

**Independent Market Operator**  
**IMO Procedure Change and Development Working Group**

**Minutes**

<b>Meeting No.</b>	15
<b>Location:</b>	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date:</b>	Friday 20 September 2013
<b>Time:</b>	Commencing at 9:30 am – 11:15 am

<b>Attendees</b>		
Greg Ruthven	IMO	Acting Chair
Erin Stone	IMO	
William Street	Alinta Energy	Proxy
John Rhodes	Synergy	
Brendan Clarke	System Management	
Jacinda Papps	Verve Energy	9:30am – 11:00am
<b>Additional Attendees</b>		
Sam Beagley	IMO	Presenter 10:20am – 11:15am
Aditi Varma	IMO	Presenter
Johan van Niekerk	IMO	Presenter 9:30am – 10:10am
Neetika Kapani	IMO	Presenter 9:30am – 10:10am
Michael Frost	Synergy	Observer
Paul Tetley	IMO	Observer
Alex Penter	IMO	Minutes
<b>Apologies</b>		
Kate Ryan	IMO	Chair
John Nguyen	Perth Energy	
Steve Gould	Community Electricity	
Fiona Edmonds	Alinta Energy	William Street as proxy

<b>Item</b>	<b>Subject</b>	<b>Action</b>
1.	<p><b>WELCOME AND APOLOGIES / ATTENDANCE</b></p> <p>The Chair opened the 15th meeting of the IMO Procedure Change and Development Working Group (Working Group) at 9:30 am.</p> <p>The Chair noted apologies from Ms Kate Ryan, Ms Fiona Edmonds, Mr John Nguyen and Dr Steve Gould.</p>	

Item	Subject	Action
2.	<p><b>MINUTES OF PREVIOUS MEETING</b></p> <p>The minutes from Meeting No. 14 of the Working Group, held on 23 April 2013, were accepted by Working Group members as a true and accurate record of the meeting.</p> <p><i>Action Point: The IMO to publish the minutes of Meeting No. 14 of the Working Group held in April 2013 as final.</i></p>	IMO
3.	<p><b>ACTIONS ARISING</b></p> <p>All actions arising were complete with the following exception.</p> <p><b>Item 138:</b> Ms Erin Stone noted the IMO is reviewing the Market Procedure for Notices and Communications as it currently requires all communications to be acknowledged from the recipient which could be unintentionally onerous.</p>	
4.	<p><b>PC_2013_06: MARKET PROCEDURE FOR CERTIFICATION OF RESERVE CAPACITY</b></p> <p>The Chair introduced Mr Johan van Niekerk to present the Market Procedure for Certification of Reserve Capacity.</p> <p>The Working Group discussed the IMO's proposed amendments primarily resulting from recent Rule Change Proposals. Key discussion points were:</p> <ul style="list-style-type: none"> <li>• Step 4.2: Network access assessment – Mr Brendan Clarke requested further clarity on the methodology to be used to split a DSOC. The Chair confirmed that the IMO would consider introducing a step to outline what evidence the IMO might consider.</li> <li>• Step 4.3.3: Testing for dual fuel certification – Mr John Rhodes requested further clarification for testing of Facilities with dual fuel. Mr van Niekerk outlined the process for Working Group members and the Chair noted that the IMO would provide further clarification in the Procedure.</li> </ul> <p>Mrs Jacinda Papps also questioned whether the Chair was aware of whether the Public Utilities Office review of dual fuel incentives had progressed. The Chair noted that the PUO had advised the MAC in 2012 that the issue had not been prioritised and therefore had not progressed.</p> <p>The following amendments were also agreed:</p> <ul style="list-style-type: none"> <li>• General: <ul style="list-style-type: none"> <li>i) review the consistency of version names in version history;</li> <li>ii) insert version number in the footer for ease of reference;</li> <li>iii) select the most appropriate term to represent 'partial approval' or 'approval of a lower level' of capacity and ensure consistent terminology is used throughout the Procedure; and</li> <li>iv) amend the word 'wishes' to something more appropriate.</li> </ul> </li> <li>• Table 2: Delete table from the Procedure and replace with reference to the Market Rules to remove unnecessary</li> </ul>	

