

Minutes

MEETING TITLE	Market Advisory Committee
MEETING NO	80
DATE	Wednesday 6 May 2015
TIME	3:00 PM – 3:50 PM
LOCATION	IMO Board Room, Level 17, 197 St Georges Terrace, Perth

Attendees	Class	Comment
Allan Dawson	Chair	(3:00 PM – 3:30 PM)
Kate Ryan	Compulsory – IMO	
Dean Sharafi	Compulsory – System Management	
Matthew Cronin	Compulsory – Western Power	(3:15 PM – 3:50 PM)
Will Bargmann	Compulsory – Synergy	
Shane Cremin	Compulsory – Generator	
Andrew Stevens	Compulsory – Generator	
Wendy Ng	Compulsory – Generator	
Michael Zammit	Compulsory – Customer	
Steve Gould	Compulsory – Customer	
Geoff Gaston	Compulsory – Customer	
Peter Huxtable	Discretionary – Contestable Customers	
Simon Middleton	Minister's Appointee – Observer	(3:20 PM – 3:50 PM)
Ray Challen	Minister's Appointee – Small Use Consumers Representative	Presenter
Elizabeth Walters	Economic Regulation Authority (ERA) – Observer	

Also in attendance	From	Comment
Mia Threnoworth	Synergy	Observer
Fiona Wiseman	Alinta Energy	Observer
Chris Campbell	Alinta Energy	Observer
Richard Wilson	EnerNOC	Observer (3:25 PM – 3:50 PM)
Mike Davidson	System Management	Observer
Martin Maticka	IMO	Observer
Greg Ruthven	IMO	Observer

Erin Stone	IMO	Observer
Paul Tetley	IMO	Observer (3:10 PM – 3:50 PM)
Jenny Laidlaw	IMO	Observer
Alex Penter	IMO	Observer and Minutes
Marc Hettler	IMO	Observer
Laura Koziol	IMO	Observer

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 3:00 PM and welcomed members to the 80th meeting of the Market Advisory Committee (MAC).</p>	
2.	<p>MEETING APOLOGIES/ATTENDANCE</p> <p>The following presenters/observers were noted:</p> <ul style="list-style-type: none"> • Mia Threnoworth (Observer – Synergy) • Fiona Wiseman (Observer – Alinta Energy) • Chris Campbell (Observer – Alinta Energy) • Richard Wilson (Observer – EnerNOC) • Mike Davidson (Observer – System Management) • Martin Maticka (Observer – IMO) • Greg Ruthven (Observer – IMO) • Erin Stone (Observer – IMO) • Paul Tetley (Observer – IMO) • Jenny Laidlaw (Observer – IMO) • Alex Penter (Observer and Minutes – IMO) • Marc Hettler (Observer – IMO) • Laura Koziol (Observer – IMO) 	
3.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of the MAC Meeting No. 79, held on 18 March 2015, were circulated to members prior to the meeting. The minutes were accepted as a true record of the meeting.</p> <p><i>Action Point: The IMO to publish the minutes of Meeting No. 79 on the Market Web Site as final.</i></p>	IMO
4.	<p>ACTIONS ARISING</p> <p>The Chair invited Ms Kate Ryan to update the MAC on the current action items. Ms Ryan noted that the items marked as complete would be taken as read and provided the following update on the open actions:</p> <ul style="list-style-type: none"> • Action Items 3, 12 and 55: Ms Ryan noted that these items were scheduled to be discussed at various points during the meeting. • Action Items 9 and 47: Ms Ryan noted that these items remained open. • Action Item 15: Ms Ryan noted this action remained open as the IMO was undertaking final reviews before submitting the 	

	<p>Rule Change Proposal: Expediting the Publication of Balancing Prices (RC_2015_06) into the formal process.</p> <ul style="list-style-type: none"> • Action Item 16: Ms Ryan noted that this item was now complete. The IMO met with Synergy and System Management on 2 April 2015 and no substantive changes to the advice previously provided to the MAC resulted from that meeting. 	
4.1	<p>ACTION ITEM 3: LFAS UPDATE ON AUXILIARY LOAD FORECASTING ERRORS</p> <p>The Chair invited Mr Dean Sharafi to provide an overview of System Management’s progress on correcting the auxiliary load forecasting errors. The following key points were discussed:</p> <ul style="list-style-type: none"> • Mr Sharafi stated that System Management was in the process of testing a solution for correcting the auxiliary load forecast and expected that it would be in production by the following week. The Chair queried what the impact of the proposed solution would be. Mr Sharafi answered that the Load forecasts would be more accurate. • Dr Steve Gould queried the magnitude of error in System Management’s current Load forecast. Mr Sharafi noted that the difference between sent out and as generated was around 200 MW. 	
4.2	<p>ACTION ITEM 12: LFAS NEXT STEPS DISCUSSION</p> <p>The Chair provided an update to MAC on the progression of issues related to Load Following Ancillary Services (LFAS) and noted that, due to resources being engaged on the System Management transfer to the IMO constraints and overlaps with issues being considered as part of the Electricity Market Review (EMR), the proposed work on sculpting the LFAS Requirement were not proposed to be progressed as a priority.</p> <p>MAC members discussed the complexities of accurately forecasting the required amount of LFAS and agreed on the need for fundamental issues, including the definitional boundaries between Ancillary Services and the measurement of LFAS, to be resolved.</p> <p>The Chair proposed to park the MAC discussion on LFAS and consider the issues as part of the EMR, noting that it overlapped with the Wholesale Electricity Market (WEM) improvements workstream and the project to integrate the System Management function into the IMO. MAC members agreed.</p>	
5.1	<p>UPDATE ON THE ELECTRICITY MARKET REVIEW</p> <p>The Chair invited Dr Ray Challen to provide an update on the progress of the EMR. The following key points were discussed:</p> <ul style="list-style-type: none"> • The Chair noted that an update on the EMR would be included on the agenda for MAC meetings as a standing agenda item. • Dr Challen noted that it was now five weeks into the implementation phase of the EMR (Phase 2) and work was well under way. He summarised the four work streams involved in Phase 2 and advised that detailed project planning was under way. Dr Challen noted that the EMR team were considering the timing of the various workstreams and noted that any legislative changes would need to be considered by Parliament before November 2016 (i.e. before Parliament rises ahead of the 2017 State Government election) meaning detailed 	

