

## Market Advisory Committee

### Minutes

<b>Meeting No.</b>	59
<b>Location</b>	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date</b>	Wednesday 10 April 2013
<b>Time</b>	2.05pm – 4.12pm

Attendees	Class	Comment
Allan Dawson	Chair	
Kate Ryan	Compulsory – IMO	
Noel Ryan	Compulsory – Network Operator	
Phil Kelloway	Compulsory – System Management	
Andrew Everett	Compulsory – Generator	
Stephen MacLean	Compulsory – Customer	
Fiona Edmonds	Discretionary – Customer	Proxy
Andrew Sutherland	Discretionary – Generator	
Shane Cremin	Discretionary – Generator	Arrived at 2:10 pm
Steve Gould	Discretionary – Customer	
Michael Zammit	Discretionary – Customer	
Peter Huxtable	Discretionary – Contestable Customer Representative	
Paul Hynch	Minister's appointee – Observer	Proxy
Wana Yang	Economic Regulatory Authority – Observer	Arrived at 2:10 pm
Apologies	Class	Comment
Nerea Ugarte	Minister's appointee – Observer	
Nenad Ninkov	Discretionary – Customer	
Geoff Gaston	Discretionary – Generator	

Also in attendance	From	Comment
Sam Beagley	IMO	Minutes
Anne Hill	IMO	Presenter
George Sproule	IMO	Presenter
Lizzie O'Brien	IMO	Observer
Neetika Kapani	IMO	Observer
Natasha Cunningham	IMO	Observer
Jenny Laidlaw	IMO	Observer
Courtney Roberts	IMO	Observer
Johann Seneviratne	Australian Taxation Office	Observer (departed at 3:15pm)
Mark Edwards	Australian Taxation Office	Observer (departed at 3:15pm)
Anastasia Papadopoulos	Ernst & Young	Observer (departed at 3:15pm)
Emily Sargent	Ernst & Young	Observer (departed at 3:15pm)
Andy Wearmouth	Verve Energy	Observer
Cameron Parrotte	System Management	Observer
Andrew Stevens	Bluewaters Power	Observer

Item	Subject	Action
1.	<p><b>WELCOME</b></p> <p>The Chair opened the meeting at 2.05 pm and welcomed members to the 59th meeting of the Market Advisory Committee (MAC).</p>	
2.	<p><b>MEETING APOLOGIES / ATTENDANCE</b></p> <p>The following apologies were received:</p> <ul style="list-style-type: none"> <li>• Geoff Gaston (Discretionary – Generator)</li> <li>• Nerea Ugarte (Minister's appointee - Observer)</li> <li>• Nenad Ninkov (Discretionary – Customer)</li> </ul> <p>The following other attendees were noted by the Chair:</p> <ul style="list-style-type: none"> <li>• Paul Hynch (proxy for Nerea Ugarte)</li> <li>• Fiona Edmonds (proxy for Nenad Ninkov)</li> <li>• Anastasia Papadopoulos (Observer)</li> <li>• Emily Sargent (Observer)</li> <li>• Andrew Stevens (Observer)</li> <li>• Andy Wearmouth (Observer)</li> <li>• Johann Seneviratne (Observer)</li> <li>• Mark Edwards (Observer)</li> </ul>	

**3.****MINUTES OF PREVIOUS MEETING**

The minutes of MAC Meeting No. 58, held on 20 March 2013, were circulated prior to the meeting.

The following points were raised by members during the meeting:

- The Chair noted that Paul Hynch was recorded in the minutes as Peter Hynch. The IMO would amend the minutes to correct this.

***Section 4a: PRESENTATION: Impact of Changes to the Allocation of Capacity Credits to Intermittent Generators***

- Ms Fiona Edmonds requested that comments made by Mr Nenad Ninkov regarding the MAC's role in considering the impacts of changes on a specific Market Participant be minuted. Ms Ryan agreed to review the minutes and seek clarification if required.