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	<p>duplication.</p> <ul style="list-style-type: none"> <li>• Step 4.3.4: Amend step to clarify any ambiguity surrounding dual fuel.</li> <li>• Step 4.5.2: Remove blank step.</li> </ul> <p><i>Action Point: The IMO to update the Market Procedure for Certification of Reserve Capacity to reflect the amendments agreed to at the 20 September Working Group meeting and circulate an updated version to Working Group members for review.</i></p>	<b>IMO</b>
<b>5.</b>	<p><b>PC 2013_09: MARKET PROCEDURE FOR RESERVE CAPACITY PERFORMANCE MONITORING</b></p> <p>The Chair introduced Ms Neetika Kapani to present the Market Procedure for Reserve Capacity Performance Monitoring.</p> <p>The Working Group discussed the IMO's proposed amendments primarily resulting from recent Rule Change Proposals. Key discussion points were:</p> <ul style="list-style-type: none"> <li>• Step 2.1.4: Equivalent Planned Outage Hours calculation - Mr John Rhodes and Mrs Papps sought clarification on the calculation and whether the Procedure currently provided a sufficient level of detail to support the Market Rules. The Chair acknowledged that the step could be split to provide further clarity.</li> </ul> <p>The following amendments were also agreed:</p> <ul style="list-style-type: none"> <li>• Table 1: Add term and define 'Reserve Capacity Performance Improvement Report' and remove 'Authorised Officer' as a defined term.</li> <li>• Figure 1: Update to reflect the new process outlined in the Procedure.</li> <li>• Step 2.1.2: IMO to consider whether this step should be restricted to non-DSM Facilities.</li> <li>• Step 2.1.6(b): Insert the words 'Reserve Capacity' to improve clarity.</li> <li>• Step 2.3.1 and 2.3.2: Steps to be combined to improve clarity and flow.</li> <li>• Step 2.4.1 and 2.4.2: Steps to be combined to improve clarity and flow.</li> <li>• Declarations: To be changed to reflect the term 'Authorised Officer' as defined under the Market Rules.</li> <li>• Step 2.5.2: Replace the incorrect reference to clause 4.27.10A of the Market Rules to clause 4.27.10(b).</li> </ul> <p><i>Action Point: The IMO to update the Market Procedure for Reserve Capacity Performance Monitoring to reflect the amendments agreed to at the 20 September Working Group meeting.</i></p>	<b>IMO</b>

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6.	<p data-bbox="316 174 1098 237"><b>PC_2013_04: MARKET PROCEDURE FOR PRUDENTIAL REQUIREMENTS</b></p> <p data-bbox="316 259 1177 322">The Chair introduced Ms Aditi Varma to present the Market Procedure for Prudential Requirements.</p> <p data-bbox="316 344 1177 470">The Working Group discussed the IMO's proposed amendments primarily resulting from recent the Rule Change Proposal RC_2012_23: Prudential Requirements. Key discussion points were:</p> <ul data-bbox="316 492 1177 981" style="list-style-type: none"> <li data-bbox="316 492 1177 694">• Step 2.2.3: Time period used to determine Credit Limits – Mr John Rhodes noted that the time period for historical data used to determine Credit Limits should remain in the Market Rules rather than being moved to the Procedure. Mr Rhodes noted that Synergy would make a submission to this effect through the rule change process.</li> <li data-bbox="316 716 1177 981">• Step 2.2.3: Anticipated Maximum Exposure - Mr William Street noted that it is highly unlikely for a Market Participant to reach the maximum STEM and Non-STEM amounts in the same period, and therefore, the Credit Limit would be set unnecessarily high. Mr Street suggested that the two periods should align to provide a realistic estimate and that Alinta would make a submission to this effect through the rule change process.</li> </ul> <p data-bbox="316 1003 1177 1160">Ms Varma acknowledged Mr Street's concerns and reiterated that the proposed amendments in RC_2012_23 were designed to reflect current practice, with a more substantial review of Prudential Obligations and the settlement process to be undertaken at a later date.</p> <ul data-bbox="316 1182 1177 1348" style="list-style-type: none"> <li data-bbox="316 1182 1177 1348">• Mr Street and Mrs Papps noted that the IMO should consider making more extensive changes to the prudential requirements to ensure that they are appropriate, rather than making the proposed amendments to only reflect current practice.</li> </ul> <p data-bbox="316 1370 1177 1527">Ms Varma noted that the IMO would review the Prudential Obligations as a whole in the future. However, the current rule change is necessary to align the Market Rules to current practice and provide transparency around the current operation of prudential requirements.</p> <ul data-bbox="316 1550 1177 2092" style="list-style-type: none"> <li data-bbox="316 1550 1177 1751">• Step 4.1.1: Acceptable Credit Criteria form – Mr Rhodes noted that the drafting placed the obligation for providing the information on the Market Participant and not the Credit Support provider (e.g. banks) as previously. Ms Varma noted that the Market Participant is the appropriate entity on which to place the obligation.</li> <li data-bbox="316 1774 1177 1975">• Step 4.2.6: Replacement of Credit Support – The Chair noted advice from Dr Steve Gould, received before the meeting, along with Mr Rhodes' comments, that the change from one Business Day to 24 hours is unlikely to be able to be met. Ms Varma agreed that it could be difficult but noted that this requirement is common across financial markets.</li> <li data-bbox="316 1998 1177 2092">• Step 5.1.3: Outstanding Amount – Mr Street questioned if there was some level of guidance around what the IMO considered as a 'reasonable estimate' to allow a Market</li> </ul>	

