

ELECTRICITY INDUSTRY ACT

ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY  
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WHOLESALE ELECTRICITY MARKET RULES

Market Procedure for:  
Reserve Capacity Security

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# 1. Reserve Capacity Security Procedure

The Reserve Capacity Security Procedure covers the process by which Market Participants holding Certified Reserve Capacity for Facilities that are yet to commence operation must submit Reserve Capacity Security. The procedure also details the process by which the IMO must assess and accept Reserve Capacity Security under the Market Rules.

## 1.1. Overview of the Reserve Capacity Security Procedure

The Reserve Capacity Security Procedure has been developed in accordance with the Market Rules to ensure that Participants wishing to enter the Market with a new or proposed facility are provided with sufficient incentives to ensure their projects are capable of meeting their reserve capacity obligations for the Reserve Capacity Cycle under consideration. The Reserve Capacity Security, by way of these incentives, also ensures that reliable capacity is procured for the wider market.

## 1.2. Relationship with Market Rules

- 1 This Procedure has been developed in accordance with, and should be read in conjunction with clause 4.13.8 of the Wholesale Electricity Market (WEM) Rules (Market Rules)
- 2 Reference to particular Market Rules within the Procedure in bold and square brackets [MR XX] are current as of 26 February 2009. These references are included for convenience only, and are not part of this procedure.

## 1.3. Interpretation

- 1 Unless otherwise provided for under Procedure Step 1.3.2, terms used in this Market Procedure have the same meaning as those given in the Market Rules.

- 2 The following terms have the following meanings:

**“Acceptable Credit Criteria Form”** means the form so named and approved from time to time by the IMO.

**“Bank”** means a bank under the prudential supervision of the Australian Prudential Regulation Authority.

**“Bank Undertaking”** means a bank undertaking in the form approved from time to time by the IMO.

**“Compliance Date”** means the last day by when the Market Participant must comply with its obligations under clause 4.13.11 of the Market Rules.

“**Guarantee**” means a guarantee in the form approved from time to time by the IMO.

“**IMO**” means the Independent Market Operator established by the *Electricity Industry (Independent Market Operator) Regulations 2004*.

“**Market Procedure**” means this Reserve Capacity Security Market Procedure.

“**Market Rules**” means the Wholesale Electricity Market Rules made under regulation 6(2) of the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*.

“**Nominated Exchange Date**” means the date agreed upon by the Market Participant and the IMO to exchange one form of Reserve Capacity Security for another as outlined in Step 1.12.1 of this Market Procedure.

“**Proforma**” where used in conjunction with the Bank Undertaking, Security Deposit Deed or Guarantee, refers to the standard, non-customised versions of those documents available from time to time on the IMO website.

“**Security Deposit Deed**” means a security deposit deed in the form approved from time to time by the IMO.

“**Security Deposit Instructions**” means any instructions approved from time to time by the IMO in relation to the Security Deposit.

“**Security Due Date**” means the date and time specified in clause 4.1.13 of the Market Rules unless amended under clause 4.1.32 of the Market Rules.

“**Treasury Corporation**” means a central borrowing authority of an Australian State or Territory which has been established by an Act of Parliament of that State or Territory.

“**Authorised**” For the purposes of this procedure, an ~~an~~ authorised person is a Director or Officer as defined by the *Corporations Act 2001*.

## 1.4. Purpose

- 1 This Market Procedure details the processes to be followed by a Market Participant and the IMO to ensure that the IMO holds the benefit of a Reserve Capacity Security **[MR 4.13]**.
- 2 Under the Market Rules a Market Participant must provide Reserve Capacity Security where:
  - (a) the IMO has assigned Certified Reserve Capacity to a Facility; and
  - (b) the Facility has not yet been commissioned **[MR4.13.1]**.
- 3 This Market Procedure covers **[MR4.13.8]**:
  - (a) Determination of Reserve Capacity Security;
  - (b) Assessing persons against the Acceptable Credit Criteria;