project plans would need to be presented to the Cabinet in June 2015 and legislative changes finalised before mid-2016. Dr Challen clarified that the EMR team would engage with Market Participants from July 2015 onwards.

- Dr Challen stated that the EMR project team had started work on moving the System Management function out of Western Power and into the IMO and introducing a new 'Rule Approval Panel' (RAP) as other workstreams are contingent on these projects. Dr Challen indicated the RAP establishment would be expedited, with a target implementation time of six months.
- Dr Challen noted that there were two options for the implementation of the reforms in the WEM Rules (Market Rules), either by utilising the rule change process or the Minister withdrawing and replacing the Market Rules. Dr Challen expressed his preference for using the existing rule change process because it would ensure transparency and an appropriate level of industry consultation.
- Dr Challen noted that the EMR team had prepared advice for the Minister in regard to progressing rule changes currently in the rule change process. Dr Challen noted the Minister's view that current rule changes should be considered in light of the likely changes under the EMR and approved by the RAP when it is established. However, Dr Challen noted the Minister's preference to progress the Rule Change Proposal to implement the Ministerial Direction to defer the 2015 Reserve Capacity Cycle (RC_2015_05) under the current approval framework. Dr Gould queried the progress of the Rule Change Proposal: Changes to the Reserve Capacity Price and the Dynamic Reserve Capacity Refund Regime (RC_2013_20). Dr Challen stated that it was unlikely that RC_2013_20 would be progressed. Ms Wendy Ng sought clarification that all rule changes except RC_2015_05 would be placed on hold. Dr Challen noted that this was likely to be the case but that a decision had not yet been made.
- Mr Shane Cremin asked how the EMR Steering Committee would be used given that there are Government representatives but no industry representatives on the committee that would decide on issues affecting all Market Participants. Dr Challen noted that the committee was made up of Government representatives because it was primarily reforming Government regulations. Mr Cremin noted that Market Participants representing private investors should have an equal view to organisations such as Western Power and Synergy. Mr Andrew Stevens reflected that industry representation is not necessarily needed if Synergy or Western Power were not represented on the committee. Dr Challen noted this concern and proposed regular updates to Market Participants. He also noted that one of the reasons for including the government business on the committee was to ensure accountability. The Chair reiterated that Dr Challen would provide regular updates at MAC meetings and suggested that the EMR team could use the MAC as a consultation body.
- Mr Michael Zammit noted that the current rule change process was much more robust than that in the National Electricity Market. Dr Challen clarified that the intention was that only the final approval of rule changes would be given to the new approval panel and the rule