***Section 5b: CP\_2013\_01: Incentives to Improve Availability of Scheduled Generators***

- Mr Andrew Sutherland requested that the minutes be amended to more accurately reflect his view that *"any review which considers a reduction or cancellation of Capacity Credits that may result in the premature forced closure of a facility must consider the net effect to the market rather than considering capacity in isolation"* (page 8). The Chair agreed to review the minutes and, if necessary, seek clarification on proposed wording from Mr Sutherland.
- Mr Andrew Stevens requested the minutes be amended to clarify that he agreed to the consideration of a two-pronged approach, not that he specifically agreed with the two-pronged approach outlined by the Chair which was included in the minutes (page 10). The Chair agreed to amend the minutes.
- Mr Andrew Everett stated the same comment that Mr Stevens had requested be clarified had been reflected in the Pre Rule Change Proposal which was circulated and that he would raise this when the relevant agenda item was discussed.
- Mr Shane Cremin stated that the minutes incorrectly specified that he did not agree with recycling refunds to generators (page 10). The Chair apologised and agreed to amend the minutes.
- Ms Edmonds stated that Mr Ninkov's comment was that the Rule Change would not be required, not that if the outcome was unlikely to affect anyone that it should proceed (page 10). The Chair agreed to review the transcript and amend the minutes if necessary.

***Section 6c: PRC\_2012\_23: Prudential Requirements***

- Ms Edmonds suggested that the MAC did not agree to endorse the submission of the Rule Change into the formal process but rather the circulation of information on Credit Limits was the only agreed outcome (page 13). Ms Ryan agreed to review the transcript and make amendments if necessary.

***Section 6d: PRC\_2013\_01: Clarification of Dispatch Compliance Obligations***

	<ul style="list-style-type: none"> <li>Mr Phil Kelloway requested the minutes be amended to reflect he had asked the IMO if they considered System Management was already providing the necessary data and that the IMO had responded that the data was already being provided (page 13). The Chair agreed to amend the minutes.</li> </ul> <p><b>Section 6f: PRC_2013_05: LoadWatch, EOI and RDQ Provision</b></p> <ul style="list-style-type: none"> <li>Mr Kelloway requested the minutes be clarified such that the use of the term 'cleaned' could be misconstrued as applying to EOI data released which was not the subject of a Market Procedure or refinement process in the same manner that the energy data was. Ms Laidlaw clarified that the minutes sought to refer to SCADA data released two days following the trading interval which would have undergone the necessary processes. The Chair agreed to check the minutes and if necessary amend the minutes to remove any ambiguity in the wording (page 14).</li> </ul> <p><b>Section 6g: PRC_2013_06: Exclusion of LFAS Quantities from Daily Ancillary Service Files</b></p> <ul style="list-style-type: none"> <li>Mr Kelloway flagged concern that while the minutes reflected that his suggestion of further simplifications to the processes such as the complete elimination of the daily Ancillary Service files would be logged for future consideration that this would be lost. He requested the IMO highlight the point in the minutes (page 14).</li> </ul> <p>Subject to the circulation and out of session endorsement of the proposed changes, the MAC agreed that the minutes were a true and accurate record of the meeting.</p> <p><i>Action Point: The IMO to amend the minutes of Meeting No. 58 and circulate for final endorsement.</i></p>	IMO
4.	<p><b>ACTIONS ARISING</b></p> <p>The following comments were noted on the action items:</p> <ul style="list-style-type: none"> <li><b>Items 2, 11 and 29:</b> Ms Kate Ryan noted that items 11 and 29 could be closed, as System Management (had provided this information prior to the meeting. Mr Kelloway confirmed that item 2 could also be closed for the same reason.</li> <li><b>Item 61:</b> Ms Ryan noted that an email had been sent to the Public Utilities Office (PUO) to address this item.</li> <li><b>Item 62:</b> Ms Ryan noted the IMO was still waiting on over \$600,000 of adjustments to be collected. The Chair noted that the remaining amount was the residual figure from payments already received.</li> <li><b>Item 3:</b> Ms Ryan noted this item could be closed as the information required was circulated with the MAC papers at the meeting.</li> <li><b>Item 5:</b> Ms Ryan noted this item could be closed as the information was circulated by Collgar and the IMO on the fifth and ninth of April 2013, respectively.</li> <li><b>Item 10:</b> Ms Ryan noted that the IMO was addressing the Credit Limit information and it would be disseminated to Market Participants when it was available.</li> </ul>	

