

Independent Market Operator

Market Advisory Committee

Minutes of Meeting No. 10

Location:	ERIU Conference Room Level 8, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date:	Wednesday 13 February 2008
Time:	Commencing at 2.00pm to 5.10pm

Attendees		
Dora Guzeleva	IMO	Acting Chair
Kristian Myhre	Alinta	
Robert Pullella	Economic Regulation Authority	
Patrick Peake	IMO	
Magnus Stensson	IMO	Minutes
Shane Cremin	Griffin Power	
Steve Gould	Landfill Gas and Power	
Jason Banks	Office of Energy	Left at 4.00pm
Geoff Gaston	Perth Energy	Proxy for Ky Cao
Jenni Conroy	Synergy	Left at 4.30pm
Ken Brown	System Management	
Alistair Buthcher	System Management	Joined at 4.00pm
Andrew Sutherland	Transalta	
Andrew Everett	Verve Energy	
Peter Huxtable	Water Corporation	
Apologies		
Ky Cao	Perth Energy	
Peter Mattner	Western Power	

Item	Subject	Action
1.	<p>WELCOME AND APOLOGIES/ATTENDANCE</p> <p>Noted apologies from Ky Cao and Peter Mattner.</p> <p>The Acting Chair opened the meeting and welcomed members to the tenth meeting of the Market Advisory Committee.</p>	
2.	<p>MINUTES OF LAST MAC MEETING</p> <p>The Minutes of MAC Meeting No. 9 held on 13 December 2007 were circulated prior to this meeting.</p> <p>Members adopted the Minutes of Meeting No. 9 as a true and correct record.</p>	
3.	<p>MARKET RULE CHANGE IN PROGRESS</p>	
	<p>CAPACITY TEST NOTIFICATION TO THE IMO, RC_2008_01</p> <p>The Rule Change Notice for this change (submitted by System Management) had been circulated to MAC. MAC Members were invited to express their views on this rule change.</p> <p>No member expressed any concerns regarding the change.</p>	
	<p>ST PASA FUEL SUPPLY ISSUES NOTIFICATION, RC_2008_02</p> <p>The Rule Change Notice for this change (submitted by System Management) had been circulated to MAC. MAC Members were invited to express their views on this rule change.</p> <p>No member expressed any concerns regarding the change.</p>	
	<p>PROVISION OF INFORMATION FOR ST AND MT PASA, RC_2008_03</p> <p>The Rule Change Notice for this change (submitted by System Management) had been circulated to MAC. MAC Members were invited to express their views on this rule change.</p> <p>No member expressed any concerns regarding the change.</p>	
	<p>STANDING DATA COMPLIANCE MONITORING, RC_2008_04</p> <p>The Rule Change Notice for this change (submitted by System Management) had been circulated to MAC. MAC Members were invited to express their views on this rule change.</p> <p>No member expressed any concerns regarding the change.</p>	

4.	PROPOSED MARKET RULE CHANGES	
	<ul style="list-style-type: none"> CAPACITY CREDITS AND FACILITY REGISTRATION <p>A revised proposal by the IMO to amend the rules to allow the capacity credits of individual facilities to be reallocated to an aggregated facility, for which aggregation is approved by System Management and the IMO, had been circulated for consideration by MAC.</p> <p>Members raised the question as to why Intermittent Facilities must have the same loss factor in order to aggregate. The IMO explained that this is for settlement reasons. The current rules and settlement process would not allow Intermittent Facilities with different loss factors to be settled as an aggregated facility.</p> <p>Members also raised the question whether the proposed requirements for the aggregated facility to maintain the ability to be disaggregated would create an inequity in regard to facilities initially registered as single facilities, though comprised of a number of physical units. It was noted that while this may be a possibility, it was not considered an issue that should delay the proposal from proceeding.</p> <p>MAC was in general support of the change as proposed. The IMO will submit this as a formal Rule Change Proposal.</p> 	IMO
	<ul style="list-style-type: none"> REDUCTION OF CAPACITY CREDITS <p>A proposal by Transalta to allow Participants to apply to the IMO to have their Capacity Credits reduced had been circulated for consideration by MAC. MAC was also requested to consider fast tracking the proposal.</p> <p>MAC questioned the proposed requirement in clause 4.25.4B (b), that the facility has to be in operation for a full capacity year before being able to apply for a reduction of its capacity credits. The IMO explained that the intention is to ensure that proposed facilities actually commission in the first year they come into operation. MAC proposed that the requirement instead be linked to the repayment of the reserve capacity security deposit for a new facility, as this repayment is dependant on the facility having proven its ability to operate at its certified capacity.</p> <p>With this amendment, MAC supported the change. In order to approve fast tracking the proposal, MAC requested that the IMO holds a workshop with interested parties.</p> <p>Transalta will submit this as a formal Rule Change Proposal.</p> 	Transalta
	<ul style="list-style-type: none"> NTDL – NEW AND OVERNIGHT LOADS <p>A proposal by Griffin to amend the rules in regard to the treatment of Non Temperature Dependent Loads (NTDLs) which are either consuming more electricity overnight or new loads had been circulated for consideration by MAC. Griffin also requested that MAC consider fast tracking the proposal.</p> 	

