups, to provide the additional expertise that may be required. Ms Ng queried whether the members of the working group will be made public. Mr Middleton responded that it will not be confidential but a formal list will not be published anywhere. • Mr Stevens asked if there will be a more comprehensive set of dates and timelines published, and in particular what is expected to happen before the election, noting that the EMR website had not been updated for a while. Mr Middleton stated that the project plans and dates will be made available on the PUO website. Dr Kostecki also noted that although the work has been split up into various projects and work streams, there is a lot of interconnection between projects which has an impact on each of the timelines. • Ms Ng questioned if there was any work underway on the Reserve Capacity Mechanism (RCM) and the Energy Market Operations and Processes work streams. Mr Middleton responded that a lot of work has been done on both of these projects but in particular on the RCM with an expectation that changes could be in place for the next Reserve Capacity Cycle. He noted that a panel of experts was being convened to review the work on the RCM that has already been undertaken by the IMO. Mr Geoff Gaston asked if there would be a working group for those two work streams. Mr Middleton said there would be. 	
<p>6.1</p>	<p>RULE CHANGE OVERVIEW</p> <p>Ms Ryan provided an overview of the Rule Change Proposals currently in progress and the IMO’s upcoming work program.</p> <p>Ms Ryan advised that the Minister had written to the IMO Board, requesting the Board to use its discretion to defer the progression of all Rule Change Proposals until after the establishment of the new RCC, with</p>	

	<p>the exception of the Rule Change Proposal: Specific Transition Provisions for the 2015 Reserve Capacity Cycle (RC_2015_05), noting that the progression of RC_2015_05 was necessary in order to give effect to the Ministerial Direction to defer various aspects of the 2015 Reserve Capacity Cycle.</p> <p>Ms Ryan noted that the IMO Board would progressively consider each respective Rule Change Proposal at their current stage, either Draft or Final Rule Change Report, to decide whether to progress each Rule Change Proposal at this stage or defer it for consideration by the RCC, once it is established. Ms Ryan noted that to facilitate this, the IMO has recently published extension notices deferring the publication of most reports to 31 December 2015 as a notional date, but that the reports could be considered before this date if the RCC is established earlier. The Chair also noted that submissions received from Market Participants were being considered, and responses to issues will be reflected in the Draft or Final Rule Change Reports as appropriate.</p> <p>Mr Stevens questioned what would happen in the event of a Market Participant proposing a new rule change. The Chair stated that the IMO would seek the EMR Steering Committee's advice on whether or not to progress that rule change. Mr Stevens queried whether this would be the case even when the potential rule change isn't related to any EMR work streams. The Chair clarified that the PUO had provided advice that most of the current rule changes were independent of considerations of the EMR but that the Minister had still requested the progression of any rule changes to be deferred. However, the Chair noted that the IMO Board would consider progressing those Rule Change Proposals resulting from the EMR, with the approval of the EMR Steering Committee, including for example the establishment of the RCC and the changes to the RCM which would need to be commenced before the end of the 2015, to be in place for the deferred 2015 Reserve Capacity Cycle.</p> <p>Mr Stevens and Mr Zammit noted the likelihood of the role of the MAC to be minimal over the coming months and asked what role MAC was expected to have. The Chair assured members that the MAC continued to be a useful forum for industry consultation, in particular for progressing EMR related reforms. Mr Stevens agreed and noted that the MAC could be a useful forum for the EMR Steering Committee to consult with industry. Mr Zammit responded that he understood that consultation would primarily be through working groups and that the MAC would not be used to consult on the EMR. The Chair clarified that MAC members would be required to be kept informed across a range of issues considered as part of the EMR in order to keep up to date on rule changes that would progress once the RCC is established. Mr Middleton stated many of the EMR projects impacted the Market Rules and noted therefore, that MAC will be an integral channel to provide feedback over the coming months. The Chair suggested that MAC members selected for the EMR working groups could also report back to the MAC.</p>	
7.1	<p>PROCEDURE CHANGE OVERVIEW</p> <p>Ms Ryan provided an overview of the Procedure Change Proposals currently in progress.</p> <ul style="list-style-type: none"> Ms Ryan noted that many of the Procedure Change Proposals currently underway are linked to Rule Change Proposals, and therefore, in light of the IMO Board's decision to defer most 	

	<p>Rule Change Proposals, these procedure changes would be progressed in the interim, but the final approval and commencement would also be deferred until the RCC is established. Ms Ryan also noted that given the deferral, the next IMO Procedure Change and Development Working Group meeting would be postponed.</p> <ul style="list-style-type: none"> • Mr Zammit noted that one reason for the EMR reforms was to increase private sector investment and asked the Chair whether the IMO had seen an increased interest in the South West interconnected system (SWIS) by potential investors. The Chair responded that the IMO had noted interest by potential investors, although this was likely to be more linked with the Federal Government’s Renewable Energy Target announcement and not the State Government’s EMR. • Ms Ryan also noted that the introduction of FRC would change the composition of the market and asked Mr Middleton whether there had been any interest expressed by new entrants to the market. Mr Middleton noted that discussions with new entrants to the retail market had been held and were positive although these potential entrants still required assurances around various aspects including electricity subsidies and tariffs. 	
<p>8.</p>	<p>PROGRESSION OF FIVE YEARLY REVIEWS IN 2015/16</p> <p>Ms Ryan noted the paper the IMO circulated to MAC members on the progression of the five yearly reviews of Outage Planning Process and the Maximum Reserve Capacity Price Market Procedure prior to the meeting. The following key points were discussed:</p> <ul style="list-style-type: none"> • Ms Ryan noted that the IMO is scheduled to commence the two five yearly reviews this year for publication by the end of 2016, but that the EMR was expected to lead to significant changes to the RCM and the Rule Change Proposals implementing the recommendations of last Outage Planning Process review had been held up. She noted that the IMO Board had considered whether or not to progress the reviews and decided that at this stage it wasn’t prudent to commence the reviews. • Ms Ryan noted that the reviews are due by the end of 2016 and therefore may still be commenced sometime between now and then, however this was unlikely. Ms Ryan noted that the IMO’s preference would be to progress changes to the Market Rules to defer the requirements to undertake these reviews, but that the IMO may not be in a position to commence a rule change in this time and therefore may decide to breach the Market Rules, rather than undertaking an unproductive and costly review. • Mr Huxtable queried whether the IMO was allocating resources to EMR related activities due to a lower workload in light of the rule change deferrals. The Chair responded that the IMO had seconded three IMO employees to the PUO to assist with the EMR. The Chair clarified that discussion between the IMO Board and Dr Challen had taken place regarding cost reimbursements of the seconded IMO employees and Dr Challen had advised that there was no funding available to compensate the IMO for these costs. • Mr Stevens expressed concern over who should be funding the transfer of System Management functions to the IMO. The Chair responded that the IMO had also discussed this matter with Dr Challen 	