	<ul style="list-style-type: none"> <li>• <b>Item 13:</b> Ms Ryan noted that RC_2013_03 was published on 10 April 2013 and this item was closed.</li> <li>• <b>Item 17:</b> Ms Ryan and the Chair said this would be addressed during the General Business section of the meeting.</li> </ul>	
<b>5a.</b>	<p><b>MARKET RULE CHANGE OVERVIEW</b></p> <p>Ms Ryan stated there had been one more issue added to the log between the March and April MAC. The issue related to Resource Plans for Non-Scheduled Generators:</p> <ul style="list-style-type: none"> <li>• Mr Andrew Sutherland queried whether the scope of the work on Resource plans for Non-Scheduled Generators could be widened to investigate if the IMO systems are able to calculate the relevant aspects of Facilities Resource Plans.</li> <li>• Ms Ryan noted this suggestion would be investigated as part of this issue.</li> </ul> <p><i>Action Point: The IMO to include this suggestion in the scope of this issue.</i></p> <ul style="list-style-type: none"> <li>• Mr Andrew Stevens suggested the IMO could remove the Capacity Refunds element if the Market Participant does not put in a Resource Plan</li> <li>• Ms Jenny Laidlaw noted this approach may have effects on Gentailers serving their own load additional to their Net Contract Position. Mr Stevens noted this would not affect Gentailers and he and Ms Laidlaw could discuss this further outside of the MAC.</li> </ul>	<b>IMO</b>
<b>5b.</b>	<p><b>PRC_2013_11: Selection of the 12 Peak Trading Intervals Used for Calculation of IRCR</b></p> <p>The Chair introduced Mr George Sproule to present the proposal. The following discussion points were noted:</p> <ul style="list-style-type: none"> <li>• Mr Stephen MacLean proposed an alternative method of calculating the IRCR. Mr MacLean suggested keeping the four highest consumption days but ensuring they are only Business Days. He suggested that this would provide continuity with the current IRCR methodology.</li> <li>• The Chair noted the days WA consumes the highest quantity of electricity are not necessarily the days when WA experiences its peak load events. Mr MacLean requested to see the evidence to demonstrate the comment made by the Chair.</li> <li>• The Chair and Mr Sproule agreed to provide the information requested by Mr Maclean either by circulation or at the next MAC</li> </ul> <p><i>Action Point: The IMO to provide analysis in regard to whether the days selected in the current IRCR calculation (based on highest aggregated daily demand) corresponded to the Trading Days with the Highest Trading Interval demand.</i></p>	<b>IMO</b>
<b>5c.</b>	<p><b>PRC_2013_09: Incentives to Improve Availability of Scheduled Generators</b></p> <p>Ms Ryan introduced Ms Anne Hill to present the proposal:</p>	