- (c) Reserve Capacity Security arrangements, including:
  - (i) The form of acceptable guarantees and bank undertakings;
  - (ii) Where and how the IMO will hold cash deposits and how the costs and fees of holding cash deposits will be met; and
  - (iii) The application of monies drawn from Reserve Capacity Security in respect of amounts payable by the relevant Market Participant to the IMO under clause 4.13.11;
- (d) Other matters relating to clauses 4.13.3 to 4.13.7

## **1.5. Application**

- 1 This Market Procedure applies to a Market Participant that:
  - (a) has a Facility that has been assigned Certified Reserve Capacity by the IMO; and
  - (b) the Facility has not been commissioned.
- 2 This Market Procedure applies to the IMO in assessing the compliance of the Reserve Capacity Security with the Market Rules and this Market Procedure.

## **1.6. General Conditions of Reserve Capacity Security and the Reserve Capacity Security Procedures**

### **Determination of Reserve Capacity Security Amount**

- 1 Where the IMO assigns Certified Reserve Capacity to a Facility yet to be commissioned, the relevant Market Participant must ensure that the IMO holds the benefit of a Reserve Capacity Security equal to the amount specified under clause 4.13.2 by the date and time specified in clause 4.1.13 of the Market Rules for the Reserve Capacity Cycle to which the Certified Reserve Capacity relates.

### **Lapse or drawdown of Reserve Capacity Security**

- 2 Except in extraordinary circumstances, the Reserve Capacity Security provided under Market Procedure step 1.7 must not have a specified end date which is prior to the Compliance Date. If the IMO in its absolute discretion agrees to accept the Reserve Capacity Security with a specified end date prior to the Compliance Date, the Market Participant must arrange for replacement Reserve Capacity Security at least 10 Business Days before the original Reserve Capacity Security expires. **[MR 4.13.3]**
- 3 If:
  - (a) the Reserve Capacity Security provided under Market Procedure step 1.7 has a specified end date;

- (b) the specified end date is prior to the last day by when the Market Participant must comply with its obligations under clause 4.13.11 of the Market Rules; and
- (c) the Market Participant has not already provided Reserve Capacity Security to the IMO in accordance with this Market Procedure and the Market Rules,

then the Market Participant must, at least 20 Business Days prior to the specified end date, notify the IMO of the lapsing of its Reserve Capacity Security.

#### **Application of Reserve Capacity Security**

- 4 If the IMO draws upon the Reserve Capacity Security it must deal with the Reserve Capacity Security amount in accordance with clauses 4.13.11, 4.13.11A, 4.13.11B, and 4.13.12 of the Market Rules.

#### **Approval of proforma documents**

- 5 The IMO must make available on its website (<http://www.imowa.com.au>) the:
  - (a) Acceptable Credit Criteria Form;
  - (b) Proforma Bank Undertaking;
  - (c) Proforma Guarantee;
  - (d) Proforma Security Deposit Deed; and
  - (e) Security Deposit Instructions.

#### **Amendments to proforma documents**

- 6 The IMO may, in its absolute discretion, from time to time approve and make available on its website (<http://www.imowa.com.au>):
  - (a) updates and amendments to the documents set out in step 1.6.5;
  - (b) additional documents in connection with this Market Procedure; or
  - (c) both of the above.
- 7 If the IMO updates or amends a document or approves an additional document prior to a Market Participant's provision of Reserve Capacity Security under Market Procedure step 1.7, the updated or amended document or additional document will apply to the IMO's consideration of the compliance of Reserve Capacity Security under Market Procedure step 1.7.
- 8 An update or amendment to a document does not affect the status or terms of existing Reserve Capacity Security.

