

RDIWG Meeting 19

Location:	IMO Board Room Level 3, Governor Stirling Building, 197 St Georges Terrace, Perth
Date:	6 February 2012
Next Meeting:	8 March 2012

Attendees	
Allan Dawson	IMO (Chair)
Matt Pember	IMO
Andrew Everett	Market Generator
Stephen MacLean	Synergy
Corey Dykstra	Market Customer
Steve Gould	Market Customer
Andrew Sutherland	Market Generator
Andrew Stevens	Market Generator
Geoff Gaston	Market Generator
Phil Kelloway	System Management
Cameron Parrotte	System Management
Wana Yang	ERA
Paul Hynch	Office of Energy
Patrick Peake	Market Customer
Chin Koay	Market Generator
Fiona Edmonds	Observer
Jenny Laidlaw	Observer
Suzanne Frame	Observer
Gavin White	Observer
Ben Williams	Presenter
Apologies	
John Rhodes	Market Customer

Item	Subject	Action Owner
1.	The minutes from RDIWG Meeting 18 were accepted without amendment.	
2.	Previous actions <u>Action (20111214)</u> <i>Mr Williams to discuss Synergy's requirements further with Mr Rhodes</i>	Mr

	<p><i>outside of the RDIWG forum.</i></p> <p>Mr Williams advised that Synergy's requirements had been included into the rule changes, and confirmed that they should be able to get information they needed for forecasting.</p> <p><u>Action (20111214):</u></p> <p><i>Mr Williams to discuss with Mr Adams a review of the rules to ensure consistency in the use of terminology.</i></p> <p>Completed.</p> <p><u>Action (20111214):</u></p> <p><i>Mr Williams to update the heading for section 2.3 to 'Implement Dispatch Instructions'.</i></p> <p>Completed.</p> <p><u>Action (20111214):</u></p> <p><i>Mr Williams to look into the contradictory obligations.</i></p> <p>Completed. This was outlined in the Further Consultation Report</p> <p><u>Action (20111214):</u></p> <p><i>The IMO to modify Clause 4.3 of the Balancing Facility Requirements procedure – the clause is to be amended to be titled "Transitional arrangements", to clearly state the intent of the clause (i.e. to allow the IMO to extent greater flexibility to participants during the transitional period), and to include a 'sunset' clause.</i></p> <p>Completed.</p> <p><u>Action (20111214):</u></p> <p><i>IMO to raise the issue of plants having a hard wired ramp rate on their Issues register.</i></p> <p>Completed.</p> <p><u>Action (20111214):</u></p> <p><i>RDIWG members to review the proposed RDIWG meeting schedule for 2012 and respond if they could not attend on any of the dates.</i></p> <p>Mr Pember advised that there was a dependency on the decision the IMO Board will make regarding the implementation date. If the MEP (Market Evolution Program) was extended, it would be discussed as to whether further RDIWG meetings would be required beyond March 2012.</p>	<p><i>Williams</i></p> <p><i>Mr Williams</i></p> <p><i>Mr Williams</i></p> <p><i>Mr Williams</i></p> <p><i>Ms Ripper</i></p> <p><i>RDIWG Members</i></p>
<p>3.</p>	<p>Market Evolution Program Progress Summary</p> <p>Mr Pember provided a progress summary for MEP.</p> <p>Since the RDIWG was formed, with the first meeting being held on August 2010, the following had been held:</p> <ul style="list-style-type: none"> • 18 RDIWG Meetings, • 3 specific MAC meetings to do with specific issues re: MEP, • 3 public forums, a generator forum, • IT and procedure workshops, • 11 dedicated workshops between IMO and System Management, • 3 rounds of site visits with participants, with another round planned for March 2012. 	

Mr Pember provided an overview of the changes made to the design and rules for the market, which resulted in five versions of the proposed rules since the design had been finalised. . The formal submissions process for the rules had commenced on 5 December 2011 with the first submission period closing on 23 December 2011. Seven responses were received during the first submission period..

Between the time of the proposals and the draft report being produced a number of changes had been made. In this period, there had been 133 amendments to the rules made, including:

- 59 to fix typographical errors and referencing inconsistencies,
- 44 changes to clarify intent,
- 9 changes that affected the IMO internally,
- 8 changes to settlements calculations to reflect errors found, and
- Some changes that impacted on System Management,
- Some changes that impacted on participants.

Four submissions had been received between the production of the Draft Rule Change Report and the completion of the second round of submissions, resulting in:

- 36 changes for typographical errors,
- 21 rewording changes,
- One change that affected the IMO,
- Two changes to settlement calculations, and
- None that affected System Management.

The four submissions were currently being reviewed by the IMO. In addition to these, a Further Consultation Report had been produced, detailing some of the major changes that impacted on Market Participants.

Approval of the rule changes, and the decision for the final implementation date by the IMO Board was scheduled to take place on 16 February, with publication of the final report scheduled for 17 February.

Mr Pember confirmed that the IMO was still working towards a 1 April 2012 implementation date for the Balancing and LFAS markets. Mr Dawson advised that the IMO Board had tasked Mr Pember and himself with canvassing Market Participant readiness for the market start. They had visited six Market Participants to date, and had also compiled a comprehensive go/no go implementation checklist for the IMO Board. It was expected that the IMO Board would announce the go live date for the new market at the Board meeting to be held on 16 February. Mr Dawson reiterated that the IMO Board had expressed the desire to set one go live date only, and that the date determined would form part of the documentation that went to the Ministers office for approval.

