



Independent Market Operator

**Procedure Change Report
Title: New IMS Interface Market Procedure**

PC_2012_04

Procedure Change Process

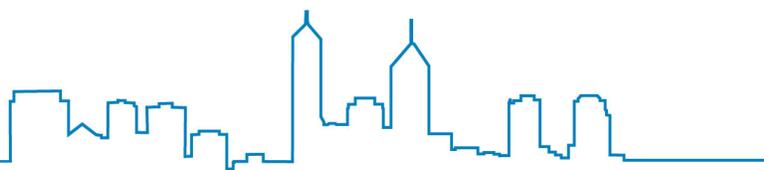
Date: 11 June 2012

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EXECUTIVE SUMMARY

Procedure Change Proposal

The proposed new IMS Interface Market Procedure has been developed in accordance with the relevant heads of power provided under clause 2.36.9 of the Amending Rules arising from the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10). The new Market Procedure specifies the arrangements by which System Management and the IMO will provide each other with information under the Market Rules, including:

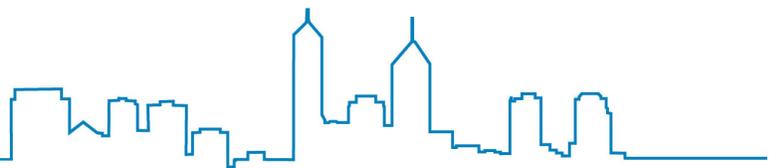
- the format, form and manner in which that information must be provided; and
- where the Market Rules do not provide a timeframe for the provision of the information, the time by which such information must be provided.

Consultation

- The IMO formally submitted the Procedure Change Proposal and issued a notice calling for submissions on 3 February 2012.
- The IMO received one submission from System Management during the public consultation period. In its submission System Management advised that it had identified some inconsistencies between the proposed Market Procedure and the final Amending Rules for RC_2011_10.
- The IMO held a workshop with System Management on 13 March 2012 to discuss the issues identified by System Management. During this workshop the IMO and System Management agreed on a number of changes to the proposed Market Procedure.
- System Management also noted in its submission that there was a possibility not all the specified interfaces would be completed by 1 July 2012. However, during a meeting of the System Management Automated Real Time System (SMARTS) Steering Committee held on 16 May 2012 System Management confirmed to the IMO that all the interfaces would be completed within this timeframe.
- On 9 May 2012 the IMO issued an updated version of the Market Procedure, incorporating the changes agreed with System Management, to members of the Rules Development Implementation Working Group for further informal consultation. During the informal consultation period, which ended on 16 May 2012, the IMO received one submission from Landfill Gas & Power supporting the revised Market Procedure.
- The IMO identified some additional minor amendments to the Market Procedure following the informal consultation period. The IMO notified System Management of these proposed additional amendments on 21 May 2012.

The IMO's Assessment of the proposal

The IMO has found the proposed new Market Procedure supports the reliable interchange of information between System Management and the IMO and thereby supports the achievement of the Wholesale Market Objectives.

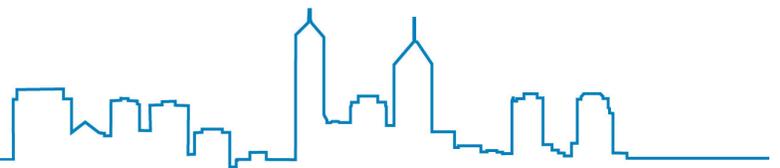


The IMO's Decision

The IMO's decision is to accept the Procedure Change Proposal as modified following the public consultation period.

Next steps

The new IMS Interface Market Procedure will commence at **8:00am** on the **Balancing Market Commencement Day**.



1. PROCEDURE CHANGE PROCESS AND TIMELINE

On 3 February 2012, the Independent Market Operator (IMO) published a Procedure Change Proposal titled “New IMS Interface Market Procedure”.

The proposal has been processed according to the Procedure Change Process under clause 2.10 of the Wholesale Electricity Market Rules (Market Rules).

