

Independent Market Operator

IMO PROCEDURE CHANGE AND DEVELOPMENT GROUP

Minutes

Meeting No.	3
Location:	IMO Board Room Level 3, Governor Stirling Building, 197 St Georges Terrace, Perth
Date:	Wednesday 25 March 2009
Time:	Commencing at 10.00am to 12:00pm

Attendees		
Jacinda Papps	IMO	Chair
John Rhodes	Synergy	Synergy Representative
Alistair Butcher	System Management	System Management Representative
Steve Gould	Landfill Gas and Power	Industry Representative
Fiona Edmonds	IMO	Minutes
Arianwyn Lowe	IMO	Presenter
Ben Williams	IMO	Presenter

Apologies		
Bill Truscott	Alinta	Industry Representative
Yin Heng	Perth Energy	Industry Representative
Andrew Everett	Verve Energy	Verve Energy Representative

Item	Subject	Action
1.	WELCOME AND APOLOGIES / ATTENDANCE Noted apologies from Yin Heng, Bill Truscott, and Andrew Everett.	Chair

Item	Subject	Action
2.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of the Independent Market Operator (IMO) Procedure Change and Development Working Group (Working Group) Meeting 2, held on 18 April 2008, were circulated prior to this meeting.</p> <p>Although there was only one member present who attended the previous meeting, members agreed to adopt the minutes of Meeting 2 as a true and correct record of the meeting.</p>	Chair
3.	<p>WORKING GROUP TERMS OF REFERENCE</p> <p>One member suggested that the Terms of Reference (ToR), as currently drafted, are very Market Advisory Committee (MAC) specific and consequently suggested that maybe the Chair could have the power to agree to procedure changes in order to reduce administrative burden.</p> <p>The Chair noted that MR2.3.1 currently mandates the role of the MAC with one of its tasks to “advise the IMO and System Management regarding Procedure Change Proposals”. However, it was also noted that the IMO is looking at reviewing the operation of the MAC and the associated working groups as part of CP_2009_03, Market Advisory Committee Constitution and Operating Practices. It is intended that this paper will be presented to the April MAC meeting.</p> <p>It was agreed that no further changes to the ToR were necessary at this point.</p>	Chair
4.	<p>MARKET PROCEDURE FOR REGISTRATION AND DE-REGISTRATION OF RULE PARTICIPANTS</p> <p>The IMO noted that it is currently in breach of MR2.31.23(a) as the current Registration Market Procedure does not include details on the process for de-registration as a Rule Participant in a particular class. The IMO noted that it has lodged this as a compliance breach. Therefore the proposed changes are to ensure compliance with the Market Rules and to also improve the overall integrity of the Market Procedure.</p> <p>The IMO stepped the Working Group through the proposed amendments, in particular noting:</p> <p>Section 1.5: The IMO is currently investigating the status of the ERA as a class of Rule Participant under MR2.28.1. Further amendments to the procedure will be made in light of any potential changes to the Market Rules.</p> <p>Table 1-1: The IMO agreed to amend the step to read “South West Interconnected System <u>interconnected system</u>” for consistency with the Electricity Act. The IMO also agreed to look into whether MR2.28.16 should be referring to an “entity” rather than a “person”.</p> <p>Section 1.6.2: It was questioned whether the statement that “the applicant will need to” is correct with respect to this clause as</p>	IMO (presented by Arianwyn Lowe)

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	<p>section 1.6.3 suggests that this is optional. The IMO agreed to clarify whether the applicant “will” or “may” need to enter into an agreement for the IMO to issue Recipient Created Tax Invoices and amend appropriately.</p> <p>Section 1.7.12: As currently stated it is unclear what System Management is responding to within five days. In addition, if the applicant was for a Network Operator class then the IMO would not be able to comply with MR2.31.10 (c). The IMO agreed to investigate and advise the Working Group of the outcome.</p> <p>Section 1.10: The IMO agreed to replace “capacity credits” with “Capacity Credits” as this is a defined term in the Market Rules.</p> <p>Section 1.12.2: The IMO agreed to amend “registration” with “de-registration” to correct this typographic error.</p> <p>It was noted, and the IMO agreed, that the Working Group would prefer to receive amended procedures for consideration using the underlined/strikethrough form as tracking for clarity. It was also agreed that the IMO would circulate both clean and tracked procedures.</p>	
5.	<p>MARKET PROCEDURE FOR RESERVE CAPACITY SECURITY</p> <p>The IMO noted that it is currently in breach of MR4.13.8 as there is no approved Market Procedure which deals with these required processes. The IMO noted that it has already lodged this as a compliance breach. The proposed new procedure will ensure compliance with the Market Rules.</p> <p>The IMO stepped the Working Group through the proposed Market procedure, in particular noting:</p> <p>Section 1.4.3 (d): The IMO agreed to amend this to read “Other matters relating to clause 4.13.3 and <u>through to</u> 4.13.7.”</p> <p>Section 1.6.1: The IMO agreed to amend this to read “<u>Relevant relevant</u> Market Participant”.</p> <p>Section 1.6.9 - 1.6.16: It was questioned whether this section on notices is necessary given that the IMO has a Notices and Communications Procedure in place. It was noted that the Notices and Communications Procedure (as a generic procedure) may not have the required detail, however, the IMO agreed to investigate and amend the new Market Procedure if necessary.</p> <p>Section 1.7.2: It was questioned whether we should be also listing cash in this step. It was noted that cash will only be accepted on special circumstances. The IMO agreed to look at whether this could be better clarified.</p> <p>Section 1.7.4: The IMO agreed to amend this to read “in person <u>or by courier</u>”.</p> <p>Section 1.7.5: The IMO agreed to review this clause to ensure that it is clear.</p>	<p style="text-align: center;">IMO (presented by Ben Williams)</p>

