

## Minutes of Meeting No. 2

<b>Location:</b>	ERIU Conference Room Level 8, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date:</b>	Wednesday 28 March 2007
<b>Time:</b>	Commencing at 2.00pm to 3.40pm

Attendees		
Anne Nolan	Chair, IMO	
Ken Brown	System Management	
Jenni Conroy	Synergy	Proxy for Tony Perrin
Andrew Everett	Verve Energy	
Dora Guzeleva	IMO	
Peter Huxtable	Water Corporation	
Mark Lewis	Transalta	
David Lyne	Newmont	
Matthew Martin	Office of Energy	Proxy for Jason Banks
Stan Reid	Alinta	
Magnus Stensson	IMO	Minutes

Apologies		
Jason Banks	Office of Energy	
Ky Cao	Perth Energy	
Ignatius Chin	Economic Regulation Authority	Observer
Tony Perrin	Synergy Energy	
Phil Southwell	Western Power	

Item	Subject	Action
1.	<p><b>WELCOME AND APOLOGIES/ATTENDANCE</b></p> <p>Noted apologies from Jason Banks, Ky Cao, Ignatius Chin, Tony Perrin and Phil Southwell.</p> <p>The Chair opened the meeting and welcomed members to the second meeting of the Market Advisory Committee.</p> <p>It was clarified that the proposed changes to the Market Rules included in the Agenda papers were for discussion, not official rule change proposals. The intent of the discussion on these papers is to gain an understanding of the purpose of the rule change and potentially provide suggestions to develop the proposals before they are officially submitted.</p> <p>For clarity, it was requested that future agenda items bear the same title as any supporting papers.</p>	Magnus
2.	<p><b>MINUTES OF PREVIOUS MEETING/ACTIONS ARISING</b></p> <p>The Minutes of MAC Meeting No 1 held on 28 February 2007 were circulated prior to this meeting.</p> <p>Members adopted the Minutes of Meeting No. 1 as a true and correct record.</p>	
3.	<p><b>REGISTRATION EXEMPTIONS FOR SMALL GENERATORS</b></p> <p>A proposal by Synergy to allow generators, which, while having higher installed capacity, export less than 10MW into the system at all times, to be exempt from the requirements to register was circulated for consideration by MAC.</p> <p>MAC considered that there is a case to grant small generators an exemption to register as a Market Participant in certain circumstances. However, the generator's existence, and the maximum potential load it can put on the system in case of a failure, needs to be known to System Management.</p> <p>It was also discussed that it may not be appropriate to exempt generators that are capable of importing more than 10 MW from the system, regardless of the limited quantities they may export.</p> <p>To ensure the IMO and System Management are aware of the small generators existence, it was suggested that, instead of the proposed new rules wording that small generators need not register; the proposal should indicate that small generators need to apply for exemption to register as a Market Participant.</p> <p>IMO will assist Synergy in amending the proposal before it is submitted as a formal rule change proposal.</p>	IMO

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4.	<p><b>INTERMITTENT GENERATOR COMPENSATION</b></p> <p>A proposal by Alinta to amend the Rules to ensure that, like Scheduled Generators, Non-Scheduled Generators are not required to purchase energy from the market to cover their load when required by System Management to reduce output, was discussed by MAC. MAC was also requested to consider whether it was appropriate to Fast Track this proposal.</p> <p>MAC considered that Non Scheduled Generators should be treated the same as Scheduled Generators when requested to reduce their output. Given the potential financial consequences of the change, the general view was that non MAC members participating in the market should have the right to comment on this issue, through the consultation process contained in a standard rule change process.</p> <p>Verve Energy queried whether the proposed change to 6.17.6 (c) has unintended consequences and advised that it would update MAC of the outcomes of its analysis of this issue.</p> <p>Discussions followed on the associated proposed change regarding how the reduction in quantity for a Non Scheduled Generator, when following a dispatch instruction from System Management, should be estimated.</p> <p>In the case of a Non Scheduled Generator without a resource plan, System Management will need data that in practice enables System Management to determine a downward dispatch instruction variation. The following comments were made:</p> <ul style="list-style-type: none"> <li>• For wind generators that are not included in resource plans, the required data is already prescribed in the rules and in the Power System Operating Procedure. This is real time wind speed data from the generator site plus the number of turbines in operation during the period when the instruction applied;</li> <li>• For Non Scheduled Generators that are not wind turbines: <ul style="list-style-type: none"> <li>○ For those that have SCADA, the SCADA measurement available to System Management at the time the dispatch instruction should be the basis of compensation. This would need to be clarified in the Power System Operation Procedure as a consequential amendment to the amendment to 7.7.5A;</li> <li>○ For those that do not have SCADA, there is no ability for System Management to determine the quantity of a dispatch instruction. However, in general, System Management will not issue a dispatch instruction to a generator that is not on SCADA because System Management does not have visibility or control over such a generator.</li> </ul> </li> </ul>	Verve Energy

