

## Independent Market Operator Rules Development Implementation Working Group

### Minutes

<b>Meeting No.</b>	14
<b>Location:</b>	IMO Board Room Level 3, Governor Stirling Building, 197 St Georges Terrace, Perth
<b>Date:</b>	Tuesday 21 June 2011
<b>Time:</b>	Commencing at 9.35am to 11.10pm

<b>Attendees</b>	
Allan Dawson	IMO (Chair)
Douglas Birnie	IMO
John Rhodes	Market Customer
Andrew Everett	Market Generator
Phil Kelloway	System Management
Geoff Gaston	Market Customer
Andrew Sutherland	Market Generator
Wana Yang	ERA
Steve Gould	Look on the RDIWG ToR for this title on here
Corey Dykstra	Market Customer
Andrew Stevens	Market Generator
Alasdair Macdonald	Minutes
Chris Brown	Office of Energy
Cameron Parrotte	Observer
Ingrid	Observer
Ben Williams	Presenter
Jim Truesdale	Observer
Greg Thorpe	Observer

<b>Item</b>	<b>Subject</b>	<b>Action</b>
	<p><b>WELCOME AND APOLOGIES / ATTENDANCE</b></p> <p>The Chair opened the 14th meeting of the Rules Development Implementation Working Group (RDIWG) at 9.40am.</p> <p>Apologies were noted from Paul Hynch,</p>	
<b>1.</b>	<p><b>PREVIOUS MEETING'S MINUTES</b></p> <p>The minutes of RDIWG Meeting No. 13, held on 31 May 2011, were circulated prior to the meeting. The following amendments were</p>	

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	<p>agreed:</p> <p><b>Page 4 Item 4 paragraph 3</b></p> <p>Mr Dykstra suggested re-ordering the words in this section of the paper to put the word “refund” after “NET Stem Shortfall”.</p> <p><b><u>Page 4 Item 4 last paragraph:</u></b></p> <p>Insert at the end of the paragraph:</p> <p><u>Following the decision to incorporate consideration of a revised capacity refund mechanism into the broader RCM review, a member suggested that reinstatement of System Management's discretion on outage classification be considered. The Chair indicated that the IMO is supportive of the initiative provided that transparency is enhanced. It was agreed that a meeting would be convened of interested generators, System Management and the Chair to discuss the matter.</u></p> <p><i>Mr Sutherland asked for confirmation whether the intent was to get rid of merit and dispatch quantity and not the capacity calculation. SM also expressed concerns with this and referred to a general burden on the SM to be a policeman which would be a new role for them. Mr Dykstra referred to the disincentives provided by such a mechanism. SM stated that issues arise when deviations are significant, for example when there is a deviation from the resource plan and balancing instruction. Mr Kelloway also referred to work being done on tolerances and asked whether it has relevance in the balancing market. A discussion ensued on this topic. Mr Truesdale informed the members that deviations do raise compliance issues but not necessarily penalty but a monitoring issue.</i></p> <p><i>Mr Sutherland referred to a problem in the current rules with the requirement to pay capacity refunds even when an outage issue has been rectified within the same day.</i></p> <p><i>Mr Birnie informed the members that there is a pre-rule-change paper being prepared that addresses these issues and advised members that they can consider the paper and discuss this further in due course.</i></p> <p><i>Action Point: The IMO to amend the minutes of Meeting No. 14 to reflect the points raised by the RDIWG and publish on the website as final.</i></p>	<p><b>IMO</b></p>
<p><b>2.</b></p>	<p><b>UPDATES ON BALANCING DESIGN DETAILS</b></p> <p>Mr Williams provided a verbal update on the MEP design and implementation process. Mr Williams summarised the Paper in Agenda Item 2 containing the resolution pathways of key issues, including Pricing, DSM and other Load types, Resource Plan system security check by System Management, and Testing Process.</p> <p><u>Pricing</u></p> <p>Mr Williams provided a verbal summary on this part of the paper.</p>	

