



## Market Advisory Committee

### Agenda

<b>Meeting No.</b>	48
<b>Location:</b>	IMO Board Room Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date:</b>	Wednesday 18 April 2012
<b>Time:</b>	2.00pm – 5.00pm

Item	Subject	Responsible	Time
1.	<b>WELCOME</b>	<b>Chair</b>	2 min
2.	<b>MEETING APOLOGIES / ATTENDANCE</b>	<b>Chair</b>	2 min
3.	<b>MINUTES FROM MEETING 47</b>	<b>Chair</b>	10 min
4.	<b>ACTIONS ARISING</b>	<b>Chair</b>	10 min
5.	<b>MARKET RULES</b>		
	a) Market Rule Change Overview	<b>IMO</b>	2 min
	b) PRC_2012_03: Assignment of Capacity Credits to NCS Facilities	<b>IMO</b>	20 min
	c) PRC_2012_04: Consequential Outage Correction	<b>Tesla</b>	20 min
6.	<b>MARKET PROCEDURES</b>		
	a) Overview	<b>IMO</b>	2 min
7.	<b>WORKING GROUPS</b>		
	a) Overview and membership updates	<b>IMO</b>	2 min
	b) RDIWG Update (verbal)	<b>IMO</b>	10 min
	c) RCM Working Group (verbal)	<b>IMO</b>	20 min
8.	<b>GENERAL BUSINESS</b>		

Item	Subject	Responsible	Time
	a) Minister's Letter: Composition of the MAC for 2012	<b>IMO</b>	for noting
<b>9.</b>	<b>NEXT MEETING: 9 May 2012 (2.00-5.00pm)</b>		

**Independent Market Operator**  
**Market Advisory Committee**

## Minutes

<b>Meeting No.</b>	47
<b>Location</b>	IMO Board Room Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date</b>	Wednesday 14 March 2012
<b>Time</b>	2.00pm – 3.30pm

Attendees	Class	Comment
Allan Dawson	Chair	
Suzanne Frame	Compulsory - IMO	
Andrew Everett	Compulsory – Generator	
Shane Cremin	Discretionary – Generator	
Ben Tan	Discretionary – Generator	
Geoff Gaston	Discretionary-Generator	
Andrew Sutherland	Discretionary – Generator	
Stephen MacLean	Compulsory – Customer	
Steve Gould	Discretionary – Customer	
Michael Zammit	Discretionary – Customer	
Corey Dykstra	Discretionary – Customer	
Peter Huxtable	Discretionary – Contestable Customer Representative	
Paul Biggs	Small Use Customer Representative	
Paul Hynch	Minister's appointee	
Phil Kelloway	Compulsory – System Management	
Neil Gibbney	Compulsory – Network Operator	Proxy
Holly Medrana	Observer-ERA	Proxy
Apologies	Class	Comment
Peter Mattner	Compulsory- Network Operator	
Wana Yang	Observer-ERA	
Also in attendance	From	Comment
Aditi Varma	IMO	Minutes
Neil Chivers	Western Power	Presenter
Paul Troughton	EnerNOC	Presenter
Bruce Cossill	IMO	Presenter
Greg Ruthven	IMO	Presenter
Jenny Laidlaw	IMO	Observer
Fiona Edmonds	IMO	Observer
Courtney Roberts	IMO	Observer

Wayne Trumble		Griffin Power	Observer
Item	Subject	Action	
1.	<p><b>WELCOME</b></p> <p>The Chair opened the meeting at 2.00 pm and welcomed departing and new members to the 47<sup>th</sup> meeting of the Market Advisory Committee (MAC).</p>		
2.	<p><b>MEETING APOLOGIES / ATTENDANCE</b></p> <p>No apologies were received.</p> <p>The following other attendees were noted:</p> <ul style="list-style-type: none"> <li>• Dr Paul Troughton (Presenter)</li> <li>• Wayne Trumble (Observer)</li> <li>• Greg Ruthven (Observer)</li> <li>• Fiona Edmonds (Observer)</li> <li>• Jenny Laidlaw (Observer)</li> <li>• Courtney Roberts (Observer)</li> <li>• Aditi Varma (Minutes)</li> </ul> <p>The Chair noted that this was a transitional meeting for outgoing MAC members and welcoming new MAC members. The Chair proceeded to explain the purpose and role of the MAC and expectations from its members to represent the class for which they have been appointed.</p>		
3.	<p><b>MINUTES OF PREVIOUS MEETING</b></p> <p>The minutes of MAC Meeting No. 46, held on 15 February 2012, were circulated prior to the meeting. The following amendments were agreed:</p> <p><i>Page 9: Section 9: Carbon Tax Implications on the WEM</i></p> <ul style="list-style-type: none"> <li>• Mr Cremin said that carbon intensity reporting was necessary and questioned whether it was SCADA data the IMO would be requesting Market Participants provide on a voluntary basis because not all generators have metered data. <u>He suggested that care should be taken to ensure the correct combination of sent-out or as-generated data was used with the corresponding generator greenhouse intensity.</u> <del>was concerned that the sent-out SCADA data would not be an accurate reflection of generator's carbon intensity and therefore, generators should be required to report sent out carbon intensity which could later be reconciled with the SCADA data.</del> Mr Everett agreed with Mr Cremin and highlighted that this was the only way generators would be able to report carbon intensity.</li> <li>• Mr Dykstra questioned if the intent was that generators provide the IMO the average carbon intensity for a reporting period which could then be applied to the sent-out <del>intensity</del> <u>electricity</u> rather</li> </ul>		

	<p>than a more accurate reading per Trading Interval.</p> <ul style="list-style-type: none"> <li>• Mr Dykstra questioned <del>if whether</del> the reporting obligation <u>would</u> rest at the entity level or at the facility level and <u>noted</u> that the reporting obligation falls on the controlling entity and not necessarily the owner of the facility.</li> <li>• <del>“Mr Huxtable noted that it is a carbon pricing mechanism and not a carbon tax, therefore it is not covered under tax changing laws. Mr Huxtable commented that should be referred to as Carbon Pricing Mechanism and not Carbon Tax as it is not a tax. Also noted that this is relevant within contracts as it would not likely be covered by 'change in tax' clauses.</del></li> </ul> <p><i>Page 10: Section 9: Carbon Tax Implications on the WEM</i></p> <ul style="list-style-type: none"> <li>• <u>“The Chair informed the MAC that the IMO would inform Market Participants of its intention and <del>requirements</del> its methodology with regard to carbon-intensity reporting.”</u></li> <li>• <u>“Action: The IMO to inform MAC on its intention and its methodology <del>requirements</del> with regards to carbon-intensity reporting.”</u></li> </ul>	
4.	<p><b>ACTIONS ARISING</b></p> <p>Ms Suzanne Frame walked MAC members through various action items. The following update was noted:</p> <p>With respect to Item 43, Dr Paul Biggs informed the MAC that the report had been drafted and was to be shared with the Minister's office. Mr Dykstra asked whether any changes were likely before next summer to which Dr Biggs responded that the next step would be to conduct a detailed cost benefit analysis which would delay any changes beyond next summer.</p>	
5a.	<p><b>MARKET RULE CHANGE OVERVIEW</b></p> <p>Ms Suzanne Frame noted that the IMO had been conducting an internal review of the Rule Change log over the last couple of months. An updated summary was provided in the meeting papers.</p> <p>Mr Andrew Sutherland queried if RC_2010_08 should be removed from the log as it was no longer required after MEP changes. Ms Frame confirmed that Mr Sutherland was correct that it was no longer required and the decision to reject this Rule Change would be reflected in the draft report which is currently being drafted. She added that this Rule Change would not be removed from the log as it was already in the formal process.</p>	
5b.	<p><b>PRC_2012_02: RELEVANT DEMAND FOR A DEMAND SIDE PROGRAMME</b></p>	