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	<p>Section 1.7.7: The IMO agreed to review the statement “the Market Participant should ensure they are provided with a receipt” as it was the Working Group’s opinion that the onus should be on the IMO doing this.</p> <p>Section 1.8: The IMO agreed to include a note that the step to be followed for guarantees is outlined in section 1.9.</p> <p>Section 1.8.1: The IMO agreed to amend “must” to “may”.</p> <p>Section 1.8.3: The IMO agreed to amend this step to note “<u>is in the form approved by the IMO from time to time, and published on its website as the pro-forma document</u>”. This is as it is currently unclear how this is determined by the IMO.</p> <p>Section 1.8.5: As with section 1.7.7, the IMO agreed to look further at the statement that the Market Participant “should ensure” they are provided with a receipt as the emphasis should be on the IMO doing this.</p> <p>Section 1.8.7: The IMO agreed to amend this to read “...Security, it is the obligation of the Market Participant to the <u>Market Participant must contact...</u>” for consistency with the language used elsewhere in the Market Procedure.</p> <p>Section 1.8.8: The IMO agreed to remove this section as it is redundant.</p> <p>Section 1.9.1: The IMO agreed to amend “must” to “may”.</p> <p>Section 1.9.3: The IMO agreed to amend this to read “<u>is in the form approved by the IMO from time to time, and published on its website as the pro-forma document</u>”. This is as it is currently unclear how this is determined by the IMO.</p> <p>Section 1.9.5: The IMO agreed to look further at the statement that the Market Participant should ensure they are provided with a receipt as the emphasis should be on the IMO doing this.</p> <p>Section 1.9.7: The IMO agreed to amend this to read “...Security, it is the obligation of the Market Participant to the <u>Market Participant must contact...</u>” for consistency with the language used elsewhere in the Market Procedure.</p> <p>Section 1.9.8: The IMO agreed to remove this section as it is redundant.</p> <p>Section 1.11.2: The IMO agreed to amend “must” to “may”.</p> <p>Section 1.11.4: The IMO agreed to amend this step to note “<u>is in the form approved by the IMO from time to time, and published on its website as the pro-forma document</u>”. This is as it is currently unclear how this is determined by the IMO.</p> <p>Section 1.11.6: The IMO agreed to look further at the statement that the Market Participant should ensure they are provided with a receipt as the emphasis should be on the IMO doing this.</p>	

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	<p>Section 1.11.8: The IMO agreed to amend this to read “...Security, it is the obligation of the Market Participant to the Market Participant must contact...” for consistency with the language used elsewhere in the Market Procedure.</p> <p>Section 1.11.9: The IMO agreed to remove this section as it is redundant.</p> <p>Section 1.11.13: The IMO agreed to amend the statement “... Participant with <u>the</u> IMO’s nominated...”, and replace “...form” with “...from”.</p> <p>Section 1.11.14: The IMO agreed to amend this to read “...made to their <u>nominated</u>...” to remove any ambiguity.</p> <p>Section 1.12: A member noted that this section is quite prescriptive. The IMO noted that the IMO internal procedure was even more so with regards to needing Board approval at various stages. It was noted that this section needs to remain largely as it is in order for the IMO to comply with its internal procedure.</p> <p>Section 1.12.2: The IMO agreed to investigate whether the word “obligation” is the correct word to use and amend the procedure if necessary.</p> <p>Section 1.12.5: The IMO agreed to look further at the statement that the Market Participant should ensure they are provided with a receipt as the emphasis should be on the IMO doing this.</p> <p>Section 1.12.7: The IMO noted that this clause should have been deleted.</p> <p>Section 1.12.8. The IMO agreed amend “nominated exchange date” to read “Nominated Exchange Date”. The IMO also agreed to look at amending this step to include details relating to electronic transfer.</p> <p>Section 1.13: The IMO agreed to review and amend as appropriate this section in light of the agreed changes for section 1.7.</p> <p>Section 1.13.6: The IMO agreed to amend “Market Procedure 1.7” to read “step 1.7”</p> <p>Section 1.14: The Working Group questioned the use of the word “reputable” and suggested that “acceptable” would be more appropriate. The IMO agreed to make this amendment. Additionally, the IMO to consider including a step which outlined the criteria for what determines an “acceptable” firm of solicitors.</p> <p>Section 1.14.1: The IMO agreed to amend “Market Procedure 1.14” to read “step 1.14”.</p> <p>Section 1.14.4: The IMO agreed to review the wording of this step and to amend the step to read “on the Business Day following the Business Day <u>on the next Business Day</u> on which...”.</p>	

