



Market Advisory Committee

Agenda

Meeting No.	56
Location:	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date:	Wednesday 12 th December 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 55	Chair	5 min
4.	PRESENTATION: Impact of Changes to the Allocation of Capacity Credits to Intermittent Generators	Collgar	60 min
5.	ACTIONS ARISING	Chair	15 min
6.	PRESENTATION: 99% versus 99.9% standard	IMO/SM	15 min
7.	MARKET RULES		
	a) Market Rule Change Overview	IMO	5 min
	b) PRC_2012_20: Consideration of Network Constraints for Certified Reserve Capacity	IMO	20 min
	c) PRC_2012_24: Cure Notices and Credit Support	IMO	20 min
	d) PRC_2012_25: Constrained On/Off Compensation Removal where a Facility is Non-compliant	IMO	15 min
8.	MARKET PROCEDURES		
	a) Overview	IMO	5 min

9.	WORKING GROUPS		
	a) Overview and membership updates	IMO	5 min
	b) RCMWG Update	IMO	10 min
10.	2012 YEAR IN REVIEW	IMO	5 min
11.	GENERAL BUSINESS		
12.	NEXT MEETING: Wednesday 13th February 2013		

Market Advisory Committee

Minutes

Meeting No.	55
Location	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date	Wednesday 14 November 2012
Time	2.00pm – 4.10pm

Attendees	Class	Comment
Allan Dawson	Chair	
Suzanne Frame	Compulsory - IMO	
Geoff Gaston	Discretionary – Generator	
Ben Tan	Discretionary – Generator	
Steve Gould	Discretionary – Customer	
Nenad Ninkov	Discretionary – Customer	
Peter Huxtable	Discretionary – Contestable Customer Representative	
Jacinda Papps	Compulsory – Generator	Proxy
Stephen MacLean	Compulsory – Customer	
Phil Kelloway	Compulsory – System Management	
Michael Zammit	Discretionary – Customer	
Peter Mattner	Compulsory – Network Operator	
Chin Koay	ERA - Observer	Proxy
Apologies	Class	Comment
Nerea Ugarte	Minister's appointee - Observer	
Wana Yang	ERA - Observer	
Andrew Everett	Compulsory – Generator	
David Murphy	Small Use Consumers' Representative	
Shane Cremin	Discretionary – Generator	
Also in attendance	From	Comment
George Sproule	IMO	Minutes
Jenny Laidlaw	IMO	Presenter
Brendan Clarke	System Management	Presenter

Courtney Roberts	IMO	Observer
Natasha Cunningham	IMO	Observer
Aditi Varma	IMO	Observer
Andrew Stevens	Griffin Energy	Observer
Wayne Trumble	Griffin Energy	Observer

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 2.00 pm and welcomed members to the 55th 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"> • Nerea Ugarte (Minister's appointee - Observer) • Wana Yang (ERA – Observer) • Andrew Everett (Compulsory – Generator) • David Murphy (Small Use Consumers' Representative) • Shane Cremin (Discretionary – Generator) <p>The following other attendees were noted:</p> <ul style="list-style-type: none"> • Chin Koay (Proxy for Wana Yang) • Jacinda Papps (Proxy for Andrew Everett) • Jenny Laidlaw (Presenter) • Brendan Clarke (Presenter) • George Sproule (Minutes) • Wayne Trumble (Observer) • Andrew Stevens (Observer) • Courtney Roberts (Observer) • Aditi Varma (Observer) • Natasha Cunningham (Observer) 	
3.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of MAC Meeting No. 53, held on 12 September 2012, were circulated prior to the meeting.</p> <p>Mr Geoff Gaston queried whether the IMO could provide further information around how a Facility's Capacity Credits could exceed its Declared Sent-Out Capacity (DSOC).</p>	

	<p>The following amendments were agreed.</p> <p>Page 4, Section 5a: Market Rule Change Overview</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...”</p> <p>Page 9, Section 6a: CP_2012_03: Dispatch Tolerance Ranges</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 <u>the Load Following requirement dispatch security and dispatch outcome.</u>” <p>Subject to the agreed amendments, the MAC endorsed the minutes as a true and accurate record of the meeting.</p> <p><i>Action Point: The IMO to amend the minutes of Meeting No. 53 to reflect the agreed changes and publish on Market Web Site as final.</i></p>	<p>IMO</p>
<p>4.</p>	<p>ACTIONS ARISING</p> <p>The following comments were noted on action items:</p> <ul style="list-style-type: none"> • Item 2011/33: Ms Suzanne Frame advised that Ms Jenny Laidlaw would present an update on the Pre Rule Change Proposal: Ancillary Services Payment Equations (PRC_2010_27) which should close off the action item. • Item 10: Mr Greg Ruthven advised that he had received verbal feedback from the ERA (Economic Regulation Authority) and that a meeting was planned between the IMO, the ERA and Western Power to progress the issues. Mr Ruthven noted that he would report back to the MAC in early 2013. • Items 11 and 29: Mr Phil Kelloway noted that in regard to item 11 the instance described by Mr. Ben Tan had been investigated and a glitch in the process had been identified. Mr Kelloway noted that the feedback provided to him by network operations was not specific enough and proposed that the action item remain open. Mr Kelloway noted that he would like to discuss the event in more detail with Mr Tan. Mr Tan noted that since discussing the issue with Mr Kelloway, Tesla had started receiving information on network outages in 	

	<p>advance. Mr Kelloway confirmed that he would discuss the matter with Mr Tan and following this report back to the MAC on item 11 and item 29.</p> <ul style="list-style-type: none"> Item 32: Ms Laidlaw reported that Western Power had estimated the Distribution Loss Factor for the Notional Wholesale Meter as 1.063 under the proposed methodology compared with the current value of 1.0522. Ms Laidlaw also noted that these values had been used to recalculate the Individual Reserve Capacity Requirements (IRCRs) and associated TDL Ratios for October 2011 to November 2012 with the results indicating that difference using the proposed methodology was not large compared with the overall IRCR quantities. Ms Laidlaw confirmed that the proposed methodology change would not have an impact on the Statement of Opportunities (SOO) because it is based on the estimated sent out generation total not the interval meter readings of Loads. Ms Laidlaw indicated that the IMO intended to submit the Pre Rule Change Proposal into the formal rule change process and take the Procedure Change Proposal to the IMO Procedure Change and Development Working Group (IMOPWG) meeting scheduled for 27 November 2012. The MAC agreed to progress PRC_2012_07 into the formal rule change process. <p><i>Action Point: The IMO to submit the Pre Rule Change Proposal: Loss Factor Determination (PRC_2012_07) into the formal rule change process.</i></p> <ul style="list-style-type: none"> Item 34: Mr Kelloway noted that the interface specification and operating agreement for AGC and ABC had been distributed to interested parties. Discussion ensued on which interested parties had received the interface specification. The Chair clarified that AGC and ABC is an interface pack and a user agreement to allow people to electronically connect and receive Dispatch Instructions and that it was not confined to LFAS Facilities but covered any Balancing Facility. Mr Kelloway agreed to send a copy of the interface specification and operating agreement to all generators. <p><i>Action Point: System Management to send a copy of the interface specification and operating agreement for AGC and ABC to all Market Generators.</i></p> <ul style="list-style-type: none"> Item 35: Ms Laidlaw reported on the requirements under the Market Rules for the determination of the LFR quantity used in the reallocation of Load Following capacity costs. Ms Laidlaw noted that under the original Market Rules the LFR parameter was provided to the settlement system by the IMO under Clause 3.22.1, described as "LFR as described in clause 3.13.1(aA)(i)(2)". The parameter was described in clause 3.13.1(aA)(i)(2) as "LFR, the capacity necessary to meet the Ancillary Services Requirements for Load Following in that month". <p>Ms Laidlaw also noted that clause 3.11.11 requires the annual Ancillary Services report to include Ancillary Service Requirement quantities for the coming year and so since market start the IMO had used the figures from the Ancillary Service reports for the LFR parameter. With the introduction of the new LFAS Market LFR was replaced with LF_Up_Capacity, which is basically the upwards LFAS</p>	<p>IMO</p> <p>System Mgmt</p>
--	--	---

