

Market Advisory Committee

Minutes

Meeting No.	63
Location	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date	Wednesday 7 August 2013
Time	2.00pm – 4.25pm

Attendees	Class	Comment
Allan Dawson	Chair	
Greg Ruthven	Compulsory – IMO	Proxy
Phil Kelloway	Compulsory – System Management	
Shane Duryea	Compulsory – Western Power	Proxy
Will Bargmann	Compulsory – Customer	2.00pm – 3.35pm
Jacinda Papps	Compulsory – Generator	Proxy
Geoff Gaston	Discretionary – Generator	
Andrew Sutherland	Discretionary – Generator	
Shane Cremin	Discretionary – Generator	
Nenad Ninkov	Discretionary – Customer	
Paul Troughton	Discretionary – Customer	Proxy
Peter Huxtable	Discretionary – Contestable Customer Representative	
Paul Hynch	Minister's appointee – Observer	Proxy
Wana Yang	Economic Regulation Authority – Observer	
Apologies	From	Comment
Nerea Ugarte	Minister's appointee – Observer	
Steve Gould	Discretionary – Customer	
Andrew Everett	Compulsory – Generator	
Kate Ryan	Compulsory – IMO	
Noel Ryan	Compulsory – Network Operator	
Michael Zammit	Discretionary – Customer	

Also in attendance	From	Comment
Dean Sharafi	System Management	Observer
Fiona Edmonds	Alinta Energy	Observer
Andy Stevens	Bluewaters Power	Observer
Jenny Laidlaw	IMO	Presenter
Erin Stone	IMO	Presenter
Aditi Varma	IMO	Presenter
Sam Beagley	IMO	Observer
Natasha Cunningham	IMO	Observer
Alex Penter	IMO	Observer
Courtney Roberts	IMO	Minutes

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 2.00 pm and welcomed members to the 63rd 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"> • Kate Ryan (Compulsory – IMO) • Noel Ryan (Compulsory – Network Operator) • Andrew Everett (Compulsory – Generator) • Nerea Ugarte (Minister's appointee – Observer) • Steve Gould (Discretionary – Customer) • Michael Zammit (Discretionary – Customer) <p>The following proxies were noted:</p> <ul style="list-style-type: none"> • Greg Ruthven for Kate Ryan (Compulsory – IMO) • Jacinda Papps for Andrew Everett (Compulsory – Generator) • Shane Duryea for Noel Ryan (Compulsory – Network Operator) • Paul Troughton for Michael Zammit (Discretionary – Customer) <p>The following presenters and observers were noted:</p> <ul style="list-style-type: none"> • Jenny Laidlaw (presenter) • Erin Stone (presenter) • Aditi Varma (presenter) • Dean Sharafi (observer, System Management) • Fiona Edmonds (observer, Alinta) • Andy Stevens (observer, Bluewaters Power) • Natasha Cunningham (observer) 	

	<ul style="list-style-type: none"> • Sam Beagley (observer) • Alex Penter (observer) • Courtney Roberts (Minutes) <p>The Chair acknowledged Mr Will Bargmann as the new Synergy representative, replacing Mr Stephen MacLean. The Chair also introduced Mr Alex Penter as the new Graduate Analyst in the Development and Capacity team.</p>	
3.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of MAC Meeting No. 59, held on 10 April 2013, were amended to reflect additional changes that were raised at the June MAC meeting and re-circulated to the MAC for final endorsement.</p> <p>Mrs Jacinda Papps questioned whether the email between Mr Andrew Everett and Ms Courtney Roberts about the percentage used for calculating the average planning outage factor had been addressed. Ms Roberts confirmed that the minutes had been amended to reflect Mr Everett's point.</p> <p>Mr Bargmann questioned if the action to address Mr MacLean's request for information about consumption on peak load days and business versus non-business days had been completed. The Chair confirmed that this action had been completed and closed.</p> <p>The minutes of MAC Meeting No. 61, held on 12 June 2013, were circulated to members prior to the meeting.</p> <p>The following points were raised by members during the meeting:</p> <p>Section 3: Minutes of Previous Meeting, page 2 of 7 second point</p> <ul style="list-style-type: none"> • Mrs Papps noted that 14.8% needed to be amended to 15%. • Mr Phil Kelloway requested clarification as to whether the issuance of a Dispatch Advisory by System Management would constitute 'best endeavours' notice of likely dispatch. Mr Kelloway noted that these advisories are based on a forecast. However, System Management may forecast one situation but see another situation. Mr Greg Ruthven noted that the proposed Amending Rules addressed this concern, requiring System Management to issue a Dispatch Advisory when it becomes aware that dispatch of Demand Side Programmes is likely to occur. <p>Subject to the above amendment, the MAC agreed that the minutes were a true and accurate record of the meeting.</p> <p><i>Action Points:</i></p> <p><i>The IMO to amend the minutes of Meeting No. 61 and publish with the minutes of Meeting No. 59 as final.</i></p>	IMO
4.	<p>ACTIONS ARISING</p> <p>The Chair introduced Mr Ruthven to update the MAC on the current actions. The following points were noted:</p> <ul style="list-style-type: none"> • Item 61: Mr Ruthven noted that the IMO is still waiting on a response from the Public Utilities Office (PUO). 	

