

Minutes

Meeting Title:	MAC Workshop on Constrained Off Payments
Date:	24 October 2018
Time:	1:30 PM – 2:45 PM
Location:	Training Room 1, Albert Facey House 469 Wellington Street, Perth

Attendees	Class	Comment
Jenny Laidlaw	RCP Support	
Stephen Eliot	RCP Support	
Laura Koziol	RCP Support	
Jake Flynn	Economic Regulation Authority (ERA)	
Shibli Kahn	ERA	
Matthew Martin	Public Utilities Office (PUO)	
Kate Ryan	PUO	From 1:45 PM
Aden Barker	PUO	
Martin Maticka	Australian Energy Market Operator (AEMO)	
Mark Katsikandarakis	AEMO	
Matthew Fairclough	AEMO	
Rebecca Banks	Kleenheat	
Oscar Carlberg	Synergy	
Ben Williams	Synergy	
Paul Arias	Bluewaters Power	
Daniel Kurz	Bluewaters Power	
Patrick Peake	Perth Energy	
William Street	Market Generators (Alinta Energy)	
Steve Gould	Community Electricity	

Slide	Subject	Action
3	Issues with Constrained Off Payments	
	Attendees agreed that the issue to be addressed in this workshop is unpredictable and excessive constrained payments, as experienced in March/April 2018.	

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	Mr Ben Williams noted that Synergy was of the opinion that the desired outcome should also result in equitable constrained off payments for all Facilities.	
4-5	<p>Constrained Off Payments</p> <p>Ms Jenny Laidlaw clarified that, where a participant knew in advance when and by how much its Facility would be constrained due to an outage of an item of Network equipment (Network Outage), it would usually not bid the constrained capacity into the Balancing Market. However, the participant could not take such action if the timing of the Network Outage or the magnitude of the constraint is uncertain.</p> <p>Mr Williams noted that errors by System Management were an additional reason for constrained off payments. Mr Matthew Fairclough clarified that this happened very rarely.</p> <p>Attendees agreed that the high constrained off payments in March/April 2018 were related to Network Outages.</p>	
6-8	<p>When is Compensation Appropriate?</p> <p>Attendees agreed that Facilities have no firm network access rights during periods when they are affected by a Network Outage.</p> <p>Mr Williams noted that, if System Management constrained a Facility off due to a Network Outage, the constrained quantity may be larger than the physical constraint of the Network Outage. There was some discussion about the effect of inaccuracies in System Management's dispatch process on the magnitude of constraints during Network Outages.</p> <p>Mr Patrick Peake considered that there should be more pressure on Western Power to make Network Outages as short as possible.</p> <p>Mr Peake noted that, where compensation for constrained off dispatch was found reasonable, the amount could be restricted based on short run marginal costs.</p> <p>Mr Peake also expressed his opinion that Western Power should not be allowed to connect Facilities so that multiple Facilities together become the largest contingency.</p>	
9	<p>How to Achieve the Desired Outcome</p> <p>Ms Laidlaw considered that a Rule Change Proposal focusing on removing constrained off payments related to Network Outages could be progressed relatively quickly, but the inclusion of additional issues in that proposal could significantly slow down the rule change process.</p>	

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10	Options Considered	Ms Laidlaw noted that RCP Support had asked attendees for any additional options when sending out the slide pack but no alternatives had been provided.
11	Option 1 – Consequential Outage	Attendees agreed that Option 1 would require significant rule and system changes and therefore should not be further considered.
12	Option 2 – Change Non-Scheduled Generator output estimate	There was some discussion whether a Scheduled Generator that was dispatched down due to a Network Outage is required to log a Consequential Outage. Ms Laidlaw indicated that this was not clear for cases where the Facility was affected indirectly by the Network Outage.
13	Option 3 – Operating Instruction	<p>Mr Paul Arias asked if AEMO’s systems were currently able to issue Operating Instructions retrospectively. Mr Fairclough confirmed that this was the case.</p> <p>Mr Arias and Mr William Street noted that it would be important to avoid imposing any unnecessary administrative burden on Market Participants for this solution (e.g. participants currently have to respond to Operating Instructions via email, which would not make sense for retrospective Operating Instructions). Ms Laidlaw agreed that this should be avoided.</p> <p>Mr Mark Katsikandarakis confirmed that AEMO would only need to make minor systems changes to implement this solution.</p>
14	Additional Options	Attendees did not raise any additional options to address the issue.
15	Making Constrained Off Payments More Predictable	<p>Mr Katsikandarakis noted that the only information related to constrained off payments that is currently available to Market Participants is published in Dispatch Advisories. AEMO is considering publishing the Theoretical Energy Schedule for each Market Participant, but would need to first consult with Market Participants and other stakeholders.</p> <p>Ms Laidlaw asked if AEMO intended to estimate constrained off payments as part of the broader changes proposed by AEMO to the Outstanding Amount calculation, and if this information could be used to publish estimates of constrained off payments earlier. Mr Katsikandarakis confirmed this was the case and that the</p>

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	<p>Outstanding Amount calculations should provide participants with a good estimate of their upcoming constrained off payment liabilities. Ms Laidlaw noted that this would solve the problem of predictability of constrained off payments, but suggested it would still be valuable to assess what other information about constrained off payments could be published to inform participants. However, the cost and practicality of any such measures would need to be assessed, given that the improvements to the Outstanding Amount calculation would also solve the problem.</p> <p>Mr Katsikandarakis noted AEMO would revert to the MAC with a response to its action on this matter.</p>	
16	<p>Summary and Next Steps</p> <p>Attendees agreed that:</p> <ul style="list-style-type: none"> • a Rule Change Proposal should be developed to remove constrained off payments to Market Generators that are dispatched down by System Management because of a Network Outage; • Option 3 is the preferred solution to achieve this outcome; and • the other issues related to constrained off compensation should be included in the MAC Market Rules Issues List. <p>Mr Matthew Martin volunteered for the PUO to develop a Rule Change Proposal to implement Option 3 and attendees supported this approach. Mr Stephen Eliot noted that the most efficient way to progress the proposal would be to discuss it as a Pre-Rule Change Proposal with the MAC, as this would allow the MAC to identify and address any issues with the proposal before its formal submission. Mr Martin advised that the PUO would aim to provide a Pre-Rule Change Proposal for the MAC meeting scheduled for 20 November 2018.</p> <p>Action: PUO to develop a Pre-Rule Change Proposal for consultation with the MAC.</p> <p>There was some discussion about Market Participants' bidding behaviour and whether it would be appropriate to alter this behaviour until a Rule Change Proposal could be implemented. There was also some discussion about whether it was appropriate to discuss bidding behaviour at this workshop.</p>	PUO

The workshop ended at 2:45 PM.