

## Market Advisory Committee

### Minutes

<b>Meeting No.</b>	61
<b>Location</b>	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date</b>	Wednesday 12 June 2013
<b>Time</b>	2.05pm – 3.45pm

<b>Attendees</b>	<b>Class</b>	<b>Comment</b>
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	
Andrew Sutherland	Discretionary – Generator	
Steve Gould	Discretionary – Customer	
Michael Zammit	Discretionary – Customer	
Geoff Gaston	Discretionary – Generator	
Peter Huxtable	Discretionary – Contestable Customer Representative	
Paul Hynch	Minister's appointee – Observer	Proxy
Nenad Ninkov	Discretionary – Customer	
<b>Apologies</b>	<b>Class</b>	<b>Comment</b>
Nerea Ugarte	Minister's appointee – Observer	
Shane Cremin	Discretionary – Generator	
Wana Yang	Economic Regulation Authority – Observer	
<b>Also in attendance</b>	<b>From</b>	<b>Comment</b>
Dean Sharafi	System Management	Observer
Sam Beagley	IMO	Presenter
Greg Ruthven	IMO	Observer
Erin Stone	IMO	Observer

Jenny Laidlaw	IMO	Presenter
Courtney Roberts	IMO	Observer
Aditi Varma	IMO	Observer
Natasha Cunningham	IMO	Minutes

Item	Subject	Action
1.	<p><b>WELCOME</b></p> <p>The Chair opened the meeting at 2.05 pm and welcomed members to the 61st 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>• Nerea Ugarte (Minister's appointee – Observer)</li> <li>• Shane Cremin (Discretionary – Generator)</li> <li>• Wana Yang (Economic Regulation Authority – Observer)</li> </ul> <p>The Chair introduced Ms Erin Stone as the new Team Leader (Rule and Procedure Changes) in the Development and Capacity team.</p>	
3.	<p><b>MINUTES OF PREVIOUS MEETING</b></p> <p>The minutes of MAC Meeting No. 59, held on 10 April 2013, were circulated prior to the meeting.</p> <p>The following points were raised by members during the meeting:</p> <p><b>Section 5c: PRC_2013_09: Incentives to Improve Availability of Scheduled Generators</b></p> <ul style="list-style-type: none"> <li>• Mr Andrew Everett requested that the minutes be amended to more accurately reflect his view in the fourth dot point that <i>“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”</i> (page 7). The Chair agreed to amend the minutes and circulate it to Mr Everett for confirmation.</li> <li>• Mr Everett requested that the minutes be amended in the 18<sup>th</sup> dot point to say that <i>“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”</i> (page 9).</li> </ul> <p><b>Section 8: General Business</b></p> <ul style="list-style-type: none"> <li>• Mr Phil Kelloway requested that several points in this section be amended and agreed that he would draft the suggested amendments and send them to the IMO to incorporate into the final version of the minutes.</li> <li>• Mr Andrew Sutherland queried what were the next steps in relation to work being done on Load Following Ancillary Services (LFAS). Mr Kelloway noted that System Management and the IMO were in the process of understanding the drivers of LFAS to help inform</li> </ul>	

	<p>policy on an appropriate standard.</p> <ul style="list-style-type: none"> <li>The Chair noted that he had sent the Public Utilities Office (PUO) a letter requesting policy guidance on the frequency keeping standards. The letter was distributed to all MAC members during the meeting. The Chair also noted his view that that the South West interconnected system (SWIS) should be operated in accordance with the Technical Rules, however acknowledged that System Management had adopted a different standard and considered it to be a whole of industry matter in deciding whether to move away from that standard.</li> <li>Mr Everett requested the minutes be clarified such that it is 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 (page 13).</li> </ul> <p><i>Action Points:</i></p> <p><i>Mr Kelloway to draft his suggested amendments in Section 8 and forward them to the IMO for review.</i></p> <p><i>The IMO to amend the minutes of Meeting No. 59 and circulate for final endorsement.</i></p>	<p><b>SM</b></p> <p><b>IMO</b></p>
<p><b>4.</b></p>	<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>Item 61:</b> Ms Kate Ryan noted that an email had been sent to the Public Utilities Office (PUO) to address this item but that no response had yet been received.</li> <li><b>Item 22:</b> Ms Ryan suggested that this action item could be closed as the relevant workshop had been held, however Mr Kelloway requested that it remain open as System Management were likely to evaluate the types and levels of outages and would be able to provide this information to the MAC at a later time.</li> <li><b>Item 24:</b> Ms Ryan noted that the IMO and System Management LFAS Working Group were still undertaking analysis and was not yet in a position to present the findings to the MAC.</li> </ul>	
<p><b>4a.</b></p>	<p><b>Responses to Collgar’s request</b></p> <p>Ms Ryan noted that the responses by MAC members to Collgar’s request to bring forward the first review of the Relevant Level Methodology had been tabulated and circulated to MAC members.</p>	
<p><b>5a.</b></p>	<p><b>CP_2013_10: DSM Harmonisation</b></p> <p>The Chair introduced Mr Sam Beagley to present this concept paper. The following discussion points were noted:</p> <p><b>Issue 1 – Fuel Requirements</b></p> <ul style="list-style-type: none"> <li>Mr Stephen MacLean sought clarification around the obligation on Scheduled Generators to have a fuel supply of 14 hours. Mr Beagley replied that a Scheduled Generator had to have the ability to operate at its full capacity for a period of 14 hours. He further noted that this had to be demonstrated to the IMO during the Certification of</li> </ul>	

Reserve Capacity process.