	<p>and had an agreement that if the transfer did not go ahead, the costs associated with phase one of the due diligence would be reimbursed. The Chair also noted that the IMO was expecting to have the same arrangement agreed for phase two of the due diligence shortly. The Chair noted that the IMO would present a cost outline and a plan for the transfer, to the MAC once the due diligence project was complete and the boundaries between System Management and Western Power were better understood.</p> <ul style="list-style-type: none"> • Mr Zammit commented that integrating System Management's IT platform into the IMO would likely present the biggest challenge for the transfer. The Chair noted that the IMO had 10 year old IT systems which it has held off replacing until a constrained market was introduced and therefore, it was an opportunity to upgrade the IMO's systems and integrate System Management cost effectively. Mr Matthew Cronin noted that System Management was also in a similar position and had reduced spending on its systems. Mr Cronin queried whether the Allowable Revenue Submission Four was open for public consultation. The Chair responded that the IMO could share tentative figures with MAC members before the IMO's Allowable Revenue Submission Four is submitted. • Mr Zammit noted that incremental changes to new IT systems could be inefficient as they will significantly increase costs. The Chair noted it was likely that, after the transfer of System Management to the IMO, both entities would have to make do with existing technologies and systems until a constrained grid was implemented at which point a number of options of mainstream IT systems could be easily implemented and customisation could be minimised. • The Chair noted that the IMO Board will be writing to the EMR Steering Committee with regard to the proposed deferral of the two five yearly reviews and will advise MAC on the outcome. <p><i>Action Point: The IMO to present costing and plan for the transfer of System Management to the IMO once the due diligence is complete.</i></p> <p><i>Action Point: The IMO to update MAC members on the outcome of the discussion with the EMR Steering Committee on the proposed deferral of the two upcoming five yearly reviews.</i></p>	<p>IMO</p> <p>IMO</p>
<p>9.</p>	<p>PRESENTATION: KEY FINDINGS OF THE 2014 ELECTRICITY STATEMENT OF OPPORTUNITIES</p> <p>The Chair introduced Ms Rebecca Petchey to present an overview of the key findings of the 2014 Electricity Statement of Opportunities (ESOO) that was published on 17 June 2015. The following key points were discussed:</p> <ul style="list-style-type: none"> • Mr Cronin asked whether the ESOO contained regional forecasts. Ms Petchey clarified that the ESOO is for the SWIS as a whole, not by region because the IMO does not have enough granular data. • The Chair noted that last year the IMO predicted a high and extreme penetration of solar photovoltaic (PV) systems. The Chair noted that results showed the high case of solar PV uptake was easily overtaken and was approaching the extreme case and this was only expected to escalate. • Ms Petchey noted that the peak this year was abnormally early in the day, at 3:30 PM and therefore the impact of solar PV was greater than if the peak was later in the day. The Chair noted that the IMO would 	

	<p>undertake additional analysis on the impact of the time of day of the peak in future ESOOs. Mr Zammit noted that not only is the peak getting later but peak demand is increasing in the National Electricity Market. Mr Dean Sharafi noted that System Management had also observed that the system peak was getting later in the day. The Chair noted that this would also have a commercial impact. As the peak moves out of business hours, less commercial and industrial participants, who are provided price signals to reduce demand at peak times, will be available to respond which will shift the costs to the residential sector who do not have sufficient price signals to manage their consumption.</p> <ul style="list-style-type: none"> • Ms Petchey noted that the IMO had included a forecast of the impact of battery storage for the first time in this year's ESOO. The Chair noted that the impact of battery storage cannot be ignored, but it is difficult to accurately forecast given the uncertainty about the economics and possible incentives, for example introduction of a supportive tariff structure. • Mr Gaston queried the impact on the Reserve Capacity Price of the 500 MW reduction of the Reserve Capacity Target from the last ESOO to this ESOO. Mr Gaston noted that the price would have been reduced significantly if the price path proposed in the Rule Change Proposal: Changes to the Reserve Capacity Price and the Dynamic Reserve Capacity Refund Regime, or the 'Lantau curve' had been introduced. Mr Zammit suggested that the reduced price may have led to retirements. Mr Stevens noted that it is the appropriate price signal to be sent as the SWIS currently has excess capacity. • Mr Sharafi queried whether the figures in the ESOO were on a sent out basis or as generated basis. Ms Petchey responded that the figures were on a sent out basis. Mr Sharafi also questioned what the peak was. Ms Petchey responded that peak demand was 3,744 MW on 5 January 2015. 	
10.	<p>WORKING GROUPS AND MEMBERSHIP UPDATES</p> <p>The Chair noted that this was Ms Ryan's last meeting for an extended period and Ms Erin Stone will now be the IMO representative on MAC and the System Management Procedure Change and Development Working Group as well as the Chair of the IMO Procedure Change and Development Working Group.</p>	
11.	<p>GENERAL BUSINESS</p> <p>Mr Cronin noted that Western Power could provide an update on deadband control and the application of the Technical Rules at the next MAC meeting. Mr Stevens noted that he had spoken with Western Power staff concerning whether it should be public information which Market Participants are meeting the requirements of the Technical Rules and which have derogations. Mr Cronin responded that he would investigate Mr Steven's comment.</p> <p><i>Action Point: The IMO to include an agenda item for the next MAC meeting for Western Power to provide update on deadband control and the application of the Technical Rules.</i></p>	<p>IMO and Western Power</p>
<p>CLOSED: The Chair declared the meeting closed at 4:50 PM.</p>		



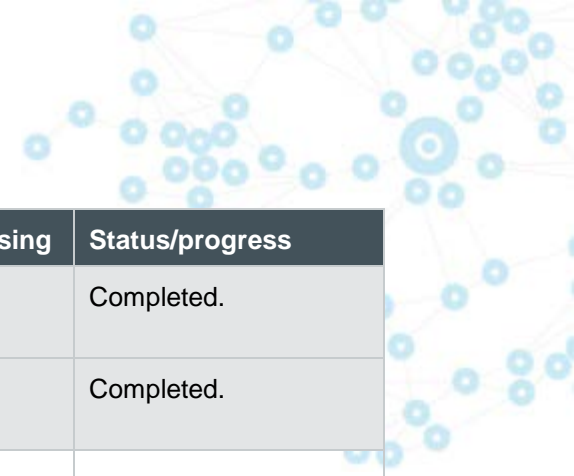
Agenda Item 4: 2015 MAC Action Items

MAC Meeting 22 July 2015

Table 1: Legend

Shaded	Shaded action points are actions that have been completed since the last MAC meeting.
Unshaded	Unshaded action points are still being progressed.
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

#	Year	Action	Responsibility	Meeting arising	Status/progress
47	2014	The IMO to canvass MAC members' feedback on the proposal to expedite Ancillary Services procurement processes at a later date to assess if it should be progressed further.	IMO	September	
55	2014	Western Power to provide an update of its progress with respect to the CAG process at the February 2015 MAC meeting.	Western Power	December	Ongoing.
9	2015	The IMO to resubmit the Rule Change Proposal: Incentives to Improve Availability of Scheduled Generators (RC_2013_09) as a priority following the outcomes of the EMR if appropriate.	IMO	February	Deferred.
15	2015	The IMO to submit the Rule Change Proposal: Expediting the Publication of Balancing Prices (RC_2015_06) into the formal process and progress it under the Standard Rule Change Process.	IMO	March	Deferred.



#	Year	Action	Responsibility	Meeting arising	Status/progress
25	2015	The IMO to publish the minutes of Meeting No. 80 on the Market Web Site as final.	IMO	June	Completed.
26	2015	The IMO to publish the revised MAC meeting dates on the Market Web Site.	IMO	June	Completed.
27	2015	The IMO to present costing and plan for the transfer of System Management to the IMO once the due diligence is complete.	IMO	June	
28	2015	The IMO to update MAC members on the outcome of the discussion with the EMR Steering Committee on the proposed deferral of the two upcoming five yearly reviews.	IMO	June	
29	2015	Western Power to provide an update on deadband control and the application of the Technical Rules.	IMO / Western Power	June	Completed. Refer to Agenda Item 9.



Agenda Item 5: Overview of the Progression of Rule Change Proposals

MAC Meeting 22 July 2015

1. Background

At the Market Advisory Committee (MAC) meeting held on 17 June 2015, it was noted that:

- the IMO Board had received a request from the Minister, that the IMO use its discretion under clause 2.5.10 of the WEM Rules (Market Rules), to defer the timeframes for current or new Rule Change Proposals until the new decision making entity has been established; and
- the IMO Board had decided to:
 - not submit the Rule Change Proposal: Expediting the Publication of Balancing Prices (RC_2015_06) into the formal rule change process at this stage;
 - complete the draft reports for the seven Rule Change Proposals with the first submission period closed, but defer the consideration of these reports until 31 December 2015 (or earlier if the new decision making entity becomes operational);
 - complete the final reports for the three Rule Change Proposals with the second submission period closed, but defer the consideration of these reports until 31 December 2015 (or earlier if the new decision making entity becomes operational); and
 - proceed with the Rule Change Proposal: Specific Transition Provisions for the 2015 Reserve Capacity Cycle (RC_2015_05) to give effect to the recent Ministerial Direction to defer most aspects of the 2015 Reserve Capacity Cycle.