	<p>quantity activated at the end of the Trading Interval.</p> <p>Ms Laidlaw noted that the IMO had never used the estimate of the Minimum Frequency Keeping Capacity (MFKC) that is used in determining the Reserve Capacity Target. Ms Laidlaw noted that it would be inappropriate to do so because this value is determined two years before the relevant Capacity Year, at a time when the mix of generators that will operate in the Capacity Year is still unknown.</p> <p>Mr Gaston queried whether those offering Load Following get a capacity payment as well. Ms Laidlaw responded that that there is definitely no double payment.</p> <p>Ms Laidlaw noted that no parallel readjustment occurs for Spinning Reserve capacity. The Chair queried whether there is any inconsistency between the handling of capacity costs for LFAS Facilities as opposed to Spinning Reserve Facilities. Ms Laidlaw responded that the discrepancy has existed since market start.</p> <ul style="list-style-type: none"> • Items 36 and 37: Ms Frame noted that System Management and Verve Energy met with the IMO on 12 November 2012 to progress this issue and would report back to the MAC in December. Ms Laidlaw noted the issue was more complex than first anticipated. • Item 38: The IMO acknowledged that under the relevant Market Procedure it is required to provide notice on the Market Web Site and should have done so, as well as notify participants by email. The Chair apologised on behalf of the IMO for the oversight. 	
<p>5a.</p>	<p>MARKET RULE CHANGE OVERVIEW</p> <p>Ms Frame provided an update to the MAC on the current Rule Changes under development. Ms Frame noted that two high priority rule issues had entered the Rule Change log. The first issue was on the agenda for discussion at this meeting.</p> <p>The second issue related to where a Market Participant had been deemed to be non-compliant with a Dispatch Instruction. Ms Frame explained that in such instances the current Market Rules give the IMO the power to reduce the participant's Out of Merit generation to zero. Ms Frame noted however that there is no express time requirement on either the IMO or System Management for determining whether or not someone was compliant with a Dispatch Instruction, and in some circumstances this was difficult and time consuming to ascertain. Ms Frame noted that the current settlement rules do not allow the IMO to make the necessary adjustments to Settlement Statements after the initial settlement run, and so the IMO does not have sufficient time to adjust Constrained On/Off Compensation in such instances.</p> <p>Ms Frame noted that the Market Rules clearly contemplate adjustment of Constrained On/Off Compensation and therefore requested the MAC to consider whether this issue might be progressed through the Fast Track Rule Change Process as a manifest error. Ms Jacinda Papps noted that because these errors are quite complex, even if it is a manifest error, the standard rule change process might be more appropriate because it will allow stakeholders two rounds of consultation. The Chair noted that this issue is resulting in a financial impact on the market which means there is a trade-off to having a longer rule change process. Ms Laidlaw noted that there is a difference</p>	

	<p>between a manifest error and a manifestly easy solution. Mr Stephen MacLean agreed that the issue was clearly a manifest error and noted that that he was comfortable with it being fast-tracked. Mr MacLean also noted that there was a possibility to extend a Fast Track Rule Change Proposal if required.</p> <p>Mr Nenad Ninkov queried whether the IMO can change any settlement outcomes for any circumstance. Ms Laidlaw noted that the IMO has the ability to vary settlement outcomes but that this depends upon the IMO disputing the initial Invoice.</p> <p>Mr Tan queried what the proposed time frame to dispute a settlement outcome would be. Ms Laidlaw responded that it would be the standard year for adjustments. The Chair noted that the compliance team had already determined which generators did not comply in July, August and September.</p> <p>Mr Gaston noted this proposal could correct some of the problems that have occurred in July and August. Ms Laidlaw noted that it would apply in situations since Balancing Market Start in which someone had not complied with Dispatch Instructions and had received an erroneous Constrained On or Off payment.</p> <p>Mr Ninkov queried whether the Invoice would be changed prior to or following a participant dispute and indicated he would be interested to know what the process would be. The Chair confirmed the IMO will provide information on processes and timelines and will bring the PRC back to the MAC in December.</p> <p><i>Action Point: The IMO to develop a Pre Rule Change Proposal to allow the IMO to recover Constrained On/Off Compensation after the initial settlement run where a Facility is found to be non-compliant with a Dispatch Instruction, for presentation at the December 2012 MAC meeting.</i></p>	<p>IMO</p>
<p>5b</p>	<p>PRC_2012_19: Constrained On/Off Compensation for Non-Scheduled Generators</p> <p>Ms Laidlaw presented an overview of the IMO's Pre Rule Change Proposal: Constrained On/Off Compensation for Non-Scheduled Generators (PRC_2012_19).</p> <p>The following points were raised during the ensuing discussion.</p> <ul style="list-style-type: none"> • Ms Papps queried what the longer term solution to this problem was. Ms Laidlaw responded that the longer term solution would appear to involve the use of interval meter readings to calculate Theoretical Energy Schedules for Non-Scheduled Generators, and allowing Theoretical Energy Schedules to be recalculated in line with other settlement parameters. Ms Laidlaw also noted that the solution proposed in PRC_2012_19 completely resolved the problem caused by SCADA/interval meter reading variations. • The Chair noted that this issue had resulted in a significant cost to a Market Participant. It also resulted in significant payments to parties that appeared perverse. Mr Gaston queried if payments had been cancelled only for particular Intermittent Generators. The Chair confirmed that this was the case and noted that the IMO had only adjusted the relevant Facility's Settlement Tolerance in cases where 	

	<p>a perverse market outcome occurred. Mr Gaston considered that the adjustments should be applied to everyone in the interest of fairness.</p> <ul style="list-style-type: none"> • Mr MacLean queried what the timeframe would be for the long term solution. Ms Frame responded that it was expected to be progressed in early 2013. <p>The MAC agreed for the IMO to progress PRC_2012_19 as a Fast Track Rule Change.</p> <p><i>Action Point: The IMO to formally submit the Pre Rule Change Proposal: Constrained On/Off Compensation for Non-Scheduled Generators (PRC_2012_19) and progress the proposal using the Fast Track Rule Change Process.</i></p>	<p>IMO</p>
<p>5c</p>	<p>PRC_2012_16: Alignment of Settlement Tolerance Ranges and Tolerance Ranges</p> <p>Ms Laidlaw presented an overview of the IMO's Pre Rule Change Proposal: Alignment of Settlement Tolerance Ranges and Tolerance Ranges (PRC_2012_16).</p> <p>The following points were raised during the ensuing discussion.</p> <ul style="list-style-type: none"> • Mr Gaston queried whether System Management could provide a flag to the IMO to indicate whether a Balancing Facility had been dispatched Out of Merit. Ms Laidlaw responded that she was unsure whether System Management's current systems were sufficiently sophisticated to do this. Ms Laidlaw also noted that System Management may not be certain whether it is dispatching a Facility Out of Merit because the final Relevant Demand Quantity for the Trading Interval is unknown at the time the Dispatch Instruction is issued. • The Chair noted that it was a perverse outcome if a Market Participant could receive significant Constrained On/Off Compensation by manipulating its offer prices without breaching the Market Rules related to dispatch. The Chair also noted that at the time the Settlement Tolerances were set in RC_2011_10 the IMO did not know what the Dispatch Tolerances were because they were set subsequently by System Management. The Chair also noted that now that the IMO is aware that the Settlement and Dispatch Tolerances materially differ the IMO recommends that they should be aligned. • Mr Gaston queried whether Settlement Tolerances would be set equal to the Dispatch Tolerance or vice versa. Ms Laidlaw responded that the Settlement Tolerances will be set equal to the Dispatch Tolerances if this rule change is approved. • Mr Tan queried which Facilities would fall under clause 6.17.9(b). Ms Laidlaw responded that Non-Scheduled Generators fall under the clause. • Mr MacLean suggested a drafting improvement to clause 2.13.6L. The Chair responded that the IMO was happy to consider redrafting the clause. • Mr Kelloway queried how often the tolerance values change. Ms 	

