

Independent Market Operator

IMO PROCEDURE CHANGE AND DEVELOPMENT GROUP

Minutes

Meeting No.	7
Location:	IMO Board Room Level 3, Governor Stirling Building, 197 St Georges Terrace, Perth
Date:	Tuesday 26 October 2010
Time:	Commencing at 3:00 to 3:50pm

Attendees		
Jacinda Papps	Independent Market Operator (IMO)	Chair
Steve Gould	Landfill Gas & Power (LGP)	Industry Representative
Grace Tan	System Management	System Management Representative
John Rhodes	Synergy	Synergy Representative
Andrew Everett	Verve Energy	Verve Energy Representative
Michael Frost	Perth Energy	Industry Representative
Fiona Edmonds	IMO	Presenter
Greg Ruthven	IMO	Presenter (3:10 - 3:35pm)
Barbara Sole	IMO	Presenter (3:40 – 3:45 pm)
Shannon Turner	IMO	Minutes

Apologies		
Corey Dykstra	Alinta	Industry Representative

Item	Subject	Action
1.	<p>WELCOME AND APOLOGIES / ATTENDANCE</p> <p>The Chair opened the 7th meeting of the IMO Procedure Change and Development Working Group (Working Group) at 3:00pm</p> <p>As apology was received from Corey Dykstra.</p> <p>It was noted that Andrew Everett will now be the formal member for Verve Energy. The IMO to confirm that this amendment has been made.</p> <p><i>Action Point: The IMO to confirm Andrew Everett as the Verve Energy member for the Working Group.</i></p> <p>The Chair noted Mr Greg Ruthven and Ms Barbara Sole would be attending the meeting as the presenters and subject matter experts for the Procedure Change Proposals.</p>	IMO
2.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes from Meeting 6 of the Working Group, held on 28 July 2010, were circulated prior to this meeting.</p> <p>The minutes were accepted by Working Group members as a true and accurate record of the previous meeting.</p> <p>The Chair suggested that when there are long breaks between Working Groups, the minutes be ratified by email.</p> <p><i>Action Point: When there is a long break between Working Group meetings, the minutes are to be ratified by email.</i></p>	IMO
3.	<p>ACTIONS ARISING</p> <p>The actions arising were either complete or on the meeting agenda. The following exceptions were noted:</p> <p>Market Procedure for Supplementary Reserve Capacity (SRC):</p> <ul style="list-style-type: none"> • Item 77: The IMO to consider whether it would be appropriate to provide Working Group Members with a copy of the standard form contract for SRC. <p>The IMO noted that a copy of the IMO's standard form SRC contract was included as an appendix to Agenda Item 4.</p> <ul style="list-style-type: none"> • Item 80: The IMO to identify which Market Procedures can be amended to the new shorter condensed version and provide to Working Group members for consideration. <p>The IMO is currently considering which Market Procedures can be amended to the new shorter, condensed version.</p> <ul style="list-style-type: none"> • Item 87: The IMO to undertake a thorough review of description provided in Appendix A (particularly in the "Proposed Monitoring" column). 	