- Mr Sutherland noted his concern regarding the proposed drafting for this issue, which did not appear to be consistent with the discussions at the Reserve Capacity Mechanism Working Group (RCMWG) or the discussion in the concept paper. Mr Greg Ruthven agreed that the IMO would review and revise accordingly.
- Discussion ensued on the proposed fuel requirement arrangements. The main issues raised were:
  - removing the prescriptive aspects in the proposed amendments and giving the IMO discretion in ascertaining what the reasonable fuel requirements should be, taking into account the differences between Facilities (i.e. diesel peaker versus gas peaker).
  - the IMO had correctly captured the sentiments of the RCMWG in the discussion of the issue, however the drafting of the rules were not consistent with these outcomes.

***Issue 2 – Revised DSM Availability Requirements***

- Mr Geoff Gaston noted his concern with how System Management may interpret “best endeavours” in the minimum notice period for dispatch. Discussion ensued around the premise that System Management should not feel that it could not dispatch if it was unable to provide a “best endeavours” day ahead notice.
- Ms Jenny Laidlaw suggested an alternative approach, namely a requirement for a Dispatch Advisory to the market if there was likelihood of a Demand Side Programme (DSP) being required in the next balancing horizon. The MAC generally supported this suggestion.
- Mr Kelloway noted that System Management would most likely issue a Dispatch Advisory in this circumstance anyway.
- Mr MacLean suggested that the tabulated requirements could be incorporated into the relevant procedures and be excluded from the rules according to the degree of consultation considered appropriate to amend them.
- Mr Stephen Gould suggested that the phrase “unlimited” be removed from the proposed table and replaced / quantified by the actual numbers of hours per year and dispatch events per year.

***Issue 3 – “Real-Time” Telemetry Service for DSPs***

- Mr Peter Huxtable queried what the cost per site would be with regards to the implementation of a telemetry service.
- Mr Kelloway responded that it was pertinent to ascertain what the benefits would be in conjunction with what costs would be incurred.
- Mr Beagley noted that following discussion with System Management it was determined that there was more than one option to achieve this, some more automated than others. He further stated his understanding resulting from the RCMWG, that real-time telemetry was required to achieve the benefits of this package of

	<p>reforms more broadly.</p> <ul style="list-style-type: none"> <li>Mr Kelloway noted that if DSPs were in the Balancing Merit Order (BMO) and were treated exactly the same as generators than the standard required would be the same as a generator however DSPs are not included in BMO.</li> </ul> <p><b>Issue 6 – Dispatch of DSPs outside nominated availability</b></p> <ul style="list-style-type: none"> <li>Mr Michael Zammit noted his concerns with the drafting around capacity refunds as he did not believe that it adequately reflected what was discussed in the RCMWG meetings. He indicated his view that refunds should link to the Reserve Capacity Mechanism, not an energy price. Mr Beagley replied that the IMO is currently looking at three options and that the suggested changes to the formula in clause 4.26.3A were still under consideration by the IMO.</li> <li>The Chair invited Mr Zammit to provide his thoughts to the IMO.</li> <li>Mr MacLean suggested that it might be beneficial in papers which had multiple issues, to set out the proposed rule changes under each relevant issue.</li> <li>Mr Gaston queried whether a generator would be required to generate at its maximum level, which may be above its level of certified capacity, before facilities on the Non-Balancing Dispatch Merit Order were dispatched. MAC members agreed that this was the case although there would be no refunds as a consequence of not being available for capacity over and above a Facility’s certified level.</li> </ul> <p><b>Issue 7 – Relationship between IRCR and Relevant Demand</b></p> <ul style="list-style-type: none"> <li>Mr Gaston queried whether the Individual Reserve Capacity Requirement (IRCR) was adjusted to reflect any excess capacity, noting that this would mean that the IRCR may be higher than the physical capabilities of a Facility. Mr Ruthven noted this point raised by Mr Gaston.</li> </ul> <p><i>Action Point: The IMO to review the proposal and drafting and amend accordingly before the Pre Rule Change Proposal is submitted to the MAC.</i></p>	<p><b>IMO</b></p>
<p><b>6a.</b></p>	<p><b>Market Rule Change Overview</b></p> <p>Ms Ryan provided an update to the MAC on the current Rule Change Proposals under consultation and development.</p>	
<p><b>6b.</b></p>	<p><b>PRC_2013_09: Incentives to Improve Availability of Scheduled Generators</b></p> <p>The Chair introduced Ms Laidlaw to present the proposal. The following discussion points were noted:</p> <ul style="list-style-type: none"> <li>Ms Laidlaw presented the Pre Rule Change Proposal and provided an update to the MAC about the changes since the previous MAC meeting in April.</li> <li>Ms Laidlaw noted her concern that if the Planned Outage threshold was exceeded, Market Participants may not have an incentive to apply for a Planned Outage and that this issue was currently being</li> </ul>	

