

Independent Market Operator

Demand Side Management Working Group

Minutes – 31st January 2008

Meeting No.	1
Location:	IMO Boardroom Level 22, The Forrest Centre, 221 St Georges Terrace, Perth
Date:	Thursday 31st January 2008
Time:	Commencing at 2.00pm to 4.00pm (WDST)

Members		
Patrick Peake	IMO (Chair)	
Shane Cremin	Griffin Energy	
Shona Guilfoyle	Alinta	Arrived at 2:15pm
Sumeet Kaur	Verve Energy	
Robert Pullela	ERA	Arrived at 2:15pm
Ronny Garg	Synergy	
Peter Huxtable	Water Corporation	
Pablo Campillos	Energy Response	
Phil Kelloway	System Management	Arrived at 2:15pm
Matthew Martin	Office of Energy	
Dora Guzeleva	IMO	
Harry Street	IMO	

Item	Subject	Action
1.	<p>WELCOME AND APOLOGIES / ATTENDANCE</p> <p>The Chair opened the meeting at 2:00pm and welcomed members to the first Demand Side Management Working Group meeting.</p>	<p>Chair</p>
2.	<p>DSM – DRAFT TERMS AND CONDITIONS</p> <p>1. All DSM Facilities must have Interval Meters</p> <p>This was agreed by all members of the working group</p> <p>2. Size of stand alone (i.e. not aggregated) DSM Facilities and of DSM Programs cannot be less than 1MW</p> <p>If an event occurs that requires DSM to be dispatched, System Management need to be able to dispatch DSM promptly and in the correct sequence. The smallest block that is of practical benefit to the power system is around 10 MW though System Management would prefer a minimum dispatch block of around 20 MW (ie similar to the smallest dispatchable generating unit on the SWIS).</p> <p>It is acknowledged, however, that retailers build up their suite of DSM from end use customers with much lower capacities. Setting the minimum block size at too high a level would potentially restrict entry of new retailers. Retailers may also wish to offer several blocks of DSM capacity that are differentiated on price, activation time, annual availability or other factors.</p> <p>It was noted that there is a strong incentive for DSM to be offered into the market at the Alternative Maximum STEM Price so that differentiation on price may be of lesser importance.</p> <p>It was noted that retailers with small quantities of DSM could arrange for this to be controlled by a “dispatch agent” who can aggregate DSM into practical blocks.</p> <p>Suggested wording:</p> <p>Market Participants must group DSM facilities into Dispatch Groups where:</p> <p>A Dispatch Group comprises all DSM Facilities that are to be dispatched by the Market Participant following a Dispatch Instruction from System Management.</p> <p>A Dispatch Group may comprise DSM Facilities registered to different Market Participants but which are dispatched under the control of a single Market Participant.</p> <p>Where a Market Participant controls less than 20 MW of DSM Facilities, these Facilities must be grouped into a single Dispatch Group.</p> <p>Where a Market Participant controls more than 20 MW of DSM Facilities, these may be separated into several Dispatch Groups as long as each Dispatch Group contains at least 10 MW of DSM Facilities.</p>	

Item	Subject	Action
	<p>3. System Management will issue Dispatch Instructions to an aggregating Market Customer, not to individual facilities.</p>	
	<p>It was discussed that for dispatch purposes, System Management will issue dispatch instructions to Market Participants covering Dispatch Groups and not to individual DSM facilities.</p>	
	<p>4. Market Customers must be able to demonstrate that they have regularly tested their communication systems with all of their DSM Facilities.</p>	
	<p>The IMO expressed its desire to receive an assurance from Market Participants that the DSM Facilities with which they have contracted will actually respond to an activation instruction from the retailer. Energy Response advised that they require each facility to undergo an actual test at the start of each year. This is required to ensure that the DSM capability is still effective despite changes in staff or operating procedures by the end use customer.</p>	
	<p>It was also agreed that each retailer needs to demonstrate that it can provide the amount of capacity for which it has received Capacity Credits. Ideally, this should be demonstrated by observing the dispatch of DSM during normal operation. If this does not occur, then a test of the retailer should be undertaken. Recognising that DSM providers will generally offer capacity based on their summer maximum demand, any tests should be undertaken through the Hot Season.</p>	
	<p>Suggested wording:</p>	
	<p>At the commencement of each Reserve Capacity Year, or when loads are first registered as a provider of DSM, the relevant Market Participant is to undertake a test of the activation system for each load. The Market Participant must advise the IMO of when the test was undertaken and the IMO will ascertain from meter data whether the load was reduced during the test. The intention is not to determine the capacity of the load but to ensure that a load reduction occurred in response to the activation request.</p>	
	<p>During each Hot Season, the IMO will verify that each Market Participant holding Capacity Credits for DSM can provide a load reduction at least equal to the number of Capacity Credits held. This will be undertaken by:</p>	
	<p>Observation of the performance of the Facility when activated, or</p>	
	<p>Requiring System Management to Activate the Facilities.</p>	
	<p>If during a test, a Market Participant fails to demonstrate a reduction equal to the number of Capacity Credits held by the Market Participant in respect to the DSM Facilities, the IMO will instruct System Management to undertake a second test. Following the second test, the number of Capacity Credits assigned to the Market Participant will be set equal to the lesser of the number of Capacity Credits and the load reduction measured at the second test.</p>	

Item	Subject	Action
3.	CLOSE The Chair declared the meeting closed at 4:10pm. A proposed date for the next meeting was suggested to be in two weeks time as not all of the DSM - Draft Terms and Conditions were covered during the meeting.	Chair