<ul style="list-style-type: none"> <li>• Ms Hill presented this Pre Rule Change Proposal and provided an update to the MAC about the changes since the Concept Paper CP_2013_01 was presented at the previous meeting in March.</li> <li>• Mr Sutherland queried how the IMO had come to the conclusion that the Market Rules provide inadequate incentives to Market Participants to maximise the number of Trading Intervals that their Scheduled Generators are available. Ms Hill stated this was the case under the Market Rules.</li> <li>• Mr Sutherland suggested that the comment in the proposal stating that “there is currently no direct financial consequence” in relation to excessive planned outages was not accurate, indicating that other operational costs and opportunity costs should be considered. Ms Ryan mentioned the term “inadequate” was used to describe the incentives and believed the considerations mentioned by Mr Sutherland were factored into the proposal. Ms Hill concurred. Mr Sutherland noted he had not seen any analysis on the net effect of a decision by the IMO to not certify a Facility.</li> <li>• Ms Hill mentioned the analysis was done treating all Facilities the same rather than looking at individual Facilities. Mr Everett stated in his opinion that the IMO had the discretion to certify or not certify any of the Facilities in question and did not necessarily have to treat them all the same. Ms Hill disagreed with Mr Everett’s opinion.</li> <li>• Mr MacLean stated that clause 4.11.1(h) was a binary approach to the problem and the proposal was an attempt to give the IMO more flexibility. He believed that this approach was only going to make the decision process harder for the IMO. Mr Cremin agreed with Mr MacLean and mentioned procedural fairness might be compromised if the IMO moved away from a binary approach.</li> <li>• Mr MacLean also recommended that the Pre Rule Change Proposal required more work and discussion by the market prior to its progressing into the Rule Change Process. Mr MacLean also complimented Ms Hill on her hard and comprehensive work in preparing the Concept Paper and subsequent proposal.</li> <li>• The Chair re-joined the MAC at 2:41 pm. Ms Hill provided an update to the Chair on the discussions. The Chair noted the concern and desire of Mr MacLean to have a forum or discussion group to discuss the proposal in more detail.</li> <li>• Mr Stevens noted, that, despite not being a voting member of the MAC, he would like to express his agreement with Mr MacLean.</li> <li>• The MAC endorsed the action point to hold a half-day discussion regarding this proposal.</li> </ul> <p><i>Action Point: The IMO to hold a half-day discussion group in the next six to eight weeks to work through PRC_2013_09 Incentives to improve availability of scheduled generators.</i></p> <ul style="list-style-type: none"> <li>• Ms Wana Yang queried if the MAC had come to a consensus that the current Market Rules result in inefficient outcomes. If that was the case then a change should occur. Both Mr Sutherland and MacLean stated they did not agree that the Market Rules result in inefficient outcomes. Specifically Mr Sutherland believed an</li> </ul>	<p><b>IMO</b></p>
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	<p>additional level of bureaucracy would not result in efficiencies.</p> <ul style="list-style-type: none"> <li>• Ms Hill noted the heart of the proposal was limiting the exempt planned outages. Mr Sutherland provided the example that a plant that had not been certified had the potential to remove capacity from the market. Ms Hill stated that the example provided by Mr Sutherland assumed that a plant that was not certified would close down. Mr Sutherland said that was correct.</li> <li>• Ms Hill noted that the assumption was unknown and Mr Sutherland noted, regardless, the IMO would be contributing to the potential a facility closure. Mr Stevens agreed with Mr Sutherland's assertion. The Chair noted the capacity mechanism was in place to incentivise all plant that is not on planned outage to be available and in the BMO. The risk associated with them not being in the BMO is the market paying a higher price. Mr Sutherland reiterated the point that the IMO were contributing to the potential of a facility closing down and hence removing capacity from the market. Ms Hill noted that the rule behind that assertion had always existed.</li> <li>• Mr Shane Cremin noted that removing the binary nature of clause 4.11.1(h) would still enable facilities to provide capacity. He also mentioned removing the requirement for the IMO to provide consultants to inspect plants from the Concept Paper was a positive move. The Chair mentioned that it would be at the discretion of the IMO to conduct any audits of individual facilities.