

Market Advisory Committee

Agenda

Meeting No.	55
Location:	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date:	Wednesday 14 th November 2012
Time:	2.00pm – 5.00pm

Item	Subject	Responsible	Time
1.	WELCOME	Chair	2 min
2.	MEETING APOLOGIES / ATTENDANCE	Chair	2 min
3.	MINUTES FROM MEETING 53	Chair	5 min
4.	ACTIONS ARISING	Chair	20 min
5.	MARKET RULES		
	a) Market Rule Change Overview	IMO	5 min
	b) PRC_2012_19: Constrained On Off Compensation for Non-Scheduled Generators	IMO	30 min
	c) PRC_2012_16: Alignment of Settlement Tolerance Ranges and Tolerance Ranges	IMO	30 min
	d) PRC_2012_21: 5-Yearly Review of the Planning Criterion	IMO	20 min
	e) Update on PRC_2010_27: Ancillary Services Payment Equations (verbal)	IMO	20 min
	f) PRC_2012_22: Commitment and Decommittment Notification Requirements	SM	20 min
6.	MARKET PROCEDURES		
	a) Overview	IMO	5 min

7.	WORKING GROUPS		
	a) Overview and membership updates	IMO	5 min
	b) RCMWG Update	IMO	10 min
8.	GENERAL BUSINESS		
	a) Proposed MAC Meeting Dates for 2013	IMO	5 min
9.	NEXT MEETING: Wednesday 12th December 2012		

Market Advisory Committee

Minutes

Meeting No.	53
Location	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date	Wednesday 12 September 2012
Time	2.00pm – 4.00pm

Attendees	Class	Comment
Allan Dawson	Chair	
Suzanne Frame	Compulsory - IMO	
Geoff Gaston	Discretionary – Generator	
Ben Tan	Discretionary – Generator	
Shane Cremin	Discretionary – Generator	
Steve Gould	Discretionary – Customer	
Paul Troughton	Discretionary – Customer	Proxy
Nenad Ninkov	Discretionary – Customer	Arrived at 2.10pm
Peter Huxtable	Discretionary – Contestable Customer Representative	
David Murphy	Small Use Consumers' Representative	
Lisa Taylor	Minister's appointee - Observer	Proxy
Stephen MacLean	Compulsory – Customer	
Andrew Everett	Compulsory – Generator	
Phil Kelloway	Compulsory – System Management	
Neil Gibbney	Compulsory- Network Operator	Proxy
Natalie Jackson	ERA – Observer	Proxy
Apologies	Class	Comment
Michael Zammit	Discretionary – Customer	
Nerea Ugarte	Minister's appointee - Observer	
Peter Mattner	Compulsory – Network Operator	
Wana Yang	ERA - Observer	
Also in attendance	From	Comment
Fiona Edmonds	IMO	Minutes
Ben Williams	IMO	Presenter
George Sproule	IMO	Presenter
Jenny Laidlaw	IMO	Presenter

Matt Veryard	Western Power	Presenter
Natasha Cunningham	IMO	Observer
Aditi Varma	IMO	Observer
Ozren Kotur	IMO	Observer

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 2.00 pm and welcomed members to the 53rd meeting of the Market Advisory Committee (MAC).</p>	
2.	<p>MEETING APOLOGIES / ATTENDANCE</p> <p>The following apologies were received:</p> <ul style="list-style-type: none"> • Michael Zammit (Discretionary - Customer) • Nerea Ugarte (Minister's appointee - Observer) • Peter Mattner (Compulsory – Network Operator) • Wana Yang (ERA – Observer) <p>The following other attendees were noted:</p> <ul style="list-style-type: none"> • Paul Troughton (proxy for Michael Zammit) • Lisa Taylor (proxy for Nerea Ugarte) • Neil Gibbney (proxy for Peter Mattner) • Natalia Jackson (proxy for Wana Yang) • Fiona Edmonds (Minutes) • Ben Williams (Presenter) • Jenny Laidlaw (Presenter) • Matt Veryard (Presenter) • George Sproule (Presenter) • Aditi Varma (Observer) • Natasha Cunningham (Observer) • Ozren Kotur (Observer) 	
3.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of MAC Meeting No. 52, held on 8 August 2012, were circulated prior to the meeting.</p> <p>The following points were raised by members:</p> <ul style="list-style-type: none"> • Mr Geoff Gaston noted that Mr Patrick Peake had been a proxy for himself not Mr Nenad Ninkov. The IMO agreed to correct the 	

	<p>reference accordingly.</p> <ul style="list-style-type: none"> Mr Andrew Everett noted that he had raised a number of points during discussions on Synergy's early entry capacity payment rule change and on the Market Rules Evolution Plan that had not been reflected in the minutes. The Chair noted that the IMO did not necessarily minute all points raised in discussions. Mr Phil Kelloway requested that the following sentence with respect to the Early Entry Capacity Payments Concept Paper be deleted as he was uncertain of its meaning: "Mr Kelloway noted concern about the IMO's ability to determine capacity shortfalls significantly ahead of time". The IMO agreed it was appropriate to remove this statement. Dr Paul Troughton noted his name was incorrectly spelt in section 10 (General Business). The IMO apologised and agreed to correct the spelling accordingly. <p>Subject to the incorporation of the proposed changes, the MAC agreed that the minutes were a true and accurate record of the meeting.</p> <p><i>Action Point: The IMO to amend the minutes of Meeting No. 52 to reflect the agreed changes and publish on Market Web Site as final.</i></p>	IMO
4.	<p>ACTIONS ARISING</p> <p>The following comments were noted on action items:</p> <ul style="list-style-type: none"> Item 33 – The Chair advised that the IMO intended to present an updated version of the Pre Rule Change Proposal: Ancillary Services Payment Equations (PRC_2010_27) to the MAC at its October 2012 meeting. The Chair noted that the IMO had to date alerted most Intermittent Generators that are likely to be affected by the proposed changes of the status of PRC_2010_27. <p>Mr MacLean questioned if PRC_2010_07 still contained a significant number of complicated equations. Ms Jenny Laidlaw confirmed that the majority of changes to the settlement equations had been introduced in the Amending Rules resulting from the Rule Change Proposal: Competitive Balancing and Load Following (RC_2011_10).</p> <p>Mr Shane Cremin noted that he had been approached to represent the views of a number of impacted Intermittent Generators on the proposed changes. As he would be unable to attend the October MAC meeting, Mr Cremin requested that he be able to provide a submission representing their views prior to the meeting. The Chair agreed and suggested that Mr Cremin meet directly with the IMO to discuss the changes further at a mutually agreeable time.</p> <p>The Chair signalled Collgar Wind Farm's intention to provide a presentation to the October MAC meeting on the issues it has identified with respect to the allocation method of Capacity Credits for Intermittent Generators.</p>	

	<ul style="list-style-type: none"> • Items 11 and 23 – Mr Phil Kelloway advised that a minimum of 72 hours notice is physically delivered to generators and loads impacted by a distribution network outage. In response to a query from Mr Ben Tan, Mr Kelloway confirmed that this was the actual process and not a proposed process. Mr Tan noted that this was not the case recently, having received only three minutes' notice of a distribution outage that impacted on a Tesla Facility. Mr Peter Huxtable noted that Water Corporation had experienced similar issues previously and to solve the issue is now provided with email notification in advance of an outage. • Item 35 – The Chair noted that Mr David Murphy had provided him with an update of the status of the Public Utilities Office (PUO) consideration of the issue of incentivising early entry capacity. In particular, the PUO had determined it would be most appropriate to await the outcomes of the Reserve Capacity Mechanism Working Group (RCMWG). Mr Murphy noted that the PUO did not want to provide any sort of policy direction that could potentially be inconsistent with the outcomes of the RCMWG. Mr MacLean noted his concern with the adoption of this approach. 	
5a.	<p>MARKET RULE CHANGE OVERVIEW</p> <p>Ms Suzanne Frame provided an update to the MAC on the current Rule Changes under development. Ms Frame noted that the high priority rule change on Commissioning and Dispatch Tolerances were on the agenda for discussion during meeting 53.</p> <p>Mr Everett noted that Verve Energy did not support the statement, included in the IMO's description of the Dispatch Tolerance issue, that Facilities in the Verve Energy Balancing Portfolio should not be treated differently to other facilities. Mr Everett noted however that he had no issues with the IMO's proposed solution to this issue (as reflected in CP_2012_04).</p> <p>Mr Everett also noted that, with respect to the medium priority issue relating to "certification", he was concerned that the comment on Capacity Credits needing to be limited to the declared sent out capacity (DSOC) for multiple Facilities sharing a DSOC may be inaccurate. Mr Everett considered that the DSOC is a financial constraint on a generator not a physical constraint. Mr Neil Gibbney clarified that the DSOC should be regarded as a physical constraint. Mr Gaston noted that to date the Capacity Credits of Western Energy had been constrained to its DSOC. Mr Cremin agreed that this had been the case. Mr Tan noted that if a generator breaches a technical constraint (such as that imposed by a DSOC) then it can be potentially removed from the network by Western Power. Mr Everett noted that System Management often exceeds the DSOC at Verve Energy's Kemerton facility on Verve Energy's behalf.</p> <p>The Chair agreed that the issue of capacity in relation to the DSOC of a Facility is an important consideration, noting recent issues identified as a result of a thermal generator and wind farm being at the connection point and therefore sharing a DSOC. Mr Everett noted that the Capacity Credits awarded to an Intermittent Generator are based on their performance during peak Trading Intervals and that in the case</p>	

