



INDEPENDENT
MARKET
OPERATOR

2014 Market Advisory Committee Constitution and Appointment Guidelines

Response to Submissions

16 June 2014

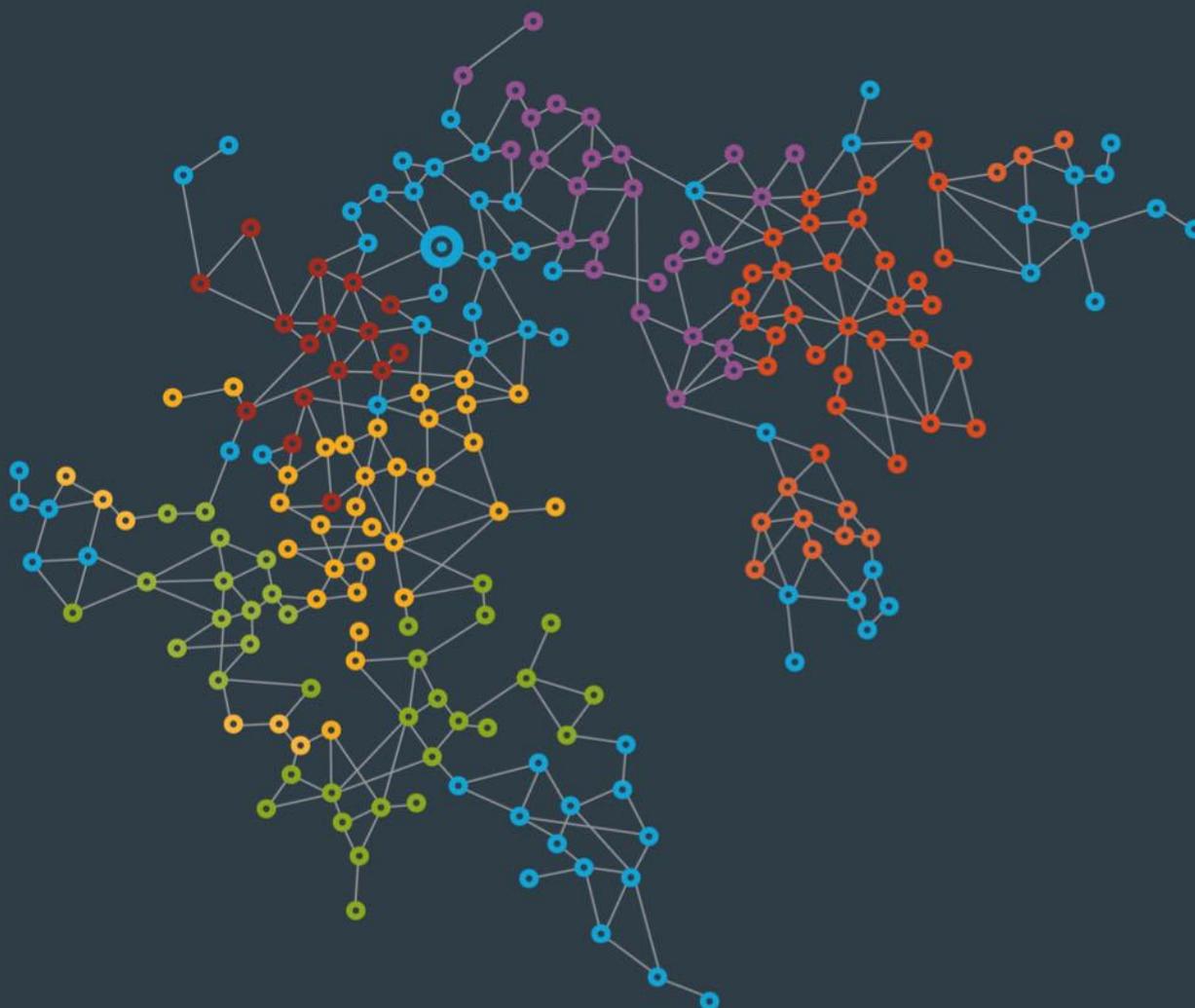


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1. Background

The IMO has undertaken a review of the Constitution and Appointment Guidelines for the Market Advisory Committee (MAC). This was primarily to reflect the Amending Rules implemented in the Rule Change Proposal: Market Rule Changes Arising Due To the Merger of the Electricity Retail Corporation and Electricity Generation Corporation (RC_2013_18)¹. This Rule Change Proposal provided for one MAC member from Synergy, so as to avoid any ambiguity in relation to the number of Synergy MAC representatives, and changed all references from Verve Energy to Synergy.

The IMO also proposed amendments to improve the integrity of these governance documents by including additional references to the Wholesale Electricity Market Rules (Market Rules), improving the clarity of obligations and increasing consistency with the associated requirements of the Market Rules. In addition, the IMO proposed to remove some unnecessary details from the MAC Constitution relating to secretariat functions performed by the IMO to allow greater flexibility.

2. Consultation

The proposed amended MAC Constitution and Appointment Guidelines were presented at the 19 March 2014 MAC meeting and circulated for informal feedback. This feedback has been considered in the development of the proposed amendments. In particular, the IMO further amended step 9.1 of the MAC Constitution to provide greater clarity with respect to Working Group membership.

In accordance with clause 2.3.4 of the Market Rules, on 4 April 2014 the IMO published the proposed amended MAC Constitution and Appointment Guidelines and invited public submissions.

The submission period was held between 4 April and 21 May 2014.

One submission was received from Synergy. Synergy generally supported the proposed amendments and proposed further amendments related to the:

- circulation of meeting papers;
- clarification of requirements for compulsory class members to provide updated CVs; and
- removal of transitional clauses.