	<ul style="list-style-type: none"> • Item 22: Mr Ruthven questioned whether this item should now be closed as the workshop had been completed. Mr Kelloway noted that System Management was compiling information on the types and levels of outages that were evaluated. Mr Kelloway suggested that the action remains open until System Management provides it to the IMO and circulates it to members. • Item 24: The Chair advised that there has been some limited progress. The IMO has recently received System Management's Ancillary Services Report, which indicated that the frequency performance levels achieved were 99.96%, significantly higher than the target set by System Management. Due to the limited progress to date, the IMO and System Management have committed to a weekly work plan and to provide the MAC with regular updates on the progress. <p>Mr Andrew Sutherland requested additional information from Mr Kelloway on the difference between load following and droop control. The Chair noted the full agenda and invited Mr Sutherland and others to provide comments through to the IMO on the topics on which they would like further information. Mr Kelloway noted that droop control requirements were mandated within the Technical Rules and considered the parties responsible for those rules were probably best placed to explain the choice of parameters. Mr Kelloway noted however that droop control was used to arrest deviations in frequency over a very short time while Load Following operated over a longer time frame and was needed to restore the system frequency to its normal level.</p> <p>Ms Jenny Laidlaw suggested that System Management prepare a presentation for the next MAC meeting. Mr Kelloway requested that the IMO develops a list of questions that members would like answered. The Chair agreed that the IMO would develop some points that need to be addressed and this list would be circulated to members for input. The final list would be provided to System Management for it to prepare a presentation to the next MAC meeting.</p>	
5a.	<p>CP_2013_04: Outage Planning – Phase 2</p> <p>The Chair introduced Ms Jenny Laidlaw to present the concept paper. A copy of the presentation is available on the Market Web Site.</p> <p>The following key points were noted:</p> <ul style="list-style-type: none"> • This package of work is the second phase of changes to implement the recommendations of the Outage Planning Review completed in October 2011. • In mid-2012, the IMO circulated a list of the outstanding recommendations. This list has since been updated to include new issues raised by MAC members, the IMO and System Management. Some of the issues included in the list have been addressed through other rule changes. • Generally this package contains technical changes to streamline the outage planning process and clarification of the obligations of Rule Participants around outage planning. Ms Laidlaw outlined the major 	