	<p>Laidlaw responded that it depends on how System Management determines the tolerances. Ms Laidlaw noted that System Management determines the tolerance values by a formula which is fixed for the year until it is reviewed. Ms Laidlaw noted that any changes in a Facility's relevant Standing Data values would change its Dispatch Tolerance. Ms Laidlaw also noted that it would be desirable if the inputs to the formula were clarified so that it could be published on the Market Web Site. Ms Laidlaw noted that the simpler System Management's processes were, the simpler the interface could be. The Chair queried whether the formula changes often. Mr Kelloway responded that it does not.</p> <ul style="list-style-type: none"> • The MAC agreed for the IMO to progress PRC_2012_16 as a Fast Track Rule Change Proposal, subject to consideration of an amendment to clause 2.13.6L. <p><i>Action Point: The IMO to formally submit the Pre Rule Change Proposal: Alignment of Settlement Tolerance Ranges and Tolerance Ranges (PRC_2012_16) and progress the proposal using the Fast Track Rule Change Process, subject to considering the drafting amendment suggested by Synergy.</i></p>	<p>IMO</p>
<p>5d</p>	<p>PRC_2012_21: 5-Yearly Review of the Planning Criterion</p> <p>Mr Greg Ruthven presented an overview of the IMO's Pre Rule Change Proposal: 5-Yearly Review of the Planning Criterion (PRC_2012_21)</p> <p>Mr Ruthven noted that the only recommendation from the 5-Yearly Review of the Planning Criterion was to lower the reserve margin from 8.2% down to 7.6%. Mr Ruthven noted that the review involved a cost benefit analysis that matched the cost of an incremental MW of capacity against the benefits of a reduction in unserved energy. Mr Ruthven noted that the review was essentially an update of the 2007 review with the recommendation reflecting the changing SWIS demand profile with peak demand continuing to grow at a faster rate than annual energy consumption. Mr Ruthven noted that the review had included public consultation prior to publishing the final report and also noted that there will be another two opportunities for stakeholders to make submissions through the Rule Change Process.</p> <p>The following points were raised during the ensuing discussion:</p> <ul style="list-style-type: none"> • Mr MacLean queried how the 10% Probability of Exceedence (POE) is calculated. Mr Ruthven noted that Synergy had raised this issue in its submission on the 5-yearly review of SWIS Forecasting Processes and added that ACIL Tasman's report would be updated with further information on the POE methodology. • Mr Trumble queried whether peak demand excludes Demand Side Management (DSM). The Chair responded that DSM is included in peak demand if it has been dispatched • Mr MacLean suggested that the reference to the required percentage of reserve margin of the one in ten year peak could be taken out of the Market Rules and put into the Market Procedure because it is expected to change over time and is the sort of detail that should be in a Market Procedure. Ms Papps noted the heads of power in the Market Rules may need to be changed to facilitate this. The Chair noted that the IMO will consider whether it would be 	

	<p>appropriate to move the reference into the Market Procedure.</p> <ul style="list-style-type: none"> The MAC agreed for the IMO to progress PRC_2012_21. <p><i>Action Point: The IMO to submit PRC_2012_21: 5-Yearly Review of the Planning Criterion into the formal Rule Change process</i></p>	IMO
5f	<p>PRC_2012_22: Commitment and Decommittment Notification Requirements</p> <p>Mr Brendan Clarke presented an overview of System Management's Pre Rule Change Proposal: Commitment and Decommittment Notification Requirements (PRC_2012_22).</p> <p>The following points were raised during the ensuing discussion:</p> <ul style="list-style-type: none"> Mr Ninkov queried whether it is equitable to treat transmission and distribution generators differently. Mr Clarke responded that the two are already treated differently in the Technical Rules. Mr Ninkov queried what the maximum sized generator was which can connect to the distribution network. Mr Clarke responded that the generators which are currently connected are around 10 MW although there is one large alumina refinery connected to the distribution network which is much bigger. Ms Laidlaw queried whether the permission to synchronise without prior notification given by System Management could ever be reversed. Mr Clarke agreed that it could. Mr Peter Huxtable queried whether there is a penalty if a generator's control system fails and does the opposite of the expectation. Mr Clarke responded that there was no penalty under the Market Rules but that there may be under the Access Code. Mr Ninkov queried what the motivation was for this proposal. Mr Clarke responded that it was to remove a superfluous requirement. Mr Ninkov responded that the requirement was superfluous to System Management. Mr Clarke responded that it was superfluous to Market Participants and System Management. Mr Andrew Stevens noted that any instances where System Management removes unnecessary compliance obligations should be encouraged and supported. Ms Laidlaw noted that some small amendments to the drafting were required, for example to provide System Management with the ability to withdraw its permission for a Facility to commit or decommit without prior notification. <p><i>Action Point: The IMO to work with System Management to update the drafting contained in the Pre Rule Change Proposal: Commitment and Decommittment Notification Requirements (PRC_2012_22), prior to formal submission of the proposal into the Standard Rule Change Process.</i></p>	IMO/SM
5e	<p>PRC_2010_27: Ancillary Services Payment Equations</p> <p>Ms Frame noted that this agenda item related to action item 2011/33.</p> <p>The Chair noted PRC_2010_27 came out of the Renewable Energy Generation Working Group (REGWG), however since a Load Following</p>	

Ancillary Services (LFAS) Market was going to be implemented the determination of how to allocate LFAS costs was delayed until this had occurred. The Chair noted that since the implementation of the new LFAS Market the IMO had resumed work on PRC_2010_27, and that Ms Laidlaw would present the initial findings of the IMO's recent analysis.

Ms Laidlaw provided an update on the IMO's work relating to the Pre Rule Change Proposal: Ancillary Services Payment Equations (PRC_2010_27). A copy of the presentation is available on the Market Web Site http://www.imowa.com.au/MAC_55.

Ms Laidlaw explained that ROAM Consulting (ROAM) in its report for the REGWG on Work Package 3 proposed an approach whereby Loads would pay for the Load Following that they caused, while Intermittent Generators would pay for the additional incremental Load Following that they caused. Ms Laidlaw explained that the methodology used by ROAM to estimate the Load Following Requirement assumed different levels of predictability for Loads and Intermittent Generators. Ms Laidlaw noted that the methodology for calculating the Load Following Requirement for Intermittent Generators was very conservative and effectively assumed that it was not possible to predict the underlying trend of Intermittent Generator output. The Chair noted that now there are significantly better forecasting tools and data available for predicting Intermittent Generators than at the time when the ROAM report was produced.

Ms Laidlaw noted that following its analysis ROAM developed a Pre Rule Change Proposal which was first presented to the MAC at its November 2010 meeting. A number of issues were raised about the proposal, including whether uninstructed Scheduled Generator fluctuations should be considered in the allocation of Load Following costs. Ms Laidlaw noted that there was also some discussion about the difference between the capacity cost reallocation for Load Following and the lack of any capacity cost reallocation for Spinning Reserve. Ms Laidlaw noted that the proposal was placed on hold due to the Market Evolution Program and that since then significant changes had taken place in the WEM such as the introduction of the new Balancing and LFAS Markets.

Ms Laidlaw noted that non-wind Intermittent Generators such as landfill gas and solar Facilities may have significantly different levels of volatility to wind farms, which may need to be considered when determining their contribution to the Load Following Requirement.

Ms Laidlaw noted that the IMO's analysis indicated that the Minimum Frequency Keeping Capacity (MFKC) calculation in clause 3.10.1(a) does not accurately reflect the current Load Following Requirement as estimated by System Management. Ms Laidlaw also noted that System Management had confirmed that it is no longer using the MFKC calculation as it considers it to be unreliable. Mr Kelloway noted that it is difficult to predict in advance what the impact of a new Intermittent Generator is going to be on the overall Load Following Requirement. Ms Laidlaw noted that even applying the MFKC calculations to historical data does not produce results which align with the reported Load Following Requirement and noted that System Management currently estimates the Load Following Requirement on a trial and error basis.

The Chair queried Mr Kelloway regarding how System Management estimates the Load Following Requirement. Mr Kelloway responded that a lot of experience goes into the estimates. Mr Clarke noted that clause 3.10.1(a) was originally introduced in 2004 prior to the introduction of a number of new wind farms.

Ms Laidlaw noted that the Load Following Requirement needs to conform with the Technical Rules which require the system frequency to stay within a 49.8 to 50.2 Hz band for 99% of the time, whereas System Management was applying a test where the frequency must stay within this band 99.9% of the time, which presents a cost versus reliability trade-off.

Ms Laidlaw noted that using data from September 2011 to August 2012 the MFKC was calculated as 35MW using the methodology implied in the Market Rules, where the consumption or output of Loads and Intermittent Generators in each minute n was compared with the average consumption or output over the period from minute $n-15$ to $n+15$. However, using the methodology applied in ROAM's Work Package 3 report, where the output of each Intermittent Generator in minute n was compared with the average output over the period from minute $n-45$ to $n-15$, a MFKC of 102 MW was determined.

Ms Laidlaw noted that the level of Load Following Requirement would appear to be caused by a mixture of Load volatility, Intermittent Generation, Scheduled Generator deviations from their Dispatch Instructions and ramping adjustments. The Chair noted that generation would appear to be a bigger cause of Load Following than was previously thought.

