

## Independent Market Operator

### Market Advisory Committee

## Minutes

|                    |   |
|--------------------|---|
| <b>Meeting No.</b> | 30  |
| <b>Location:</b>   | IMO Board Room<br>Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth |
| <b>Date:</b>       | Wednesday 11 August 2010  |
| <b>Time:</b>       | Commencing at 2.00 - 5.28 pm  |

| Attendees          | Class   | Comment   |
|--------------------|---|-----------|
| Allan Dawson       | Chair   |           |
| Troy Forward       | Compulsory – IMO                                    |           |
| Stephen MacLean    | Compulsory – Customer                               |           |
| Ken Brown          | Compulsory – System Management                      |           |
| Wendy Ng           | Compulsory – Generator                              |           |
| Peter Mattner      | Compulsory – Network Operator                       |           |
| Corey Dykstra      | Discretionary – Customer                            |           |
| Steve Gould        | Discretionary – Customer                            |           |
| Peter Huxtable     | Discretionary – Contestable Customer Representative |           |
| Andrew Sutherland  | Discretionary – Generator                           |           |
| Shane Cremin       | Discretionary – Generator                           |           |
| Chris Brown        | Observer – ERA                                      |           |
| Tony Perrin        | Minister's appointee/ Small Use Customers           |           |
| Also in attendance | From  | Comment   |
| John Kelly         | IMO Board Chairman                                  | Observer  |
| Jacinda Papps      | IMO   | Presenter |
| Fiona Edmonds      | IMO   | Presenter |
| Ben Williams       | IMO   | Presenter |
| Jenny Laidlaw      | IMO   | Minutes   |
| Neil Gibbney       | Western Power                                       | Observer  |
| John Rhodes        | Synergy   | Observer  |
| Greg Thorpe        | Oates Implementation Review Team                    | Observer  |
| Jim Truesdale      | Concept Consulting                                  | Observer  |
| Courtney Roberts   | IMO   | Observer  |
| Matt Pember        | IMO   | Observer  |

| Item | Subject  | Action |
|------|--|--------|
| 1.   | <p><b>WELCOME</b></p> <p>The Chair opened the meeting at 2.00 pm and welcomed members to the 30th meeting of the Market Advisory Committee (MAC).</p> <p>The Chair noted three changes to the agenda:</p> <ul style="list-style-type: none"> <li>the addition of a discussion around the 19 July 2010 MAC pathway decision;</li> <li>the 19 July 2010 MAC pathway decision and other Market Rules</li> </ul> |        |

| Item | Subject  | Action |
|------|--|--------|
|      | <p>Design Review items to be addressed earlier than previously indicated; and</p> <ul style="list-style-type: none"> <li>the Pre Rule Change Discussion Paper PRC_2010_17: IRCR Timing had been withdrawn from the agenda at Synergy's request.</li> </ul> <p>An updated meeting agenda was tabled.</p>  |        |
| 2.   | <p><b>MEETING APOLOGIES / ATTENDANCE</b></p> <p>No apologies were received. The following other attendees were noted:</p> <ul style="list-style-type: none"> <li>John Kelly (Observer)</li> <li>Ben Williams (Presenter)</li> <li>Neil Gibbney (Observer)</li> <li>Greg Thorpe (Observer)</li> <li>Courtney Roberts (Observer)</li> <li>Fiona Edmonds (Presenter)</li> <li>Jacinda Papps (Presenter)</li> <li>John Rhodes (Observer)</li> <li>Jim Truesdale (Observer)</li> <li>Matt Pember (Observer)</li> </ul>  |        |
| 3.   | <p><b>19 JULY 2010 DECISION</b></p> <p>The Chair noted that Mr Andrew Sutherland had contacted the IMO after Special Meeting No. 3 to raise his concerns regarding the MAC pathway decision. The Chair asked Mr Sutherland to present his concerns to the MAC.</p> <p>Mr Sutherland was concerned that the MAC may have made a short-sighted decision about the B/C options. Mr Sutherland was not sure whether the decision to investigate the B/C options should be considered as a broader policy decision or as a technical market efficiency decision. Mr Sutherland acknowledged the shortage of industry resources that influenced the decision but considered that the B/C analysis could be undertaken after the short term work and that the MAC might well find that it could not fully resolve the agreed market issues with the hybrid model. Mr Sutherland submitted that looking ahead, changes such as the new Verve gas arrangements could have a serious impact on balancing prices by 2015.</p> <p>Mr John Kelly, the IMO Board Chairman, thanked the MAC for the opportunity to attend the meeting. Mr Kelly noted that his comments represented his own view, as to date nothing official regarding the pathway decision had been presented to the IMO Board. Mr Kelly said he had been surprised to hear the 19 July 2010 decision, and had come to this meeting to understand the reasoning behind the decision.</p> <p>Mr Kelly estimated that it would take around 18 months to implement an A1/A2 option. Mr Kelly considered that it would therefore be at least four to five years before a more mature model could be implemented, during which time he would expect the market to grow and include more Demand Side Management (DSM) and wind generation. Mr Kelly's thoughts were that the A1/A2 options did not address the issue of Verve Energy as the sole balancer, and that this could become a significant problem over the next few years. Mr Kelly submitted that in the future it might not be feasible for Verve Energy to be the primary balancer, noting the future termination of the</p> |        |

| Item | Subject   | Action |
|------|---|--------|
|      | <p>Vesting Contract and the possible introduction of Full Retail Contestability (FRC). Mr Kelly also considered that the capital constraints on Western Power would continue, as would network constraints, and that there may be a need to look at a constrained network model in this timeframe.</p> <p>Mr Kelly considered that to wait another three years to start considering a B/C option implied an implementation date nine years hence. Right now there was an opportunity to use the momentum that had arisen from the Verve Energy Review. Mr Kelly suggested that the MAC should not underestimate how hard it would be to generate such momentum again. Mr Kelly could not see what catalyst might exist in future to generate the kind of momentum presently available.</p> <p>Mr Kelly considered that if a B/C analysis was undertaken soon and proved to be favourable then it might be implemented in three to four years, giving a solution that would meet the future challenges and might also help to reduce the A1/A2 costs. Mr Kelly sought the MAC's view on his thoughts.</p> <p>The Chair opened up the floor for comment. The following comments were made.</p> <ul style="list-style-type: none"> <li>Mr Tony Perrin stated that he stood by the comments he had made in the previous meeting, as reflected in the minutes. Mr Perrin agreed that change is needed but submitted that there were size and scope issues to consider. There were not just the Market Rules to be considered but also contextual issues that were needed to make the change effective. Mr Perrin considered the current regime has been effective in bringing in generation capacity, but submitted that the main problem was with retailers, both in gas and electricity. Mr Perrin acknowledged the current restrictions on electricity retailing but considered that FRC was not the only problem, and that getting a mandate to look wider was important.</li> </ul> <p>Mr Sutherland asked why FRC was not possible under the current design. Mr Perrin responded that cost-reflectivity was the main consideration, but there were also technical issues, notably in relation to metering.</p> <ul style="list-style-type: none"> <li>Mr Corey Dykstra clarified that an A1/A2 decision, as outlined by Mr Kelly, was not the decision that was made by the MAC. The MAC decision was not to pursue the A1/A2 options, but to address the current shortcomings in the market, including participation in balancing and Ancillary Services. The Chair agreed, but added that this had been coupled with pushing the hybrid model as far as possible. Mr Dykstra agreed, considering that there may well be a point at which the MAC decides that there is no scope available under the hybrid model to achieve the desired outcomes, particularly broader participation in Balancing and provision of Ancillary Services. Mr Dykstra commented that if this were to occur then the MAC would need to look again at the options available.</li> </ul> <p>Mr Kelly noted his understanding that no-one had discovered a satisfactory solution for Balancing under the hybrid model. Mr Dykstra responded that it would be a market wide issue if in the next two years an answer to the current Balancing issues had not been found, and that industry would then need to move to the next option. Mr Dykstra</p> |        |