2. Progress of Rule Change Proposals underway

Currently there are 11 standard Rule Change Proposals underway.

Seven Rule Change Proposals have progressed to the first submission period closure. Of these, the IMO Board has formally decided to defer the consideration of three, with a further four reports still to be prepared.

Four Rule Change Proposals have progressed to the second submission period closure. Of these the IMO Board has formally decided to defer the consideration of three, with the Final Rule Change Report for RC_2015_05 due to be considered by the Board on or before 7 August 2015.

The following tables show the progress of each of the Rule Change Proposals currently in the formal rule change process.

Draft Rule Change Reports being prepared

ID	Title	Next Step	Currently scheduled for
RC_2014_06	Removal of Resource Plans and Dispatchable Loads	Draft Rule Change Report Published	28/08/2015
RC_2014_09	Managing Market Information	Draft Rule Change Report Published	31/08/2015
RC_2015_03	Formalisation of the Process for Maintenance Applications	Draft Rule Change Report Published	31/08/2015
RC_2013_15	Outage Planning Phase 2 - Outage Process Refinements	Draft Rule Change Report Published	30/09/2015

Draft Rule Change Reports awaiting consideration by the RCAP

ID	Title	Next Step	Currently scheduled for
RC_2014_03	Administrative Improvements to the Outage Process	Draft Rule Change Report Published	31/12/2015
RC_2014_05	Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price	Draft Rule Change Report Published	31/12/2015
RC_2015_01	Removal of Market Operation Market Procedures	Draft Rule Change Report Published	31/12/2015

Final Rule Change Reports being prepared for consideration by the IMO Board

ID	Title	Next Step	Currently scheduled for
RC_2015_05	Specific Transition Provisions for the 2015 Reserve Capacity Cycle	Final Rule Change Report Published	07/08/2015

Final Rule Change Reports awaiting consideration by the RCAP

ID	Title	Next Step	Currently scheduled for
RC_2014_07	Omnibus Rule Change	Final Rule Change Report Published	31/12/2015
RC_2014_10	Provision of Network Information to System Management	Final Rule Change Report Published	31/12/2015
RC_2013_21	Limit to Early Entry Capacity Payments	Final Rule Change Report Published	31/12/2015



Electricity Market Review Phase 2

Position Paper – A Proposed Design for the New Rule Change Assessment Panel

Department of Finance | Public Utilities Office

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Appendix 1

Overview of the existing Rule Change process

Appendix 2

Information, reporting and accountability requirements for the new Rule Change Assessment Panel

1. Introduction

The Minister for Energy launched Phase 2 of the Electricity Market Review (the Review) on 24 March 2015. One of the reform projects that constitute the Electricity Market Review is the creation of a new Rule Change Assessment Panel to enhance the governance of the Wholesale Electricity Market (the Market) Rule Change process.

Submissions from market participants, received as a part of Phase 1 of the Review, indicated a concern regarding Rule Change process governance, specifically the potential for a conflict of interest on the part of the Independent Market Operator in terms of its functions as the maker, approver, operator and enforcer of the Market Rules. Submissions supported a governance structure that was transparent, effective, and free of conflicts of interest and requested that some of these functions be separated.

Although any person can submit a Rule Change Proposal, the Independent Market Operator Board:

- administers the Rule Change Process; and
- has discretion in deciding which Rule Change Proposal will be:
 - progressed through the Rule Change process;
 - placed on the agenda for discussion at Market Advisory Committee meetings; and
 - ultimately accepted or rejected.

The principal outcome of reform to governance of the Market Rule Change process is to address the potential for a conflict of interest from the Independent Market Operator performing the tasks referred to above while also operating and enforcing compliance with the Market Rules. Reform will also remedy acknowledged deficiencies within the existing Rule Change process and improve transparency and accountability of decision-making.

The creation of a new Rule Change Assessment Panel will affect the relationship between the existing Wholesale Electricity Market governance bodies and also the new governance body, and how the new governance body interacts with the existing Rule Change process to acquit its responsibilities.

To progress the reform, the Steering Committee has developed this Position Paper which sets out:

- a proposed design for the Rule Change Assessment Panel to govern the Rule Change process;
- a proposed design for the Rule Change Assessment Panel Secretariat (the Secretariat) to support the Panel's functions; and
- the ways in which the Rule Change process might be improved as a consequence.

The Position Paper also indicates that reforms made to the Rule Change process will be mirrored for the Gas Services Information arrangement, to ensure consistency and harmonisation between the Rule Change regimes applicable to the gas information regime and the electricity market.

1.1. Criteria guiding this aspect of the Reforms

The Steering Committee took the following criteria into consideration when developing the proposed design for the new Rule Change Assessment Panel and the Rule Change process, as set out in this Position Paper:

- As an overarching goal, the new governance arrangement and process should:
 - be consistent with sound regulatory practice;
 - promote high quality decisions consistent with the defined market objectives;
 - be appropriately transparent; and
 - have an appropriate balance between accountability and certainty (discussed in greater detail in section 3.3).
- In terms of governance, the composition of the Rule Change Assessment Panel and the rules prescribing how it operates should address the potential for a conflict of interest and lack of transparency.
- In terms of process, changes should generally be limited to those necessary to accommodate the effective function of the Rule Change Assessment Panel and increase transparency.
- The new governance arrangement and process should be simple and cost-effective to implement and operate.
- The Rule Change Assessment Panel should have, or should have access to, adequate rule-making, technical and operational expertise.

1.2. Purpose of this Position Paper

The purpose of this Position Paper is to give market participants the opportunity to make submissions that will inform the detailed design for the new Rule Change Assessment Panel and the revised Rule Change process. Submissions by respondents will be assessed using the criteria stated above.

The Position Paper addresses the proposed design aspects, including:

1. composition of the new Rule Change Assessment Panel (section 2.1);
2. governance of the new Rule Change Assessment Panel (section 2.2);
3. options for the Secretariat (section 2.3);
4. the revised Rule Change process (section 3);
5. information, reporting and accountability of the new Rule Change Assessment Panel (section 4); and
6. proposed cost recovery arrangements (section 5).

The Position Paper also provides commentary on how reforms may be implemented through the legislative instruments (section 6).

The Steering Committee invites feedback on the proposed design aspects for the new Rule Change Assessment Panel and the revised Rule Change process.

2. New Rule Change Assessment Panel and Secretariat

2.1. Composition of the Rule Change Assessment Panel

The Steering Committee has assessed options for the characteristics and composition of the new (part-time) Rule Change Assessment Panel that will best promote transparency and efficiency while avoiding a conflict of interest as much as practicably possible.

Ideally, the Rule Change Assessment Panel will comprise individuals with a sound knowledge of market operations and functions, as well as a clear understanding of the Market Objectives (against which Rule Change Proposals are assessed).

This knowledge is necessary to enable the Rule Change Assessment Panel to undertake thorough consideration and a rigorous analysis of the effects of proposed changes to the Market Rules. As the Rule Change Assessment Panel will also consider changes to the Gas Services Information Rules, members of the Rule Change Assessment Panel should also have, or be able to access, adequate gas market knowledge.

A Rule Change Assessment Panel would meet these requirements if it includes at least:

- the Chair of the Economic Regulation Authority;
- the Chair of the Independent Market Operator; and
- the Coordinator of Energy.

These individuals would be 'Standing Members'. This proposed membership has been chosen because it would bring a range of skills and perspectives to the role, and would have the requisite detailed understanding of the market, industry, and the regulatory and policy landscape. The Standing Members are already known to market participants, ensuring the Rule Change process is credible and respected.

A disadvantage of this proposed composition is that none of the three Standing Members is entirely free from conflicting or competing interests. The Steering Committee has considered this, and believes that conflict will be mitigated by the following.

- Three Standing Members will come from three different agencies with different roles and agenda, means that their positions will counter-balance each other.
- Although the three Standing Members will be appointed on the basis of the office they hold, they will not be expected to represent the interests of their home agencies. Rather, while serving on the Rule Change Assessment Panel, they will be required to advance the Market Objectives instead of the interests of their respective agencies.
- There will be an increased role for the Market Advisory Committee.