	<p>described by the Chair there would most likely be a DSOC sharing agreement in place between the two generators that caps the output of the wind farm. Mr Cremin noted that if a cap is placed on an Intermittent Generator's output through such an agreement then it would impact on the level of Capacity Credits awarded to it. The Chair noted that the issue needed to be considered and a solution (if necessary) progressed prior to the IMO's next certification cycle.</p> <p>The MAC noted the overview of recent and upcoming rule changes.</p>	
5b	<p>MARKET RULES EVOLUTION PLAN (OUTCOMES FROM VOTING)</p> <p>Ms Frame presented an overview of the outcomes from the voting of MAC members on the list of issues for consideration in determining the Market Rules Evolution Plan. Ms Frame noted that the prioritised list would form the basis for the IMO's work programme over the next 2-3 years.</p> <p>The Chair noted the IMO's intention was to provide the prioritised list to the PUO to seek its views of whether any issues on the list would be impacted on by any state policy direction.</p> <p>Mr Kelloway queried which of the prioritised items would be included on the IMO's work plan given that it would not be achievable to complete all the items in the next three years. The Chair considered that the biggest issue on the list for consideration from System Management's perspective is the Spinning Reserve market and noted that the IMO should be able to consider approximately half of the items on the list during the allowable revenue timeframe.</p> <p>Ms Frame stated that the IMO was intending to publish on the public web site the comments received from members during the voting process and queried whether it would be valuable to distribute the comments received from members to all of the MAC.</p> <p><i>Action Point: The IMO to distribute comments received during the MREP voting process to all MAC members.</i></p> <p>In response to a query from Ms Lisa Taylor around the scope of the item titled "reviews" on the list, Ms Frame clarified that it referred to the availability of information for use in the Energy Price Limits and Margin Values annual reviews.</p> <p>Ms Frame noted that consideration of formally instigating the calculation of an Emissions Intensity Index, along with information provision requirements, will be progressed by the IMO during the next six months. This piece of work would therefore not form part of the IMO's Allowable Revenue submission.</p>	IMO
5c	<p>PRC_2012_07: LOSS FACTOR DETERMINATION</p> <p>Ms Laidlaw presented an overview of the IMO's Pre Rule Change Proposal: Loss Factor Determination (PRC_2012_07), noting that the proposal addresses a number of discrepancies identified between the Market Rules and Market Procedures relating to the determination of the Loss Factors.</p> <p>The following points were raised during the ensuing discussion:</p> <ul style="list-style-type: none"> • Mr MacLean questioned whether the changes were being made to 	

	<p>simplify the Market Rules and allow changes to a connection point's Loss Factor to be made if the class to which it is assigned changes during the year. Ms Laidlaw confirmed this was the case.</p> <ul style="list-style-type: none"> • Mr Gaston queried whether a Loss Factor would be updated if there is a change in the relevant network tariff. Ms Laidlaw noted that this was her understanding, but noted that for large loads and generators this is not overly relevant. Mr Gaston also requested clarification of whether the Loss Factors being discussed were used in the IMO's settlement processes. Ms Laidlaw confirmed this. • Mr Nenad Ninkov queried whether the Loss Factors are determined based on contemporary information. Ms Laidlaw confirmed that Loss Factors are provided to the IMO by 1 June each year based on historical information for the year ending the previous 31 March. For example, the Loss Factors applicable from 1 July 2012 were calculating using historical information for the period from 1 April 2011 to 31 March 2012. • In response to questions from Mr MacLean and the Chair, Ms Laidlaw confirmed that an individual Loss Factor will be determined for a Load with peak consumption greater than 1000 kVA if it is more than 10 km from its substation, and that in these cases the Market Participant is not required to pay for the determination. • Mr MacLean clarified that Synergy has to pay for all loss factor determinations that they request. Ms Laidlaw confirmed that the IMO was proposing to reflect in the Market Rules the requirements currently outlined in the Market Procedure and noted that to calculate an individual Loss Factor for each load between 1000 kVA and 7000 kVA peak consumption would be inefficient. • Mr Tan queried whether there is a set cost of determining a Loss Factor for a connection point or whether it varies depending on the connection point. Mr Matt Veryard confirmed that it costs between \$1500 and \$2000 for Western Power to determine an individual Loss Factor. • Ms Laidlaw noted that the IMO had not yet undertaken an impact assessment of the changes. However, the changes would result in a likely increase to the Loss Factor for the Notional Wholesale Meter which would result in a reduction in its IRCR allocation. Mr Cremin stated that prior to formal submission of PRC_2012_07 it would be advisable to undertake the impact assessment to allow the MAC to make an informed decision on the proposed changes. Mr Gaston agreed, stating that the impact on the TDL and NTDL ratios would also be valuable. • Mr Gaston questioned if the proposed changes would impact on the Statement of Opportunities (SOO). Mr Gibbney and Mr MacLean stated that the impact would likely be negligible. <p><i>Action Point: The IMO to undertake a preliminary impact assessment of PRC_2012_07, including considering the impact of the proposed changes on the Statement of Opportunities, and present back the results to the MAC.</i></p> <ul style="list-style-type: none"> • Mr Cremin questioned how long the IMO had been aware of the issues relating to the discrepancies between the practice adopted in 	<p>IMO</p>
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	<p>determining the Loss Factors and the Market Rules. Mr Cremin expressed concerned that the IMO's decision to adopt the requirements and process outlined in the Market Procedure rather than the Market Rules. In response, the Chair noted that the IMO had been trying to progress known issues between IMO practice and the Market Rules as capacity has been available.</p> <ul style="list-style-type: none"> • Ms Laidlaw noted that the IMO intended to present the proposed revised Market Procedure for Loss Factors to the IMO Procedure Change and Development Working Group for discussion. • Mr Gaston queried whether there had been any thought as to whether Synergy would remain being the only Market Customer supplying the Notional Wholesale Meter. Ms Laidlaw confirmed that the settlement arrangements in the Market Rules did not contemplate more than one Notional Wholesale Meter. The Chair stated that much wider changes to other regulatory instruments would be required to accommodate such a change in practice. • Mr Gaston stated a preference that when preparing revised drafting the IMO maintain "[Blanks]" in the rule book to indicate historical changes. Ms Laidlaw responded that a balance of history and ease of reading was required when modifying the Market Rules and that the IMO considered which drafting approach would be appropriate on a case by case basis. • In response to a query from Mr MacLean with regard to the definition of an "interval meter", Ms Laidlaw confirmed that the definition from the Metering Code had been adopted. 	
5d	<p>PRC_2012_15: 4 MONTH COMMISSIONING TEST WINDOW FOR NEW GENERATING SYSTEMS</p> <p>Mr George Sproule presented an overview of the IMO's Pre Rule Change Proposal: Four month Commissioning Test Period for new generating systems (PRC_2012_15).</p> <p>In response to a query from Mr MacLean, Ms Fiona Edmonds clarified that the original four month window for new generating systems had been implemented to restrict the timeframe under which late commissioning generators would be exempt from UDAP and DDAP.</p> <p>The MAC agreed for the IMO to progress PRC_2012_15.</p> <p><i>Action Point: The IMO to submit PRC_2012_15 into the formal rule change process.</i></p>	IMO
6a	<p>CP_2012_03: DISPATCH TOLERANCE RANGES</p> <p>Mr Ben Williams presented an overview of the IMO's Concept Paper on a number of identified issues relating to the dispatch Tolerance Ranges. Mr Williams noted that the IMO had identified the issue relating to the Settlement Range (Issue 1) during its current process of working through the Balancing Market outcomes since 1 July 2012.</p> <p>The following points were raised during the MAC's discussion:</p> <p><u>Issue 1: Settlement Tolerance Range</u></p> <ul style="list-style-type: none"> • Mr Gaston queried whether the IMO's proposed solution would fix the identified issue, noting that the settlement system should 	