The Chair observed there is a trade-off between the frequency of Dispatch Instructions for generators and the size of the Load Following Requirement required to support Scheduled Generators' deviations.

Ms Laidlaw noted that there is currently no clear boundary between what is being provided by Load Following versus Balancing. Trying to determine how much Load Following is being provided was difficult because details of the underlying Verve Energy Balancing Portfolio (VEBP) "Dispatch Instructions" are not available for analysis. The Chair queried whether this lack of visibility was only the case for the VEBP. Ms Laidlaw confirmed that Dispatch Instructions were available for all other Facilities.

Mr Kelloway noted that the Market Rules for the Load Following standard do not cover ramping adjustments. Ms Laidlaw agreed that this was an existing problem with the Market Rules.

Ms Laidlaw suggested that Scheduled Generator deviations and ramping adjustments may contribute materially to the Load Following Requirement. Ms Laidlaw also noted that when determining the boundary between Balancing and Load Following a trade-off is required between the dispatch cycle length and the quantity of Load Following required. The Chair noted that there was a balance between receiving multiple Dispatch Instructions at five or ten minute intervals, or receiving one Dispatch Instruction per Trading Interval and paying more for Load Following.

Ms Laidlaw noted that a position needed to be reached on the 99.9% versus 99% standard. Mr Trumble noted that the Technical Rules

already specified 99% as the requirement and queried why a decision needed to be made.

Mr Stevens noted that there was a significant cost to applying the higher 99.9% limit. Mr Kelloway responded that while it may seem reasonable to have the lower limit because it would save money, there would be other implications if the limit were to be reduced, such as an increase in the use of Spinning Reserve and failures of frequency sensitive generation. Mr Chin Koay noted that there might also be implications for equipment designed to a certain specification. The Chair noted that it would be reasonable to expect parties with frequency sensitive equipment to consider the 99% requirement in the Technical Rules before connecting their equipment to the network.

Ms Laidlaw noted that System Management as part of the development of its SMARTS system had been reviewing the standard dispatch cycle interval. Mr Kelloway noted that having shorter dispatch intervals confines variations and uncertainties to a shorter time frame thereby reducing them. Mr Kelloway also noted that it would make it easier to manage Load Following Requirements associated with ramping changes. The Chair noted that System Management is developing its dispatch tool to provide a Dispatch Instruction cycle length of anywhere from 5 to 30 minutes and queried with whom System Management is consulting on the cycle length. Mr Kelloway responded that consultation had taken place with the IMO. The Chair responded that the IMO does not have a fixed view on cycle length but that an issue exists for Market Participants on the frequency of Dispatch Instructions because currently they are not receiving them electronically.

Mr Gaston queried whether System Management could not already dispatch Facilities within one minute. Mr Kelloway confirmed that this was the case for some generators. Mr Gaston then queried whether an analysis of historical data could be undertaken to assess the cost impact of issuing more frequent Dispatch Instructions (possibly Out of Merit) to address unexpected variations in Load and Intermittent Generator output, rather than relying on LFAS. Ms Laidlaw responded that this may not be possible due to the lack of VEBP Dispatch Instructions. Mr Kelloway noted that dispatching the next generator may be Out of Merit anyway. Mr Gaston responded that it would be useful to assess the trade-off between paying a generator for Out of Merit quantities versus continuing to pay for 90 MW of Load Following.

Mr Stevens considered that it would be possible to analyse the history of a Trading Day to determine whether the Load Following Requirement could have been reduced if System Management had issued additional intra-Trading Interval Dispatch Instructions. Ms Frame noted that part of the issue is the ability to differentiate between Load Following and Balancing. Ms Frame explained that Verve Energy gets a Dispatch Instruction every four seconds. Mr Gaston noted this must be for Load Following and cannot be for Balancing. The Chair queried how many Verve Facilities are on AGC. Mr Kelloway responded that there are eight or nine generators on AGC and of these probably only one or two used for frequency keeping in a particular Trading Interval.

Ms Laidlaw noted that it may be possible to undertake the suggested modelling though it could be an expensive, complex exercise. Mr Stevens noted that the more frequently a Dispatch Instruction is

received the less Load Following is required and therefore it would be possible to simply assess what the best fit of all Dispatch Instructions would have been, with the remainder being regarded as Load Following. Ms Laidlaw noted that it might be possible to do this as a theoretical exercise and this could be investigated. The Chair noted that it was only worth considering what the optimal frequency of receiving Dispatch Instructions is when generators have the systems and tools necessary to cope with more frequent Dispatch Instructions. Mr Kelloway considered that the time to decide on frequency of Dispatch Instructions should be soon.

Ms Laidlaw noted that the IMO and System Management intended to bring a discussion paper on the 99% versus 99.9% issue to the MAC in December and that the IMO would continue investigations into how the Load Following Requirement is estimated and how to allocate LFAS costs. Ms Frame noted that in light of the importance and urgency of these issues the IMO will endeavour to bring the Ancillary Services review forward to commence in the 2012/13 Financial Year, rather than the 2013/14 Financial Year as originally scheduled.

The Chair noted that the IMO designed its systems to accommodate changes to the LFAS Requirement every half hour. Mr Gaston queried whether the Load Following Requirement would be reduced to 35 MW. Mr Kelloway responded that this would not be advisable without sufficient supporting analysis. Mr Stevens queried how much Load Following System Management is actually using. Mr Kelloway responded that System Management may use significantly less than 80 MW at some times but probably double 80 MW at other times.

Mr Trumble noted that he was unaware that System Management was applying 99.9% in the Market Rules. Mr Kelloway noted that 99.9% is not in the Market Rules; rather 99% is in the Technical Rules. The Chair noted that the Market Rules refer to the Technical Rules. Mr Kelloway noted that the Market Rules have a 99.9% standard of their own. Ms Laidlaw noted that this related to the MFKC calculation which is different to the Load Following Requirement. The Chair noted that the IMO will seek the ERA's view on this issue, as well as information on the origin of the 99% standard in the Technical Rules.

Mr MacLean noted that a strong case had been made that this work should be prioritised and queried whether it might be worth System Management experimenting with reducing the Load Following Requirement by a small amount to see whether it had any significant impacts. Mr Kelloway responded that such experimentation could pose a risk to system security and noted that if as a result of reducing LFAS there are interruptions to frequency then other services like Spinning Reserve will be need to be drawn upon. Ms Laidlaw noted that it would be worth investigating how much of the movement of the Load Following generators is due to Balancing because without knowing this it is not clear what is being monitored and measured.

The Chair acknowledged that three weeks prior to the introduction of a significant gate closure change was not an appropriate time for System Management to undertake experimentation, but it may be appropriate later when System Management is comfortable with the new balancing arrangements.

Mr Stevens expressed frustration at the lack of information and visibility

	<p>available from the IMO in regard to the quantity of Load Following being used and the frequency levels being maintained. The Chair noted that it is only the introduction of the new Balancing Market and the data available from the new market structures that was enabling the IMO to better assess this issue.</p> <p>Ms Papps requested Ms Laidlaw to present these issues to Verve Energy staff.</p> <p><i>Action Point: The IMO to re-present the update on PRC_2010_27 presented at the November 2012 MAC meeting to Verve Energy.</i></p> <p>Ms Frame requested agreement from the MAC that on the basis of the analysis presented by Ms Laidlaw PRC_2010_27 would not be progressed and that the IMO would continue to progress investigation into these issues, and the MAC agreed.</p> <p><i>Action Point: The IMO to seek the ERA's interpretation on the 99% standard and information on the origin of the requirement in the Technical Rules for system frequency to stay within a 49.8 to 50.2 hz band <u>99%</u> of the time.</i></p> <p><i>Action Point: System Management to consult with stakeholders on the dispatch cycle length to be used from 5 December 2012.</i></p> <p><i>Action Point: The IMO to work with System Management to provide transparency of VEBP Dispatch Instructions.</i></p> <p><i>Action Point: System Management/IMO to present a discussion paper on the 99% versus 99.9% issue at the December 2012 MAC meeting.</i></p>	<p>IMO</p> <p>IMO</p> <p>SM</p> <p>IMO/SM</p> <p>IMO/SM</p>
<p>6a.</p>	<p>MARKET PROCEDURE CHANGE OVERVIEW</p> <p>Ms Frame informed the MAC that an IMO Procedure Change and Development Working Group meeting has been scheduled for 27 November 2012. Ms Frame noted that the IMO expects to present the Market Procedure for Determining Loss Factors at this meeting. Ms Frame also noted that the IMO may present the revised Market Procedure for Prudential Requirements prior to year end.</p> <p>The MAC noted the overview of recent and upcoming Market Procedure changes.</p>	
<p>7a.</p>	<p>WORKING GROUP OVERVIEW</p> <p>The MAC approved the replacement of Michael Cross with John Nguyen as Perth Energy's representative on the IMO Procedure Change and Development Working group.</p> <p>The MAC noted the Working Group overview.</p>	
<p>7b.</p>	<p>RCMWG UPDATE</p> <p>Ms Frame reported that the Reserve Capacity Mechanism Working Group (RCMWG) last met on 11 October 2012. At this meeting Mr Mike Thomas presented a proposal in relation to proposed amendments to the Reserve Capacity Price formula and a proposal to implement a dynamic Reserve Capacity refund mechanism.</p> <p>Ms Frame noted that there had been agreement in principle around the concept of adopting a dynamic refund mechanism however agreement had not yet been reached on the proposal to amend the Reserve</p>	