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	<p>The IMO considers that the descriptions of the IMO's process for monitoring compliance with the Market Rules are adequate and do not require additional review.</p> <ul style="list-style-type: none"> • Item 100: The IMO to consider implementing a process where notices are issued as warnings to Rule Participants. <p>The IMO has determined to not implement a process of issuing notices as warning to Rule Participants as this would require updates to the Market Rules and is inconsistent with the IMO's current monitoring process.</p> <ul style="list-style-type: none"> • Item 114: The IMO to provide an out of session clarification to Working Group members regarding whether the Procedure Change Submission form must be used, and whether not using the form would invalidate submissions. <p>The IMO considers that the Market Rules were previously unclear as to whether procedure change submissions must be made using the prescribed form. The IMO incorporated a clarification to the recent fast track proposal (RC_2010_26) to clarify that submissions can be made either using the submission form or via an alternative method.</p>	
4	<p>PC_2010_12: MARKET PROCEDURE FOR SUPPLEMENTARY RESERVE CAPACITY (SRC) (new market procedure)</p> <p>The Chair noted that this will be the last time the Working Group will see this procedure as the IMO intends to submit this Procedure into the process following this meeting. The Chair also noted that the Market Rules around SRC are out of scope for this review and that the Working Group's responsibility is to confirm whether the procedure is consistent with the Market Rules (as they stand).</p> <p>The Chair also noted two new rule changes relating to the SRC provisions, from the most recent Market Advisory Committee meeting, are imminent, these are:</p> <ul style="list-style-type: none"> • Allowing the IMO to use the most recent forecasts in its assessment of whether SRC is required; and • Developing an annual consolidated fund to hold Capacity Cost Refunds to use to pay for SRC in the first instance (should it be required). <p>Mr Ruthven outlined the updates that had been made to the Market Procedure since it was last presented to the Working Group. Specifically, Mr Ruthven noted the previous concerns around the Maximum Contract Value and that the IMO has separately defined the Maximum Contract Value for generation and Load reduction facilities in the latest draft. Mr Ruthven then invited discussion on the proposed Market Procedure.</p> <ul style="list-style-type: none"> • Step 2.1.1(a): Mr Andrew Everett commented that there should be more clarity of how the IMO would predict plant outages and questioned whether there would be value in linking it to the MT PASA. 	

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	<p>There was discussion around the timeframes for both the ST and MT PASA studies. It was noted that these are three weeks and three months respectively. The Chair also noted that the IMO receives ex-post outage information.</p> <p>It was agreed that the IMO would include a reference to the MT PASA in step 2.1.1(a) of the market Procedure.</p> <ul style="list-style-type: none"> • Step 2.2.2: Mr Michael Frost queried how the IMO would decide whether to call for tenders or negotiate directly with potential suppliers of SRC. The Chair noted that this is an either/or choice and that if one fails the Market Rules prohibit the IMO from utilising the other option. <p>It was agreed that the IMO would investigate how it would make the decision to either call for tenders or negotiate directly with potential suppliers of SRC and note the outcomes of its investigation in the Procedure Change Proposal.</p> <p><i>Action Point: The IMO to consider how it makes the decision to either call for tenders or negotiate directly with potential suppliers of SRC and note the outcomes of its investigation in the Procedure Change Proposal.</i></p> <ul style="list-style-type: none"> • Steps 2.4.7 and 2.5.3: Mr Everett noted that step 2.5.3 allows the IMO to accept or reject any proposals for the acquisition of SRC via direct negotiation and that this ability should be mirrored in the tender process. <p>The Chair noted that the Market Rules allow this. The IMO to update the Market Procedure to accept or reject any proposals for the acquisition of SRC via tender.</p> <p>Mr John Rhodes raised the following typographical points:</p> <ul style="list-style-type: none"> • Step 2.4.3(j) iii: The IMO to check the Market Rule reference in this step and amend if required; • Step: 2.4.3(j) iv multiply: the formula by “t” not 100, making it similar to the equation step 2.3.1; • Step 2.4.6(b): amend the reference to 2.4.3(d); • Step 2.4.6: It was noted that the semicolon in the formula makes the equation unclear and should be removed; and • Step 2.6.2(f) the Market Rule references should be 4.24.16 and 4.24.17. <p>Mr Rhodes further noted that the Market Rules use price as a \$ per activation hour and that in the Market Procedure it is price as a \$ per MWh. Mr Rhodes noted that these are different concepts and that he considered that the Market Procedure is correct</p> <p>Mr Rhodes applauded the IMO for separately defining the Maximum Contract Value for generation and Load reduction facilities in the Market Procedure, but queried the use of VoLL as</p>	