To allow for future flexibility, the Market Rules will also permit (but not require) the Minister to appoint up to two additional Rule Change Assessment Panel members ('Additional Members') with suitable skills and expertise. To preserve the balance of the Rule Change Assessment Panel, Additional Members will not come from the Independent Market Operator, Economic Regulation Authority, Public Utilities Office or be market participants.

It is envisaged that the high level criteria for appointment as an Additional Member will be set out in regulations. For example, the criteria could stipulate that appointees must, in the Minister's opinion, have knowledge or experience relevant to the Rule Change Assessment Panel's functions in the electricity industry, commerce, economics, law or public administration.

Respondents are invited to comment on the above proposed composition of the Rule Change Assessment Panel.

2.2. Governance of the Rule Change Assessment Panel

It is proposed the Rule Change Assessment Panel be subject to the same governance framework that currently applies to the Independent Market Operator Board,¹ with only those changes needed to accommodate the fact that the three Standing Members are appointed automatically by reason of the office they hold, and to address the potential for a conflict of interest. The framework will include prescriptions for:

- a constitution and proceedings;
- duties of members;
- the Minister's ability to direct the Rule Change Assessment Panel (as a body), with the requirement that the direction must be tabled before Parliament;
- periodic reporting, in the form of a statement of annual activities;
- reporting to the Minister and giving the Minister access to information (and management of confidential information in that process);
- members' immunity from liability;
- the Minister to appoint the Chair (who must not be the Chairman of the Independent Market Operator);
- the Minister may appoint any Additional Members after consulting with the Chair; and
- the Minister may remove a sitting Additional Member at any time and without giving any reason, or to create a vacancy (and may subsequently appoint a new Additional Member).

To ensure transparency, the Rule Change Assessment Panel's constitution, including its terms of reference, will be approved by the Minister and made publicly available.

In view of the Rule Change Assessment Panel's importance, it is intended that the members themselves will attend meetings; alternates will not be permitted.²

2.3. The Secretariat

2.3.1. Introduction

The Rule Change Assessment Panel will require a Secretariat that will play four important roles in regard to the Rule Change process:

- Administration:
 - administering the Rule Change process;
 - maintaining and publishing information and reports, including a statement of annual activities;

¹ Under the *Electricity Industry (Independent Market Operator) Regulations 2004*.

² The Rule Change Assessment Panel's constitution will accommodate meetings by telephone or other remote means.

- administer a public, separately-branded website to publish any information required by the Market Rules in regard to the progress of Rule Change Proposals;
- managing meetings and consultations including (where appropriate) producing agenda, papers and minutes; and
- providing a point of interface to the Rule Change Assessment Panel for market participants and the Minister for Energy.
- Assistance:
 - assisting Rule Change Proponents to develop and refine their Rule Change Proposals.
- Drafting:
 - to the extent that a Rule Change Proponent has not done so, draft the text of rule amendments.
- Assessment:
 - assessing Rule Change Proposals and preparing reports for the Rule Change Assessment Panel including summaries of consultation outcomes, to support the Rule Change Assessment Panel’s decision to approve or reject the proposed changes to the Market Rules.

At present the Independent Market Operator performs these roles. There are clear benefits in this, the Independent Market Operator has detailed knowledge and substantial practical experience in both Rule Change and market operations. This can help Rule Change Proponents in regard to the ‘assistance’ role, and is used in the ‘drafting’ and ‘assessment’ roles.

However, this control of the secretariat function potentially affords the Independent Market Operator disproportionate influence (actual or perceived) over how, and whether, Rule Change Proposals are developed and progressed. The proposed reforms are intended to mitigate this influence in a cost-effective way.

2.3.2. Rejected design – Independent Market Operator as Secretariat

The Steering Committee considered a design option in which the Rule Change Assessment Panel had no independent Secretariat at all, with all the administration, assistance, drafting and assessment being performed by Independent Market Operator staff under the Rule Change Assessment Panel’s direct supervision. The Independent Market Operator would need to enter into a Service Level Agreement with the Rule Change Assessment Panel to provide the various Rule Change services. This would likely be the cheapest approach, and the easiest to implement.

In practical terms, this design option would largely preserve the *status quo*, although it would also maximise the availability of the Independent Market Operator’s expertise with respect to the Rule Change process.

The Steering Committee has rejected this design option, for the following reasons.

Administratively, the main disadvantage of this option is that the person who acts as ‘executive officer’ of the Secretariat (that is, the individual charged with managing provision of the secretariat services and liaising with market participants) would be an Independent Market Operator staff member. Consequently, this design option:

- does not address the current blurred boundaries between the Independent Market Operator’s various roles to operate the market, to enforce compliance with the Market Rules, and to administer Rule Changes;

- does not provide any structural means to address the perception that the Independent Market Operator has disproportionate influence over the Rule Change process; and
- is likely to result in the Independent Market Operator's staff facing an actual or perceived conflict of duties.

Although the Independent Market Operator will technically be the service provider under the Service Level Agreement, in practice, individual Independent Market Operator staff members will liaise directly with the Rule Change Assessment Panel and take instructions from Panel members because there is no intermediary. This will likely give rise to an actual or perceived conflict of duties in which staff members feel they are being asked to serve both the Rule Change Assessment Panel and their employer.

An additional consideration is that, in practical terms, the part-time Rule Change Assessment Panel will need assistance to manage its side of the Service Level Agreement.

2.3.3. A new, independent Secretariat

The Steering Committee proposes to establish a Secretariat to support the Rule Change Assessment Panel as a separate legal entity, independent of the Independent Market Operator. The Secretariat will be created through regulations, funded through Market Fees, and will answer directly to the Rule Change Assessment Panel.

There are two ways in which the independent Secretariat can be implemented. This paper sets out a proposed option and an alternative option, and invites Respondents to comment on both.

2.3.3.1. Proposed Design – small Secretariat, relying on Independent Market Operator's staff under a Service Level Agreement

The Steering Committee's proposed design option is one in which the Secretariat comprises a single individual acting as the Executive Officer. This is likely to be the simplest and most cost-effective way to achieve reform objectives. The Executive Officer will be appointed by the Rule Change Assessment Panel.

The Executive Officer must not be a current or recent staff member of the Independent Market Operator. Most likely, to minimise cost, the Executive Officer will be a staff member from the Public Utilities Office.

Service Level Agreement with the Independent Market Operator

Through the Executive Officer, the Rule Change Assessment Panel will appoint the Independent Market Operator under a Service Level Agreement to provide secretariat services (administration, assistance, drafting and assessment) in support of the Rule Change process and Rule Change Assessment Panel. The Service Level Agreement will give the Rule Change Assessment Panel a formal instrument with which to assess and manage how the Independent Market Operator's staff provides the services, including lines of communication and transparency. The Executive Officer will manage the Service Level Agreement for the Rule Change Assessment Panel.

Some or all of the Service Level Agreement will likely be made public.

The cost of Independent Market Operator staff in providing secretariat services could continue to be paid via Market Fees, potentially at no, or marginal, additional cost to market participants. The additional cost of the new position of Executive Officer would be relatively modest, and may even be wholly absorbed by his or her home agency (most likely the Public Utilities Office).

Comparing this model with the present model and the rejected design

Under the proposed design option, most of the Secretariat's functions will be performed by Independent Market Operator staff, as is currently the case (and in the case of the rejected design, see section 2.3.2 above) only under a Service Level Agreement.

However, there are important structural differences between the proposed design option and the current situation:

- The presence of an independent Executive Officer, who is separate from the Independent Market Operator, will bring structural benefits:
 - The (part-time) Rule Change Assessment Panel has a resource with which to monitor and manage the Independent Market Operator's performance under the Service Level Agreement.
 - Market participants now have a non-Independent Market Operator person to deal with in regard to the Rule Change process, especially on any concerns they may have about the Independent Market Operator's performance of the secretariat services.
 - The Independent Market Operator staff's lines of reporting will be clearer and staff will be able to deal with the Executive Officer in a more normal service provider/client relationship.
- The fact that the Independent Market Operator's services are being provided to a separate legal entity will provide a point at which the passage of information and advice from the Independent Market Operator to the Rule Change Assessment Panel can be scrutinised or made transparent, if and when necessary.