	<p>Dr Paul Troughton presented the Pre Rule Change Discussion Paper: Relevant Demand for a Demand Side Programme (PRC_2012_02). Dr Troughton advised that the methodology used for calculating Relevant Demand did not allow for identifying the contribution of individual Demand Side Programmes (DSP). This creates some level of risk for DSP as they are unable to provide certainty to their customers. He added that the current methodology hindered the level of transparency offered to end use customers. He further suggested that the solution to the problem only involved changing some key words in the Wholesale Electricity Market Rules.</p> <p>In response to a question from Mr Sutherland, Dr Troughton said that this approach for calculating Relevant Demand was unique to the Wholesale Electricity Market.</p> <p>The Chair confirmed that the IMO currently calculates Relevant Demand using both the approach required by the Market Rules and the proposed approach incorporated in PRC_2012_02. Mr Stephen MacLean queried whether there was a significant difference in the Relevant Demand figure calculated using the two approaches. Dr Troughton answered that the examples presented in the Pre-Rule Change Discussion paper were for illustrative purposes only and in reality the difference in Relevant Demand calculated using the two approaches was insignificant</p> <p>Mr Dykstra mentioned that the problem faced by DSP was not unique. A similar problem was faced by retailers when they add a customer to a portfolio to supply electricity. The customer can be priced either individually or as a part of a portfolio. He added that this constituted a business risk which could be minimized when creating supply contracts. He added that the issue mainly constituted a commercial risk and did not seem to add any market benefit.</p> <p>Mr Ben Tan queried whether the optimization done under approach A would be the same as approach B. Dr Troughton answered that the goals are different. He added that the goal under approach A was to optimize reliability whereas the goal under approach B was a compromise between reliability and transparency.</p> <p>Mr Shane Cremin suggested that at the time RC_2010_29: Curtailable Loads and Demand Side Programmes was proposed, it was possible that the other approach could have been adopted if this issue was raised at that time. He added that as the two approaches did not produce different results and if it was clear that a Market Objective was being achieved, this rule change could be progressed further. However, it was not apparent why the urgency was classified as high. The Chair added that the reasoning behind adopting the current approach was to treat a DSP as a single facility. He added that it might be beneficial from a communication perspective to adopt the second approach which would allow the DSP to report individual contribution of customers.</p> <p>Discussion ensued on the resultant implications of the proposed rule change for the DSP.</p> <p>Mr MacLean alluded to the analysis conducted by Data Analysis Australia (DAA) and suggested that IMO consider engaging DAA to check if the</p>	
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	<p>original conclusions on different approaches were accurate. He also suggested that the IMO consider implementing DAA's main recommendation which was to use 12 readings instead of 32 to assess the Relevant Demand. He added that should the IMO decide not to use this recommendation, it could consider using a methodology that would cap the Relevant Demand for a particular load at its Individual Reserve Capacity Requirement (IRCR). This would remove the problem of double counting the IMO identified in RC_2010_29.</p> <p>Mr Sutherland added that this issue exemplified how DSM capacity was different from generation capacity. The Chair suggested that such comments should be directed to the issues under consideration of the Reserve Capacity Mechanism Working Group (RCMWG).</p> <p>Dr Paul Biggs noted that the examples in the document suggest that the alternative approach might be more volatile. However, he added that Market Objective (e) might be achieved if the result of this rule change was increased uptake of DSM.</p> <p>The Chair suggested that the IMO would conduct further analysis on this issue and assess if there are any material differences on the determination of the Relevant Demand for existing DSP resulting from different approaches. The members agreed with this suggestion.</p> <p><i>Action Point: The IMO to conduct further analysis to assess if there are any material differences on the determination of the Relevant Demand for existing DSP resulting from the different approaches listed in PRC_2012_02 and provide an update to MAC members.</i></p>	IMO
6a.	<p><b>MARKET PROCEDURE CHANGE OVERVIEW</b></p> <p>Ms Frame informed the MAC that System Management's Power System Operation Procedures (PSOPs) were being sent for another round of further consultation. Mr Phil Kelloway clarified that only a few of the PSOPs would be subjected to the further consultation period. He added that all Procedure Change reports would be completed together.</p>	
7a.	<p><b>WORKING GROUP OVERVIEW</b></p> <p>The MAC noted the Working Group overview.</p>	
7b.	<p><b>RDIWG UPDATE</b></p> <p>Ms Frame advised that at the upcoming RDIWG meeting on 22 March there will be an opportunity to discuss System Management's PSOPs if required. Mr Dykstra asked if stakeholders should expect an information pack on latest updates. The Chair said that this was being prepared and will be circulated.</p> <p><i>Action Point: The IMO to circulate System Management's PSOPs and other meeting papers for the RDIWG</i></p>	IMO
7c.	<p><b>RCMWG UPDATE</b></p> <p>Ms Frame provided a verbal update of the RCMWG meeting held on 15 February.</p>	

	<p>Mr Sutherland requested that a schedule of work streams under the RCMWG be provided to the group. The Chair said that it would be provided as a part of the next meeting papers.</p> <p><i>Action point: The IMO to include a schedule of work streams in the RCMWG meeting papers for March</i></p>	IMO
8.	<p><b>UPDATE ON IMPLEMENTING THE PROVISION OF NCS</b></p> <p>Mr Neil Chivers proceeded to present an update on Western Power's Network Control Services.</p> <p>The following comments and questions were noted:</p> <ul style="list-style-type: none"> <li>Mr Michael Zammit queried about Western Power's decision if at the Request for Information (RFI) stage where different options for augmentation are being looked at, an option did not itself fulfil all requirements but presented other potential options that could be put together to create better outcomes, Mr Chivers answered that Western Power would have to consider the viability of the new option. He added that Economic Regulation Authority (ERA) would also need to be consulted.</li> <li>The Chair questioned what the expected timeline was to finalise the contracts. Mr Chivers answered that Western Power was aiming to complete this by mid-2012. The Chair also questioned if the winning tender would receive any concession with regard to network connection arrangements. Mr Chivers answered that Western Power still had to conduct technical system studies to assess that. Mr Ben Tan queried who was responsible for conducting system studies. Mr Chivers answered that these were being handled internally by Western Power.</li> <li>Mr Cremin queried about the duration of the contracts. Mr Chivers confirmed that they would run from anywhere between 2-3 years to 10 years. Mr Cremin further asked whether the possibility of facilities turning redundant was factored into the duration of the contract. Mr Chivers answered that such issues would have to be dealt with as and when the information becomes available.</li> <li>Mr Geoff Gaston asked if providers of Network Control Services would qualify for Capacity Credits to which the Chair responded that they would.</li> <li>The Chair asked about the proportion of the cost of the NCS capacity being allocated to block loads in the area and the proportion being allocated across all network users. Mr Chivers responded that all of the cost of the NCS capacity would be passed to all network users.</li> <li>Mr Cremin queried if the NCS providers would pass the new facility test to which Mr Chivers responded that they would need to pass the tests for Operating Expenditure.</li> </ul> <p>Mr Chivers concluded his presentation and added that Western Power was happy to share information on a continuing basis with the MAC.</p>	
9.	<b>GENERAL BUSINESS</b>	