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	<p>Mr Dykstra sought clarification whether the settlements will require input of MWh. Mr Williams confirmed that was the case.</p> <p>A discussion ensued regarding whether 'quantity' means requested or achieved quantity. Mr Williams confirmed the quantity is the actual quantity total. Mr Dykstra questioned the meaning of Energy Equivalent Balancing Merit Order (EEBMO). Mr Williams explained that the alternative methodology was preferred which is less complex than EEBMO and averages trends in the interval. This latter option more closely reflects how system management determines operates in real time. Mr Dykstra suggested the reason given in the paper was somewhat weaker than the explanation given at the meeting and that it would be better to refer to the latter i.e. that the alternative arrangement was more aligned with current practice.</p> <p>My Kelloway asked whether SCADA information was satisfactory for it to use or did the information need to be more reliable. Mr Truesdale responded that the widely accepted convention is to rely on SCADA.</p> <p>Mr Sutherland asked whether a one page summary on pricing could be distributed. The Chair agreed to circulate a one pager summary on pricing.</p> <p><b>Action</b> – IMO to prepare and circulate a one page example on how pricing will operate.</p> <p>Mr Gaston sought assurance that the market will have sufficient and accurate information at gate closure. Mr Truesdale responded that it is not just the last 2 hours that is important to the market but includes the whole window. The Chair advised that participants would be able to control whether they would be exposed to the balancing market at any time.</p> <p>Mr Dykstra asked whether, after gate closure, the market can expect to see load forecast and price change data for a set load and your expected quantity. Mr Williams referred to the workshop that will be held within the next few weeks where the process maps will be used to help explain the process.</p> <p>Mr Sutherland initiated a discussion whether the balancing market will enable system management's tasks to be performed more easily or add complexity to it. Mr Kelloway stated that, although their tasks will not be made easier, it will remove many physical issues and achieve a better outcome for the market.</p> <p><u>DSM and other Load types</u></p> <p>Mr Rhodes questioned whether that it is discriminatory in terms of the market objectives to exclude all load types from the balancing market. A discussion ensued between the members on this issue. It was noted that load is not prevented from affecting or setting price as a participant in the market.</p> <p>Mr Williams noted that load, if offered, would be very high in the stack and unlikely to be dispatched but they could be dispatched out of merit in an extreme situation where system management has the discretion to reduce load. Mr Sutherland requested confirmation whether system management can call DSM even though liquids are still available for dispatch. Mr Williams confirmed that DSM can be and that they lay halfway between an ancillary service and capacity reserve.</p> <p>Mt Sutherland queried whether the IMO was addressing the potential</p>	<p><b>IMO</b></p>

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	<p>double payment to DSM issue. Mr Williams stated that this issue, although not being dealt with in the balancing rule changes, is noted in the issues log for future attention.</p> <p><u>Resource Plan security check by System Management</u></p> <p>Mr Williams provided a verbal summary on this part of the paper noting that SM considered it no longer required this check.</p> <p><u>Testing Process</u></p> <p>Mr Williams provided a verbal summary on this part of the paper.</p> <p>Mr Dykstra initiated a discussion whether there would still be a need to put in quantities even though a resource plan was not required. Mr Williams noted that there would still be a need for Net Contract Position to be zero. Mr Dykstra asked why not use the current arrangement to get settled through the normal settlement process. My Williams answered that the proposed method was simpler. Mr Sutherland sought confirmation that there was no need to buy energy that could not be delivered. Mr Williams confirmed that will be the position in the normal situation, however if a participant needs to buy for its NCP then there may be a cost.</p> <p><u>Conclusion</u></p> <p>Subject to the comments above, the members noted the following design changes to the 12 boxes paper (from which the rules were being drafted):</p> <ul style="list-style-type: none"> <li>• Replacing the EEBMO with a pricing based on end of interval generation requirements;</li> <li>• Removing DSM from the Balancing market;</li> <li>• Removing the Resource Plan system security check by System Management.</li> </ul> <p>Mr Williams informed the RDIWG that the IMO will be providing a workshop in a few weeks time, the date to be confirmed, for some of their operational people to be run through the detail and to provide feedback on operational issues.</p> <p>The members agreed to advise the IMO of operational staff to attend workshop in late June.</p>	
3.	<p><b>GENERAL BUSINESS</b></p> <p>Mr Birnie reminded the members that there would be two rule draft workshops, one on the 5<sup>th</sup> July and the other on the 19<sup>th</sup> July as agreed by members. He informed the members that the draft rules will be provided at the workshop and that the Ancillary Services rule draft will be presented at the second workshop. The workshops would commence at 9.30 am and continue for the rest of the day as needed.</p>	IMO
4.	<p><b>OUTSTANDING ACTION POINTS</b></p> <p>Mr Birnie explained that many of the action points were able to be</p>	

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	culled from the list, pointing out that only 2 remain outstanding while the others were either “done” or “done enough”. Members indicated no concerns with this review of the action points.	
5.	<b>NEXT MEETING</b> Meeting No. 15 will be held on Tuesday 5 July (9.30am-2.00pm).	
6.	<b>CLOSED:</b> The Chair thanked members and declared the meeting closed at 11.50pm.	