

## Independent Market Operator

### Market Advisory Committee

## Minutes

<b>Meeting No.</b>	11
<b>Location:</b>	ERIU Conference Room Level 8, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date:</b>	Wednesday 12 March 2008
<b>Time:</b>	Commencing at 2.00pm to 4.30pm

Attendees		
Allan Dawson	IMO	Chair
Kristian Myhre	Alinta	
John Lillywhite	Economic Regulation Authority	
Robert Pullella	Economic Regulation Authority	
Shane Cremin	Griffin Power	Left at 4.00pm
Dora Guzeleva	IMO	
Magnus Stensson	IMO	Minutes
Steve Gould	Landfill Gas and Power	
Jason Banks	Office of Energy	Left at 4.20pm
Geoff Gaston	Perth Energy	Proxy for Ky Cao
Jenni Conroy	Synergy	
Brendan Clarke	System Management	Proxy for Ken Brown
Andrew Everett	Verve Energy	Left at 3.15 pm
Peter Mattner	Western Power	Left at 4.20pm
Apologies		
Ky Cao	Perth Energy	
Ken Brown	System Management	
Peter Huxtable	Water Corporation	

Item	Subject	Action
1.	<b>WELCOME AND APOLOGIES / ATTENDANCE</b>  Noted apologies from Ky Cao, Ken Brown and Peter Huxtable.  The Chair opened the meeting and welcomed members to the eleventh meeting of the Market Advisory Committee.	
2.	<b>MINUTES OF PREVIOUS MEETING / ACTIONS ARISING</b>  The Minutes of MAC Meeting No. 10 held on 13 February 2008 were circulated prior to this meeting.  Members adopted the Minutes of Meeting No. 10 as a true and correct record.	
3.	<b>MARKET RULE CHANGE IN PROGRESS</b>  <b>REDUCTION OF CAPACITY CREDITS, RC_2008_06</b>  The Rule Change Notice for this change (submitted by Transalta) had been circulated to MAC. MAC Members were invited to express their views on this rule change.  MAC expressed its general support for the change as proposed.  MAC discussed whether capacity credits corresponding to a relevant reduction should be allowed to be reinstated in the following capacity year. The IMO explained that the current rules already treat participants differently by providing for capacity credits to be reduced or increased through testing several times during the capacity year. It would therefore not be appropriate to have an even more inequitable treatment of participants which have their capacity credits reduced through a participant application.  It was also proposed that a working group be set up in the future to discuss recovery of the costs of Supplementary Capacity in the market.	Synergy
	<b>ENERGY PRICE LIMITS METHODOLOGY, RC_2008_07</b>  The Rule Change Notice for this change (submitted by the IMO) had been circulated to MAC. MAC Members were invited to express their views on this rule change.  No member expressed any concerns regarding the change as proposed.	

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	<p><b>INDISPUTABLE MARKET PRICES, RC_2008_08</b></p> <p>The Rule Change Notice for this change (submitted by the IMO) had been circulated to MAC. MAC Members were invited to express their views on this rule change.</p> <p>MAC was in general support of the proposal.</p> <p>In regard to the timeframe within which prices are set by the IMO, MAC was of the view that accuracy of balancing prices is more important than timely publication.</p> <p>System Management informed that in rare circumstances (1-2 times per year), a SCADA communication failure may mean that data for a unit is temporarily lost and needs to be retrieved, which may take an additional day. This was considered relevant to the Rule Change by MAC.</p> <p>MAC agreed that it is more important that the data is validated than having MCAP published the day after the trading day. If an additional day of validation, in cases when for example SCADA data is lost and needs to be recovered, allows for a more accurate MCAP to be calculated then the rules should be amended to allow for a 24 hour delay in publishing the balancing prices.</p> <p>In the Draft Report for the proposal the IMO will propose a further modification to the rules to allow the IMO to extend the deadline for the publication of the MCAP process with 24 hours in the event System Management advises that it has encountered a problem with its SCADA data which would impact on the MCAP prices.</p>	IMO
	<p><b>CAPACITY CREDITS AND FACILITY REGISTRATION, RC_2008_10</b></p> <p>The Rule Change Notice for this change (submitted by the IMO) had been circulated to MAC. MAC Members were invited to express their views on this rule change.</p> <p>MAC was in general support of the proposal.</p> <p>MAC also supported the IMO and Synergy proposing an additional change to require all IPP dual fuel plants to provide fuel utilisation data to System Management. The IMO and Synergy will draft a discussion paper and present this to MAC at a future meeting.</p>	IMO Synergy
	<p><b>MAXIMUM RESERVE CAPACITY PRICE, RC_2008_11</b></p> <p>The Rule Change Notice for this change (submitted by the IMO) had been circulated to MAC. MAC Members were invited to express their views on this rule change.</p> <p>MAC was in general support of the proposal.</p> <p>MAC also discussed the implementation process for the proposed procedure for determining the Maximum Reserve Capacity price. It was explained that the Procedure will be discussed by the IMO Procedure Working Group and then, once published as a Procedure Change Proposal, would be open for public consultations.</p>	