	<p>change process was likely to remain the same and be administered by the IMO. The Chair also noted that the role of the MAC was not expected to change. Mr Cremin reiterated Mr Zammit's concerns around how much change would occur to the existing rule change process. Dr Challen reiterated there would be opportunity for Market Participants to participate in consultation on the reforms. Mr Peter Huxtable queried whether there would be industry working groups formed. Mr Simon Middleton noted that not all expertise would be in the Public Utilities Office (PUO) and therefore, there would necessarily be opportunities for industry representatives and associations to be involved.</p> <p><i>Action Point: The IMO to include an update on the EMR from the PUO as a standing item on the MAC agenda.</i></p>	IMO/PUO
6.	<p>RULE CHANGE OVERVIEW</p> <p>Ms Ryan stated that the IMO intends to update the timing of Rule Change Proposals when more information is known.</p> <p>Mr Will Bargmann noted that Synergy didn't wish to spend time on developing submissions to Rule Change Proposals if they are likely to be deferred or rejected. Ms Ryan noted that the IMO is awaiting advice from the Minister and would inform stakeholders as soon as possible.</p> <p>Mr Stevens asked when the new RAP would be in place. Dr Challen noted the panel was expected to be in place before the end of the year.</p> <p><i>Action Point: The IMO to advise stakeholders when it receives direction from the Minister regarding the progression of Rule Change Proposals currently underway.</i></p>	IMO
7.	<p>PROCEDURE CHANGE OVERVIEW</p> <p>Ms Ryan noted that the IMO held an IMO Procedure Change and Development Working Group meeting on 22 April 2015 and noted that the Procedure Change Proposals: Changes to Market Operation Market Procedures (PC_2015_01) and Changes to Market Procedure: Confidential Information (PC_2015_02) had been discussed at this meeting. Ms Ryan noted that IMO had received feedback on these Procedure Change Proposals and was in the process of incorporating members' comments.</p> <p>Ms Ryan also noted that the IMO had planned to hold another Working Group meeting either later in May or early June but given the likely changes in timing of the associated Rule Change Proposals, the IMO would likely defer this meeting.</p> <p>Ms Ryan asked the MAC members if the overview could be taken as read. MAC members agreed.</p>	
8.	<p>WORKING GROUP AND MEMBERSHIP OVERVIEW</p> <p>Ms Ryan noted that there were no changes to the membership of the Working Groups.</p>	
9.1	<p>GENERAL BUSINESS: FREQUENCY OF 2015 MAC MEETINGS</p> <p>Ms Ryan noted that the IMO had proposed meetings at six weekly intervals, and asked MAC members whether, given the EMR was underway, MAC</p>	

	<p>members considered it beneficial to meet more frequently. MAC members agreed that more frequent meetings would be beneficial.</p> <p>Dr Challen suggested that MAC meetings could be held more frequently from July onwards when the detailed project plans have been developed and the implementation commences.</p> <p>Mr Matthew Cronin suggested that MAC meetings could be scheduled in accordance with EMR Steering Committee meetings. Ms Ryan asked Dr Challen what was the most suitable time for MAC meetings given the EMR Steering Committee meetings. Dr Challen noted that EMR Steering Committee meetings are held either at the start or end of each month. MAC members agreed to hold future MAC meetings in the middle of the month.</p> <p>Mr Geoff Gaston also noted that MAC could be used for industry consultation.</p> <p><i>Action Point: The IMO to schedule monthly MAC meeting from July 2015 onwards and circulate the proposed meeting dates to MAC members.</i></p> <p><i>Action Point: MAC members to notify the IMO if there are any problems with the proposed dates, such as clashes with industry events.</i></p>	<p>IMO</p> <p>MAC</p>
<p>9.2</p>	<p>GENERAL BUSINESS: MUJA TRANSFORMER UPDATE</p> <p>Ms Ryan invited Mr Cronin to provide an update on the status of the replacement of the transformers at Muja. The following points were discussed:</p> <ul style="list-style-type: none"> Mr Cronin noted that the transformer BTT1 had been replaced and was in service which meant that the new configuration was now compliant with the Technical Rules and therefore no Out of Merit generation would be required. He also noted that there was a spare transformer that had been procured following the failure of BTT2, which was in transit and would be a strategic spare to be deployed in the event of further contingencies. Mr Zammit queried if there would be a change to the configuration of the network. Mr Sharafi clarified that this was an issue for Western Power to consider, but that his understanding was that it was cost prohibitive. Mr Zammit noted that there was still no redundancy in that area of the network. Mr Cronin noted that the cost imposed on the market were significantly lower than the cost of a network solution. Ms Ryan requested clarification as to whether the current configuration met the Technical Rules requirement of N-1-1 given the Merredin transformer was to remain in place of BTT2. Mr Sharafi confirmed that although the capacity of the Merredin transformer was lower, the current configuration does meet the N-1-1 requirement. 	
<p>9.3</p>	<p>GENERAL BUSINESS: ACTION ITEM 55: CAG PROCESS</p> <p>Ms Ryan asked Mr Cronin to provide an update on Western Power's Competing Applications Group (CAG) process.</p> <p>Mr Cronin stated that Western Power was working with the EMR team to develop an offer for connection for CAG participants and was currently considering two options. The first option being developed by Western Power would involve altering the Balancing Merit Order and would require rule changes that may not be consistent with the Wholesale Market Objectives and is unlikely to be able to be progressed in the timeframe. The second option, which may be available in some areas of the network on a</p>	

	<p>short-term basis, would be to introduce more fast run-back schemes. This option would require derogations from the Technical Rules.</p> <p>Mr Cremin noted that it was fortunate that no new generators have needed to connect lately. Mr Cremin expressed concerns that the announcement of the Federal Government's revised Renewable Energy Target was likely to result a number of potential renewable projects requesting connections to the network. Mr Cronin noted that Western Power was aware of this concern but noted that, given the EMR, the long-term solution of implementing a constrained grid model was unlikely to be in place before 2018.</p>	
10.	<p>CLOSE</p> <p>Ms Ryan declared the meeting closed at 3:50 PM.</p>	