

## RDIWG Meeting 17

<b>Location:</b>	IMO Board Room Level 3, Governor Stirling Building, 197 St Georges Terrace, Perth
<b>Date:</b>	27 September 2011
<b>Next Meeting:</b>	To be confirmed

<b>Attendees</b>	
Allan Dawson	IMO (Chair)
Douglas Birnie	IMO (by phone)
John Rhodes	Market Customer
Corey Dykstra	Market Customer
Steve Gould	Market Customer
Andrew Sutherland	Market Generator
Chin Koay	Market Generator
Patrick Peake	Market Generator
Phil Kelloway	System Management
Cameron Parrotte	System Management
Chris Brown	ERA
Paul Hynch	Office of Energy
Jim Truesdale	Observer
Steve Black	Observer
Fiona Edmonds	Observer
Simon Adams	Observer
Winston Cheng	Observer
Suzanne Frame	Observer
Ben Williams	Presenter
Silvana Macri	Minutes
Matthew Pember	Presenter
<b>Apologies</b>	

Item	Subject	Action Owner
1.	<p><b><u>Previous Meeting's Minutes</u></b></p> <p>Mr Dawson apologised for the delay with the completion of the draft minutes from the previous meeting. It was agreed that minutes were to be reviewed by circulation and any comments from RDIWG members would be fed back to Stacey.</p>	

2.	<p><b><u>Update on Rules</u></b></p> <p>Mr Birnie advised that the Draft Rule Change paper (RC_2011_10) was submitted into the Rule Change process on Friday 23<sup>rd</sup> September 2011.</p> <p>Responses to Verve Energy comments on V4 of the rules had been provided. The Draft Rules had incorporated comments from Verve Energy and MAC members. Submissions on the Draft Rule Change Report must be provided to the IMO by 7th November 2011.</p>	
3.	<p><b><u>Update on Market Power review</u></b></p> <p>Mr Birnie advised that IMO had received a draft Market Power Review Report. It should be noted that the report confirms that the design of the Balancing market does not provide opportunities for the abuse of market power.</p> <p>A paper was distributed to members highlighting 3 minor changes that were made to the Amended Market Rules as a result of the Market Power Review. (Refer to "Balancing and LFAS Draft Rules – quick update" attachment in the RDIWG meeting 17 papers). Feedback on these rule amendments was encouraged.</p> <p>Mr Kelloway queried which version of the rules contained the Market Power Review amendments and was advised that the amendments are contained in the Draft Rule Change Report which is version 5.</p> <p>Mr Dawson commented that the draft Market Power Review Report needs to go through the IMO Board before it can be published.</p> <p>Mr Sutherland requested clarification on the second rule change highlighted in the attachment.</p> <p>Mr Dawson advised that the amendment was made to prevent the intentional manipulation of constrained on and off payments by a Participant. For example, a Participant that was under a network constraint may have been able to adjust their Balancing submission in such a way as to ensure they increase their constrained off payment.</p>	
4.	<p><b><u>Update on Market Procedures</u></b></p> <p>3 workshops every 2 weeks from 25th October 2011.</p> <ul style="list-style-type: none"> <li>• 1<sup>st</sup> Workshop will be on System Security, Dispatch and facility requirements;</li> <li>• 2<sup>nd</sup> Workshop will be on Balancing Forecasts, and Pricing;</li> <li>• 3<sup>rd</sup> Workshop will cover any remaining issues with Market Procedures.</li> </ul> <p>The workshops are to be held at the WACA to accommodate all interested parties beyond the RDIWG.</p>	
5.	<p><b><u>Transitional Arrangements</u></b></p> <p>Review attachment – A 2hr gate closure in April 2012 will not be practical for System Management (SM) as it is too difficult to administer without supporting systems. From April 2012 onwards, SM will begin implementation of its system changes. The IMO will support SM's systems implementation project. .</p> <p>The transitional arrangements end date is scheduled for December 2012.</p> <p>The proposed amendments to the Balancing and LFAS markets during the transitional period are:</p> <ol style="list-style-type: none"> <li>1. Increasing the gate closure from 2hrs to 6hrs, however the IMO will continue to publish forecasts every half hour.</li> </ol>	