### **1.7. Procedure steps to be followed by the Market Participant required to provide Reserve Capacity Security**

- 1 If a Market Participant is required to provide Reserve Capacity Security under the Market Rules, Reserve Capacity Security must be provided to the IMO by the Security Due Date.
- 2 The Market Participant can provide the Reserve Capacity Security in accordance with clause 4.13.5(a) of the Market Rules by:
  - (a) Bank Undertaking in accordance with the procedures detailed in Market Procedure step 1.8;
  - (b) Guarantee in accordance with the procedures detailed in Market Procedure step 1.9; or
  - (c) The Market Participant may request the IMO to consent to the Market Participant providing its Reserve Capacity Security as a cash deposit (“**Security Deposit**”). If the IMO, in its absolute discretion, consents, the Market Participant must provide the Security Deposit in accordance with the procedures detailed in Procedure step 1.11.
- 3 Reserve Capacity Security documents including the Bank Undertaking, Guarantee or the Security Deposit Deed must be delivered in person or by courier to the IMO.
- 4 In accordance with Procedure Step 1.7.3, the Market Participant is encouraged to provide an appropriately Authorised representative when delivering Reserve Capacity Security documents to the IMO.
- 5 For the purposes of this procedure, an ~~an~~ Authorised person is a Director or Officer as defined by the Corporations Act 2001
- 6 When delivering Reserve Capacity Security documents to the IMO, the Market Participant will be provided with a receipt from the IMO. Which must be signed by an appropriately Authorised Market Participant representative and an appropriately Authorised IMO staff representative.
- 7 If the Market Participant has not provided compliant Reserve Capacity Security by the Security Due Date, then the Certified Reserve Capacity for the relevant Facility will lapse **[MR4.13.9]**.
- 8 Once the Market Participant has provided Reserve Capacity Security in accordance with this Market Procedure and the Market Rules, the Market Participant must notify the IMO as soon as possible if it becomes aware of any contemplated or actual change in ownership of the relevant Facility.

## **1.8. Procedure steps to be followed by the Market Participants for Bank Undertakings**

- 1 The Market Participant may download a copy of the following documents from the IMO website (<http://www.imowa.com.au>):
  - (a) Proforma Bank Undertaking; and
  - (b) Acceptable Credit Criteria Form.

- 2 The Market Participant must, by the Security Due Date, submit to the IMO:
- (a) a completed Bank Undertaking; and
  - (b) a completed Acceptable Credit Criteria Form,
- for the purposes of this Market Procedure, being the “**Reserve Capacity Security**” under clause 4.13 of the Market Rules.
- 3 A completed Bank Undertaking is one that:
- (a) is in the form of the proforma provided on the IMO website; and
  - (b) has been executed by a Bank that meets the Acceptable Credit Criteria [**MR 4.13.7**].
- 4 A Market Participant must provide the completed Bank Undertaking and Acceptable Credit Criteria form either in person or by courier to the IMO.
- 5 When delivering Reserve Capacity Security documents to the IMO, the Market Participant will be provided with a receipt from the IMO. Which must be signed by an appropriately Authorised Market Participant representative and an appropriately Authorised IMO staff representative.
- 6 If the Market Participant submits the Reserve Capacity Security to the IMO under step 1.8.2 no later than 5 Business Days before the Security Due Date, and the IMO determines that the Reserve Capacity Security is not compliant with the Market Rules or this Market Procedure, then the Market Participant may submit further Reserve Capacity Security that is compliant with the Market Rules and this Market Procedure on or before the Security Due Date.
- 7 If, by 5PM on the first Business Day following the notification deadline specified under clause 4.1.14 of the Market Rules, the Market Participant has not received notification of compliance of the Reserve Capacity Security, it is the obligation of the Market Participant to contact the IMO directly to request and receive confirmation whether the Reserve Capacity Security complies.