	<p><b><i>Potential Merger of Verve and Synergy</i></b></p> <p>Mr Cremin queried if there was any guidance from the IMO Board on future commitments to Market Rules given the possibility that Verve and Synergy could be amalgamated in the future.</p> <p>The Chair replied that the preliminary view of the IMO is that market structures themselves may not need any significant changes to accommodate such an event.</p> <p>Mr Dykstra mentioned that other stakeholders have put forth their positions on this policy direction. He queried if the IMO would make clear its views on the potential amalgamation, considering its position in the Wholesale Electricity Market as a body that upholds Market Objectives and Market Rules.</p> <p>The Chair noted that the IMO would communicate its position if asked.</p> <p><b><i>Carbon Intensity Index</i></b></p> <p>Mr Dykstra asked for a general update from the IMO on the carbon intensity index. Mr Bruce Cossill was invited to provide the update. He noted that the IMO had engaged a consultant to assist with preparing the design for the carbon intensity index.</p> <p>Mr Geoff Gaston mentioned that he had noted MAC's discussion at the previous meeting on the carbon intensity index. He mentioned that in the interest of transparency, a need might arise to include a requirement for collecting this data in the Market Rules as contracts are likely to be negotiated with reference to this index. He mentioned that a Market Procedure already existed in the National Electricity Market (NEM) for this. Mr Dykstra provided more information on Australian Energy Market Operator's (AEMO) procedure on carbon intensity. He noted that in NEM, participants were actually not bound to provide this information to the AEMO. He further added that it was important to understand what IMO's methodology would be. The Chair confirmed that work was well advanced in this area and would inform Market Participants on the IMO's progress.</p>	
<p><b>CLOSED:</b> The Chair declared the meeting closed at 3.30 pm.</p>		



## Agenda item 4: 2012 MAC Action Points

### Legend:

<b>Shaded</b>	Shaded action points are actions that have been completed since the last MAC meeting.
<b>Unshaded</b>	Unshaded action points are still being progressed.
<b>Missing</b>	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

#	Year	Action	Responsibility	Meeting arising	Status/Progress
33	2011	The IMO to consider the suggested amendments to the Pre Rule Change Discussion Paper: Ancillary Services Payment Equations (PRC_2010_27) provided by Mr Stephen MacLean, and update the proposal as appropriate.	IMO	June	Underway. To go to the June MAC.
36	2011	The IMO to consider updating the load profile used in the Available Curve Calculations for the Statement of Opportunities.	IMO	Dec	To be considered in the next SOO.
43	2011	The Office of Energy to provide the MAC with an update on progress around the implementation of incentives for dual fuel facilities in the Wholesale Electricity Market.	OoE	Dec	Ongoing.
44	2011	The IMO to publish its guidelines for Transitional Arrangements on the IMO website	IMO	Dec	Underway

#	Year	Action	Responsibility	Meeting arising	Status/Progress
7	2012	The IMO to communicate impacts on Prudential Requirements as a result of the introduction of the carbon pricing mechanism for Market Participants prior to 1 July.	IMO	Feb	In progress
8	2012	The IMO to inform MAC on its intention and requirements with regards to carbon-intensity reporting.	IMO	Feb	Consultation paper published on IMO website
9	2012	The IMO to conduct further analysis to assess if there are any material differences on the determination of the Relevant Demand for existing DSP resulting from the different approaches listed in PRC_2012_02 and provide an update to MAC members.	IMO	Mar	In Progress
10	2012	The IMO to circulate System Management's PSOPs and other meeting papers for the RDIWG.	IMO	Mar	Completed.
11	2012	The IMO to include a schedule of work streams in the RCMWG meeting papers for March.	IMO	Mar	Completed



## Agenda Item 5a: Overview of Market Rule Changes

Below is a summary of the status of Market Rule Changes that are either currently being progressed by the IMO or have been registered by the IMO as potential Rule Changes to be progressed in the future.

Rule changes: Formally submitted (see appendix 1)	11 April 2012
Fast track with Consultation Period open	0
Standard Rule Changes with 1st Submission Period Open	1
Fast Track Rule Changes with Consultation Period Closed (final report being prepared)	0
Standard Rule Changes with 1st Submission Period Closed (draft report being prepared)	1
Standard Rule Changes with 2nd Submission Period Open	1
Standard Rule Changes with 2nd Submission Period Closed (final report being prepared)	0
Rule Changes - Awaiting Minister's Approval and/or Commencement	3
<b>Total Rule Changes Currently in Progress</b>	<b>6</b>

Potential changes logged by the IMO- Not yet formally submitted	February	March
High Priority (to be formally submitted in the next 3/6 months)	0	0
Medium Priority (may be submitted in the next 6/12 months)	24	28 (+4/-0)
Low Priority (may be submitted in the next 12/18 months)	24	27 (+3/-0)
<b>Potential Rule Changes (H, M and L)</b>	<b>48</b>	<b>55</b>

The changes in the rule change and issues log from February to March have arisen from incorporation of the outstanding issues from the Rule Change Log from the introduction of the new Balancing and Load Following Markets into the IMO's standard rule change log. Further details are outlined below:

