

Independent Market Operator

Market Advisory Committee

Minutes

Meeting No.	14
Location:	IMO Board Room Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date:	Wednesday 10 September 2008
Time:	Commencing at 2.00pm to 4.00pm

Attendees		
Allan Dawson	IMO	Chair
Kristian Myhre	Alinta	Member
Wayne Blakiston	Economic Regulation Authority	Observer
Shane Cremin	Griffin Power	Member
Dora Guzeleva	IMO	Member
Arian Lowe	IMO	Minutes
Jason Banks	Office of Energy	Member
Jenni Conroy	Synergy	Member
Phil Kelloway	System Management	Proxy for Ken Brown
Andrew Everett	Verve Energy	Member
Peter Huxtable	Water Corporation	Member
Steve Gould	Landfill Gas & Power	Member
Apologies		
Geoff Gaston	Perth Energy	Proxy for Ky Cao
Robert Pullella	ERA	Observer
Peter Mattner	WPC	Member

Item	Subject	Action
1.	WELCOME AND APOLOGIES / ATTENDANCE Noted apologies from Geoff Gaston and Robert Pullella. The Chair opened the meeting and welcomed members to the fourteenth meeting of the Market Advisory Committee.	Chair
2.	MINUTES OF PREVIOUS MEETING / ACTIONS ARISING The Minutes of MAC Meeting No. 13 held on 20 August 2008 were circulated prior to this meeting. It was noted that the IMO, Verve Energy and System	Chair

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	<p>Management had met on the day before the MAC meeting to discuss the rule change proposal: 'Conversion of forced outages to planned outages'.</p> <p>Members adopted the Minutes of Meeting No. 13 as a true and correct record of the previous meeting.</p>	
3.	MARKET RULE CHANGES IN PROGRESS	
	<p>COMMISSIONING TESTS FOR INTERMITTENT GENERATORS, RC_2008_24</p> <p>This Rule Change Proposal (submitted by the IMO) was distributed among MAC Members prior to the meeting. MAC Members were invited to express their views on this rule change proposal.</p> <p>One MAC member deemed that the rule change proposal introduced penalties that were too harsh for new intermittent generators that have failed to come online as construction of their plant is not yet complete.</p> <p>General discussion regarding the application of refunds to new facilities followed.</p> <p>MAC supported the rule change as proposed.</p>	
	<p>INTERMITTENT LOAD REFUND MAXIMUM, RC_2008_25</p> <p>This Rule Change Proposal (submitted by the IMO) was distributed among MAC Members prior to the meeting. MAC Members were invited to express their views on this rule change proposal.</p> <p>This rule change proposal is to remove the refund cap which currently applies to intermittent loads.</p> <p>It was agreed to remove the brackets from 4.28A.1(c)(i) of the amending rules. No other changes were recommended.</p> <p>MAC supported the rule change as proposed and agreed that it should continue to be progressed.</p>	
	<p>CONSISTENCY BETWEEN CLAUSE 4.12.1 AND 4.26.2, RC_2008_26</p> <p>This Rule Change Proposal (submitted by the IMO) was distributed among MAC Members prior to the meeting. MAC Members were invited to express their views on this rule change proposal.</p> <p>This rule change proposal amends clause 4.12.1(a) and (b) so that the reserve capacity obligations described in that clause consistent with the requirements of clause 4.26.2 which was amended in July 2007.</p>	