### **1.9. Procedure steps to be followed by the Market Participants for Guarantees**

- 1 The Market Participant may download a copy of the following documents from the IMO website (<http://www.imowa.com.au>):
- (a) Proforma Guarantee; and
  - (b) Acceptable Credit Criteria Form.
- 2 The Market Participant must, by the Security Due Date, submit to the IMO:
- (a) a completed Guarantee; and
  - (b) a completed Acceptable Credit Criteria Form,

for the purposes of this Market Procedure step 1.7, being the “**Reserve Capacity Security**” under clause 4.13 of the Market Rules.

- 3 A completed Guarantee is one that:
  - (a) is in the form of the proforma provided on the IMO website; and
  - (b) has been executed by a Treasury Corporation that meets the Acceptable Credit Criteria.
- 4 A Market Participant must provide the completed Guarantee and Acceptable Credit Criteria form either by courier or in person to the IMO.
- 5 When delivering Reserve Capacity Security documents to the IMO, the Market Participant will be provided with a receipt from the IMO. Which must be signed by an appropriately Authorised Market Participant representative and an appropriately Authorised IMO staff representative.
- 6 If the Market Participant submits the Reserve Capacity Security to the IMO under step 1.9.2 no later than 5 Business Days before the Security Due Date, and the IMO determines that the Reserve Capacity Security is not compliant with the Market Rules or this Market Procedure, then the Market Participant may submit further Reserve Capacity Security that is compliant with the Market Rules and this Market Procedure on or before the Security Due Date.
- 7 If, by 5PM on the first Business Day following the notification deadline specified under clause 4.1.14 of the Market Rules, the Market Participant has not received notification of compliance of the Reserve Capacity Security, it is the obligation of the Market Participant to contact the IMO directly to request and receive confirmation whether the Reserve Capacity Security complies.

#### **1.10. Procedure steps to be followed by the Market Participant to confirm an entity meets the Acceptable Credit Criteria**

- 1 The Market Participant is responsible for arranging a firm of solicitors to undertake all necessary investigations to enable a partner of the firm to sign the Acceptable Credit Criteria Form.
- 2 A completed Acceptable Credit Criteria Form is one that adheres to clause 4.13.7 of the Market Rules by:
  - (a) having 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 of a reputable firm of solicitors which is acceptable to the IMO.
- 3 The IMO may in its absolute discretion determine whether a firm of solicitors meets the requirements of step 1.10.2(c).

- 4 Before submitting an Acceptable Credit Criteria Form under steps 1.8.2 or 1.9.2, the Market Participant may no later than 2 Business Days before the Security Due Date submit a request to the IMO to confirm whether a particular firm of solicitors meets the requirements of step 1.10.2(c).
- 5 If the IMO requests the Market Participant to provide any supporting documents to support the statements in the Acceptable Credit Criteria Form, the Market Participant must provide all relevant documents within 1 Business Day or any other time agreed with the IMO.

### **1.11. Procedure steps to be followed by the Market Participants for Security Deposits**

- 1 This Market Procedure applies if the IMO in its absolute discretion consents under Market Procedure step 1.7.2(c) to the Market Participant providing its Reserve Capacity Security as a Security Deposit Deed.
- 2 The Market Participant may download a copy of the following documents from the IMO website (<http://www.imowa.com.au>):
  - (a) Proforma Security Deposit Deed; and
  - (b) Security Deposit Instructions.
- 3 The Market Participant must, by the Security Due Date:
  - (a) submit a completed Security Deposit Deed to the IMO; and
  - (b) provide, in cleared funds, the amount of Reserve Capacity Security to the IMO in accordance with the Security Deposit Instructions,

for the purposes of this Procedure step 1.11.3, being the “**Reserve Capacity Security**” under clause 4.13 of the Market Rules.