The key dates in processing this Procedure Change Proposal are:



2. PROPOSED NEW MARKET PROCEDURE

The proposed new IMS Interface Market Procedure has been developed in accordance with the relevant heads of power provided under clause 2.36.9 of the proposed Amending Rules under RC_2011_10. The new Market Procedure supports the transfer of information between the IMO and System Management by detailing the parameters that the IMO and System Management must use when providing each other information under the Market Rules.

In particular the Market Procedure will define:

- the format, form and manner in which the information must be provided; and
- where the Market Rules do not provide a timeframe for the provision of information, the time by which such information must be provided.

The Market Procedure will apply to both the IMO and System Management in relation to the information that must be transferred between the entities to allow the obligations for the transfer of information contained in the Market Rules to be fulfilled.

The IMO noted in its proposal that the commencement of the new Market Procedure will be contingent on the related Amending Rules proposed under RC_2011_10 commencing.

The IMO also noted in its proposal that it had worked directly with System Management since June 2011 in developing the IMS Interface Market Procedure, and that the Market Procedure has no impacts on any other parties within the WEM.

Full details of the Procedure Change Proposal are available on the Market Web Site: http://www.imowa.com.au/PC_2012_04



3. CONSULTATION

3.1 Market Advisory Committee or Working Group

The Market Advisory Committee (MAC) has delegated to the Rules Development Implementation Working Group (RDIWG) the role of considering, assessing, developing and post-implementation evaluation of changes to the Market Rules associated with the issues list agreed at the 11 August 2010 MAC meeting. The proposed new Market Procedure was not discussed by the RDIWG given that the obligations contained with the new Market Procedure related solely to the IMO and System Management and not Market Participants. In developing the new Market Procedure, the IMO and System Management worked closely together. Further, the general obligations for the transfer of information between the two entities are prescribed in the Market Rules (inclusive of the Amending Rules resulting from RC_2011_10).

In accordance with clauses 2.10.8 and 2.10.9 the IMO notified the MAC when the Procedure Change Proposal had been published and noted that it would convene a meeting of the MAC to discuss should two or more members request it. No MAC member contacted the IMO in this regard.

3.2 Submissions received during consultation period

The public consultation period for the proposed new Market Procedure was between 6 February and 2 March 2012. The IMO received one submission from System Management during this period.

System Management noted in its submission that it had found a number of discrepancies between the proposed Market Procedure and the Final Rule Change Report for RC_2011_10, arising from changes to RC_2011_10 after the development of the Procedure Change Proposal. System Management proposed to informally provide the IMO with details of the discrepancies and some other issues it had with the proposal.

System Management also noted that it had not made an assessment of the interfaces not covered by RC_2011_10 and proposed to focus on the new data provision requirements first, to allow the implementation of the new market arrangements in line with the 1 July 2012 timeframe. System Management anticipated that some existing files might continue to be provided under the current arrangements beyond the commencement of the new markets.

The full text of the System Management submission is available on the IMO website.

3.3 The IMO's response to submissions received during the consultation period

The IMO conducted a workshop with System Management on 13 March 2012 to discuss System Management's concerns with the proposed Market Procedure. During this workshop the IMO and System Management agreed on a number of changes, to bring the procedure into alignment with the Final Rule Change Report for RC_2011_10 and to provide greater clarity around some interfaces. Details of the changes made to the proposed Market Procedure are available in section 4.1 of this Procedure Change Report.

The IMO notes the concerns raised in System Management's submission regarding its ability to complete all the specified interfaces by 1 July 2012. However, the IMO notes that during a

meeting of the System Management Automated Real Time System (SMARTS) Steering Group held on 16 May 2012 System Management confirmed to the IMO that all the interfaces would be completed by 1 July 2012.