| Item | Subject  | Action |
|------|--|--------|
|      | <p>repeated that the decision was about looking at the issues that needed to be resolved and finding solutions. If this could not be done using the current hybrid model then other options would need to be considered. Mr Dykstra suggested that the MAC had been put into a position where it could only really choose Pathway 1 or Pathway 2, given the Oates Review process would demand some short term changes. Further as industry resources were insufficient to address the B/C options as well as the short term issues the MAC was left with looking at the hybrid model only. Mr Dykstra considered that the current decision did not remove the ability for industry to look at the B/C options later on.</p> <ul style="list-style-type: none"> <li>Mr Shane Cremin noted that while he agreed a more mature market will be needed in future there was a need to address some immediate issues. Mr Cremin noted the billions of dollars that had been invested in the market, and submitted that costs had increased at a rate significantly higher than CPI. Mr Cremin considered that there needed to be some robust work done to address these issues.</li> </ul> <p>Mr Kelly responded that he had not meant to imply that the decision had been to never look at the B/C options. In looking at A1/A2 many of the issues of concern would be addressed. Mr Kelly considered that the MAC has a responsibility to look at the best outcome for the industry as a whole, although he acknowledged Mr Cremin's concerns and comments. Mr Cremin reiterated the need to start working on the current problems now.</p> <ul style="list-style-type: none"> <li>Mr Stephen MacLean considered that there was a problem in that no-one could quantify the benefits of the B/C options.</li> <li>Mr Troy Forward noted that the decision had been to pursue Pathway 1 (by looking at the issues and not the A1/A2 solutions in particular), and that the main difference between Pathway 1 and Pathway 2 was whether to keep the B/C options on the table. In other words, the MAC had two possible solution spaces, and the decision had been whether to keep working on both solution spaces. Mr Forward thought the decision had been not to look at the B/C options <i>now</i>, and asked the MAC if this was a reasonable assessment. There was no dissent expressed. Mr Forward noted that some might consider it short-sighted to remove the B/C options from consideration in this way.</li> <li>Mr Sutherland agreed that the wording of the decision suggested that the B/C option was being removed from consideration. Mr Dykstra considered that this represented a trade-off – should the MAC concentrate on the immediate issues? Mr Sutherland noted that his suggestion did not involve looking at the B/C options in parallel with the work to address immediate issues.</li> <li>Mr Dykstra noted that he was not sure how long that process was going to take. Mr Dykstra queried whether analysis of the B/C options should be considered at the end of the initial work, or whether the MAC would want time to assess the results of the changes. Mr Dykstra suggested that the MAC would need to take time to see how the initial improvements were working before considering more fundamental changes to the market design. Mr Sutherland considered that this</li> </ul> |        |

| Item | Subject   | Action |
|------|---|--------|
|      | <p>assessment could be undertaken quite quickly, and that if the B/C options are removed from the table now it could be 10 years before any eventual implementation.</p> <ul style="list-style-type: none"> <li>Mr Ken Brown considered that addressing the immediate issues first would probably put off consideration of the B/C options for no more than 12 to 18 months. Mr Brown reiterated that an attempt should be made to correct the key Balancing and Ancillary Services issues under the current hybrid model before any cost/benefit analysis of the B/C options is undertaken, to ensure that the appropriate basis is used for the analysis. Mr Brown did not see the decision as taking the B/C options off the table for six years. Mr Kelly responded that Mr Brown's view was different to what he had heard about "pushing the hybrid model to the maximum extent".</li> <li>Mr Forward noted that this was a <i>pathway</i> decision. Mr Dykstra responded that the MAC had not accepted the paper presented by the Market Rules Design Team (MRDT). Mr Dykstra reiterated his view that the decision was to fix the problems identified, and not to assign labels. The Chair submitted that while Mr Dykstra was not keen on labels there were many stakeholders who had been briefed using these labels. Mr Dykstra repeated that the MAC had chosen not to endorse any of the options as put on the table by the MRDT. The Chair stated that his recollection was that there had been a decision for Pathway 1. Mr Dykstra disagreed, stating that the decision was to fix the problems.</li> <li>Mr MacLean considered that the good news to be taken from the decision was that the MAC had not given up on the current market design, and would try to make something of this model before moving on to other options.</li> </ul> <p>Dr Steve Gould questioned whether it would be more fruitful to review the MAC decision, giving regard to the comments raised during the meeting. The Chair agreed with Dr Gould that moving on to the wording of the decision would be constructive. Mr MacLean queried whether the purpose was to endorse the wording of the decision one last time or to review the decision. The Chair replied that this was up to the MAC.</p> <p>Mr Dykstra suggested that the MAC first agree the set of words that reflected the decision reached at Special Meeting No. 3, and then possibly review this decision. Mr Dykstra considered that the two tasks should be separated to provide an audit trail. Dr Gould considered that this approach was unnecessary and wished to focus on what the decision should be. After some discussion there was a general agreement that it was reasonable to focus on what the decision should be.</p> <p>The MAC reviewed the wording of each paragraph of the decision and agreed to make the following changes. A full copy of the revised decision is attached as Appendix 1.</p> <p><u>"...the Verve Energy Review and other relevant issues that have been highlighted by the process. The preference is that Pathway 1. However, the MAC's recommendation that the IMO Board pursue Pathway 1 was conditional in that it does not endorse any specific solutions to the issues under consideration.</u></p> |        |