- 4 A completed Security Deposit Deed is one that adheres to clause 4.13.5 (b) of the Market Rules, and:
  - (a) is in the form approved by the IMO from time to time; and
  - (b) has been executed by the Market Participant.
- 5 A Market Participant must provide the completed Deed either by courier or in person to the IMO.
- 6 When delivering Reserve Capacity Security documents to the IMO, the Market Participant will be provided with a receipt from the IMO. Which must be signed by an appropriately Authorised Market Participant representative and an appropriately Authorised IMO staff representative.
- 7 If the Market Participant submits the Reserve Capacity Security to the IMO under step 1.11.3 no later than 5 Business Days before the Security Due Date, and the IMO determines that the Reserve Capacity Security is not compliant with the Market Rules or this Market Procedure, then the Market Participant may submit further

Reserve Capacity Security that is compliant with the Market Rules and this Market Procedure on or before the Security Due Date.

- 8 If, by 5PM on the first Business Day following the notification deadline specified under clause 4.1.14 of the Market Rules, the Market Participant has not received notification of compliance of the Reserve Capacity Security, it is the obligation of the Market Participant to contact the IMO directly to request and receive confirmation whether the Reserve Capacity Security complies.
- 9 If the IMO notifies the Market Participant that the Security Deposit Deed meets the requirements of the Market Rules and this Market Procedure (including but not limited to meeting the requirements of step 1.11.4) then the Market Participant must provide, in cleared funds, the amount of Reserve Capacity Security to the IMO in accordance with the Security Deposit Instructions by the Security Due Date.
- 10 If the IMO notifies the Market Participant that the Security Deposit Deed does not meet the requirements of the Market Rules and this Market Procedure (including but not limited to meeting the requirements of step 1.11.4) then the Market Participant must, by the Security Due Date:
  - (a) submit a Security Deposit Deed that meets the requirements of the Market Rules and this Market Procedure (including but not limited to meeting the requirements of step 1.11.4) and provide, in cleared funds, the amount of Reserve Capacity Security to the IMO in accordance with the Security Deposit Instructions; or
  - (b) provide another form of Reserve Capacity Security under this Market Procedure.
- 11 The Market Participant must provide to the IMO, at the time of submission of the Reserve Capacity Security, the account details into which the accrued interest is to be paid into at the end of each calendar month.
- 12 The Cash security deposit will be held in an account specifically for the Market Participant with the IMO's nominated bank, which may change from time to time. Information concerning security deposits can be requested by emailing IMO's Finance Department at [imo@imowa.com.au](mailto:imo@imowa.com.au).
- 13 The Market Participant must notify the IMO of any changes it wishes made to their nominated bank account as soon as possible.
- 14 Where Reserve Capacity Security is provided as a Security Deposit in accordance with clause 4.13.5(b), it will accrue interest daily at the IMO Deposit Rate, and the IMO must pay the Market Participant the interest accumulated at the end of each calendar month less any liabilities and expenses incurred by the IMO, including bank fees and charges.

## **1.12. Procedure Steps to be followed by the Market Participants when exchanging Reserve Capacity Security**

- 1 The Market Participant must nominate to the IMO the date, At least 10 Business Days in advance, when they wish to exchange their Reserve Capacity Security (the "**Nominated Exchange Date**").

- 2 If, by 5PM on the first Business Day following the notification to the IMO specified by step 1.11.1 of this procedure, the Market Participant has not received notification of acceptance of the Nominated Exchange Date, it is the obligation of the Market Participant to contact the IMO directly to request confirmation of acceptance of the Nominated Exchange Date.
- 3 If the date is not accepted by the IMO then the IMO will notify the Market Participant of the non-acceptance and will propose an alternative date. The Market Participant will then have no more than 10 Business Days, but no less than 5 Business Days, prior to that date to accept or reject the new Nominated Exchange Date
- 4 The Market Participant must follow the relevant section of this Market Procedure when preparing the Reserve Capacity Security for exchange, except that every reference to the Security Due Date is to be read as a reference to the Nominated Exchange Date.
- 5 When delivering Reserve Capacity Security documents to the IMO, the Market Participant should ensure they are provided with a receipt from the IMO, signed by an appropriately Authorised Market Participant representative and an appropriately Authorised IMO staff representative.
- 6 If the Market Participant submits the Reserve Capacity Security to the IMO under step 1.12.4 above no later than 5 Business Days before the Nominated Exchange Date, and the IMO determines that the Reserve Capacity Security is not compliant with the Market Rules or this Market Procedure, then the Market Participant may submit further Reserve Capacity Security that is compliant with the Market Rules and this Market Procedure on or before the Nominated Exchange Date.
- 7 The Participants will receive the superseded Reserve Capacity Security no later than two business days after the nominated exchange date either:
  - (a) by courier;
  - (b) in person from an IMO representative; or
  - (c) By electronic transfer, in the case where the superseded Reserve Capacity Security is in the form of a cash deposit..
- 8 The superseded Reserve Capacity Security will be accompanied by two copies of a letter of receipt, both of which should be signed and one returned to the IMO as soon as possible.

