

Independent Market Operator IMO Procedure Change and Development Working Group

Minutes

Meeting No.	9
Location:	IMO Boardroom Level 3, 197 St Georges Terrace, Perth
Date:	Monday 28 March 2011
Time:	Commencing at 3.00pm – 5.00pm

Attendees		
Jacinda Papps	Independent Market Operator (IMO)	Chair
Fiona Edmonds	IMO	IMO/Presenter
Steve Gould	Landfill Gas & Power (LGP)	Industry Representative
Adam Lourey	Alinta	Industry Representative
Grace Tan	System Management	System Management
John Rhodes	Synergy	Synergy
Andrew Everett	Verve Energy	Verve Energy
John Nguyen	IMO	Presenter
Johan van Niekerk	IMO	Presenter
Greg Ruthven	IMO	Presenter
Courtney Roberts	IMO	Minutes
Additional Attendees		
Geoff Down	Water Corporation	DSM Representative
Rob Rohrlach	Energy Response	DSM Representative
Pablo Campillos	EnerNOC	DSM Representative
Apologies		
Michael Frost	Perth Energy	Industry Representative

Item	Subject	Action
1.	<p>WELCOME AND APOLOGIES / ATTENDANCE</p> <p>The Chair opened the 9th meeting of the IMO Procedure Change and Development Working Group (Working Group) at 3:05pm.</p> <p>The Chair welcomed the DSM representatives that could make it to this meeting and noted an apology received from Michael Frost prior to the meeting.</p> <p>It was noted that this was the last meeting that the Chair would be attending before taking Parental Leave. The Chair introduced</p>	

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	Mr Alasdair Macdonald and advised members that he will be replacing Mrs Jacinda Papps as Chair of the IMO Procedure and Development Working Group.	
2.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes from Meeting 8 of the Working Group, held on 2 February 2011, were circulated for comment in February 2011.</p> <p>The minutes were accepted by Working Group members as a true and accurate record of the previous meeting.</p> <p><i>Action Point: The IMO to publish the minutes of Meeting No.8 on the website as final.</i></p>	IMO
3.	<p>ACTIONS ARISING</p> <p>The Chair invited Ms Fiona Edmonds to give an update on the Action Points. The following points were noted:</p> <ul style="list-style-type: none"> • Item 115: The IMO has made some amendments to step 4.7 of the Market Procedure for Data and Interface Requirements, which will be outlined in the Procedure Change Proposal when formally submitted. • Item 116: The Market Procedure for Data and Interface Requirements has been updated to reflect amendments agreed at the last Working Group meeting. The IMO noted that Verve Energy had questioned how the updates to the Market Procedure will fit in with the potential changes resulting from the Market Evolution Program (MEP). It was noted that Market Procedure may need to be amended again following completion of the MEP, however the IMO considers that it is appropriate that the current Market Procedure change progress now as any amendments arising from the MEP are likely to be some time away. • Item 120: The IMO and System Management are meeting to discuss the Market Procedure for undertaking the LT PASA on 29 March 2011. • Item 124: The Chair noted that this proposal to revoke the Market Procedure for Procurement of Network Control Services in its entirety had been formally submitted today. 	
4.	<p>MARKET PROCEDURE FOR RESERVE CAPACITY SECURITY</p> <p>The Chair invited Mr Johan van Niekerk to give an overview on the Market Procedure. Mr van Niekerk outlined the Market Procedure, handing out proposed new drafting for step 2.6.5 as well as a worked example, and invited any comments/questions from Working Group members.</p> <p>Mr John Rhodes questioned whether 'significant maintenance' should be defined in the Market Procedure. The Chair noted that the IMO had investigated this when preparing RC_2010_12 but did not pursue.</p> <p>Ms Grace Tan noted that the term was defined in System</p>	

