

5 Year Outage Planning Review Public Workshop

Minutes

Meeting:	5 Year Outage Planning Review Public Workshop
Location:	IBIS Perth Hotel 334 Murray Street Perth WA 6000
Date:	Thursday 25 August 2011
Time:	10:00am until 12.00pm

Attendees	
Suzanne Frame	Independent Market Operator (IMO) (Chair)
Stacey Oldfield	IMO (Minutes)
Fiona Edmonds	IMO
Jenny Laidlaw	IMO
Greg Ruthven	IMO
Steve Thornton	PA Consulting (Presenter)
Timothy Robinson	PA Consulting
Y M Tse	System Management
Peter Martino	System Management
Robbie Flood	Alinta
Harry Street	Collgar
Wana Yang	Economic Regulation Authority (ERA)
Shibli Khan	ERA
Chris Brown	ERA
Holly Medrana	ERA
Ingrid Tuffin	ERM
Andrew Stevens	Griffin Energy
Steve Gould	Landfill Gas and Power (LGP)
Tony Leahy	LGP
Stephen MacLean	Synergy
Nick Robinson	Tesla

Item	Subject
1.	WELCOME The Chair opened the workshop at 10:10am and welcomed attendees to the inaugural 5 Year Outage Planning Review public workshop.
2.	ATTENDEE INTRODUCTIONS At the invitation of the Chair, attendees introduced themselves and stated the organisation they were representing.
3	5 YEAR OUTAGE PLANNING REVIEW Mr Steve Thornton from PA Consulting presented the key findings and recommendations of the 5 Year Outage Planning Review. The presentation was divided into four key issues with

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	<p>discussion after each issue.</p> <p>Issue One: Reserve Margin</p> <ul style="list-style-type: none"> Mr Stephen Maclean questioned whether the Reserve Margin needed to be greater in Western Australia than other larger markets (which are approximately 30 percent). Mr Thornton replied that the Western Australian market had some unique characteristics. The market is comparatively small, tends to have “lumpy” generation and has a high level of penetration of Intermittent Generation, which makes it more sensitive to outages. Mr Thornton clarified that PA Consulting considered the current values for the Reserve Margin to be acceptable and suggested there was not a lot of room to accommodate more outages. <p>Issue Two: Generation and network interface</p> <ul style="list-style-type: none"> No discussion ensued. <p>Issue Three: Outage approval timelines and constraints</p> <ul style="list-style-type: none"> Mr Andrew Stevens noted that the Market Rules do not specify that a Market Generator must be available prior to applying for a Planned Outage. Mr Thornton agreed that the Market Rules are silent on this matter, however the current Power System Operation Procedure (PSOP): Facility Outages provides System Management with the ability to request a statement from a Market Participant stating whether they are available in a particular period. Mr Y M Tse added that the PSOP allows System Management to request this information to determine whether the Facility is experiencing a Forced Outage. System Management does not always question a Facility’s availability if it is usually always running. Mr Stevens questioned why there were additional financial penalties for Forced Outages. Mr Stevens provided an example stating within the current Market Rules if a market participant had an immediate maintenance problem with its generator, causing the generator to shut down, System Management would not provide a Planned Outage, even if it would take the Market Generator three months to fix the problem. This imposes a financial burden on the Market Participant as it is required to pay capacity refunds for the duration of the Forced Outage as well as incurring the loss of income associated with on selling the energy from that generator. Mr Thornton replied that the Market Rules allow System Management to refuse an outage request if it considers the request has been made to intentionally avoid capacity refunds. Mr Stevens stated that in respect of a serious maintenance problem, a Market Participant would be trying to fix the problem rather than pervert the intent of the Market Rules. Mr Stevens questioned the varying definitions for Planned and Forced Outages under the current Market Rules and why refunds are applied for Forced Outages. Mr Stevens suggested that an alternative may be to create other limits on outages (for example, plants have to generate for twenty percent of the year) rather than the requirement for capacity refunds to be incurred when a Facility is experiencing a Forced Outage for genuine reasons. Mr Robbie Flood considered that it should be possible to request an outage for opportunistic maintenance for any length of time, provided that the Reserve Margin was sufficient. If there is available margin there is no reason for outages to not be approved. Mr Thornton replied that Planned Outages are necessary to enable the market to know when a generator will not be in service. Mr MacLean noted that any outage would eventuate a cost to a Market Generator as it has to hedge its price to the market and find resources at a variable cost elsewhere if its generator fails. Ms Wana Yang noted that Planned Outages could result in STEM and MCAP increases. Mr MacLean responded that usually it was the generator with the Planned Outage that was impacted by the higher prices. Generators with bilateral contracts

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	<p>were still obliged to provide energy at the contracted price regardless of their outages.</p> <p>Issue Four: Information Disclosure and Bias</p> <ul style="list-style-type: none"> • Mr Stevens noted that Griffin's perception was that System Management does not show bias to a particular generator type when scheduling outages. However, Mr Stevens noted that STEM prices had been much higher this year, apparently due to the level baseload outages. Mr Stevens suggested that there should be bias applied by System Management when determining what types of facilities should be allowed on Planned Outages at the same time (i.e. System Management should consider the remaining fuel mix on the system). Mr Thornton questioned how would decisions be made on system security and whether it would be appropriate for System Management to be considering the impacts on prices of outages. Mr Stevens replied that should be the IMO's responsibility to decide which generator type receives a greater bias. Mr MacLean stated there would be a lot of work involved in such a structure. Mr Stevens noted that currently System Management is unconcerned about the generation types on outages at the same time as long as it has the capacity filled. However, the IMO's concern is not just about capacity but also to return the cheapest price to the end user. • Mr Greg Ruthven questioned how much information is visible in advance. Mr Stevens replied that a Market Participant can see Planned Outages through the SMMITS. Mr Stevens noted that Griffin Energy decided to undertake its outages during winter months this year based on last year's favourable prices but it seems like every Market Participant has done the same so the prices through the STEM have been greater than expected. • Mr Thornton queried why there were so many outages occurring this year. Mr Peter Martino stated it was because of the small market and weather conditions. Mr Steve Gould added the issue was the timing of the outages. Ms Wana Yang commented that larger market generators like Verve Energy could afford longer duration outages whereas smaller enterprises like Griffin Energy could not. • There was some discussion about whether System Management should consider the available fuel mix as part of the outage approval process and how this could work in practice. Mr MacLean considered that this was a large and complex issue, which required further investigation and analysis but was outside the scope of the Outage Planning review. <p>The Chair reminded the attendees that submissions closed at 5.00pm on 31 August 2011 and thanked everyone for their participation in the discussion.</p>