	<p>addressed in phase two of the work to implement the recommendations of the Outage Planning Review.</p> <ul style="list-style-type: none"> <li>• Ms Ryan noted that while there may not be a refund impact on the participant clearly there was a benefit to the market and to System Management to know in advance when a piece of equipment will be unavailable. She noted that the incentive to apply for a planned outage need to be retained.</li> <li>• MAC members discussed the issue and the Chair clarified that the obligations around reporting Planned Outages had not been changed, that the physical requirements in notifying System Management had not been changed; rather the financial incentives had changed.</li> <li>• Mr Kelloway sought clarification of the timing of the outage planning phase two work. Ms Laidlaw responded that the IMO were working on both pieces of work concurrently and that the commencement dates had not yet been determined.</li> <li>• Mr Kelloway considered that participants, particularly System Management would require clarity about what happens when a participant had exceeded their Planned Outage threshold. Ms Laidlaw responded that whilst the IMO could not guarantee the same day commencement it would be quite rare for a Facility to breach the Planned Outage cap for the Reserve Capacity Obligation Quantity (RCOQ) reduction any time soon given that any Planned Outages which had been undertaken before the commencement date would not be counted towards the rolling cap.</li> <li>• Mr Huxtable queried in relation to the requirement for a Market Participant to pay for a report required by the IMO for Facilities with high levels of outages, whether there were similar reports in the market or a consistent approach to payments. Ms Ryan responded that it was common to have a regulator who required a report about a certain participant's behaviour and have the participant pay for it.</li> <li>• The Chair noted that rather than it being commissioned by the participant who had had the outages, the report would be commissioned by the IMO given its status as independent, therefore the costs and invoices will be borne by the IMO, and then it had been suggested that the IMO seek reimbursement from the participant in question. Ms Laidlaw noted that these reports would not be automatic. That is, they would only be required if a Facility had had a very high level of outages, the IMO had already requested a report and after reading the report, the IMO considered that it was necessary for an independent assessment.</li> <li>• Mr Everett questioned when the IMO would be undertaking consultation with relevant Market Participants who had indicated that the thresholds were incorrect. Ms Laidlaw replied that the IMO would undertake a healthy consultation process and would be happy to start these discussions with the relevant parties by late next week.</li> <li>• Mr Sutherland queried whether the proposed drafting in clause 4.12.6(b) is correct in stipulating that a Consequential Outage would be included in the count of RCOQ adjusted Planned Outages. Ms Laidlaw responded that the drafting only meant to apply to a</li> </ul>	
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	<p>Planned Outage for which the RCOQ had been reduced.</p> <p><i>Action Point: The IMO to submit PRC_2013_09 into the formal process and progress the proposal under the Standard Rule Change Process with an extended consultation period.</i></p>	<b>IMO</b>
<b>6c.</b>	<p><b>PRC_2013_02: Clarification of the Minimum TES calculation</b></p> <p>Ms Laidlaw presented the proposal to the MAC. The following discussion points were noted:</p> <ul style="list-style-type: none"> <li>The Chair and Mr MacLean both sought clarification that the operating systems were calculating the Minimum TES appropriately. Ms Laidlaw confirmed that the systems were calculating Minimum TES correctly and that this error was a simple typographical error in the Market Rules.</li> </ul> <p><i>Action Point: The IMO submit PRC_2013_02 into the formal process and progress the proposal under the Fast Track Rule Change Process.</i></p>	<b>IMO</b>
<b>7.</b>	<p><b>MARKET PROCEDURES</b></p> <p>Ms Ryan presented the status of the current Market Procedures and noted that it was the IMO's intention to distribute both the rule and procedure change proposal for Prudential Requirements at the next MAC meeting. She also noted that the Market Procedures for Loss Factors and the IMS Interface had both commenced.</p>	
<b>8a.</b>	<p><b>WORKING GROUPS</b></p> <p>Ms Ryan noted that Ms Fiona Edmonds had replaced Ms Debra Rizzi as the Alinta representative on both the both the IMO and the System Management Procedure Change Working Groups.</p>	
<b>9.</b>	<p><b>GENERAL BUSINESS</b></p> <ul style="list-style-type: none"> <li>Mr Sutherland queried whether the IMO had the opportunity to review Resource Plans for Non-Scheduled Generators (item 5a from the previous MAC minutes). Ms Ryan responded that the IMO is intending to undertake analysis as part of the work in the Market Rules Evolution Plan on enhancements to the Balancing Market in the second half of the year, which would incorporate this issue.</li> <li>Mr Sutherland noted his concerns about the current limitations and lack of information of Non-Scheduled Generators in the BMO, which was affecting outcomes in the LFAS market.</li> <li>Mr Sutherland also indicated a desire to see the LFAS window shifted closer to the balancing window.</li> <li>The Chair noted that the IMO's Market Operation team were in the process of trying to improve forecasting accuracy.</li> </ul>	
<b>CLOSED:</b> The Chair declared the meeting closed at 3.45 pm.		