### **Independent Market Operator**

### **Market Advisory Committee**

### Minutes of Meeting No. 7

Location:	ERIU Conference Room	
	Level 8, Governor Stirling Tower, 197 St Georges Terrace, Perth	
Date:	Wednesday 10 October 2007	
Time:	Commencing at 2.00pm to 4.20pm	

Attendees		
Anne Nolan	Chair, IMO	At 2.30 pm
Kristian Myhre	Alinta	
Robert Pullella	Economic Regulation	
	Authority	
Arian Lowe	Economic Regulation	
	Authority	
Dora Guzeleva	IMO	
Ryan Matzelle	IMO	Minutes
Matthew Martin	Office of Energy	Proxy for Jason Banks
David Lyne	Newmont	
Ky Cao	Perth Energy	
Jenny Conroy	Synergy	Proxy for Tony Perrin
Ken Brown	System Management	
Mark Lewis	Transalta	
Andrew Everett	Verve Energy	
Peter Mattner	Western Power	
Apologies		
Peter Huxtable	Water Corporation	
Tony Perrin	Synergy	
Jason Banks	Office of Energy	

Public Page 1 of 5

Item	Subject Meeting 7 – 10	Action
1.	WELCOME AND APOLOGIES/ATTENDANCE	
	Noted apologies from Peter Huxtable, Tony Perrin and Jason Banks.	
	The Chair opened the meeting and welcomed members to the seventh meeting of the Market Advisory Committee.	
2.	MINUTES OF LAST MAC MEETING	
	The Minutes of MAC Meeting No. 6 held on 12 September 2007 were circulated prior to this meeting.	
	Members adopted the Minutes of Meeting No. 6 as a true and correct record.	
3.	MARKET RULE CHANGES IN PROGRESS	
	• INTERMITTENT GENERATOR RESOURCE PLAN EXEMPTION, RC_2007_10	
	MAC members were invited to express their views on this proposed rule change, which was discussed at a previous MAC meeting.	
	MAC supported the change. No member expressed concerns with the proposed rule change.	
	RELEASE OF STEM SUBMISSION INFORMATION, RC_2007_13	
	MAC members were invited to express their views on this proposed rule change, which was discussed at a previous MAC meeting.	
	Newmont questioned why the data was kept for 12 months. It was explained that this was so all existing participants and new participants had access to 12 months STEM submission information.	
	MAC supported the change. No member expressed concerns with the rule change proposed.	
	AMENDMENT TO BUSINESS DAY CONVENTION, RC_2007_17	
	MAC members were invited to express their views on this proposed rule change, which was discussed at a previous MAC meeting.	
	Newmont expressed a preference that the definition in the glossary be amended instead and the new clause 9.1.5 be deleted.	
	MAC supported the rule change proposal subject to the IMO amending it as proposed and recirculating the amendments to MAC for review.	IMO
	RESERVE CAPACITY TESTING PAYMENTS, RC_2007_18	
	MAC members were invited to express their views on this proposed rule change, which was discussed at a previous MAC meeting.	

Public Page 2 of 5

MAC supported the change. No member expressed concerns with the proposed rule change.

#### NON TEMPERATURE DEPENDANT LOADS TIMELINES, RC\_2007\_19

MAC members were invited to express their views on this proposed rule change, which was discussed at a previous MAC meeting.

MAC supported the change. No member expressed concerns with the proposed rule change.

Other issues relating to Non Temperature Dependant Loads will be discussed at the Working Group workshop on Thursday 11 October.

# • CORRECTION OF REFERENCES AND MINOR DRAFTING ERRORS, RC\_2007\_20

MAC members were invited to express their views on this proposed rule change.

MAC supported the change. No member expressed concerns with the proposed rule change.

#### 4. POTENTIAL MARKET RULE CHANGE PROPOSALS

#### STEM NOTIFICATION OF PLANT AVAILABILITY

A proposal by Verve Energy to amend the rules to clarify that the data provided by System Management for settlement purposes should reflect the Planned Outage position before the STEM Submission has been circulated for consideration by MAC.

System Management agreed with the proposal but was concerned about the need to resend outage data. System Management believes that it already sends the IMO the necessary data once and is concerned that resending it may create unnecessary risk for System Management. The IMO tabled an alternative proposal for changes to clause 4.12.6 that are expected to achieve the same result. This alternative proposal will require changes to the IMO's systems and the IMO will seek quotations for implementing the system changes.

The IMO provided the draft change to the wording in the Rule Change proposal to Verve Energy. Verve Energy is to review and amend its proposal before submitting this as a formal Rule Change Proposal to the IMO.