3.4 Further consultation with RDIWG and System Management

On 9 May 2012, the IMO issued an updated version of the Market Procedure including the changes agreed with System Management to members of the Rules Development Implementation Working Group (RDIWG) for informal consultation. During the informal consultation period, which ended on 16 May 2012, the IMO received one submission from Landfill Gas & Power that supported the revised Market Procedure.

The IMO identified some additional minor amendments to the Market Procedure following the informal consultation period. The IMO notified System Management of these proposed additional amendments on 21 May 2012. Details of the additional amendments are available in section 4.1 of this Procedure Change Report.

4. THE IMO'S ASSESSMENT

In determining whether to accept the Procedure Change Proposal, the IMO has undertaken an assessment in light of clauses 2.9.3 (a) of the Market Rules. Market Procedures must be:

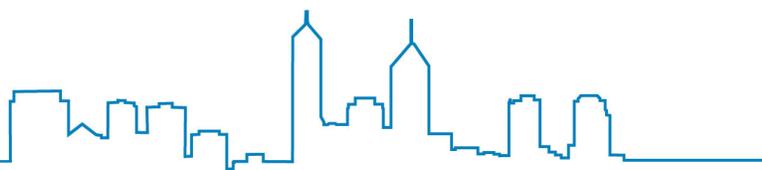
- developed, amended or replaced in accordance with the process in the Market Rules;
- consistent with the Wholesale Market Objectives; and
- consistent with the Market Rules, the Electricity Industry Act and Regulations.

During the public consultation phase the IMO received one submission from System Management on the new proposed Market Procedure. System Management's comments have been considered by the IMO in conducting its assessment.

4.1 Further changes to new proposed Market Procedure

Following the public and informal consultation periods the IMO has made the following changes to the proposed Market Procedure.

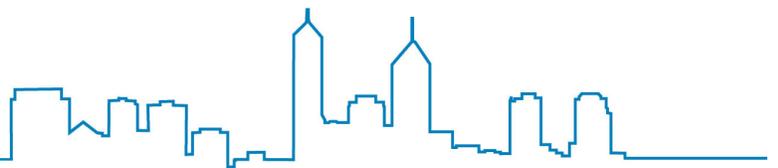
- Some Market Rules clause references have been updated to align with the Final Rule Change Report for RC_2011_10.
- The timeline diagrams in section 3.2 have been updated to provide greater clarity.
- The Rule Reference entries in sections 3.3 and 3.4 have been updated to replace the quotations from the Market Rules with the relevant clause references.
- AS_EXPOST_QUANTITIES: the interface has been removed.
- LOAD_FOLLOWING: the transfer timing requirements have been updated.
- BLT_CONTRACTS: the interface description has been updated to remove reference to the STEM.
- VERVE_PORTFOLIO: the END_DATE element has been made nullable.



- RC_CERTIFIED_CAPACITY: the description of the interface has been updated to formalise that Dispatchable Loads and Demand Side Programmes can be included in these files.
- LOAD_FORECAST:
 - the required value of the ZONE_NAME element has been changed from “WEMS” to “SWIS” (to reflect current practice); and
 - the allowed value of the FORECAST_TYPE element has been restricted to “I” (for Information).
- OUTAGES: The allowed values for the EXPOST_FLAG element have been changed from “Y” and Null to “Y” and “N”.
- RELEVANT_DISPATCH_QUANTITY:
 - the transfer timing requirements have been clarified; and
 - the size of the RDQ_EOI_SMOOTH element has been increased from NUMBER(10,2) to NUMBER(11,3).
- AS_ACTIVATION_INSTRUCTIONS:
 - “LR”, “SR” and “AS” have been removed from the allowed values for the AS_TYPE element; and
 - the SIZE element has been made nullable and the description of the element updated to require a NULL value for a cancellation instruction.
- AS_RESPONSE_QUANTITIES: “AS” has been removed from the allowed values for the AS_TYPE element.
- DISPATCH_VOLUMES:
 - the definition and usage of the “R” value for the VOLUME_FLAG element have been updated;
 - two new allowed values “U” and “D” have been added for the VOLUME_FLAG element, for Upward and Downward Dispatchable Loads;
 - the definition and usage of the QUANTITY_MWH element have been updated; and
 - a new element “MAXIMUM_SENT_OUT_MWH” has been included.
- RESOURCE_EOI: the transfer timing requirements have been updated.
- SM_TEMPERATURE_DATA: the transfer timing requirements have been updated.
- SM_COMMISSIONING_TEST: the description of the interface has been updated to clarify that data must be transferred at the resource level for all Market Participants, including resources in the Verve Energy Balancing Portfolio.
- Section 4 has been updated to provide clarification on the treatment of file transfer acknowledgements and to remove unnecessary hardware configuration template tables.