	<p>issues addressed in the concept paper for members.</p> <ul style="list-style-type: none"> • Mrs Papps questioned whether the IMO had considered a longer time span for Opportunistic Maintenance, such as 36 hours. Ms Laidlaw replied that the IMO had not considered a longer period as to date it had not been presented with a good reason for such a change. • Mr Stevens suggested it should be possible to request an outage of any length at any time, provided that sufficient margin was available. Ms Laidlaw noted that the IMO disagreed with this concept, as it would reduce the forward planning and transparency of outages, and would make it easier for Market Participants to use Planned Outages to avoid capacity refunds. • Mr Kelloway agreed that the proposal to make capacity unavailable in the Balancing Merit Order (BMO) before requesting an outage is good, but noted some potential complexities. In particular, he considered that it would be necessary for System Management to make sure that the BMO reflected a request for an outage, which currently it is not required to do. The Chair proposed that the obligation should be placed on the Market Participant to ensure that capacity is unavailable in the BMO before requesting an outage, rather than being on System Management to ensure that the availability matched. • Mr Kelloway questioned how long System Management would have to assess a late Opportunistic Maintenance request. Ms Laidlaw confirmed that the intention was to retain the current arrangements for approval, which provide System Management with the ability to reject a request if it has insufficient time to adequately consider it. • Mrs Papps questioned whether Verve Energy would be required to request Opportunistic Maintenance four and a half hours before gate closure. Ms Laidlaw agreed that this could be the case if the time limit for Opportunistic Maintenance requests was linked to gate closure times, but committed to working through the three options to confirm that they worked appropriately for Verve Energy Facilities. • Ms Laidlaw asked members to provide their views to the IMO on the appropriate deadline for Opportunistic Maintenance requests, noting that there was a trade-off between flexibility for generators to request Opportunistic Maintenance and transparency of information for others to respond based on the BMO. • Mr Stevens suggested that the concept paper only indicated that Market Participants had asked for an ex post conversion from a Forced Outage to a Planned Outage, rather than the ability to apply, while on a Forced Outage, to have a Planned Outage after a certain timeframe. Ms Laidlaw confirmed that both options had been requested by Market Participants. The Chair added that the proposed framework will allow for the latter option. • Mr Sutherland questioned what limit was proposed for an extension of an outage. The Chair confirmed that initially no time limit would be imposed. • Mr Sutherland sought to clarify how the extension of an outage would work given that Market Participants are required to submit a 	
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	<p>request two days in advance. Mr Stevens discussed the benefits of reducing the incentive to overstate the length of an outage. Ms Laidlaw agreed to review the interaction of Opportunistic Maintenance and outage extensions, and proposed to discuss further the practicalities with Mr Sutherland.</p> <ul style="list-style-type: none"> • Dr Paul Troughton supported the IMO's approach to the treatment of DSPs. He noted that moving to a dynamic baseline in the future may raise the requirement to log outages. The Chair suggested that real-time telemetry for DSPs will provide the data required to assess the situation further. Ms Laidlaw confirmed that DSPs would not be included on the equipment list and therefore would not need to follow the outage planning process. • Mr Shane Duryea questioned what problem the IMO was trying to address with the addition of distribution network equipment to the equipment list. Ms Laidlaw noted that the intent was to provide visibility of network outages for distribution-connected generators. Mr Kelloway also noted that the IMO may wish to review the discretion that System Management currently has in relation to the inclusion of equipment on the equipment list. He noted that the rules allow but do not require System Management to require the Network Operator to coordinate the timing of an outage with the affected generator. • Mr Shane Cremin noted the increasing use of run-back schemes and suggested that the impact and interaction of such schemes will need to be reviewed at some point. Ms Laidlaw and the Chair agreed. The Chair noted that the quality of network access may override the price being offered by a generator, which could have unintended consequences and may lead to uneconomic dispatch. • Ms Laidlaw sought feedback on the need for proactive reporting of Forced Outages by the Network Operator for both distribution connected generators that are on the equipment list and those that are not. Mr Duryea noted that Planned Outages are more problematic because of their nature. Ms Laidlaw noted that if only very short notice is available for a Planned Outage then perhaps it is not a Planned Outage. • Mrs Papps questioned how the approval process would work for Consequential Outages that were requested before their start time. Mr Kelloway replied that he agreed it should be possible to gain approval of a Consequential Outage in advance, but would need to check the details with his team. • Ms Laidlaw noted the IMO's intention to present a pre Rule Change Proposal to the October 2013 MAC meeting and invited further comment from members in the interim. <p><i>Action Points:</i></p> <p><i>The IMO to ensure that the proposed changes to the Opportunistic Maintenance process outlined in the Concept Paper: Outage Planning Phase 2 – Outage Process Refinements (CP_2013_04) work appropriately with Verve Energy's different bidding timeframes.</i></p> <p><i>MAC members to provide their views to the IMO on the appropriate deadline for Opportunistic Maintenance requests and the need for the</i></p>	<p>IMO</p> <p>MAC</p>
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	<p><i>proactive reporting of Forced Outages affecting distribution-connected generators by the Network Operator.</i></p> <p><i>The IMO to review the interaction of Opportunistic Maintenance and outage extensions, including further discussion of the practicalities with Mr Sutherland..</i></p>	IMO
5b.	<p>CP_2013_05: Availability, Outages and Constraint Payments for Non-Scheduled Generators</p> <p>The Chair introduced Ms Erin Stone to present the concept paper. The following points were noted:</p> <ul style="list-style-type: none"> • The concept paper was developed primarily to address issues related to constrained on/off payments. A number of other related issues have been brought into the paper to help clarify the obligations around outages. Ms Stone noted that there is the potential for issues in the two concept papers to move between the Rule Change Proposals based on the required drafting. • Mr Cremin questioned the intent of the requirement to define incidents such as an automatic trip of a wind farm due to extreme winds as an outage, noting that it would be complex to determine pro-rated outage quantities based on an ex-post review of each minute interval. The Chair noted that the rules don't currently require outages to be logged on a turbine by turbine basis. Mr Cremin offered to discuss the practicalities of the required rules to log outages for Intermittent Generators. Ms Stone committed to work with Mr Cremin to ensure that there were no unintended consequences of the proposed rule change. • Mr Cremin questioned the necessity to align incentives to make capacity available for Non-Scheduled Generators to that for Scheduled Generators on the basis that Non-Scheduled Generators have sufficient commercial incentive to be available. Ms Laidlaw noted that the assessment of outages for certification of a generator (under clause 4.11.1(h) of the Market Rules) includes both Scheduled and Non-Scheduled Generators. While an Intermittent Generator is unlikely to fail the test, the IMO could not justify the removal of the test for Non-Scheduled Generators. Ms Laidlaw noted that the intent is to cover situations where a facility is either not functioning for a considerable period of time or that the facility didn't exist. • The Chair confirmed that the relocation of the TES and out of merit calculations to the appendix and represent them as mathematical equations was to remove the ability for incorrect payments being seen as a breach of the Market Rules, and ensure that they were represented more as a settlement adjustment. <p><i>Action Point - Ms Stone to work with Mr Cremin to ensure no unintended consequences arise with respect to the requirement for Intermittent Generators to log outages.</i></p>	IMO
6a.	<p>Market Rule Change Overview</p> <p>Ms Stone provided an update on the current Rule Change Proposals under consultation and development. She noted that since the meeting papers were circulated, the Final Rule Change Report was published for</p>	