VERVE ENERGY

## MAXIMUM RESERVE CAPACITY PRICE METHODOLOGY AND REVIEW

A proposal by the IMO to amend the rules to allow the outcomes of a review conducted under clauses 4.16.3 and 4.16.4 to be reflected when determining the Maximum Reserve Capacity Price has been circulated for consideration by MAC. The IMO has also requested MAC to consider whether this proposal should be Fast Tracked.

Public Page 3 of 5

A number of MAC members expressed concerns with the word "substantiate" in the rule change proposal and considered that it should be removed as it was implicit that all such changes would need to be substantiated.

Alinta expressed concerns at the possibility of the review changing not only the variables of the Maximum Reserve Capacity Price equation but adding or subtracting components which would completely change the methodology. The IMO emphasised that under this interim rule change the IMO would only change the value of a variable and not add or subtract components. Alinta was satisfied with this intent.

MAC agreed, that the interim solution in the rule change proposal, should be fast tracked in order to have the change implemented for this review of the Maximum Reserve Capacity Price. The methodology in appendix 4 will then be reviewed and, if necessary, changed through a standard process prior to the next year's Maximum Reserve Capacity review.

The IMO will submit this as a formal Rule Change Proposal.

IMO

#### NETWORK CONTROL SERVICE PROCUREMENT REQUIREMENTS

A proposal by Western Power to amend the rules to allow the Network Operator to determine the minimum length of Network Control Service Contracts has been circulated for consideration by MAC. Western Power has also requested MAC to consider Fast Tracking this proposal.

MAC proposed a small wording change to the proposal. MAC suggested that in 5.2.1 (d), the word "time" should be amended to "date".

In general, MAC was in support of the proposed change. Western Power is to submit this as a formal Rule Change Proposal to the IMO

## WESTERN POWER

#### CHANGE IN INDIVIDUAL LOSS FACTOR THRESHOLDS

A proposal by Western Power to amend the rules to align the thresholds for individual/average distribution loss factors with the National Electricity Market Rules has been circulated for consideration by MAC. A Market Procedure change proposal and a proposed amended procedure (appendices 1 and 2 to agenda item) covering the issue has also been circulated for information. This is proposed to be referred to the Market Procedures Working Group for consideration.

MAC expressed concerns about the rule change proposal. One of the concerns was that customers between 7 MVA and 10 MVA were too large to have their Loss Factors averaged and that distributed generators will also be affected. Another concern was that the participants should not get a choice, that is, if they are over 1 MVA they should have their Loss Factors individually calculated and if under 1 MVA they should get the average Loss Factor. Another suggestion was that Western Power should recalculate Loss Factors every 2 to 3 years, which would cut costs and time.

Synergy will raise their concerns directly with Western Power before Western Power draws up an alternative rule change proposal for

WESTERN POWER

Public Page 4 of 5

	Meeting 7 – 10 October 2007		
	MAC's consideration.		
5.	RESERVE CAPACITY PRICING		
	Perth Energy has requested MAC to appoint a Working Group to review the Reserve Capacity pricing mechanism, in Market Rule 4.29.1, determining the final price of a Capacity Credit following IMO's confirmation of a surplus capacity situation.		
	Perth Energy also indicated that the various ratios used in calculating IRCRs should also be re-examined.		
	The IMO supported the working group being convened by a Market Participant. IMO will still be involved in and provide assistance to the working group.		
	Perth Energy is to chair a MAC working group "IRCR Working Group" and will finalise its membership. It will also develop the Terms of Reference for the Working Group before its first meeting.	PERTH ENERGY	
6.	OTHER BUSINESS		
	MAC members were invited to express their views on a late change to the Rule Change Proposal titled Reserve Capacity Refund, RC_2007_08, which was circulated by the IMO before the meeting.		
	This change was to address Alinta's concern that all refund multipliers should be equal to or greater than one. This would ensure that a generator with a forced outage will be exposed to refunds at least equal to the amount of Capacity Credits it is paid for the period of the forced outage, regardless of when the outage occurs.		
	MAC expressed a concern that this Rule Change Proposal had been through a lengthy consultation process and agreed upon through a working group and that this new proposal amendment has come through at the last minute. Some MAC members did not consider that the change was "minor" but were concerned that it may impact significantly on their business.		
	MAC agreed that the Rule Change Proposal should be implemented with its original drafting i.e. the additional change should not be incorporated.		
7.	NEXT MEETING		
	The next meeting is scheduled for 14 November 2007.		
8.	CLOSED		
	The Chair declared the meeting closed at 4.20 pm.		

Public Page 5 of 5