Assessing the proposed design against the reform objectives

While a small independent Secretariat consisting only of an Executive Officer will likely be the most cost-effective design option, it does mean that almost all the secretariat services will still be carried out by Independent Market Operator staff. As a result, the Independent Market Operator's influence over the Rule Change process may still be a concern.

This influence will be mitigated by the following factors (see also discussion of Accountability in section 3.3 below):

- Unlike the current system, the Independent Market Operator will be acting under a formal Service Level Agreement which sets out its responsibilities, including a duty to perform secretariat services in accordance with the Rule Change Assessment Panel's directives and without regard to the Independent Market Operator's own interests. The Independent Market Operator's compliance with the Service Level Agreement will be monitored by the independent Executive Officer.
- As noted above, a Rule Change Proponent can raise with the independent Executive Officer any concerns over the Independent Market Operator's conduct in regard to the Rule Change process. The Executive Officer will not be a current or recent Independent Market Operator staff member, and will report to the Rule Change Assessment Panel.
- There may also be a formal complaints path for the proponent through the Chair of the Market Advisory Committee (who will not be an Independent Market Operator staff member) to the Rule Change Assessment Panel.

Respondents are invited to comment on this proposed design option for the Secretariat.

2.3.3.2. Alternative Design – fully resourced Secretariat

Where the Secretariat could draw on its own resources to provide the secretariat services (administration, assistance, drafting and assessment), or could obtain secretariat services

from parties other than the Independent Market Operator, it would be easier to demonstrate that the Rule Change process was fully independent of the Independent Market Operator's influence.

While this design option is likely to be best practice, and more closely aligned with the Australian Energy Market Commission model, the Steering Committee has identified two primary concerns.

- A fully resourced Secretariat would need a way to obtain the benefit of the Independent Market Operator's practical knowledge and experience. While the Market Rules could permit the Secretariat to seek technical and operational guidance from the Independent Market Operator whenever required,^{3,4} there will likely be a loss of efficiency as the result of information needing to be passed from one legal entity to another.

However, as this process could be formalised and made public, there may be a potential off-setting transparency benefit in this arrangement; market participants could be given the opportunity to comment on the Independent Market Operator's technical and operational advice.

- A fully resourced Secretariat would likely involve additional costs to market participants in order to establish and resource on an on-going basis.

Respondents are invited to comment on the alternative design option of a fully resourced Secretariat, and its value relative to the likely additional costs to be borne by market participants through Market Fees.

The Steering Committee observes that the proposed design option in section 2.3.3.1 and the alternative design described in this section 2.3.3.2 are not mutually exclusive. It would be possible to start with the proposed independent one-person Secretariat, and (if it was considered necessary) to migrate over time to a more fully-resourced Secretariat which does not depend so heavily on Independent Market Operator staff.

3. Revised Rule Change process

The existing Rule Change process will need to be changed to accommodate the new Rule Change Assessment Panel and Secretariat.

3.1. Introduction

3.1.1. Overview of the revised process

The Steering Committee's proposed design for a revised Rule Change process preserves two rounds of consultation. The Secretariat will administer the Rule Change process.

The revised Rule Change process will require all Rule Change Proposals to be submitted to the Rule Change Assessment Panel (instead of the Independent Market Operator, as is currently the case). The Rule Change Proposal will not be required to contain text for the amending rules.

The Rule Change Assessment Panel will refer the Rule Change Proposal to the Secretariat (which is the Executive Officer under the proposed design option) who will then apply a 'threshold test' to the Rule Change Proposal (a task currently undertaken by the

³ Initially, in addition to technical and operational expertise, the Secretariat's staff would likely also rely on IMO staff for their familiarity with the Rules themselves and their experience in rule-making. However, within a relatively short time it would be expected that Secretariat staff would develop their own expertise in this regard.

⁴ The IMO would be given a function of providing this assistance.

Independent Market Operator). All Rule Change Proposals will be progressed, unless the Rule Change Assessment Panel determines, on the advice of the Secretariat, that a Rule Change Proposal is, *prima facie*, not consistent with achieving the Market Objectives or is frivolous or vexatious (not made in good faith).

The Rule Change Proponent and/or body providing secretariat services (the Independent Market Operator under the proposed design option) may recommend to the Rule Change Assessment Panel that a Rule Change Proposal be progressed via the fast-track process. The default position will be that the standard process applies, unless the Rule Change Assessment Panel determines otherwise.

The Secretariat (the Executive Officer via the Service Level Agreement with the Independent Market Operator) will perform the Independent Market Operator's current function of assisting the Rule Change Proponent to develop a Rule Change Proposal, and to draft the text of the amending rules if the Rule Change Proponent requests this service as well.

All Rule Change Proposals will proceed to the Market Advisory Committee for discussion to refine concepts, and to assist with the development of the text for the amending rules. The Rule Change Proposal will be considered in at least one Market Advisory Committee meeting. The Chair of the Market Advisory Committee will decide whether the Rule Change Proposal needs to be discussed in a subsequent meeting or further meetings.

Once the text for the amending rules are finalised, the Rule Change Assessment Panel will determine whether the Rule Change Proposal requires changes to 'protected' provisions, so that the Minister for Energy can be given notice by the Secretariat. The latest time at which notice will be given to the Minister for Energy is the time at which the Draft Rule Change Report is published.

The Secretariat will then undertake a second round of public consultation on the Rule Change Proposal and develop a Final Rule Change Report at the conclusion of consultation. The Final Rule Change Report will contain a recommendation to the Rule Change Assessment Panel to accept or reject the Rule Change Proposal (and on what grounds).

The Rule Change Assessment Panel (instead of the Independent Market Operator Board) will subsequently make a Final Rule Change Decision, that is, decide whether to approve (or reject) a Rule Change Proposal after receipt of the Final Rule Change Report.

The Rule Change Assessment Panel would therefore make decisions on the viability of a Rule Change Proposal at two points in the Rule Change process:

- when first submitted into the Rule Change process (the threshold test); and
- following the second round of consultation (the Final Rule Change Decision on the amending rules in a Rule Change Proposal).

3.1.2. References to “the Secretariat”

In section 2.3 above, the Steering Committee set out a proposed design option for the Secretariat, and also invited comment on an alternative design option. Both models propose a new Secretariat that is separate from the Independent Market Operator and reports directly to the Rule Change Assessment Panel.

Under the proposed design option, the Secretariat will likely comprise a single person acting as Executive Officer, with the majority of secretariat services (administration, assistance, drafting and assessment) being provided by Independent Market Operator staff under a Service Level Agreement between the Independent Market Operator and the Rule Change Assessment Panel. In the alternative model, the Secretariat will be more fully resourced and less dependent on Independent Market Operator staff.

Whichever model is chosen, the Secretariat’s role in the below Rule Change process will be the same. Respondents are invited to consider and comment upon whether the choice of Secretariat model may influence how the Rule Change process as set out below might operate in practice.

3.1.3. Summary comparison between old and new processes

Table 1 compares the responsibilities of the Independent Market Operator under the existing Rule Change process with the proposed responsibilities of the Rule Change Assessment Panel and Secretariat in the proposed Rule Change process (under the proposed design option).