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4.	<b>PROPOSED MARKET RULE CHANGES</b>	
	<ul style="list-style-type: none"> <li><b>INFORMATION FROM NETWORK OPERATORS</b></li> </ul> <p>A proposal by the IMO to amend the rules to allow the IMO to approach Network Operators for more information when the IMO assesses Certified Reserve Capacity applications had been circulated for consideration by MAC.</p> <p>MAC discussed whether this proposal could create a conflict with confidentiality provisions embedded in other legal instruments (i.e. Standard Access Contracts, etc.). Western Power will investigate if there could be potential problems in this area and advise the IMO.</p> <p>It was also proposed to change the amended wording of clause 4.11.5 to read that the IMO specify "<u>reasonable</u> timeframe.." for the provision of information by Network Operators.</p> <p>The proposal will proceed after Western Power has investigated if the change may create a confidentiality conflict.</p>	<b>Western Power</b>
	<ul style="list-style-type: none"> <li><b>DELAY OF RESOURCE PLAN SUBMISSIONS</b></li> </ul> <p>A proposal by the IMO to amend the rules to introduce flexibility into the opening of the Resource Window, to allow for any delay in the IMO conducting the STEM processes, had been circulated for consideration by MAC.</p> <p>MAC was in general support of the proposal. The IMO will submit this as a formal Rule Change Proposal</p>	<b>IMO</b>
	<ul style="list-style-type: none"> <li><b>EARLY SERVICE SPECIAL PRICE ARRANGEMENT</b></li> </ul> <p>A proposal by the IMO to amend the rules to allow for Special Price Arrangement payments to be made to new Facilities commissioned between 1 August and 1 October, had been circulated for consideration by MAC.</p> <p>MAC was in general support of the principles of the proposal.</p> <p>MAC could not reach consensus regarding which price should be paid to the facilities commissioning prior to the start of the capacity year (i.e. prior to 1 October). While some members agreed that the price should be consistent with the price applicable from 1 October, others were of the view that the price should be that paid to the rest of the participants at the time of the early commissioning (i.e. the price in the Capacity Year which ends on 1 October).</p> <p>The IMO will discuss the issue raised by MAC with Synergy before submitting this as a formal Rule Change Proposal. This proposal would have to be submitted as soon as practicable given that plant is likely to be commissioned prior to October 2008.</p>	<b>IMO Synergy</b>