| Item | Subject   | Action                |
|------|---|-----------------------|
|      | <p>In particular, the MAC agreed that:</p> <ul style="list-style-type: none"> <li>○ <del>It would not recommend the exploration of options B and C to the IMO Board as they are policy decisions and no further exploration of them would be undertaken under this market design review project;</del></li> <li>○ <u>Initial development</u> <del>Development</del> work should assume the retention of the current hybrid market design, <del>pushing</del> <u>evolving</u> this design as far as practicable, <u>prior to considering exploration of further market design options;</u></li> <li>○ It would determine and prioritise at the 11 August 2010 MAC meeting an action plan drawn from the issues identified during the market design review project, the Verve Energy Review, the Market Rules Evolution Plan and raised by the MAC;</li> <li>○ The IMO will need to deliver <del>robust</del> <u>reliable and stable</u> IT solutions within the current market system framework..."</li> </ul> <p><i>Action Point: The IMO to update the wording of the MAC pathway decision to reflect the changes agreed by MAC members.</i></p> <p><i>Action Point: The IMO to update the letter to the IMO Board Chairman to include the revised pathway decision.</i></p> <p>Mr Kelly restated his concern that the industry may not be ready to deal with future changes unless it moves quickly in relation to the B/C options. Mr Sutherland agreed with Mr Kelly's concerns. Mr Kelly queried if there would be a stage where the MAC could make a decision on whether the hybrid model would work. Mr MacLean considered that there may be no clear trigger in future for a B/C option, but considered that this was a question for the future. Mr Perrin stated that he did not see why there was a trigger now.</p> <p>Mr Dykstra responded that if funding was available to undertake the analysis then the MAC could wait on the trigger to commence this work. The MAC would work to address the issues within the hybrid model, but then might decide to undertake the B/C analysis at a future point. Mr Cremin noted that he had raised this in Special Meeting No.3. Mr Sutherland preferred that funding for the B/C analysis was included as part of the current project.</p> <p>Mr Peter Huxtable queried whether the decision to undertake a B/C analysis should be made after the Pathway 1 changes were designed or after they had been implemented and reviewed. Mr Forward noted that it would be possible to design the Pathway 1 changes and then start the analysis for B/C while the Pathway 1 IT changes were being implemented. Mr MacLean stated that he would oppose creating any artificial trigger for the B/C options.</p> <p>Mr Dykstra submitted that the question was whether the MAC wanted to include funding for a B/C analysis in the current project. Mr MacLean considered that this was not necessary and was likely to be ineffective as the timing was too soon. The Chair noted that if the MAC concluded that no meaningful competition was possible under the hybrid model then it would have the option to continue immediately with a B/C analysis if the funding</p> | <p>IMO</p> <p>IMO</p> |

| Item | Subject   | Action |
|------|---|--------|
|      | <p>was available. Mr Cremin agreed, considering that he would prefer to have the funding readily available in case it was needed.</p> <p>Mr Perrin considered that it was a good idea to link the two, but the question was how to go about it, i.e. whether the funding should be sought as one amount or two. The Chair stated that he would strongly suggest seeking the funding in one approval. Dr Gould suggested that one of the three proposed work streams could be tasked to monitor for the trigger to pursue the B/C options further.</p> <p>Mr MacLean repeated his opposition to the proposal, considering it to be a presumptive trigger which could be misinterpreted. Mr MacLean considered that any future consideration of the B/C options should stand alone.</p> <p>Mr Dykstra suggested that the project include a post-implementation evaluation which would look at how to address any remaining shortcomings. Mr Kelly queried whether the evaluation should be post implementation or post detailed design. Mr Dykstra responded that it could be either, but that the MAC requires the discretion. The Chair queried whether this trigger needed to be included in the Terms of Reference (ToR) for the Rules Development Implementation Working Group (RDIWG). There was general support for this idea.</p> <p>Mr Kelly thanked the MAC for the opportunity to participate in the discussion.</p>   |        |
| 4a   | <p><b>MARKET RULES DESIGN PROBLEM STATEMENT</b></p> <p>The Chair noted the Market Rules Design Problem Statement document, stating that the purpose was to prioritise the issues and to decide which issues should be packaged together. The Chair gave the Balancing price, UDAP and DDAP as an example of issues that formed a natural package.</p> <p>Mr Forward asked if there were any other issues to be added to the list. No additional issues were identified.</p> <p>When discussing the prioritisation of the issues, the following points were noted:</p> <ul style="list-style-type: none"> <li>Mr MacLean considered that the need for a clean Balancing curve should be the first issue addressed, while the timing of electricity nominations in relation to gas nominations was another important issue. The Chair noted that the IT cost of addressing the nomination timing issue was low. Mr MacLean noted the benefits of being able to consider the 12 pm weather forecast in the nomination process. Mr Sutherland proposed that a clean MCAP curve should be considered as part of a package including UDAP/DDAP.</li> <li>Mr Dykstra noted the length of the agenda and questioned whether the MAC wanted to prioritise the issues immediately or else deal with the rest of the agenda. The Chair suggested that the MAC select the first issue to be addressed and then leave the rest of the prioritisation process until later. Mr Ken Brown considered that nomination timing should not be the first issue addressed.</li> </ul> |        |

| Item  | Subject   | Action                              |
|-------|---|-------------------------------------|
|       | <ul style="list-style-type: none"> <li>Mr Dykstra considered that the balancing price was part of the participation issue and there was a need to look at all the issues around balancing together. Mr Sutherland agreed with Mr Dykstra. The Chair asked if there was general agreement that participation in Balancing was the big issue. Mr MacLean and Ms Wendy Ng submitted that a clean MCAP curve could be treated as a separate priority, noting that MCAP, UDAP and DDAP were interlinked. Mr Dykstra disagreed, considering that this issue needed to be packaged with the wider balancing participation issues.</li> <li>Mr Forward suggested that there was a need to understand just what “broader participation in Balancing” meant. Mr Forward considered that provision of a clean MCAP would require significant IT changes. Mr Forward agreed with Ms Ng in that it would be possible to look at the detailed design for the MCAP price issue first, and then (once the relevant IT work was underway) look at the participation issue, which was more a contractual problem. Mr Sutherland stated that he still wanted to see the solutions for these issues implemented together.</li> </ul> <p>Ms Ng stated that the work of the Renewable Energy Generation Working Group (REGWG) in relation to Ancillary Services had been mentioned in the paper, but participation in Ancillary Services was not included in the issue list. The Chair asked Mr Ken Brown about the progress of System Management's work on Ancillary Services provision and whether it should be included as part of this project, noting that Mr Alistair Butcher and Mr Matthew Fairclough had transferred to other sections of Western Power. Mr Brown did not wish the work to be included in the project at this stage, advising that System Management wanted to do some more work on their proposal. It was agreed that System Management would continue its work and report back to the RDIWG or MAC at a later date.</p> <p>The Chair concluded that the first priority was a package addressing Balancing issues, including broader participation in Balancing a clean Balancing curve and UDAP/DDAP . The Chair asked MAC members to review the list and assign priorities to the remaining issues.</p> <p><i>Action Point: MAC members to review the list and provide the IMO with details of their assigned priorities to the remaining issues.</i></p> <p><i>Action Point: The IMO to collate MAC member's responses on the prioritisation of issues for the first Rules Development Implementation Working Group (RDIWG) meeting.</i></p> | <p><b>MAC</b></p> <p><b>IMO</b></p> |
| 4b/4c | <p><b>WORKING GROUP TERMS OF REFERENCE AND PROPOSED MEMBERSHIP STRUCTURE</b></p> <p>The Chair directed the attention of the MAC to the draft Terms of Reference and Proposed Structure for the RDIWG.</p> <p>The following amendments were agreed:</p> <ul style="list-style-type: none"> <li>Include a post implementation evaluation in the ToR;</li> <li>Compulsory positions for Verve Energy and Synergy in the RDIWG</li> </ul>   |                                     |



