

## MAC Renewable Energy Generation Working Group Minutes - Meeting 4

**Thursday 23 April 2009, 2 – 3.30pm**  
Tesla Room, level 8, 197 St Georges Terrace

ATTENDEES	ORGANISATION
Jason Banks (Chair)	Office of Energy (OOE)
Troy Forward	Independent Market Operator (IMO)
Will Street	IMO
Shane Cremin	Griffin
Steve Gould	Landfill Gas & Power
Simon Middleton	Synergy
Brendan Clarke	System Management
Brad Huppatz	Verve Energy
Chris Brown	Economic Regulation Authority (ERA)
Chin Koay	ERA
Matthew Rosser	Pacific Hydro
Tony Stewart	OOE
Brooke Eddington (Minutes)	OOE
APOLOGIES	ORGANISATION
Kristian Myhre	Alinta

Item	Subject	MINUTES
1	Welcome	The meeting commenced at 2.05pm.
2	Minutes from Meeting 3	The Minutes from the third meeting of the working group were accepted.
3	IMO Scoping Project Draft Report	<p>The IMO led discussion around the draft report of the scoping study from SKM.</p> <p>The aim of the scoping study was to identify the range of questions that need to be asked in order to inform decision making around how to deal with issues related to increasing levels of intermittent generation through appropriate changes to the market and/or technical rules. IMO asked for impressions/major comments on the report.</p> <p>Members recommended inclusion of a review of the National Electricity Market arrangements concerning intermittent generators, particularly semi-dispatch, and if there are any 'lessons' from experience in integrating high penetrations of wind within remote grids eg Esperance.</p> <p>It was noted that project proponents in the current capacity cycle may be concerned about how they can factor possible changes into their planning process, particularly in relation to finance and risk. It was noted that a number of methods have been used to communicate that capacity credits for intermittent generators are under discussion by the working group and that changes are likely, however the group is keen not to pre-empt what these might be before adequate information is available to support decision making.</p> <p>There was some discussion around 'grandfathering' arrangements for existing generators and how an 'existing' generator would be defined. IMO and OOE noted that discussions around this would be likely to occur during the rule change process and there are no defined rule change proposals at this stage. It was further noted that Grandfathering had not</p>

		<p>been used in the market development thus far, would constitute a precedent and may have extra costs for operation of the market due to increased complexity.</p> <p>Increased consideration of balancing as part of the work program looking at ancillary services was requested.</p> <p>Comment was made that there seemed to be a strong focus on technical issues in the work programs. It was noted that quantifying what the current costs to the market are, and what the potential future financial impacts on the market and market participants are, also needs to be assessed to support market rule change proposals.</p> <p><b><i>ACTION 1: Members were requested to provide feedback on the SKM scoping study in writing to the IMO by 15<sup>th</sup> May 2009.</i></b></p> <p>Discussion around how to progress the work programs outlined in the SKM report in a timely manner followed. It was suggested that a dedicated Project Manager be appointed to oversee the various work programs and manage the contract(s) with external consultants doing the work where required.</p> <p>It was noted that the issue of funding was a key one for the IMO and the OOE. Members unanimously supported the need to resource the work programs going forward and that this needed to be sorted out as a priority.</p> <p>It is expected that the IMO would appoint and oversee the Project Manager and expects that the work program may cost around half a million dollars based on the estimated timeframes outlined in the report.</p> <p>It was agreed that the IMO would advise the Market Advisory Committee meeting on 29 April that the working group would release the report for public consultation. Initial consultation would be through the Wholesale Electricity Market participants via the IMO website. It was suggested that broader, more extensive consultation (national) will take place during any recommended rule change processes. This initial consultation is to help prioritise the issues for investigation and identify any gaps in the work program.</p> <p>It was noted that experience in other markets which have dealt with issues around intermittent generation, has been that it is a relatively long process due to the complexity of each individual system and market.</p> <p><b><i>ACTION 2: IMO to release scoping study through WEM contact lists and via website for a two week consultation period.</i></b></p> <p>The IMO informed members of the need to revise the original Terms of Reference for the Renewable Energy Generation Working Group due to a conflict with the Market Rules. A new TOR would be put forward to the Market Advisory Committee at the next meeting (29/4) to appoint the IMO Chair, with the OOE and ERA as specified members, however the operation of the group would continue as is.</p> <p>IMO also noted that policy input from OOE was a critical component of the market evolution and that it would recommend changes to the Market Rules to allow the full participation of the OOE.</p>
4	System Management Analysis Projects	<p>System Management informed the working group of two "Request for Proposal" (RFP) documents released relating to intermittent generation.</p> <p>One will look at various scenarios for intermittent generation penetration,</p>

		<p>taking into account known baseload requirements, to determine the amount and type of load following that will be required to 2020.</p> <p>The other is looking at potential future curtailment regimes under future overnight load requirements.</p> <p>The two RFPs have been released with responses due shortly. System Management expects that the final reports will be delivered by around August. Members questioned whether the group would get to see these reports - System Management agreed to provide the reports to members.</p> <p>There was discussion around the methodology and data to be used in this work and how this was to be determined. A question was asked about using Commonwealth projections and/or connection applications currently on the books as well as consideration of the location of new plant given wind (and other resource) mapping.</p> <p>System Management advised that no cost implications are to be considered in this work as the focus is on system operation.</p> <p>Concerns were raised about not considering the technical and economic aspects together. The cost implications of turning one generator off over another should be considered when determining which generator should turn down, as this imposes a cost to the market. The need for transparency in how and when curtailment occurs was raised so that it can be factored into risk analysis for project developers.</p> <p>The SKM work programs aim to consider both economic and technical impacts of intermittent generation on the system and market however the Western Power work may be used to inform some of the work.</p> <p>Following further discussion about balancing and curtailment, it was agreed that System Management would present an agenda item at the next working group meeting to provide an overview of the issue and describe how the market rules and system management's security imperative interact.</p> <p><b><i>ACTION 3: System Management to give a presentation at the next working group meeting on overnight load, balancing and curtailment issues.</i></b></p>
5	Update on Capacity Credits Progress	<p>The OOE noted that Econnect had delivered the 'expert report' on Synergy's Rule Change Proposal (RC_2008_31) which was based on the analysis of capacity credit methodologies for intermittent generation being undertaken by Econnect but that this had delayed delivery of the capacity credit report.</p> <p>It advised the WG that the draft report from Econnect is due to be delivered to the OOE by 24/4/09 and will be considered by the reference panel (OOE/IMO/WP) before distribution to working group members for consideration at the next meeting.</p>
6	Next Meeting	<p>The next meeting will be held in mid-May and will consider the draft report of the "Analysis of Intermittent Generation in the SWIS Capacity Market" by Econnect and the presentation by Western Power on overnight load, balancing and curtailment issues.</p>
	Close	<p>The meeting was closed at 3.15pm</p>