	<p>Capacity Price formula.</p> <p>Ms Frame noted the half day meeting scheduled on 22 November for the RCMWG to complete its deliberations on the outstanding RCMWG matters. Ms Frame informed the MAC that this is intended to be the last RCMWG meeting prior to the IMO reporting back to the IMO Board at its December 2012 meeting.</p> <p>Ms Frame explained that this final meeting will also include a presentation from Dr Richard Tooth on the conditions under which DSM would be dispatched, which was an outstanding action item related to the harmonisation of DSM.</p> <p>Mr Tan queried whether the RCMWG papers been released yet. Ms Frame responded that the papers were due to be released the next day.</p> <p>Mr MacLean queried whether there was still an outstanding action item in regard to the issue about unlimited DSM dispatch events. Ms Frame clarified that this was not the case. Mr MacLean responded that from Synergy's point of view this remained an outstanding issue. Mr Stevens noted that the issue to be addressed was around the criteria by which a DSP is able to be dispatched and Ms Frame confirmed this was correct.</p> <p>The Chair noted that in an emergency situation there is unlimited dispatch since System Management can, under a High-Risk Operating State, dispatch as it sees fit. Mr MacLean noted that what tends to apply in an emergency situation is for other Loads to be shed on the basis of Forced Majeure under their contract, rather than the DSP provision which wouldn't be activated. Mr Stevens noted that DSP's get paid \$190,000 per Megawatt and should be dispatched before those Loads which aren't receiving Capacity Credits. Mr MacLean noted that any Load can be required to curtail not only those which are being paid. The Chair expressed concern should System Management choose involuntary Load shedding before dispatching a DSP that had been allocated Capacity Credits. Mr MacLean noted that System Management had made such decisions in the past.</p>	
<p>8</p>	<p>GENERAL BUSINESS</p> <p>The MAC noted the proposed MAC Meeting Dates for 2013.</p>	
<p>CLOSED: The Chair declared the meeting closed at 4.10 pm.</p>		

Agenda item 5: 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	Completed
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	The IMO to meet with ERA and Western Power to progress the issues and report back to MAC in early 2013
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 event for the 2003/2004 year in the 2012 Statement of Opportunities.	SM	Jul	Completed

#	Year	Action	Responsibility	Meeting arising	Status/Progress
23	2012	Mr Kelloway to confirm who from System Management will notify distribution connected Generators about network outages.	SM	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.
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	Completed and PRC_2012_07 submitted into the formal rule change process
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	Completed. Refer to Action 40
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	Completed
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	IMO to report back to Dec MAC
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	IMO to report back to Dec MAC
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	Completed

#	Year	Action	Responsibility	Meeting arising	Status/Progress
39		The IMO to submit the Pre Rule Change Proposal: Loss Factor Determination (PRC_2012_07) into the formal rule change process.	IMO	Nov	Completed.
40		System Management to send a copy of the interface specification and operating agreement for AGC and ABC to all Market Generators.	SM	Nov	System Management to update at Dec Mac
41		The IMO to develop a Pre Rule Change Proposal to allow the IMO to recover Constrained On/Off Compensation after the initial settlement run where a Facility is found to be non-compliant with a Dispatch Instruction, for presentation at the December 2012 MAC meeting.	IMO	Nov	Completed. To be presented at Dec MAC.
42		The IMO to formally submit the Pre Rule Change Proposal: Constrained On/Off Compensation for Non-Scheduled Generators (PRC_2012_19) and progress the proposal using the Fast Track Rule Change Process.	IMO	Nov	Completed.
43		The IMO to formally submit the Pre Rule Change Proposal: Alignment of Settlement Tolerance Ranges and Tolerance Ranges (PRC_2012_16) and progress the proposal using the Fast Track Rule Change Process, subject to considering the drafting amendment suggested by Synergy.	IMO	Nov	Completed.
44		The IMO to submit PRC_2012_21: 5-Yearly Review of the Planning Criterion into the formal Rule Change process	IMO	Nov	Completed.
45		The IMO to work with System Management to update the drafting contained in the Pre Rule Change Proposal: Commitment and Decommittment Notification Requirements (PRC_2012_22), prior to formal submission of the proposal into the Standard Rule Change Process.	IMO/SM	Nov	Underway.
46		The IMO to re-present the update on PRC_2010_27 presented at the November 2012 MAC meeting to Verve Energy.	IMO	Nov	Completed.
47		The IMO to seek the ERA's interpretation on the 99% standard and information on the origin of the requirement in	IMO	Nov	Underway

#	Year	Action	Responsibility	Meeting arising	Status/Progress
		the Technical Rules for system frequency to stay within a 49.8 to 50.2 hz band 99% of the time			
48		System Management to consult with stakeholders on the dispatch cycle length to be used from 5 December 2012.	SM	Nov	System Management to update at Dec MAC
49		The IMO to work with System Management to provide transparency of VEBP Dispatch Instructions.	IMO/SM	Nov	Underway
50		System Management/IMO to present a discussion paper on the 99% versus 99.9% issue at the December 2012 MAC meeting.	IMO/SM	Nov	Presentation at Dec MAC

Agenda Item 7a: 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)	7th November 2012	5th December 2012
Fast track with Consultation Period open	1	3
Standard Rule Changes with 1st Submission Period Open	0	2
Fast Track Rule Changes with Consultation Period Closed (final report being prepared)	1	0
Standard Rule Changes with 1st Submission Period Closed (draft report being prepared)	2	2
Standard Rule Changes with 2nd Submission Period Open	0	0
Standard Rule Changes with 2nd Submission Period Closed (final report being prepared)	4	1
Rule Changes - Awaiting Minister's Approval and/or Commencement	1	4
Total Rule Changes Currently in Progress	9	12

Potential changes logged by the IMO- Not yet formally submitted	October	November
High Priority (to be formally submitted in the next 3/6 months)	1	0 (+0/-1)
Medium Priority (may be submitted in the next 6/12 months)	24	25 (+2/-1)
Low Priority (may be submitted in the next 12/18 months)	25	24 (+0/-1)
Potential Rule Changes (H, M and L)	50	49