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	<p>Section 1.14.5: The IMO agreed to amend this to read “...these <u>the steps in this Market Procedures...</u>”</p> <p>Section 1.14.6: The IMO agreed to review whether this has occurred in the past and advise the Working Group of the outcomes of its investigation.</p> <p>Section 1.16.3: The IMO agreed to amend this to read “...co-signed <u>by</u> the appropriately...”.</p> <p>Section 1.16.4: The IMO agreed to amend this to read “...its internal <u>business handling</u> procedures.” for consistency with section 1.15.</p> <p>Section 1.17.2: The IMO agreed to amend this to read “... for the <u>exchange transaction</u>” .</p> <p>Section 1.17.3: The IMO agreed to amend this to read “...both representatives (<u>the IMO and Market Participant</u>)...”.</p> <p>A member noted that the steps contained in this Market Procedure are reasonably specific and prescriptive with respect to the level of documentation required. In particular it was queried whether the IMO could utilise an electronic funds transfer for returning cash deposits. The IMO responded that this was current practice and that it would look into including these details in the Market Procedure.</p>	
6.	<p>MARKET PROCEDURE FOR CERTIFICATION OF RESERVE CAPACITY</p> <p>A member noted that the commencement date for the procedures should not be amended as the procedure still commenced on the date approved by the Minister for Energy. The version history will reflect when the amendments were made. The IMO agreed to clarify this further and amend the Market Procedures accordingly.</p> <p>The IMO stepped the Working Group through the proposed Market procedure, in particular noting:</p> <p>Section 1.5.8: It was questioned whether the screen shot was of an applicant’s screen or was a generic screen. The IMO agreed to check this and amend the screen shot if it is of an applicant’s screen.</p> <p>Section 1.7.13 and Section 1.10.3(d): The Working Group noted that there may be further changes to this clause required in light of the DSM Rule Change (RC_2008_20) which has changed the aggregation of curtailable loads. The IMO agreed to review the whole procedure in light of the DSM rule change and amend accordingly. The IMO noted that there are timing considerations due to the staggered implementation of some of the rules. The IMO agreed to investigate whether a similar option of putting changes to the procedure with a future commencement date in a text box to indicate this change will be occurring in the future once the rule change commences.</p> <p>Appendix A: The IMO agreed to include details in the first</p>	<p style="text-align: center;">IMO (presented by Ben Williams)</p>

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	<p>paragraph to clarify that this is an annual process.</p> <p>Appendix A- Financing: The IMO agreed to amend the appendix to read "To verify <u>permit verification of...</u>".</p> <p>Appendix A- Temperature Dependence: The Working Group questioned whether the 0.1 degree intervals were practicable and recommended that the IMO consult with generators before making this change. The IMO noted that this number has been base on industry estimates and agreed to consult with generators before the procedure is submitted. The IMO also agreed to clarify who is an acceptable independent engineering firm.</p> <p>Appendix A- Environmental Approval: The IMO agreed to amend the appendix to read "...made to the Environmental Protection authority <u>relevant Government Agencies (Environmental Protection Authority, the Department of Environment and Conservation and the Department of the Environment and Heritage); or</u>"</p> <p>Appendix A- Generator Capacity: The Working Group expressed concerns that a power factor of 0.8 was extreme for generators. The IMO noted that it is going to be getting an engineer's report to review this before it progresses the procedure change (and will get further advice on the temperature dependence curves in 0.1 degree intervals at the same time).</p>	
7.	<p>MARKET PROCEDURE FOR DECLARATION OF BILATERAL TRADES AND THE RESERVE CAPACITY CYCLE</p> <p>The IMO noted that the proposed updates are in accordance with RC_2009_07 which notes that the IMO will update the Market Procedure for Declaration of Bilateral Trades and the Reserve Capacity Cycle to reflect the introduction of the concept of committed status for a facility.</p> <p>The IMO stepped the Working Group through the proposed Market procedure, in particular noting:</p> <p>Section 1.6.2(b): The IMO agreed to reword this paragraph to improve its clarity.</p>	<p style="text-align: center;">IMO (presented by Ben Williams)</p>
8.	<p>NEXT MEETING</p> <p>TBA</p>	
9.	<p>CLOSED</p> <p>The chair declared the meeting closed at 11.45am.</p>	<p style="text-align: center;">Chair</p>