	<p>RC_2012_03: Assignment of Capacity Credits to Network Control Services Facilities, which is currently awaiting commencement.</p> <p>Given the large agenda for the October MAC meeting, Mrs Papps requested that papers be circulated earlier to allow sufficient time for members to review. The Chair confirmed that as soon as papers are available they will be circulated, allowing sufficient review time.</p> <p>Mr Sutherland questioned the issues that would be included in the dispatch package. Ms Stone provided some examples of issues that were currently on the log that would be reviewed, including the clarification of tie-break rules, calculation of tolerance ranges and dispatch compliance issues.</p> <p>Ms Stone welcomed members to contact her for updates on the progress of any particular issues.</p> <p>Mr Kelloway questioned the difference between a concept paper and a pre Rule Change Proposal. Ms Stone noted that the biggest difference was that a concept paper was primarily for in-principle approval, where a pre Rule Change Proposal has drafting included. The Chair confirmed that both a concept paper and a Pre Rule Change Proposal were prior to the commencement of the formal process.</p> <p>Mrs Papps questioned the status of the proposal to establish the ability to dispute or disagree with TES calculations, which was originally on the work program to be delivered earlier this year. Ms Stone responded that she would follow this up.</p> <p>Mr Ruthven noted that the IMO has received a request from a Market Participant to extend the timeframe of the second consultation period for RC_2012_10: Limits to Early Entry Capacity Payments. An extension notice will be issued in the next day or two extending the deadline by two weeks.</p> <p><i>Action Points:</i></p> <p><i>The IMO to circulate the papers for the October MAC earlier where possible.</i></p> <p><i>Ms Stone to confirm with Mrs Papps which work package the issue about TES Calculations has been included in.</i></p>	<p>IMO</p> <p>IMO</p>
<p>6b.</p>	<p>PRC_2012_23: Prudential Requirements (and associated Market Procedure)</p> <p>The Chair introduced Ms Aditi Varma to present the proposal. The following discussion points were noted:</p> <ul style="list-style-type: none"> Ms Varma advised that the pre Rule Change Proposal had been updated with three new issues. The first issue relates to the notification from Market Participants to the IMO of changes that may warrant an increase or a decrease in their Credit Limit. The second issue relates to the option for Market Participants to make pre-payments to increase their Trading Margin. The third issue involved strengthening the drafting of clauses related to Credit Support and Reserve Capacity Security arrangements. She noted that the Market Procedure for Prudential Requirements had also been included in the meeting papers for information purposes and would be discussed in the forthcoming IMO Procedures Working Group. 	