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	<p>a point of reference. Mr Rhodes suggested the IMO consider referencing the Reserve Capacity price instead. It was noted that this is a local value and would therefore be more appropriate to use. Mr Ruthven agreed that the Reserve capacity price is a local price, but noted that it is a reference based on constructing a generation facility rather than losing a load.</p> <p>Mr Gould mirrored Mr Rhodes' comments and further suggested that this could be an incentive attached to the value of Capacity Credits.</p> <ul style="list-style-type: none"> • Step 1.6.1: Mr Gould noted that the second sentence in 1.6.1 could be a standalone point. The IMO agreed. • Step 2.7.2: Mr Gould questioned this step, which noted that the IMO will not provide either the activation or the availability price for any Eligible Service to System Management. Mr Gould queried how System management would be able to economically dispatch these facilities in the absence of such information. The Chair clarified that an SRC Dispatch Merit Order (DMO) would be provided, noting that the normal DMO would not be able to be utilised as it is not a requirement for SRC Facilities to be registered participants. • Step 2.9.1: Mr Gould queried whether the review anticipated in this step should be wider than just the SRC provisions in section 4.24 of the Market Rules. The Chair noted that this clause in the Market Rules was an outworking of the SRC Working Group. The IMO to review the SRC Working Group's minutes to ascertain the intent of this review. <p><i>Action point: The IMO to review the SRC Working Group's minutes to ascertain the intent of the review outlined in clause 4.24.19 of the Market Rules.</i></p> <p><i>Action Point: The IMO to make the agreed changes to the SRC Market Procedure and submit the amended Market Procedure into the formal Procedure Change Process.</i></p> <p>The IMO Procedures Working Group then reviewed the Standard Form contract. The following comments and amendments were suggested:</p> <ul style="list-style-type: none"> • The IMO to change the address of the IMO to its current premises; • Clause 9.3: Mr Rhodes noted that the acronym AP was used in this clause and AVP and P_{av} had been used elsewhere. The IMO to review all acronyms used and ensure that these are consistent. <p><i>Action Point: The IMO to review all acronyms used in the SRC Standard Form Contract and the SRC Market Procedure and ensure that these are consistent.</i></p> <p>Clause 9.3: Mr Everett noted that the definition for FS should be the number of Trading Intervals in the day that the Supplier <u>did not</u> provide the Service.</p>	<p style="text-align: center;">IMO</p> <p style="text-align: center;">IMO</p> <p style="text-align: center;">IMO</p>

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5	<p>PC_2010_07: MARKET PROCEDURE FOR WEB SITE CHANGES</p> <p>The Chair asked to move Agenda Item 6 forward.</p> <p>Ms Fiona Edmonds noted that the Market Procedure had been updated by the IMO to:</p> <ul style="list-style-type: none"> • Reflect the new format; • Expand the associated market documents section to include the list of confidentiality status document; and • Note the process where System Management has not been delegated the authority to directly post information or documents on the Market Web Site. <p>The Working Group supported the progression of the Procedure Change Proposal.</p> <p><i>Action point: The IMO to formally submit the Market Procedure for Web Site changes into the Procedure Change Process.</i></p>	<p style="text-align: center;">IMO</p>
6	<p>PC_2010_03: MONITORING PROTOCOL</p> <p>The Chair noted that the Market Procedure presented was a concise version, which is now no longer a direct copy of the Market Rules. Ms Barbara Sole noted that most of the information was included in a table at the end of the Market Procedure.</p> <ul style="list-style-type: none"> • Step 1.1.2: The IMO to update the reference to the latest version of the Market Rules that are available; • Step 1.5.1 (a): The IMO to remove this sub step as it replicates the information in the main step; and • Step 1.5.2: Mr Gould noted that this step could be further refined. Ms Sole agreed to remove “For the avoidance of doubt”. <p>Ms Tan wanted to note that the monitoring description for Market Rule 7.10.3 (outlined in appendix A of the Market Procedure) may need to be updated following the amendments to System Management’s Monitoring and Reporting PSOP (to allow for tolerances in System Management’s compliance reporting).</p> <p>The Working Group supported the progression of the Procedure Change Proposal.</p> <p><i>Action point: The IMO to update the Monitoring Protocol, as agreed by the Working Group and formally submit it into the Procedure Change Process.</i></p>	<p style="text-align: center;">IMO</p>
6	<p>GENERAL BUSINESS</p> <p>There was no general business.</p>	

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7	<p>NEXT MEETING</p> <p>The Chair noted that there had been times proposed for the next two meetings in November and January but that the IMO may look to re-schedule the November meeting to the second week of December.</p>	
8	<p>CLOSED</p> <p>The Chair thanked all members for attending and declared the meeting closed at 3:50pm.</p>	