A number of additional minor and typographical amendments have also been made to improve the overall integrity of the Market Procedure.

The following changes were included in the version of the Market Procedure issued to RDIWG members for further informal consultation, but after further consideration were removed from the final version of the Market Procedure:



- RES_PLAN_INTERVAL: inclusion of a “TARGET_MWH” element; and
- Removal of the SM_TEMPERATURE_DATA interface;

4.2 Wholesale Market Objectives

The IMO considers that the new Market Procedure, as modified following the public and informal consultation periods, supplements the Market Rules by outlining the necessary details for the provision of information between the IMO and System Management. As such the IMO considers that the new Market Procedure, as a whole, supports the achievement of the Wholesale Market Objectives.

4.3 Wholesale Market Rules, the Electricity Industry Act and Regulations

The IMO considers that the proposed new Market Procedure is consistent, as a whole, with the Market Rules (inclusive of the Amending Rules resulting from RC_2011_10), the Electricity Industry Act and Regulations.

The IMO also considers that the new Market Procedure is consistent with all other Market Procedures.

4.4 Implementation of the Market Procedure

Costs of implementation

The implementation of this new Market Procedure constitutes part of the implementation of the new Balancing and Load Following Service (LFAS) Markets under RC_2011_10. As such the implementation costs for this Market Procedure have been incorporated into the overall implementation costs of the new markets.¹

Timelines for implementation

To support the commencement of the new Balancing and LFAS Markets the new Market Procedure will commence at 8:00am on the Balancing Market Commencement Day. The IMO considers that this timeframe will allow System Management and the IMO sufficient time from the date of publication of this Procedure Change Report to ensure compliance with the new Market Procedure.

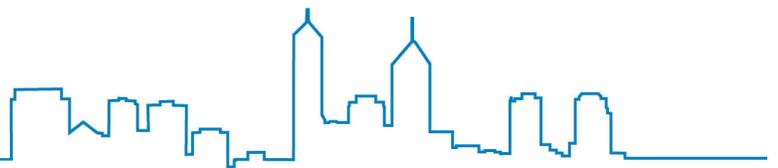
In accordance with the transitional arrangements specified in clause 1.10 of the Amending Rules resulting from RC_2011_10, the interchange of some information in accordance with this Market Procedure will be required prior to this date.

5. THE IMO'S DECISION

The IMO's decision is to approve the new IMS Interface Market Procedure as proposed in the Procedure Change Proposal and modified following the public consultation period.

The IMO has made its decision on the basis that the proposed new Market Procedure:

¹ For further details of the implementation costs for the new markets refer to the Final Rule Change Report for RC_2011_10.



- supplements the Market Rules by outlining the necessary details for the provision of information between the IMO and System Management, and thereby supports the achievement of the Wholesale Market Objectives; and
- is consistent with the Market Rules, Electricity Industry Act and Regulations.

Additional detail outlining the analysis behind the IMO's reasons is outlined in section 4 of this Procedure Change Report.

6. THE NEW MARKET PROCEDURE

6.1 Commencement

The new IMS Interface Market Procedure will commence at **8:00am** on the **Balancing Market Commencement Day**.

6.2 The New Market Procedure

The new IMS Interface Market Procedure is attached to this report and is also available on the IMO's website: http://www.imowa.com.au/PC_2012_04