	<ul style="list-style-type: none"> Mr Bargmann questioned whether creditworthiness was taken into account when determining a Market Participant's Credit Limit. Ms Varma confirmed that under proposed clause 2.37.5, the IMO could use its discretion to include any other factor including creditworthiness. Mrs Papps noted that PRC_2012_23 appeared to be changing clauses that were amended in 2011 via RC_2010_36: Acceptable Credit Criteria. Ms Varma confirmed that this was not the case and the only part that was proposed to be amended was that the obligation to submit the Acceptable Credit Criteria evidence was being placed on the Market Participant instead of the bank. She also confirmed that a new Acceptable Credit Criteria form was only required where a Market Participant was proposing to use a bank that was not on the list maintained by the IMO on the website. The Chair confirmed that the IMO was not proposing to change the list. <p><i>Action Points:</i></p> <p><i>The IMO to review RC_2010_36 and confirm with Mrs Papps as to the application of the proposed Amending Rules.</i></p> <p><i>The IMO to submit PRC_2012_23 into the formal process and progress the proposal under the Standard Rule Change Process.</i></p>	<p>IMO</p> <p>IMO</p>
6c.	<p>PRC_2013_10: Harmonisation of Supply-Side and Demand-Side Capacity Resources</p> <p>The Chair invited Mr Ruthven to present the proposal. The following discussion points were noted:</p> <ul style="list-style-type: none"> Mr Ruthven mentioned that since CP_2013_10: Harmonisation of Supply-Side and Demand-Side Capacity Resources was presented at the June 2013 MAC meeting, the IMO had made the following updates: <ul style="list-style-type: none"> i. all issues have now been included in the complete drafting of the pre-Rule Change Proposal; ii. the drafting in relation to the relaxation of the fuel requirement is now consistent with the description of the concept; and iii. discussions with System Management had allowed the IMO to include potential approaches and outcomes on the development of a "real-time" data service from Demand-Side Provider's (DSP's) to System Management. Mr Duryea noted that the proposed options in issue three were ambiguous with regard to the reference between System Management and Western Power Networks. The Chair suggested this confusion might have been from the entity that provided the information to the IMO. The Chair noted the IMO believed it would be simpler and cause less confusion to proceed with option two, being the web-based solution. Mr Geoff Gaston questioned whether the intent of issue three was to achieve "real-time" data from each DSP or every Associated Load. The Chair noted it was the IMO's intent to receive data at the 	