Priority	Issue
High	N/a
Medium	<p><b>In:</b></p> <ul style="list-style-type: none"> <li>• <b>Tie Break Rules for the Forecast BMO:</b> Currently the tie breaks rules, as reflected in clause 7A.3.3 of the Amending Rules resulting from RC_2011_10, are unclear as to how they work for facilities at the cap and floor of the Balancing Merit Order. This requires clarification.</li> <li>• <b>Stand Alone Facility:</b> New clause 7A.4.4A, introduced by RC_2011_10, allows Verve Energy to nominate at any time for a facility which has undergone a trial under clause 7A.4.4(b) to permanently become a Stand Alone Facility. However the Market Rules do not allow Verve Energy to nominate a facility at a later date to be a Stand Alone Facility, once the trial has been undertaken. The IMO considers that Verve Energy should be able to nominate a facility at a later date regardless even if choose not to create a stand alone facility at the time of its trial (i.e. years later). Note that there should be no change to the number of trials would be made (i.e. one trial only can be conducted for a facility).</li> <li>• <b>Constrained on/off Calculations (TES):</b> The calculations for TES constrained on and, described in clause 6.17.3 through to 6.17.5A of the Amending Rules resulting from RC_2011_10, do not clearly reflect the Balancing market design and IT systems that have been developed. The relevant clauses in the Market Rules needs to be amended to further clarify how the constrained on/off values are determined by the IMO.</li> <li>• <b>Deviate from Dispatch Instruction – Reporting:</b> It is possible that an Market Participant can wilfully deviate significantly from a Dispatch Instruction for one Trading Interval and System Management does not have to report that deviation to the IMO. Clause 2.13.6B(b) does not require System Management to inform the IMO of an alleged breach if it is limited to occurring within one Trading Interval. Under the Amending Rules for RC_2011_10 the Tolerance Range and Facility Tolerance Range, as applicable, will now apply to Market Participants from an operational perspective (previously these just applied for the purposes of System Management's compliance reporting obligations, see RC_2009_22 for further details). It therefore may be appropriate to remove this restriction on System Managements reporting obligations.</li> </ul> <p><b>Out:</b></p> <ul style="list-style-type: none"> <li>• No issues have been progressed this month.</li> </ul>
Low	<p><b>In:</b></p> <ul style="list-style-type: none"> <li>• <b>Planned Outages:</b> As Planned Outages by Facility are now public information (under the Amending Rules resulting from RC_2011_10 which will remove the SWIS Restricted Confidentiality Class) then clause 3.18.5D may be redundant. This needs consideration as part of the Outage Planning review.</li> <li>• <b>Publication of Information:</b> The obligation relating to when the data described in clauses 10.5.1(iA), (iC) and (jA) (as amended by RC_2011_10) becomes publically available is currently unclear and needs clarification. In</li> </ul>

	<p>particular the description "... in the previous 12 calendar months, before the end of the seventh day from the start of the Trading Day..."</p> <ul style="list-style-type: none"> <li>• <b>Pricing BMO:</b> A clarification to clause 7A.3.10 that the pricing BMO is the provisional BMO revised under 7A.3.9.</li> </ul> <p><b>Out:</b></p> <ul style="list-style-type: none"> <li>• No issues have been progressed this month.</li> </ul>
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*The IMO also notes that it keeps a log of Minor and Typographical issues that is updated on a regular basis. These issues are collated and submitted in three batches each year.*

**APPENDIX 1: FORMALLY SUBMITTED RULE CHANGES (Current as of 11 April 2012)****Standard Rule Change with First Submission Period Open**

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2012_01	29/02/2012	Intermittent Loads Eligibility Criteria	IMO	Submissions close	16/04/2012

**Standard Rule Change with First Submission Period Closed**

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2010_08	15/04/2010	Removal of DDAP uplift when less than facility minimum generation (An extension has been agreed with Griffin Energy due to MEP)	Griffin Energy	Publish Draft Rule Change Report	19/04/2012

**Standard Rule Change with Second Submission Period Open**

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2011_14	20/01/2012	Calculation of Availability Class Quantity Correction	System Management	Submissions close	07/05/2012

## Rule Changes with Final Rule Change Report Published

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2010_28	01/03/2011	Capacity Credit Cancellation	IMO	Ministerial Approval	13/04/2012
RC_2011_02	10/03/2011	Reassessment of Allowable Revenue during a Review Period	ERA	Ministerial Approval	08/05/2012
RC_2011_10	23/09/2011	Competitive Balancing and Load Following Market	IMO	Commencement	01/06/2012 & 01/07/2012

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## Wholesale Electricity Market Rule Change Proposal Form

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**Change Proposal No:** PRC\_2012\_03  
**Received date:** TBA

**Change requested by:**

<b>Name:</b>	Greg Ruthven
<b>Phone:</b>	(08) 9254 4300
<b>Fax:</b>	(08) 9254 4399
<b>Email:</b>	<a href="mailto:Greg.ruthven@imowa.com.au">Greg.ruthven@imowa.com.au</a>
<b>Organisation:</b>	IMO
<b>Address:</b>	Level 3, Governor Stirling Tower, 197 St Georges Terrace
<b>Date submitted:</b>	TBA
<b>Urgency:</b>	Medium
<b>Change Proposal title:</b>	Assignment of Capacity Credits to NCS Facilities
<b>Market Rules affected:</b>	Clauses 4.1.13, 4.13.9, 4.14.3, 4.14.10, 4.15.2 and 4.20.5A

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### Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

This Change Proposal can be posted, faxed or emailed to:

**Independent Market Operator**  
Attn: Group Manager, Market Development  
PO Box 7096  
Cloisters Square, Perth, WA 6850  
Fax: (08) 9254 4339  
Email: [market.development@imowa.com.au](mailto:market.development@imowa.com.au)

The Independent Market Operator will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

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## **Details of the proposed Market Rule Change**

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### **1. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:**

#### **Background**

The Wholesale Electricity Market (WEM) includes a Reserve Capacity Mechanism (RCM) that facilitates the provision of adequate generation and Demand Side Management (DSM) capacity to meet the defined reliability criteria. These criteria define the Reserve Capacity Target (RCT), which is determined from the forecasted maximum demand for the South West interconnected system (SWIS) and an appropriate reserve margin.

The IMO procures capacity to meet the RCT by encouraging Market Participants to apply for Capacity Credits corresponding to the amount of capacity they can provide to the market. Any shortfall or excess in capacity has a negative financial impact on the market.

#### ***Facilities subject to the Network Control Service Contracts***

A Network Control Service (NCS) is a service provided by generation or DSM that can act as a substitute for transmission or distribution network upgrades. An NCS is provided by a Facility in accordance with an NCS Contract, which exists between the relevant Market Participant and the Network Operator.

The RCM includes a methodology (Appendix 3) to limit excess capacity – except for capacity from committed Facilities that is intended to be traded bilaterally. In the event of a shortfall in meeting the RCT, the IMO would be required to procure additional capacity through the Reserve Capacity Auction or Supplementary Reserve Capacity mechanisms to meet the shortfall.

In the circumstance where an NCS Contract has been entered into, it would be economically efficient for the IMO to procure capacity from the NCS Facility.

For this reason, clause 5.2A.2 of the Market Rules requires a Market Participant to apply for Certified Reserve Capacity (CRC) for each of its Facilities that is subject to an NCS Contract. To ensure that this capacity is made available to the market, the Market Participant must act as a price taker in these circumstances and not offer the capacity into the Reserve Capacity Auction (although it may be traded bilaterally).

Market design documents indicate that NCS Facilities will receive Capacity Credits up to the level of CRC:

*“The rules do require, however, that any facility contracted to provide Network Control Service must seek certification for Reserve Capacity. The Reserve Capacity rules ensure that to the extent such a facility is certified, it will be issued Capacity Credits and settled at the prevailing Reserve Capacity price.”<sup>1</sup>*

### **Long Term Special Price Arrangements**

To assist new Facilities entering the market in an auction situation to finance their project without bilateral contracts a Long Term Special Price Arrangement (LT-SPA) option is available. Where capital costs of not less than 10 percent of the Maximum Reserve Capacity Price (MRCP) per MW are incurred in supplying new capacity, either from an upgrade of an existing Facility or from a new Facility, then that Facility is eligible for an LT-SPA. This arrangement allows the Market Participant to receive the (inflation adjusted) auction price it earns in the first year in each year the LT-SPA applies, which may be up to 10 years.

