

**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION**

Wednesday, 7 July 2010

Independent Market Operator

Supplementary Information F1 (Page 2)

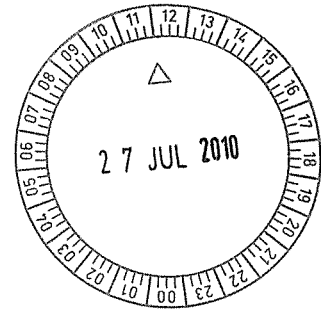
Question:

Hon Kate Doust asked -

Does the IMO have any current debt, and what is it?

Answer:

The amount of debt outstanding with the Western Australian Treasury Corporation as at 30 June 2010 was \$2,538,825.



A handwritten signature in black ink, appearing to read "P. Allen".

Minister for Energy

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
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Supplementary Information F2 (Page 5)

Question:

Hon Ljiljana Ravlich asked if some trend data over the last two or three financial years in terms of how this market has been growing, could be provided

Answer:

The number of participants registered to trade in the Wholesale Electricity Market (WEM) has increased from 15 at market start on 21 September 2006, to 38 as at 30 June 2010.

The volume of energy traded in the WEM has increased from 5.6% in the first year of market operation (2006/07) to 11.4% in 2009/10.

The total volume of energy consumed in the South West interconnected system has increased by 12.3% since market start (full year equivalent) to 2009/10.



Minister for Energy

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Supplementary Information F3 (Page 6)

Question:

Hon Ken Travers asked -

There seems to be some reasonably significant shifts from last year's budget in that regard. Market administration was going to be \$3 million last year and market operation \$6.5 million. What has caused this change?

Answer:

The IMO is required to secure approval from the Economic Regulation Authority (ERA) for its "Allowable Revenue" every three years (defined as the revenue that may be recovered through fees to meet the costs of providing services to the market). Market Rule 2.22 requires that the IMO's Allowable Revenue requirement be broken into the functional service areas of market administration, market operations, and system planning.

The Allowable Revenue submission for the IMO's inaugural triennium (2007/08 – 2009/10) contained a costing methodology into the functional service areas that reflected the embryonic nature of the market. In line with this approach, salaries for the IT unit were costed directly to market administration. The effect of this in the 2009/10 year was to allocate \$1,072,628 of IT related expenditure (inclusive of a share of corporate salary overhead) into market administration.

The Allowable Revenue submission for the IMO's subsequent triennium (2010/11 – 2012/13) contained a costing methodology in line with that of a maturing market operator. This resulted in IT salary expenses being budgeted across the three functional areas on the basis of relative usage.



Minister for Energy

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Independent Market Operator

Supplementary Information F4 (Page 9)

Question:

Hon Ken Travers asked:

According to your 2009/10 Operational Plan, you were required to submit it on 30 April and the Minister is required to approve the operational plan within 30 business days. I would have thought we had gone well past the 30 business days since 30 April. Is there a reason it has not been agreed by the Minister?

Answer:

There is no requirement for the Minister to approve the Operational Plan within 30 days. The statement in the Operational Plan will be modified accordingly.

The *Electricity Industry (Independent Market Operator) Regulations 2004* require the IMO to submit a draft operational plan to the Minister for Energy two months before the start of the next financial year. The Regulations do not state a date upon which the Minister must approve the operational plan.

The Regulations provide that the Minister must have the concurrence of the Treasurer before approving a draft operational plan.

If a draft operational plan has not been approved before the start of the relevant financial year, the Regulations provide that the latest draft plan is to be the operational plan until a plan has been approved.

I have approved the 2010/11 Operational Plan. A copy is on the IMO website at www.imowa.com.au.


Minister for Energy