	<p>Associated Load level. Mr Gaston supported this approach.</p> <ul style="list-style-type: none"> • Mr Kelloway noted that further work will be required before System Management could commit to a solution to receive and manage data at the Associated Load level. • Dr Troughton highlighted that the costing of option one did not include costs for each DSP to provide their terminal for communication between the Associated Loads, therefore making option one a less attractive choice. Dr Troughton subsequently concurred with the Chair that option two was the premium solution. • Mr Ruthven highlighted the change to the DSP refund formula, which had been amended since the June MAC meeting. No comment was made by the MAC members. • The Chair sought comment from members on the pre Rule Change Proposal as a whole. Mrs Papps enquired whether the IMO had looked at the possibility for DSPs to pay Market Fees. Mr Sam Beagley noted that it is being considered separately, as this pre Rule Change Proposal was designed to only address the outputs of the Reserve Capacity Mechanism Working Group (RCMWG). The Chair noted that the issue around DSPs paying Market Fees was a lower priority as voted by Market Participants in the Market Rules Evolution Plan but may become a higher priority since a Market Participant had recently proposed changes to the Market Fee structure. • Mr Cremin added that the IMO should also consider licensing in any analysis conducted around re-structuring Market Fees. The Chair advised that the IMO had written to the Economic Regulation Authority (ERA) regarding this issue and the ERA had responded advising that the matter should be referred to the PUO. • The Chair noted that in his personal view he believed that DSM providers should be licenced similarly to a retailer. Ms Laidlaw stated that when this approach was explored by the IMO there was a lack of substance as to what licence obligations DSM providers should have to comply with and why. • The Chair suggested that the IMO writes to the ERA highlighting this issue and request their views on whether they believe DSM providers should be licenced. Ms Wana Yang confirmed that she will make the ERA aware of this and noted that licensing is governed by the Electricity Industry Act. • Dr Troughton identified a potential issue with the current approach to re-designing the Non-Balancing Dispatch Merit Order (DMO). As there is a lag of 24 hours between the Non-Balancing DMO and the data used to formulate it, the current structure does not account for a DSP that is dispatched on the Scheduling Day. Mr Beagley noted Dr Troughton's concern and committed to consider this further. • Mr Gaston suggested that this approach to the Non-Balancing DMO incentivised all providers to price the same. Mr Troughton confirmed that this was already the case. Mr Gaston also raised the concern that DSPs were incentivised to disaggregate to make them less likely to be dispatched. Ms Laidlaw stated there was nothing stopping System Management from dispatching multiple DSPs at 	
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	<p>the same time. Mr Ruthven also stated that under the current Market Rules System Management must dispatch larger DSPs first but that this PRC_2013_10 would remove that criterion.</p> <ul style="list-style-type: none"> • Mr Sutherland enquired as to the ability of DSM aggregators to move Associated Loads between DSPs. Mr Ruthven stated this is possible under the Rules but was a registration process that took a number of business days. • Mr Peter Huxtable questioned the new process for the relaxation on the thermal fuel requirements and how the IMO would assess this. Mr Ruthven noted that this would be addressed in the relevant Market Procedure. Mr Beagley noted that proposed amendments to the Market Procedure would be available during the Rule Change Process to allow stakeholders to consider these changes when preparing submissions. • Mrs Papps highlighted that it could be difficult to make submissions on a rule change without knowing the changes to the relevant Market Procedure. The Chair confirmed the aim was to present the relevant Market Procedure at the next IMO Procedure Working Group due to be held in September 2013. This will provide submitting parties with the opportunity to comment on the changes to the Market Procedure prior to the conclusion of the consultation period for this rule change. • Mr Gaston requested clarification on the principle presented in issue seven. Mr Ruthven confirmed that this was consistent with the principle accepted by the RCMWG. Mr Gaston indicated that this principle was not unanimously accepted by the RCMWG. Mr Ruthven noted that he was aware of this but the RCMWG as a whole accepted this approach. • Mr Gaston stated he did not understand the logic behind using the IRCR values multiplied by 1.65 because it would not result in a lower number. Noting that Relevant Demand was a physical number and IRCR was a value that could never be provided. The Chair noted it would be hard to compare regardless. • The Chair concluded discussions and stated that PRC_2013_10 would be progressed into the formal process as soon as the issues discussed were reflected in the proposal. <p><i>Action Points:</i></p> <p><i>The IMO to update PRC_2013_10 to include further clarification of the implementation cost of option one to introduce telemetry before it is formally submitted.</i></p> <p><i>The IMO to request the ERA to review the necessity of a DSP to be licensed.</i></p> <p><i>The IMO to present the amended Market Procedure for Certification of Reserve Capacity at the IMOPWG in September 2013.</i></p> <p><i>The IMO to submit PRC_2013_10 into the formal process and progress the proposal under the Standard Rule Change Process.</i></p>	<p>IMO</p> <p>IMO</p> <p>IMO</p> <p>IMO</p>
7.	MARKET PROCEDURES	
	Ms Stone provided an update of the status of the current Market	