	<p>account for System Management having dispatched the Facility so as to avoid this issue occurring frequently. The Chair agreed that the proposed solution would not entirely fix the issue.. The Chair also noted that from December onwards System Management would provide the IMO with details of when they issued an instruction to a Facility (i.e. constrained on/off a Facility).</p> <ul style="list-style-type: none"> • Mr Gaston noted that there was a large financial impact to Market Customers as a result of the identified issues and questioned whether any rule change could be retrospectively applied (i.e. from 1 July 2012) given the large wealth transfer that was occurring. The Chair confirmed that the IMO does not retrospectively apply rule changes. Mr MacLean noted that in his opinion the Market Rules do not specifically restrict the IMO from retrospectively applying rule changes, though noting that should the IMO decide to retrospectively apply any changes to the rules to fix this identified issue it would likely set a precedent for rule changes in the future. • Mr Williams noted that previously the Rules Development Implementation Working Group (RDIWG) has discussed only paying the Balancing Price where a Facility is not issued a instruction to vary its output by System Management. Mr Williams also noted that the IMO was currently working with System Management to ensure that all Non-Scheduled Generators had a Tolerance Range to apply. • Mr MacLean questioned whether there was any appetite to completely remove the concept of Tolerance Ranges and Facility Tolerance Ranges. Mr Williams noted that this would require the removal of the concept of Constrained On/Off Compensation. Mr MacLean suggested that the Balancing Price could just be used where a Dispatch Instruction was issued. Mr Tan noted that removal of the dispatch tolerances would likely result in large levels of non-compliance in the market. • The Chair noted that the IMO was currently working through the behaviour of a couple of Market Participants since the commencement of the Balancing Market. The outcomes of the IMO's investigation were unlikely to result in any retrospective changes to the settlement outcomes occurring. Discussion ensued around the LFAS Market outcomes. In particular the following points were raised: <ul style="list-style-type: none"> ○ Mr MacLean queried whether LFAS provided by Verve Energy was being paid for twice. Ms Laidlaw confirmed that this was not the case as the new margin values that applied from 1 July 2012 had been adjusted to remove compensation for LFAS. ○ The Chair noted that currently only Verve Energy is providing LFAS and queried System Management to provide guidance on when others are likely to be allowed to enter the LFAS Market. Mr Kelloway noted that System Management was anticipating greater participation in the LFAS Market from 5 December 2012 and stated that the delay in the ability of Independent 	
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	<p>Power Producers (IPPs) to provide LFAS was due to issues relating to AGC services. The Chair stated that from 5 December all Facilities that wish to participate in the LFAS Market would be able to do so. Mr Kelloway confirmed this would be the case.</p> <p><i>Action Point: System Management to provide an update to the MAC on its progress in enabling IPP Facilities to participate in the LFAS Market from 5 December 2012 onwards.</i></p> <ul style="list-style-type: none"> Mr MacLean queried an apparent discrepancy between the 60 MW LFAS requirement in the SOO and the 90 MW LFAS quantity being used for the settlement of LFAS capacity costs. Mr MacLean questioned whether the Market Rules allowed the larger quantity to be used for settlement. <p><i>Action Point: The IMO to provide an update to the MAC on the requirements under the Market Rules for the determination of the LFAS quantity used to calculate LFAS Capacity Costs.</i></p> <ul style="list-style-type: none"> The Chair queried whether MAC members were comfortable with the IMO progressing its proposed solution to Issue 1. Mr Gaston noted that the IMO needed to look at the options for only paying Constrained On/Off Compensation where a “flag” indicating that a Facility has been dispatched out of merit by System Management is present. Mr Williams noted that there was a potential problem with this approach in that System Management may not always be aware that it was dispatching a Facility out of merit. <p><u><i>Issue 2: Tolerance Range for Verve Energy Balancing Portfolio</i></u></p> <ul style="list-style-type: none"> Mr MacLean noted that he considered it a good idea to be using the same tolerance for the Verve Energy Balancing Portfolio. Mr Everett queried whether it would be an issue that Verve Energy bids for the portfolio at the portfolio ramp rate. Mr Williams agreed that the IMO would need to confirm whether this would be an issue. <p><i>Action Point: The IMO to confirm if Verve Energy bidding at a portfolio ramp rate has any implications to its proposed solution to create a Tolerance Range for the Verve Energy Balancing Portfolio (CP_2012_03).</i></p> <ul style="list-style-type: none"> Mr Kelloway noted that using the summation of all the Facilities operating in the Verve Energy Balancing Portfolio to determine the tolerance to apply in each Trading Interval may have an impact on the Load Following requirement. Mr Everett stated that the tolerance for the portfolio would become very large under the IMO's proposed solution. Verve Energy would only receive Constrained On/Off Compensation if the tranche was greater than the tolerance which seems unreasonable. <p><i>Action Point: The IMO, System Management and Verve Energy to meet to discuss to options for determining a Verve Energy Balancing Portfolio tolerance.</i></p>	<p>SM</p> <p>IMO</p> <p>IMO</p> <p>IMO/SM/ Verve Energy</p>
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	<ul style="list-style-type: none"> The Chair noted that the IMO would progress its solution to Issue 1 (and Issue 3) separately to Issue 2. <p><u>Issue 3: Clarification of obligations relating to dispatch</u></p> <ul style="list-style-type: none"> Mr Williams noted that the proposed changes were to correct an oversight in the Amending Rules resulting from RC_2011_10. The MAC agreed for the IMO to correct the relevant clauses of the Market Rules relating to this issue. 	
7a.	<p>MARKET PROCEDURE CHANGE OVERVIEW</p> <p>Ms Frame informed the MAC that an IMO Procedure Change and Development Working Group meeting had been held on 14 August 2012. The IMO intended to hold another meeting in November 2012 to discuss the proposed revised Market Procedures for Prudential Requirements and Determining Loss Factors.</p> <p>The MAC noted the overview of recent and upcoming procedure changes.</p>	
8a.	<p>WORKING GROUP OVERVIEW</p> <p>The MAC noted the Working Group overview.</p>	
8b.	<p>RCMWG UPDATE</p> <p>Ms Frame noted that the Reserve Capacity Mechanism Working Group (RCMWG) would be meeting on 13 September 2012 to discuss the work undertaken to date with respect to the dynamic refunds and IRCR work streams.</p>	
9.	<p>GENERAL BUSINESS</p> <p>Mr Tan noted a recent incident where Tesla had not been provided with sufficient notice of a Planned Outage of the distribution network. While this did not have a financial impact on Tesla (due to the Amending Rules from the Rule Change Proposal: Consequential Outage Definition (RC_2012_04)), Tesla did discover that as a non-active Balancing participant it must adjust its Balancing Submission immediately to adhere to the requirements outlined in the Market Rules. Mr Tan also noted a concern with the instructions for non-active Balancing Participants being contained on the IMO's market webpage. In particular Mr Tan noted that the instructions had changed recently (in relation to whether a Market Participant can adjust its Balancing Submission downwards to reflect an outage). The Chair expressed concern that the IMO web site being updated with a new process and impacted Market Participants not being informed.</p> <p>Mr Williams responded that in this case the changes to the web site had been made to reflect the Market Rules obligations. In particular Mr Williams noted that the Market Rules required all Market Participants to update their Balancing submissions to reflect outages and that the revision will always be downwards to reflect the outage. This is because the Facility will not be available (fully or partially) and the Balancing Merit Order will need to adjust to reflect this.</p> <p><i>Action Point: The IMO to provide an update to the MAC on its proposed</i></p>	

	<i>revised governance arrangements for updating the Market Web Site where the changes impact operationally on Market Participants.</i>	IMO
CLOSED: The Chair declared the meeting closed at 4.00 pm.		

Agenda item 4: 2012 MAC Action Points

Legend:

Shaded	Shaded action points are actions that have been completed since the last MAC meeting.
Unshaded	Unshaded action points are still being progressed.
Missing	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	Initial analysis completed. Update to be provided to November MAC.
10	2012	The IMO and Western Power to consider a revised design for the treatment of NCS facilities which ensures that the costs associated with avoiding a network upgrade via entering into a NCS Contract will accrue to the Network Operator.	IMO/WP	Apr	Underway. The IMO notes that it will work through the issues raised during the 18 April 2012 MAC meeting with Western Power over the upcoming months.
11	2012	System Management to consider whether any process changes for approving network outages could be possible to ensure that Market Generators are provided with sufficient notice of the outage.	SM	Apr	System Management to provide final update.
22	2012	System Management to contact the IMO to discuss System Management's query on a reference to a 10% POE peak demand	SM	Jul	Completed

#	Year	Action	Responsibility	Meeting arising	Status/Progress
		event for the 2003/2004 year in the 2012 Statement of Opportunities.			
23	2012	Mr Kelloway to confirm who from System Management will notify distribution connected Generators about network outages.	SM	Jul	Completed.
26	2012	The IMO to consider aligning the days to ask for a review of a Reviewable Decision in the Market Rules (10 Business Days) with the days prescribed in the Regulations (28 days).	IMO	Jul	Completed.
27	2012	The IMO to formally submit PRC_2012_06 into the Fast Track Rule Change Process subject to considering the days allowed for a Reviewable Decision	IMO	Jul	Completed.
29	2012	System Management to advise the MAC on the arrangements for notifying customers with important large loads on the distribution network of outages.	SM	Aug	System Management to provide an update
30	2012	The IMO to amend the minutes of Meeting No. 52 to reflect the agreed changes and publish on Market Web Site as final.	IMO	Sep	Completed.
31	2012	The IMO to distribute comments received during the MREP voting process to all MAC members.	IMO	Sep	Completed.
32	2012	The IMO to undertake a preliminary impact assessment of PRC_2012_07, including considering the impact of the proposed changes on the Statement of Opportunities, and present back the results to the MAC.	IMO	Sep	In Progress
33	2012	The IMO to submit PRC_2012_15 into the formal rule change process.	IMO	Sep	Completed.
34	2012	System Management to provide an update to the MAC on its progress in enabling IPP Facilities to participate in the LFAS Market from 5 December 2012 onwards.	SM	Sep	System Management to provide update.
35	2012	The IMO to provide an update to the MAC on the requirements under the Market Rules for the determination of the LFAS quantity used to calculate LFAS Capacity Costs.	IMO	Sep	The IMO to provide update to November MAC.

#	Year	Action	Responsibility	Meeting arising	Status/Progress
36	2012	The IMO to confirm if Verve Energy bidding at a portfolio ramp rate has any implications to its proposed solution to create a Tolerance Range for the Verve Energy Balancing Portfolio (CP_2012_03).	IMO	Sep	In Progress
37	2012	The IMO, System Management and Verve Energy to meet to discuss to options for determining a Verve Energy Balancing Portfolio tolerance.	IMO, SM, Verve	Sep	In Progress
38	2012	The IMO to provide an update to the MAC on its proposed revised governance arrangements for updating the Market Web Site where the changes impact operationally on Market Participants.	IMO	Sep	In Progress

Agenda item 4: Action Item 2012/32 – Impacts of proposed change to Notional Wholesale Meter DLF

The Pre Rule Change Proposal: Loss Factor Determination (PRC_2012_07) was developed by the IMO in consultation with Western Power and presented to the MAC at its September 2012 meeting. The proposed changes include a refinement to the methodology used to determine the Distribution Loss Factor (DLF) for the Notional Wholesale Meter (NWM), to exclude consideration of the average losses of interval metered connection points.

The IMO noted during its presentation that while the proposed changes to the NWM DLF would have no impact on Metered Schedules for the NWM, they would cause a small reduction in Synergy's Individual Reserve Capacity Requirement (IRCR) and a corresponding small increase in the IRCRs of other Market Participants. The MAC requested the IMO to undertake a preliminary assessment of PRC_2012_07, including considering the impact on the Statement of Opportunities, and present back the results to the MAC.

To assist with this analysis, Western Power provided the IMO with an estimate of the NWM's DLF for the 2012/13 Financial Year, calculated using the proposed methodology. It should be noted that this value is a preliminary estimate only, as the changes to Western Power's modelling processes are yet to be formally tested and audited. However, the estimated value of 1.063 lies in the expected range, between the current value of 1.0522 and the DLF associated with small residential network tariffs (1.075).