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	MAC supported the rule change as proposed and agreed that it should be progressed.	
	<p>FUNDING OF SUPPLEMENTARY RESERVE CAPACITY, RC_2008_27</p> <p>This Rule Change Proposal (submitted by the IMO) was distributed among MAC Members prior to the meeting. MAC Members were invited to express their views on this rule change proposal.</p> <p>One MAC member expressed their opinion that the rule change proposal does not improve the Market Rules nor does it promote any of the market objectives.</p> <p>The MAC member stated that the rule change proposal removes the incentive for retailers to trade bilaterally and hedge their risk because all market participants would be subject to an equal share of the SRC cost regardless. The MAC member stated that it is not fair that retailers which have tried to limit their exposure by taking on excess capacity must face their share of the SRC cost despite having taken measures to negate the need for SRC.</p> <p>The rest of MAC supported the change as proposed.</p>	
4.	PROPOSED MARKET RULE CHANGES	
	<ul style="list-style-type: none"> • CALCULATION OF IRCR <p>This potential rule change was distributed amongst MAC members prior to the meeting. At the meeting, the IMO tabled analysis on the estimated impact of the proposal on the total 'non-Synergy' market.</p> <p>It was acknowledged that the potential rule change would require changes to the IT systems and these costs have to be outlined in the potential rule change.</p> <p>Accordingly, the Chair requested that the potential rule change be amended to include these costs and presented to MAC for consideration at its October meeting.</p>	IMO
	<ul style="list-style-type: none"> • ELIGIBLE SERVICES FOR SRC <p>It was advised that this potential rule change was borne out of the Supplementary Reserve Capacity (SRC) Working Group's deliberations on what should be the eligible services to partake in the SRC process.</p> <p>Under this rule change proposal, Registered Facilities which hold capacity credits for future Reserve Capacity cycles are permitted to enter the SRC process.</p> <p>MAC accepted the potential rule change and agreed that it</p>	

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	<p>should be progressed.</p> <ul style="list-style-type: none"> • RESERVE CAPACITY SECURITY <p>This Rule Change Proposal aims to improve the efficiency of administering the provisions in respect of the return of Reserve Capacity Security.</p> <p>MAC supported the potential rule change as proposed and agreed that it should be progressed.</p>	
5.	<p>INDIVIDUAL RESERVE CAPACITY REQUIREMENT WORKING GROUP</p> <p>A summary of the conclusions reached by the IRCR Working Group was circulated to MAC prior to the meeting.</p> <p>MAC accepted the conclusions of the working group. MAC agreed that there was no need for the working group to be reconvened as it had fulfilled its function.</p>	
6.	<p>CAPACITY CREDITS FOR SOLAR FACILITIES</p> <p>This potential rule change was distributed amongst MAC members prior to the meeting.</p> <p>Under the current Market Rules, the averaging approach under the current certification process for intermittent generators acts to reduce the amount of certification that would be afforded to solar power station facilities below that available during peak demand.</p> <p>The potential rule change would reinstate the arrangements under previous rules which would be more appropriate for the application of the certification process to solar power station facilities.</p> <p>The Chair expressed his interest in the formulation of a capacity certification process that can be applied to all types of energy generation technologies.</p> <p>It was determined that feedback on the potential rule change be provided to Synergy so that it may be considered in its finalisation of the formal rule change proposal.</p>	
7.	<p>IMO MARKET RULES EVOLUTION PLAN 2008 - 2011</p> <p>The Market Rules Evolution Plan, which consisted of a description of major and minor reviews scheduled to take place over the course of the next three years, together with a list of logged rule changes which need to be considered and where appropriate progressed, was circulated to MAC prior to its August meeting.</p>	

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	<p>The IMO asked for feedback on the content and structure of the Plan. No comments were received on the Plan.</p> <p>The Chair advised the Plan would be published every six months to incorporate updates to the reviews, changes in priorities, work completed etc.</p>	
8.	<p>OTHER MATTERS</p> <p>The potential rule change 'Change to curtailable load de-registration timeframe', having been circulated as a late item prior to the meeting, was discussed.</p> <p>MAC accepted the potential rule change as proposed and agreed that it should be progressed.</p> <p>The potential rule change 'Compliance Reporting Regime for System Management and the IMO', having been circulated as a late item prior to the meeting, was discussed.</p> <p>MAC accepted the potential rule change as proposed and agreed that it should be progressed.</p> <p>It was agreed that a list of all active working groups should become a regular feature of MAC meetings.</p>	IMO
9.	<p>NEXT MEETING</p> <p>Scheduled for 8 October 2008.</p>	
10.	<p>CLOSED</p> <p>The Chair declared the meeting closed at 3.58pm.</p>	