Table 1: The existing versus the revised Rule Change process

Activity		Responsibility	
		Current	Proposed
1	Market Rule approval body	Independent Market Operator Board	Rule Change Assessment Panel
2	Provides secretariat services	Independent Market Operator	Rule Change Assessment Panel Secretariat
3	Appointment of members of Market Rule approval body	Minister for Energy	Rule Change Assessment Panel members appointed by virtue of their office with the Chair appointed by the Minister for Energy
4	Appointment of Market Advisory Committee members	Independent Market Operator Board	Rule Change Assessment Panel
5	Chair of the Market Advisory Committee	CEO of Independent Market Operator	Executive Officer appointed by the Rule Change Assessment Panel
6	Propose a change to the Market Rules	Any person (the ‘Proponent’)	Any person (the ‘Proponent’)
7	Develops Rule Change Proposal containing amending rules	Proponent (in conjunction with Independent Market Operator)	Proponent (in conjunction with Rule Change Assessment Panel Secretariat)
8	Initial assessment of Rule Change Proposal	Independent Market Operator	No longer applicable
9	Refinement of Rule Change Proposal	Independent Market Operator and Proponent	No longer applicable
10	Decision on whether or not to progress Rule Change Proposal to submission	Independent Market Operator Board	No longer applicable
11	Submission of Rule Change Proposal into the Rule Change process	Proponent	Proponent
12	Receipt of Rule Change Proposal	Independent Market Operator	Rule Change Assessment Panel
13	Decision regarding ‘threshold test’ on a Rule Change Proposal	Not applicable	Rule Change Assessment Panel (on advice from Rule Change Assessment Panel Secretariat)
14	Gives notice to Minister of a Rule Change Proposal containing protected provisions	Independent Market Operator	Coincides with activity undertaken at step 21
15	Decision to fast-track a Rule Change Proposal	Independent Market Operator Board	Rule Change Assessment Panel (based on advice from the Rule Change Assessment Panel Secretariat and Proponent)
16	Referral of a Rule Change Proposal to the Market Advisory	Market Advisory Committee (as per the Rules) / Independent Market Operator	All Rule Change Proposals go to the Market Advisory Committee for consultation

Activity		Responsibility	
		Current	Proposed
	Committee for discussion	(in practice)	
17	Management of first round consultation process	Independent Market Operator	Rule Change Assessment Panel Secretariat
18	Production of Draft Rule Change Report	Independent Market Operator	Rule Change Assessment Panel Secretariat
19	Approval of Draft Rule Change Report	Independent Market Operator Board	Rule Change Assessment Panel
20	Gives notice to Minister of a Rule Change Proposal containing protected provisions	Coincides with activity undertaken at step 14	Rule Change Assessment Panel Secretariat
21	Production of Final Rule Change Report	Independent Market Operator	Rule Change Assessment Panel Secretariat (with a recommendation to Rule Change Assessment Panel)
22	Approval of Final Rule Change Report	Independent Market Operator Board	Rule Change Assessment Panel
23	Decision to approve / reject amending rules in Final Rule Change Report	Independent Market Operator Board	Rule Change Assessment Panel
24	Decision to approve / amend / reject amending rules containing protected provisions	Minister	Minister

3.2. Steps in the revised process

3.2.1. Submission of Rule Change Proposal

The Rule Change process commences when a Rule Change Proponent submits a Rule Change Proposal to the Rule Change Assessment Panel.

This is a change from the current arrangement where the Rule Change Proponent’s original submission (colloquially called a “concept paper”) is not treated as a formal submission until the Rule Change Proposal and the text of the amending rules has been developed to such a state that the Independent Market Operator considers the Rule Change Proposal is fit for formal submission.

Under the revised arrangement, the Rule Change Proponent will be required to provide (within the Rule Change Proposal) a justification for whether the Rule Change Proposal needs to be prioritised and/or progressed via the fast-track process. This is consistent with current practice.

Respondents are invited to comment on the revised arrangement for the submission of a Rule Change Proposal.

3.2.2. Who may propose a change to the Market Rules?

At present, anyone can propose changes to the Market Rules.⁵ This will remain the case.

Where a Rule Change Proposal is submitted by a Standing Member of the Rule Change Assessment Panel or by the organisation that the Standing Member represents,⁶ the Rule Change Proposal must be approved by a majority of the other members.

⁵ Rule 2.5.1.

This will ensure that a conflict of interest does not arise where a Rule Change Proposal is submitted by an organisation that has a member on the Rule Change Assessment Panel. In practical terms this means that, while the Rule Change Assessment Panel comprises the three Standing Members, the Rule Change Proposal must be supported by both of the other members.

Respondents are invited to comment on who may propose changes to the Market Rules.

3.2.3. Threshold test for a rule change proposal

At present, the Independent Market Operator has broad discretion (in practice) over whether a Rule Change Proposal is progressed by making an initial assessment of the Rule Change Proposal against the Market Objectives.⁷ In the revised process, the only grounds on which a proposal may be rejected (that is, precluded from being progressed) is that the Rule Change Proposal is:

- on the face of it, inconsistent with the Market Objectives; or
- is frivolous or vexatious (and not made in good faith).

The Secretariat (which is the Executive Officer under the proposed design option) will conduct a threshold test to assess whether the Rule Change Proposal should be rejected. However, if the Executive Officer proposes to reject a proposal, he or she must refer the question to the Rule Change Assessment Rule Change Assessment Panel. Only the Rule Change Assessment Panel will have the power to reject a proposal.

Respondents are invited to comment on the new threshold test process.

3.2.4. Fast-track or standard Rule Change process

Where the Rule Change Proponent or the Secretariat has requested that a Rule Change Proposal be progressed through the fast-track process, the decision to fast-track the Rule Change Proposal will be made by the Rule Change Assessment Panel.

The Steering Committee does not propose to change the criteria for assessing whether a Rule Change Proposal should be fast-tracked.⁸ Consequently, the fast-track process will be applied if the Rule Change Proposal is of a minor or procedural nature, is required to correct a manifest error or is urgent and essential.

Presently, the fast-track process involves only one round of consultation.⁹ In the revised Rule Change process, there will always be two rounds of consultation but the consultation timeframes will be shorter.

Respondents are invited to comment on the revised Rule Change process with regard to the fast-track process.

3.2.5. Development of a Rule Change Proposal

Preparing a detailed Rule Change Proposal requires a working knowledge of the Market Rules as a whole. At present, the Independent Market Operator may work with a Rule

⁶ At present, the IMO is exempt from submitting a completed Rule Change Proposal form: rule 2.5.1. In practice, the IMO completes a Rule Change Proposal form where it is seeking to make changes to the Market Rules.

⁷ Rule 2.5.6(c).

⁸ Rule 2.5.9.

⁹ Rule 2.6.

Change Proponent to refine and develop a Rule Change Proposal. The Steering Committee proposes that the Secretariat continue to perform this role via the Service Level Agreement with the Independent Market Operator.

Similarly, drafting the text for the amending rules requires close analysis and a deep understanding of the operating effect of the Market Rules to ensure changes are properly designed, address all necessary issues, and avoid unintended consequences. A Rule Change Proponent will be permitted (but not required) to include the text of the amending rules with its Rule Change Proposal. If the Rule Change Proponent does not include the proposed text of the amending rules, or the proposed text of amending rules need further refinement, the Secretariat will work with the Rule Change Proponent to develop them.

Respondents are invited to comment on the arrangements proposed above for development of Rule Change Proposals.

3.2.6. Role of the Market Advisory Committee

The Market Advisory Committee's role of advising on Rule Change Proposals will be expanded. The Independent Market Operator's function of appointing (or removing) Market Advisory Committee members will be undertaken by the Rule Change Assessment Panel under the revised arrangements.

The Executive Officer (of the Rule Change Assessment Panel Secretariat) will also chair the Market Advisory Committee. As the Executive Officer cannot be a present or recent Independent Market Operator staff member, this ensures the Market Advisory Committee will be chaired independently.

At present, the Market Rules require the Independent Market Operator to consult with Market Advisory Committee members where two members request the Market Advisory Committee be convened. In practice, the Independent Market Operator refers the vast majority of Rule Change Proposals to the Market Advisory Committee for discussion and refinement.

The revised Rule Change process would see all Rule Change Proposals referred to the Market Advisory Committee at an early point in the Rule Change process, removing any discretionary aspect and increasing transparency. The Secretariat will be required to ensure all views arising from the Market Advisory Committee's discussion(s) of the proposal are reflected in the Draft Rule Change Report.