| Item | Subject   | Action |
|------|---|--------|
|      | <p>membership;</p> <ul style="list-style-type: none"> <li>• Proxies to be allowed subject to approval of the Chair;</li> <li>• The Office of Energy (OoE) representative to be a full member rather than an observer;</li> <li>• The Chair to have the option to invite other members to participate in the RDIWG at his discretion;</li> <li>• The RDIWG to report back to each MAC meeting, opposed to every month; and</li> <li>• The ToR to note “appropriate number of development work streams” rather than “three development work streams”.</li> </ul> <p>Mr Forward noted that the IMO had proposed a workshop style for meetings of the RDIWG, rather than a more formal approach. The meetings would be used to workshop ideas and would not be minuted apart from noting key actions and outcomes. There was general agreement with this approach. The Chair suggested that initially the RDIWG would meet for about half a day every two to three weeks, and that this timetable would be reviewed after a suitable period.</p> <p>Mr Huxtable queried the mechanism to keep wider industry informed of the progress of the RDIWG. Mr Forward replied that the IMO is likely to run a number of workshops to keep industry up to date. Mrs Jacinda Papps advised that a market communications plan had been included in the project planning to date.</p> <p>Mr MacLean asked about the selection process for the RDIWG. The Chair confirmed that it would be similar to that used for the Maximum Reserve Capacity Price Working Group (MRCPWG). Dr Gould noted that the draft Terms of Reference stated that the Chair and members of the RDIWG would be selected by the MAC. The Chair responded that this was an error and that all representatives would be selected by the IMO.</p> <p>Mr Forward noted that the proposed structure included an optional Network Operator representative and asked Mr Peter Mattner if Western Power wanted to be represented. Mr Mattner replied that he expected Western Power to be interested in some aspects of the work but not others, and so would prefer the optional membership as proposed.</p> <p>The Chair advised that the IMO would call for nominations using the numbers in the proposed structure.</p> |        |
|      | <p><i>Action Point: The IMO to update the Terms of Reference and the membership structure for the Rules Development Implementation Working Group (RDIWG) to reflect the points raised by the MAC.</i></p>   | IMO    |
|      | <p><i>Action Point: The IMO to publish the updated Terms of Reference for the RDIWG and call for nominations for membership.</i></p>  | IMO    |

| Item | Subject   | Action |
|------|---|--------|
| 5a   | <p><b>MEETING NO. 29: 16 JUNE 2010 - MINUTES</b></p> <p>The minutes of MAC Meeting No. 29, held on 16 June 2010, were circulated prior to the meeting.</p> <p>The following amendments were agreed:</p> <p><u>Page 12: Section 10: Future Procurement of Spinning Reserve and Load Following</u></p> <ul style="list-style-type: none"> <li>“When <u>will</u> the Load Following auction <del>would</del> be held in relation to STEM processing <u>(i.e. before or after)</u>? Ms Ng noted that Verve Energy is currently notified of its Ancillary Services obligations before the <del>closure</del> <u>opening</u> of the STEM window.”</li> </ul> <p>Subject to the agreed amendments, the MAC endorsed the minutes as a true and accurate record of the meeting.</p> <p><i>Action Point: The IMO to amend the minutes of Meeting No. 29 to reflect the points raised by the MAC and publish on the website as final.</i></p>  | IMO    |
| 5b   | <p><b>SPECIAL MEETING NO. 3: 19 JULY 2010 - MINUTES</b></p> <p>The minutes of MAC Special Meeting No. 3, held on 19 July 2010, were circulated prior to the meeting.</p> <p>The following amendments were agreed:</p> <p><u>Page 3: Section 3: Pathway Discussion and Decision</u></p> <ul style="list-style-type: none"> <li>“Mr Sutherland noted that his main concern is the balancing <u>and</u> reserve capacity refund issue, considering that if a generator was out for a month in summer they could be <del>bankrupted</del> <u>placed under severe financial stress</u> by the current <del>DDAP</del> penalties. The Chair noted that balancing, UDAP/DDAP and Reserve Capacity refund issues were inextricably linked.</li> </ul> <p>Mr Sutherland considered that no-one knew what options B or C would look like or what benefits they would bring to the market, <u>and therefore these options need further design review for a proper cost/benefit analysis</u>. The Chair noted that at this stage...”</p> <p>Subject to the agreed amendments, the MAC endorsed the minutes as a true and accurate record of the meeting.</p> <p><i>Action Point: The IMO to amend the minutes of Special Meeting No. 3 to reflect the points raised by the MAC and publish on the website as final.</i></p> | IMO    |
| 6    | <p><b>ACTIONS ARISING</b></p> <p>The actions arising were either complete or on the meeting agenda. The following exceptions were noted:</p> <p><b>Item 59:</b> It was noted that this will be progressed as part of the Certified Reserve Capacity (CRC) review process.</p>   |        |