	<p>2. Submission tranches for IPP generators will be reduced from 10 tranches to 4.</p> <p>The IMO would be proposing to the IMO Board a period of compliance amnesty in the first few months while Participants became familiar with the market.</p> <p>The IMO indicated that the number of tranches available for bidding could be changed relatively easily with minimal system impact. SM confirmed that it would review the limitation on 4 tranches during the transition period.</p> <p><b>Action (20110927):</b></p> <p><b>The end date needs to go into the rule draft.</b></p> <p>Mr Parrotte advised that SM had commenced mapping system changes required to meet their obligations to the new Balancing and LFSA market. The final system design scheduled to be completed in December would determine what SM could deliver during the transition period.</p> <p>Various members commented that they believed it was a good step to have a 'soft' start for the new balancing market.</p> <p>Mr Pember advised the group that the IMO MEP project was funded until the end of June 2012. The IMO was looking for additional funding of a further \$150k per month to keep project staff throughout the transition to support the SM systems implementation project.</p> <p>The IMO advised the RDIWG that it would provide too big a risk to the successful implementation and integration of the SM systems if the IMO let go its entire IT development staff during this period.</p> <p>Mr Dawson provided an overview of what was required regarding integration between IMO &amp; SM. If the IMO relied solely on existing staff (excluding MEP), there would not be enough staff available to support SM with development, integration and testing of their systems which may delay the delivery timeframes.</p> <p>Andrew Sutherland queried the level of testing required around final arrangements. Mr Pember and Mr Dawson advised that there would be bug fixes, integration testing and interface testing required for the final arrangements.</p> <p>Mr Kelloway advised that SM's dispatch engine was a new system and would require a significant amount of work to complete it. Delays had been experienced in getting a vendor because of due diligence around requirements and the funding process.</p> <p>Mr Sutherland queried how much it would cost to get a 'half baked' solution in by April 2012.</p> <p>Mr Kelloway advised that SM would be employing manual processes while moving from 4 tranches to 10 tranches. The full market implementation requires systems to do automate dispatch and avoid delays.</p> <p>Mr Gould commented that a transitional arrangement was a sensible approach, even if IMO/SM had all their system work finished. He questioned whether only having 4 tranche on Balancing was viable given the STEM had many more tranches. With Balancing being used to adjust STEM shouldn't they have the same number of tranches?</p> <p>Mr Sutherland commented that participants are no worse off than they are currently, even with only 4 tranches.</p> <p>Mr Everett asked if 4 tranches could be changed to 6 easily. Mr Dawson advised that, from what he knows, this could be easily done.</p>	<p><b>Who?</b></p>
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	<p>Mr Dykstra would like more clarity around the transitional arrangements and suggested the number of tranches be reviewed after the first few months.</p> <p>Mr Stevens commented that it could be better to set a minimum tranche size in Megawatts.</p> <p>Mr Kelloway agreed that a minimum amount of Megawatts per tranche could be more useful however Mr Dawson was concerned this may effectively exclude smaller Participants.</p> <p>Mr Stevens asked if SM will issue 1 Balancing instruction per interval (per Facility). Mr Kelloway advised that the 1<sup>st</sup> instruction counts until a 2<sup>nd</sup> instruction is issued.</p> <p>Mr Parrotte advised that a clear interface document would be sent out in the next few weeks.</p> <p>Mr Sutherland commented that it was important that Balancing did not have a negative commercial impact. He then reverted to his original question as to whether the transitional arrangement was more cost effective than going live with full functionality.</p> <p>Mr Parrotte advised that their work was not a parallel piece of development and it was a significant piece of work.</p> <p>Mr Dawson commented that there was a strong expectation that the market would commence in April 2012. Mr Parrotte queried whether Participants would be ready with their dispatch system to go live in April 2012.</p> <p>Mr Dykstra advised that Alinta had not been able to start yet. There was no need to change anything for 1<sup>st</sup> April 2012, but until there was more clarity around Market Procedures they are not keen to start building anything.</p> <p>Mr Sutherland asked if the IMO or SM were modelling their systems on a similar system in another jurisdiction.</p> <p>Mr Kelloway advised that their systems where not like any others in Australia, but they would be buying off the shelf components and customising them to make it work for this market.</p> <p>Mr Sutherland requested a basic document from the IMO which shows look/feel of the interfaces to distribute to the operators</p> <p>Mr Dawson commented that IMOs interface documentation is available on the IMO website.</p> <p>The IMO offered to secure the services of an ex-trading manager from a utility in New Zealand to run a workshop describing how to set up Trading operations in a 24x7 market.</p> <p>The RIDWG members welcomed the IMO offer and asked the IMO to proceed with this initiative.</p>	
6.	<p><b><u>System Management Interface &amp; Communications</u></b></p> <p>Mr Parrotte provided an update on the SM system development.</p> <p>IBM has been engaged to develop SM's participant interfaces and was looking at the option of utilising Scada for the balancing and LFSA markets. SCADA was seen as reliable, connecting directly, with no dependency on Telstra or the internet. System design should be finalised in December / January.</p> <p>Mr Dawson queried whether AGC may be an option for communicating dispatch instructions to balancing facilities.</p>	