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	Generators that are not on SCADA are normally of a very small size (<10MW in all circumstances) and these generators are not subject to dispatch at present. Therefore, the only circumstances these generators would have to reduce their output or shut down would result from network issues. In those circumstances there would be no “dispatch instructions” issued for the purposes of the rules.	
	IMO will assist Alinta in finalizing the drafting of the relevant rule changes before Alinta submits a formal rule change proposal. System Management will propose amendments to the Power System Operating Procedure.	IMO Syst. Mgmt

## 5. COMMITMENT OF VERVE ENERGY FACILITIES

A proposal to amend the rules to remove the current exemption to Verve Energy to synchronise and desynchronise plant without System Management’s approval was considered by MAC. MAC was also requested to consider whether it would be appropriate to Fast Track this proposal.

The general consensus of MAC was that Verve Energy should not be excluded from seeking approval from System Management when synchronising or desynchronise plants. MAC considered that it would be prudent to Fast Track the rule change proposal, following an official rule change proposal being submitted.

System Management is expected to submit this as a formal rule change proposal.

**Syst. Mgmt**

## 6. SYSTEM MANAGEMENT RULE CHANGE

MAC discussed a proposed rule change to remove references to System Management being required to account for DSM capacity when accepting/approving outages and carrying out short term and medium term PASA studies.

System Management clarified that the main reason for it not accounting for DSM in its outage planning is that DSM is unsuitable for contingency planning to cover a sudden loss of generation. This is due to the limited availability of DSM over longer periods of time and the advance notice needed to activate a reduction in load through DSM. System Management argued that the system can not, for security and reliability reasons, rely on DSM in these situations. However, it was acknowledged that DSM had an important role in covering extreme, short term situations and potentially long term outage planning.

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	<p>MAC therefore suggested that, instead of removing the inclusion of DSM in the proposed changed rules, it would be more suitable to amend the rules to state that System Management “may” include DSM in their outage planning and PASA studies, instead of “must” as the current rules state.</p> <p>MAC also discussed the possibility of a MAC working group in the future looking into the role of DSM in the WEM, especially the availability of DSM and the payment of reserve capacity credits. It was agreed that a general review would need to include an input of stakeholders beyond MAC and would be more appropriately conducted after more experience had been gained.</p> <p>System Management will amend their proposal before submitting it as a formal rule change proposal.</p>	<b>Syst. Mgmt</b>
<b>7.</b>	<p><b>FUTURE MEETING SCHEDULE</b></p> <p>As the previously circulated meeting schedule for MAC was unsuitable to some MAC members, a new proposed meeting schedule had been circulated for consideration by MAC.</p> <p>All members accepted the new meeting dates.</p>	
<b>8.</b>	<p><b>NEXT MEETING</b></p> <p>The next meeting will be Wednesday 9 May, 10 am-12 pm. Venue: ERIU Conference Room.</p>	<b>Magnus</b>
<b>9.</b>	<p><b>CLOSED</b></p> <p>The Chair declared the meeting closed at 3.40 pm.</p>	