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	<p>Management's Commissioning and Testing PSOP but the Chair advised that the same definition could not be applied in the IMO's procedures due to the way that System Management had defined it.. Mr Andrew Everett also questioned whether the IMO had a definition of 'upgrade'.</p> <p><i>Action Point: The IMO to consider including a definition of 'Significant Maintenance' and 'upgrade' in the Reserve Capacity Security Market Procedure.</i></p> <p>Mr Rob Rohrlach sought clarification on how the term 'Commercial Operation' (referred to in steps 1.5.1 and 2.6.4) applies to DSM participants. Mr Rohrlach suggested including a clearer definition for DSM. Ms Edmonds agreed that the Market Procedure will need a mechanism for DSM, i.e. an affidavit or copies of contracts. In response to a query from Mr Rohrlach, Ms Edmonds noted that there is currently no requirement for DSP's to undertake a drop test to ascertain whether it is in Commercial Operation. There was a suggestion that the term 'technical Documents' (used in step 2.6.4(b)) could be expanded.</p> <p><i>Action Point: The IMO to consider expanding the definition of 'technical documents' (used in step 2.6.4(b)) to clarify how the term Commercial Operation could apply to DSM participants.</i></p>	<p>IMO</p>
	<p>Mr Rhodes noted that the flowchart needed to be updated to reflect that there is no step 2.9.</p> <p><i>Action Point: The IMO to update the flowchart to reflect correct numbering of steps.</i></p>	<p>IMO</p>
	<p>Mr Everett questioned the term "extraordinary circumstances" in step 2.3.3.</p> <p><i>Action Point: The IMO to review the term "extraordinary circumstances" in step 2.3.3.</i></p>	<p>IMO</p>
	<p>In response to a question from Mr Rhodes, the IMO agreed to consider adding rule references to the appropriate steps, where applicable.</p> <p><i>Action Point: The IMO to consider including rule references to the appropriate steps, where applicable.</i></p>	<p>IMO</p>
	<p><i>Action Point: The IMO to consider whether step 2.1.2 is necessary.</i></p>	<p>IMO</p>
	<p>Mr Steve Gould questioned whether steps 2.1.3 and 2.3.1 could be combined. Ms Edmonds agreed to remove step 2.1.3 and incorporate it into step 2.3.1.</p> <p><i>Action Point: The IMO to remove step 2.1.3 and incorporate it into step 2.3.1.</i></p>	<p>IMO</p>
	<p>Mr Gould also suggested deleting step 2.6.1(b) as this is repeated in step 2.6.4. Ms Edmonds noted that both steps needed to be retained, however, it was agreed that the IMO would review the wording in step 2.6.1(b) and consider reversing</p>	

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	<p>the order of sub-steps (a) and (b).</p> <p><i>Action Point: The IMO to review the wording in step 2.6.1(b) and consider reversing the order of sub-steps (a) and (b).</i></p> <p>The Working Group reviewed the alternate drafting to step 2.6.5 of the Market Procedure and the updates to the proposed Amending Rules for RC_2010_12 tabled by the IMO at the meeting. The Chair requested comments on these additional documents within 2 weeks of the meeting.</p> <p><i>Action Point: Working Group members to provide any comments on the two handouts to the IMO by 11 April 2011.</i></p> <p>In response to a query from Mr Rhodes, Ms Edmonds clarified that in order to get Reserve Capacity Security released during the year, a participant will need to operate at a level which is equivalent of its Required Level, adjusted to 100% of its Capacity Credits assigned. Ms Edmonds also noted that a participant will not get its Reserve Capacity Security released during the year upon provision of an expert report.</p> <p>A member questioned whether step 2.8.1 should refer to both steps 2.6.1 and 2.6.7. The IMO agreed to review. Additional it was questioned whether step 2.8.1 should refer to “funding Supplementary Capacity Contracts” or “funding supplementary reserve capacity”. It was noted that supplementary reserve capacity is not a defined term in the Market Rules.</p> <p><i>Action Point: The IMO to review whether step 2.8.1 should refer to both steps 2.6.1 and 2.6.7.</i></p> <p>Mr Rohrlach questions whether all major banks will be included on the list in Step A3.1, noting that it is difficult to get a credit providers solicitor to sign the Acceptable Credit Criteria form. Ms Edmonds referred the Working Group to RC_2010_36: Acceptable Credit Criteria and noted that the process outlined in this rule change is necessary or else the market will be exposed to a high level of risk.</p> <p>Mr Rhodes noted a concern with the 1 Business Day notice outlined in step A3.3. Mr Rhodes noted that the Market Rules require a participant to provide replacement security and this is near impossible to do so within the timeframes proposed. Mr Gould and Mr Lourey agreed with Mr Rhodes. Mr Rhodes considered that there needed to be increased notice period outlined in step A3.3. Ms Edmonds reiterated the risk to the market associated with an entity not providing replacement security.</p> <p><i>Action Point: The IMO to consider reviewing the notice period in step A3.3.</i></p> <p>Mr Rhodes noted that other Market Participants may rely on the list of entities that meet the Acceptable Credit Criteria (published on the IMO website) and may be unaware of the tenure for specific entities. Mr Rhodes suggested that the IMO include the expiry dates in the list.</p>	<p>IMO</p> <p>Members</p> <p>IMO</p> <p>IMO</p>