These issues together with the IMO's responses are summarised in the tables in section 3 of this report.

A copy of the submission, in full, received during the consultation period is available on the Market Web Site: http://www.imowa.com.au/2014_MAC-Constitution-and-Appointment-Guidelines.

¹ Further details are available at http://www.imowa.com.au/RC_2013_18.

3. Response to Submissions

Table 1. Response to Issues Raised in Submissions on the MAC Constitution

Clause	Submitter	Issue / Suggestion	Response
6.8	Synergy	Proposed that late papers that are unable to be sent prior to the deadline outlined in step 7.2(b) of the constitution should be deferred until a later meeting.	<p>The IMO considers it appropriate to retain the discretion for the Chair to approve late papers.</p> <p>In making this decision the Chair takes into consideration the content and complexity of each paper to determine whether it is appropriate to include on the meeting agenda or defer discussions.</p>
7.2(b)	Synergy	Requested that the IMO lengthen the time that papers are circulated prior to meetings from five to eight Business Days. To promote effective MAC meeting discussions, lengthy or complex papers.	<p>The IMO acknowledges the need to provide adequate time to consider lengthy or complex papers prior to discussion at MAC meetings. However, the IMO considers that the minimum of five business days remains appropriate.</p> <p>The IMO also notes that, where appropriate, MAC members are given the opportunity to consider and provide feedback on issues following, or at subsequent MAC meetings.</p>

Table 2. Response to Issues Raised in Submissions on the MAC Appointment Guidelines

Clause	Submitter	Issue / Suggestion	Response
6.1 and 6.2	Synergy	Proposed to remove clause 6.1 and 6.2 which are transitional clauses stemming as a result from the IMO's substantial review of MAC membership (RC_2009_28).	The IMO agrees that these clauses are transitional in nature and are no longer strictly required. However, the IMO considers that these clauses should remain in the guidelines as they provide the context of the present MAC membership tenure arrangements.
7.2	Synergy	<ul style="list-style-type: none"> Requested the IMO to clarify the requirement to provide updated resumes so that clause 7.2(b) to be amended to include "substantive" to align with the requirements outlined in clause 5.2. Suggested that a "substantive test" be included in the correspondence to Compulsory Class members when seeking reappointment confirmations. 	<p>The IMO agrees that further guidance could be provided and has further amended clause 7.2(b) of the MAC Appointment Guidelines to require an updated CV for a compulsory class member where there have been substantive changes, as suggested.</p> <p>The IMO will include this information in future correspondence when seeking reappointment confirmations from compulsory class members.</p>

4. The IMO's Assessment

4.1. The Electricity Industry Act, Regulations and Market Rules

The IMO considers that, overall, the proposed amended MAC Constitution and Appointment Guidelines are consistent, with the Electricity Industry (Wholesale Electricity Market) Regulations 2004 and Market Rules. The proposed amended MAC Constitution and Appointment Guidelines are drafted to implement the changes necessary to give effect to the State Government's merger of Verve Energy and Synergy and the subsequent Rule Change Proposal: Market Rule Changes Arising Due To the Merger of the Electricity Retail Corporation and Electricity Generation Corporation (RC_2013_18).

The IMO also considers that the MAC Constitution and Appointment Guidelines are consistent with clause 2.3.2 of the Market Rules which details the requirements of the MAC Constitution.

In addition, the IMO considers that the proposed amended MAC Constitution is consistent with the Market Rules in accordance with clause 2.3.3.

4.2. Assessment Against the Wholesale Market Objectives

The IMO considers that, overall, the proposed amended MAC Constitution and Appointment Guidelines are consistent with the Wholesale Market Objectives as:

1. they improve the clarity of the governance arrangements and operations of the MAC; and
2. are consistent with the Market Rules as amended by the Rule Change Proposal: Market Rule Changes Arising Due To the Merger of the Electricity Retail Corporation and Electricity Generation Corporation (RC_2013_18).

4.3. Implementation

The IMO notes that the proposed changes are administrative in nature and do not require any system or process changes. No Market Participants have identified any issues with the practicality of implementation of the proposed amended MAC Constitution or Appointment Guidelines.

The IMO considers that commencement at **8:00 AM on 1 July 2014** will allow the IMO and Market Participants sufficient time from the date of publication of this decision to ensure compliance with the amended MAC Constitution and Appointment Guidelines.

5. The IMO's Decision

The IMO's decision is to approve the proposed amended MAC Constitution and Appointment Guidelines as amended² following the consultation period.

² The IMO proposed a further amendment to clause 7.2(b) of the MAC Appointment Guidelines. Further details of this change are provided in Table 2.

The IMO has made its decision on the following basis. The proposed amended MAC Constitution and Appointment Guidelines:

- are consistent with the requirements under clause 2.3.2 of the Market Rules;
- are consistent with the Market Rules as required by clause 2.3.3 of the Market Rules, and will support the operation of the Market Rules as amended by RC_2013_18;
- are consistent with the Wholesale Market Objectives;
- are consistent with the Electricity Industry Act and Regulations; and
- have the general support of the MAC and the submission received during the consultation period.

6. The Amended MAC Constitution and Appointment Guidelines

6.1. Commencement

The amended MAC Constitution and Appointment Guidelines will commence at **8.00 AM** on **1 July 2014**.

6.2. The Amended MAC Constitution and Appointment Guidelines

The amended MAC Constitution and Appointment Guidelines are attached to this report and are also available on the Market Web site: <http://www.imowa.com.au/MAC>.