A holder of an LT-SPA is required to apply to have its capacity re-certified each year, and the guaranteed LT-SPA price will only be paid on the lesser of the capacity actually certified in each year and the original capacity upon which the LT-SPA was granted.

### **Issue**

The IMO has identified a number of issues within the Market Rules associated with NCS Facilities and LT-SPA Facilities.

- A Facility subject to an NCS Contract or a pre-existing LT-SPA does not automatically receive Capacity Credits for its CRC. This is inconsistent with the original market design.
- A Market Participant with an NCS Facility is obliged to offer its capacity into the Reserve Capacity Auction under clause 4.14.10. This is in conflict with clause 4.14.3, which effectively prohibits the Market Participant from offering this capacity into the Reserve Capacity Auction.
- Clause 4.13.9, which prescribes the date by which Reserve Capacity Security (RCS) for a new Facility (or an existing Facility which has undergone an upgrade) must be provided to the IMO, does not cover Facilities subject to an NCS Contract. This

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<sup>1</sup> See page 41, section 8.1, *Wholesale Electricity Market Design Summary, September 2006*, available at <http://www.imowa.com.au/market-structure>

means that the CRC of a new NCS Facility would not lapse if the Market Participant failed to provide any RCS.

- The calculation of the Reserve Capacity Auction Requirement in clause 4.15.2 does not consider NCS capacity, though this capacity is deducted in the determination of the capacity requirement for each Availability Class in Appendix 3 (Reserve Capacity Auction & Trade Methodology).

### **Proposal**

In order to remedy these issues, the IMO proposes to amend the relevant clauses so that:

- a Facility subject to an NCS Contract with CRC is automatically assigned Capacity Credits and does not enter the Reserve Capacity Auction;
- a Facility is automatically assigned Capacity Credits for CRC that is associated with a pre-existing LT-SPA;
- clause 4.13.9 specifies the date by which RCS must be provided for a new NCS Facility; and
- the discrepancy between clause 4.15.2 and Appendix 3 in relation to the Reserve Capacity Auction Requirement is removed.

The IMO also proposes a number of amendments to address incorrect clause references and minor and typographical errors which have been identified in the relevant sections of the Market Rules.

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## **2. Explain the reason for the degree of urgency:**

Western Power, the Network Operator, has indicated it is likely to enter into its first NCS Contract this year. The IMO therefore considers that the proposed changes are required prior to the end of August 2012, to prevent issues identified in this proposal from affecting the certification of a Facility contracting to provide an NCS.

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## **3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strike through~~ where words are deleted and underline words added)**

- 4.1.13. Each Market Participant must provide to the IMO any Reserve Capacity Security required in accordance with clause 4.13.1 not later than 5:00 PM of the last Business Day falling on or before:
- (a) for Reserve Capacity Cycles up to and including 2010:
    - i. 10 August of Year 1 of the relevant Reserve Capacity Cycle if any of the Facility's Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c); or

- ii. 29 August of Year 1 of the relevant Reserve Capacity Cycle if any of the Facility's Certified Reserve Capacity is specified to be offered into the Reserve Capacity Auction in accordance with clause 4.14.1(a) and where none of the Facility's Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c);
  - (b) for Reserve Capacity Cycles from 2011 onwards:
    - (i) 2 September of Year 1 of the relevant Reserve Capacity Cycle if any of the Facility's Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c) or the Facility is subject to a Network Control Service Contract; or
    - (ii) 14 September of Year 1 of the relevant Reserve Capacity Cycle if any of the Facility's Certified Reserve Capacity is specified to be offered into the Reserve Capacity Auction in accordance with clause 4.14.1(a) and where none of the Facility's Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c).
- 4.13.9. If a Market Participant does not comply with clause 4.13.1 in full by the date and time specified in:
- (a) clause 4.1.13(a)(i) or clause 4.1.13(b)(i), as applicable, in the case of a Facility with Certified Reserve Capacity specified to be traded bilaterally in accordance with clause 4.14.1(c) or a Facility subject to a Network Control Service Contract; or
  - (b) ~~clause 4.1.13(b)~~ 4.1.13(a)(ii) or clause 4.1.13(b)(ii), as applicable, in the case of a Facility with Certified Reserve Capacity specified to be offered into the Reserve Capacity Auction in accordance with clause 4.14.1(a) and where none of the Facility's Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c),
- for the Reserve Capacity Cycle to which the certification relates, the Certified Reserve Capacity of that Facility will lapse.
- 4.14.3. A Market Participant ~~may~~ must not make a submission under clause 4.14.1 with respect to a Facility subject to a Network Control Service Contract.
- 4.14.10. A Market Participant must make available in any Reserve Capacity Auction held in accordance with clause 4.15 any Certified Reserve Capacity it holds for a Facility, except to the extent that:
- (a) clause 4.14.8 applies;

- (b) the Certified Reserve Capacity is covered by a pre-existing Long Term Special Price Arrangement; ~~or~~
- (c) the IMO has notified the Market Participant in accordance with clause 4.14.9 that the Certified Reserve Capacity can be traded bilaterally; ~~or~~
- (d) the Certified Reserve Capacity relates to a Facility that is subject to a Network Control Service Contract.

4.15.2. If the Reserve Capacity Auction for a Reserve Capacity Cycle is not cancelled in accordance with clause 4.15.1, then, by the date and time specified in clause 4.1.16, the IMO must publish a notice specifying:

- (a) that the Reserve Capacity Auction will be held;
- (b) the Reserve Capacity Auction Requirement, where this equals the
  - i. Reserve Capacity Requirement; less
  - ii. the total amount of Certified Reserve Capacity which the IMO has notified Market Participants can be traded bilaterally under clause 4.14.9 or is covered by a pre-existing Special Price Arrangement; less
  - iii. the amount of Capacity Credits assigned under clause 4.28C for the relevant Reserve Capacity Cycle; ~~and less~~
  - iv. the total amount of Certified Reserve Capacity assigned to Facilities that are subject to Network Control Service Contracts; and
- (c) the amount of Reserve Capacity required to be procured via the auction from each Availability Class.

4.20.5A. Where a Reserve Capacity Auction is:

- (a) cancelled under clause 4.15.1 the IMO must assign Capacity Credits:
  - i. ~~to each Facility included in a notification under clause 4.14.9. The, where the quantity of Capacity Credits assigned will equal the quantity in the notification;~~
  - ii. to each Facility assigned Certified Reserve Capacity that is subject to a Network Control Service Contract, where the quantity of Capacity Credits assigned will equal the quantity specified under clause 4.9.9(a); and
  - iii. to each Facility assigned Certified Reserve Capacity with a pre-existing Long Term Special Price Arrangement, where the quantity of Capacity Credits assigned will equal the quantity specified under clause 4.14.1(b).

