



Market Design and Operations Working Group: Meeting 1

DATE/LOCATION: 20 February 2019, 2 Albert Facey House 469 Wellington Street, Perth.

PRESENT:

Attendees	Organisation	Attendees	Organisation
Aden Barker	PUO	Marie Fung	PUO
Aditi Varma	PUO	Mark Timson	Energy Tec
Andrew Stevens	Energy made clean	Matthew Martin	PUO
Matt Rowe	Jacmac	Noel Schubert	Individual
Chayan Gunendran	Kleenheat	Patrick Peake	Perth Energy
Chris Knight	Yancoal	Paul Arias	Blue Waters
Daniel Kurz	Blue Waters	Peter Huxtable	Water Corporation
David Miles	SIMCOA	Raja Sarawat	ERA
Dermot Costello	Clean Energy Council	Rodney Littlejohn	Tersum Energy
Drew Harris	SIMCOA	Sara O'Connor	ERA
Erin Stone	Point Global	Scott Davis	Energy Council
Geoff Gaston	Change Energy	Simon Middleton	AEMO
Geoff Glazier	Merz Consulting	Simon Orme	Sapere Consulting
Howard Buckley	Future Smart	Sonia Kolar	Alinta Energy
Jacinda Papps	Alinta Energy	Stephen Eliot	Rule Change Panel Support
Jason Froud	Synergy	Stuart Featham	AEMO
Jenny Laidlaw	Rule Change Panel Support	Wendy Ng	ERM Power
Kei Sukmadjaja	Western Power	Andrew Everett	Synergy
Kristian Myhre	Transalta	Jayesh Halai	Perth Energy
Iulian Sirbu	Kleenheat	Matthew Veryard	Western Power

TIME: 9.33 am

MEETING ENDED: 11.30 am

Item no.	Agenda Item	Minute	Action	By Whom
1.	Wholesale Electricity Market (WEM) Reform Program Overview	<p>Aden Barker from the Public Utilities Office (PUO) provided an overview of the WEM Reform program, work streams, processes, and indicative timeframes.</p> <p>The aim of the MDOWG meetings was highlighted, which is to allow discussions and engagement with the industry prior to the release of public consultation papers. Deliberations from MDOWG meetings will be published on the Rule Change Panel (RCP) website under MAC working groups.</p> <p>The stakeholder consultation channels that have been put in place to support the reform program were also highlighted.</p> <p>Questions were raised on: how constrained network access fits in with the WEM reform work streams; mitigation strategies for any externalities; and the drafting of rule changes.</p> <p>PUO noted that the work on access arrangements is being undertaken by another team within the PUO which is working on providing additional information on the matter to the Minister.</p> <p>PUO highlighted that externalities such as another change of Minister or change of Government will always exist. These could be managed in the context of the WEM Reform program because much of the WEM Reform work requires rule changes rather than Acts of Parliament.</p>	None	

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2.	Quantifying the benefits of Reform	<p>Simon Orme from Sapere (consultants engaged for market design) presented the approach to quantifying the benefits of WEM reform. Discussion was focused around the need for undertaking an economic evaluation and the expected costs and benefits of reform to stakeholders.</p> <p>It was highlighted that implementation costs emerging from both AEMO systems implementation and system changes required by market participants, would be incorporated in the quantitative analysis .</p> <p>It was acknowledged that the costs are front loaded, with benefits to manifest later down the track.</p> <p>It was suggested that the baseline for the economic assessment should not be 'do nothing' but rather doing something to a smaller extent, as some form of response to existing and emerging system security issues will be required.</p> <p>In response to a question, Simon clarified that network benefits will be taken into account and that the economic appraisal will be across all reform streams.</p> <p>Simon also highlighted that, while there may be some granularity in the economic assessment (eg looking at wealth transfer between specific stakeholder groups), the overall benefits to consumers and the market as a whole is the focus.</p> <p>It was emphasised that any individual design recommendation is preliminary at this stage, until the full package is developed for the purposes of the quantitative analysis.</p>	None	

3.	Foundational Design Features	<p>Market</p> <p>Aditi Varma from PUO presented the foundational market design features to initiate discussion with industry members. Aditi mentioned that further consultation on each design feature will be undertaken as part of future MDOWG meetings and through consultation papers.</p> <p>A question was raised on the appropriateness of using the current WEM objectives as basis for the WEM reform. PUO stated that there is no current intention to review the WEM objectives in the short term, given the number of other urgent priorities.</p> <p>Preliminary stakeholder views on issues and questions raised throughout the presentation were:</p> <ul style="list-style-type: none"> • A progressive gate closure is preferred as it provides a useful learning experience; • A participant expressed interest to explore feasibility of multi-zonal network model however another participant considered a single zone model should be retained; • No concerns with using a combination of ‘as generated’ and ‘sent out’ dispatch arrangements for Synergy as long as it does not affect other market participants. General agreement that all new generators are dispatched on sent-out basis; • It was suggested to hold off on the proposed 5 min settlement option and learn from the NEM rollout experience first; • Retaining STEM was supported on the basis that it is the only transparent hedging market available. <p>Following questions from members, PUO clarified that it is the intention for Western Power to continue to be responsible for marginal loss factors until such time that this function transfers to the AEMO.</p> <p>Question was raised on whether the Southern Terminal reference node would change over time. PUO stated that several candidate reference nodes had been looked at in previous analysis by Western Power and Southern Terminal was considered the most appropriate as it represented a major load centre. However, if a multi zonal model was adopted, more reference nodes would need to be determined for each of those zones.</p>	None	
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		<p>In response to a question on Advanced Metering Infrastructure (AMI) rollout, PUO mentioned that it was on the government's agenda but a full roll out was unlikely within the timeframe of the WEM reform.</p> <p>With regard to queries raised on progress on changes to the EGRC Regulatory Scheme, PUO responded that it is being progressed as a separate discrete project and is on the Minister's list of considerations.</p>		
4.	Forward meeting scheduled	PUO outlined the forward MDOWG meeting dates and provisional paper schedule. PUO noted interlinkages between matters going to MDOWG and the Power System Operations Working Group (PSOWG), and proposed to provide a complete schedule when finalised with AEMO	PUO to provide a complete schedule of matters that will go to MDOWG and PSOWG	PUO