</li> <li>• Mr Kelloway stated that the current Market Rules place a large onus on System Management to define outage requests. He requested that the proposal should also analyse this aspect of the issue with the view to relieve some of the current pressure where warranted. The Chair noted that Ms Hill had looked at some of the current definitions of Planned and Forced Outages in the WEM against international standards. The Chair requested System Management to provide some details at the proposal discussion forum regarding the types and level of outage requests System Management receive.</li> </ul> <p><i>Action Point: System Management to provide details at the PRC_2013_09 discussion forum regarding the types and level of outage requests it receives.</i></p> <ul style="list-style-type: none"> <li>• Ms Hill agreed with Mr Kelloway that the current outage definitions were not specific enough and placed additional pressure on System Management.</li> <li>• Mr MacLean noted he would not like to see the Market Rules refer to definitions outside the Market Rules and if the Market was going to adapt a particular definition it should be set out in the Market Rules. Mr MacLean noted the proposed defined term "Equivalent Planned Outage Hours" referred to the Market Procedure. Mr MacLean stated that this was placing the obligation in a subordinate document to the Market Rules which was the wrong way around.</li> <li>• Mr MacLean noted the proposed drafting of clause 4.12.9 was poorly worded and the reference "subject to clause 4.12.10" was incorrect because there was no obligation in clause 4.12.10 and the words "subject to" should be changed.</li> </ul>	<p><b>System Mgmt</b></p>
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	<ul style="list-style-type: none"> <li>• Mr Everett noted that the Chair suggested to use 15% in calculating an average planned outage factor, however this had not been discussed by MAC members. Mr Stevens noted that using the 15% figure would be detrimental to a Facility that has a significant major outage. Mr Stevens noted it was not uncomprehendable that a major outage would mean 15% was not very generous. Ms Hill stated she had done scenario analysis based on data from 2007 and the concern raised by Mr Stevens would have only affected the plants that have experienced planned outage rates over 30% for the past 3 years. Mr Kelloway noted that the proposal could incorporate certain exclusions such as Facility overhauls. Ms Hill added an appeal system could also be considered. The Chair noted this could be discussed at the half-day forum.</li> <li>• Ms Yang noted further analysis was required to address other potential market incentives that have not been explored in the proposal. Mr MacLean acknowledged the point.</li> </ul>	
<b>5d.</b>	<p><b>PRC_2013_08: Market Participant Fee – Clarification of GST Treatment</b></p> <p>Ms Ryan presented the proposal to the MAC. The following discussion points were noted:</p> <ul style="list-style-type: none"> <li>• Mr MacLean noted that the drafting in the proposal was not the final proposed drafting. Ms Ryan confirmed that to be the case.</li> <li>• Mr MacLean noted that while there was little point commenting on the drafting if it was not finalised, he did suggested that the IMO consider whether it was good drafting practice to have two definitions for “GST” and the “GST Act”. Ms Ryan acknowledged the point and noted it may be a drafting convention but it would be looked at.</li> <li>• The Chair noted the intent of the proposal was to continue to deliver a single invoice to Market Participants for monthly Non-STEM settlements with the only impact of the Rule Change being on 1 January 2014 when GST may not be attached to some market fees. Mr MacLean sought clarification on the date when this change would take effect. The Chair confirmed the tentative date as 1 January 2014.</li> <li>• Mr Kelloway commented whether there would be an impact on System Management’s budgets for the second half of the 2014 financial year. The Chair noted Mr Kelloway’s point but clarified that the budget provided by System Management did not include GST and as such this should not be affected by any changes to the GST treatment of System Management fees. Mr Kelloway also noted Western Power would be seeking its own ATO ruling in relation to whether the System Operation Fee would be subject to GST.</li> <li>• Ms Wana Yang raised the point that the ERA had not been issued the tax invoices at the beginning of the market. The Chair stated that the IMO had provided multiple copies to the ERA of the historical invoices since market start, all of which itemised GST. Ms Yang noted she would go back to the ERA finance team and seek clarification.</li> </ul>	