The IMO used the estimated DLF to recalculate the IRCRs and associated TDL_Ratio values for the Trading Months from October 2011 to November 2012 inclusive. Note the changes have no impact on NTDL_Ratio or Total_Ratio values. The reduction in Synergy's IRCR varies but is well under 10 MW in all cases, with the reduction for the 2012/13 Capacity Year about half that for the 2011/12 Capacity Year, due to the FY2011/12 NWM Loss Factor being larger than the FY2010/11 NWM Loss Factor. The impact on the TDL_Ratio is shown in the following table.

Trading Month	TDL_Ratio (Current DLF)	TDL_Ratio (Proposed DLF)
October 2011	1.5781	1.5883
November 2011	1.5631	1.5733
December 2011	1.5667	1.5770
January 2012	1.5646	1.5748
February 2012	1.5678	1.5781
March 2012	1.5708	1.5811
April 2012	1.5753	1.5856
May 2012	1.5765	1.5869

Trading Month	TDL_Ratio (Current DLF)	TDL_Ratio (Proposed DLF)
June 2012	1.5776	1.5879
July 2012	1.5782	1.5886
August 2012	1.5758	1.5861
September 2012	1.5783	1.5887
October 2012	1.6488	1.6531
November 2012	1.6470	1.6512

If the proposed changes were to commence in time for the 2013/14 Loss Factor review then there would be some impact from October 2013 (due to changes to the NWM values for the 4 Peak Trading Intervals used in IRCR calculations), with the full impact starting from October 2014 (due to the changes to the NWM values for the Hot Season 12 Peak Trading Intervals).

The proposed changes would have no impact on the Statement of Opportunities, and in particular on the calculation of the Reserve Capacity Target. This is because the IMO's demand forecasts are developed from historical sent out generation and Demand Side Programme curtailment data, and not from Load data.

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)	3rd October 2012	7th November 2012
Fast track with Consultation Period open	0	1
Standard Rule Changes with 1st Submission Period Open	1	0
Fast Track Rule Changes with Consultation Period Closed (final report being prepared)	0	1
Standard Rule Changes with 1st Submission Period Closed (draft report being prepared)	4	2
Standard Rule Changes with 2nd Submission Period Open	1	0
Standard Rule Changes with 2nd Submission Period Closed (final report being prepared)	0	4
Rule Changes - Awaiting Minister's Approval and/or Commencement	1	1
Total Rule Changes Currently in Progress	7	9

Potential changes logged by the IMO- Not yet formally submitted	September	October
High Priority (to be formally submitted in the next 3/6 months)	0 (+0/-0)	1 (+2/-1)
Medium Priority (may be submitted in the next 6/12 months)	23 (+1/-0)	24 (+2/-0)
Low Priority (may be submitted in the next 12/18 months)	25 (+0/-0)	25 (+0/-0)
Potential Rule Changes (H, M and L)	48	50

The changes in the rule change issues log from September to November are outlined below:

Priority	Issue
High	<p>In:</p> <ul style="list-style-type: none"> Constrained On/Off Compensation for Non-Scheduled Generators due to SCADA/interval meter discrepancies: Where the price offered by a Non-Scheduled Generator in its Balancing Submission (NSG Price) is less than or equal to the Balancing Price, the Maximum Theoretical Energy Schedule (TES) for the Facility is set to its Sent Out Metered Schedule (SOMS). Similarly, unless a Non-Scheduled Generator is dispatched downwards by System Management in a Trading Interval, its Minimum TES is also set to its SOMS. In both cases this is meant to ensure that the Facility is not allocated any Constrained On or Off Compensation (as applicable). However, under the current Market Rules the SOMS is calculated using SCADA data rather than interval meter readings provided by Western Power. When this quantity is compared with the actual interval meter SOMS any differences in excess of the Facility's Settlement Tolerance will result in the calculation of Out of Merit Generation and therefore the allocation of Constrained On/Off Compensation to the Facility. This has resulted in potential payments in excess of \$2 million in the first two months of the Balancing Market. <p>The IMO considers this to be a manifest error in the Market Rules. To address the problem quickly the IMO proposes to progress a Fast Track Rule Change Proposal to prevent Constrained On/Off Compensation in these circumstances. The IMO also proposes to develop a more robust, long term solution that involves using interval meter data for the calculation of Minimum and Maximum TES for Non-Scheduled Generators and allowing the recalculation of TES values consistent with other settlement quantities.</p> <ul style="list-style-type: none"> Constrained On/Off Compensation removal where a Facility is non-compliant with a Dispatch Instruction (DI): Where System Management informs the IMO that a Market Participant has not complied with a Dispatch Instruction (DI), and the IMO determines that the Market Participant has not adequately or appropriately complied with that DI, the Market Rules give the IMO a power to reduce the relevant Out of Merit Generation to zero. The effect is that the Market Participant will not be paid any Constrained On/Off Compensation for the relevant Trading Interval. Neither System Management's requirement to provide the relevant non-complying information to the IMO, or the IMO's power to reduce the relevant Out of Merit quantity to zero, are subject to any express time constraints in the Market Rules (and, in practical terms, may in some circumstances take some time to determine). However, the current settlement process in the Market Rules does not allow the IMO to make any necessary adjustments to a Market Participant's settlement statement following any determinations it makes with respect to these payments after the initial settlement run. <p>The IMO's ability to practically recover Constrained On/Off Compensation payments was assumed to be able to be achieved through the settlement rules (as was discussed at numerous workshops). The IMO's ability to update settlement invoices with the results of its determinations with respect to Constrained On/Off Compensation needs to be progressed as soon as possible, to minimise the impact of interest continuing to accrue on payments that may be</p>

	<p>recovered and to give Market Participants certainty with respect to their settlement position as soon as possible.</p> <p>Out:</p> <ul style="list-style-type: none"> • Constrained On/Off Compensation for Non-Scheduled Generators due to SCADA/interval meter discrepancies: Progressed as RC_2012_19 through the Fast Track Rule Change process.
Medium	<p>In:</p> <ul style="list-style-type: none"> • Eligible sources of SRC: Clause 4.24.3(a) prescribes the eligible "load reduction" sources of supplementary capacity. The clause excludes "reductions associated with the operation of Registered Facilities (including registered Loads) and reductions provided by a Market Customer with a Demand Side Programme that does not satisfy its Reserve Capacity Obligations for the current Reserve Capacity Cycle in accordance with clause 4.8.3(d) at the time the IMO seeks to acquire supplementary capacity". Clause 4.8.3 was deleted by RC_2010_29 (Curtable Loads and Demand Side Programmes). The deleted clause related to the original concept of a Demand Side Programme that was replaced in RC_2010_29. Clause 4.24.3(a) needs to be updated to remove the reference to clause 4.8.3 and ensure that a provider of demand side capacity is not eligible to provide SRC if it is not currently compliant with its Reserve Capacity Obligations. • Calculation of Adjustment Statements using the best available information: Currently the Market Rules prescribe that the purpose of the Adjustment Process is to facilitate corrections resulting from Notices of Disagreement, the resolution of Disputes, revised metering data provide by Metering Data Agents and any revised Market Fee rate, System Operation Fee rate or Regulator Fee rate. However this list fails to cover all the circumstances that could cause errors in settlement statements. The IMO considers that the Adjustment Process should recalculate settlement statements using the best data available to the IMO at the time of recalculation, and that apart from explicitly identified exceptions (such as the Balancing Price) all inputs to settlement calculations should be able to be amended where an error is identified.
Low	N/A

The IMO also notes that it keeps a log of Minor and Typographical issues and Rule Change Suggestions that is updated on a regular basis. The Issues contained within the Minor and Typographical Log are collated and submitted in batches during the year. Rule Change Suggestions contained on the IMO's log form the basis for the Market Rules Evolution Plan.

APPENDIX 1: FORMALLY SUBMITTED RULE CHANGES (Current as of 7th November 2012)

Fast Track Rule Change with Submission Period Open

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2012_06	07/11/2012	Clarification of Reviewable Decisions and Definition of Regulations	IMO	Submissions Close	27/11/2012

Fast Track Rule Change with Submission Period Closed

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2012_15	02/10/2012	Four month Commissioning Test Period for new generating systems	IMO	Final Rule Change Report Published	09/11/2012

Standard Rule Change with First Submission Period Closed

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2012_02	03/09/2012	Relevant Demand of a Demand Side Program	EnerNOC	Draft Rule Change Report Published	25/01/2013
RC_2012_10	22/06/2012	Limits to Early Entry Capacity Payments	Synergy	Draft Rule Change Report Published	26/11/2012

Standard Rule Change with Second Submission Period Closed

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2011_09	15/05/2012	Prudential Requirements	IMO	Final Rule Change Report Published	19/11/2012
RC_2012_09	27/07/2012	Clarification and Calculation of Availability Curve	System Management	Final Rule Change Report Published	03/12/2012
RC_2012_11	30/07/2012	Transparency of Outage Information	IMO	Final Rule Change Report Published	04/12/2012
RC_2012_12	25/07/2012	Updates to Commissioning Test Plans	IMO	Final Rule Change Report Published	29/11/2012

Standard Rule Change Awaiting Commencement

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2011_02	10/03/2012	Reassessment of Allowable Revenue during a Review Period	ERA	Commencement	01/07/2012

Wholesale Electricity Market Pre Rule Change Proposal

Change Proposal No: PRC_2012_19
Received date: TBA

Change requested by:

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Organisation:	IMO
Address:	Level 17, 197 St Georges Terrace, Perth WA 6000
Date submitted:	TBA
Urgency:	3-high – Fast Track Rule Change Process
Change Proposal title:	Constrained On/Off Compensation for Non-Scheduled Generators
Market Rules affected:	Clauses 6.16A.2 and 6.17.3A

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

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.

