

ANNEX 1

Proposal 1

Part A: Second vote

- (a) Where a rule change proposal has been rejected by vote, any person has the right to submit to the EGB that the proposal is pro-competitive and request the EGB to put it to a second vote;
- (b) The EGB considers whether or not the submission is vexatious or trivial;
- (c) The EGB would have the right to initiate its own proceedings;
- (d) If the EGB considers the rule change proposal is pro-competitive, has a net public benefit, is consistent with the Guiding Principles, and is not vexatious or trivial, then the EGB would have the right to declare the first vote void and send the proposal to a second vote;
- (e) Prior to sending the proposal to second vote the EGB may refer it back to a working group for redrafting to better meet the intent of the proposal;
- (f) On notifying members of its intention to put the matter to the vote for a second time, the EGB may at its discretion make a statement on the factors that members may wish to consider in exercising their vote;

Part B: Appeal to Rulings Panel

- (g) If the second vote strikes down the proposal, and the proposal is substantively in the same form as the original vote, the EGB would have the right to request a hearing of the Rulings Panel;
- (h) The EGB would present to the hearing why it believed the rule change to be pro-competitive, advanced the Guiding Principles, and provided a net public benefit;
- (i) Any member of the Rulebook would have the right to argue against the proposal;
- (j) The Rulings Panel would be required to decide in favour of the EGB if and only if it considers the rule change proposal is pro-competitive, has a net public benefit, and is consistent with the Guiding Principles;
- (k) The decision of the Rulings Panel would be binding such that if the Rulings Panel accepted the proposal, it would become a new rule.

Proposal 2

The proposal is that:

- (a) Rule 3 of section I of Part G be extended so that the EGB may approve exemptions to all parts of Part G, including pricing (section IV) and reconciliation (section V), and
- (b) A new rule (based on rule 3 of section I of Part G) be introduced to part H to so that the EGB may approve exemptions to clearing and settlement rules.

As with the Rule 3 currently, to grant an exemption the EGB must satisfy itself that the exemption is consistent with the net public benefit test. Further, any exemption would not take effect until the applicant and the system operator have reached agreement on a mechanism for providing information about embedded generation to be used in the preparation of forecast prices and the EGB has confirmed that the mechanism agreed meets the net public benefit test.