

IMO Procedure Change and Development Working Group

Agenda

Meeting No.	14
Location:	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date:	23 April 2013
Time:	1.00 – 3.00 pm

Item	Subject	Responsible	Time
1.	WELCOME & APOLOGIES / ATTENDANCE	Chair	5 min
2.	MINUTES OF PREVIOUS MEETING	Chair	10 min
3.	ACTIONS ARISING	Chair	10 min
4.	PC_2013_02: MARKET PROCEDURE FOR PARTICIPANT REGISTRATION AND DE-REGISTRATION	IMO	15 min
5.	PC_2013_03: MARKET PROCEDURE FOR FACILITY REGISTRATION, DE-REGISTRATION AND TRANSFER	IMO	30 min
6.	PC_2011_04: MARKET PROCEDURE FOR PRUDENTIAL REQUIREMENTS	IMO	30 min
7.	GENERAL BUSINESS	Chair	5 min
8.	NEXT MEETING: TBA	Chair	5 min

Agenda item 3: 2013 IMO Procedure Change and Development WG Action Points

Legend:

Shaded	Shaded action points are actions that have been completed since the last IMOPWG 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.

#	Procedure Arising	Section	Action	Status/Progress
107	N/A		When there is a long break between Working Group meetings, the minutes are to be ratified by email.	Ongoing.
121	Market Procedure for undertaking LT PASA and conducting a review of the planning criterion and forecasting processes	3.5.1	The IMO to consider reinstating the timing of the submissions in step 3.5.1 of the Market Procedure for undertaking LT PASA and conducting a review of the planning criterion and forecasting processes.	Completed.
122	Market Procedure for undertaking LT PASA and conducting a review of the planning criterion and forecasting processes	3.2	The IMO to consider including a note that the Working Group was in addition to public submissions in the Market Procedure for undertaking LT PASA and conducting a review of the planning criterion and forecasting processes.	Completed.

#	Procedure Arising	Section	Action	Status/Progress
123	Market Procedure for undertaking LT PASA and conducting a review of the planning criterion and forecasting processes	3	The IMO to consider updating the Market Procedure to provide separate sections for procedure steps in conducting a review of the planning criterion and forecasting processes.	Completed.
136	Market Procedure for Determining Loss Factors	4	The IMO to distribute a draft of Section 5 of the Market Procedure for Determining Loss Factors (covering documentation and general review requirements) to Working Group members early in January 2013 for out of session comment.	Completed.
137	Market Procedure for Determining Loss Factors	4	The IMO to update the Market Procedure for Determining Loss Factors to reflect the amendments agreed to at the 27 November 2012 IMOPWG meeting and any comments received out of session relating to Section 5 (if appropriate).	Completed.
138	Market Procedure for Notices and Communications	5	The IMO to update the Market Procedure for Notices and Communications to reflect the amendments agreed to at the 27 November 2012 meeting.	Underway.

Agenda Item 5: Market Procedures for Participant Registration and De-Registration (PC_2013_02) & Facility Registration, De-Registration and Transfer (PC_2013_03)

1. BACKGROUND

The following two Procedures have been re-drafted to reflect the evolution of the Market Procedure project and the development of WEMS:

- Participant Registration and De-Registration (PC_2013_02); and
- Facility Registration, De-Registration and Transfer (PC_2013_03).

Both Procedures should be read in conjunction with each other and clauses 2.29, 2.30, 2.30A, 2.31, 2.32 and 2.33 of the Market Rules.

2. AMENDED MARKET PROCEDURE

The IMO has updated the Procedures to:

- reflect the IMO's new format arising from the Market Procedure project;
- provide greater clarity to potential and existing Rule Participants on the manual and automated aspects of the processes for Registration and De-Registration as a Rule Participant;
- provide greater clarity to Rule Participants on the manual and automated aspects of the processes for Registration, De-Registration and Transfer of a Facility; and
- incorporate the use of WEMS into both Procedures.

Given the substantial restructuring and redrafting of both Procedures the IMO has not shown its proposed amendments in tracked changes.

3. RECOMMENDATIONS

The IMO recommends that the IMO Procedure Change and Development Working Group (Working Group):

- **Discuss** the re-drafting of both Procedures; and
- **Note** that the IMO will formally submit both of the revised procedures into the Procedure Change Process, subject to any comment from the Working Group.



INDEPENDENT
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Market Procedure: Participant Registration and De-Registration

VERSION 3



ELECTRICITY INDUSTRY ACT 2004
ELECTRICITY INDUSTRY
(WHOLESALE ELECTRICITY MARKET)
REGULATIONS 2004
WHOLESALE ELECTRICITY MARKET RULES
COMMENCEMENT:

This Market Procedure took effect from 8:00am (WST) on the same date as the Wholesale Electricity Market Rules.

VERSION HISTORY

Version	Effective Date	Notes
1	21 September 2006	Market Procedure for Registration of Rule Participants as at Market Start
2	10 June 2008	IMO amended changes to the Procedure resulting from Procedure Change Proposal PC_2008_01
2	24 July 2009	IMO amended changes to the Procedure resulting from Procedure Change Proposal PC_2009_03
3	DD MM YYYY	IMO amended changes to the Procedure resulting from Procedure Change Proposal PC_20xx_xx

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1 PROCEDURE OVERVIEW

1.1 Relationship with the Market Rules

- 1.1.1 This Participant Registration and De-registration Market Procedure (Procedure) should be read in conjunction with clause 2.28, 2.31, 2.32 and 2.33 of the Wholesale Electricity Market (WEM) Rules (Market Rules).
- 1.1.2 Reference to particular Market Rules within the Procedure in bold and square brackets [**Clause XX**] are current as of 1 January 2013. These references are included for convenience only and are not part of this Procedure.
- 1.1.3 This Procedure is made in accordance with clause 2.31.23 of the Market Rules

1.2 Purpose of this Procedure

- 1.2.1 The Procedure specifies the protocols by which the IMO can register and de-register Rule Participants.

1.3 Application of this Procedure

- 1.3.1 This Procedure applies to the IMO and System Management, persons intending to become Rule Participants and existing Rule Participants.

1.4 Associated Market Procedures and Market Documents

- 1.4.1 The following Market Procedures are associated with this Procedure:
 - (a) Facility Registration, De-Registration and Transfer Procedure.
- 1.4.2 The following Market Documents are associated with this Procedure:
 - (a) Application for WEMS Access;
 - (b) Standard Naming Conventions document;
 - (c) Market Participant Nomination of Market Participant Administrator form;
 - (d) Recipient Created Tax Invoice Agreement;
 - (e) Declaration of Rule Participant Registration form;
 - (f) Declaration of Rule Participant De-Registration form;
 - (g) Market Participant Registration User Guide; and
 - (h) Market Participant Registration Technical Guide.

1.5 Conventions Used

- 1.5.1 In this Procedure, the conventions specified in clauses 1.3 - 1.5 of the Market Rules apply.

1.6 Terminologies and Definitions

1.6.1 A word or phrase defined in the Market Rules, the Electricity Industry Act or the Regulations has the same meaning when used in this Procedure. In addition the following defined terms have the meaning given.

Term	Definition
Applicant	An entity or person(s) applying for Registration or De-Registration as a Rule Participant
Application(s)	Term used in this Procedure for any of the submissions required to register, de-register as a Rule Participant
De-Registration	The process of termination of a Rule Participant's Registration from a Rule Participant Class
RCTI	Recipient Created Tax Invoice Agreement. The form authorising the IMO to issue a Recipient Created Tax Invoice to an Applicant
Registration	The process of registering as a Rule Participant
RSA Token	A device which generates a random number every few minutes in order to provide a secure authentication into the WEMS
WEMS (Wholesale Electricity Market System)	An IT interface system that the IMO uses to administer/operate the Wholesale Electricity Market

Table 1 – Defined Terms

2 PROCEDURE LAYOUT

2.1 Process Overview Table

Process Flow Diagram	Process Explanation
3.1 – Application and WEMS Access	4.1 – Application and WEMS Access
3.2 - Rule Participant Registration	4.2 - Rule Participant Registration
3.3 - Rule Participant De-Registration	5.1 - Rule Participant De-Registration
N/A	5.2 – IMO De-Registers a Rule Participant
N/A	6.1 – Exemption from Registering as a Rule Participant

Table 2 – Process Overview Table

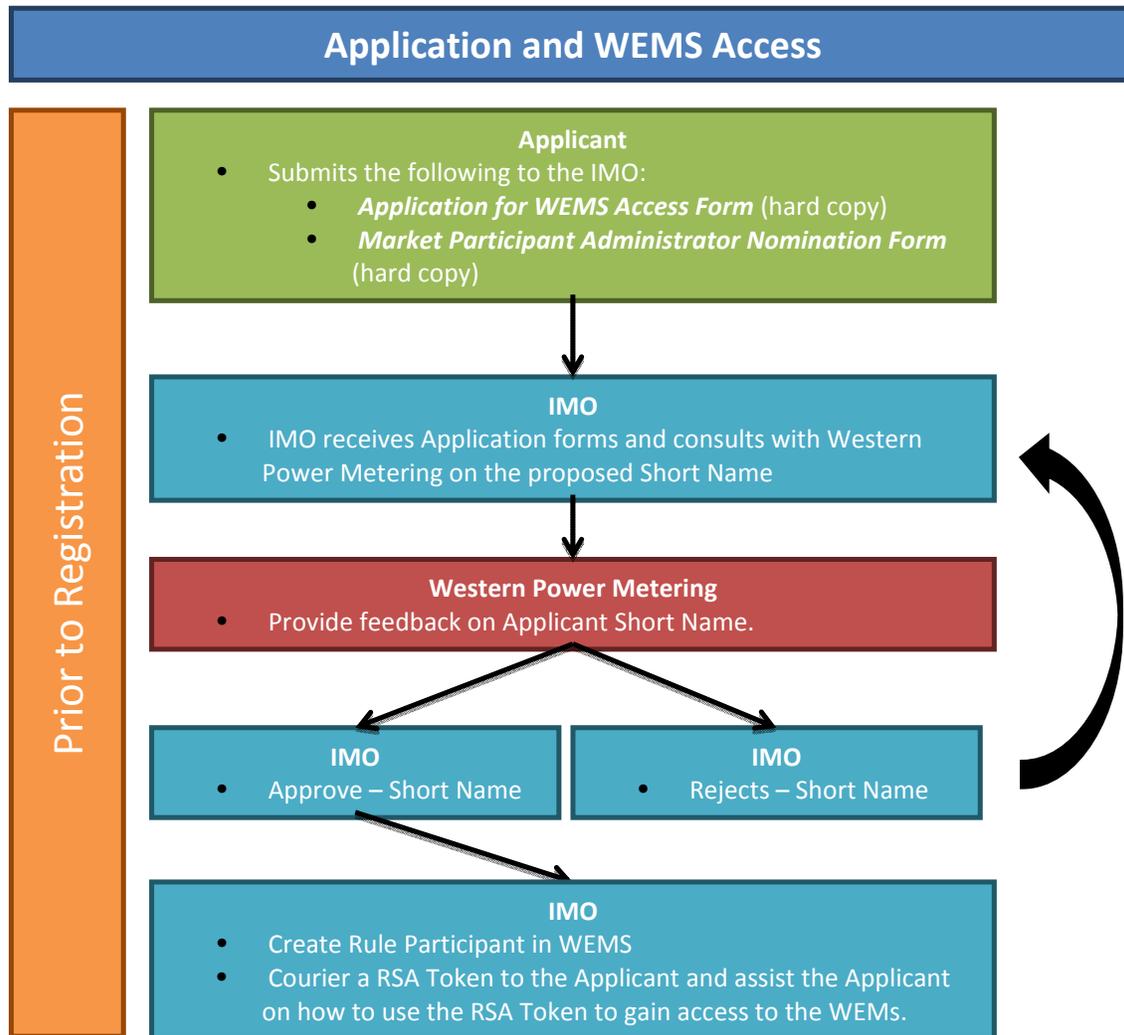
2.2 Process Flowchart Legend

Process Flow Diagram	Entity / System
	The IMO
	The Applicant
	Western Power Metering
	WEMS

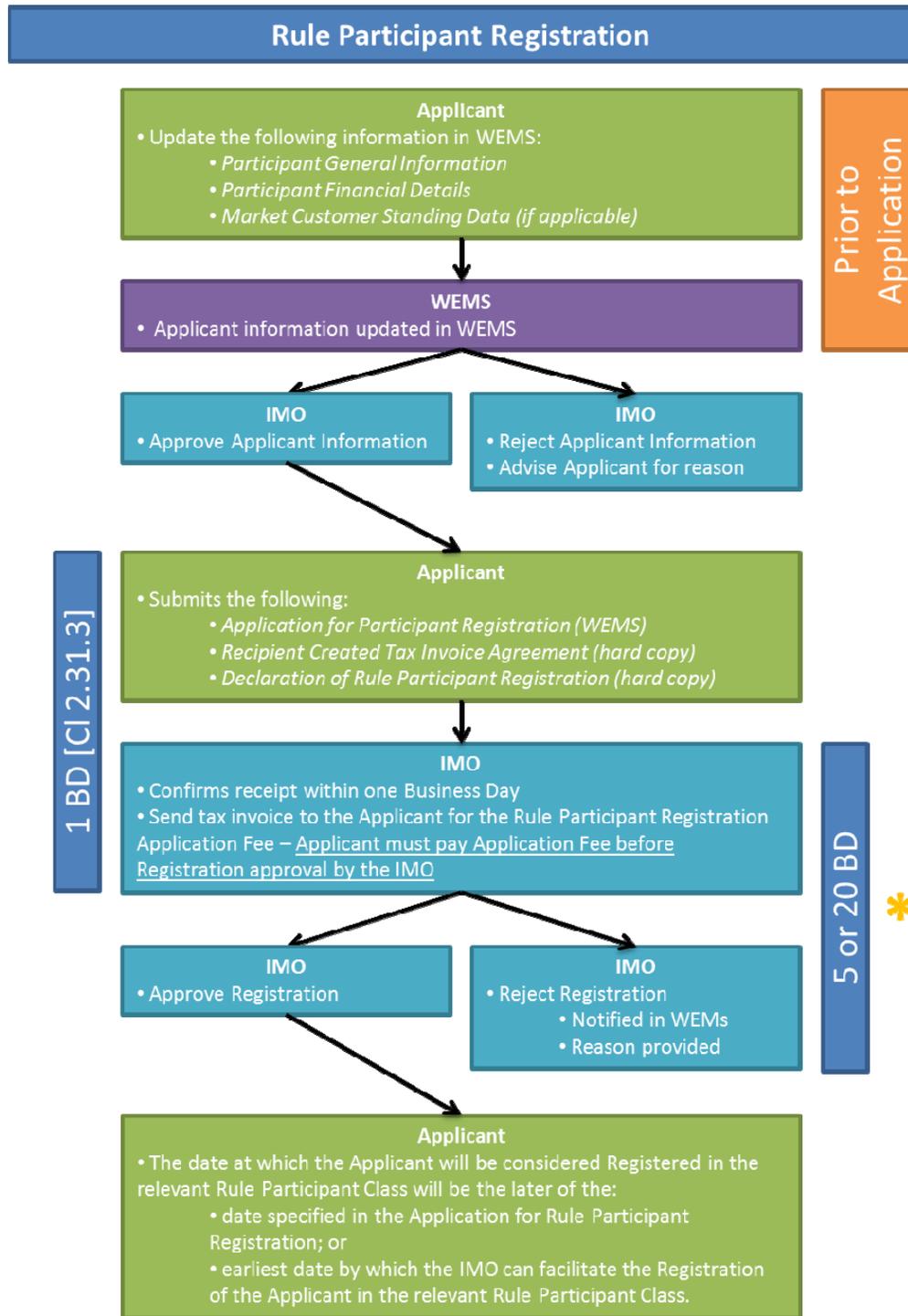
Table 3 – Process Flowchart Legend

3 PROCESS OVERVIEW FLOWCHARTS

3.1 Application and WEMS Access



3.2 Rule Participant Registration

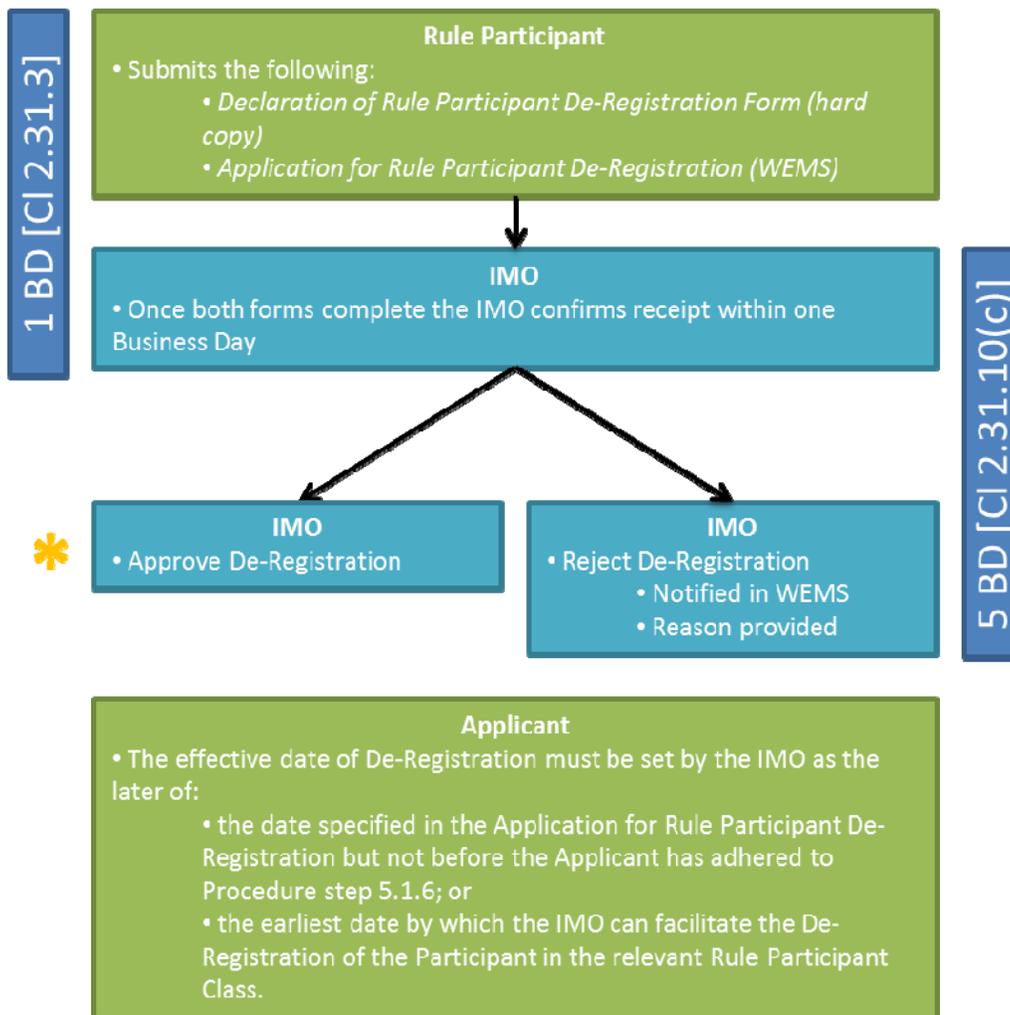


* Refer to Procedure Step 4.2.8



3.3 Rule Participant De-Registration

Rule Participant De-Registration



* **De-Registration will not be effective until the requirements of Procedure step 5.1.6(b) are completed.**