~~and t~~The IMO must publish the Capacity Credits assigned, by Facility, by the date and time specified in clause 4.1.16~~;~~

- (b) not cancelled under clause 4.15.1 the IMO must assign Capacity Credits:
- i. to each Facility for which a Market Participant lodged a notification under clause 4.20.1(a)~~–The, where the~~ quantity of Capacity Credits assigned will equal the quantity notified under that clause and confirmed by the IMO under clause 4.20.2; ~~and~~
  - ii. to each Facility included in a notification under clause 4.14.9~~–The, where the~~ quantity of Capacity Credits assigned will equal the quantity notified under that clause, as may be amended by a notification given under clause 4.20.1 and confirmed by the IMO under clause 4.20.2~~;~~
  - iii. to each Facility assigned Certified Reserve Capacity that is subject to a Network Control Service Contract, where the quantity of Capacity Credits assigned will equal the quantity specified under clause 4.9.9(a); and
  - iv. to each Facility assigned Certified Reserve Capacity with a pre-existing Long Term Special Price Arrangement, where the quantity of Capacity Credits assigned will equal the quantity specified under clause 4.14.1(b),
- ~~and t~~The IMO must publish the Capacity Credits assigned, by Facility, by the date and time specified in clause 4.1.21A; and
- (c) not cancelled under clause 4.15.1 and the IMO receives no notification under clause 4.20.1 from a Market Participant, the IMO must not assign Capacity Credits to that Market Participant.

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#### **4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:**

The IMO considers the proposed amendments will improve the integrity of the Market Rules and better achieve Wholesale Market Objectives (a) and (b).

The proposed amendments will provide certainty to Market Participants that they will receive Capacity Credits for CRC that is subject to an NCS Contract or an LT-SPA. This will:

- encourage Market Participants to enter into NCS Contracts, better promoting the economically efficient and reliable production and supply of electricity and electricity related services in the SWIS (Wholesale Market Objective (a)); and
- encourage the entry of new capacity into the market, better promoting Wholesale Market Objective (b).

The proposed amendments will also ensure that NCS Facilities are subject to the same RCS requirements as other Facilities, reducing the risk of Facilities failing to meet their capacity obligations.

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## **5. Provide any identifiable costs and benefits of the change:**

### **Costs:**

This proposal could have system change implications.

### **Benefits:**

The proposed rule changes will ensure that Capacity Credits are assigned appropriately to Facilities subject to a NCS Contract or a pre-existing LT-SPA, and that new and upgraded NCS Facilities are subject to the same RCS requirements as other new and upgraded Facilities.

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## Wholesale Electricity Market Pre Rule Change Proposal Form

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**Change Proposal No:** PRC\_2012\_04  
**Received date:** TBA

**Change requested by:**

<b>Name:</b>	Ben Tan
<b>Phone:</b>	(08) 6143 1851
<b>Fax:</b>	(08) 6316 4411
<b>Email:</b>	ben.tan@teslacorp.com.au
<b>Organisation:</b>	Tesla Corporation
<b>Address:</b>	Level 3 Exchange House, 68 St Georges Terrace, Perth
<b>Date submitted:</b>	3 April 2012
<b>Urgency:</b>	3 – High
<b>Change Proposal title:</b>	Consequential Outage Correction
<b>Market Rule(s) affected:</b>	Clause 3.21.2

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### Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

This Change Proposal can be posted, faxed or emailed to:

**Independent Market Operator**  
Attn: General Manager, Market Development  
PO Box 7096  
Cloisters Square, Perth, WA 6850  
Fax: (08) 9254 4339  
Email: [market.development@imowa.com.au](mailto:market.development@imowa.com.au)

The Independent Market Operator will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

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## **Details of the proposed Market Rule Change**

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### **1. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:**

#### **Background and Issue**

The current Market Rules, in particular clause 3.18.5D, provide a mechanism for the coordination of outages between the Network Operator and Market Generators. Likewise the obligations on the Network Operator to provide notice to a Market Generator of a network outage are set out in the Technical Rules under the Access Code. By providing Market Generators with advanced notification of planned network outages it is anticipated that where possible planned maintenance of generators will be shifted to periods that coincide with the unavailability of the relevant transmission or generation asset, and vice versa.

The Market Rules do not contemplate a situation where advanced notice of a Planned Outage for a piece of network equipment is not provided to a Market Generator. In this circumstance the relevant Market Generator would not have had adequate time or received sufficient information to apply to System Management for a Planned Outage or Opportunistic Maintenance. The Market Generator would subsequently experience a Forced Outage and be exposed to capacity refunds during the relevant Trading Intervals through no fault of their own.

A Consequential Outage is logically defined as an outage of a Market Generator that has resulted from an outage of another Rule Participant through no fault of its own. In particular, clause 3.21.2 of the Market Rules states that a Consequential Outage is defined as:

“...an outage of a Facility or item of equipment on the list described in clause 3.18.2 for which no approval was received by System Management, but which System Management determines:

- (a) was caused by a Forced Outage to another Rule Participant’s equipment; and
- (b) would not have occurred if the other Rule Participant’s equipment did not suffer a Forced Outage,

but excludes any outage deemed not to be a Consequential Outage in accordance with clause 3.21.10.”

However the current definition of a Consequential Outage only extends to Forced Outages of another Rule Participant’s equipment and not to situations where a Planned Outage of the Network Operator, of which no advanced notification is provided, directly causes a Market Generator to be unavailable.

## **Proposal**

Tesla proposes to amend the Market Rules to define a Consequential Outage as being either the result of a Forced Outage to another Rule Participant’s equipment or a Planned Outage to a Network Operator’s equipment.

This will ensure that the definition of a Consequential Outage is extended to cover situations where a Market Generator either does not receive notification from the Network Operator of the Planned Outage in advance or is not provided notification or sufficient information prior to the outage starting. In both cases the Market Generator will be required to log the Consequential Outage with System Management as soon as practicable in accordance with clause 3.21.4. In particular, this will generally mean that:

- Advanced notification of outages of network equipment will require a Market Generator to log a Consequential Outage (or Planned Outage if maintenance had already been identified as being required on the facility around the time period in question) with System Management prior to the Consequential Outage taking effect. This will ensure that System Management can take into account the outage in its system planning; and
- Insufficient notification of outages (or information being provided through to Market Generator) will require the Market Generator to log a Consequential Outage for the effected periods after the fact.

Note that no amendments to the requirements for provision of information around Consequential Outages are proposed. The existing processes will continue to apply. Tesla also notes that clause 3.18.7 requires Market Participants and Network Operators to submit Outage Plans in good faith.

Tesla considers that the proposed amendments to the Market Rules outlined in this Rule Change Proposal will correct the manifest error in the definition of Consequential Outage and allow Rule Participants to correctly claim Consequential Outage where its outage is a consequence of a planned network outage and the facility would otherwise be available to System Management for dispatch..

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## 2. Explain the reason for the degree of urgency:

Tesla submits that this Rule Change Proposal should be fast-tracked, on the basis that it satisfies the criteria in clause 2.5.9(a) of the Market Rules.

This Rule Change is considered to be of high urgency as it addresses a manifest error in the Rules where a third party can force another party into Forced Outage when their plant is ready willing and able to provide capacity and energy generation into the market.