| Item      | Subject  | Action                              |
|-----------|--|-------------------------------------|
|           | <p><b>Item 62 and Item 63:</b> Underway. Mr Forward advised that the IMO was working on a Pre Rule Change Discussion Paper for Curtailable Load following the completion of the CRC process for the year.</p> <p><b>Item 65:</b> Mr Forward advised that the IMO had contracted Marchmont Hill Consulting to assist with this review, and that a draft report was expected on the September 2010 MAC meeting agenda.</p> <p><b>Item 67:</b> Mr Perrin provided an update on the progress of the review of gas contingency service options. Mr Perrin advised that the OoE had engaged consultants and were at the draft report stage. Mr Perrin expected that a report would be published in the next few weeks.</p> <p>Mr Dykstra queried whether the MAC had had visibility of the dual fuel issue. Mr Forward responded that the IMO had undertaken to investigate options for incentivising dual fuel capability. Mr Perrin noted that the OoE would have some comments to make on dual fuel incentives in its report. Mr Ken Brown noted that specific recommendations had been made in relation to two units 26 months previously, and expressed his concerns about the ongoing delay in addressing the issue.</p> <p>The Chair looked forward to the publication of the OoE report. In response to a request from Mr Forward, Mr Perrin agreed to provide the IMO with a copy of the report for distribution to the MAC.</p> <p><i>Action Point: The Office of Energy to provide the IMO with a copy of its report on gas contingency service options for distribution to MAC members.</i></p> <p><i>Action Point: The IMO to distribute the report provided by the Office of Energy on gas contingency service options to MAC members.</i></p> <p><b>Item 68:</b> Mr Forward noted that Alinta had formally submitted its Rule Change Proposal: Adjustment of Relevant Level for Intermittent Generation Capacity (RC_2010_24) into the Rule Change Process.</p> <p><b>Item 77:</b> Mr MacLean noted that Synergy's proposal has been presented twice to the MAC and requested that the action point be removed.</p> <p><b>Item 78:</b> Mr Ken Brown noted that although Mr Butcher and Mr Fairclough had left System Management other staff members were working on the proposal for the competitive procurement of Ancillary Services and he was still hoping to complete the work by July 2011. Mr Brown wanted the arrangements to be organised before the commissioning of the Collgar wind farm.</p> | <p><b>OoE</b></p> <p><b>IMO</b></p> |
| <b>7a</b> | <p><b>MARKET RULE CHANGE OVERVIEW</b></p> <p>The MAC noted the overview of the Market Rule changes.</p>  |                                     |
| <b>7b</b> | <p><b>REMOVAL OF NCS PROCUREMENT FROM THE MARKET RULES [PRC_2010_11]</b></p> <p>Mr Forward noted that during 2009 an informal working group had investigated several issues relating to Network Control Service (NCS) provision. Late in 2009 the OoE had suggested that Western Power take</p>  |                                     |

| Item | Subject   | Action |
|------|---|--------|
|      | <p>over responsibility for the procurement of NCS contracts from the IMO. At the April 2010 MAC meeting the IMO undertook to prepare a Pre Rule Change Discussion Paper in conjunction with Western Power and System Management to implement the OoE recommendations with regard to the Market Rules.</p> <p>During the preparation of the Pre Rule Change Discussion Paper a number of areas were identified for additional consideration by the MAC. Mr Forward asked Mrs Papps to lead the discussion of these issues.</p> <p>Mrs Papps noted that in its Pre Rule Change Discussion Paper the IMO had sought to resolve the potential cross subsidy in NCS energy payments from Market Participants to the SWIS users benefitting from the NCS. The IMO proposed that the price paid by the market for energy dispatch under an NCS contract should be:</p> <ul style="list-style-type: none"> <li>• MCAP, if the NCS is provided by generation; and</li> <li>• zero, if the NCS is provided by DSM.</li> </ul> <p>Mrs Papps noted that these prices were not intended to be an accurate representation of what the energy was worth, but were chosen to reflect the price paid for any energy purchased by a downward balancing generator. Mrs Papps submitted that while MCAP was not always the balancing price the variation was small under the current balancing regime and could be ignored for the sake of simplicity. Mrs Papps asked MAC members for their opinions on the proposed prices (discussion point 1).</p> <p>Mr Sutherland queried whether potential NCS providers would accept an MCAP energy price, considering that they would expect price certainty. Mrs Papps responded that MCAP was only the price paid by the market, and the Network Operator was likely to pay the NCS provider the difference between MCAP and a more stable agreed energy price.</p> <p>Mr Dykstra queried why the Network Operator was not liable for the entire energy payment, given that the service was a substitute for a transmission solution for which only the affected network users would pay. Ms Jenny Laidlaw replied that the MCAP payment was needed because actual electricity would be generated and purchased by the balancing generator, and that if the Network Operator was to pay for this and pass the charge through to customers then those customers would be paying for their electricity twice. Ms Laidlaw added that no payment was needed for an NCS provided by DSM as no additional electricity would be generated.</p> <p>Mr Mattner noted that the OoE had raised some issues about NCS and suggested that the IMO delay the formal submission of PRC_2010_11 as a Rule Change Proposal until these issues have been resolved. Mr Neil Gibbney noted one issue was that it was not clear whether Western Power had the necessary powers under sections 41 and 42 of the Electricity Corporations Act. Mr Forward suggested that the OoE discuss the issues with Western Power off-line and provide an update to the MAC at the next meeting.</p> <p><i>Action Point: The Office of Energy and Western Power to discuss the concerns relating to the future provision of Network Control Services and provide an update to the MAC at the September 2010 meeting.</i></p> | OoE    |

| Item | Subject   | Action                             |
|------|---|------------------------------------|
|      | <p>Mr Dykstra requested further clarification regarding discussion point 3, as he did not understand the issue. Mrs Papps replied that the IMO was merely bringing the potential double payment issue to the attention of the MAC. Mr Forward considered that capacity payments for NCS providers are expected to be dealt with in a similar way to NCS energy payments, in that the Network Operator would pay the NCS provider the difference between the amount paid by the market and the total (availability or energy) payment due under the NCS contract.</p> <p>Mr Ken Brown noted that he would want to be able to dispatch a Facility providing NCS either under the NCS contract or else as a normal Facility. Mr Dykstra considered that that an NCS provider should not receive Capacity Credits for capacity covered by an NCS contract. There was some discussion about whether/when Capacity Credits should be awarded to NCS Facilities.</p> <p>Mr Sutherland queried whether the IMO had considered the scenario of a generator located behind an existing network connection (and serving an Intermittent Load) being contracted to provide an NCS. Mr Sutherland considered that there could be settlement issues if the metering at the site did not measure the output of the generator directly, allowing assessment of its response to System Management Dispatch Instructions. Mr Forward agreed the IMO would investigate this scenario.</p> <p><i>Action Point: The IMO to investigate potential settlement issues relating to NCS provision by generators supplying an Intermittent Load and lacking independent metering, and report back to the MAC with its findings.</i></p> <p>Mr Ken Brown queried why the proposed clause 5.3A.3 categorically excluded the provision of NCS payment terms to System Management. Mr Gibbney suggested that this information could be used by System Management in their dispatch planning. The Chair questioned why Western Power would not give System Management a Merit Order for NCS dispatch. Mr Brown replied that determination of a Merit Order would not always be simple, as several factors would need to be considered, for example the length of the dispatch.</p> <p>Mr Mattner stated that he was happy to discuss the matter off-line, but could not see a situation where there would be a choice of NCS providers for a particular location. The Chair suggested that Mr Mattner and System Management discuss the issue further and then advise the IMO of their position, noting that the IMO would update PRC_2010_11 to reflect the advice provided.</p> <p><i>Action Point: Western Power and System Management to discuss the provision of NCS payment terms to System Management and advise the IMO whether the NCS Rule Change Proposal (PRC_2010_11) should be updated to remove the exclusion in proposed clause 5.3A.3.</i></p> <p>With regard to discussion point 2, Mr Chris Brown noted that the ERA would need to take the issue off-line and consider it further.</p> <p><i>Action Point: The ERA to consider the NCS Rule Change Proposal (PRC_2010_11) further and provide an update to the MAC at the</i></p> | <p>IMO</p> <p>WP/SM</p> <p>ERA</p> |