4 RULE PARTICIPANT REGISTRATION

4.1 Application and WEMS Access

- 4.1.1 Person(s) or entities who are not already Rule Participants (Applicant) and intend to register in a Rule Participant class for the first time must download, complete and submit the following forms in hard copy available on the Market Web Site:
- (a) *Application for WEMS Access Form* (hard copy); and
 - (b) *Market Participant Administrator Nomination Form* (hard copy).
- 4.1.2 Applicants may access the information on how to submit the forms above by reading the submission details on the forms and/or the Market Web Site.
- 4.1.3 The *Application for WEMS Access Form* must include:
- (a) a proposed Rule Participant Short Name; and
 - (b) indicate the user who will be the Market Participant Administrator¹.
- 4.1.4 Upon receipt of the *Application for WEMS Access Form* the IMO must consult with Western Power Metering on the proposed Short Name as soon as practical.
- 4.1.5 If Western Power Metering does not endorse the Short Name, the IMO must notify the Applicant as soon as practical and propose a new Short Name. The Applicant may accept the new proposed name by the IMO or request a different Short Name.
- 4.1.6 The IMO must consult with Western Power Metering regarding a change to an Applicants Short Name.
- 4.1.7 The IMO must create a Rule Participant in WEMS upon:
- (a) Western Power Metering endorsing an Applicants Short Name; and
 - (b) the IMO receiving and approving the forms detailed in Procedure step 4.1.1.
- 4.1.8 Once the IMO creates the Rule Participant in WEMS the IMO must deliver a RSA Token to the Applicant and instruct the Applicant how to use the token to gain access to WEMS.
- 4.1.9 An Applicant may access the information on how to use WEMS in the *Market Participant Registration User Guide* and *Market Participant Registration Technical Guide*, available from the Market Web Site.

4.2 Rule Participant Registration

- 4.2.1 In order to initiate the Rule Participant Registration process an Applicant must provide the following information in WEMS:
- (a) Participant general information;
 - (b) Participant financial details; and

¹ Primary contact for the Applicant used by the IMO in WEMS for management of the account and access to the system.

- (c) Market Customer Standing Data (For those applicants wishing to register into the Market Customer Rule Participant class).
- 4.2.2 An Applicant may access the information on what and how to submit the data in Procedure step 4.2.1 in the *Market Participant Registration User Guide* and *Market Participant Registration Technical Guide*, available on the Market Web Site.
- 4.2.3 The IMO must review the information provided by the Applicant in Procedure step 4.2.1 and approve or reject the information in WEMS as soon as practical.
- 4.2.4 If the information is rejected by the IMO the Applicant must be advised via WEMS and the Applicant must be contacted by the IMO and informed of the reasons for rejection.
- 4.2.5 Once the IMO has accepted an Applicant's information prescribed in Procedure step 4.2.1 the Applicant may register to become a Rule Participant by submitting the following forms available from the Market Web Site or, where applicable, in WEMS to the IMO **[Clause 2.31.2]**:
- (a) *Application for Participant Registration* (WEMS);
 - (b) *Recipient Created Tax Invoice Agreement* (hard copy); and
 - (c) *Declaration of Rule Participant Registration* (hard copy).
- 4.2.6 Once a *Recipient Created Tax Invoice Agreement (RCTI)* is received by the IMO, the IMO must send a tax invoice for the Rule Participant Registration Application Fee to the Applicant in hard copy.
- 4.2.7 Upon the IMO receiving payment of the Rule Participant Registration Application Fee², the *Application for Participant Registration* (submitted through WEMS) and a *Declaration of Rule Participant Registration* (submitted in hard copy), the IMO must confirm receipt with the Applicant within one Business Day **[Clause 2.31.3]**.
- 4.2.8 From the date of receipt by the IMO the IMO must review and decide whether to accept or reject the Applicant's Registration in the respective Rule Participant Class in accordance with the Market Rules within:
- (a) five Business Days for applications related to **[Clause 2.31.10(c)]**:
 - i. a Network Operator; or
 - ii. an Ancillary Service Provider. or
 - (b) 20 Business Days for Applications related to **[Clause 2.31.10(b)]**:
 - i. a Market Generator; or
 - ii. a Market Customer³.
- 4.2.9 Upon receipt or as soon as practical the IMO may request additional information where that information is inadequately specified within the *Application for Rule Participant Registration* and/or *Declaration of Rule*

² Information on how to pay Application Fees available at <http://www.imowa.com.au/n147.html>

^{3 3} Applicants wishing to register as both a Market Generator and a Market Customer must do so through separate Applications that cannot be submitted at the same time.

Participant Registration. If the IMO requests additional information from an Applicant the review period detailed in Procedure step 4.2.8 must begin from the time at which this information is provided to the IMO **[Clause 2.31.4]**.

- 4.2.10 Upon the IMO approving an Application for Rule Participant Registration, the date at which the Applicant must be considered Registered in the relevant Rule Participant Class must be the later of the **[Clause 2.31.11(a)]**:
- (a) date specified in the *Application for Participant Registration*; or
 - (b) earliest date by which the IMO can facilitate the Registration of the Applicant in the relevant Rule Participant Class.
- 4.2.11 Upon the IMO rejecting an Application for Rule Participant Registration, the IMO must **[Clause 2.31.12]**:
- (a) notify the Applicant through the WEMS; and
 - (b) inform the Applicant of the reasons for the rejection.

5 RULE PARTICIPANT DE-REGISTRATION

5.1 Rule Participant De-Registration

- 5.1.1 An Applicant may apply for De-Registration from a Rule Participant Class by submitting the following forms to the IMO **[Clause 2.31.2]**:
- (a) a *Declaration of Rule Participant De-Registration Form* (hard copy); and
 - (b) an *Application for Rule Participant De-Registration* (WEMS)
- 5.1.2 An Applicant may access the information on how to submit the forms in Procedure step 5.1.1 in the *Market Participant Registration User Guide* and *Market Participant Registration Technical Guide*, available from the Market Web Site.
- 5.1.3 Upon the IMO receiving a *Declaration of Rule Participant De-Registration Form* (submitted in hardcopy) and an *Application for Rule Participant De-Registration* (submitted in WEMS) the IMO must confirm receipt with the Applicant within one Business Day **[Clause 2.31.3]**.
- 5.1.4 From the date of receipt the IMO must review and decide whether to accept or reject an Application to De-Register an Applicant in the respective Rule Participant class within five Business Days **[Clause 2.31.10(c)]**.
- 5.1.5 The IMO may request additional information where that information is inadequately specified within the *Application for Rule Participant De-Registration* and/or *Declaration of Rule Participant De-Registration Form*. If the IMO requests additional information from an Applicant the review period detailed in Procedure step 5.1.4 must begin from the time at which this information is provided to the IMO **[Clause 2.31.4]**.
- 5.1.6 Upon the IMO approving an *Application for Rule Participant De-Registration* from a Market Customer or Market Generator the IMO must notify the Applicant that:

- (a) the Applicant must cease trading as a Market Customer or Market Generator on the date specified in the *Application for Rule Participant De-Registration*, where that date must not be earlier than 10 Business Days after the date of Application [**Clause 2.31.11(b)(i)**]; and
 - (b) Before the IMO can de-Register a Rule Participant an Applicant must [**Clause 2.31.11(b)(ii)**]:
 - i. de-register all of its Facilities applicable⁴ to the class;
 - ii. resolve and settle all outstanding disputes, investigations and enforcement actions;
 - iii. pay all outstanding amounts owing to the IMO; and
 - iv. have received final payment of all amounts owed to it by the IMO.
- 5.1.7 The effective date of De-Registration must be set by the IMO as the later of:
- (a) the date specified in the Application for Rule Participant De-Registration but not before the Applicant has adhered to Procedure step 5.1.6; or
 - (b) the earliest date by which the IMO can facilitate the De-Registration of the Applicant in the relevant Rule Participant Class.
- 5.1.8 Upon the IMO rejecting an Application for Rule Participant De-Registration the IMO must [**Clause 2.31.12**]:
- (a) notify the Applicant through the WEMS; and
 - (b) inform the Applicant of the reasons for the rejection.

5.2 IMO De-registers a Rule Participant

- 5.2.1 The IMO may, at any time, review a Market Customer or Market Generator to determine if they continue to satisfy the criteria specified in clause 2.28.19 of the Market Rules [**Clause 2.32.7A**].
- 5.2.2 If the IMO determines a Market Customer or Market Generator no longer meets the requirements of clause 2.28.19 of the Market Rules the IMO may issue a Registration Correction Notice [**Clause 2.32.7B**].
- 5.2.3 The Registration Correction Notice must be in the format of a letter and contain the following:
 - (a) the criteria of clause 2.28.19 the Market Customer or Market Generator no longer meets;
 - (b) ask the Market Customer or Market Generator to correct the circumstances that led it to not meet the criteria.
 - (c) provide evidence of the rectification or provide evidence that it continues to meet the criteria;

⁴ See Facility Registration, De-Registration and Transfer Procedure

- (d) a date and time for the Market Customer or Market Generator to respond to the notice. This time period must at least be 90 days from the date of the Notice;
 - (e) an effective date and time of the Market Customer or Market Generator De-registration, should the Rule Participant not provide satisfactory evidence to the contrary.
- 5.2.4 The IMO must consider any evidence or submissions provided by a Market Customer or Market Generator in response to a Registration Correction Notice and determine whether or not the Market Customer or Market Generator meets the criteria detailed in clause 2.28.19. If the IMO determines the Market Customer or Market Generator no longer meets the requirements of clause 2.28.19 the IMO may issue a De-Registration Notice.
- 5.2.5 If the IMO issues a De-registration Notice in accordance with Procedure step 5.2.4 it must contain the date and time in which the Market Customer or Market Generator must be De-Registered.
- 5.2.6 The IMO may also apply to the Electricity Review Board for De-registration of a Rule Participant if they have been suspended for 90 days **[Clause 2.32.6]**.
- 5.2.7 If the Electricity Review Board, in its notice to the IMO, decides the Rule Participant should be de-registered, the IMO must advise the Rule Participant of the decision as soon as practical and begin the process of de-registering the Rule Participant in WEMS. The IMO must also de-register all Facilities registered to the Rule Participant.
- 5.2.8 The effective date of the Rule Participant and Facility/s De-registration will be the time specified in the notice from the Electricity Review Board **[Clause 2.32.7]**.

6 EXEMPTION

6.1 Exemption from Registering as a Rule Participant

- 6.1.1 Clause 2.28.16A of the Market Rules allows a person to request to be exempt from registering as a Rule Participant. The Applicant can also notify the IMO of an Intermediary to be registered instead of the Applicant **[Clause 2.28.16A]**.
- 6.1.2 An Applicant may apply to the IMO for an exemption to the requirement to register as a Rule Participant by submitting a letter to the IMO justifying why it is exempt from registering as a Rule Participant under the Market Rules.
- 6.1.3 If the Applicant wants to have an Intermediary registered instead, it must provide to the IMO a letter containing consent of the Intermediary to act as Intermediary.
- 6.1.4 If an Application under clause 2.28.16A(a) is granted by the IMO, the Intermediary must apply to the IMO to be a registered Rule Participant in accordance with the Procedure and they must satisfy all the requirements in clause 2.28.16A(b).

- 6.1.5 The IMO may issue an exemption to an Applicant subject to certain conditions stipulated by the IMO **[Clause 2.28.16]**. The IMO may stipulate these conditions on a case by case basis.
- 6.1.6 Upon notice of 10 Business Days the IMO may revoke an exemption given to an Applicant **[Clause 2.28.16]**. The IMO may revoke an exemption under clause 2.28.16 on a case by case basis and/or if the IMO determines the conditions of clause 2.28.16B are no longer met.
- 6.1.7 The Applicant may revoke the appointment of an Intermediary by notifying the IMO in writing.
- 6.1.8 At 4.30 AM, 2 business days after the IMO receives this notice, the Intermediary will automatically cease to be considered the Applicant's Intermediary in accordance with the Market Rules **[Clause 2.28.16A(e)]**.



INDEPENDENT
MARKET
OPERATOR



Market Procedure: Facility Registration, De-Registration and Transfer

VERSION 3



ELECTRICITY INDUSTRY ACT 2004
ELECTRICITY INDUSTRY
(WHOLESALE ELECTRICITY MARKET)
REGULATIONS 2004
WHOLESALE ELECTRICITY MARKET RULES
COMMENCEMENT:

This Market Procedure took effect from 8:00am (WST) on the same date as the Wholesale Electricity Market Rules.

VERSION HISTORY

Version	Effective Date	Notes
1	21 September 2006	Market Procedure for Facility Registration as at Market Start
2	10 June 2008	IMO amended changes to the Procedure resulting from Procedure Change Proposal PC_2008_02
2	25 November 2008	IMO amended changes to the Procedure resulting from Procedure Change Proposal PC_2008_02
3	DD MMMM 2012	Amendments to Market Procedure resulting from PC_2013_XX

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1 PROCEDURE OVERVIEW

1.1 Relationship with the Market Rules

- 1.1.1 This Facility Registration, De-Registration and Transfer Market Procedure (Procedure) should be read in conjunction with clauses 2.29, 2.30, 2.30A, 2.31, 2.32 and 2.33 of the Wholesale Electricity Market (WEM) Rules (Market Rules).
- 1.1.2 Reference to particular Market Rules within the Procedure in bold and square brackets **[Clause XX]** are current as of 1 April 2013. These references are included for convenience only and are not part of this Procedure.
- 1.1.3 This Procedure is made in accordance with clause 2.31.23 of the Market Rules.

1.2 Purpose of this Procedure

- 1.2.1 This Procedure outlines the requirements of Rule Participants, System Management and the IMO in order to Register, De-Register and Transfer a Facility in the WEM.

1.3 Application of this Procedure

- 1.3.1 This Procedure applies to the IMO, System Management and Rule Participants intending to Register, De-Register and Transfer Facilities.

1.4 Associated Market Procedures

- 1.4.1 The following IMO Market Procedures are associated with this Procedure:

- (a) Participant Registration and De-registration Procedure.

- 1.4.2 The following IMO Market Documents are associated with this Procedure:

- (a) Request for Facility Creation form;
- (b) Standard Naming Conventions document;
- (c) Declaration for Facility Registration form;
- (d) Declaration for Facility De-Registration form;
- (e) Market Participant Registration User Guide; and
- (f) Market Participant Registration Technical Guide.

1.5 Conventions Used

- 1.5.1 In this Procedure, the conventions specified in clauses 1.3 - 1.5 of the Market Rules apply.

1.6 Terminologies and Definitions

- 1.6.1 A word or phrase defined in the Market Rules, the Electricity Industry Act or the Regulations has the same meaning when used in this Procedure. In addition the following defined terms have the meaning given.

Term	Definition
Aggregation	When describing the aggregation of one or more facilities under clause 2.30.

Term	Definition
Applicant	An entity or Participant applying for Registration, De-registration or Transfer of a Facility.
Application	Term used for any of the submissions required to Register, De-Register or Transfer a Facility.
Associate	Refers to an Associated Load under clause 2.29.5G.
Change Request	The proper noun for the area in WEMS where an Applicant can make changes to its data or general information.
De-Register	The process of De-Registration.
De-Registration	The termination of Registered status for any of the Facilities described in clause 2.29.1.
Disaggregation	When describing the disaggregation of one or more facilities.
Dis-associate	The termination of an Associated Load.
Normal Facility	A Facility that is not aggregated in accordance with Clause 2.30.
Register	The process of Registration.
Registration	Process making a Facility formally Registered within the scope of the Market Rules.
Transfer	Refers to the transfer of a Registered or un-Registered Facility from one Rule Participant to another.
WEMS (Wholesale Electricity Market System)	An interface system that the IMO uses to administer/operate the Wholesale Electricity Market.