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## 3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strike through~~ where words are deleted and underline words added)

- 3.21.2. A Consequential Outage is an outage of a Facility or item of equipment on the list described in clause 3.18.2 for which no approval was received by System Management, but which System Management determines:
- (a) was caused by a Forced Outage to another Rule Participant's equipment and would not have occurred if the other Rule Participant's equipment did not suffer a Forced Outage; or
  - (b) was caused by a Planned Outage to a Network Operator's equipment and would not have occurred if the Network Operator's equipment did not undertake the Planned Outage.
  - ~~(b) would not have occurred if the other Rule Participant's equipment did not suffer a Forced Outage,~~
- but excludes any outage deemed not to be a Consequential Outage in accordance with clause 3.21.10.
- 

## 4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

Tesla considers that the proposed Rule Change would improve (a) and (d) of the Wholesale Market Objectives as it:

- Would promote economically efficient outcomes addressing the perverse situation where a Generator is penalised for Network Operator actions which are independent of it – the current rule wording increases non-controllable risk for a Market Generator of which the cost would be borne by the market
- Minimise the long term cost of electricity supplied to customers as this non-controllable risk is currently imposing an unquantifiable cost to Generators through

uncontrolled risks. Reducing this risk will allow lower costs to flow through to the end use customer.

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## **5. Provide any identifiable costs and benefits of the change:**

### **Costs:**

No costs associated with implementing the proposed change have been identified.

### **Benefits:**

Rule Participants would no longer be penalised for actions of the Network Operator and improve the transparency and equitability of the Market. The Rule Change would also line up the definition of Consequential Outage with that logically understood by Rule Participants.

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## Agenda Item 6a: Overview of Recent and Upcoming IMO and System Management Procedure Change Proposals

### Legend:

<b>Shaded</b>	Shaded rows indicate procedure changes that have been completed since the last MAC meeting.
<b>Unshaded</b>	Unshaded rows are procedure changes still being progressed.

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
<b>IMO Procedure Change Proposals</b>					
PC_2011_04	Prudential Requirements	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Include some minor and typographical amendments to improve the integrity of the Market Procedure;</li> <li>• Include amendments required as a result of the Pre Rule Change Proposal: Prudential Requirements (PRC_2011_09) and               <ul style="list-style-type: none"> <li>○ RC_2010_36 Acceptable Credit Criteria; and</li> <li>○ RC_2011_04 List of entities meeting Acceptable Credit Criteria</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The amended Market Procedure: Prudential Requirements was presented alongside the Pre Rule Change Proposal: Prudential Requirements (PRC_2011_09) at the December MAC.</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	TBC

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
PC_2012_01	Reserve Capacity Security	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedure project;</li> <li>• Reflect the broader heads of power for the Market Procedure; and</li> <li>• Ensure consistency with the proposed Amending Rules under the following Rule Change Proposals <ul style="list-style-type: none"> <li>◦ Reserve Capacity Security (RC_2010_12);</li> <li>◦ Certification of Reserve Capacity (RC_2010_14);</li> <li>◦ Acceptable Credit Criteria (RC_2010_36); and</li> <li>◦ List of Entities meeting the Acceptable Credit Criteria (RC_2011_04)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The amended Market Procedure commenced on 2 April 2012,</li> </ul>	<ul style="list-style-type: none"> <li>• Commenced.</li> </ul>	2 April 2012
PC_2012_02	New Market Procedure for Balancing Facility Requirements	<p>This new Market Procedure proposes to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedure project; and</li> <li>• Specify the technical and communication criteria that a Balancing Facility, or a type of Balancing Facility, must meet.</li> </ul>	<ul style="list-style-type: none"> <li>• The consultation period closed on 6 February 2012. The IMO is currently preparing the Procedure Change Report</li> </ul>	<ul style="list-style-type: none"> <li>• Publish Procedure Change Report.</li> </ul>	TBA
PC_2012_03	New Market Procedure for Balancing Forecasts	<p>This new Market Procedure proposes to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedure project; and</li> <li>• Describe the processes that will support the determination and publication of the Balancing Forecast by the IMO, including outlining the information requirements from System Management to enable the Forecast BMO and Balancing Forecast to</li> </ul>	<ul style="list-style-type: none"> <li>• The Procedure Change Report was published on 30 March 2012.</li> </ul>	<ul style="list-style-type: none"> <li>• Commencement.</li> </ul>	Balancing Market Commencement Day

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
		be prepared.			
PC_2012_04	New Market Procedure for IMS Interface	<p>This new Market Procedure proposes to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Ensure consistency with the proposed Amending Rules under the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10)</li> </ul>	<ul style="list-style-type: none"> <li>• The consultation period closed on 2 March 2012. The IMO is currently preparing the Procedure Change Report.</li> </ul>	<ul style="list-style-type: none"> <li>• Publish Procedure Change Report.</li> </ul>	TBA
TBA	Undertaking the LT PASA and conducting a review of the Planning Criterion	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Include some minor and typographical amendments to improve the integrity of the Market Procedure, including re-ordering some sections; and</li> <li>• Include both reviews required under clause 4.5.15 of the Market Rules (Planning Criterion and forecasting processes).</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently updating the Market Procedure following the 2 February 2011 working group meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Updated procedure to be presented back to working group for further discussion.</li> </ul>	TBA
TBA	Participant Registration and Deregistration	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Revise the Market Procedure to provide more details of the relevant processes, including restructuring the Market Procedure to better present the process;</li> <li>• Reflect the new MPR system;</li> <li>• Ensure consistency with the Amending Rules from the Rule Change Proposal: Change of Review Board Name (RC_2010_18)</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	
TBA	Facility Registration, Deregistration and	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures</li> </ul>	