Details of the proposed Market Rule Change

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

Background

The Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10) introduced a new Balancing Market that enables greater participation of Independent Power Producers (IPPs) in the provision of Balancing. The Balancing Market commenced on 1 July 2012.

Under the new market arrangements, if a Balancing Facility is dispatched “out of merit” (i.e. not in accordance with the Balancing Merit Order), then subject to certain exceptions it is entitled to receive a payment of Constrained On Compensation or Constrained Off Compensation. Constrained On Compensation is paid to ensure that a Market Generator receives at least its bid price for any energy it generates, while Constrained Off Compensation is paid to ensure that a Market Generator does not pay the Balancing Market more for a quantity of energy than the price at which it offered to generate that energy.

To determine the amount of compensation required, for each Balancing Facility and Trading Interval the IMO calculates a Minimum Theoretical Energy Schedule (Minimum TES) and a Maximum Theoretical Energy Schedule (Maximum TES), which together define a range of MWh output for which the Balancing Price is considered to provide appropriate compensation. Again subject to various exceptions, if the Facility’s actual output falls outside this range by more than the applicable Settlement Tolerance, the Facility is paid either Constrained On Compensation (for output in excess of the Maximum TES) or Constrained Off Compensation (for shortfalls in output compared with the Minimum TES) as applicable.

For a Non-Scheduled Generator, the Maximum TES calculation varies depending on how the Loss Factor Adjusted price offered in the Facility's Balancing Submission (NSG Price) compares with the Balancing Price.

- If the NSG Price is less than or equal to the Balancing Price, then the relevant Market Generator has effectively agreed to be paid no more than the Balancing Price for any energy it generates in the Trading Interval. In this case the Maximum TES for the Facility is set to the Facility's Sent Out Metered Scheduled (SOMS), to reflect that the Balancing Price is sufficient for all of the Facility's output and so no Constrained On Compensation is required (clause 6.15.1(b)(i) of the Market Rules).
- If the NSG Price exceeds the Balancing Price, then based on the BMO the Facility would not be cleared to run. In this case the Maximum TES is calculated as the quantity of energy the Facility would be expected to generate if it was dispatched by System Management in accordance with the BMO, i.e. if it ramped down to zero at its Ramp Rate Limit commencing at the start of the Trading Interval (clause 6.15.1(b)(ii)).

The Minimum TES calculation for a Non-Scheduled Generator depends on whether the Facility was dispatched downwards out of merit by System Management in the Trading Interval.

- If the Facility was dispatched downwards out of merit, then the Minimum TES is set to System Management's estimate of the MWh output the Facility could otherwise have achieved in the Trading Interval (clause 6.15.2(b)(i)). The difference between this estimate and the actual output is then subject to Constrained Off Compensation.
- If the Facility was not dispatched downwards out of merit then it is not entitled to any Constrained Off Compensation. For this reason the Minimum TES is set to the Facility's SOMS, to reflect that the Facility did not generate less than it could have due to an out of merit Dispatch Instruction (clause 6.15.2(b)(ii)).

Issue

As outlined above, the Maximum TES of a Non-Scheduled Generator is set to its SOMS in cases where the Facility could not have been dispatched upwards out of merit and so should be ineligible for any Constrained On Compensation. However, under the current Market Rules the SOMS value used to measure actual output is determined from interval meter readings provided by Western Power, while the SOMS value used to calculate Maximum TES is taken from SCADA data provided by System Management. (The use of SCADA readings was prescribed in the Amending Rules for RC_2011_10 because they are available much earlier than interval meter readings, allowing earlier calculation and publication of Minimum and Maximum TES.)

Although both values are measures of the same physical quantity they are likely to vary to some extent, mainly due to the relative inaccuracy of SCADA. Occasionally the discrepancy can exceed the Settlement Tolerance of the Facility, which can result in the allocation of spurious Constrained On Compensation to the Facility.

For example, consider a Non-Scheduled Generator with a Settlement Tolerance of 1.5 MWh. For a Trading Interval with a Balancing Price of \$50/MWh, the Facility has an NSG Price of \$-1000/MWh, a SCADA SOMS of 20 MWh and an interval meter reading SOMS of 25 MWh.

The Facility will be assigned a Maximum TES of 20 MWh, since its NSG Price is less than the Balancing Price (i.e. it was eligible to run under the BMO). Under clause 6.16A.1 the Upwards Out of Merit Generation for the Facility is set to $(25 - 20) = 5$ MWh, as the interval meter reading SOMS exceeds the Maximum TES by more than the Facility's Settlement Tolerance. This results in the allocation of Constrained On Compensation for a quantity of 5 MWh (clause 6.17.3A(a)) at a price of $(\$-1000/\text{MWh} - \$50/\text{MWh}) = \$-1050/\text{MWh}$ (clause 6.17.3A(b)), and so the Market Generator incurs a cost of \$5250 for the Trading Interval. It should be noted that the Constrained On Compensation in these cases will never be a positive amount, as the Facility's NSG Price will never be greater than the Balancing Price.

Spurious Constrained Off Compensation payments can also be allocated to a Non-Scheduled Generator, if the Facility's Minimum TES is set to its SCADA SOMS and this quantity exceeds the interval meter reading SOMS by more than the Settlement Tolerance. In these cases the Constrained Off Compensation could be either a positive amount (if the NSG Price is less than the Balancing Price) or a negative amount (if the NSG Price is greater than the Balancing Price), although the former option is far more likely to occur in practice.

Non-Scheduled Generators have been charged a total of \$470,500 in spurious Constrained On Compensation for the first two months of the Balancing Market. An additional charge of around \$1.3 million was avoided by the IMO adjusting the relevant Facility's Settlement Tolerance in breach of the Market Rules. During the same period, Non-Scheduled Generators have received around \$21,600 in spurious Constrained Off Compensation, with a further payment of \$550,000 avoided by the IMO adjusting the relevant Facility's Settlement Tolerance.

Proposal

The IMO proposes two amendments to the Market Rules to address this issue.

- To prevent the allocation of Constrained On Compensation to a Non-Scheduled Generator due to SCADA/interval meter reading variations, the IMO proposes to set a minimum value of zero for the ConP1 price calculated for Non-Scheduled Generators in clause 6.17.3A(b). This will ensure the Constrained On Compensation is set to zero if the Facility's NSG Price is less than or equal to the Balancing Price (which will always be the case when the Maximum TES is set to the SCADA SOMS). Note that this amendment will not affect the calculation of Constrained On Compensation when the NSG Price exceeds the Balancing Price.
- To prevent the allocation of Constrained Off Compensation due to SCADA/interval meter reading variations, the IMO proposes to amend clause 6.16A.2(b) so that the Downwards Out Of Merit Generation for a Non-Scheduled Generator is set to zero unless System Management has indicated that it dispatched the Facility downwards out of merit by sending the IMO an estimate under clause 7.13.1(eF) of the MWh output the Facility could have otherwise achieved.

2. Explain the reason for the degree of urgency:

The IMO considers that this Rule Change Proposal corrects a manifest error in the Market Rules. Under the current drafting, Constrained On Compensation and Constrained Off Compensation can be allocated to a Non-Scheduled Generator for a Trading Interval in which the Facility clearly did not generate out of merit, due to a discrepancy between the MWh interval meter reading for the Facility and its SCADA equivalent. As such, the IMO considers that this proposal should be progressed using the Fast Track Rule Change Process, on the grounds that it satisfies the criteria in clause 2.5.9(b) of the Market Rules.

Clause 2.5.9 states:

The IMO may subject a Rule Change Proposal to the Fast Track Rule Change Process if, in its opinion, the Rule Change Proposal:

- (a) is of a minor or procedural nature; or*
- (b) is required to correct a manifest error; or*
- (c) is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.*

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)

6.16A.2. The Downwards Out of Merit Generation in a Trading Interval for a Balancing Facility equals:

- (a) subject to clause 6.16A.2(b), the Minimum Theoretical Energy Schedule less the Sent Out Metered Schedule; or
- (b) zero if:
 - i. System Management has provided a report to the IMO under clause 7.10.7 and the IMO determines that the relevant Market Participant has not adequately or appropriately complied with a Dispatch Instruction;
 - ii. the Facility was undergoing a Test or complying with an Operating Instruction; ~~or~~
 - iii. the Minimum Theoretical Energy Schedule less the Sent Out Metered Schedule is less than the sum of:
 - 1. any Downwards LFAS Enablement and, if the Facility is a Stand Alone Facility, any Downwards Backup LFAS Enablement, which the Facility was instructed by System Management to provide, divided by two so that it is expressed in MWh; and
 - 2. the applicable Settlement Tolerance; ~~or~~ or

- iv. the Balancing Facility is a Non-Scheduled Generator and System Management has not provided the IMO with a MWh quantity for the Facility and the Trading Interval under clause 7.13.1(eF).

6.17.3A Subject to clause 6.17.5B, for any Balancing Facility that is a Non-Scheduled Generator, in a Trading Interval:

- (a) ConQ1 equals the Upwards Out of Merit Generation, in MWh, for the Trading Interval, which for settlement purposes under Chapter 9 the IMO must Loss Factor adjust; and
- (b) ConP1 equals the greater of:
- i. zero; and
- ii. the Loss Factor Adjusted Price in the Balancing Price-Quantity Pair associated with the Balancing Facility for that Trading Interval less the Balancing Price for that Trading Interval.

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

The IMO considers that the proposed amendments correct a manifest error in the Market Rules and are consistent with the Wholesale Market Objectives.

Further, the IMO considers that the proposed amendments will allow the Market Rules to better address Wholesale Market Objectives (b) and (c). The allocation of negative Constrained On Compensation due to random SCADA/interval meter reading variations (which generally outweighs any windfall gains from Constrained Off Compensation) poses a threat to the viability of small Non-Scheduled Generators, and would be likely to discourage the participation of these Facilities in the market. The IMO therefore considers that eliminating these payments will better achieve both Wholesale Market Objective (b) and, as the problem only affects Non-Scheduled Generators, Wholesale Market Objective (c).