Table 1 – Defined Terms

2 PROCEDURE LAYOUT

2.1 Process Overview Table

Process Flow Diagram	Process Explanation
3.1 – Facility Creation	4.1 – Facility Creation
3.2 - Facility Registration	4.2 - Facility Registration
3.3 - Facility De-registration	5.1 - Facility De-registration
3.4 – Facility Transfer	6.1 – Facility Transfer
3.5 – Facility Aggregation	7.1 – Facility Aggregation
3.6 - Facility Disaggregation	7.2 - Facility Disaggregation
3.7 – Exemption from funding Spinning Reserve	8.1 – Exemption from funding Spinning Reserve
3.8 - Associating Non-Dispatchable Loads	9.1 – Associating Non-Dispatchable Loads

Process Flow Diagram	Process Explanation
(NDLs) and Interruptible Loads (InterLs) with a DSP	(NDLs) and Interruptible Loads (InterLs) with a DSP
3.9 - Dis-associating / Reducing Non-Dispatchable Loads (NDLs) and Interruptible Loads (InterLs) from a DSP	9.2 - Dis-associating / Reducing Non-Dispatchable Loads (NDLs) and Interruptible Loads (InterLs) from a DSP

Table 2 – Process Overview Table

2.2 Process Flowchart Legend

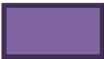
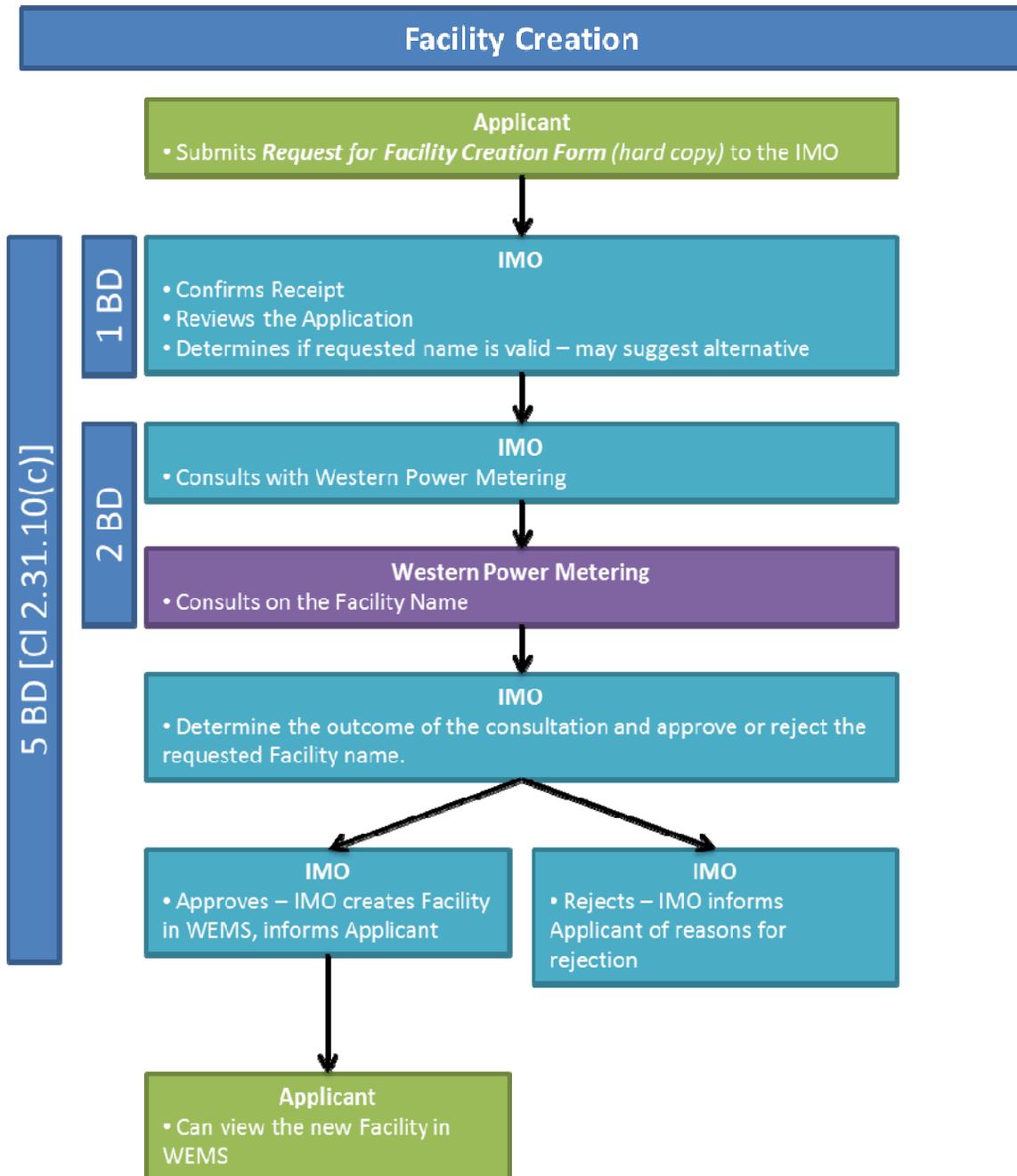
Process Flow Diagram	Entity / System
	The IMO
	The Applicant
	System Management
	Western Power Metering
	Network Operator

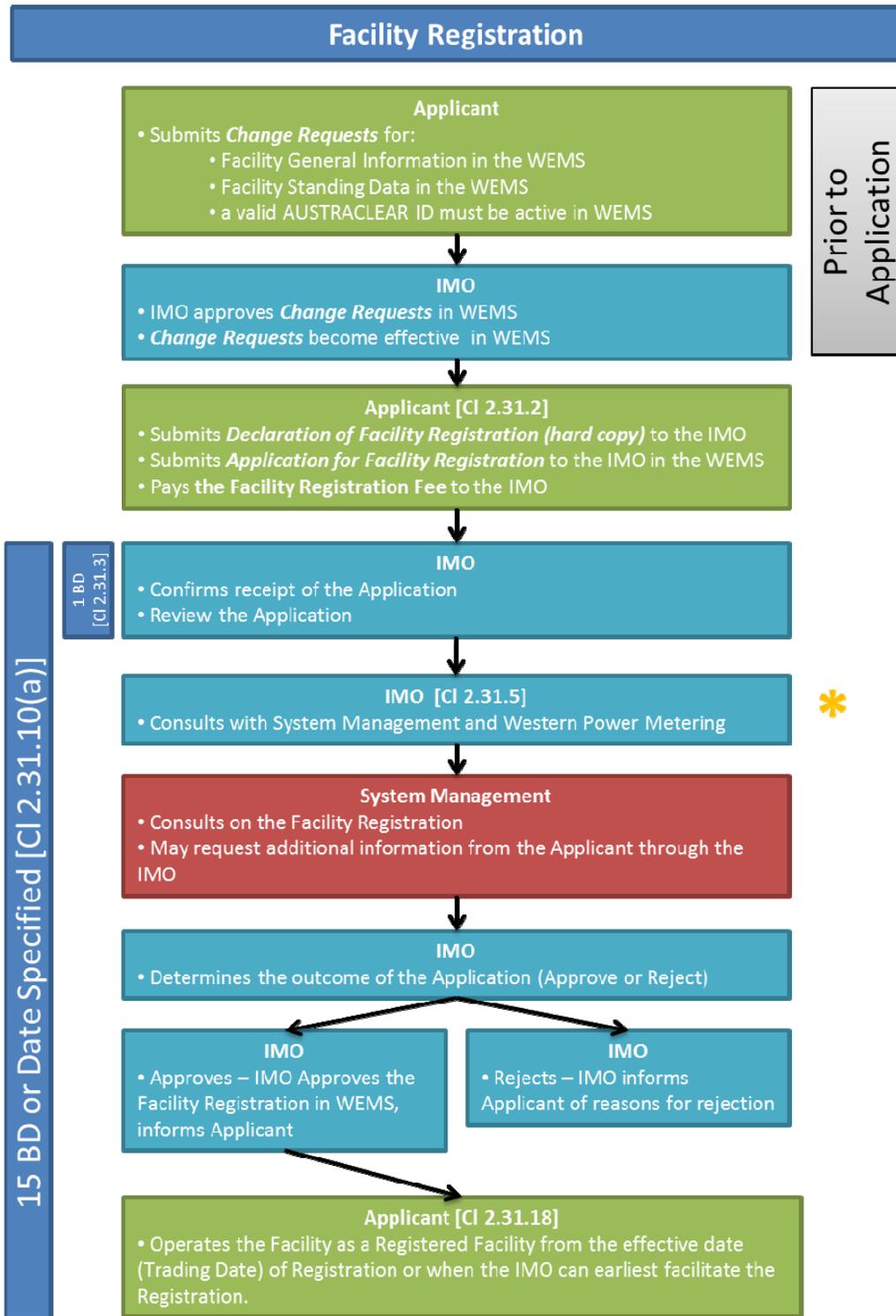
Table 3 – Process Flowchart Legend

3 PROCESS OVERVIEW FLOW CHARTS

3.1 Process Overview for Facility Creation

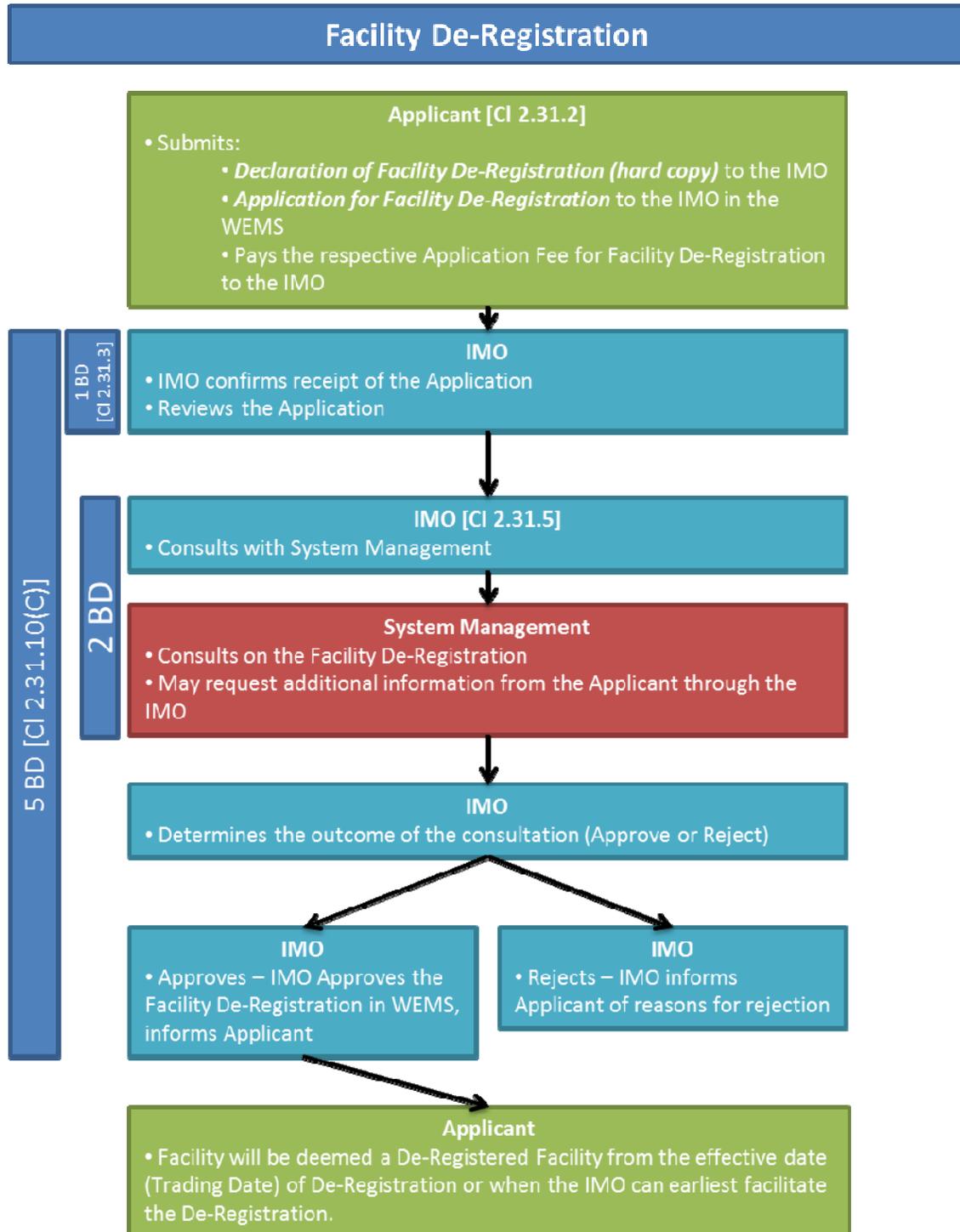


3.2 Process Overview for Facility Registration

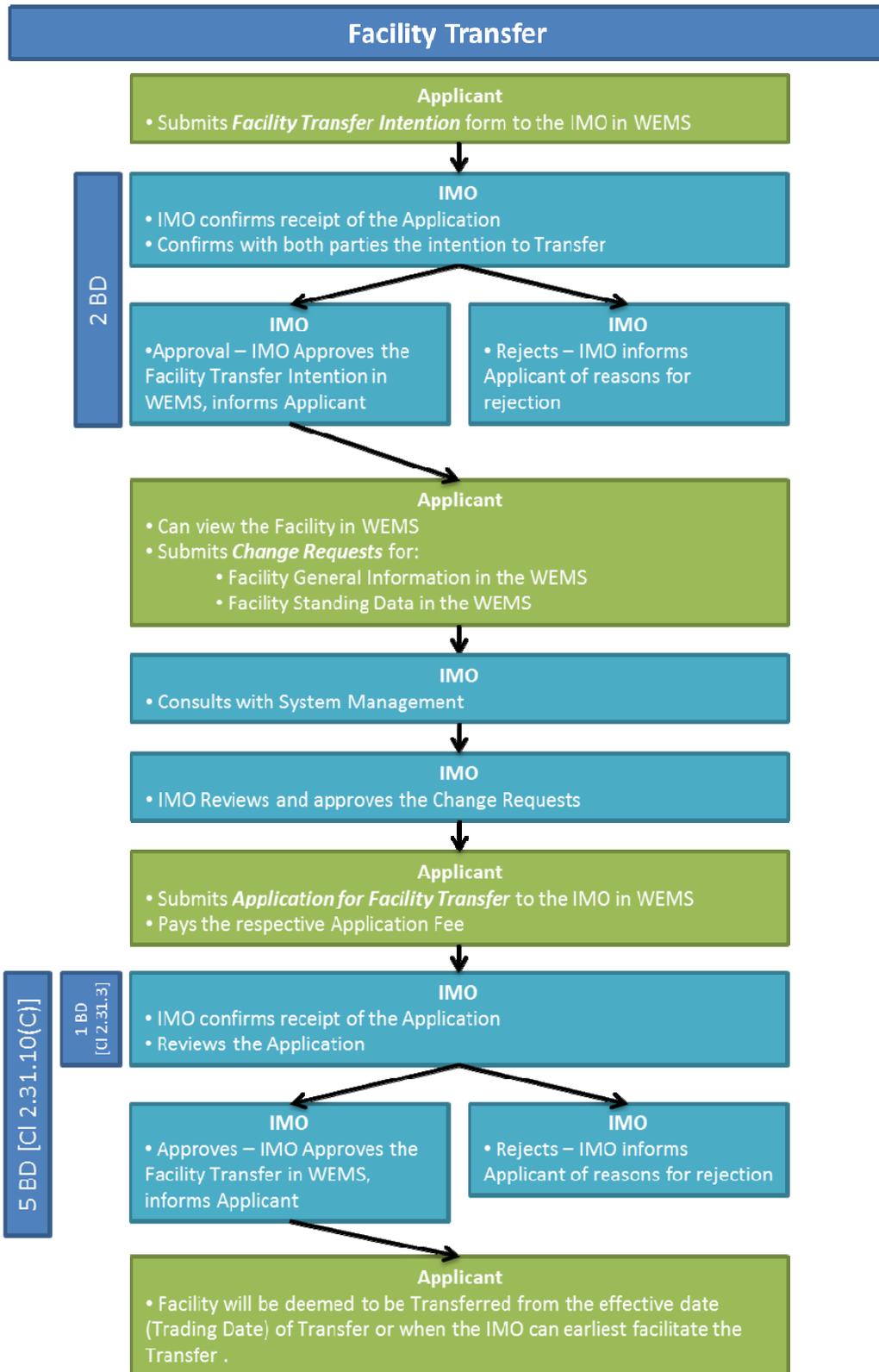


* If tests are required refer to procedure note 4.2.8 [CI 2.31.6]