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

Priority	Issue
<p>High</p>	<p>Out:</p> <ul style="list-style-type: none"> <p>Constrained On/Off Compensation removal where a Facility is non-compliant with a Dispatch Instruction (DI): This issue has been included in PRC_2012_25 – Constrained On/Off Compensation Removal where a Facility is Non-compliant.</p>
<p>Medium</p>	<p>In:</p> <ul style="list-style-type: none"> <p>Impact of clause 7.2.3A on IPP LFAS Facilities: Clause 7.2.3A requires System Management to determine, by 8:30 AM each Scheduling Day, an estimate for each Market Participant that is a provider of Ancillary Services of the Loss Factor adjusted MWh of energy that could potentially be called upon by System Management to meet Ancillary Service requirements for each Trading Interval in the following Trading Day. These quantities are provided to the IMO under clause 7.2.3B and are used by the IMO to limit the Maximum Supply Capability for each Market Participant under clause 6.3A.2, so that Market Participants must exclude these quantities from their STEM Portfolio Supply Curves.</p> <p>This was appropriate when all Ancillary Services are provided either by Verve Energy or through Ancillary Service Contracts, so that System Management is reasonably able to determine who would be providing LFAS and Spinning Reserve during the following Trading Day. However, under the new LFAS Market arrangements there may be numerous IPP LFAS Facilities and System Management will not know at 8:30 AM on the Scheduling Day which LFAS Facilities will actually provide LFAS on the Trading Day. If System Management includes the full potential upwards LFAS capacity of each such Facility in its estimates under clause 7.2.3A then Market Participants will be unable to include this capacity in their STEM submissions, which is likely to lead to higher STEM prices and other perverse outcomes.</p> <p>Definition and usage of Minimum Frequency Keeping Capacity: Clause 3.10.1(a) provides a definition of the Minimum Frequency Keeping Capacity (MFKC). The MFKC is intended to represent the expected maximum MW quantity of Upwards LFAS required over the period in question, i.e. an estimate of the Load Following Requirement. An estimate of the MFKC forms is one of the components of the Reserve Capacity Target (RCT) determined by the IMO for each Capacity Year.</p> <p>However, the calculation implied by clause 3.10.1(a) currently produces a MW value around 35 MW, that is far lower than the current Load Following Requirement advised by System Management (90 MW). This indicates that the calculation in clause 3.10.1(a)(ii) and/or its use in calculating the RCT needs to be reviewed and possibly amended before the determination of the RCT for the next Reserve Capacity Cycle.</p> <p>Out:</p> <ul style="list-style-type: none"> <p>Certification: This issue has been included in PRC_2012_20 – Consideration of Network Constraints for Certified Reserve Capacity.</p>

Low	Out: <ul style="list-style-type: none">• Cure Notices and Credit Support: This issue has been included in PRC_2012_24 – Cure Notices and Credit Support.
------------	--

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 5th December 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	10/12/2012
RC_2012_16	16/11/2012	Alignment of Settlement Tolerances and Tolerance Ranges	IMO	Submissions Close	07/12/2012
RC_2012_19	16/11/2012	Constrained On/Off Compensation for Non-Scheduled Generators	IMO	Submissions Close	07/12/2012

Standard Rule Change with First Submission Period Open

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2012_07	20/11/2012	Loss Factor Determination	IMO	Submissions Close	25/01/2013
RC_2012_21	20/11/2012	5-Yearly Review of Planning Criterion	IMO	Submissions Close	18/01/2013

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	11/03/2012

Standard Rule Change with Second Submission Period Closed

ID	Date submitted	Title	Submitter	Next Step	Date
RC_2012_11	30/07/2012	Transparency of Outage Information	IMO	Final Rule Change Report Published	22/03/2013

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	01/07/2013
RC_2012_09	27/07/2012	Clarification and Calculation of Availability Curve	System Management	Commencement	01/01/2013
RC_2012_12	25/07/2012	Updates to Commissioning Test Plans	IMO	Commencement	01/04/2013
RC_2012_15	02/10/2012	Four month Commissioning Test Period for new generating systems	IMO	Commencement	01/03/2013

Wholesale Electricity Market Pre-Rule Change Proposal Form

Change Proposal No: PRC_2012_20
Received date: TBA

Change requested by:

Name:	Greg Ruthven
Phone:	9254 4301
Fax:	9254 4399
Email:	greg.ruthven@imowa.com.au
Organisation:	Independent Market Operator
Address:	Level 17 Governor Stirling Tower, 197 St Georges Terrace, Perth
Date submitted:	TBA
Urgency:	Medium
Change Proposal title:	Consideration of network constraints for Certified Reserve Capacity
Market Rule(s) affected:	4.11.1

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

When assigning Certified Reserve Capacity to a generation Facility, the IMO ensures that network access arrangements allow the Facility to export energy into the transmission/distribution network.

The Model Standard Access Contract is contained within the Electricity Networks Access Code and defines the declared sent out capacity (DSOC) for a connection point as the maximum amount of electricity that a Facility may transfer in the network or connection point. This quantity is typically specified in the arrangement for access (Electricity Transfer Access Contract or Network Access Agreement).

Western Power has confirmed to the IMO that, when planning the Network in accordance with the Technical Rules, it assumes that both existing and new generators only export up to their DSOC. The Technical Rules require Western Power to design the network such that *“supply must be maintained and load shedding avoided at any load level and for any generation schedule following an outage of any single transmission element”* (section 2.5.2.2(b)). Western Power has confirmed that, in the context of efficiently managing a large Network, it must make certain assumptions and for this purpose it is assumed that no generator would exceed its contracted capacity.

Although the DSOC for a generator may or may not be determined from a technical limitation on the network, Western Power does not guarantee the availability of capacity for a Facility to export above its DSOC.

Currently, the Market Rules include provisions that limit the Certified Reserve Capacity for a Facility to its DSOC:

- For a Scheduled Generator, the quantity of Certified Reserve Capacity is limited under clause 4.11.1(b) of the Market Rules (“the unconstrained level of network access as provided in clause 4.10.1(bA)”).
- For a new Intermittent Generator, the Relevant Level is based on an independent expert report. Where the report indicates that the quantity of generation is higher than the DSOC, the IMO would consider the estimates in the report to be inaccurate (Appendix 9, Step 10) and may cap the estimate of the Facility’s generation at the DSOC.

Issue

The IMO received applications for Certified Reserve Capacity for the 2014/15 Capacity Year where a connection point was shared between one Scheduled Generator and one new Intermittent Generator. The IMO was required to assign Certified Reserve Capacity to the two Facilities such that the total Certified Reserve Capacity exceeded the DSOC for the shared connection point.

This arose because:

- the Certified Reserve Capacity for each of the individual Facilities was less than the DSOC and hence the IMO could not apply the limits described above;
- the IMO was provided with evidence that the output of the Intermittent Generator would be curtailed in the event that the combined output of the two Facilities exceeded the DSOC and, as such, could not reasonably assign a lower level of Certified Reserve Capacity to the Scheduled Generator;
- the IMO could not reasonably consider the estimates in the independent expert report to be inaccurate during the historical Trading Intervals used in the Relevant Level calculation, as the Scheduled Generator was not operating during those Trading Intervals (and the Intermittent Generator would not have been restricted); and
- clause 4.11.1(b) of the Market Rules does not apply to Intermittent Generators.

As a result, the IMO was required to assign a sum of Certified Reserve Capacity to the Facilities that exceeded the DSOC at the shared connection point. This outcome suggests that the contribution that can be made by these Facilities to satisfying the Reserve Capacity Requirement is greater than the capacity for which Western Power can guarantee access to the network. The IMO considers that this outcome may pose a risk to the safe and reliable production and supply of electricity.

Proposal

The IMO proposes to amend Clause 4.11.1 so that DSOC limitations are applied to the assessments of Certified Reserve Capacity for all Facilities and will incorporate the relatively new scenario where a connection point is shared by multiple Facilities.

2. Explain the reason for the degree of urgency:

The IMO proposes that this Rule Change Proposal should be progressed via the Standard Rule Change Process. If approved, the IMO proposes to implement the amendments by 1 July 2013.

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

4.11.1. Subject to clauses 4.11.7 and 4.11.12, the IMO must apply the following principles in assigning a quantity of Certified Reserve Capacity to a Facility for the Reserve Capacity Cycle for which an application for Certified Reserve Capacity has been submitted in accordance with clause 4.10:

...

(b) where the Facility is a generation system (other than an Intermittent Generator), the Certified Reserve Capacity must not exceed the sum of the capacities specified in clauses 4.10.1(e)(ii) and 4.10.1(e)(iii), ~~and;~~

(bA) where the Facility is a generation system, the Certified Reserve Capacity must not exceed the unconstrained level of network access as provided in clause 4.10.1(bA);

(bB) where two or more generation Facilities share a connection point (as defined in the Access Code), the total quantity of Certified Reserve Capacity assigned to those Facilities must not exceed the unconstrained level of network access as provided in clause 4.10.1(bA);

...

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 changes will ensure that the network access arrangements, including constraints, will be more accurately reflected in the assignment of Certified Reserve Capacity to Facilities. This would facilitate and improve the reliability of the SWIS and thus promote Wholesale Market Objective (a). The IMO considers that the proposed amendments are consistent with the remaining Wholesale Market Objectives.

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

Costs:

No costs associated with implementing these proposed changes have been identified. Likewise the IMO considers that there will be no operational impacts.

Benefits:

The IMO considers that the proposed changes will ensure that Certified Reserve Capacity more accurately reflects the contribution that Facilities can make to maintaining Power System Reliability.