	<ul style="list-style-type: none"> <li>The Chair stated the final Pre Rule Change Proposal including final drafting would be circulated as soon as it was prepared since it was time sensitive. Mr Kelloway questioned if it would be progressed through the Standard Rule Change process. The Chair confirmed it would.</li> </ul> <p><i>Action Point: The IMO to finalise drafting and progress PRC_2013_08 Market Participant Fee – Clarification of GST Treatment as soon as practical.</i></p>	<b>IMO</b>
<b>6a.</b>	<p><b>MARKET PROCEDURES</b></p> <p>Ms Ryan presented the status of the current Market Procedures:</p> <ul style="list-style-type: none"> <li>Ms Ryan noted that an IMO Procedures Working Group meeting would be held on 23 April 2013.</li> <li>Mr Kelloway encouraged members of the MAC to read the System Management PSOP: Change to Monitoring and Reporting Protocol that was currently out for consultation.</li> </ul>	
<b>7a.</b>	<p><b>WORKING GROUPS</b></p> <p>The Chair and Ms Ryan presented the status of the current IMO Working Groups. Ms Ryan noted there had been no changes since the last MAC meeting.</p>	
<b>8.</b>	<p><b>GENERAL BUSINESS</b></p> <p>The Chair introduced Mr Kelloway to present on the System Management Load Following Ancillary Services (LFAS) initiatives. The following discussion points were noted:</p> <ul style="list-style-type: none"> <li>Mr Kelloway noted that System Management and the IMO were working together to investigate Load Following services in the market.</li> <li>The Chair sought clarification on how System Management had picked people to take place in the industry survey. Mr Kelloway noted that it was a selection of SWIS generator and load customers and industry groups from Western Power's data base, based on customers that were envisaged to have frequency sensitive processes.</li> <li>Mr Kelloway noted that given that the results of the questionnaire did not clearly support relaxation of the LFAS frequency keeping standard System Management believes that Western Power does not have a mandate to relax the frequency keeping standard and that the proposal should be referred to Public Utilities Office as a policy matter. Mr Kelloway noted that the survey and analysis completed by System Management was technically, not broadly based and may not fully represent industries commercial views. Further consultation is required which was beyond System Management to complete because it required more input from industry.</li> <li>The Chair requested clarification from Mr Kelloway on the current regulatory standard for LFAS Minimum Frequency Keeping Capacity. Mr Kelloway confirmed the accuracy of the Chair's understanding of the regulatory standard but mentioned there was</li> </ul>	