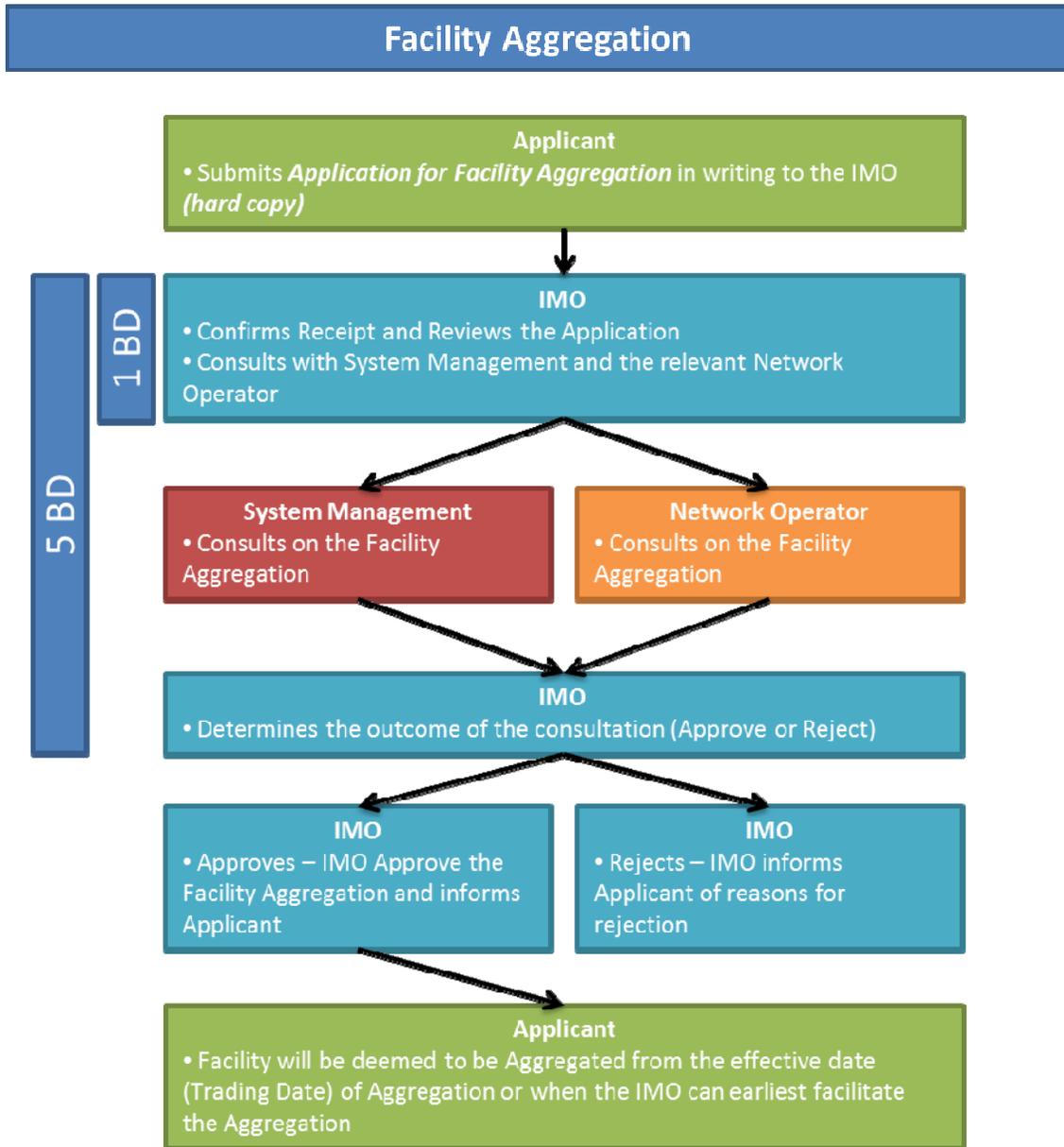
3.3 Process Overview for Facility De-Registration



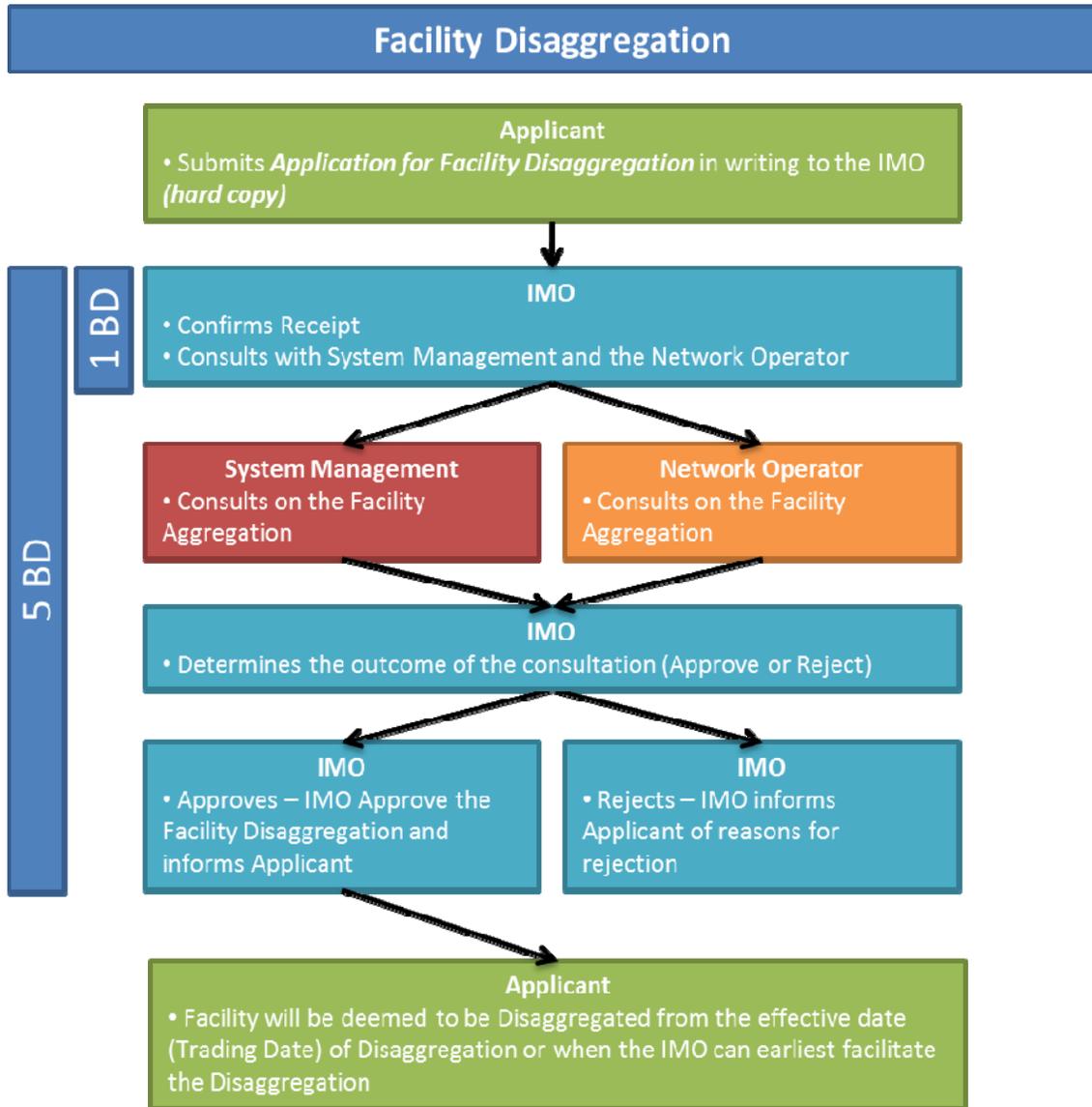
3.4 Process Overview for Facility Transfer



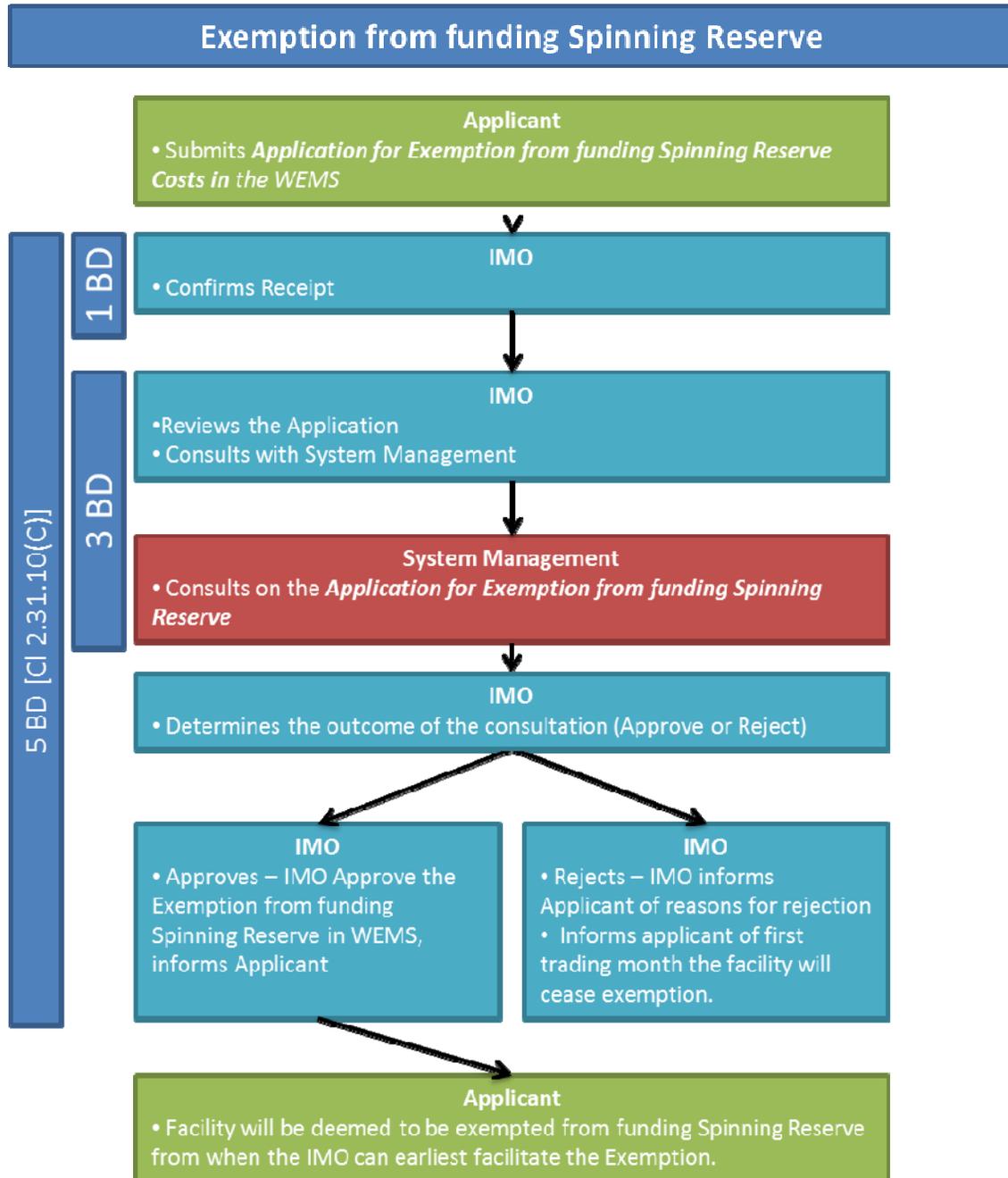
3.5 Process Overview for Facility Aggregation



3.6 Process Overview for Facility Disaggregation

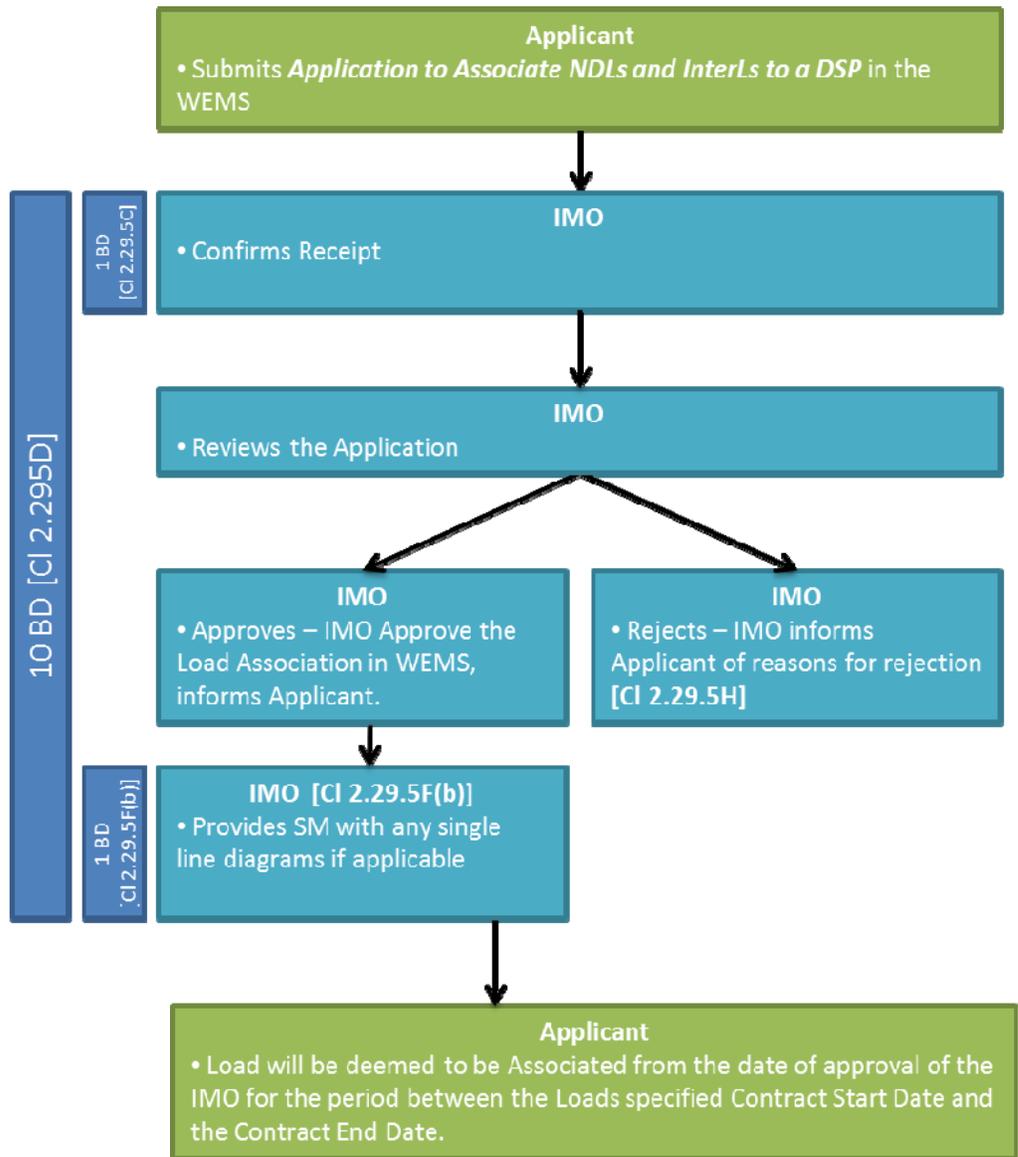


3.7 Process Overview for Exemption from funding Spinning Reserve



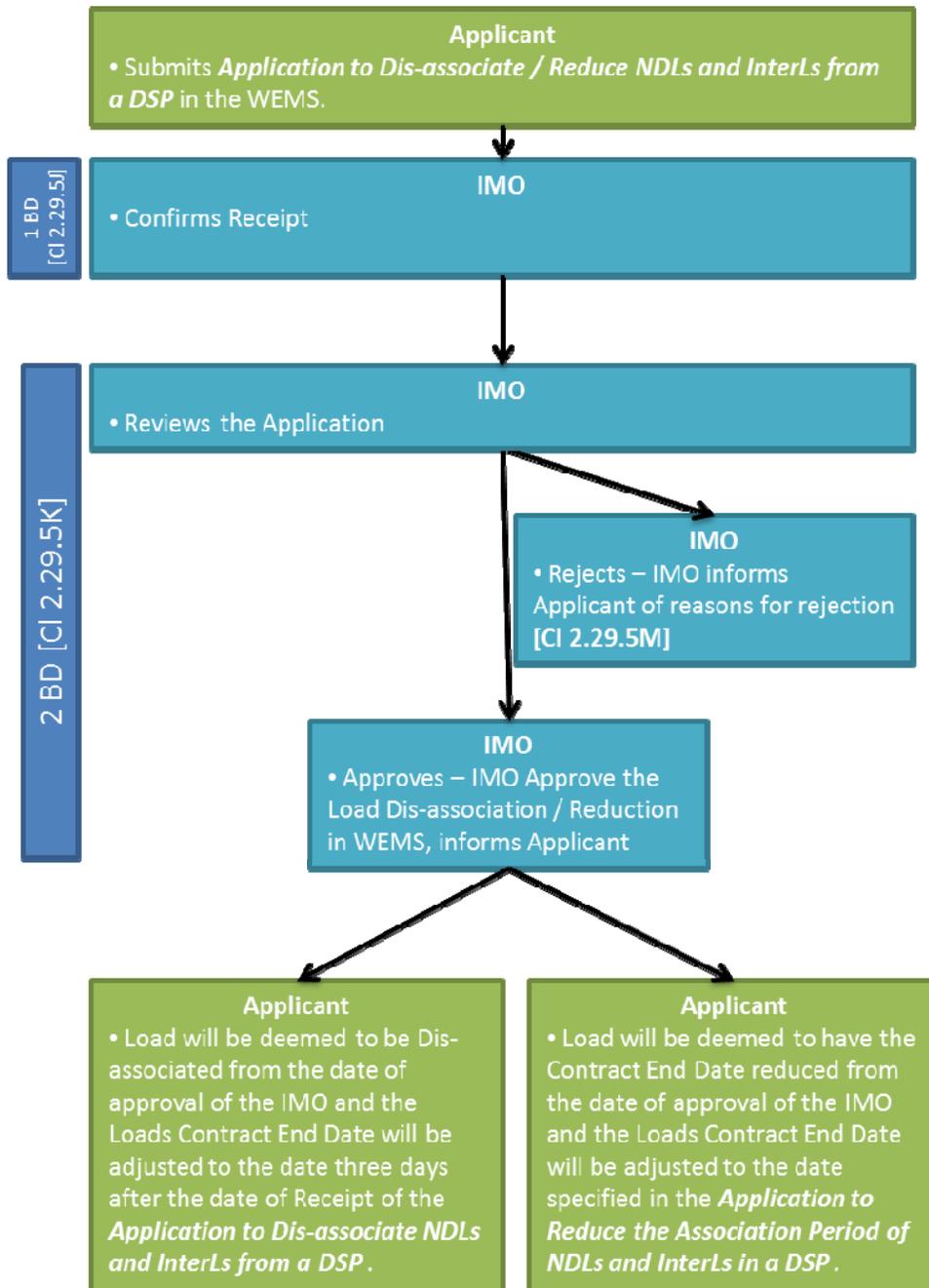
3.8 Process Overview for Associating Non-Dispatchable Loads (NDLs) and Interruptible Loads (InterLs) with a DSP