### **1.13. Procedure steps to be followed by the IMO for submissions of Reserve Capacity Security**

- 1 At the same time as the IMO notifies the Market Participant of the Certified Reserve Capacity to be assigned under clause 4.1.12 of the Market Rules, the IMO must notify the Market Participant of the method (expressed as a rate of Australian dollars per MW) to determine the minimum amount of Reserve Capacity Security as outlined in step 1.6.1 **[MR 4.13.2]**.
- 2 On receiving a submission from a Market Participant for Reserve Capacity Security, the IMO must review the Reserve Capacity Security submitted by the Market

Participant and determine whether it is compliant with the Market Rules and this Market Procedure (including but not limited to whether it meets the Acceptable Credit Criteria requirements).

- 3 On receiving a submission from a Market Participant for Reserve Capacity Security, the IMO must complete a receipt. The receipt completed by the IMO must be signed by an appropriately Authorised IMO Staff member, and should be signed by an appropriately Authorised Market Participant representative.
- 4 The IMO must provide one copy of the receipt completed and signed in accordance with Procedure Step 1.13.3 to the Market Participant and file the remaining copy.
- 5 At the same time as the IMO issues its confirmation to the Market Participant under clause 4.1.15 of the Market Rules, the IMO must notify the Market Participant that the Reserve Capacity Security is either:
  - (a) compliant with the Market Rules and this Market Procedure; or
  - (b) not compliant with the Market Rules or this Market Procedure, in which case the IMO must provide reasons as to why the Reserve Capacity Security is not compliant.
- 6 If the Market Participant submits the Reserve Capacity Security to the IMO under 1.7 no later than 5 Business Days before the Security Due Date, and the IMO determines that the Reserve Capacity Security is not compliant with the Market Rules or this Market Procedure, then the IMO must notify the Market Participant under step 1.13.5(b) on the first Business Day following the Business Day on which the Market Participant submitted the Reserve Capacity Security and must provide reasons as to why the Reserve Capacity Security is not compliant.
- 7 In the case of a Bank Undertaking, at the same time as the IMO issues its confirmation to the Market Participant under clause 4.1.15 of the Market Rules the IMO must notify the Bank that executed the Bank Undertaking that Reserve Capacity Security has been provided in accordance with clause 4.13 of the Market Rules.
- 8 In the case of a Guarantee, at the same time as the IMO issues its confirmation to the Market Participant under clause 4.1.15 of the Market Rules, the IMO must notify the entity that executed the Guarantee that Reserve Capacity Security has been provided in accordance with clause 4.13 of the Market Rules.
- 9 In the case of a Security Deposit Deed, at the same time as the IMO notifies the Market Participant that the Security Deposit Deed meets the requirements of the Market Rules and this Market Procedure the IMO must execute the completed Security Deposit Deed.
- 10 Where the Reserve Capacity Security is provided as a Security Deposit, it will accrue interest daily at the IMO Deposit Rate, and the IMO will pay the Market Participant the interest accumulated at the end of each calendar month less any liabilities and expenses incurred by the IMO, including bank fees and charges. To be paid into the account nominated under step 1.11.11 **[MR 4.13.6]**.