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

Costs:

Some changes to the IMO's settlement system will be required. The IMO will provide stakeholders with an estimate of the cost of these changes during the consultation period for the Rule Change Proposal.

Benefits:

- Correction of a manifest error in the Market Rules.
 - Elimination of spurious payments and charges for Non-Scheduled Generators.
-

Wholesale Electricity Market Pre Rule Change Proposal

Change Proposal No: PRC_2012_16
Received date: TBA

Change requested by:

Name:	Allan Dawson
Phone:	9254 4333
Fax:	9254 4399
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Address:	Level 17, 197 St Georges Terrace, Perth WA 6000
Date submitted:	TBA
Urgency:	High – Fast Track Rule Change Process
Change Proposal title:	Alignment of Settlement Tolerance Ranges and Tolerance Ranges
Market Rules affected:	Clauses 2.13.6L (new) and 6.17.9.

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

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.

Details of the proposed Market Rule Change

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

Background

Since the Wholesale Electricity Market (WEM) began System Management, with the knowledge of Rule Participants, has applied a tolerance range to the deviations of Scheduled Generators from their Resource Plans before reporting alleged breaches to the IMO. The adoption of a tolerance range was a practical solution to the overly stringent obligations contained within the Wholesale Electricity Market Rules (Market Rules), particularly with respect to the reporting obligations associated with clauses 7.10.1 and 7.10.5. At an operational level, adherence to the Market Rules would have required System Management to report every deviation from a Resource Plan to the IMO.

Given the identified impracticalities of the reporting obligations, System Management put forward a Rule Change Proposal: The use of tolerance levels by System Management (RC_2009_22)¹ which introduced a process by which System Management could set a generic Tolerance Range and, where appropriate, specific Facility Tolerance Ranges (refer to clauses 2.13.6A - 2.13.6K). The Tolerance Range applied to System Management's reporting obligations under clause 7.10.1 and System Management's operational obligations to request a Market Generator to move back to its Resource Plan under clause 7.10.5². Neither of the changes introduced by RC_2009_22 amended a Market Generator's

¹ A copy of the Final Report for RC_2009_22 is available on the following webpage: http://www.imowa.com.au/RC_2009_22

² Note that the tolerances also applied to System Management's obligation to report Forced Outages.

requirements to adhere to the Market Rules, including the requirement to adhere to Resource Plans.

At the December 2011 meeting of the Rules Development Implementation Working Group (RDIWG), concerns were raised about the ability of some Facilities to comply with Dispatch Instructions under the new Balancing Market arrangements, and in particular Facilities with less flexible ramping capabilities. Given this consideration, the IMO proposed during the further consultation period for the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10) that the application of the Tolerance Range or Facility Tolerance Range, as applicable, be extended to apply to the output of a Market Generator³. The extended application of a Tolerance Range or Facility Tolerance Range enabled a Facility to ramp to a target level in increments, approximating a linear ramp rate over the instructed range. The IMO's decision to incorporate these changes was intended to provide some flexibility to "on average" meet instructed MW target, MWh requirements and ramp rate levels over an interval. Under the Amending Rules which commenced under RC_2011_10 a Market Participant that purposefully biases operation within the Tolerance Range or Facility Tolerance Range (for example, to manipulate Constrained On or Constrained Off Compensation or balancing outcomes) would be subject to a potential compliance action.

Issue

Under the current Market Rules it is possible for a Scheduled Generator to generate away from the requested output amount (as notified via a Dispatch Instruction) by an amount (in MWh) which is greater than the Settlement Tolerance but less than the applicable Tolerance Range or Facility Tolerance Range. This provides for a Scheduled Generator to be:

- compliant with the Dispatch Instruction issued by System Management via the application of the criteria outlined in clause 7.10.2; and
- either:
 - receive Constrained On Compensation for the additional generation above the Settlement Tolerance; or
 - receive Constrained Off Compensation for the reduced generation levels below the Settlement Tolerance (potentially at the Minimum STEM Price of \$1000/MWh).

Under the new Balancing Market design, a Facility that is dispatched by System Management above (or below) its Net Contract Position will be paid (or will pay) the Balancing Price for the quantity involved (as part of normal settlement of Balancing amounts). Constrained On or Constrained Off Compensation may also be required to compensate for differences between the Balancing Price and the price of offers of bid tranches dispatched by System Management. Note that "Out of Merit" dispatch quantities may be the result of a system security situation or due to approximations that must be made in formulating Dispatch Instructions to follow expected trends in dispatch intervals and in calculating half hourly Balancing Prices ex-post.

The IMO notes that a Scheduled Generator can benefit from the current identified issue by generating at a level outside its Settlement Tolerance range yet remain within its applicable

³ For further details refer to the further consultation document on the following webpage:
http://www.imowa.com.au/RC_2011_10

Tolerance Range and thus receive a greater level of Constrained On or Constrained Off Compensation than would otherwise apply. The IMO considers that this outcome is inconsistent with the design of Constrained On and Constrained Off Compensation (as implemented under RC_2011_10).

Proposal

The IMO proposes to amend the Settlement Tolerance (clause 6.17.9) for a Scheduled Generator to be equal to the MWh equivalent of the Tolerance Range or Facility Tolerance Range (as applicable) associated with the relevant Facility.

System Management has defined the initial Tolerance Range under clause 2.13.6D as a formula, which takes a Scheduled Generator's Nameplate Capacity and normal ramp rate (as recorded in Standing Data) as input. To allow for potential future variations to this approach, and to ensure consistency between the Tolerance Ranges applied by System Management over time and the quantities used for settlement, the IMO proposes the addition of a new clause 2.16.6L. This clause will require System Management to explicitly provide to the IMO a single MW tolerance range value for each Scheduled Generator or Dispatchable Load (provided that an applicable Tolerance Range or Facility Tolerance Range has been determined for that Facility).

The IMO will work with System Management to develop the appropriate changes to the IMS Interface Market Procedure to support the new interface.

2. Explain the reason for the degree of urgency:

One of the underlying tenets of the Balancing Market design was that a Facility that failed to follow its Dispatch Instruction would not be eligible for Constrained On/Off Compensation. The rationale for creating Tolerance Ranges was to acknowledge that Scheduled Generators could not, in reality, ramp up or down in a perfect linear fashion and would therefore not be penalised for minor deviations from their Resource Plan. However, by relaxing the boundary for compliance with Dispatch Instructions and allowing Scheduled Generators minor deviations within Tolerance Ranges or Facility Tolerances Ranges an unintended consequence is that a Facility may receive Constrained On/Off Compensation as a result of not fully complying with their Dispatch Instructions.

The IMO considers that the generation of these payments constitutes a manifest error in the Market Rules. As such, the IMO considers that this Rule Change Proposal should be progressed using the Fast Track Rule Change Process, on the basis that it satisfies the criterion in clause 2.5.9(b) of the Market Rules.

Clause 2.5.9 states:

The IMO may subject a Rule Change Proposal to the Fast Track Rule Change Process if, in its opinion, the Rule Change Proposal:

- (a) is of a minor or procedural nature; or*
- (b) is required to correct a manifest error; or*

(c) is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.

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)

2.13.6L. System Management must, in the time, form and manner prescribed in the IMS Interface Market Procedure provide to the IMO, for each Scheduled Generator or Dispatchable Load for which an applicable Tolerance Range or Facility Tolerance Range has been determined, the absolute value of the maximum MW boundary of the applicable Tolerance Range or Facility Tolerance Range.

6.17.9. The IMO must other than for Facilities in the Verve Energy Balancing Portfolio, determine a Settlement Tolerance for each Scheduled Generator, Non-Scheduled Generator and Dispatchable Load, where this Settlement Tolerance is equal to:

(a) for a Scheduled Generator or Dispatchable Load for which an applicable Tolerance Range or Facility Tolerance Range has been determined by System Management, the applicable value provided by System Management to the IMO for the Facility under clause 2.13.6L, divided by two to be expressed as MWh; or

(b) for Facilities for which no applicable Tolerance Range or Facility Tolerance Range has been determined by System Management, the lesser of:

~~(a)~~i. 3 MWh; and

~~(b)~~ii. the greater of:

i1. 0.5 MWh; and

ii2. 3% of the Facility's:

4i. Sent Out Capacity in the case of a Non-Scheduled Generator and a Scheduled Generator; or

2ii. nominated maximum consumption quantity in the case of a Dispatchable Load,

as set out in Standing Data divided by two to be expressed as MWh.

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

The IMO considers that the proposed amendments correct a manifest error in the Market Rules and are consistent with the Wholesale Market Objectives. Further, the IMO considers that the proposed amendments will allow the Market Rules to better Wholesale Market Objective (a) by promoting economically efficient outcomes with regards to addressing the perverse situation evident where a Scheduled Generator can receive Constrained On/Off Compensation for deviating from its Dispatch Instructions. The IMO also considers that the proposed amendments will improve economic efficiency by ensuring that significant and unnecessary costs are not borne by the market.

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

Costs:

Some IT costs will be incurred by System Management and the IMO, to develop the required data interface and amend the IMO's settlement system. The IMO will work with System Management to provide stakeholders with an estimate of the cost of these changes during the consultation period for the Rule Change Proposal.

Benefits:

- Correction of a manifest error in the Market Rules.
- Elimination of spurious payments to Scheduled Generators.

Wholesale Electricity Market Pre Rule Change Proposal

Change Proposal No: *PRC_2012_21*
Received date:

Change requested by:

Name:	Greg Ruthven
Phone:	9254 4301
Fax:	9254 4399
Email:	greg.ruthven@imowa.com.au
Organisation:	IMO
Address:	Level 17, 197 St Georges Tce, Perth 6000
Date submitted:	TBA
Urgency:	Medium
Change Proposal title:	5-Yearly Review of Planning Criterion
Market Rule(s) affected:	4.5.9

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

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.