Associating Non-Dispatchable Loads (NDLs) and Interruptible Loads (InterLs) with a DSP



3.9 Process Overview for Dis-Associating / Reducing Non-Dispatchable Loads (NDLs) and Interruptible Loads (InterLs) from a DSP

Dis-associating / Reducing Non-Dispatchable Loads (NDLs) and Interruptible Loads (InterLs) with a DSP



4 FACILITY REGISTRATION PROCESS

4.1 Facility Creation

- 4.1.1 Before a Facility can be Registered an Applicant must complete a *Request for Facility Creation form*, available on the Market Web Site, and submit the form in hard copy to the IMO.
- 4.1.2 The IMO must acknowledge receipt of the Application to the Applicant within one Business Day.
- 4.1.3 The *Request for Facility Creation Form* allows the Applicant to request a name for the relevant Facility to be created. All Facility names requested must conform to the *Standard Naming Conventions Document* (available from the Market Web Site).
- 4.1.4 Applicants must also indicate in the form which type of Facility they wish to create. This can either be:
- (a) Normal Facility: In the case of single facilities; or
 - (b) Aggregated Facility: In the case where an aggregated parent facility is created for use in the Facility Aggregation Process (refer to Procedure step 7.1).
- 4.1.5 When the IMO receives a completed *Request for Facility Creation Form* the IMO may contact the Applicant with regard to the request and may confirm the requested Facility name. The IMO may suggest an alternative name if the submitted name does not conform to the *Standard Naming Conventions Document*.
- 4.1.6 Once a name has been agreed upon between the IMO and the Applicant, the IMO must consult with Western Power Metering in respect to the Facility name.
- 4.1.7 Western Power Metering must respond to the IMO within two Business Days of the IMO contacting Western Power Metering regarding the new Facility name. Where Western Power Metering finds the name to be inappropriate, Western Power Metering must provide a new, suitable, Facility name.
- 4.1.8 Where Western Power Metering fails to respond to the IMO in respect to the Facility name consultation, within two Business Days, the IMO may approve and accept the Facility name.
- 4.1.9 The IMO must approve or reject the Application for Facility creation within five Business Days of receipt of the Application. The Applicant must be advised via WEMS of the approval or rejection of the Application.
- 4.1.10 Upon approval of the Application, the IMO must create the Facility in WEMS.
- 4.1.11 Once created in WEMS by the IMO an Applicant may view the created Facility. Applicants may then:
- (a) submit information through WEMS regarding the created Facility;
 - (b) initiate the Facility Registration process; and
 - (c) use the created Facility in the Reserve Capacity process such as Certification and Assignment of Capacity Credits.

4.2 Facility Registration

- 4.2.1 Applicants must have previously submitted the following Change Requests to the IMO via WEMS in support of their *Application for Facility Registration*:
- (a) Facility general information;
 - (b) Facility Standing Data; and
 - (c) a valid AUSTRACLEAR ID.
- 4.2.2 This information must be approved by the IMO in WEMS before the Facility Registration process can begin.
- 4.2.3 An Applicant may access the information on how to submit this data via WEMS in the *Market Participant Registration User Guide* and *Market Participant Registration Technical Guide*, available from the Market Web Site.
- 4.2.4 In order to Register a created Facility an Applicant must complete and submit the following to the IMO:
- (a) an *Application for Facility Registration* (within WEMS); and
 - (b) a *Declaration for Facility Registration* (hard copy)
 - (c) the Facility Registration Fee (payment instructions available on the Market Web Site).
- 4.2.5 Applicants wishing to gain Registered status for a Facility must ensure they allow, as a minimum, 15 Business Days between the lodging of a completed *Application for Facility Registration* in the WEMS and the intended date of commencement of operation in the Energy Market.
- 4.2.6 Once an *Application for Facility Registration* has been successfully submitted through WEMS and a *Declaration of Application for Facility Registration* has been received by the IMO, the IMO must confirm receipt within one Business Day **[Clause 2.31.3]**.
- 4.2.7 Where the Application(s) is incomplete or not in the desired format, the IMO may contact the Applicant and request additional or clarifying information. The date on which the Applicant submits the additional information to the IMO becomes the new date of receipt.
- 4.2.8 The IMO must within 15 Business Days from date of receipt of the *Application for Facility Registration*, inform the Applicant if tests are required by the Market Rules and dates these tests must be conducted **[Clause 2.31.6]**.
- 4.2.9 System Management and the Network Operator must cooperate with any tests required by the Market Rules **[Clause 2.31.9]**.
- 4.2.10 If the IMO determines tests are required for Facility Registration the IMO must inform the Applicant of the Date at which it intends to accept or reject the *Application for Facility Registration*. This date must not be longer than 10 Business Days after the date of the last test required by the Market Rules **[Clause 2.31.6(c)]**.
- 4.2.11 If the IMO determines tests are not required the IMO must assess the Application within 15 Business Days of receipt.
- 4.2.12 System Management must assess the information provided by the IMO in the *Application for Facility Registration* and determine if the information is consistent with any Arrangements for Access that have been developed or are in place in relation to the *Application for Facility Registration*.

System Management may extend this assessment to identify the impact, if any, on any other existing network access arrangements.

- 4.2.13 Pursuant to clause 2.31.10(a) the IMO must determine to accept or reject the Application for Facility Registration.
- 4.2.14 Once the IMO has approved an *Application for Facility Registration*, the commencement date for operation in the WEM for the respective Facility must be the later of **[Clause 2.31.18]**:
 - (a) the earliest date at which the IMO can facilitate the Registration status of the Facility and its commencement in the WEM; or
 - (b) the effective date of Registration specified in the *Application for Facility Registration*.
- 4.2.15 If the IMO rejects the Application for Facility Registration the IMO must:
 - (a) notify the Participant through the WEMS in accordance with the timeframe required in clause 2.31.10(a); and
 - (b) inform the Applicant of the reasons for the rejection **[Clause 2.31.13]**.

5 FACILITY DEREGISTRATION PROCESS

5.1 Facility De-Registration

- 5.1.1 The IMO must not De-Register Facilities that hold Capacity Credits.
- 5.1.2 A Facility may be De-Registered by the IMO if:
 - (a) the Rule Participant or its Facility has been suspended for 90 days and the IMO has applied to the Electricity Review Board in accordance with clause 2.32.6 for De-Registration; or
 - (b) the Electricity Review Board notifies the IMO of a decision that the relevant Rule Participant be De-Registered in accordance with the Regulations **[Clause 2.32.7]**.
- 5.1.3 An Applicant may De-Register a Facility by submitting to the IMO:
 - (a) a completed *Declaration of Facility De-Registration Form* (hard copy);
 - (b) a completed *Application for Facility De-Registration Form* in the WEMS; and
 - (c) the respective Application Fee for Facility De-Registration to the IMO **[Clause 2.31.2]**.
- 5.1.4 An Applicant may access the information on how to submit this data in the *Market Participant Registration User Guide* and *Market Participant Registration Technical Guide*, available from the Market Web Site.
- 5.1.5 Once the IMO has received all three of the requirements detailed in procedure step 5.1.3, the IMO must confirm receipt within one Business Day **[Clause 2.31.3]**.
- 5.1.6 Once the IMO receives the De-Registration fee, the IMO must supply the Applicant with a tax invoice.
- 5.1.7 The IMO must determine to accept or reject the *Application for Facility De-Registration* within five Business Days **[Clause 2.31.10(c)]** and may require the Applicant to provide additional information in support of the Application.

- 5.1.8 The IMO must consult with System Management in regard of the *Application for Facility De-Registration* **[Clause 2.31.5]**. System Management must assess the information provided by the IMO in regard of the *Application for Facility De-Registration* and must communicate to the IMO if it finds any issue in respect to the *Application for Facility De-Registration* within two Business Days.
- 5.1.9 The IMO must determine to accept or reject the *Application for Facility De-Registration* within five Business Days of receipt.
- 5.1.10 Upon the IMO approving an *Application for Facility De-Registration*, the date and time that the De-Registration is to take effect must be the later of **[Clause 2.31.19]**:
 - (a) the earliest date by which the IMO can facilitate the De-Registration status of the Facility and its withdrawal from the WEM; or
 - (b) the effective date of Registration specified in the *Application for Facility Registration*.
- 5.1.11 Upon the IMO approving an *Application for Facility De-Registration*, the Facility ceases to be a Registered Facility in accordance with clause 2.31.11(d).
- 5.1.12 Upon the IMO rejecting an *Application for Facility De-Registration* the IMO must,
 - (a) notify the Applicant through WEMS within five Business Days of receipt of the application; and
 - (b) inform the Applicant of the reasons for the rejection.
- 5.1.13 The IMO may only reject an Application for Facility De-Registration if **[Clause 2.31.13]**:
 - (a) subject to clause 2.30C.1 of the Market Rules, the application form, when read together with any information received after a request under clause 2.31.4 of the Market Rules, is incomplete or provides insufficient detail; or
 - (b) subject to clause 2.30C.1, required supporting evidence is insufficient or not provided; or
 - (c) the required Application Fee is not paid; or
 - (d) the Facility holds Capacity Credits.

6 FACILITY TRANSFER PROCESS

6.1 Facility Transfer

- 6.1.1 An Applicant may request Transfer of a Facility from a Rule Participant to the Applicant through the WEMS.
- 6.1.2 Facilities that are not yet Registered at the date of Transfer must retain this status after the transfer.
- 6.1.3 Facilities that are Registered Facilities at the date of Transfer must retain this status after the transfer.
- 6.1.4 It is the responsibility of the Rule Participant receiving the Facility to initiate the process and submit the necessary information in the WEMS. Applicants must submit a *Facility Transfer Intention form* to the IMO in the WEMS to initiate the Facility Transfer process **[Clause 2.31.2]**.

- 6.1.5 The IMO must review the *Facility Transfer Intention Form* and contact the Applicant and the current Facility owner to confirm the Transfer intention with both parties. If both parties acknowledge the intention to Transfer, then the IMO must approve the *Facility Transfer Intention Form*. If one of the parties does not acknowledge the transfer, then the IMO must reject the *Facility Transfer Intention*.
- 6.1.6 The IMO must confirm the Facility Transfer intention with both parties within two Business Days of receipt of the application within WEMS.
- 6.1.7 Once a *Facility Transfer Intention* has been approved by the IMO in WEMS, a copy of the Facility entity¹ and current information relating to the Facility must be copied to the Applicant in WEMS. This information includes:
- (a) Facility general information; and
 - (b) Facility Standing Data.
- 6.1.8 To continue the Transfer process, the Applicant must submit the same or new information to the IMO in the WEMS (via a Change Request) with respect to the data sets in Procedure step 6.1.7 to ensure that at the date of Facility Transfer, the effective data is the data submitted by the Applicant.
- An Applicant may access the information on how to submit this data in the *Market Participant Registration User Guide* and *Market Participant Registration Technical Guide*, available from the Market Web Site.
- 6.1.9 Once all Change Requests have been submitted by the Applicant, approved by the IMO and effective in WEMS then the Applicant may:
- (a) submit an *Application for Facility Transfer* in the WEMS; and
 - (b) pay the Application Fee for Facility Transfer.
- 6.1.10 An Applicant may access the information on how to submit an *Application for Facility Transfer* via WEMS in the *Market Participant Registration User Guide* and *Market Participant Registration Technical Guide*, available from the Market Web Site.
- 6.1.11 Once an *Application for Facility Transfer* has been successfully submitted through WEMS and the respective Application Fee has been paid, the IMO must confirm receipt within one Business Day **[Clause 2.31.3]**.
- 6.1.12 The IMO must review the information in the *Application for Facility Transfer* and make a decision to approve or reject the Application within five Business Days of receipt of the Application **[Clause 2.31.10(c)]**.
- 6.1.13 Upon the IMO approving an *Application for Facility Transfer*, the date and time that the Facility Transfer is to take effect must be the later of **[Clause 2.31.11(e)]**:
- (a) the earliest date at which the IMO can facilitate the Facility Transfer; or
 - (b) the effective date of Facility Transfer specified in the *Application for Facility Transfer*.
- 6.1.14 Upon the IMO approving an *Application for Facility Transfer* for Registered Facilities each Facility covered by the Transfer must:
- (a) cease to be a Registered Facility of the Rule Participant to whom it was Registered to prior to the Transfer; and

¹ A place card for the existing Facility in WEMS

- (b) become a Registered Facility of the Applicant;
- 6.1.15 Upon the IMO approving an Application for Facility Transfer for candidates for Facility Registration each Facility covered by the Transfer must:
 - (a) cease to be a candidate for Registration of the Rule Participant to whom it was Registered to prior to the Transfer; and
 - (b) become a candidate for Registration of the Applicant.
- 6.1.16 Upon the IMO rejecting an Application for Facility Transfer the IMO must:
 - (a) notify the Applicant through WEMS within five Business Days of receipt of Application; and
 - (b) inform the Applicant of the reasons for the rejection [**Clause 2.31.12**].

7 FACILITY AGGREGATION AND DISAGGREGATION

7.1 Facility Aggregation

- 7.1.1 Applicants may apply to Aggregate Facilities by contacting the IMO.
- 7.1.2 The IMO may only accept applications for Facility Aggregation once per Capacity Year for each respective Facility [**Clause 2.30.1A**].
- 7.1.3 To initiate the Facility Aggregation process, Applicants must request in writing to Aggregate Facilities. The IMO must deem this request to be an *Application for Facility Aggregation*.
- 7.1.4 The IMO must review the *Application for Facility Aggregation* and confirm receipt within one Business Day.
- 7.1.5 Upon receiving an *Application for Facility Aggregation* the IMO must consult with System Management and the Network Operator. Pursuant to Clause 2.30.5 System Management and the relevant Network Operator must respond to the IMO consultation within five Business Days with their decision as to whether the Aggregation may adversely impact their ability to maintain Power System Security and Reliability.
- 7.1.6 If System Management or the relevant Network Operator does not respond to the IMO within five Business Days, the IMO may approve the *Application for Facility Aggregation*.
- 7.1.7 Upon the IMO approving an *Application for Facility Aggregation*, the date and time that the Facility Aggregation is to take effect is the later of:
 - (a) the earliest date at which the IMO can facilitate the Facility Aggregation; or
 - (b) the effective date of Facility Aggregation specified in the *Application for Facility Aggregation*.
- 7.1.8 Upon the IMO approving an effective date of Facility Aggregation the associated single Facilities must no longer be deemed to be individual Facilities. The Aggregated Facility must instead take their place.
- 7.1.9 Upon the approved effective date of the Facility Aggregation the Applicant must continue to supply Standing Data for each individual Facility as well as the Aggregated Facility.
- 7.1.10 Upon the IMO rejecting an *Application for Facility Aggregation* the IMO must:

- (a) notify the Applicant; and
- (b) inform the Applicant of the reasons for the rejection.