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
	Transfer	<p>Market Procedures project;</p> <ul style="list-style-type: none"> <li>• Reflect the new MPR system;</li> <li>• Revise the Market Procedure to provide more details of the relevant processes including: <ul style="list-style-type: none"> <li>○ restructuring the Market Procedure to better present the process;</li> <li>○ providing further details of the consultation processes with System Management;</li> <li>○ clarifying that there should not be any restriction on the ability to provide notifications in a manner outlined in the Market Procedure for Notifications and Communications; and</li> <li>○ reflect the new processes for digital certificates</li> </ul> </li> <li>• Ensure consistency with the Amending Rules from the following Rule Change Proposals; <ul style="list-style-type: none"> <li>○ Curtailable Loads and Demand Side Programmes (RC_2010_29); and</li> <li>○ Change of Review Board Name (RC_2010_18),</li> </ul> </li> </ul> <p>Including the proposed Amending Rules under the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10)</p>	Procedure	Working Group	
TBA	Settlement	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Ensure consistency with the Amending Rules from the following Rule Change Proposals:</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
		<ul style="list-style-type: none"> <li>○ Settlement in Default Situations (RC_2010_04)</li> <li>○ Change of Review Board Name (RC_2010_18);</li> <li>○ Minor and typo (RC_2010_26)</li> <li>○ Settlement Cycle Timelines (RC_2010_19)</li> <li>○ Acceptable Credit Criteria (RC_2010_36)</li> </ul>			
TBA	Meter Submission Data	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Clarify that the Procedure is part of the Settlement Market Procedures;</li> <li>• Ensure consistency with amendments to the Market Rules which have occurred since Market Start</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by the IMO Procedures Working Group</li> </ul>	
TBA	Capacity Allocation Credit	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Clarify that the Procedure is part of the Settlement Market Procedures;</li> <li>• Ensure consistency with amendments to the Market Rules which have occurred since Market Start</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	
TBA	Intermittent Refund Load	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Ensure consistency with amendments to the Market Rules which have occurred since</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
		Market Start			
TBA	Loss Factors	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project; and</li> <li>• Better clarify the processes in the Market Procedure.</li> <li>• Ensure consistency with amendments to the Market Rules which have occurred since Market Start</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently working with Western Power to clarify some discrepancies between the Market Rules and Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by the IMO Procedures Working Group</li> </ul>	
TBA	Certification of Reserve Capacity	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Ensure consistency with the Amending Rules under the following Rule Change Proposals: <ul style="list-style-type: none"> <li>◦ Certification of Reserve Capacity (RC_2010_14);</li> <li>◦ Curtailable Loads and Demand Side Programmes (RC_2010_29),</li> </ul> </li> </ul> <p>Including the proposed Amending Rules under the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10)</p>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	
TBA	Individual Reserve Capacity Requirements	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Ensure consistency with amendments to the Market Rules which have occurred since Market Start</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	
TBA	Declaration of Bilateral Trades and the Reserve	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
	Capacity Auction	<p>Market Procedures project;</p> <ul style="list-style-type: none"> <li>• Ensure consistency with the Amending Rules from the following Rule Change Proposals: <ul style="list-style-type: none"> <li>○ Curtailable Loads and Demand Side Programmes (RC_2010_29);</li> <li>○ Removal of Network Control Services Expression of Interest and Tender Process from the Market Rules (RC_2010_11); and</li> <li>○ Certification of Reserve Capacity (RC_2010_14).</li> </ul> </li> </ul>			
TBA	Reserve Capacity Performance Monitoring	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Ensure consistency with the Amending Rules from the Rule Change Proposal: Reserve Capacity Performance Monitoring (RC_2009_19)</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	
TBA	Treatment of Small Generators	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Ensure consistency with amendments to the Market Rules which have occurred since Market Start</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	
TBA	Reserve Capacity Testing	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>• Reflect the IMO's new format arising from its Market Procedures project;</li> <li>• Reflect the new Temperature Dependence Curve</li> <li>• Ensure consistency with the proposed</li> </ul>	<ul style="list-style-type: none"> <li>• The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• To be discussed by IMO Procedures Working Group</li> </ul>	

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
		Amending Rules under the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10)			
TBA	Maximum Reserve Capacity Price	The proposed updates are to ensure consistency with the proposed Amending Rules under the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10).	<ul style="list-style-type: none"> <li>The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>To be discussed by IMO Procedures Working Group</li> </ul>	
TBA	Information Confidentiality	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>Reflect the IMO's new format arising from its Market Procedures project;</li> <li>Ensure consistency with the proposed Amending Rules under the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10) along with all other rule changes which have occurred since Market Start</li> </ul>	<ul style="list-style-type: none"> <li>The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>To be discussed by IMO Procedures Working Group</li> </ul>	
TBA	IT Interface – System Overview and requirements	The proposed updates are to ensure consistency with the proposed Amending Rules under the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10)	<ul style="list-style-type: none"> <li>The IMO is currently revising the Market Procedure</li> </ul>	<ul style="list-style-type: none"> <li>To be discussed by IMO Procedures Working</li> </ul>	
<b>System Management Procedure Change Proposals</b>					
PPCL0021	Replaced PSOPs: Competitive Balancing and Load Following Market 1	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>Amend the Dispatch and Communications and Control Systems PSOP's to reflect the changes arising from RC_2011_10.</li> </ul>	<ul style="list-style-type: none"> <li>The further consultation period closed on 29 March 2012. System Management is currently preparing the Procedure Change Report.</li> </ul>	<ul style="list-style-type: none"> <li>Publish Procedure Change Report.</li> </ul>	TBA

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
PPCL0022	Replaced PSOPs: Competitive Balancing and Load Following Market 2	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>Amend the Ancillary Services and Power System Security PSOP's to reflect the changes arising from RC_2011_10.</li> </ul>	<ul style="list-style-type: none"> <li>The further consultation period closed on 29 March 2012. System Management is currently preparing the Procedure Change Report.</li> </ul>	<ul style="list-style-type: none"> <li>Publish Procedure Change Report.</li> </ul>	TBA
PPCL0023	Replaced PSOPs: Competitive Balancing and Load Following Market 3	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> <li>Amend the Commissioning and Testing, Facility Outages and Monitoring and Reporting PSOP's to reflect the changes arising from RC_2011_10.</li> </ul>	<ul style="list-style-type: none"> <li>The further consultation period closed on 29 March 2012. System Management is currently preparing the Procedure Change Report.</li> </ul>	<ul style="list-style-type: none"> <li>Publish Procedure Change Report.</li> </ul>	TBA



## Agenda Item 7a: Working Group Overview

### 1. WORKING GROUP OVERVIEW

Working Group (WG)	Status	Date commenced	Date concluded	Latest meeting date	Next scheduled meeting date
Reserve Capacity 2007 WG	Closed	Feb 07	May 07	-	-
NTDL WG	Closed	Oct 07	Nov 07	-	-
Energy Limits WG	Closed	Dec 07	Jan 08	-	-
DSM WG	Closed	Jan 08	May 08	-	-
SRC WG	Closed	Jun 08	Sept 08	-	-
Reserve Capacity 2008/09 WG	Closed	Dec 08	Jan 09	-	-
Renewable Energy Generation WG	Closed	Mar 08	Nov 10	-	-
Maximum Reserve Capacity Price WG	Closed	May 10	Jun 11	-	-
System Management Procedures WG	Active	Jul 07	Ongoing	12/12/2011	TBA
IMO Procedures WG	Active	Dec 07	Ongoing	26/05/2011	TBA
Rules Development Implementation WG	Active	Aug 10	Ongoing	22/03/2012	TBA
Reserve Capacity Mechanism WG	Active	15/02/2012	-	27/03/2012	17/04/2012



**Hon Peter Collier MLC**  
**Minister for Energy; Training and Workforce Development; Indigenous Affairs**

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Our Ref: 34-17033

Mr Allan Dawson  
Chief Executive Officer  
Independent Market Operator  
Level 3, Governor Stirling Tower  
197 St Georges Terrace  
PERTH WA 6000

Dear Mr Dawson *Allan*

Thank you for providing a copy of the Composition of the Market Advisory Committee for 2012.

It is pleasing to note the ongoing contribution of the Market Advisory Committee in the efficient functioning of the Wholesale Electricity Market and its evolution, and the return of many long-standing members who actively contribute to discussion and consultation.

I trust 2012 will again be a productive year for the Committee and the Independent Market Operator.

Kind regards

Hon Peter Collier MLC  
**MINISTER FOR ENERGY**  
- 3 APR 2012