| Item      | Subject  | Action     |
|-----------|--|------------|
|           | <p><i>September 2010 meeting.</i></p> <p>The Chair advised that the IMO would not formally submit PRC_2010_11 into the rule change process at this stage given further work was required. Instead the IMO would modify the Pre Rule Change Discussion Paper to reflect the updates provided by the Office of Energy, Western Power and the ERA and present the revised paper to the MAC when appropriate.</p> <p><i>Action Point: The IMO to update the NCS Rule Change Proposal (PRC_2010_11) to reflect the advice received from the OoE, Western Power and the ERA and present the updated paper to the MAC.</i></p>  | <b>IMO</b> |
| <b>7c</b> | <p><b>RESERVE CAPACITY SECURITY [PRC_2010_12]</b></p> <p>Ms Fiona Edmonds was asked to present the Pre Rule Change Discussion Paper: Required Level and Reserve Capacity Security (PRC_2010_12).</p> <p>Ms Edmonds noted that the paper implemented the recommendations of the MAC at its May 2010 meeting on the Concept Paper: Reserve Capacity Security (CP_2010_04). The paper also introduces the concept of a Required Level for both conventional and non-conventional generation technologies to be met for the purposes of the return of Reserve Capacity Security (RCS), Reserve Capacity Testing and refunds. Ms Edmonds noted that the Required Level would be determined using a defined methodology for each facility:</p> <ul style="list-style-type: none"> <li>• certified under clause 4.11.1(a);</li> <li>• certified under clause 4.11.2(b), which the IMO anticipates will be primarily Intermittent Generators; and</li> <li>• Curtailable Loads and DSM Programmes.</li> </ul> <p>Ms Edmonds noted that in determining the Required Level to be met by Intermittent Generators the IMO had sought the views of its panel of experts and met with key stakeholders. Ms Edmonds clarified that the proposed methodology was to determine the Required Level for Intermittent Generators based on the 95 percentile of peak training intervals provided in the 3 year production duration output report under clause 4.10.3.</p> <p>The Chair opened up the floor for questions. Mr MacLean queried the use of the term “95 percentile”, suggesting that the measurement was actually the “5 percentile”. There was some discussion about whether the meaning of the term was clear or if “95 percentile” was open to multiple interpretations. Mr Forward proposed that “95 percentile” be replaced by “5% Probability of Exceedance (POE)” in the proposed amendments. Mr MacLean was agreeable to this proposal.</p> <p>Mr MacLean questioned whether the panel of independent experts had all understood the IMO’s intended meaning for the term “95 percentile”. Mr Ben Williams considered that this had been the case. The Chair advised that the IMO would confirm that the experts had a common understanding of the meaning of the term.</p> <p><i>Action Point: The IMO to confirm that the industry experts consulted about the Reserve Capacity Security Rule Change Proposal (PRC_2010_12) had</i></p> | <b>IMO</b> |

| Item | Subject   | Action |
|------|---|--------|
|      | <p><i>a common understanding of the term “95 percentile”.</i></p> <p><i>Action Point: The IMO to update the proposed amendments in the Reserve Capacity Security Rule Change Proposal (PRC_2010_12) to use the term “5% Probability of Exceedance (POE)” instead of “95 percentile”.</i></p> <p>Mr MacLean also questioned whether the Required Level was always achievable or whether a wind generator could conceivably not reach this level during a year. Mr Williams responded that the IMO had undertaken some modelling using available wind farm data and that generators had always been able to exceed their highest ever Required Level at least twice in any year.</p> <p>There was some discussion about the proposed Required Level calculations. Mr Williams clarified that for wind generators the Required Level would be the 95 percentile of the estimated 3 year production output duration curve, not 95 percent of the nameplate capacity.</p> <p>Mr Dykstra noted that currently RCS for an Intermittent Generator was only returned at the end of the Capacity Year, and questioned whether the proposal allowed for an earlier return of RCS. Mr Forward agreed that this was the case, noting that this was agreed by the MAC during the May 2010 MAC meeting.</p> <p>Mr Dykstra stated that he was not sure why a generator should have to meet the 95 percentile level, asking why a developer that installs an Intermittent Generation Facility should have to take risks on security. The Chair responded that a normal generator is expected to demonstrate that it can meet its capacity obligations. Mr Dykstra agreed, but noted that a Scheduled Generator has control over the level of its output. The Chair considered that the proposal represented a concession to generators allowing the early return of their RCS, but that generators would still need to demonstrate their capability.</p> <p>Mr Dykstra questioned whether the 95 percentile test could be used to facilitate an early return of RCS to Intermittent Generators while still retaining the current provisions for the return of RCS at the end of a Capacity Year. Mr Forward and Mr Williams explained that the proposal brought the treatment of an Intermittent Generator into alignment with that of a Scheduled Generator, in that its RCS would be returned early if it achieved 100 percent of its Required Level or at the end of the Capacity Year if it reached 90 percent of its Required Level.</p> <p>Mr Cremin suggested an alternative approach, whereby the RCS for an Intermittent Generator would be returned once an independent engineer had confirmed that the equipment was installed. Mr Forward noted that it was possible for equipment to be installed but not working, and considered that the IMO needed a way to check the operation of the Facility, not just the installation.</p> <p>Mr Forward noted that the IMO was attempting to standardise the approach used in the assessment of Reserve Capacity throughout the Market Rules by introducing a common concept of Required Level for the purposes of the return of RCS, Reserve Capacity Testing and determining the capacity refunds to apply for an Intermittent Generator. Mr John Rhodes referred to</p> | IMO    |