7.2 Facility Disaggregation

- 7.2.1 An Applicant may apply to Disaggregate Facilities by contacting the IMO.
- 7.2.2 To initiate the Facility Disaggregation process, Applicants must request in writing to Disaggregate Facilities. The IMO must deem this request to be an *Application for Facility Disaggregation*.
- 7.2.3 Upon the IMO receiving an *Application for Facility Disaggregation*, the IMO must confirm receipt within one Business Day.
- 7.2.4 Upon receiving an *Application for Facility Disaggregation* the IMO must consult with System Management and the Network Operator. If in the opinion of the IMO, and after consultation with System Management and the Relevant Network Operator, a Facility is not deemed to be consistent with clause 2.30.5 the IMO may approve the Application.
- 7.2.5 The IMO must approve or reject an Application for Facility Disaggregation within five Business Days.
- 7.2.6 Upon the IMO approving an *Application for Facility Disaggregation*, the date and time that the Facility Disaggregation is to take effect is the later of:
 - (a) the earliest date at which the IMO can facilitate the Facility Disaggregation; or
 - (b) the effective date of Facility Disaggregation specified in the *Application for Facility Disaggregation*.
- 7.2.7 Upon the IMO rejecting an *Application for Facility Disaggregation* the IMO must:
 - (a) notify the Applicant within five Business Days of receipt of the Application; and
 - (b) inform the Applicant of the reasons for the rejection.
- 7.2.8 Upon the IMO approving the Disaggregation of a Facility then the IMO must inform the Applicant of the date at which that Aggregated Facility must be considered to be Disaggregated [**Clause 2.30.8**].
- 7.2.9 Where an Aggregated Facility is Disaggregated in accordance with clause 2.30.8 or clause 2.30.9:
 - (a) each Disaggregated Facility is Registered as a separate Facility from the date specified by the IMO or the Applicant, as applicable; and
 - (b) the IMO may require the Applicant to provide Standing Data relevant to each Disaggregated Facility.

8 SPINNING RESERVE COSTS

8.1 Exemption from funding Spinning Reserve

- 8.1.1 Applicants who have created an Intermittent Generator Facility in WEMS, may apply to the IMO to be exempted from funding Spinning Reserve costs [**Clause 2.30A.1**].

- 8.1.2 Applicants may apply for an exemption from funding Spinning Reserve costs by submitting an *Application for Exemption from funding Spinning Reserve* to the IMO in WEMS.
- 8.1.3 An Applicant may access the information on how to apply for an exemption from funding the Spinning Reserve Costs via WEMS in the *Market Participant Registration User Guide* and *Market Participant Registration Technical Guide*, available from the Market Web Site.
- 8.1.4 Upon the IMO receiving an *Application for Exemption from funding Spinning Reserve costs* through the WEMS the IMO must confirm receipt through the WEMS within one Business Day.
- 8.1.5 The IMO may exempt an Intermittent Generator from funding Spinning Reserve costs where the Applicant demonstrates to the satisfaction of the IMO that the shut-down of the Facility is a gradual process not exceeding a maximum ramp down rate equal to the installed capacity divided by 15MW/minute **[Clause 2.30A.2]**.
- 8.1.6 The IMO must consult with System Management and assess the application and determine if an Intermittent Generator should be exempted from funding Spinning Reserve.
- 8.1.7 If System Management does not respond to the consultation from the IMO regarding the *Application for Exemption from funding Spinning Reserve costs within three Business Days*, the IMO may approve the *Application for Exemption from funding Spinning Reserve*.
- 8.1.8 Upon the IMO approving an *Application for Exemption from funding Spinning Reserve costs*, the date and time that the *Exemption from funding Spinning Reserve costs* is to take effect is the first Trading Day of the first Trading Month that the IMO can facilitate the exemption.
- 8.1.9 Upon the IMO rejecting an *Application for Exemption from funding Spinning Reserve* the IMO must:
 - (a) notify the Applicant through the WEMS within five Business Days; and
 - (b) inform the Applicant of the reasons for the rejection.
- 8.1.10 If the IMO considers, after consultation with System Management, that a change in the nature of an Intermittent Generator means that it should no longer be exempt from funding Spinning Reserve costs, the IMO must **[Clause 2.30A.5]**:
 - (a) inform the relevant Applicant of the first Trading Month from which the facility must cease to be exempted; and
 - (b) include that Facility in the list of applicable Facilities described in Appendix 2 of the Market Rules from the commencement of that Trading Month.

9 NON-DISPATCHABLE LOADS AND INTERRUPTIBLE LOADS

9.1 Associating Non-Dispatchable Loads (NDLs) and Interruptible Loads (InterLs) with a Demand Side-Programme (DSP)

- 9.1.1 Applicants may apply to the IMO to Associate NDLs and InterLs with a DSP in WEMS by submitting the *Application DSP NDL Association* **[Clause 2.29.5B]**.
- 9.1.2 An Applicant may access the information on how to Associate NDLs and InterLs with a DSP via WEMS in the *Market Participant Registration User Guide* and

Market Participant Registration Technical Guide, available from the Market Web Site.

- 9.1.3 Upon the IMO receiving an *Application DSP NDL Association* through WEMS the IMO must confirm receipt through the WEMS within one Business Day **[Clause 2.29.5C]**.
- 9.1.4 The IMO may, at its discretion, require an Applicant to provide information that is missing from the Application or is inadequately specified. The date the requested information is submitted to the IMO must become the date of receipt of the Application.
- 9.1.5 The IMO must approve or reject an *Application for DSP NDL Association* and must notify the applicant of its decision within 10 Business Days of receipt of the Application **[Clause 2.29.5D]**.
- 9.1.6 If the IMO approves an *Application for DSP NDL Association* then the IMO must include in its notification to the Applicant the date and time from which the relevant Load must be associated with the DSP.
- 9.1.7 If the IMO approves an *Application for DSP NDL Association* then the IMO must provide System Management with any single line diagrams received in accordance with clause 2.29.5F(b), if applicable, within one Business Day.
- 9.1.8 If the IMO rejects an *Application for DSP NDL Association*, then the IMO must include in its notification to the Applicant the reasons for the rejection of the Application **[Clause 2.29.5H]**.
- 9.1.9 An Applicant whose *Application for DSP NDL Association* is rejected may reapply to Associate NDLs and InterLs to a DSP after consultation with the IMO.

9.2 Dis-associating / Reducing Non-Dispatchable Loads (NDLs) and Interruptible Loads (InterLs) from a DSP

- 9.2.1 Applicants may apply to the IMO to Dis-associate or Reduce NDLs and InterLs from a DSP in WEMS by submitting an *Application for DSP NDL Dis-association / Reduction* to the IMO **[Clause 2.29.5I]**.
- 9.2.2 An Applicant may access the information on how Dis-associate / Reduce NDLs and InterLs with a DSP via WEMS in the *Market Participant Registration User Guide* and *Market Participant Registration Technical Guide*, available from the Market Web Site.
- 9.2.3 Upon the IMO receiving an *Application for DSP NDL Dis-association/Reduction* through WEMS the IMO must confirm receipt through the WEMS within one Business Day **[Clause 2.29.5J]**.
- 9.2.4 The IMO must determine whether to accept or reject an *Application for DSP NDL Dis-association/Reduction* and notify the Applicant of its decision within two Business Days of the receipt of the Application.
- 9.2.5 If the IMO accepts an *Application for DSP NDL Dis-association in WEMS*, then the IMO must cancel the Association of the relevant Load with the DSP as requested by the Applicant and inform the Applicant of the changes made to the association **[Clause 2.29.5L(a)]**.
- 9.2.6 If the IMO accepts an *Application for DSP NDL Reduction in WEMS*, then the IMO must Reduce the Association of the relevant Load with the DSP as requested by the Applicant and inform the Applicant of the changes made to the Association **[Clause 2.29.5L(b)]**.

- 9.2.7 If the IMO rejects an *Application for DSP NDL Dis-association/Reduction in WEMS*, then the IMO must:
- (a) notify the Applicant through the WEMS within two Business Days; and
 - (b) provide a reasons for the rejection to the Applicant **[Clause 2.29.5M]**.
- 9.2.8 An Applicant whose *Application for DSP NDL Dis-association/Reduction* is rejected may reapply to Dis-associate/Reduce NDLs and InterLs to a DSP after consultation with the IMO.

Agenda Item 6: Market Procedure for Prudential Requirements (PC_2011_04)

1. BACKGROUND

The Market Procedure for Prudential Requirements (Procedure) outlines the following processes:

- the IMO's determination of Credit Limits;
- the IMO's assessment of entities against the Acceptable Credit Criteria;
- arrangements for Credit Support;
- the IMO's calculation of Trading Margins;
- the issuing of Margin Calls; and
- other matters relating to clauses 2.37 to 2.42 of the Market Rules.

2. AMENDED MARKET PROCEDURE

The IMO has updated the Procedure to:

- ensure consistency with the proposed Amending Rules in Rule Change Proposal RC_2011_09: Prudential Requirements, submitted on 15 May 2012;
- reflect the IMO's new format arising from its Market Procedure project;
- improve the structure and level of detail provided in the Procedure; and
- ensure consistency with the Amending Rules that commenced since the Procedure was last updated on 15 October 2008, including the following Rule Change Proposals:
 - Correction of Minor and Typographical Errors (RC_2009_16);
 - Removal of Network Control Services Expression of Interest and Tender Process from the Market Rules (RC_2010_11);
 - Minor, Typographical and Manifest Errors (RC_2010_26);
 - Acceptable Credit Criteria (RC_2010_36);
 - List of Entities Meeting the Acceptable Credit Criteria (RC_2011_04); and
 - Competitive Load Following and Balancing Market (RC_2011_10).

Note that given the substantive restructuring and rewrite of this Procedure the IMO has not shown its proposed changes in tracked changes.

3. RECOMMENDATIONS

The IMO recommends that the IMO Procedure Change and Development Working Group (Working Group):

- **Discuss** the amendments made to the Procedure; and
- **Note** that the IMO will formally submit the revised Procedure into the Procedure Change Process, subject to any comments from the Working Group.



INDEPENDENT
MARKET
OPERATOR



Market Procedure: Prudential Requirements

VERSION 3



ELECTRICITY INDUSTRY ACT 2004
ELECTRICITY INDUSTRY
(WHOLESALE ELECTRICITY MARKET)
REGULATIONS 2004
WHOLESALE ELECTRICITY MARKET RULES
COMMENCEMENT:

This Market Procedure took effect from 8:00am (WST) on the same date as the Wholesale Electricity Market Rules.

VERSION HISTORY

Version	Effective Date	Notes
1	12 September 2006	Market Procedure for Prudential Requirements
2	15 October 2008	Amendments to Market Procedure resulting from PC_2008_08
3	XX Month 2013	Amendments to Market Procedure resulting from PC_2013_XX

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1 PROCEDURE OVERVIEW

1.1 Relationship with the Market Rules

1.1.1 This Prudential Requirements Market Procedure (Procedure) should be read in conjunction with sections 2.37 to 2.43 of the Wholesale Electricity Market (WEM) Rules (Market Rules).

1.1.2 Reference to particular Market Rules within the Procedure in bold and square brackets **[Clause XX]** are current as of 1 November 2012. These references are included for convenience only, and are not part of this Procedure.

1.2 Purpose of this Procedure

1.2.1 This Procedure outlines:

- (a) how the IMO will determine Credit Limits;
- (b) how the IMO will assess persons against the Acceptable Credit Criteria;
- (c) the arrangement for Credit Support, including:
 - i. the form of acceptable guarantees and bank letters of credit;
 - ii. where and how the IMO will hold cash deposits and the costs and fees of holding cash deposits will be met;
 - iii. the application of monies drawn from Credit Support in respect of amounts owed by the relevant Market Participant to the IMO;
- (d) how Trading Margins will be calculated;
- (e) factors to be taken into account in determining the expected value of transactions;
- (f) how Margin Calls will be issued;
- (g) how the IMO will determine Net Forecast Liability; and
- (h) other matters relating to clauses 2.37 to 2.42 of the Market Rules.

1.3 Application of this Procedure

1.3.1 This Procedure applies to the IMO and Market Participants.

1.4 Associated Market Procedures and Market Documents

1.4.1 The following Market Procedures are associated with this Procedure:

- (a) Participant Registration and Deregistration Market Procedure; and
- (b) Settlements Market Procedure.

1.4.2 The following Market Documents are associated with this Procedure:

- (a) Bank Undertaking for Credit Support;
- (b) Guarantee for Credit Support;
- (c) Security Deposit Deed for Credit Support;
- (d) Security Deposit Deed for Credit Support, provided by Third Party;
- (e) Acceptable Credit Criteria form; and
- (f) List of entities meeting Acceptable Credit Criteria

1.5 Conventions Used

- 1.5.1 In this Procedure, the conventions specified in clauses 1.3 - 1.5 of the Market Rules apply.
- 1.5.2 The appendices contained within this Procedure for part of the Procedure and are legally enforceable.

1.6 Terminologies and Definitions

- 1.6.1 A word or phrase defined in the Market Rules, the Electricity Industry Act or the Regulations has the same meaning when used in this Procedure. In addition the following defined terms have the meaning given.

Term	Definition
Due Date	Due Date is the date notified by the IMO in respect of a step in this Market Procedure where the Due Date is specified

Table 1 – Defined Terms

2 CREDIT LIMITS

2.1 Determination of Credit Limits

- 2.1.1 The IMO must determine a Credit Limit for each Market Participant [**Clause 2.37.1**]. In making this determination, the IMO must take into account the principles laid out in clause 2.37.4(a) – (f) when determining the Credit Limit. Steps 2.2 and 2.3 of this Procedure detail how these principles will be taken into account.
- 2.1.2 The IMO must review each Market Participant's Credit Limit at least once a year [**Clause 2.37.3**].
- 2.1.3 The IMO may revise the Credit Limit of a Market Participant at any time [**Clause 2.37.2**].
- 2.1.4 In accordance with clause 2.37.5, a Market Participant must notify the IMO as soon as practicable, where it considers that:
- (a) Its metered consumption quantities in a Trading Month will significantly exceed the amount assumed in the last calculation of its Credit Limit; or
 - (b) Its quantity of electricity purchased bilaterally in a Trading Month will be significantly lower than assumed in the last calculation of its Credit Limit.
- 2.1.5 A Market Participant must provide the notification in step 2.1.4 to the IMO, in writing via email or letter.
- 2.1.6 A Market Participant may submit a request to the IMO, in writing via email or letter, to consider revising its Credit Limit.
- 2.1.7 If the IMO decides to revise the Credit Limit for a Market Participant in response to a notification received in step 2.1.5 or 2.1.6, then the IMO must determine the revised Credit Limit in accordance with step 2.2 or step 2.3.
- 2.1.8 If the IMO decides that the Credit Limit does not need to be revised in response to a Market Participant's request under step 2.1.6, then the IMO must, as soon as practicable, notify the Market Participant in writing via email or letter, its reasons for not doing so.

- 2.1.9 Within one Business Day after determining the Credit Limit, the IMO must provide notification to each Market Participant, in writing via email or letter, of its Credit Limit and the basis for making that determination [**Clause 2.37.8**].
- 2.1.10 The IMO must ensure that the Wholesale Electricity Market System (WEMS) provides a screen for Market Participants to enter prudential support details online as part of the Rule Participant registration process. For a description of the fields for completing prudential support details on WEMS, refer to the Market Participant Registration Software User Guide (“User Guide”) available on the Market Web Site¹. The fields to be completed in the Prudential Support Display are described in section 3.7 of the User Manual including an illustration of the Prudential Support Display screen on the WEMS.

2.2 Determination of Credit Limits for existing Market Participants

- 2.2.1 The IMO must identify when a minimum of three full months of settled data in Non-STEM become available for a Market Participant.
- 2.2.2 Within five Business Days of making the identification in step 2.2.1, the IMO must determine the Credit Limit for the Market Participant using the Anticipated Maximum Exposure (AME) method, detailed in step 2.2.3.
- 2.2.3 The IMO must determine a Market Participant’s Anticipated Maximum Exposure (AME) using up to 24 months of available settlement data from the period preceding the date on which the Credit Limit is determined, as follows:

- (a) For each settled Trading Month, the IMO must calculate the Trading Day exposure for the Market Participant. This Trading Day exposure consists of Reserve Capacity settlement amount, balancing settlement amount, Ancillary Service settlement amount, Outage Compensation settlement amount, Reconciliation Settlement amount and the applicable Market Participant Fee settlement amount. This is calculated as follows:

$$\text{Trading Day exposure} = \text{RCSA}(p,m) \div n + \sum \text{BSA}(p,d,t) + \text{ASSA}(p,m) \div n + \text{COCSA}(p,m) \div n + \text{RSA}(p,m) \div n + \text{MPFSA}(p,m) \div n$$

Where

RCSA(p,m) is the Reserve Capacity settlement amount for Market Participant p for Trading Month m calculated as per clause 9.7.1;

$\sum \text{BSA}(p,d,t)$ is the sum of the balancing settlement amounts for Market Participant p for all Trading Intervals t of Trading Day d calculated as per clause 9.8.1;

ASSA(p,m) is the Ancillary Service settlement amount for Market Participant p for Trading Month m calculated as per clause 9.9.1;

COCSA(p,m) is the Outage Compensation settlement amount for Market Participant p for Trading Month m calculated as per clause 9.10.1;

RSA(p,m) is the Reconciliation Settlement amount for Market Participant p for Trading Month m calculated as per clause 9.11.1;

¹ <http://www.imowa.com.au/f144,1373523/MIMarketParticipantRegistrationUserGuide.pdf>

MPFSA(p,m) is the applicable Market Participant Fee settlement amount for Market Participant p for Trading Month m calculated as per clause 9.13.1; and
n is the number of Trading Days in Trading Month m.

- (b) Using each day's Trading Day exposure, the IMO must calculate the total running 70 day exposure, for all consecutive 70 day periods up to the last day of the most recently settled Trading Month.
- (c) The IMO must determine the highest running 70 day exposure, plus GST, as the Market Participant's 70 day maximum exposure in Non-STEM.
- (d) If the Market Participant participated in STEM over that period, the IMO must calculate the total running 15 day exposure up to the last day of the most recently settled Trading Week.
- (e) The IMO must determine the highest running 15 day exposure, plus GST, as the Market Participant's 15 day maximum exposure in STEM.
- (f) The AME is equal to the sum of the 70 day maximum Non-STEM exposure and 15 day maximum STEM exposure.
- (g) The IMO must set the AME calculated in step (f) as the Credit Limit for that Market Participant.