Details of the proposed Market Rule Change

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

The Planning Criterion sets the minimum acceptable level of generation and Demand Side Management (DSM) capacity in the South West interconnected system (SWIS), which is known as the Reserve Capacity Requirement.

The current Planning Criterion, defined in clause 4.5.9 of the Wholesale Electricity Market Rules (Market Rules), requires sufficient generation and DSM capacity to:

- Meet the 10% PoE peak demand plus an allowance of 8.2% to cover unplanned facility outages, while maintaining capacity for frequency keeping and Intermittent Loads (the Defined Scenario); and
- Limit expected energy shortfalls to 0.002% of annual energy consumption.

Clause 4.5.15 of the Market Rules requires the IMO to conduct a review of the Planning Criterion and the process by which it forecasts SWIS peak demand at least once in every 5 year period. The last review was completed in 2007.

The IMO engaged Market Reform, an independent consultant, to undertake this review in 2012. The IMO published Market Reform's Draft Report and an Invitation to Provide Submissions on 16 August 2012.

The IMO has already consulted with stakeholders in relation to this review. A public workshop was held on 31 August 2012, and a public submission period ran from 16 August to 11 September 2012.

Following consideration of submissions from stakeholders, the IMO published a Final Report on 2 November 2012. The IMO's recommendations were that:

- the form of the current Planning Criterion be retained;
- the reserve margin be lowered from 8.2% to 7.6%; and
- the unserved energy component of the Planning Criterion be retained due its role in the determination of the Availability Curve.

The following documents related to the review are available on the IMO website (<http://www.imowa.com.au/rcreviews>):

- Market Reform's Draft Report and Final Report;
- the IMO's Final Report;
- documents related to the stakeholder workshop held on 31 August 2012; and
- full submissions from stakeholders on the Draft Report.

2. Explain the reason for the degree of urgency:

The IMO proposes that this Rule Change Proposal be progressed via the Standard Rule Change Process. If approved, the change to the Planning Criterion should be implemented prior to the publication of the 2013 Statement of Opportunities in June 2013.

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)

- 4.5.9. The Planning Criterion to be used by the IMO in undertaking a Long Term PASA study is that there should be sufficient available capacity in each Capacity Year during the Long Term PASA Study Horizon to:
- (a) meet the forecast peak demand (including transmission losses and allowing for Intermittent Loads) supplied through the SWIS plus a reserve margin equal to the greater of:
 - i. ~~8.2~~7.6% of the forecast peak demand (including transmission losses and allowing for Intermittent Loads); and
 - ii. the maximum capacity, measured at 41°C, of the largest generating unit;

while maintaining the Minimum Frequency Keeping Capacity for normal frequency control. The forecast peak demand should be calculated to a probability level that the forecast would not be expected to be exceeded in more than one year out of ten; and

- (b) limit expected energy shortfalls to 0.002% of annual energy consumption (including transmission losses).

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

The IMO notes that alignment with the Wholesale Market Objectives requires a balance between “*reliable and safe production of electricity*” (objective (a)), “*economically efficient*” (objective (a)) and the objective to “*minimise the long-term cost of electricity*” (objective (d)).

The SWIS has changed materially since the Planning Criterion was last reviewed in 2007. The recommended change to the reserve margin optimises the costs of capacity and unserved energy given the current SWIS context and the expected changes to the market over the next five years.

In doing so, the recommended change promotes an economically efficient and reliable level of reserve margin that seeks to minimise the total system cost.

Consequently, the IMO considers that the recommended change to the reserve margin would better achieve Market Objectives (a) and (d).

The IMO considers that the recommended change to the Planning Criterion is consistent with the other Market Objectives.

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

Costs:

- The IMO has identified that the cost of implementation of a change to the reserve margin is nil. The IMO has not identified any issues with the practicality of implementing the proposed changes to the Planning Criterion.

Benefits:

- The IMO considers that the proposed change to the Planning Criterion will minimise the long-term cost of electricity by striking a balance between the costs of capacity and unserved energy.

Wholesale Electricity Market Pre Rule Change Proposal

Submitted by

Name:	Brendan Clarke
Phone:	9427 5940
Fax:	9427 4228
Email:	Brendan.Clarke@westernpower.com.au
Organisation:	System Management
Address:	
Date submitted:	2 November 2012
Urgency:	High
Change Proposal title:	Commitment and Decommitment Notification Requirements
Market Rule(s) affected:	Clause 7.9

Introduction

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

Independent Market Operator

Attn: Suzanne Frame, Manager Market Development
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

Email: marketadmin@imowa.com.au

The paper should 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.

Details of the proposed Market Rule Change

1) Outline the issue concerning the existing Market Rules that is to be addressed by the proposed Market Rule change:

Issue: There is an unnecessary obligation on Market Participant in certain circumstances in regard to confirming commitment and decommitment times

The Market Rules' provisions relating to this issue are

"7.9.1. Subject to clauses 7.9.1A and 7.9.2, if a Market Participant intends to synchronise a Scheduled Generator, then it must confirm with System Management the expected time of synchronisation:

- (a) at least one hour before the expected time of synchronisation; and*
- (b) must update this advice immediately if the time confirmed pursuant to clause 7.9.1(a) changes."*

"7.9.5. Subject to clause 7.9.6A, if a Market Participant intends to desynchronise a Scheduled Generator, then it must:

- (a) confirm with System Management the expected time of desynchronisation at least one hour before the expected time of desynchronisation; and*
- (b) update this advice immediately if the time confirmed pursuant to clause 7.9.5(a) changes"*

System Management requires to be informed of the intention of any generator to synchronise in order to ensure the system will remain in a safe condition. In particular it must ensure that equipment ratings are not exceeded and there is no possibility of energising plant that is being worked on.

For transmission connected generators this notification is typically done by telephone to enable a check of the impact on the network of the generator connecting.

However, System Management believes that these obligations are unnecessary for most distribution connected generator.

For distribution connected generators a different philosophy is normally applied. Western Power Networks provides an electrical signal to the generator that allows it to synchronise without further advising Western Power Networks. When a safety issue is foreseen this signal is turned off by Western Power Networks.

Under the current Market Rules there is a requirement to provide a separate notification to System Management.

It should be noted that clauses 7.9.1 and 7.9.5 are subject to civil penalties under “Electricity Industry (Wholesale Electricity Market) Regulations 2004”

System Management proposes that it be able to give relief to Market Participants that have this type of network connection.

2) Explain the reason for the degree of urgency:

System Management submits that the Rule Change Proposal be progressed with an urgency of High, as Market Participant’s unnecessarily face the risk of civil penalties.

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)

The issue can be addressed by making amendments to clause 7.9 to allow System Management to grant exemption from this obligation.

The proposed change is given below:

7.9.1. Subject to clauses 7.9.1A, ~~and 7.9.2~~ and 7.9.2A, if a Market Participant intends to synchronise a Scheduled Generator, then it must confirm with System Management the expected time of synchronisation:

- (a) at least one hour before the expected time of synchronisation; and
- (b) must update this advice immediately if the time confirmed pursuant to clause 7.9.1(a) changes.

7.9.2A. System Management may advise in writing that a Market Participant that owns a Scheduled Generator connected to the distribution network that it is not required to give a confirmation under clause 7.9.1. in respect of that Scheduled Generator. System Management may only do this where it is satisfied that safe operation facilities and procedures are in place.

7.9.5. Subject to clause 7.9.6A and 7.9.6B, if a Market Participant intends to desynchronise a Scheduled Generator, then it must:

- (a) confirm with System Management the expected time of desynchronisation at least one hour before the expected time of desynchronisation; and
- (b) update this advice immediately if the time confirmed pursuant to clause 7.9.5(a) changes.

7.9.6B. System Management may advise in writing that a Market Participant that owns a Scheduled Generator connected to the distribution network is not required to give a confirmation under clause 7.9.5. in respect of that Scheduled Generator. System Management may only do this where it is satisfied that safe operation facilities and procedures are in place.

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

This proposed Rule Change would better address objective (d) of the Market Objectives. The change as submitted would promote the to minimise the long-term cost of electricity supplied to customers from the South West interconnected system.

The proposed rule change addresses this objective by removing an unnecessary obligation on the Market Participant.

5) Provide any identifiable costs and benefits of the change:

Benefits:

- The costs to Market Participants are reduced.

