

IMO 2009/10 Operational Plan

Plan Governance

This Operational Plan and budget is consistent with the ERA's determination on Allowable Revenue 2007/08 to 2009/10.

The IMO Board approval - 23 April 2009

Submitted to Minister for Energy - 30 April 2009

Minister's approval – 2 July 2009

Plan Highlights

The focus for the IMO in 2009/10 is on enhancing the professional delivery of our services.

We intend to:

- enhance market transparency through the publication of market data and information on the IMO website and market systems;
- continue to proactively manage market evolution through the publication and implementation of a Market Evolution Plan;
- actively manage the operational risks associated with the market systems;
- build redundancy in market operations (people and systems); and
- undertake the proactive retention of institutional knowledge.

IMO's Strategic Objectives

(Revised November 2008)

Market Operations

- The IMO operates reliable, efficient, energy and capacity markets with integrity and transparency.

Market Development

- The IMO promotes market evolution to meet the needs of the market, consistent with the market objectives. Development is based on robust analysis, objective reasoning and consultation.

Customer and Stakeholders

- The IMO develops relationships with customers and stakeholders, based on trust and knowledge sharing, to support the Market Objectives.

Financial Responsibility

- All financial transactions have prudent governance oversight. IMO expenditure is cost effective.

IMO Capacity and Capability

- The IMO has the capacity and capability to operate the market professionally and meet our stakeholders' expectations.

Deliverables

The IMO fulfils its obligations for the Market by complying with:

- the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*;
- the *Electricity Industry (Independent Market Operator) Regulations 2004*; and
- the Wholesale Electricity Market Rules.

Deliverables

STRATEGIC OBJECTIVE: MARKET OPERATIONS

- **Develop and disseminate high-quality market analysis via the enhanced market systems and IMO website;**
- **Develop a suite of market verification tools;**
- **Secure high quality metering data for market settlement; and**
- **Promote the Reserve Capacity Mechanism.**

Deliverables

STRATEGIC OBJECTIVE: MARKET DEVELOPMENT

- **Support the Office of Energy in the development of a long-term industry roadmap;**
- **Review and simplify market settlement; and**
- **Monitor electricity market evolution in other jurisdictions.**

Deliverables

STRATEGIC OBJECTIVE: CUSTOMERS AND STAKEHOLDERS

- Maintain a regular IMO newsletter;
- Revise the IMO website;
- Conduct a regular stakeholder survey; and
- Continue to evolve market training.

Deliverables

STRATEGIC OBJECTIVE: FINANCIAL RESPONSIBILITY

- Review the IMO Independent Expert Panel.

Deliverables

STRATEGIC OBJECTIVE: CAPACITY AND CAPABILITY

- Implement an HR strategy;
- Assess the roles, responsibilities and appropriate remuneration of all IMO staff positions; and
- Implement a graduate program for 2010.

Allowable Revenue

The ERA determined the IMO's Allowable Revenue for the Review Period (2007/08 to 2009/10) to be \$29.669 million.

- Projected to be \$28.1 million

Market Fees

| Revenue Requirement | 2009/10 (\$000's) | 2008/09 (\$000's) |
|--|----------------------|----------------------|
| IMO Revenue Requirement | 9,169 | 9,368 |
| System Management Revenue Requirement | 4,357 | 4,742 |
| ERA Revenue Requirement | 1,250 | 1,452 |
| TOTAL Revenue to be recovered through Market Fees | 14,776 | 15,562 |

Market Fees

| Fee Rates | 2009/10 | 2008/09 |
|--|---------------------|----------------------|
| IMO Fee Rate | \$0.266/M/Wh | \$ 0.272/M/Wh |
| System Management Fee Rate | \$0.126/M/Wh | \$ 0.138/M/Wh |
| Economic Regulation Authority Fee Rate | \$0.036/M/Wh | \$ 0.042/M/Wh |
| TOTAL Market Fee Rate | \$0.429/M/Wh | \$ 0.452/M/Wh |

Key Performance Indicators

Strategic Objective: Market Operations

| Measure | Performance Expectation |
|--|-------------------------------|
| Number of STEM Market Suspensions | ≤ 2 |
| STEM Market delay | ≤ 5 |
| Unplanned system availability (3,500 hours per year – 7:00 am – 5:00 pm seven days per week) | ≤ 20 hours not available |
| Late Settlement statements (STEM & Non-STEM) | ≤ 2 |

Key Performance Indicators

Strategic Objective: Market Development

| Measure | Performance Expectation |
|--|-------------------------|
| Market Evolution Plan agreed and published | 2 times per year |
| Implementing all Rule Changes within agreed timeframes | $\geq 95\%$ |

Strategic Objective: Customers and Stakeholders

| Measure | Performance Expectation |
|--|-------------------------|
| Number of registrations for market training | ≥ 150 people |
| Stakeholder survey completed and results published | Achieved |

Key Performance Indicators

Strategic Objective: Financial Responsibility

| Measure | Performance Expectation |
|-----------------------------|--------------------------|
| Expenditure Control | \leq Allowable Revenue |
| Capital Expenditure Control | \leq Capital Budget |

Strategic Objective: IMO Capacity and Capability

| Measure | Performance Expectation |
|--------------------------|-------------------------|
| Training and development | 40 hours per person |

I thank you.