2.2.4 In accordance with clause 2.37.4A, the IMO may, in its absolute discretion, deviate from the methodology described in step 2.2.3 if it considers that certain circumstances exist that warrant a revision of the Credit Limit for a Market Participant. Such circumstances include, but are not limited to:

- (a) Significant changes in metered quantities;
- (b) Significant changes in bilateral contracting;
- (c) Significant changes in commercial behaviour such as increase in customer base or acquisition of new facilities;
- (d) Changes in Reserve Capacity Price;
- (e) Unforeseen events, for example a material fuel disruption.

2.3 Determination of Credit Limits for other Market Participants

2.3.1 At least one Business Day before a new Market Participant participates in the market, the IMO must determine an initial Credit Limit for that Market Participant, as follows:

- (a) If the Market Participant is a Market Generator, refer to step 2.4
- (b) If the Market Participant is an existing Market Generator with a new Facility under construction, then for the Credit Limit in respect of that new Facility, refer to step 2.4
- (c) If the Market Participant is a Market Customer, refer to step 2.5
- (d) If the Market Participant is both a Market Generator and a Market Customer, then the sum of the Credit Limits determined under step 2.4 and 2.5
- (e) If the Market Participant has a Demand Side Programme, refer to step 2.6
- (f) If the Market Participant is a Market Customer with a retail base and a Demand Side Programme, then the sum of the Credit Limits determined under step 2.5 and 2.6

- (g) If the Market Participant is a Market Generator with a Demand Side Programme, then the sum of the Credit Limits determined under step 2.4 and 2.6
 - (h) If the Market Participant is both a Market Generator and a Market Customer and also has a Demand Side Programme, then the sum of the Credit Limits determined under step 2.4, 2.5 and 2.6.
- 2.3.2 In accordance with clause 2.37.4A, the IMO may, in its absolute discretion, deviate from the methodology described in step 2.3.1 if it considers that certain circumstances exist that warrant a revision of the Credit Limit for a Market Participant.
- 2.3.3 When the IMO identifies that a minimum of three full months of settled data in Non-STEM are available for a new Market Participant, the IMO must determine the Credit Limit for that Participant using the methodology described in step 2.2.
- 2.4 Determination of initial Credit Limit for a new Market Generator**
- 2.4.1 If not already submitted at the time of Facility Registration, a new Market Generator must, by the agreed Due Date, provide the following data to the IMO:
- (a) The generation capacity of its Facilities;
 - (b) The Certified Reserve Capacity of its Facilities;
 - (c) The amount of energy it has bilaterally contracted; and
 - (d) The amount of Capacity Credits it has bilaterally contracted.
- 2.4.2 The IMO must make reasonable estimations for the following:
- (a) Average Balancing Price;
 - (b) Percentage of time the Facility is expected to run;
 - (c) Monthly Reserve Capacity Price; and
 - (d) Refund factor based on the Refund Table in clause 4.26.1
- 2.4.3 Based on the data provided in step 2.4.1, the IMO must reasonably assume:
- (a) The maximum quantity of the energy to be bought in Balancing Market over 70 days;
 - (b) The maximum amount of Market Fees and Ancillary Service payments over 70 days; and
 - (c) The maximum quantity of potentially unavailable capacity over 70 days.
- 2.4.4 Using the data in step 2.4.2 and assumptions in step 2.4.3, the IMO must determine the initial Credit Limit for the new Market Generator.
- 2.4.5 A Market Generator with a new Facility under construction must provide to the IMO Credit Support of an amount no less than the Credit Limit (determined for that Facility) before the commencement of the Commissioning Test Period. The Market Generator must provide Credit Support in accordance with Section 4 of this Procedure.
- 2.5 Determination of initial Credit Limit for a new Market Customer**
- 2.5.1 If not already submitted at the time of Participant Registration, a new Market Customer must, by the agreed Due Date, provide the following data to the IMO:
- (a) The amount of energy contracted to sell to consumers;

- (b) The amount of Capacity Credits assigned under bilateral contracts; and
 - (c) The amount of energy to be purchased under bilateral contracts
- 2.5.2 The IMO must make reasonable estimations for the following:
- (a) Average Balancing Price;
 - (b) Monthly Reserve Capacity Price;
 - (c) Individual Reserve Capacity Requirement
- 2.5.3 Based on the data provided in step 2.5.1, the IMO must reasonably assume:
- (a) The maximum quantity of energy to be bought in the Balancing Market over 70 days;
 - (b) The maximum amount of Market Fees and Ancillary Service payments over 70 days; and
 - (c) The maximum quantity of Capacity Credits to be bought from the IMO over 70 days.
- 2.5.4 Using the data in step 2.5.2 and assumptions in step 2.5.3, the IMO must determine the initial Credit Limit for the new Market Customer.
- 2.6 Determination of Initial Credit Limit for a new Market Participant that has a Demand Side Programme**
- 2.6.1 If not already submitted at the time of Facility Registration, a new Market Participant with a Demand Side Programme must, by the agreed Due Date, provide the following data to the IMO:
- (a) The quantity of Associated Loads to the Demand Side Programme;
 - (b) The Certified Reserve Capacity of its Facilities; and
 - (c) The amount of Capacity Credits it has bilaterally contracted.
- 2.6.2 Based on the data provided in step 2.6.1, the IMO must reasonably assume:
- (a) The maximum amount of Capacity Cost Refunds over 70 days
- 2.6.3 The IMO must make reasonable estimations for the following:
- (a) Percentage of time the Facility is expected to perform;
 - (b) Monthly Reserve Capacity Price; and
 - (c) Refund factor based on the Refund Table in clause 4.26.1
- 2.6.4 Using the data in step 2.6.2 and estimations in step 2.6.3, the IMO must determine the initial Credit Limit for the new Market Customer with a Demand Side Programme.

3 ACCEPTABLE CREDIT CRITERIA

3.1 Confirming an entity meets the Acceptable Credit Criteria

- 3.1.1 The IMO must maintain on the Market Web Site, a list of entities which:
- (a) have provided to the IMO, in the previous 12 months, evidence satisfactory to the IMO that they meet the Acceptable Credit Criteria; or

- (b) the IMO in its absolute discretion determined to be entities that meet the Acceptable Credit Criteria. **[Clause 2.38.7]**
- 3.1.2 The list of entities referred to in step 3.1.1 must include details of the date from which the entity has been included in the list and whether it has been included under step 3.1.1(a) or step 3.1.1(b).
- 3.1.3 A copy of the current list of entities that meet the Acceptable Credit Criteria is available on the following Market Web Site: http://www.imowa.com.au/prudential_information
- 3.1.4 The IMO must undertake monthly monitoring activities to determine whether the entities included on the list of entities that meet the Acceptable Credit Criteria continue to have appropriate credit ratings and may at any time remove an entity from the list where it no longer meets the Acceptable Credit Criteria. **[Clauses 2.38.8 and 2.38.9]**
- 3.1.5 Where the IMO removes an entity from the list of entities that meet the Acceptable Credit Criteria, it must, within one Business Day of that removal, inform all Market Participants, via email, of the removal of the entity.
- 3.1.6 Where a Market Participant elects to provide Credit Support other than a Security Deposit and the entity is included on the IMO's list of entities that meet the Acceptable Credit Criteria, the Market Participant will not be required to submit an Acceptable Credit Criteria Form.
- 3.1.7 Where a Market Participant elects to provide a Credit Support other than a Security Deposit and the credit support provider is not included on the list of entities that meet the Acceptable Credit Criteria, the Market Participant must arrange for the completion of an Acceptable Credit Criteria Form, outlining that an entity meets the Acceptable Credit Criteria outlined in clause 2.38.6, from either:
- (a) the Market Participant's external solicitors; or
 - (b) the entity's external solicitors.
- A copy of the Acceptable Credit Criteria Form is available on the following Market Web Site: <http://www.imowa.com.au/n5705,205.html>
- 3.1.8 In arranging for the completion of the Acceptable Credit Criteria Form under step 3.1.7, a Market Participant is responsible for arranging for a firm of solicitors to undertake all necessary investigations to enable a partner of the firm to sign the Acceptable Credit Criteria Form. This may be the solicitors for the Market Participant or the solicitors for the credit support provider.
- 3.1.9 A completed Acceptable Credit Criteria Form is one that adheres to clause 2.38.6 of the Market Rules, in that the form:
- (a) has an affirmative response to each of the six statements;
 - (b) has been completed with the full details of the entity to which it applies; and
 - (c) has been signed by a partner from a reputable commercial law firm which is acceptable to the IMO.
- 3.1.10 Before submitting an Acceptable Credit Criteria Form, the Market Participant may, no later than two Business Days before the Due Date, submit a request to the IMO to confirm whether a particular firm of solicitors meets the requirements of step 3.1.9(c).

- 3.1.11 Where the IMO receives a request to confirm whether a particular firm of solicitors is acceptable to satisfy the requirements under the Acceptable Credit Criteria, the IMO must notify via email the Market Participant by the next Business Day, whether that firm of solicitors meets the requirements.
- 3.1.12 Where a Market Participant elects to provide Credit Support in a form other than a Security Deposit and the credit support provider is not included on the list of entities that meet the Acceptable Credit Criteria, the Market Participant must submit the completed Acceptable Credit Criteria Form, including any original documents to the IMO.
- 3.1.13 Within one Business Day of receiving an Acceptable Credit Criteria Form from a Market Participant, the IMO must assess the compliance and completeness of the Acceptable Credit Criteria Form, in accordance with step 3.1.9.
- 3.1.14 The IMO may, at its discretion, request a Market Participant to provide documents to support the responses to the statements in the Acceptable Credit Criteria Form.
- 3.1.15 Where the IMO requests further information under step 3.1.14, the Market Participant must provide all relevant documents within one Business Day, or any other timeframe as agreed with the IMO.
- 3.1.16 If the IMO is satisfied that the Acceptable Credit Criteria Form has been submitted and completed in accordance with the steps in this Procedure, then the IMO must deem that the entity to which the Acceptable Credit Criteria Form applies meets the Acceptable Credit Criteria for a period of 12 months.
- 3.1.17 Where the IMO deems an entity to meet the Acceptable Credit Criteria under step 3.1.16, the entity must be included in the list of entities that meet the Acceptable Credit Criteria and this entity must be on the list, which is available on the Market Web Site, for a period of 12 months from the date of approval of the entity by the IMO [**Clause 2.38.7**].

4 CREDIT SUPPORT

4.1 Credit Support Arrangements

- 4.1.1 At the same time as the IMO provides the notification specified in step 2.1.9, the IMO must notify via email the Market Participant whether it is required to provide Credit Support and the Due Date for any Credit Support required.
- 4.1.2 The Market Participant must ensure that the amount of Credit Support provided is no less than the Credit Limit determined for the Market Participant by the IMO.
- 4.1.3 The Market Participant must provide the Credit Support to the IMO by the Due Date.
- 4.1.4 Where at any time a Market Participant does not meet the Acceptable Credit Criteria outlined in clause 2.38.6, the Market Participant must ensure that the IMO holds the benefit of Credit Support in an amount not less than its Credit Limit **[Clause 2.38.1]**.
- 4.1.5 If a Market Participant has provided Credit Support which is due to expire or terminate on a given date, it must, no less than 10 Business Days prior to the expiration or termination of the existing Credit Support, provide a replacement Credit Support to the IMO in an amount not less than their determined Credit Limit. The replacement Credit Support must become effective at the expiry of the existing Credit Support **[Clause 2.38.2]**.
- 4.1.6 A Market Participant must provide replacement Credit Support, or increase their current Credit Support, to an amount not less than their determined Credit Limit in any of the following circumstances:
- (a) where the IMO has increased the Market Participant's Credit Limit;
 - (b) where the existing Credit Support is no longer current or valid (for example credit support provider no longer meets Acceptable Credit Criteria); or
 - (c) where some, or all, of the Credit Support has been drawn on by the IMO **[Clause 2.38.3]**
- 4.1.7 The IMO must notify a Market Participant via email as soon as it determines any of the circumstances specified in step 4.1.6 are present in relation to that Market Participant.
- 4.1.8 Where a Market Participant wishes to change the type of Credit Support provided (for example from a Security Deposit to a bank undertaking), it must notify the IMO via email when it would do so.
- 4.1.9 Within one Business Day of the notification in step 4.1.7 or 4.1.8, a Market Participant must ensure that the IMO holds the benefit of the replacement Credit Support in an amount not less than the Credit Limit determined for that Participant **[Clause 2.38.3]**.
- 4.1.10 A Market Participant must provide Credit Support by way of:
- (a) guarantee or bank undertaking, in accordance with the process detailed in Section 4.2 of this Procedure and in accordance with clause 2.38.4(a) of the Market Rules; or
 - (b) Security Deposit, in accordance with the process detailed in Section 4.3 of this Procedure and in accordance with clause 2.38.4(b) of the Market Rules.
- 4.1.11 On receiving documentation from a Market Participant for Credit Support, the IMO must review the Credit Support arrangement to:

- (a) determine whether it is compliant with clause 2.38.4(a) of the Market Rules and section 4.2 of this Market Procedure, if the Credit Support is in the form of a guarantee or bank undertaking; or
 - (b) determine whether it is compliant with clause 2.38.4(b) of the Market Rules and section 4.3 of this Market Procedure, if the Credit Support is in the form of a Security Deposit.
- 4.1.12 Within five Business Days of receiving all documentation for Credit Support arrangements from the Market Participant, the IMO must notify the Market Participant in writing via email or letter, that the Credit Support is either:
- (a) compliant with the Market Rules and this Procedure; or
 - (b) not compliant with the Market Rules or this Procedure, in which case the IMO must provide reasons as to why the Credit Support is not compliant.

4.2 Submitting Guarantees or Bank Undertakings

- 4.2.1 On receiving a notification in step 4.1.1, a Market Participant must download a copy of the following documents from the Market Web Site:
- (a) Proforma deed for guarantee or bank undertaking, as applicable; and
 - (b) Acceptable Credit Criteria Form (this is not required if the Bank or Treasury Corporation is on the list of acceptable credit providers, as published on the Market Web Site).
- 4.2.2 A Market Participant must by the Due Date, submit to the IMO:
- (a) a completed proforma deed for guarantee or bank undertaking for an amount not less than the Credit Limit determined for the Market Participant; and
 - (b) a completed Acceptable Credit Criteria Form for the credit support provider (if applicable).
- 4.2.3 A completed guarantee or bank undertaking must meet the following criteria:
- (a) It is in the form approved by the IMO; and
 - (b) It has been executed by a Treasury Corporation (in the case of a guarantee) or a bank (in the case of a bank undertaking), that meets the Acceptable Credit Criteria.
- 4.2.4 The Market Participant must ensure that the guarantee or bank undertaking is consistent with the most recent proforma version available on the Market Web Site and is only modified to the extent contemplated in the proforma version. The IMO must not accept any variations from the proforma version available on the Market Web Site.
- 4.2.5 The IMO requires that the Treasury Corporation issuing the guarantee or the bank issuing the bank undertaking must be able to provide cleared funds up to the amount of the Credit Support within 90 minutes of the IMO making a call on the Credit Support.
- 4.2.6 At the time of providing a guarantee or bank undertaking to the IMO, a Market Participant must also provide to the IMO:
- (a) contact details of no less than two individuals at the bank or Treasury Corporation whom the IMO can contact in regard to making a call on the Credit Support; and

- (b) any special procedure that the bank or Treasury Corporation requires the IMO to follow when calling on the Credit Support.
- 4.2.7 A Market Participant must ensure that the bank or Treasury Corporation agrees with the IMO on a process that will enable the IMO to access funds within 90 minutes of making a call on Credit Support. Failure by the bank or Treasury Corporation to do so constitutes a breach of clause 2.38.4(a) and a suspension event under clause 9.23.1 of the Market Rules by the Market Participant.
- 4.2.8 When providing a guarantee or bank undertaking to the IMO, the Market Participant must agree on a place of delivery with the IMO and hand over the document to the IMO in person.
- 4.2.9 If the Market Participant is not able to hand over the document in person, it must be provided to the IMO by courier or registered mail, requiring a signature of receipt.
- 4.2.10 The IMO must provide a written receipt to the Market Participant at the time of receiving the guarantee or bank undertaking.
- 4.2.11 The IMO must make a determination on compliance or non-compliance of the guarantee or bank undertaking in accordance with step 4.1.11 and notify the Market Participant in accordance with step 4.1.12.
- 4.2.12 If a Market Participant received a notification of non-compliance in accordance with step 4.1.12(b), then the Market Participant must re-submit the Credit Support on or before the Due Date as agreed upon with the IMO, and the IMO must determine its compliance in accordance with step 4.1.11.
- 4.2.13 At the same time as the IMO issues confirmation to the Market Participant that the guarantee or bank undertaking is compliant with the Market Rules and this Procedure, the IMO must notify the Treasury Corporation or the bank, as applicable, that Credit Support has been provided in accordance with clause 2.38.4(a) of the Market Rules and this Market Procedure.
- 4.2.14 After the IMO notifies the Market Participant and the Treasury Corporation or the bank, as applicable, in step 4.2.13, the IMO must place the completed guarantee or bank undertaking in a bank safe box, as soon as practicable.