	Procedures and noted that the IMO intends to hold the next IMO Procedures Working Group in September to discuss a number of the Market Procedures that will be submitted into the process.	
8a.	<p>WORKING GROUP UPDATE</p> <p>Mr Ruthven noted that an IMO Procedures Working Group will be scheduled for the second half of September and is expected to include Market Procedures related to RC_2013_09: Incentives to Improve Availability of Scheduled Generators, RC_2012_23: Prudential Requirements RC_2013_10, Harmonisation of Supply-side and Demand-side Capacity Resources and RC_2013_08, Market Participant Fees – Clarification of GST Treatment.</p> <p>Mr Ruthven noted that the membership listed in the Terms of Reference for the System Management Power System Operating Procedure (PSOP) Working Group was out of date. Mr Gaston advised that Mr John Nguyen would replace Mr Michael Frost as the Perth Energy representative. Mr Ruthven noted that Mr MacLean is listed as the Synergy representative and would need to be replaced. Mrs Papps questioned whether Verve Energy may appoint an observer. Mr Kelloway agreed to this request.</p> <p><i>Action Point: The IMO to update the Terms of Reference for the System Management PSOP Working Group to reflect the updated membership.</i></p>	IMO
9.	<p>GENERAL BUSINESS</p> <p>The Chair invited Mr Kelloway to present the information paper on governor action and Load Following Ancillary Services. The following discussion points were noted:</p> <ul style="list-style-type: none"> • Mr Kelloway noted that the intent of the paper was to draw the distinction between governor action as required under the Technical Rules and Load Following that is required under the Market Rules. • Mr Kelloway described governor action as something that is triggered by deviations in frequency to stabilise the system frequency for large swings that would occur very rapidly, as opposed to Load Following which is a solution to changes in longer term system load. Governor action is a local, closed loop, high speed control mechanism. Load Following is provided through a centralised and coordinated AGC facility. • The Chair questioned if governor action is the first method of response when there is a frequency deviation. Mr Kelloway confirmed that this is correct and that while governor response would stabilise the frequency System Management uses Load Following to bring the frequency back to 50Hz. • Mr Sutherland suggested that if governor action is required by the Technical Rules it is essentially free to the market. The Chair confirmed that this is correct as it is a requirement for compliance with the Technical Rules. • Mr Huxtable questioned whether the compliance cost was different for different types of generators. Mr Stevens agreed that the cost was likely to vary between coal and gas generators based on the capability differences. 	

	<ul style="list-style-type: none"> Mr Sutherland noted that the LFAS market started providing 80MW of Load Following which was subsequently dropped to 72MW. He questioned whether if Load Following drops to 40MW or 20MW the lights would stay on because of droop control. Mr Kelloway agreed but noted that the frequency would stay down until Load Following corrects it. Mr Stevens stated the need for a "Load Following 101" course. Mr Sutherland reiterated the requirement to understand the interaction between dropping the Load Following requirement to get expenses down and the impact on other generators. The Chair noted the intention to provide a presentation on this topic at the next MAC. The Chair committed the IMO to provide a list of issues that the MAC would like addressed by Mr Kelloway in his presentation. <p><i>Action Point: The IMO to put together and circulate to members a list of questions on Load Following for Mr Kelloway to answer in a presentation at the next MAC meeting.</i></p> <p>Mr Cremin asked the Chair if there was an update on the progress or details of the merger of Verve and Synergy. The Chair noted that the IMO did not have any details from the implementation group yet but advised the MAC that it had reviewed the Market Rules to identify rules that may be affected. The Chair indicated that it will largely depend on the ring-fencing arrangements but it is likely that the major rule change will be around market power, market surveillance and monitoring. The Chair also noted that it is unlikely that a rule change will be able to be progressed through the Standard Rule Change Process prior to the merger being effective on 1 January 2014.</p>	IMO/SM
<p>CLOSED: The Chair declared the meeting closed at 4.25 pm.</p>		