### **1.14. Procedure steps to be followed by the IMO to assess compliance under the Acceptable Credit Criteria Rules**

- 1 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 this step 1.14.
- 2 A completed Acceptable Credit Criteria Form is one that:
  - (a) has an affirmative response to each of the six statements;
  - (b) has the full details of the entity to which it applies; and
  - (c) has been signed by a partner of an acceptable firm of solicitors as agreed by the IMO
- 3 The IMO may in its absolute discretion determine whether a firm of solicitors meets the requirements of step 1.14.2(c).
- 4 If the IMO receives a request to confirm whether a particular firm of solicitors meets the acceptable firm of solicitors requirements under the Acceptable Credit Criteria, the IMO must notify the Market Participant by the next Business Day, whether that firm of solicitors meets the requirements of step 1.14.2(c).
- 5 If the IMO is satisfied that the Acceptable Credit Criteria Form has been submitted and completed in accordance with the steps in this Market Procedure, then the IMO must deem that the entity to which the Acceptable Credit Criteria Form applies meets the Acceptable Credit Criteria under clause 4.13.5 of the Market Rules.
- 6 At any time after the IMO receives a completed Acceptable Credit Criteria Form, the IMO may request the Market Participant to provide documents to support the responses to the statements in the Acceptable Credit Criteria Form, and the Market Participant must provide all relevant documents within 1 Business Day or any other time agreed with the IMO.

### **1.15. Procedure Steps to be followed by the IMO in the handling of Reserve Capacity Security Documents**

- 1 The IMO must develop and maintain an internal business procedure dealing with the handling of Reserve Capacity Security and Reserve Capacity Security documents.
- 2 The IMO must make the internal business procedure available to Market Participants upon written request.
- 3 The IMO must follow its internal business procedure(s) in respect of Reserve Capacity Security and Reserve Capacity Security documents.
- 4 From time to time, in addition to any requirements detailed under the Market Rules, the IMO should review its internal procedure dealing with the handling of Reserve Capacity Security and Reserve Capacity Security Documents.

### **1.16. Procedure Steps to be followed by the IMO when returning Reserve Capacity Security Documents to Market Participants**

- 1 When the IMO is required to return a Bank Undertaking, Guarantee or Security Deposit Deed, the IMO must either:
  - (a) arrange to meet the Market Participant in person at the IMO offices to facilitate the transaction of the relevant documents;
  - (b) have the documents couriered to the Market Participants offices with two copies of the receipt of the transaction in accordance with step 1.15.3. or
  - (c) By electronic transfer, in the case where the superseded Reserve Capacity Security is in the form of a cash deposit.
- 2 When notifying the Market Participant of the return of the Reserve Capacity Security documents, the IMO should request that an appropriately Authorised Market Participant representative attend the transaction.
- 3 When returning Reserve Capacity Security documents, the IMO must provide a receipt of the transaction, signed by an appropriately Authorised IMO staff representative and must ensure that the receipt is co-signed by the appropriately Authorised Market Participant representatives. One copy of the receipt is to be provided to the Market Participant and one copy retained or returned to the IMO
- 4 In preparing for the transaction, the IMO should follow its internal business procedures.

### **1.17. Procedure Steps to be followed by Market Participants when receiving Reserve Capacity Security Documents from the IMO**

- 1 When a Market Participant is notified that the IMO is required to return a Bank Undertaking, Guarantee or Security Deposit Deed, if requested, the Market Participant must arrange with the IMO to meet in person at the IMO offices to facilitate the transaction of the relevant documents.
- 2 When attending a meeting in respect of the return of Reserve Capacity Security documents, the Market Participant should provide an appropriately Authorised representative for the transaction.
- 3 Both the IMO and the Market Participant representative should sign the receipt provided by the IMO and ensure they are provided with a copy of the receipt on return of the Reserve Capacity Security documents.