| Item | Subject  | Action                           |
|------|--|----------------------------------|
|      | <p>Point 8 of the expert report provided by MMA, suggesting that the IMO was proposing to use different methodologies for certification (average output) and Required Level determination for Intermittent Generators (peak output). Mr Dykstra noted that the MMA report had referred to the IMO's proposed approach as "novel" and had suggested a post implementation review at some point in the future. Ms Edmonds noted that MMA had also considered that the concept provided a practical approach to addressing the issues.</p> <p>Mr Cremin considered that he would not like to see the 95 percentile approach applied to DSM. Ms Edmonds confirmed that the 95 percentile concept was only applicable to facilities certified under clause 4.11.2(b) and that a separate methodology was proposed to determine the Required Level for Curtailable Loads and DSM programmes.</p> <p>Mr MacLean noted that the IMO's proposal allowed Intermittent Generators to recover their RCS earlier, but considered that the problem was that people did not understand the details. Mr Forward offered to provide some more detail about the proposal at the next MAC meeting. Mr Dykstra expressed a concern that an Intermittent Generator might never have their RCS returned under the proposal. The Chair advised that the IMO would come back to the MAC with more detail and examples of the proposal.</p> <p><i>Action Point: The IMO to give a presentation to the MAC providing more detail on the proposed use of Required Levels for determination of eligibility for the return of Reserve Capacity Security.</i></p> <p>Mr MacLean questioned whether the proposed Glossary definition of Commercial Operation should refer to the Reserve Capacity Market Procedure, on the basis that a higher level document should not contain a definition that is contained in a lower level document. The Chair advised that the issue would be addressed.</p> <p><i>Action Point: The IMO to update the proposed Glossary definition of Commercial Operation in the Reserve Capacity Security Rule Change Proposal (PRC_2010_12) to remove the specific reference to the Reserve Capacity Market Procedure.</i></p> <p>Mr Huxtable noted the proposed introduction of Civil Penalties for failures to provide RCS as required by clauses 4.13.3 and 4.13.4. Mr Huxtable questioned whether a Market Participant would be able to identify a change to their bank's Acceptable Credit Criteria status in time to avoid incurring a Civil Penalty. Mr Williams responded that the onus on a Market Participant to provide appropriate security was a wider issue in the Market Rules.</p> <p>Mr Forward asked Mr Huxtable if he could suggest an alternative approach. The Chair suggested that the issue be taken off-line, but considered that there was no reason why the onus should not fall on the Market Participant and that if a provider lost its Acceptable Credit Criteria status then the onus should be on the Market Participant to replace the security within some reasonable period of time. Mr Huxtable repeated that he was worried about how a Market Participant could detect a status change in time, particularly as the Civil Penalties would begin to apply from Day 1.</p> <p><i>Action Point: The IMO to investigate the potential Civil Penalty issue faced by a Market Participant whose bank's Acceptable Credit Criteria status</i></p> | <p>IMO</p> <p>IMO</p> <p>IMO</p> |



| Item       | Subject   | Action     |
|------------|---|------------|
|            | <p><i>changes, as part of its work on the Reserve Capacity Security Rule Change Proposal (PRC_2010_12).</i></p> <p>Dr Gould raised a query about the return of RCS that is not in the form of a cash deposit. Mr Williams committed to ensure that the return of this type of RCS was covered in the proposed amendments.</p> <p><i>Action Point: The IMO to confirm that the Reserve Capacity Security Rule Change Proposal (PRC_2010_12) covers the mechanism for changes to the amount of Reserve Capacity Security required when these amounts are in the form of non-cash deposits.</i></p>  | <b>IMO</b> |
| <b>8a</b>  | <p><b>MARKET PROCEDURE CHANGE OVERVIEW</b></p> <p>The MAC noted the overview of recent and upcoming procedure changes.</p>  |            |
| <b>9a</b>  | <p><b>WORKING GROUP OVERVIEW AND MEMBERSHIP UPDATES</b></p> <p>The MAC noted the Working Group overview and membership updates.</p> <p><i>Action Point: The IMO to update the ToR for the IMO and SM Procedure Change Working Groups on its Website.</i></p>  | <b>IMO</b> |
| <b>9b</b>  | <p><b>REGWG UPDATE</b></p> <p>Mr Dykstra noted the recommendation in the REGWG update paper for the MAC to accept the interim Work Package 1 report as final. Mr Dykstra noted that this report was yet to be approved by the REGWG, which was meeting the following day. The Chair agreed that the recommendation for MAC approval of the report was premature.</p> <p>The MAC noted the update on the REGWG work packages, albeit with the exception of approving the interim Work Package 1 report as final.</p>   |            |
| <b>9c</b>  | <p><b>MRCPWG UPDATE</b></p> <p>In response to a question from Mr Dykstra, Mr Forward confirmed that the IMO would be updating the Scope of Works (for the review of the WACC and the review of deep connection costs) to incorporate the comments of the MRCPWG. The IMO intended to present the revised documents to the MRCPWG for further comment.</p> <p>Mr Forward stated that he had considered Mr Dykstra's comments about the WACC and would be discussing them further with the MRCPWG. Mr Forward suggested that the MAC should only note the update and ignore the second recommendation contained in the MRCPWG update paper.</p> <p>The MAC noted the overview of the MRCPWG progress to date.</p> |            |
| <b>10a</b> | <p><b>CURTAILABLE LOADS – RELEVANT DEMAND ANALYSIS</b></p> <p>Mr Forward noted that the IMO had presented an issues paper on Curtailable Loads at the May 2010 MAC meeting. One of the outstanding issues from that meeting was the method to be used for the measurement of the Relevant Demand (RD) level of a Curtailable Load. Since the May 2010</p>   |            |