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	<p>Mr Rhodes requested that the IMO review the term 'reputable firm of solicitors' in step A3.6.</p> <p><i>Action Point: The IMO to review the term 'reputable firm of solicitors' in step A3.6.</i></p> <p>Mr Gould mentioned that the appendices are more general in nature and could perhaps be guidelines as opposed to being part of the specific Market Procedure. The IMO noted that it would need to review and consider whether the guidelines would be legally enforceable.</p> <p><i>Action Point: The IMO to assess whether the appendices of the Reserve Capacity Security Market Procedure could be presented as guidelines rather than part of the Market Procedure. In undertaking this assessment the IMO to consider whether the guidelines would be legally enforceable.</i></p>	<p>IMO</p> <p>IMO</p>
<p>5.</p>	<p>MARKET PROCEDURE FOR REGISTRATION OF DEMAND SIDE PROGRAMMES AND THE ASSOCIATION OF NON DISPATCHABLE LOADS (TRANSITIONAL ARRANGEMENTS)</p> <p>Ms Edmonds explained the reason for the transitional Market Procedure and Mr John Nguyen provided an overview of the Market Procedure. Mr Nguyen outlined the Market Procedure and invited any comments/questions from Working Group members.</p> <p>The Chair advised the Working Group that due to tight timeframes on RC_2010_29 (Curtailed Loads and Demand Side Programmes) the IMO requested out of session comments on this proposed Market Procedure by 4 April 2011.</p> <p>The Chair noted that the Market Procedure will be updated to reflect correct website URLs in steps 2.1.5, 2.2.3 and 2.3.2.</p> <p><i>Action Point: The IMO to update the Market Procedure to reflect correct website URLs in steps 2.1.5, 2.2.3 and 2.3.2.</i></p> <p>In response to a question from Mr Rohrlach Ms Edmonds explained that an NDL can only be associated with one DSP at a time.</p> <p>In response to a question from Mr Rohrlach Ms Edmonds clarified that facilities registering prior to 1 October 2011 (not under the transitional arrangements) will have to operate under the current rules.</p> <p>Mr Geoff Down questioned whether a DSP can be split if it is currently linked to an existing DSP. Mr Nguyen informed the Working Group that this can be done, however, participants will need to notify the IMO of their intentions during the transitional period. .</p> <p>Mr Pablo Campillos questioned that whether an applicant, who is the owner of the Curtailed Load, would need to provide the IMO with evidence of a contract with themselves. Ms Edmonds responded that the IMO will need to be notified that of the owner</p>	<p>IMO</p>

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	<p>but this is something the IMO should take into account.</p> <p>The Chair advises the Working Group to review this Market Procedure in detail and discuss with operational staff if necessary and respond to the IMO within one week.</p> <p><i>Action Point: Working Group members to provide any out of session comments on the Market Procedure for Registration of Demand Side Programmes and the association of Non Dispatchable Loads to the IMO by 4 April 2011.</i></p>	Members
7	<p>GENERAL BUSINESS</p> <p>No general business was recorded at the meeting.</p>	
8	<p>NEXT MEETING</p> <p>The next Working Group meeting is to be advised.</p>	
9	<p>CLOSED</p> <p>The Chair thanked all members for attending and declared the meeting closed at 4:25pm.</p>	