	<p>also an obligation under the Market Rules. Mr Kelloway noted that System Management annually produces an Ancillary Services report which recommends a standard of 99.9% and is approved by the IMO. Mr Kelloway stated this was the standard currently applied to the market. The Chair noted the IMO would pursue clarification on why System Management uses the standard of 99.9%, which is different to the technical standards of 99.0%. Mr Kelloway noted this was a standard adopted by other markets.</p> <ul style="list-style-type: none"> <li>• The Chair and Mr Peter Huxtable queried why the survey conducted by System Management did not question how the relaxation on the LFAS Minimum Frequency Keeping Capacity would impact an entity's commercial business. Mr Kelloway noted it was just how the questions were drafted. Mr Stevens noted that there would be a net saving by relaxing the standard on some generation equipment in Western Australia. Mr Kelloway noted it was beyond the power of System Management and Western Power to relax the frequency keeping standard. Mr Stevens noted the current tolerance to Generators was ambiguous and sought clarification from Mr Kelloway on the upper and lower bounds that equipment had to abide by.</li> <li>• Mr Andy Wearmouth noted technical analysis conducted in other countries endorsed a standard of 99.9%. Mr Wearmouth emphasised that until the analysis was completed to fully understand the impact on relaxing the standard it should remain at 99.9%. Mr Stevens questioned the current standard that most countries had settled at. Mr Wearmouth noted it was at 99.9% and Mr Parrotte confirmed this was the standard in New Zealand, the east coast and Tasmania. Mr Stevens commented some markets have a much more relaxed standard and noted this must have a net commercial value.</li> <li>• The Chair noted that only a few submitters to the Western Power survey had mentioned they would incur extra costs as a result of relaxing the standard.</li> <li>• Mr Kelloway noted that System Management had been working with a Market Participant to assist with the technical and commercial introduction into the LFAS market. Mr Kelloway also noted SM was working with the IMO to identify commercial and technical changes that could improve the LFAS market.</li> <li>• Mr Kelloway noted that System Management and the IMO would share their findings with the MAC at the next meeting. In response to a question from the Chair Ms Laidlaw clarified that these would include the actual MW quantity of Load Following being used and a breakdown of the main causes of the requirement.</li> </ul> <p><i>Action Point: The IMO/SM Working Group to share finding of the LFAS analysis at the next MAC meeting.</i></p> <ul style="list-style-type: none"> <li>• Ms Laidlaw noted that it was likely that changes to the rules around dispatch could help to reduce the overall LFAS requirement.</li> <li>• The Chair noted that one of the reasons the IMO was looking at the LFAS market was to determine who should be paying for it.</li> <li>• The Chair sought clarification from Mr Kelloway if the IMO should</li> </ul>	<p><b>IMO &amp; System Mgmt</b></p>
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	<p>seek input from the CEO of Western Power, PUO or the ERA regarding the adoption of 99.9% and its difference between the standard in the Technical Rules. Mr Kelloway noted that stakeholders had already been engaged and the CEO of Western Power endorsed the approach that any decision to relax the standard from 99.9% was bigger than System Management or Western Power. Mr Parrotte noted the Technical Rules were owned by the ERA.</p> <ul style="list-style-type: none"> <li>• Mr MacLean sought clarification from Mr Kelloway if the standard was relaxed to 99.0% how that would impact the market. Mr Kelloway stated that after the analysis being conducted with the IMO was complete they should have a better idea. Ms Laidlaw noted without this analysis it would be hard for System Management to translate a standard of 99.0% into a new megawatt figure. Mr Kelloway agreed with Ms Laidlaw.</li> <li>• Mr MacLean and Mr Kelloway noted that before a decision can be made on any changes to the standard of 99.9% further information and consultation is required.</li> <li>• Mr Kelloway noted that the Ancillary Service Standards in the Market Rules detail the Minimum Frequency Keeping Capacity. Specifically the Market Rules define the Minimum Frequency Keeping Capacity as the capacity sufficient to cover 99.9% of the short term fluctuations.</li> </ul> <p><i>Clause 3.10.1(a)(ii) - The capacity sufficient to cover 99.9% of the short term fluctuations in load and output of Non-Scheduled Generators and uninstructed output fluctuations from Scheduled Generators, measured as the variance of 1 minute average readings around a thirty minute rolling average.</i></p> <p>Mr Kelloway confirmed System Management should use the Minimum Frequency Keeping Capacity to drive the outcomes for LFAS.</p> <ul style="list-style-type: none"> <li>• The Chair reiterated the action point to present the findings of the analysis conducted by System Management and the IMO at the next MAC.</li> <li>• Mr Wearmouth commented that the background to the figure of 99.0% maybe due to the historical development of the Technical Rules, which existed well before market start.</li> <li>• Mr Stevens noted that adjusting the 99.90% requirement may not be the only solution. Mr Stevens mentioned efficiencies may be found in how this standard is achieved.</li> <li>• Mr Sutherland noted that there are significant inefficiencies built into pricing. Mr Sutherland noted that efficiencies could be found by moving LFAS bidding closer to real-time, which could deliver a more efficient price.</li> <li>• The Chair closed the discussion on the LFAS initiative presentation.</li> </ul> <p>The Chair raised the request from Collgar Wind Farm at the previous MAC in March to bring forward the review of the valuation methodology pending Collgar releasing data relating to the assignment of its Certified Reserve Capacity and the performance of it Facility. The Chair noted</p>	
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	<p>that Mr Greg Ruthven had circulated this information via email on 9 April 2013.</p> <p>The Chair sought feedback from the MAC. The following discussion points were noted:</p> <ul style="list-style-type: none"> <li>• The Chair noted he had received comments via email from Mr Peter Huxtable from the Water Corporation. Ms Ryan noted the rest of the MAC may need some time to consider the information received from Collgar.</li> <li>• Mr Everett noted that the MAC had afforded Collgar an opportunity on three occasions to demonstrate that it had been unfairly treated and it had failed each time to demonstrate this.</li> <li>• The Chair confirmed the MAC would have one week to provide feedback to the IMO about the information provided by Collgar and their opinions on bringing forward the review of the valuation methodology.</li> </ul> <p><i>Action Point: MAC members to provide feedback to the IMO regarding Collgar's requests by no later than 17 April 2013.</i></p>	<p><b>MAC</b></p>
<p><b>CLOSED:</b> The Chair declared the meeting closed at 4.12 pm.</p>		