	<p>Griffin explained its intention to clarify the rules to correct an anomaly where, currently, loads that are clearly non-temperature dependant and have higher demand in off-peak periods are treated as temperature dependant. Given the previous lack of consensus at MAC on the appropriate allowable deviations and the appropriate load size limit that qualify an NTDL, Griffin has not proposed to amend any of these parameters. It only proposes to correct a manifest error in determining an NTDL for existing loads and for new loads, while leaving the other parameters unchanged.</p> <p>After some discussion, MAC expressed its general support for the proposal, and also for fast tracking it, based on the proposal correcting a manifest error in the Market Rules.</p> <p>MAC members wishing to propose a change to any of the other parameters for determining an NTDL, for example load size limits, may submit this in a new Rule Change Proposal.</p> <p>Griffin will submit this as a formal Rule Change Proposal.</p>	Griffin
	<ul style="list-style-type: none"> • MAXIMUM RESERVE CAPACITY PRICE <p>The IMO had proposed to amend the rules in regard to how the Maximum Reserve Capacity Price is calculated. The proposal was the outcome from the Maximum Reserve Capacity Price Advisory Group's work. The proposal had been circulated for consideration by MAC, together with the Advisory Group's report and proposed Market Procedure to support the Market Rule Change.</p> <p>MAC supported the change as proposed. No member expressed any concerns regarding the proposal.</p> <p>The IMO will submit this as a formal Rule Change Proposal, to be progressed using the Standard Rule Change Process.</p>	IMO
	<ul style="list-style-type: none"> • ENERGY PRICE LIMITS METHODOLOGY <p>A proposal by the IMO to amend the rules as proposed by the Energy Price Limits Working Group had been circulated for consideration by MAC, together with the Working Group's report.</p> <p>MAC discussed whether using the heat rate at minimum capacity was more appropriate than the average heat rate, as in the current Market Rules. MAC agreed that this should be progressed in accordance with the Working Groups recommendations.</p> <p>The IMO will submit this as a formal Rule Change Proposal, using the Standard Rule Change Process.</p>	IMO
	<ul style="list-style-type: none"> • INDISPUTABLE MARKET PRICES <p>A proposal by the IMO to amend the Market Rules so that energy market prices once set by the IMO can't be amended retrospectively, has been circulated for consideration by MAC.</p> <p>After some general discussion, MAC agreed that the change was</p>	

	<p>reasonable, and that it should be put forward by the IMO as a formal proposal.</p> <p>The IMO will submit this as a formal Rule Change Proposal, using the Standard Rule Change Process.</p>	IMO
5.	<p>FUEL ISSUES</p> <p>A discussion paper regarding fuel issues had been circulated to MAC. Members were invited to provide their input on each of the discussion points.</p> <p>MAC had a general discussion regarding the fuel mix in the SWIS. It was agreed that the current reliance on gas as primary fuel and diesel as backup fuel can pose a system reliability risk in extreme situations, where gas is unavailable for several days and the backup diesel stored on site has been used and needs to be replenished.</p> <p>System Management thanked all participants for their excellent cooperation when the gas supply was interrupted on 2-4 January.</p> <p>The Office of Energy (OOE) requested Participants to inform it of their interest in participating in a Working Group to discuss the proposed 20% renewable energy targets and if the current Market Rules can accommodate this or need to be amended. OOE will chair and provide administrative support for the group.</p> <p>MAC agreed to keep Fuel Issues as a standing discussion item for future meetings.</p>	<p>ALL</p> <p>IMO</p>
6.	<p>MEETING DATES</p> <p>The proposed meeting dates for 2008 had been circulated for MAC's attention.</p> <p>MAC noted the proposed dates. No member wished to change any of the dates.</p>	
7.	<p>OTHER MATTERS</p>	
	<ul style="list-style-type: none"> • ERA's BUDGET <p>A proposal from the Economic Regulation Authority (ERA), to amend the rules to allow the ERA to recover its costs in the WEM during the actual year in which costs are incurred instead of, as prescribed in the current Market Rules, in the following year, had been circulated for consideration by MAC. MAC was also requested to consider fast tracking the proposal.</p> <p>MAC questioned whether this change would mean the ERA recovering the cost of two years in the next financial year, both for the costs incurred in the current year, under the current rules, as well as the forecast costs for next year. The ERA could not confirm if it would have to recover this year's costs from the WEM during the next financial year.</p> <p>MAC expressed its general support for the change, and approved fast tracking the proposal.</p> <p>The ERA will submit this as a formal Rule Change Proposal. It was also agreed that the ERA will advise regarding the concerns raised at the next MAC meeting.</p>	ERA

	<ul style="list-style-type: none"> • DISPATCH SUPPORT ANCILLARY SERVICES <p>System Management proposed to amend the rules to remove the costs for Dispatch Support from its budgetary processes and to instead provide for contracting for those services as the need arises and for ERA's approval of the relevant contracts. MAC was also requested to consider fast tracking the proposal.</p> <p>MAC members queried whether Load Rejection and System Restart Ancillary Services could also be lifted out from the budgetary process. System Management confirmed this was possible.</p> <p>MAC members also questioned the length of time involved in an ERA approval process, and whether the ERA would be required to conduct public consultations in its review. It was proposed to leave the need for public consultation at the ERA's discretion, rather than mandate this in the Market Rules.</p> <p>MAC also discussed the possibility of, in the instance of Dispatch Support contracts for services currently provided but not compensated due to the lack of budgeted funds, running the ERA consultation process in parallel with the Rule Change Process. The ERA would investigate this possibility.</p> <p>MAC expressed its general support for the change, and also supported fast tracking the proposal. This will be on the grounds that this is a minor change of a procedural nature, given all important aspects of the approval process are retained.</p> <p>System Management will amend the proposal and submit it as a formal Rule Change Proposal.</p>	<p>ERA</p> <p>System Management</p>
8.	<p>CLOSED</p> <p>The Acting Chair declared the meeting closed at 5.10pm.</p>	