Wholesale Electricity Market Pre Rule Change Discussion Paper

Change Proposal No: PRC_2012_24
Received date: XXX

Change requested by

Name:	Bruce Cossill
Phone:	92544313
Fax:	92544399
Email:	bruce.cossill@imowa.com.au
Organisation:	IMO
Address:	Level 17 Governor Stirling Tower, 197 St Georges Tce, Perth 6000
Date submitted:	XXX
Urgency:	Medium
Change Proposal title:	Cure Notices and Credit Support
Market Rule affected:	9.23.4

Introduction

Clause 2.5.1 of the Wholesale Electricity Market Rules (Market Rules) provides that any person (including the Independent Market Operator (IMO)) may make a Rule Change Proposal by submitting a completed Rule Change Proposal form to the IMO.

This Rule 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 IMO will assess the proposal and, within five 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 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:

Issue

The IMO manages the prudential and settlement processes for the Wholesale Electricity Market (WEM) pursuant to the Wholesale Electricity Market Rules (Market Rules). When an invoice is issued to a Rule Participant in accordance with clause 9.22.1 indicating that at least one dollar needs to be paid to the IMO, then the Rule Participant, in accordance with clause 9.22.6 must ensure that the full amount is paid to the IMO by 10:00 AM on the date specified in the invoice. Further, if the IMO owes at least one dollar to a Rule Participant, then the IMO, in accordance with clause 9.22.8 must ensure that the full amount is paid to the Rule Participant by 2:00 PM on the date specified in the invoice.

Situations can arise when a Rule Participant has not made the full payment by the time it is due. In accordance with clause 9.23.1(a), this would be considered a Suspension Event in relation to that Participant. Generally, late payments may be the result of an administrative or bank issue, and are remedied within a short time after the 10:00 AM deadline, meaning the subsequent payments to be paid out by the IMO at 2:00 PM remain unaffected. For example, situations such as:

- a Rule Participant's authorised officer is temporarily unable to be contacted,
- IT or internet connectivity issues have been experienced, or
- transactional errors in Austraclear

have caused short-term delays in receiving payments from Participants, even though the payments have been subsequently received in time without affecting out-payments from the IMO.

When the IMO becomes aware that a Suspension Event has occurred, the IMO must, as soon as practicable issue a Cure Notice requiring the default to be remedied and Draw Upon the Credit Support that the IMO holds in relation to that Market Participant. (Clause 9.23.4)

Even if a late payment is paid without affecting out-payments by 2:00 PM, a Suspension Event still occurs. A strict interpretation of clause 9.23.4 would require the IMO to issue a Cure Notice and Draw Upon Credit Support, even if the payment has been received and no further action is required of the Participant.

The IMO considers that in such instances, the issuance of a Cure Notice and drawing upon Credit Support becomes unnecessary and imposes an avoidable administrative cost to the market.

Proposed Solution

To rectify the issue, the IMO proposes to add an exception to clause 9.23.4 so that, where a Suspension Event is remedied before a Cure Notice has been issued and the Credit Support drawn upon, the IMO is no longer required to carry out those steps.

The IMO notes that in the event a Suspension Event is not rectified, the proposed amendment does not alter the obligation on the IMO to initiate steps to Draw Upon Credit Support and issue a Cure Notice as soon as practicable.

However the proposed amendment allows for the drawing upon Credit Support process to be stopped, and the issuance of a Cure Notice to be avoided, where they are no longer necessary.

2. Explain the reason for the degree of urgency:

The IMO proposes that this Rule Change Proposal be progressed through the Standard Rule Change Process.

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)

9.23.4. If the IMO becomes aware that a ~~s~~Suspension ~~e~~Event has occurred in relation to a Rule Participant, then the IMO must as soon as practicable:

- (a) subject to clause 9.23.5, issue a notice (“**Cure Notice**”), requiring that the default be remedied within 24 hours from the time the Cure Notice is issued; and
- (b) if it has not already done so, Draw Upon Credit Support held in relation to that Market Participant for the amount which the IMO determines is actually or contingently owing by the Market Participant to the IMO under these Market Rules₁.

except where the Suspension Event has been remedied before the IMO has issued a Cure Notice and drawn upon the Credit Support.

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 will better achieve objective (d)(to *minimise the long-term cost of electricity supplied to customers from the South West Interconnected System*) by:

- a) stopping the process of drawing upon Credit Support in time to avoid the subsequent requirement for replacement Credit Support to be provided by the relevant Participant; and
- b) reducing the administrative cost of issuing a Cure Notice and drawing upon Credit Support when those steps are no longer necessary.

The IMO also considers that the proposed amendments are consistent with the remaining Wholesale Market Objectives.

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

Costs: None identified.

Benefits:

- Avoids the requirement for the provision of replacement Credit Support if payment is received and the Suspension Event no longer exists
- Reduces the administrative cost of issuing a Cure Notice and drawing upon Credit Support when those steps become unnecessary.

Wholesale Electricity Market Pre Rule Change Proposal Form

Change Proposal No: PRC_2012_25
Received date: TBA

Change requested by:

Name:	Allan Dawson
Phone:	9254 4333
Fax:	9254 4399
Email:	allan.dawson@imowa.com.au
Organisation:	IMO
Address:	Level 17 Governor Stirling Tower, 197 St Georges Tce, Perth 6000
Date submitted:	TBA
Urgency:	High
Change Proposal title:	Constrained On/Off Compensation removal where a Facility is non-compliant with Dispatch Instructions
Market Rule(s) affected:	9.16.3, 9.16.3A and 9.19.1

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

One of the functions of the IMO is to settle such transactions as it is required to under the Market Rules. As such, the IMO manages the Settlement, adjusted Settlement Statements and related invoicing processes for the Wholesale Electricity Market (WEM). This includes invoicing all revenue and costs for each Market Participant relating to:

- Short term Energy Market (STEM) activities, with invoices issued and settled weekly; and
- Non- STEM activities, with Non- STEM invoices issued and settled monthly, two months in arrears (i.e. the initial settlement run for a Trade Month (n) is processed in the first week of the second month after the trade month (n + 2) with invoices issued two months after the trade month).

STEM invoices comprise of Market Participants' purchases from and sales to the STEM. As the STEM market is a forward market that does not require meter data for Settlement purposes it can be settled on a different timeframe from other transactions. Non-STEM invoices include allocation of costs for Ancillary Services, Balancing, Reconciliation, Reserve Capacity and Market Fees. Details of these transactions require the availability of Meter Data and so are settled by the IMO after the necessary Meter Data has been received.

Market Participants are able to use the processes prescribed in the Market Rules to raise a Notice of Disagreement and Notice of Dispute with the IMO about Settlement Statements so that these can be revised and invoices adjusted or corrected (clauses 9.19 and 9.20 of the Market Rules, as appropriate). The settlement Adjustment Process calculates the change in

settlement position of all Market Participants after accounting for all changes to settlement data stemming from the provision of updated information by the Metering Data Agent and resolution of Notices of Disagreement and Disputes.

Issue

Where System Management informs the IMO that a Market Participant has not complied with a Dispatch Instruction and the IMO determines that the Market Participant has not adequately or appropriately complied with that Dispatch Instruction, the Market Rules give the IMO the power to reduce the relevant Out of Merit Generation to zero. The result is that the Market Participant will not be paid any Constrained On or Constrained Off Compensation in instances where the constraint payment is the result of non-compliance with a Dispatch Instruction. Neither System Management's requirement to provide the relevant non-complying information to the IMO, or the IMO's power to reduce the Out of Merit quantity to zero are subject to any express time constraints in the Market Rules (and in practical terms, may 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.

The IMO's ability to practically recover Constrained On/Off Compensation introduced in RC_2011_10 was assumed to be obtainable through the settlement adjustment rules. 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 accruing on payments that may be recovered and to give Market Participants certainty with respect to their settlement position as soon as possible.

Proposal

The IMO proposes to amend the current settlement process in the Market Rules to allow the IMO the opportunity to adjust a Market Participant's Settlement Statement where a Market Participant has not adequately or appropriately complied with their Dispatch Instruction.

The proposed amendments would provide for:

- Adjustments of Non-STEM Settlement Statements where 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.