4.3 Submitting Security Deposits

- 4.3.1 On receiving a notification in Step 4.1.1, a Market Participant must download a copy of the following documents from the Market Web Site:
 - (a) Proforma deed for Security Deposit; and
 - (b) Security Deposit Instructions.
- 4.3.2 A Market Participant must by the Due Date:
 - (a) submit two signed originals of a completed Security Deposit deed to the IMO; and
 - (b) provide, in cleared funds, the amount of Credit Support for an amount not less than the Credit Limit determined for the Market Participant, to the IMO in accordance with the Security Deposit Instructions.
- 4.3.3 A completed Security Deposit deed must meet the following criteria:
 - (a) It is in the form approved by the IMO; and
 - (b) It has been executed by or on behalf of the Market Participant.

- 4.3.4 A Market Participant must ensure that the Security Deposit deed is consistent with the most recent proforma version available on the Market Web Site and is only modified to the extent contemplated in the proforma version. The IMO must not accept any variations from the proforma version available on the Market Web Site.
- 4.3.5 A Market Participant may submit a request for time beyond the Due Date specified in step 4.3.2 to provide the Security Deposit deed to the IMO. The Market Participant must submit this request in writing via email or letter.
- 4.3.6 The IMO may, in its absolute discretion, accept or reject a request made in step 4.3.5 and the IMO must notify the Market Participant via email of such decision as soon as practicable.
- 4.3.7 Failure by a Market Participant to provide both the completed Security Deposit deed and the cleared funds by the Due Date or a date agreed upon with the IMO, in accordance with step 4.3.2, constitutes a breach of clause 2.38.1 of the Market Rules and the occurrence of a suspension event under clause 9.23.1 of the Market Rules.
- 4.3.8 The IMO must make a determination on compliance or non-compliance of the Security Deposit in accordance with step 4.1.11 and notify the Market Participant in accordance with step 4.1.12.
- 4.3.9 If the Market Participant received a notification of non-compliance in accordance with step 4.1.12(b), then the Market Participant must re-submit the Credit Support on or before the Due Date as agreed upon with the IMO, and the IMO must determine its compliance in accordance with step 4.1.11.
- 4.3.10 If a Market Participant received a notification of compliance in accordance with step 4.1.12(a), the Market Participant must provide, in cleared funds, the amount of Credit Support to the IMO in accordance with the Security Deposit Instructions by the Due Date.
- 4.3.11 The IMO must sign the two originals of the Security Deposit deed and return one signed original to the Market Participant.
- 4.3.12 In accordance with the Personal Property Securities Act 2009 (Cth) (PPSA)², the IMO must register its security interest in the Security Deposit deed on the Personal Property Securities Register as soon as practicable. As part of this process the IMO must deduct any fees incurred in registering the security interests from the balance of the Security Deposit, and the IMO must send a notice of the verification statement (containing the details of the registration) to the credit support provider as soon as practicable.
- 4.3.13 Upon completion of step 4.3.12, the IMO must place the completed Security Deposit deed in a bank safe box, as soon as practicable.

² The Personal Property Securities Act 2009 (Cth) (PPSA) enables any person to register its security interests on the Personal Property Securities Register (PPSR). The PPSR is a real-time electronic notice board which allows individuals and organisations to search and register security interests in personal property (see www.ppsr.gov.au for more information). For the purposes of the PPSA, any cash in a bank account (Security Deposit) under the control of the IMO pursuant to a Security Deposit Deed that is provided to the IMO for the purposes of Credit Support (Clause 2.38.4(b)) or Reserve Capacity Security (Clause 4.13), is a form of "personal property". The IMO's interest in the Security Deposit is a "security interest", and the Security Deposit Deed secures payment and performance obligations by a Market Participant.

4.4 Holding Security Deposits and Associated Costs

4.4.1 The IMO must

- (a) invest any Security Deposit payments on behalf of the relevant Market Participant;
- (b) maintain individual cash deposit accounts for Security Deposits separate from IMO operating funds;
- (c) credit the interest earned daily at the Bank Bill Rate on the balance of the Security Deposit to the relevant Market Participant's bank account on a monthly basis; and
- (d) deduct any costs and fees associated with holding the Security Deposit from the balance of the Security Deposit, including bank fees and charges. **[Clause 2.38.5]**

4.4.2 The IMO may provide written advice to a Market Participant on a monthly basis regarding the interest earned at the Bank Bill Rate and the deduction of any accrued costs and fees.

4.5 Application of Monies Drawn Down

4.5.1 The IMO may draw upon the Credit Support it holds, the benefit of:

- (a) applying it to satisfy amounts owing by the relevant Market Participant, in relation to a Security Deposit; or
- (b) exercising the IMO's rights under the Market Rules, which include drawing or claiming an amount to satisfy amounts owing by the relevant Market Participant, in relation to guarantees and bank undertakings.

4.5.2 The IMO may apply the monies drawn from Security Deposit or guarantees or bank undertakings in respect of any of the following:

- (a) in the case of a Suspension Event, as defined in clause 9.23.1 of the Market Rules, for the amount which the IMO determines is actually or contingently owed by the Market Participant to the IMO under the Market Rules **[Clause 9.23.4]**;
- (b) in the case when a Market Participant fails to make a payment under the Market Rules to the IMO before it is due, for an amount to meet the payment **[Clause 9.24.1]**;
- (c) in the event that insolvency laws require the IMO to disgorge or repay an amount, or pay an amount equivalent to an amount paid by a Market Participant, for the amount disgorged, paid or repaid **[Clause 9.24.2]**.

5 TRADING MARGINS AND MARGIN CALLS

5.1 Calculation of Trading Margin

5.1.1 The Trading Margin for a Market Participant at any time equals the amount by which its Trading Limit exceeds its Outstanding Amount at that time **[Clause 2.41.1]**

5.1.2 The IMO may notify a Market Participant at any time of the level of their Trading Margin **[Clause 2.41.4]**.

- 5.1.3 By 5:00 PM every day, the IMO must ensure that the Outstanding Amount and the Trading Margin is available to the Market Participant through the WEMS MPI (Prudential Security report).
- 5.1.4 The Trading Limit is calculated as 87 percent of the total amount of Credit Support that can be drawn upon, claimed under or applied from **[Clause 2.39]**.
- 5.1.5 In accordance with clause 2.40.1, the IMO must calculate the Outstanding Amount for a Market Participant as the total amount calculated as follows:
- (a) the aggregate of the amounts payable by the Market Participant to the IMO, including amounts for all past periods for which no Settlement Statement has yet been issued, and whether or not the payment date has yet been reached; less
 - (b) the aggregate of the amounts payable by the IMO to the Market Participant, including amounts for all past periods for which no Settlement Statement has yet been issued, and whether or not the payment date has yet been reached; less
 - (c) any voluntary pre-payments paid by the Market Participant.
- 5.1.6 The IMO must calculate and monitor a reasonable estimate of a Market Participant's Net Forecast Liability **[Clause 2.40.1A]**
- 5.1.7 In applying step 5.1.5 and 5.1.6, the IMO must use actual amounts for which Settlement Statements have been issued and a reasonable estimation of any other amounts **[Clause 2.40.2]**. Appendix 1 details how the Outstanding Amount and net forecast liability is calculated.
- 5.1.8 By 5:00 PM every day, the IMO must calculate each Market Participant's Outstanding Amount and Net Forecast Liability make each Market Participant's Outstanding Amount and Net Forecast Liability available to that Market Participant through WEMS MPI (Prudential Security report) **[Clause 2.40.1B]**.
- 5.1.9 A Market Participant may make voluntary pre-payments to the IMO in consideration for reducing the Market Participant's Outstanding Amount. The Market Participant making such payments must notify the IMO before doing so, and such payments, when cleared, will reduce that Market Participant's Outstanding Amount.
- 5.1.10 Notwithstanding any other analyses and considerations, a Market Participant wishing to make a submission to the IMO contemplating a transaction must take into account the factors set out in Appendix 2 to determine, whether that transaction could result in the Market Participant's Trading Margin being exceeded.
- 5.1.11 If a Market Participant determines that the evaluation conducted in step 5.1.10 could result in its Trading Margin being exceeded, the Market Participant must not make such a submission to the IMO **[Clause 2.41.2]**.
- 5.1.12 The IMO may reject a submission from a Market Participant if the IMO's evaluation, taking into account the factors listed in Appendix 2, indicates that the transaction could result in the Market Participant's Trading Margin being exceeded **[Clause 2.41.3]**.

5.2 Issuance of margin calls

- 5.2.1 If, at any time, a Market Participant's Trading Margin falls to zero or below, then the IMO may issue a Margin Call Notice to the Market Participant, specifying the amount of the Margin Call **[Clause 2.42.1]**.
- 5.2.2 The IMO must make the Margin Call for an amount that will raise the Market Participant's Trading Margin to at least zero **[Clause 2.42.3]**.
- 5.2.3 In determining the Margin Call amount in step 5.2.2, the IMO may take into account prevailing market conditions and the Market Participant's Net Forecast Liability and any pre-payments that the Market Participant has made so that its market exposure is covered until the next Settlement Date.
- 5.2.4 The IMO must issue a Margin Call Notice, in writing via email or letter, in which the IMO must specify the Margin Call amount and include a deadline of one Business Day for the Market Participant to provide the Margin Call amount.
- 5.2.5 A Market Participant must respond to a Margin Call Notice by 11:00 AM on the Business Day following the Business Day the IMO issued the Margin Call Notice.
- 5.2.6 A Market Participant must within one Business Day from the date of issue of the Margin Call Notice, respond to the Margin Call by either:
- (a) providing a Security Deposit, in cleared funds, to the IMO equivalent to the amount of the Margin Call. The Security Deposit must be made in accordance with clause 2.38.4(b) and step 4.3 of this Market Procedure; or
 - (b) providing additional Credit Support in the form of a guarantee or bank undertaking equivalent to the amount of the Margin Call. The guarantee or bank undertaking must be made in accordance with clause 2.38.4(a) and step 4.2 of this Market Procedure. **[Clause 2.42.4]**
- 5.2.7 If a Market Participant fails to comply with clause 2.42.4, then the IMO must apply clause 9.23 to that Market Participant **[Clause 2.42.6]**.
- 5.2.8 The IMO may cancel a Margin Call Notice at any time. The IMO reserves the right to issue a further Margin Call Notice for the same reasons that gave rise to the cancelled Margin Call Notice **[Clause 2.42.5]**.
- 5.2.9 Where the IMO issues a Margin Call Notice, it must review the Credit Limit of the Market Participant within 30 Business Days from the date on which the Margin Call Notice was issued **[Clause 2.42.7]**. The IMO must review the Credit Limit using step or step 2.3 of this Procedure.

6 OTHER MATTERS

6.1 Amendments to Proforma Documents

- 6.1.1 The IMO may, in its absolute discretion, amend and publish on the Market Web Site any market documents listed in step 1.4.2.
- 6.1.2 If the IMO amends and publishes a market document prior to a Market Participant's provision of Credit Support under this Procedure, the IMO must apply the amended and published version of that market document to assess compliance of the Credit Support.

APPENDIX 1: OUTSTANDING AMOUNT AND NET FORECAST LIABILITY

In accordance with clauses 2.40.1 and 2.40.1A and steps 5.1.5 and 5.1.6 of this Procedure, the IMO must calculate the Outstanding Amount and Net Forecast Liability as follows:

1. Outstanding Invoices (OI): net sum of all STEM and Non-STEM invoices that have been issued to the Market Participant and remain unpaid on the current date
2. Net Current Liability (NCL): net sum of all STEM and Non-STEM estimated exposure representing transactions that have occurred but have not yet been invoiced to the Market Participant, less any voluntary pre-payments that the Market Participant may make under step 5.1.9

$$\text{Net Current Liability} = \text{STEM Daily Trade Imbalance} * DP + \text{Non-STEM Daily Trade Imbalance} * DP + \text{Capacity Cost Refund}(p) - X$$

3. Outstanding Amount (OA) = OI + NCL
4. Net Forecast Liability (NFL): sum of all STEM and Non-STEM estimated forecast exposure for the period from the Trading Day on which NCL was calculated up to and including the next Non-STEM Settlement Date

$$\text{Net Forecast Liability} = \text{STEM Daily Trade Imbalance} * DF + (\text{Non-STEM Daily Trade Imbalance}) * DI + \text{Capacity Cost refund}(p, f)$$

Where;

STEM Daily Trade Imbalance is the average of all STEM transactions, STEMSA, for Market Participant p that have occurred over the past 30 days from the day this calculation is performed:

Non-STEM Daily Trade Imbalance is the average of the most recent initial Non-STEM invoiced amount (excluding the invoiced Capacity Cost Refund amount) over n days, n being the number of Trading Days in Trading Month m

Capacity Cost Refund(p) is the actual Capacity Cost Refund payable to the IMO by Market Participant p from the most recent Non-STEM Settlement Statement Date up to the day on which NCL is calculated;

DP is the number of days since last invoice;

X is the dollar amount of voluntary pre-payments made by a Market Participant to reduce its Outstanding Amount;

Capacity Cost Refund(p, f) is the expected Capacity Cost Refund payable to the IMO by Market Participant p from the Trading Day on which the NCL is calculated up to the next Non-STEM Settlement Statement Date;

Capacity Cost Refund(p,m) is a component of $RCSA(p,m)$ and is the Capacity Cost Refund payable to the IMO by Market Participant p as calculated in the most recent initial Non-STEM invoice;

DF is the number of days till the next STEM Settlement Date, up to a maximum of 15 days;

DI is the number of days till the next Non-STEM Settlement Date, up to a maximum of 70 days;

RCSA(p,m) is the Reserve Capacity settlement amount for Market Participant p for Trading Month m, as calculated in clause 9.7.1;

BSA(p,m) is the sum of all balancing settlement amounts for Market Participant P as calculated in clause 9.8.1, for all Trading Days in Trading month m;

ASSA(p,m) is the Ancillary Service settlement amount for Market Participant p for Trading Month m, as calculated in clause 9.9.1;

COCSA(p,m) is the Outage Compensation settlement amount for Market Participant p for Trading Month m, as calculated in clause 9.10.1;

RSA(p,m) is the Reconciliation Settlement amount for Market Participant p for Trading Month m, as calculated in clause 9.11.1; and

MPFSA(p,m) is the applicable Market Participant Fee settlement amount for Market Participant p for Trading Month m, as calculated in clause 9.13.1.

Figure 1 shows a snapshot of the prudential monitoring table (with Market Participant information removed):

Outstanding Invoices	STEM Daily Trade Imbalance	Non-STEM Daily Trade Imbalance	Capacity Cost Refund(p)	Capacity Cost Refund (p,f)	Net Current Liability (b)*DP +(c)*DP+ (d) -X	Net Forecast Liability (b)*DF +(c)*DI + (e)	Outstanding Amount (a) + (f)	Trading Limit 0.87* Credit Support	Trading Margin (i)-(h)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)

APPENDIX 2: FACTORS TO BE TAKEN INTO ACCOUNT IN DETERMINING THE EXPECTED VALUE OF A TRANSACTION

These factors are intended to provide guidance that would enable a Market Participant or the IMO to determine the expected value of a transaction that would, were the transaction to be valued taking into account to the expected value factors:

- (1) enable a Market Participant to ascertain that a contemplated transaction could result in the Market Participant's Trading Margin being exceeded and therefore that the submission must not be made (clause 2.41.2); or
- (2) enable the IMO to ascertain that a contemplated transaction could result in the Market Participant's Trading Margin being exceeded and therefore that the submission may be rejected (clause 2.41.3).

Where a Market Participant or the IMO is assessing whether a transaction contemplated by a submission could result in a Market Participant's Trading Limit being exceeded, Market Participants and the IMO must:

- a. take into account all information that is reasonably available, making reasonable assumptions and estimations where necessary, taking into account the Market Participant's normal commercial position and trading activities and any unusual circumstances that may exist at the time; and

- b. arrive at a value using reasonable estimates of the Market Participant's current and forecast STEM and Non-STEM exposure, taking into account relevant prevailing, recent and/or anticipated:
 - I. Outstanding Amounts;
 - II. Unpaid settlement invoices;
 - III. STEM and Non-STEM trading activities and invoiced amounts;
 - IV. STEM, Balancing and Reserve Capacity prices;
 - V. Ancillary Services charges;
 - VI. Reconciliation charges;
 - VII. Forced Outages and the Refund Table; and
 - VIII. Material changes in market conditions.

In terms of assessing whether a proposed transaction contemplated by a submission could result in a Market Participant's Trading Limit being exceeded, the IMO would consider it reasonable if, for example:

- A Market Participant used actual Outstanding Amounts and unpaid settlement invoices when considering the contemplated submission in terms of assessing current and expected liabilities arising from trading activities;
- A Market Participant used recent actual or average daily, weekly or monthly prices over the preceding three month period when considering the contemplated submission in terms of assessing current and expected liabilities arising from STEM, Balancing and Reserve Capacity prices;
- A Market Participant used recent actual or average Ancillary Services and Reconciliation charges over the preceding three month period when considering the contemplated submission in terms of current and expected Ancillary Services and Reconciliation charges;
- A Market Participant used prevailing Forced Outage refund rates and actual time on Forced Outage when considering the contemplated submission in terms of current and expected Forced Outage refunds; and
- A Market Participant took reasonable account of changes in market conditions, including but not limited to fuel availability, system demand, market prices, or any circumstance that was having or could reasonably be expected to have a material effect on market conditions.