	<p>Mr Kelloway advised that AGC was a better option as it provided 4 second responses but this was not mandatory for participation in Balancing. There were other options but SCADA had the highest availability and coverage across Participants.</p> <p>Mr Kelloway commented that it needed to be looked at in more detail but initially SM may use Web Services because it is more cost effective.</p>	
7.	<p><b><u>Market Trials</u></b></p> <p>The Market Trial proposal had been placed on the IMO website. The proposed Trial would be broken into 3 stages:</p> <p><b>Stage 1 – December 2011</b> – Balancing functionality only. Participants will be able to submit Balancing trades and retrieve Balancing Merit Orders. Balancing Forecasts will be generated but would not be updated regularly. Bilateral, STEM and resource submission templates would not be available.</p> <p><b>Stage 2 – February 2012</b> – The interface with SM would be established and updated data would be available for forecasts and pricing. Bilateral, STEM and resource submission templates would be available and integrated into the Balancing process.</p> <p><b>Stage 3 – March 2012</b> – Parallel operation with production. Data would be replicated from Production to the Market Trial environment. Various dispatch and trading scenarios would be tested.</p> <p>Mr Dawson cautioned that, from experience, market trials have limited value in testing the varsity of market design as there are no financial consequences on trail participants. Trail outcomes may be less valuable if there is a lack of participation. The IMO would look at ways of offering each Market Participant the opportunity to modify their own input data and review the impact on the market trial outcomes.</p> <p>Mr Stevens asked if there would be a report published listing operational instructions from the previous day.</p> <p>Mr Kelloway advised that SM kept copies of all instructions and SM and IMO were working together on ways to get the data out in a timely manner.</p> <p>Mr Stevens suggested that timing requirements for the publication of information should be added to the Market Rules.</p>	
8.	<p><b><u>General Business</u></b></p> <p><i>1. Declared Market Project</i></p> <p>Mr Parrotte wrote to the IMO requesting that the IMO approve SM's MEP project expenditure as a Declared Market Project.</p> <p>Mr Dawson advised that he had received the letter and the IMO had some issues with the treatment of the project costs and the accounting assumptions made.</p> <p>As required by the market rules, prior to declaring a project a Declared Market Project the IMO must satisfy itself that the project satisfies the criteria in rule 2.22.13. Given the issues and the accounting assumptions the IMO has declined the request to declare SM's system project a Declared Market Project at this stage.</p>	
9.	<p><b><u>Outstanding Action Items</u></b></p> <p>None</p>	

10	<p><b><u>Next meeting details</u></b></p> <p>TBC</p> <p>Future Key dates – 3 workshops, 25<sup>th</sup> October, 8<sup>th</sup> November, 22<sup>nd</sup> November 2011 – Douglas will send out an invite and broadcast to the market.</p> <p>7<sup>th</sup> November was the closing date for the first round of Rule Change submissions.</p> <p>Meeting closed at 11:17am</p>	
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