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 Market Rules, clauses 6.16A and 6.16B contemplate that the IMO has the ability to reduce a Facility's Out of Merit Generation to zero if the Facility has not adequately or appropriately followed their Dispatch Instruction. The power for the IMO to make this decision is not time constrained and this implies that there will be some form of adjustment in the settlement process (Settlement Statement) for these Facilities. However, clauses 9.16 and 9.19, which stipulate the reasons under which the IMO can undertake a process for adjusting Settlement Statements does not take into account the situations contemplated under clause 6.16A and 6.16B. 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 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 ~~strikethrough~~ where words are deleted and underline words added)

9.16.3. The IMO must undertake a process for adjusting settlements ("**Adjustment Process**") in accordance with clause 9.19. The purpose of the process is to review the relevant Settlement Statements which were issued in the nine months prior to the commencement of the Adjustment Process ("**Relevant Settlement Statements**") to facilitate corrections resulting from Notices of Disagreement, the resolution of Disputes, revised metering data provided by Metering Data Agents, ~~and~~ any revised Market Fee rate, System Operation Fee rate or Regulator Fee rate (as applicable) and due to any determinations made in accordance with clauses 6.16A.1(b)(i), 6.16A.2(b)(i), 6.16B.1(b)(i) or 6.16B.2(b)(i). Adjustments may only be made to Relevant Settlement Statements. Adjustments may not be made to Settlement Statements outside of an Adjustment Process.

9.16.3A A Relevant Settlement Statement is:

- (a) Any STEM Settlement Statement or Non-STEM Settlement Statement that requires correction as the result of the resolution of a dispute raised under clause 2.19, or where the IMO has indicated under clause 9.20.7 that it will revise information in response to a Notice of Disagreement; and
- (b) Any Non-STEM Settlement Statement for which the Invoicing Date occurred in the month that is three, six or nine months prior to the start of the Adjustment Process, and for which the IMO has received revised metering data from a Metering Data Agent or due to any determinations made in accordance with clauses 6.16A.1(b)(i), 6.16A.2(b)(i), 6.16B.1(b)(i) or 6.16B.2(b)(i).

9.19.1. When undertaking an Adjustment Process the IMO must:

- (a) recalculate the amounts included in the Relevant Settlement Statements in accordance with this Chapter but taking into account any:
 - i. revised metering data which has been provided by Metering Data Agents;
 - ii. actions arising from a Notice of Disagreement; and
 - iii. the resolution of any Dispute; and
 - iv. determinations made under clauses 6.16A.1(b)(i), 6.16A.2(b)(i), 6.16B.1(b)(i) or 6.16B.2(b)(i); and
- (b) provide adjusted STEM Settlement Statements and adjusted Non-STEM Settlement Statements to Rule Participants in accordance with the timeline specified under clause 9.16.4 in respect of the relevant Adjustment Process.

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 would correct a manifest error in the Market Rules and are consistent with the Wholesale Market Objectives.

Furthermore, the IMO considers that the proposed amendments will allow the Market Rules to better achieve Wholesale Market Objective (a). The IMO's ability to update settlement invoices with the results of its determinations with respect to Constrained On/Off Compensation will ensure that significant costs as a result of non-compliance with Dispatch Instructions are not borne by the market.

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

Costs: None identified.

Benefits:

- Correction of a Manifest Error;
 - Financial certainty for Market Participants with respects to their settlement position;
and
 - Greater clarity around when and why Settlement Statements may be adjusted in the Market Rules.
-

Agenda Item 8a: 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 is currently reviewing a modified Rule Change 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 	<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"> The IMO rejected this Rule Change Proposal and published the Final Rule Change Report on 19 November 2012. 	February 2013 MAC.	
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 Deregistration	<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 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
		<ul style="list-style-type: none"> • 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) 			
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 from the following Rule Change Proposals; <ul style="list-style-type: none"> ○ Curtailable Loads and Demand Side 	<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>Programmes (RC_2010_29); and</p> <ul style="list-style-type: none"> o 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"> o Settlement in Default Situations (RC_2010_04) o Change of Review Board Name (RC_2010_18); o Minor and typo (RC_2010_26) o Settlement Cycle Timelines (RC_2010_19) o 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 Data Submission	<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 the IMO Procedures Working Group 	
TBA	Capacity Credit	<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
	Allocation	<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 	revising the Market Procedure	IMO Procedures Working Group	
TBA	Intermittent Load Refund	<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. • The revised Procedure was presented and discussed at the IMO Procedure Working Group held on 27 November 2012. 	<ul style="list-style-type: none"> • The IMO to update this Market Procedure to reflect the amendments agreed at the IMO Procedure Working Group held in November 2012. 	TBA
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; • Ensure consistency with the Amending Rules under the following Rule Change Proposals: <ul style="list-style-type: none"> ○ Certification of Reserve Capacity 	<ul style="list-style-type: none"> • The IMO has revised the Market Procedure to reflect the discussion at the August 2012 working group meeting and formally submitted the proposed changes 	<ul style="list-style-type: none"> • IMO to publish Final Report. 	TBA

Change ID	Title	Brief overview of changes	Status	Next Step(s)	Date
		<p>(RC_2010_14);</p> <ul style="list-style-type: none"> ○ Curtailable Loads and Demand Side Programmes (RC_2010_29), <p>Including the proposed Amending Rules under the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10)</p>	<p>into the formal process</p> <ul style="list-style-type: none"> • 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"> • IMO to publish Final Report. 	
TBA	Reserve Capacity Performance Monitoring	<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 	<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
		from the Rule Change Proposal: Reserve Capacity Performance Monitoring (RC_2009_19)			
TBA	Treatment of Small Generators	The proposed updates are to: <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	The proposed updates are to: <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 presented the Procedure the August 2012 IMO Procedure Working Group meeting and the November MRCP Public Workshop. • The IMO published PC_2012_08 on 12 November 2012. 	<ul style="list-style-type: none"> • Submissions close on 10 December 2012. 	10/12/2012
TBA	Information Confidentiality	The proposed updates are to: <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 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
		<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. 			
PC_2012_11	Notices and Communications	<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 IMO's updated contact details. 	<ul style="list-style-type: none"> The Procedure was presented and discussed at the IMO Procedure Working Group 	<ul style="list-style-type: none"> The IMO to update this Market Procedure to reflect the amendments agreed at the IMO Procedure Working Group held in November 2012. 	TBA

Agenda Item 9a: 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	27/11/2012	TBA
Reserve Capacity Mechanism WG	Active	Feb 12	Ongoing	22/11/2012	TBA

Agenda Item 10: 2012 Year in Review

What	2009	2010	2011	2012
MAC and Working Group meetings	20	38	27	25
MAC meetings	9	9	9	10
MAC Special Meetings	0	3	0	0
Renewable Energy Generation Working Group	5	9	n/a	n/a
Rules Development Implementation Working Group	n/a	7	10	4
Maximum Reserve Capacity Price Working Group	n/a	5	5	n/a
IMO Procedures Working Group	2	3	3	2
System Management Procedures Working Group	3	2	1	0
Reserve Capacity Refund Working Group (2008)	1	n/a	n/a	n/a
Supplementary Reserve Capacity Working Group	n/a	n/a	n/a	n/a
Energy Price Limits Working Group	n/a	n/a	n/a	n/a
Reserve Capacity Mechanism Working Group	n/a	n/a	n/a	9
Rule Changes Developed/Underway	40	37	33	25
Procedure Changes	19	12	10	11
Stakeholder Workshops (i.e. Rule Changes, Procedure Changes, Market Design review and NCS workshops)	7	6	11	5
RulesWatch issued	6	49	49	49

Year	Significant Pieces of Work
2008	Funding of SRC (RC_2008_27) Funding of SRC in the Event of Capacity Credit Cancellation (RC_2008_34) Capacity Refund Mechanism – New Generators (RC_2008_35)
2009	Updates to Commissioning Provisions (RC_2009_08) Early Certified Reserve Capacity/Changing the Window of Entry (RC_2009_10 & 11) MAC Constitution and Operating Practices (RC_2009_28)
2010	Calculation of Net STEM Shortfall (RC_2010_03)

Year	Significant Pieces of Work
	Certification of Reserve Capacity (RC_2010_14) Curtaillable Loads and Demand Side Programmes (RC_2010_29)
2011	Required Level and Reserve Capacity Security (RC_2010_12) Calculation of Capacity Value for Intermittent Generation (RC_2010_25 & 37) Outage Planning 5 Year Review MRCP Market Procedure 5 Year Review
2012	Competitive Balancing and Load Following Market (RC_2011_10) Ancillary Services payment Equations (RC_2010_27) Transparency of Outage Information (RC_2012_11) Reserve Capacity Mechanism Working Group 5-Yearly Review of Planning Criterion 5-Yearly Review of SWIS Forecasting Processes