

*PROPOSED REVISIONS  
TO MARKET RULES*

DRAFT for Discussion Purposes Only



Fall, 2005



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1 *Introduction*

2  
3 This document describes proposed Market Rule changes for discussion.  
4 The draft plan for implementing these changes (with relevant market rules in  
5 parentheses) is as follows:  
6

7 **Initiation**

8 NBSO Submits Proposal to MAC (3B.2.1) Sept 27, 2005  
9 NBSO Publishes Notice<sup>1</sup> (3B.2.1) Early October, 2005

10  
11 **Review by MAC**

12 Vote by MAC (3B.3.2) Oct 17, 2005  
13 MAC Report to NBSO (3B.3.2) Oct 17, 2005  
14 NBSO Publishes MAC Recommendations (3B.3.3) Oct 19, 2005

15 **Review and Decision by Board**

16 Final Review and Vote by NBSO Board (3B.4.1) Nov 1, 2005  
17 NBSO Publishes Amendment (3B.4.3) Nov 1, 2005<sup>2</sup>

18 (Elapsed time of at least 30 days required)

19 Effective Date Dec 1, 2005

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<sup>1</sup> And notification of all Market Participants and Transmitters (presumably by email)

<sup>2</sup> And notification of all Market Participants and Transmitters (presumably by email)

1 **Item 01 Independent Review and Audit of Operations and Settlement**

2  
3 **Impact on Market Rules**

4 Revise independent review and audit requirements under Chapters 6 and 7.

5  
6 **Description**

7 This revision is proposed to make the timing of independent reviews or audits align with  
8 industry norms.

9  
10 **Reasoning**

11 The performance of an independent review or audit within one year:

- 12 • is not achievable  
13 • would be imprudent given that the market, its rules, and its market systems need  
14 time to mature  
15 • would require financial and human resources beyond what NBSO has available.

16  
17 A review may be more appropriate than an audit given the greater financial and human  
18 resources that would be required to have an audit performed on all systems and processes  
19 as opposed to having reviews performed. In either case, an independent party would be  
20 used and the level of review or audit on the various aspects of NBSO's functions will be  
21 tailored to strike the appropriate balance between the level of assurance and the cost. The  
22 proposed wording makes it clear that reviews OR audits are to be performed as opposed  
23 to reviews AND audits.

24  
25 **References**

- 26 • Market Rule Sections 6.1.4 and 7.15.3.

27  
28 **Revised Wording**

29 6.1.4 The SO shall ensure that its internal procedures and systems relating to the  
30 functions and responsibilities of the SO under this Chapter are subject to an independent

1 design and performance review ~~and or~~ audit within ~~one~~ five years of the Systems  
2 Implementation Date and thereafter no less than every ~~three~~ five years. The results of each  
3 such review ~~and or~~ audit, excluding any Confidential Information or information the  
4 disclosure of which could jeopardise the integrity of the Integrated Electricity System,  
5 shall be Published by the SO. The process will commence within one year of the Systems  
6 Implementation Date and intermediate results of that process will be Published annually  
7 by the SO, excluding any Confidential Information or information the disclosure of which  
8 could jeopardise the integrity of the Integrated Electricity System.

9  
10 7.15.3 The SO shall ensure that its internal procedures and systems relating to the  
11 functions and responsibilities of the SO under this Chapter are subject to an  
12 independent design and performance review ~~and or~~ audit within ~~one~~ five years of the  
13 date on which the procedures and systems become operational and thereafter no  
14 less than every ~~three~~ five years. The results of each such review ~~and or~~ audit,  
15 excluding any Confidential Information or information the disclosure of which  
16 could jeopardise the integrity of the Integrated Electricity System, shall be  
17 Published by the SO. The process will commence within one year of the Systems  
18 Implementation Date and intermediate results of that process will be Published annually  
19 by the SO, excluding any Confidential Information or information the disclosure of which  
20 could jeopardise the integrity of the Integrated Electricity System.

