

Independent Market Operator

**RENEWABLE ENERGY GENERATION WORKING GROUP
WORKSHOP**

Minutes

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| Meeting | Renewable Energy Generation Working Group |
| Location: | Office Of Energy |
| Date: | Thursday 29 October 2009 |
| Time: | 10:30 am to 12:00 noon |

| Attendees | | |
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| Troy Forward | Independent Market Operator (IMO) | Chair |
| Ian McCullough | IMO | Alternate Chair |
| Jacinda Papps | IMO | |
| Shane Cremin | Griffin | |
| Steve Gould | Landfill Gas & Power | |
| Simon Middleton | Synergy | |
| John Rhodes | Synergy | |
| Corey Dykstra | Alinta | |
| Matthew Fairclough | Western Power – System Management | |
| Phil Kelloway | Western Power – System Management | |
| Chris Brown | ERA | |
| John Vendel | Pacific Hydro | |
| Wendy Ng | Verve Energy | |
| Taron Brearley | OOE (SEDO) | |
| Kyle Jackson | AUSRA | |
| Tom Percy | Western Power | |
| Anwar Mohammed | SunPower | |

| Attendees | | |
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| Stephen Hurley | Dept. Premier & Cabinet | |

| Apologies | | |
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| Matthew Rosser | Pacific Hydro | |
| Tim Bray | Western Power | |
| Rob Rohrlach | Energy Response | |
| David Murphy | Dept. Premier & Cabinet | |
| Bill Bowyer | RPV Developments | |
| Brooke Eddington | OOE (SEDO) | |
| Jason Dignard | Dept. Treasury & Finance | |
| Mark Headland | Investec | |

| Item | Subject | Action |
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| 1. | <p>Welcome and Apologies / Attendance</p> <p>The Chair opened the meeting at 10:35 am, welcomed members and thanked them for their attendance. In particular the Chair welcomed new attendees Anwar Mohammed (SunPower) and Stephen Hurley (DPC), standing in for David Murphy.</p> <p>The Chair explained that flight delays meant that both John Vendel and Ross Gawler would be late for the meeting. Hence the agenda order would be changed to make best use of the available time</p> <p>Apologies were noted as listed above.</p> | |
| 2. | <p>Comments on Minutes from meeting 6</p> <p>The Chair queried if there were any comments about the last minutes taken noting that the copies of the minutes distributed at the meeting already incorporated an amendment requested by Western Power in relation to the ROAM studies.</p> <p>No further comments were made on the minutes.</p> <p>Action: IMO to finalise the minutes and circulate.</p> | IMO |
| 3. | <p>Actions Arising</p> <p>Previous Minutes Previous minutes finalised and circulated.</p> <p>Work Package Schedules The IMO will provide Work Package schedules to identify Work Group involvement as the contracts commence.</p> <p>Circulation of RFTs RFTs have been circulated to Working Group members.</p> | |

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| | <p>Release of final version of ROAM report System Management advised that the report was still being finalised. The update of the study using a more cost-reflective basis had been received. Results were not dramatically changed. The report will be released to Working Group members as soon as possible, probably early the week beginning 2 November 2009.</p> <p>Synergy wind penetration studies Synergy advised that following discussion with System Management its studies would feed into the System Management studies. The report itself would not be released.</p> <p>The Chair noted that the results of Work Package 1 may lead to different outcomes from those found in the System Management studies.</p> <p>Action: System Management to provide final ROAM report for circulation.</p> | System Management & IMO |
| 4. | <p>Update on Responses to Work Package RFTs</p> <p>The IMO reported that a range of good proposals had been received with eight tenders for Work Package 1, six for Work Package 3 and four for Work Package 4. Several parties have bid for two work packages.</p> <p>Assessment is well underway and it was hoped to announce the outcomes over the next week or so.</p> | |
| 5. | <p>General Business</p> <ul style="list-style-type: none"> • AUSRA reported on a recent update in the Solar Flagships Program noting this amounted to a 6 month process delay: <ul style="list-style-type: none"> - The 1st round will be held in 2010 seeking one solar thermal project and one PV project, totalling 400MW. - Projects may be staged – solar thermal at one site and PV projects will be able to span up to five sites > 30MW. - The inclusion of energy storage will now be optional for Round 1. - Hybrid solar will be allowed up to 15 % of the project output. - State government endorsement of project proposals is required. - Proposals will be required to include an off-take agreement between the project proponent and a market participant. - Project selection is expected in the second half of 2010. • Synergy noted that: <ul style="list-style-type: none"> - the off-take requirement would not be workable in WA; and - that the OOE should note the requirement for state endorsement. • Griffin also expressed concern at the off-take requirement, noting that it could preclude any WA development and is a disappointing outcome for the State. • Synergy advised that it would not be releasing its EoI request on 30 October 2009 as planned – a decision would be made on this in the near future. <ul style="list-style-type: none"> - This may mean that WA will not be able to host a Solar Flagships | |