The comparable body for the Gas Services Information Rule Change process is the Gas Advisory Board. This body will be dealt with in the same way as the Market Advisory Committee. The Chair of the Market Advisory Committee and the Chair of the Gas Advisory Board might be the same person, or the Rule Change Assessment Panel might appoint someone other than the Executive Officer if a different skill set is required.

Respondents are invited to comment on the role of the Market Advisory Committee and on the proposed Chair and composition of the Market Advisory Committee. In particular, Respondents are asked to consider whether the arrangements for appointing the Chair of the Market Advisory Committee and the Gas Advisory Board will permit those entities to effectively consider and discuss Rule Change Proposals as advisory bodies.

3.2.7. 'Protected' provisions requiring ministerial approval

The Steering Committee proposes that Rule Change Proposals containing protected provisions will continue to require final approval by the Minister.¹⁰ The Rule Change

¹⁰ Rule 2.8.3

Assessment Panel, assisted by the Secretariat, will identify whether a proposal involves change to any protected provisions. This will be done as early as possible in the process, and by no later than release of the Draft Rule Change Report.

There is currently a discrepancy between the Gas Services Information arrangement and the Wholesale Electricity Market which could be harmonised. Under the Gas Services Information Rules, all civil penalty provisions and reviewable decisions are protected provisions. Under the Wholesale Electricity Market Rules, the list of protected provisions includes some, but not all, of these provisions. Consequently, the Steering Committee proposes to review Market Rule clauses and develop a revised list of Market Rule clauses that should be afforded the status of protected provisions, as a reflection of the more robust Rule Change governance structure.

As a preliminary suggestion, Respondents are invited to comment on whether the list of protected provisions under the Wholesale Electricity Market should include:

- all civil penalty provisions;
- all provisions which can give rise to a reviewable decision (see section 3.3.2); and
- all rules dealing with the Rule Change process, as well as the functions and powers of the Rule Change Assessment Panel and Secretariat.

3.2.8. Consultation, Draft Rule Change Decision and Final Rule Change Decision

Following the first round of consultation, and such other investigations as the Rule Change Assessment Panel considers appropriate, the Secretariat will develop, and the Rule Change Assessment Panel will consider, a Draft Rule Change Report. The Rule Change Assessment Panel will not accept or reject proposed changes to the Market Rules at this stage.

After the second round of consultation, and such other investigations as the Rule Change Assessment Panel considers appropriate, the Secretariat will develop a Final Rule Change Report with a recommendation to the Rule Change Assessment Panel to either accept or reject a Rule Change (with reasons why). The Rule Change Assessment Panel will then make a Final Rule Change Decision indicating whether it approves or rejects the proposed changes to the Market Rules in the Rule Change Proposal.

The Draft Rule Change Report and Final Rule Change Report would include information as to whether a Rule Change Proposal:

- aligns with the Market Objectives;
- contains proposed changes to protected provisions, reviewable decisions or civil penalty provisions; and
- the indicative costs to implement the proposed changes to the Market Rules and/or likely on-going costs.

The Draft Rule Change Report could also include commentary on the nature of the Rule Change Proposal (potentially based on an assessment matrix). For example, the Rule Change Proposal may pose changes to the Market Rules that are largely:

- administrative (typographical errors, clarifications, procedural improvements);
- operational (may impose obligations onto market participants but not likely to bring about an incremental change that reforms the Market); or
- reformist (changes the market design and how market participants operate within the Market).

Respondents are invited to comment on the proposed contents of both the Draft and Final Rule Change Reports.

3.3. Accountability

The Steering Committee has considered options for accountability measures for the revised Rule Change process. Respondents are invited to comment on these options and also which accountability measures might be employed at which stages of the Rule Change process.

3.3.1. Policy context

The Rule Change process is a delegated exercise of Parliament's legislative power. Market participants make investment decisions based on the state of the Market Rules and expectations about how they might evolve. Every change to the Market Rules, to a greater or lesser extent, changes market participants' rights and obligations and therefore presents a level of sovereign risk.

Changes to the Market Rules may also impose costs onto market participants, such as costs for non-compliance, implementation and on-going costs, and increases in Market Fees.

Consequently, the Steering Committee considers the accountability regime will be a critical element of the new Rule Change process. In the final analysis, the accountability regime is market participants' protection against any arbitrary or unlawful exercise of the State's sovereign power.

In developing an accountability regime, it is necessary to balance two conflicting objectives:

- **Accountability:** market participants who may be adversely affected by change to the Market Rules want to know that decision-makers will be held accountable, to ensure that decisions are being made in accordance with the statutory framework, based on relevant information and having regard to the proper considerations.
- **Certainty:** market participants and administrators want to know that the Rule Change process can operate efficiently and in a timely fashion and not influenced by individual interests or by those with resources to disrupt the process by making vexatious appeals.

3.3.2. Accountability options

The Steering Committee is considering a range of accountability measures for the revised Rule Change process, including the following (in approximately escalating order of importance):

- Certain protected provisions of the Market Rules may only be changed with the Minister's approval. The existing protected provisions will be reviewed to ensure that the relevant Market Rules prescribing how the revised Rule Change process operates will be protected (so that the Rule Change Assessment Panel cannot change these Market Rules at will).
- Where a Rule Change Proponent is unhappy with the level of support it is receiving from the body providing secretariat services to develop a Rule Change Proposal, there may be a formal complaints path through the Chair of the Market Advisory Committee to the Rule Change Assessment Panel.
- Certain decisions of the Rule Change Assessment Panel will become reviewable decisions, that is, subject to formal 'procedural review' to confirm that the correct process was followed in making the decision.

The Steering Committee is also considering which accountability options should apply at specified points in the revised Rule Change Process. Respondents are invited to comment on whether some form of formal review will apply to the Rule Change Assessment Panel's decision to approve or reject the amending rules in a Rule Change Proposal (that is, the Final Rule Change Decision).

4. Information, reporting and accountability requirements of the Rule Change Assessment Panel

Under the Market Rules, the Independent Market Operator is required to give notice to the Minister of any Rule Change Proposal containing protected provisions at the point where it decides to progress a Rule Change Proposal. The Market Rules also require that specified information regarding the progress of a Rule Change Proposal, and of any decision by the Independent Market Operator Board or Minister, is published on the Independent Market Operator's website.

The same specific requirements will be transferred to the new Rule Change Assessment Panel so that the same information will continue to be published where the Rule Change Assessment Panel is performing the function of approving (or rejecting) the amending rules in a Rule Change Proposal. (See Appendix 2 for examples of information and decisions that could be published).

The regulations¹¹ impose specific reporting and accountability requirements on the Independent Market Operator Board that could be adopted (in some modified form) for the Rule Change Assessment Panel under regulations and the Market Rules. (See Appendix 2 for examples of reporting and accountability requirements).

Proposed changes to the Market Rules concerning the management of market information, which includes the management of confidential information, could be extended to include the management of information by the Rule Change Assessment Panel with respect to the revised Rule Change process.

In addition to this, the Steering Committee considers it preferable for the treatment of commercially sensitive information by the Rule Change Assessment Panel to be addressed by regulations (refer to section 6).

5. Recovery of Rule Change Assessment Panel function costs

The costs for administering the Rule Change process will, as now, be recovered via Market Fees. The Steering Committee's proposed model for the Rule Change Assessment Panel and revised Rule Change process is intended to result in no, or only marginal, additional costs to market participants.

The Rule Change Assessment Panel will be given a budget to engage a specialist consultant, from time to time, to assist with its consideration and approval (or rejection) of amending rules in a Rule Change Proposal. The budget will include the cost of the Secretariat (see section 2.3 above). The budget will be approved annually by the Minister and will be required to be included in the Independent Market Operator's annual budget. This means the Rule Change Assessment Panel's external costs will be drawn from the

¹¹ *Electricity Industry (Independent Market Operator) Regulations 2004*

Independent Market Operator's existing budget for the engagement of consultants to provide advice on changes to the Market Rules.

If Additional Members are appointed to the Rule Change Assessment Panel, their function costs will be recovered via the existing Market Fee structure. The costs of the Standing Members will be borne by the members' respective organisations instead of market participants.