| Item | Subject  | Action |
|------|--|--------|
|      | <p>meeting the IMO had undertaken an additional analysis of the measurement options with the assistance of DAA. Mr Forward asked Mr Williams to present the results of this analysis.</p> <p>Mr Williams provided an overview of how Relevant Demand is used in the measurement of Curtailable Load performance and how it is determined under the current Market Rules. Mr Williams noted that DAA had been asked to look at several proposed methodologies for the calculation of Relevant Demand. The purpose of the analysis was to devise a methodology that was both stable (in that the same Facilities would receive similar RDs year on year) and reliable (in that the RD accurately represented the actual capacity that a Facility would be able to provide at the time of peak demand).</p> <p>DAA found that as more intervals were used in the calculations the RDs became more stable but less reflective of the available capacity at peak times. The most reliable indicator was found to be the Individual Reserve Capacity Requirement (IRCR) method (i.e. the median of 12 Peak Trading Intervals for each Hot Season), while the current method was found to produce the second least reliable results.</p> <p>Mr Williams noted that DAA had also been asked to compare the current RD calculation technique (summing the RDs for individual Loads) with the proposed technique whereby a single RD would be calculated using the aggregated Load of a DSM Programme. DAA found no significant difference between the two techniques.</p> <p>Mr Williams noted that the IMO's recommendation was to use the IRCR method of calculation, applied to the aggregated load of a DSM Programme.</p> <p>Mr Dykstra questioned whether Curtailable Loads would be dispatched at the Programme level or at the individual Load level. Mr Williams and Mr Ken Brown replied that it had been agreed previously that it would be better for System Management to dispatch at the DSM Programme level. Mr Dykstra sought further detail on how the dispatch process would work. Mr Brown confirmed that System Management would issue a Dispatch Instruction in respect of the DSM Programme, and that it was up to the DSM Provider to manage how individual Loads were dispatched.</p> <p>Mr Rhodes queried whether Recommendation 3 implied that details of all the underlying facilities in a DSM Programme would need to be uploaded into the WEMS. Mr Williams replied that the IMO might need to see evidence of individual contracts, and would definitely need the NMIs of the contributing loads for Relevant Demand assessment. Mr Forward noted that the original Reserve Capacity registration was for the DSM Programme as a whole, while the Relevant Demand assessment would consider all the NMIs in the Programme.</p> <p>Mr Rhodes queried how it would be possible to assess Relevant Demand if the individual loads were not known. Mr Williams repeated that the original capacity certification was not performed at the NMI level, and that a Relevant Demand assessment did not need to be made at the time of the original certification. In response to a question from Mr MacLean, Mr Forward confirmed that a DSM Provider would still be able to contract customers and register those facilities to provide DSM after the certification</p> |        |

| Item | Subject   | Action                |
|------|---|-----------------------|
|      | <p>window closes through to the commencement of the relevant Capacity Year.</p> <p>Mr Huxtable queried how Curtailable Load would be managed for the upcoming Capacity Year. Mr Forward noted that there was currently a great deal of uncertainty around Curtailable Loads, and that Mr Williams would be working with DSM Providers on this matter.</p> <p>Mr Williams raised the issue of new loads without at least one year of historical interval data. Mr Williams noted that such loads would need to be considered, but suggested that they might be excluded from participation in a DSM Programme.</p> <p>Mr Williams discussed the first issue outlined in the analysis paper, which was that a Curtailable Load conducting maintenance over peak intervals could obtain a reduction in its IRCR while maintaining a high RD level. The MAC agreed with Recommendation 2 of the analysis paper, i.e. that the exclusion due to maintenance in clause 4.26.2C(d) of the Market Rules should be removed.</p> <p>Mr Sutherland noted that the dispatch of a Curtailable Load resulted in both a Dispatch Instruction Payment to the DSM Provider and an MCAP payment to the relevant retailer for the load reduction. Mr Sutherland considered that this could be another case of double dipping. Mr Forward advised that the IMO would look into this issue.</p> <p><i>Action Point: The IMO to investigate the potential double dipping issue regarding Dispatch Instruction and energy payments for Curtailable Loads raised by Andrew Sutherland.</i></p> <p><i>Action Point: The IMO to develop a Pre Rule Change Discussion Paper to reflect the recommendations contained in the (Curtailable Load) Relevant Demand Analysis paper.</i></p> | <p>IMO</p> <p>IMO</p> |
| 10b  | <p><b>INFORMATION CONFIDENTIALITY PROJECT</b></p> <p>The MAC noted the update on the progress of the Information Confidentiality Project.</p>   |                       |
| 11   | <p><b>IMO OPERATIONAL PLAN 2010/11</b></p> <p>The Chair advised that the IMO would circulate its Operational Plan for 2010/11 to MAC members for their information.</p> <p><i>Action Point: The IMO to circulate its Operational Plan for 2010/11 to MAC members.</i></p>   | IMO                   |
| 12   | <p><b>GENERAL BUSINESS</b></p> <p>Mr Cremin queried whether MAC members were aware of the Ministerial Direction to waive the Capacity Cap Direction on Verve Energy for Muja A &amp; B. Mr Cremin noted that the Ministerial Direction had been tabled in Parliament on 9 July 2010. Mr Cremin queried whether any MAC members had been consulted about this decision, considering that it was a significant event for Independent Power Producers for the 3000 MW cap to be waived. The Chair offered to locate a copy of the Ministerial Direction and circulate it to MAC members.</p>   |                       |

| Item  | Subject  | Action                              |
|---|--|-------------------------------------|
|   | <p><i>Action Point: The IMO to circulate a copy of the Ministerial Direction regarding the exemption from the Verve Energy Capacity Cap for Muja A&amp;B to MAC members.</i></p> <p>Mr Dykstra noted that 23 MW of DSM capacity had come into the market in August 2010. Mr Dykstra had thought that the provisions for capacity to enter the market early excluded DSM. Mr Dykstra considered that the intention behind the early entry provisions was to give generators time to settle and run in their plant, and that the provisions should not apply to Curtailable Loads, as this imposed an extra and unnecessary impost on the market.</p> <p>The Chair was unsure that the power to prevent the entry of one category of capacity was possible under the current Market Objectives. Mr Forward offered for the IMO to consider this issue as part of the Curtailable Load review.</p> <p><i>Action Point: The IMO to consider the appropriateness of early commissioning for DSM Programmes as part of its current review of Curtailable Loads.</i></p> <p>Mr Dykstra submitted that the length of the MAC papers was increasing and that this was making it difficult to find enough time to review the papers and discuss them internally. Mr Dykstra queried whether the windows for publication could be shifted to give MAC members more time to review the material. Mrs Papps responded that this would be difficult given the monthly timeframe for MAC meetings.</p> <p>Mr Dykstra then queried if it was possible to reduce the overall length of the MAC papers. Mr Forward noted that the IMO could not delay some of items included in MAC papers, for example Rule Change Proposals submitted by Market Participants. The Chair agreed with Mr Forward, noting that once the Rule Change Process had been triggered a proposal would generally need to be discussed by the MAC. The Chair noted that the current situation was unusual in terms of the number of projects (e.g. REGWG, Oates) coming to a head at the same time, but agreed that the IMO should try to reduce the volume as far as possible.</p> <p>Ms Ng noted that this would be her last MAC meeting, as she was moving to a new position within Verve Energy and so resigning from the MAC. Ms Ng thanked MAC members for their help and support during the period of her membership. The Chair thanked Ms Ng for the contribution she had made to the MAC.</p> <p>There was no other business raised.</p> | <p><b>IMO</b></p> <p><b>IMO</b></p> |
| <b>13</b>   | <p><b>NEXT MEETING</b></p> <p>Meeting No. 31 will be held on Wednesday 8 September 2010 (2:00-5:00pm).</p>   |                                     |
| <b>CLOSED:</b> The Chair declared the meeting closed at 5:28pm. |  |                                     |