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| | <p>project, although this may be possible though the staging option.</p> <ul style="list-style-type: none"> • OOE noted that the final Senergy Econnect Capacity Credits report and summary had been circulated to members, and invited any comments. Further work on this issue will be through Work Package 2. Data providers were thanked for their contribution. <p>John Vendel and Ross Gawler joined the meeting at ~ 11:10 am.</p> | |
| 6. | <p>Work Package 2 – Intermittent Capacity Credits Assumptions and Methodology</p> <p>Ross Gawler of MMA provided a presentation on the proposed assumptions and methodology for Work Package 2 and a brief overview of the outcomes of the Senergy Econnect capacity credits analysis.</p> <ul style="list-style-type: none"> • The Chair noted that the equalisation methodology proposed by MMA was well established in other jurisdictions internationally and had the particular benefit that it decoupled the contribution calculations from the specific generation technology being assessed. • Pacific Hydro questioned how plant outages would be treated in the study of output data. <ul style="list-style-type: none"> - MMA noted that outages were likely to be a 3rd order effect and would not be included in the studies at this stage. - IMO commented that the refunds arrangements for non-intermittent plant provided a feedback loop in regard to capacity loss through outage – it may become appropriate to revisit the possibility of refunds for intermittent plant. • It was noted that the proposed approach could see the level of assigned capacity for a particular plant varying as a result of changes to the overall plant mix – a type of variability not present in the current arrangements. <ul style="list-style-type: none"> - Such changes would reflect the impact of plant mix changes on the real capacity value of particular plant. - The Working Group will need to more closely consider this issue as the project proceeds. - MMA noted that the study would provide understanding of the materiality and rate of change that might be expected. • Griffin noted that in the context of providing an effective price signal the value of capacity may need to change to reflect the cost of building and questioned if the changes might mean that there would be insufficient response to support the government policy objectives for renewable energy. <ul style="list-style-type: none"> - The Chair and others noted that any policy shortfall would be a matter for government response, rather than a concern for the Working Group – its focus should be on the Market Rules and, in this context, particularly the reliability objective. - OOE noted that Commonwealth Government initiatives provide major economic impetus for RE development and the State Government’s focus was on how to best facilitate project | |

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| | <p>development in the state.</p> <ul style="list-style-type: none"> • Ross noted the success of the project will turn on the data available to underpin the analysis and invited contributions from participants. <ul style="list-style-type: none"> - A number of members indicated a willingness to provide data. - The OOE consider some wave data should be available and is happy to chase it up. • The MMA presentation will be circulated to Working Group members. • System Management requested that some background on Loss of Load Probability methodology be provided to Working Group members. • The Chair thanked those who had already offered to provide data for this study and invited other parties to do the same to support best outcomes from the study. • The Chair reminded the Working Group that there was ongoing Government concern at the lack of progress on these tasks and that the Working Group should keep in mind the overall objective. <ul style="list-style-type: none"> - The outcomes may diverge from the commercial positions of members. - It will be important to focus on the higher objective of reaching a workable outcome that could be provided to the MAC. <p>Action:</p> <p>OOE to see if wave data can be provided for the study.</p> <p>IMO to circulate presentation and background information on LOLP etc.</p> | <p>OOE</p> <p>IMO</p> |
| 7. | <p>Close of Meeting</p> <p>The IMO advised that the next meeting would be scheduled to allow presentation of assumptions and methodology for the remaining work packages. Times would be set once the contracts were in placed over the next couple of weeks.</p> <p>Meeting was closed at 12:15 pm.</p> | |