Costs of secretariat services provided by the Independent Market Operator to the Rule Change Assessment Panel under the Service Level Agreement (see section 2.3.3.1 above) will continue to be recovered via the existing Market Fee structure.

As the Rule Change Assessment Panel will also consider Rule Changes under the Gas Services Information arrangement, the cost of the Rule Change Assessment Panel and the Secretariat will also be recovered (on a pro-rata basis) via the existing Gas Information Services Market Fee structure.

6. Implementation

The *Electricity Industry (Wholesale Electricity Market) Regulations 2004* will need to be amended to implement the above mentioned reforms.

The amendments will include, at least:

- creating the Rule Change Assessment Panel and Secretariat;
- conferring functions on the Rule Change Assessment Panel, Secretariat and panel members;
- moving the functions for making Rule Changes from the Independent Market Operator to the new Rule Change Assessment Panel;
- ensuring the Independent Market Operator's functions include the necessary provision of support to the Rule Change Assessment Panel; and
- empowering any necessary Market Rules.

As is presently the case, most of the detail regarding the Rule Change process will be contained in the Market Rules.

The Steering Committee is still considering where the 'boundary' should fall in respect of which matters will be dealt with in the Regulations, and which will be covered by the Market Rules. These matters are likely to include:

- governance of the Rule Change Assessment Panel;
- reporting and accountability requirements for the Rule Change Assessment Panel; and
- treatment of commercially sensitive information.

The choice between prescribing something in the Market Rules or in the Regulations is largely a choice between stability and flexibility. The Market Rules may be changed more easily and quickly, allowing flexibility but at the risk of decreased stability and policy certainty. Changes to the Regulations may take longer. The benefit of stability is off-set by the cost of adaptability.

At present, the Steering Committee proposes to deal with the following matters by amendment to the Market Rules:

- the Rule Change Assessment Panel’s information requirements, procedures and other administrative details;
- membership of the Market Advisory Committee (and the Gas Advisory Board) and their interaction with the Rule Change Assessment Panel;
- the Rule Change process and decision points; and
- identification of protected provisions.

Respondents are invited to comment on the allocation of reforms between the Regulations and the Market Rules.

6.1. Next steps

Interested parties will have six weeks to make submissions to this Position Paper (see section 7 for information on making submissions). After this period, feedback provided through submissions will be collated and considered by the Steering Committee.

The Steering Committee will re-examine and refine its policy position in the light of feedback received before providing advice to the Minister for Energy on a preferred design option for the new Rule Change Assessment Panel and revised Rule Change process. Once the design is finalised, drafting of the necessary amendments to the Regulations and Market Rules will commence.

It is intended that an exposure draft of the proposed amendments to regulations and the Market Rules will be released for public review.

7. Consultation timeframes and response process

Submissions are due by 14 August 2015 and must be sent to the following email address:

- electricitymarketreview@finance.wa.gov.au

Email submissions are to be titled “Rule Change Assessment Panel Position Paper response – [Name of the submitting company or individual]”.

Publication of submissions

Submissions will be available for public review at www.finance.wa.gov.au/publicutilitiesoffice, unless otherwise requested.

Please indicate clearly on the front of your submission if you wish all or part of it to be treated as confidential. Contact information, other than your name and organisation (where applicable) will not be published.

Requests may be made under the *Freedom of Information Act 1992 (WA)* for any submissions marked confidential to be made available. Requests made in this manner will be determined in accordance with the provisions under that Act.

Appendix 1

Overview of the existing Rule Change process

Under the existing Rule Change process, any person (including the Independent Market Operator or the Minister for Energy) can propose a change to the Market Rules. A Rule Change Proposal containing amending rules must be submitted to the Independent Market Operator in a prescribed form and must include reasons as to why the submitter believes changes to the Market Rules are necessary.

In most instances, a Rule Change Proposal undergoes scrutiny through an informal 'Pre-Rule Change Proposal' stage where it may be altered as the result of feedback from market participants or discussion undertaken by the Market Advisory Committee. The Market Advisory Committee consists of market participants and officers from the Independent Market Operator and Public Utilities Office. It convenes at least once every two months (it is required by the Market Rules to convene at least once every six months) to provide advice to the Independent Market Operator Board on proposed changes to the Market Rules (and Market Procedures).

Once a Rule Change Proposal is formally submitted, the Independent Market Operator conducts a preliminary assessment of the completeness and practicality of the Proposal and its consistency with the Market Objectives. The Independent Market Operator has five business days to decide whether to progress a Proposal and a further two business days to publish a notice of its intentions.

The Independent Market Operator also decides whether to enter the Rule Change Proposal into the 'standard' or 'fast-track' Rule Change process. The former requires two rounds of consultation and normally takes approximately five months while the latter, which may be used for urgent changes to the Market Rules, may include one round of consultation and normally takes five weeks or less.

A Final Rule Change Report is published by the Independent Market Operator following the conclusion of consultation and contains the Independent Market Operator Board's decision on whether the Rule Change Proposal has been accepted by the Independent Market Operator Board for implementation.

The Independent Market Operator Board can reject a Rule Change Proposal (containing amending rules), and only at three specified points within the existing Rule Change process:

- within five business days of the submission of the Rule Change Proposal (that is, where the Rule Change Proposal is clearly inconsistent with the Market Objectives); and
- within 20 business days:
 - after publishing a notice under the fast-track Rule Change Process; or
 - after the close of second round submissions under the standard Rule Change process.

A Final Rule Change Report containing amending rules that include protected provisions may be accepted by the Independent Market Operator Board but the amending rules cannot be implemented by the Independent Market Operator unless the amending rules contained in the Final Rule Change Report are also approved by the Minister for Energy.

Protected provisions are listed under the Rules and generally relate to matters where the Independent Market Operator (as an organisation) could be considered to have a conflict of interest, including matters relating to:

- the process for making and amending the Market Rules or the Market Procedures;
- the Independent Market Operator budget and Market Fees;

- monitoring and compliance with the Market Rules; and
- core functions and responsibilities of the Independent Market Operator, System Management or the Economic Regulation Authority.

Under the Market Rules, the Minister must consider whether the amending rules in a Rule Change Proposal would result in Market Rules that do not meet the Market Objectives. The Minister can approve, reject or send the amending rules back to the Independent Market Operator with revisions that the Minister considers are required to ensure the Market Rules as amended are consistent with the Market Objectives.

The Rule Change process under the Gas Services Information arrangement replicates the Wholesale Electricity Market's Rule Change process, with the exception that under the Gas Services Information arrangement, there is additional protection in that all civil penalty provisions (rules that when transgressed result in the application of a financial penalty) and reviewable decisions (decisions that are subject to review by the tribunal) are also afforded the status of protected provisions and must be approved by the Minister where amendment is sought.

Appendix 2

Information, reporting and accountability requirements for the Rule Change Assessment Panel

The matters discussed in this Appendix are still under development, and details may change in the final implementation. Respondents are invited to comment on these matters.

The amount of information published regarding Rule Changes will not be less than is currently published.

The Market Rules could require that specified information in regard to the progress of a Rule Change Proposal, and any decision by the new Rule Change Assessment Panel or Minister, is published on the Secretariat's separately branded, publicly available webpage.

To ensure that the interaction between the Rule Change Assessment Panel, the Market Advisory Committee, the Minister for Energy and the Secretariat is transparent, it is suggested that the following exchanges are also published at a minimum:

- formal directions made by the Minister or Energy to the Rule Change Assessment Panel (after they are tabled in Parliament);
- the Rule Change Assessment Panel's notice to the Minister on Rule Change Proposals involving amendments to protected provisions; and
- the Minister's decision on Rule Change Proposals involving amendments to protected provisions.

The existing reporting and accountability requirements on the Independent Market Operator Board which could be adopted for Rule Change Assessment Panel might include:

- A requirement on the Rule Change Assessment Panel to keep the Minister informed when a course of action is undertaken that amounts to a major initiative or is likely to be of significant public interest.
- Entitling the Minister to have access to information in the Rule Change Assessment Panel's possession.