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	<ul style="list-style-type: none"> <li> <b>COMMISSIONING TESTS AND THE RESERVE CAPACITY MECHANISM</b> <p>A proposal by the IMO to amend the rules to improve the clarity regarding the provisions for a new Facility transitioning from commissioning to an in-service state with regard to the Reserve Capacity Mechanism, had been circulated for consideration by MAC.</p> <p>MAC members requested more information regarding the evidence required to be provided by a participant for it to be considered to be able to complete its commissioning tests by a nominated date. It was proposed that the IMO could include this information in a procedure, to make it clear what a facility needs to demonstrate in order for the IMO to complete its assessment.</p> <p>Members questioned the merit of providing more frequent reports to the IMO than under the current rules. However, it was agreed that since these reports are normally produced internally anyway, providing them to the IMO should not be an onerous exercise.</p> <p>MAC discussed whether commercial drivers, such as an enhanced penalty regime, would be more effective to ensure commissioning is done on time rather than enhancing the approval process by the IMO.</p> <p>MAC also noted that this proposal must be aligned with the processes in Chapter 3, covering System Management's Commissioning Tests, in order to ensure that the completion criterion for a Commissioning Test is consistent throughout the rules.</p> <p>The IMO will rework the proposal to include a requirement for a market procedure which will provide a list of items to tick off before commissioning can be considered to be complete. An amended proposal will be circulated to MAC out of session.</p> </li> </ul>	IMO
5.	<b>RENEWABLE ENERGY GENERATION WORKING GROUP</b> <p>Terms of reference for a Working Group to assess if the current Market Rules can accommodate the proposed 20% renewable energy target or need to be amended, had been circulated for consideration by MAC.</p> <p>MAC approved the creation of the working group. Synergy advised that its representative would be Jenni Conroy and Western Power advised that its representative would be Peter Mattner.</p> <p>The OOE will schedule the first meeting for the Working Group.</p>	OOE
6.	<b>FUEL ISSUES</b> <p>MAC agreed that the discussions regarding fuel issues should be held in a forum outside MAC.</p> <p>The Office of Energy will facilitate these discussions, initially to be held between the OOE, IMO and System Management. OOE will keep MAC informed on any related outcomes of the discussions.</p>	OOE

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7.	<p><b>OTHER MATTERS</b></p> <ul style="list-style-type: none"> <li> <p><b>ECONOMIC REGULATION AUTHORITY'S BUDGET</b></p> <p>The ERA had clarified the cost implications as a result of its Rule Change Proposal, as requested by MAC at its previous meeting. The IMO had circulated the amended proposal to MAC for information.</p> <p>No member expressed any concerns regarding the proposal. It will be published as a formal Rule Change Proposal on 14 March 2008.</p> </li> <li> <p><b>LOSS FACTORS</b></p> <p>Western Power had presented a Rule Change Discussion paper regarding changes to Individual Distribution Loss Factor Thresholds for consideration by MAC, together with a proposed amended Procedure. Western Power also requested MAC to consider Fast Tracking the proposal.</p> <p>MAC questioned whether applying average Loss Factors to all loads &lt;7 MVA rather than those &lt;1 MVA was a step backward and might remove a location signal for new loads. Western Power replied that it will examine this issue and amend its proposal accordingly.</p> <p>MAC agreed that the Rule Change Proposal could proceed following further discussions about the appropriate level below which individual Loss Factors should be calculated.</p> <p>MAC also questioned whether the IMO, as proposed in section 1.4 of the Procedure, needs to publish the Loss Factors in the Build Pack format. Section 1.8.5 of the Procedure states that Western Power will provide Loss Factors to retailers in that format, and therefore the requirement on the IMO appears to be redundant and will be removed from the procedure by Western Power.</p> <p>The Procedure could proceed to the Procedure Change Working Group for assessment subject to the modifications agreed by MAC.</p> <p>Western Power will amend the proposal and resubmit it to MAC for consideration.</p> </li> <li> <p><b>FAST TRACK PROCESS</b></p> <p>MAC had a general discussion about the use of the Fast Track Process. It was requested that the IMO be more stringent in its interpretation of clause 2.5.9 when assessing whether it is appropriate to fast track a proposal. It was not considered to be justified to fast track a proposal for the sole purpose of meeting a specific deadline. It was also considered imperative for proponents to justify in their proposals that a proposed change meets the requirements for Fast Tracking under the Market Rules criteria. Otherwise the IMO would be unable to consider</p> </li> </ul>	<p><b>Western Power</b></p>

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	<p>Fast Tracking the proposal.</p> <p>In regard to Western Power's proposal regarding changes to Loss Factors, discussed under Agenda Item 7, due to the potentially significant impact on participants MAC did not agree that the proposal should be Fast Tracked at this stage.</p> <p>MAC also discussed the possibility of introducing an even faster process than the current Fast Track Rule Change Process. Members also requested a future review of the Standard and Fast Track Rule Change Processes, especially in regard to the timelines involved.</p>	
8.	<p><b>CLOSED</b></p> <p>The Chair declared the meeting closed at 4.30pm and thanked all members for supporting him at his first MAC meeting.</p>	
9.	<p><b>NEXT MEETING</b></p> <p>Scheduled for 9 April 2008.</p>	