

Independent Market Operator

Demand Side Management Working Group

Minutes – 21st February 2008

Meeting No.	2
Location:	ERIU Conference Room Level 8, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date:	Thursday 21st February 2008
Time:	Commencing at 1.00pm to 3.00pm (WDST)

Members		
Patrick Peake	IMO (Chair)	
Shane Cremin	Griffin Energy	
Shona Guilfoyle	Alinta	Left at 3:15pm
Sumeet Kaur	Verve Energy	
Robert Pullela	ERA	
Ronny Garg	Synergy	
Peter Huxtable	Water Corporation	
Pablo Campillos	Energy Response	
Dora Guzeleva	IMO	Arrived at 1:45pm
Harry Street	IMO	

Apologies		
Matthew Martin	Office of Energy	
Phil Kelloway	System Management	

Item	Subject	Action
1.	<p>WELCOME AND APOLOGIES / ATTENDANCE</p> <p>The Chair opened the meeting at 1:10pm and welcomed members to the second Demand Side Management Working Group meeting.</p> <p>Apologies were received from Matthew Martin and Phil Kelloway.</p>	Chair
2.	<p>DSM – DRAFT TERMS AND CONDITIONS, RECAP FROM THE FIRST MEETING</p> <p>1. All DSM Facilities must have Interval Meters</p> <p>This was again 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>It was discussed that DSM can have a minimum dispatch block of 1MW. The retailer is responsible for the aggregation of the DSM block whether it be 1MW, 2MW or 3MW. It was also discussed that the smallest block that would be of practical benefit to the power system is 10MW. It was clarified that if a retailer has more than 20MW of DSM, e.g. 27MW of DSM, they could essentially divide up their DSM into two blocks, e.g. 13MW and 14MW. The retailer would not have the option of dividing their DSM into three blocks, thus not meeting the minimum practicable benefit to the system of a dispatch block of 10MW.</p> <p>Suggested revision of wording:</p> <p>A Dispatch Group may comprise DSM Facilities registered to different Market Participants but which are dispatched under the control of a single Dispatch Agent.</p> <p>3. System Management will issue Dispatch Instructions to an aggregating Dispatch Agent, not to individual facilities.</p> <p>It was again 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 again 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. One option would be an annual verification test for DSM facilities, which would not have to necessarily be in the “hot” season. Another option discussed was a signed assurance by dispatch agents’ directors. This would provide assurance that the DSM Facilities that they have signed up are of legitimate value to the SWIS. However, exercising fiducial practices is not seen as being the most constructive option to pursue for both the IMO and dispatch agents.</p> <p>Retailers conveyed that a mandatory annual verification test may hinder relationships with their DSM Customers and discourage possible future DSM providers. Retailers discussed that they would think about how their DSM Facilities could be tested and come up with possible alternative methods.</p>	

3.	DATE OF IMPLEMENTATION FOR THE TERMS AND CONDITIONS It was agreed by members that the Terms and Conditions should not have a backdated implementation. This means that they should not apply for years which have already been capacity credited i.e. 2008-2009 and 2009-2010.	
4.	CLOSE The Chair declared the meeting closed at 3:30pm. 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. The next DSM Working Group Meeting is scheduled for 1pm – 3pm, Thursday 6 th March 2008.	Chair

Extract from the 2007 Statement of Opportunities Report

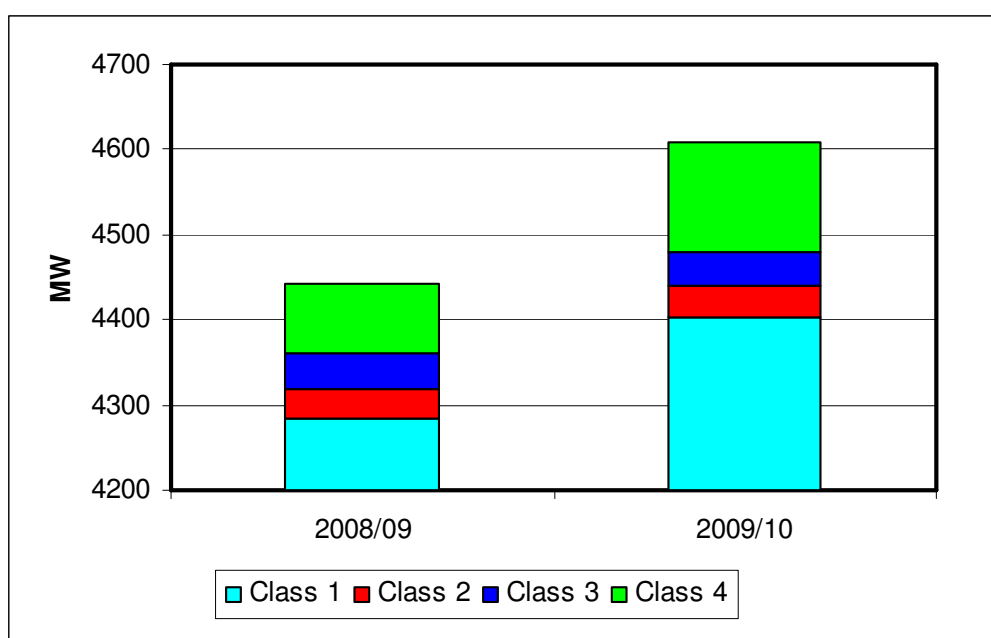
5.2 Availability Curve

In addition to providing modelling and analysis of the Planning Criterion, MMA also provide advice on the Availability Curve, the determination of which is a formal requirement under the Market Rules. The Availability Curve indicates the amount of DSM that can be introduced into the SWIS before the system is unable to supply all of the energy requirements of users.

The Availability Curve is reported in discrete blocks, which are aligned with the Availability Classes under the Market Rules. Class 1 covers DSM facilities that can provide capacity for a minimum of 96 hours per year. Classes 2, 3 and 4 cover facilities that are available for a minimum of 72, 48 and 24 hours respectively.

For 2008/09 and 2009/10, the availability curve is presented in Figure 1 below.

Figure 1 Scope for DSM and Generation



For 2008/09, the SWIS can support a total of 159 MW of DSM across Availability Classes 2, 3 and 4. For 2009/10, the SWIS is expected to be able to support a total of 205 MW of DSM capacity.

There is an opportunity for the SWIS to support 129 MW of Class 4 DSM, 39 MW of Class 3 Demand Side Management, and 37 MW of Class 2 DSM in the 2009/10 Reserve Capacity Year. It should be remembered that Facilities that are classified in a higher availability class can be used to contribute to the Demand Side Management opportunity presented for lower availability classes.