Costs:

- No costs have been anticipated by System Management other than the administrative costs to change the rules.
-

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

Legend:

Shaded	Shaded rows indicate procedure changes that have been completed since the last MAC meeting.
Unshaded	Unshaded rows are procedure changes still being progressed.
Red Text	Red text indicates any updates to information

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
IMO Procedure Change Proposals					
PC_2011_04	Prudential Requirements	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> • Reflect the IMO's new format arising from its Market Procedures project; • Include some minor and typographical amendments to improve the integrity of the Market Procedure; • Include amendments required as a result of the Pre Rule Change Proposal: Prudential Requirements (PRC_2011_09) and <ul style="list-style-type: none"> ◦ RC_2010_36 Acceptable Credit Criteria; and ◦ RC_2011_04 List of entities meeting Acceptable Credit Criteria 	<ul style="list-style-type: none"> • During further work on drafting changes to the Prudential Requirements Market Procedure to align with the Rule Change Proposal: Prudential Requirements (RC_2011_09) the IMO identified two areas in the proposed Market Procedure that are not aligned with the Rule Change Proposal as currently drafted. The implementation of a workable solution will involve substantial changes to the 	<ul style="list-style-type: none"> • The IMO intends to develop in tandem a modified Rule Change Proposal and updated Market Procedure to address the issues raised originally in RC_2011_09, and expects to present the revised Rule Change Proposal and Market Procedure to the October MAC. • The IMO is currently reviewing a modified Rule Change 	<p>TBA</p> <p>TBA</p>

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
			<p>amendments presented in RC_2011_09 to the extent that the IMO considers that it is appropriate to progress a new Rule Change Proposal which corrects the identified issues and will allow full consultation by industry.</p> <ul style="list-style-type: none"> As advised in the September MAC the IMO have decided to reject RC_2011_09 and the Final Rule Change Report will be published on 19/11/2012. 	<p>Proposal and updated Market Procedure to address the issues raised originally in RC_2011_09 and in submissions received during the consultation for RC_2011_09, and expects to present the revised Rule Change Proposal and Market Procedure to the December MAC.</p>	
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"> Reflect the IMO's new format arising from its Market Procedures project; Include some minor and typographical amendments to improve the integrity of the Market Procedure, including re-ordering some sections; and Include both reviews required under clause 4.5.15 of the Market Rules (Planning Criterion and forecasting processes). 	<ul style="list-style-type: none"> The IMO is currently updating the Market Procedure following the February 2011 working group meeting. As advised at the August 2012 working group meeting, the IMO is currently undertaking the five yearly review of the IMO's forecasting processes. Following the completion of the review the IMO may make further changes to the Market Procedure. 	<ul style="list-style-type: none"> Updated procedure to be presented back to the Working Group for discussion 	
TBA	Participant Registration and	<p>The proposed updates are to:</p>	<ul style="list-style-type: none"> The IMO is currently revising the Market 	<ul style="list-style-type: none"> To be discussed by IMO Procedures 	

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
	Deregistration	<ul style="list-style-type: none"> • Reflect the IMO's new format arising from its Market Procedures project; • Revise the Market Procedure to provide more details of the relevant processes, including restructuring the Market Procedure to better present the process; • Reflect the new MPR system; • Ensure consistency with the Amending Rules from the Rule Change Proposal: Change of Review Board Name (RC_2010_18) 	Procedure	Working Group	
TBA	Facility Registration, Deregistration and Transfer	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> • Reflect the IMO's new format arising from its Market Procedures project; • Reflect the new MPR system; • Revise the Market Procedure to provide more details of the relevant processes including: <ul style="list-style-type: none"> ◦ restructuring the Market Procedure to better present the process; ◦ providing further details of the consultation processes with System Management; ◦ 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 ◦ reflect the new processes for digital certificates • Ensure consistency with the Amending Rules 	<ul style="list-style-type: none"> • The IMO is currently revising the Market Procedure 	<ul style="list-style-type: none"> • To be discussed by IMO Procedures Working Group 	

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
		<p>from the following Rule Change Proposals;</p> <ul style="list-style-type: none"> ○ Curtailable Loads and Demand Side Programmes (RC_2010_29); and ○ Change of Review Board Name (RC_2010_18), <p>Including the proposed Amending Rules under the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10)</p>			
TBA	Settlement	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> • Reflect the IMO's new format arising from its Market Procedures project; • Ensure consistency with the Amending Rules from the following Rule Change Proposals: <ul style="list-style-type: none"> ○ Settlement in Default Situations (RC_2010_04) ○ Change of Review Board Name (RC_2010_18); ○ Minor and typo (RC_2010_26) ○ Settlement Cycle Timelines (RC_2010_19) ○ Acceptable Credit Criteria (RC_2010_36) 	<ul style="list-style-type: none"> • The IMO is currently revising the Market Procedure 	<ul style="list-style-type: none"> • To be discussed by IMO Procedures Working Group 	
TBA	Meter Submission Data	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> • Reflect the IMO's new format arising from its Market Procedures project; • Clarify that the Procedure is part of the Settlement Market Procedures; • Ensure consistency with amendments to the Market Rules which have occurred since 	<ul style="list-style-type: none"> • The IMO is currently revising the Market Procedure 	<ul style="list-style-type: none"> • To be discussed by the IMO Procedures Working Group 	

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
		Market Start			
TBA	Capacity Allocation Credit	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> • Reflect the IMO's new format arising from its Market Procedures project; • Clarify that the Procedure is part of the Settlement Market Procedures; • Ensure consistency with amendments to the Market Rules which have occurred since Market Start 	<ul style="list-style-type: none"> • The IMO is currently revising the Market Procedure 	<ul style="list-style-type: none"> • To be discussed by IMO Procedures Working Group 	
TBA	Intermittent Refund Load	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> • Reflect the IMO's new format arising from its Market Procedures project; • Ensure consistency with amendments to the Market Rules which have occurred since Market Start 	<ul style="list-style-type: none"> • The IMO is currently revising the Market Procedure 	<ul style="list-style-type: none"> • To be discussed by IMO Procedures Working Group 	
PC_2012_09_	Loss Factors	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> • Reflect the IMO's new format arising from its Market Procedures project; and • Better clarify the processes in the Market Procedure. • Ensure consistency with amendments to the Market Rules which have occurred since Market Start; and • Reflect proposed changes under PRC_2012_07: Determination of Loss Factors 	<ul style="list-style-type: none"> • A copy of the proposed revised Procedure was presented at the September 2012 MAC meeting. 	<ul style="list-style-type: none"> • To be discussed by the IMO Procedures Working Group 	
PC_2012_07	Certification of Reserve Capacity	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> • Reflect the IMO's new format arising from its Market Procedures project; 	<ul style="list-style-type: none"> • The IMO has revised the Market Procedure to reflect the discussion at the August 2012 	<ul style="list-style-type: none"> • IMO to publish Final Report. 	TBA

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
		<ul style="list-style-type: none"> Ensure consistency with the Amending Rules under the following Rule Change Proposals: <ul style="list-style-type: none"> Certification of Reserve Capacity (RC_2010_14); Curtailable Loads and Demand Side Programmes (RC_2010_29), Including the proposed Amending Rules under the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10) 	<ul style="list-style-type: none"> working group meeting and formally submitted the proposed changes into the formal process The Submission period has closed and the IMO is currently writing up the final Procedure Change Report. 		
TBA	Individual Reserve Capacity Requirements	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> Reflect the IMO's new format arising from its Market Procedures project; Ensure consistency with amendments to the Market Rules which have occurred since Market Start 	<ul style="list-style-type: none"> The IMO is currently revising the Market Procedure 	<ul style="list-style-type: none"> To be discussed by IMO Procedures Working Group 	
PC_2012_06	Declaration of Bilateral Trades and the Reserve Capacity Auction	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> Reflect the IMO's new format arising from its Market Procedures project; Ensure consistency with the Amending Rules from the following Rule Change Proposals: <ul style="list-style-type: none"> Curtailable Loads and Demand Side Programmes (RC_2010_29); Removal of Network Control Services Expression of Interest and Tender Process from the Market Rules (RC_2010_11); and Certification of Reserve Capacity (RC_2010_14). 	<ul style="list-style-type: none"> The IMO is currently revising the Market Procedure to reflect the discussion at the August 2012 working group meeting. The IMO Procedure Working Group discussed this Market Procedure at the 14/08/2012 meeting. The Procedure change was subsequently submitted on the 27/09/2012. 	<ul style="list-style-type: none"> The IMO is currently drafting the Procedure Change Report, and once it is published the Procedure Change will commence. 	
TBA	Reserve Capacity	<p>The proposed updates are to:</p>	<ul style="list-style-type: none"> The IMO is currently 	<ul style="list-style-type: none"> To be discussed by 	

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
	Performance Monitoring	<ul style="list-style-type: none"> Reflect the IMO's new format arising from its Market Procedures project; Ensure consistency with the Amending Rules from the Rule Change Proposal: Reserve Capacity Performance Monitoring (RC_2009_19) 	revising the Market Procedure	IMO Procedures Working Group	
TBA	Treatment of Small Generators	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> Reflect the IMO's new format arising from its Market Procedures project; Ensure consistency with amendments to the Market Rules which have occurred since Market Start 	<ul style="list-style-type: none"> The IMO is currently revising the Market Procedure 	<ul style="list-style-type: none"> To be discussed by IMO Procedures Working Group 	
TBA	Reserve Capacity Testing	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> Reflect the IMO's new format arising from its Market Procedures project; Reflect the new Temperature Dependence Curve 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"> The IMO is currently revising the Market Procedure 	<ul style="list-style-type: none"> To be discussed by IMO Procedures Working Group 	
PC_2012_08	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"> The IMO is currently revising the Market Procedure to reflect the discussion at the August 2012 working group meeting and the November MRCP public workshop. 	<ul style="list-style-type: none"> Formal Submission 	
TBA	Information Confidentiality	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> Reflect the IMO's new format arising from its 	<ul style="list-style-type: none"> The IMO is currently revising the Market 	<ul style="list-style-type: none"> To be discussed by IMO Procedures 	

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
		<p>Market Procedures project;</p> <ul style="list-style-type: none"> 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 	Procedure	Working Group	

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
System Management Procedures WG	Active	Jul 07	Ongoing	12/12/2011	TBA
IMO Procedures WG	Active	Dec 07	Ongoing	14/08/2012	TBA
Rules Development Implementation WG	Inactive	Aug 10	Sep 19	19/09/2012	N/A
Reserve Capacity Mechanism WG	Active	Feb 12	Ongoing	11/10/2012	22/11/2012

Proposed MAC Meeting Dates 2013

The proposed dates for MAC meetings in 2013 are contained in the table below.

The meeting time, subject to change on some occasions, is 2.00 – 5.00 pm.

Table 1: Proposed MAC Meeting Schedule 2013

Month	Meeting #	Date
January	n/a	No meeting.
February	57	13 February 2013
March	58	13 March 2013
April	59	10 April 2013
May	60	8 May 2013
June	61	12 June 2013
July	62	10 July 2013
August	63	14 August 2013
September	64	11 September 2013
October	65	9 October 2013
November	66	13 November 2013
December	67	11 December 2013