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	<p>Participant to dispute the 'reasonable estimate'. Ms Varma noted that there was no specificity at this stage but that the IMO was considering different options based on available data. Ms Varma agreed that further detail should be provided in the Market Procedure to improve transparency. Ms Varma added that the prudential report on the Market Participant Interface would also detail the calculation. Mr Street suggested that section 5.1 should be reviewed to ensure that it achieves the intention.</p> <p>The following amendments were also agreed:</p> <ul style="list-style-type: none"> <li>• General: <ul style="list-style-type: none"> <li>i) consideration of the informal comments provided by Alinta not yet included; and</li> <li>ii) amend the word 'wishes' to something more appropriate.</li> </ul> </li> <li>• Step 2.5.1: Step does not currently align with the proposed amendments to clause 2.37.5 in RC_2012_23, as the proposed Amending Rule incorrectly requires the IMO to take into account a Market Participant's "Bilateral Contract sales and purchases payments". The Procedure appropriately refers to "Bilateral Contract sales and purchases quantities".</li> <li>• Step 2.8.1: Clarify the obligation for a Market Participant to notify the IMO where there is a change that would decrease a Market Participant's Credit Limit and whether this is a 'must' or 'may'.</li> <li>• Step 3.4.1: Review consistency of terminology within the step.</li> <li>• Step 3.6.6 and 3.7.5: Steps require clarification as they currently have conflicting obligations, in that each step requires delivery in person and also provides an alternative, which undermines the obligation.</li> <li>• Step 4.2.6: Should refer to Market Rule 3.4.2(b).</li> <li>• Appendix 1: Review appendix to ensure appropriate usage of 'must' and 'may'.</li> </ul> <p><i>Action Points:</i></p> <ul style="list-style-type: none"> <li>• <i>The IMO to review RC_2012_23 for reference to Bilateral Contract sales and purchases payments rather than quantities.</i></li> <li>• <i>The IMO to update the Market Procedure for Prudential Requirements to reflect:</i> <ul style="list-style-type: none"> <li>a) <i>the amendments agreed to at the 20 September 2013 Working Group meeting; and</i></li> <li>b) <i>any changes subsequent to submissions on RC_2012_23, prior to being re-circulated to Working Group members for review.</i></li> </ul> </li> </ul>	<p style="text-align: center;"><b>IMO</b></p> <p style="text-align: center;"><b>IMO</b></p>

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7.	<p><b>MARKET PROCEDURE FOR SETTLEMENTS</b></p> <p>The Chair introduced Mr Sam Beagley to present the Market Procedure for Settlements.</p> <p>The Working Group discussed the IMO's proposed amendments, which are primarily designed to improve the alignment of the Procedure to the IMO's current practice. It also contains minor changes to reflect the treatment of GST from RC_2013_08. Key discussion points were:</p> <ul style="list-style-type: none"> <li>• Mr Michael Frost raised a question around the Market Customer rebate calculation. The invoice currently is missing information to allow Market Participants to calculate the amount of the rebate. This issue is not directly related to the Procedure, however, the IMO agreed to look into the operational issue and discuss further with Mr Frost.</li> <li>• Mr Rhodes clarified that GST is not applicable to Market Fees covering the IMO, System Management and Economic Regulation Authority fees and that this was consistent with the recent Rule Change Proposal (RC_2013_08).</li> </ul> <p>The following amendments were also agreed:</p> <ul style="list-style-type: none"> <li>• Diagram 2.1: substitute 'must' to 'may' in regards to Participants downloading their STEM Invoices.</li> <li>• Step 2.2 Diagram: remove specific days of the week to generalise the application of the step to 'plus two Business Days'.</li> <li>• Steps 3.2.6, 3.3.2, 3.4.1, 3.5.1, 3.6.1, 3.7.1, 3.8.1, 3.9.1 and 3.10.1: repetition of the phrase 'within five Business Days' should be rationalised.</li> <li>• Step 5.3.2: Correction of the formula to remove the (m).</li> <li>• General calculations: standardise formulae in Procedure to better present calculations.</li> </ul> <p><i>Action Points:</i></p> <ul style="list-style-type: none"> <li>• <i>The IMO to review invoicing to ensure issues with respect to the Market Customer rebate are resolved.</i></li> <li>• <i>The IMO to update the Market Procedure for Settlement to reflect the amendments agreed to at the 20 September 2013 Working Group meeting.</i></li> </ul>	<p><b>IMO</b></p> <p><b>IMO</b></p>
8.	<p><b>GENERAL BUSINESS/CLOSE OF MEETING</b></p> <p>No general business was discussed at the meeting.</p> <p>The Chair noted that the details of the next Working Group meeting would be advised at a later date, with one further meeting likely to be held in 2013.</p> <p>The Chair thanked all members for attending and declared the meeting closed at 11:15 am.</p>	