Mr Dawson confirmed that the implementation date chosen needed to be the first of a month (8.00am) for Settlement purposes, which meant that processes would commence the day before, and that the date could not be beyond 1 July 2012 due to the way the rules are drafted.

Mr Dawson thanked all for their contributions to the drafting of the market rules as they were in good shape from a quality perspective.

Mr Pember provided an update on the IT systems, advising that version 3 of WEMS had been put into the Market Trial environment on 3 February. Mr Pember advised that some reports were being released gradually as some conversions had been needed in order to ensure consistency with the way reports were currently produced.

	<p>Mr Pember advised that Ms Rebecca Denton was available to walkthrough checklists and issues, and encouraged Market Participants to liaise with her.</p> <p>Mr Dawson advised that the IMO were in a position to meet the 1 April 2012 deadline, and were now focussing on Market Participant readiness. Mr Dawson advised that Ms Denton had already seen significant activity in the Market Trial environment.</p>	
<p>4.</p>	<p>Rule Change Addendum</p> <p>Mr Williams provided an overview of the Further Consultation Report.</p> <p><i>Issue 1 Dispatch Compliance – New Instructions</i></p> <p>Issue 1 had arisen during discussions between IMO and System Management. The rules required Market Participants to advise System Management of a lesser quantity if they could not adhere to an instruction, however no subsequent dispatch instruction could be issued. System Management wanted to make sure that the obligations on the participants were explicit and a change had been made to how the rule worked, so that System Management had the ability to issue a second dispatch instruction.</p> <p>Mr Dawson summarised that System Management was concerned that there was an overarching obligation on Market Participants to meet all Dispatch Instructions, and that there were civil penalties associated with not meeting them. System Management also wanted to make sure that Market Participants didn't continue to respond to outdated Dispatch Instructions.</p> <p>Mr Stevens questioned whether the change in the market to being more compliance based would result in an increase in automatic breaches. Mr Dawson advised that he did not believe in automatic penalties as they did not take into account the circumstances surrounding them. Mr Kelloway advised that there still could be some residual issues that could arise for System Management.</p> <p>Mr Dykstra requested clarification over timeframes. Mr Dawson advised there would be a few areas of compliance where the procedures needed to be tightened, notably around compliance with dispatch instructions which could result in some technical breaches.</p> <p><i>Issue 2 Dispatch Compliance – Tolerances</i></p> <p>Within the rules there had been a requirement to meet Dispatch Instructions to the letter. This had been changed so that Market Participants now only needed to comply within a tolerance around Dispatch Instructions.</p> <p>There was also a requirement for Market Participants to average out over the half hour so that they didn't sit at one end of the tolerance band. Mr Dawson confirmed that it would mean Market Participants would now have some leeway in how they fulfilled dispatch instructions.</p> <p><i>Issue 3 Strengthening Misleading Conduct Provisions</i></p> <p>It was proposed to add two new clauses to enhance the IMO's ability to successfully bring action against someone whose conduct was constantly misleading, as the current wording wasn't strong enough to action and follow up with a successful outcome.</p> <p>Mr Dykstra stated that it was a confusing rule and recommended that it be rewritten. Mr Williams advised that this had been taken from the current legislation. Mr Dawson confirmed that it should be rewritten so that it was</p>	

	<p>clearer.</p> <p><u>Action (20120206)</u></p> <p>IMO to arrange for the rewrite of the rule associated with Issue 3 for clarity.</p> <p><i>Issue 4 TES, Out of Merit and Constrained On/Off Quantities</i></p> <p>Issue 4 details a number of amendments made in order to provide clarity around the calculation of TES, Out of Merit and Constrained On/Off Quantities</p> <p><i>Issue 5: TES Processes</i></p> <p>Issue 5 detailed the recommendation that the IMO set the TES around the same time they set the Balancing price.</p> <p><i>Issue 6: Civil Penalty Provisions</i></p> <p>Issue 6 details a number of changes made to civil penalty provisions and the reasoning why each clause had been made a civil penalty breach. Mr Williams confirmed that there were already different levels of category C penalties in the rules.</p>	<p>Mr Williams</p>
<p>5.</p>	<p>Rule Change Submissions</p> <p>Mr Williams provided an overview of the four submissions received during the second round of submissions. Submissions had been received from:</p> <ul style="list-style-type: none"> • Landfill Gas & Power, • System Management, • Verve, and • Collgar. <p>In summary:</p> <ul style="list-style-type: none"> • Collgar had provided supportive comments, as well as comments regarding compliance, • Mr Dawson advised that he would urge the IMO Board to issue a statement to the market to state the IMO Boards position on breaches during the initial stages of the implementation, • Many of the issues raised by Verve had been covered off by the Further Consultation Report, to be discussed later in the meeting. 	
<p>6.</p>	<p>System Management Rule Change Submissions</p> <p>Mr Kelloway provided a presentation on the Rule Change submissions from System Management, advising that they generally supported the MEP reforms which helped them manage their operational risks.</p> <p>Mr Kelloway summarised that there had been two categories of risks identified:</p> <ol style="list-style-type: none"> 1. Schedule and cost overruns, and 2. Operational. <p>These resulted from the continued evolution of the market rules proposal which had a knock on effect to System Management’s system design and procedures.</p> <p>Mr Dykstra queried if there was a timeframe for the development of System Managements system. Mr Parrotte confirmed that a high level schedule had been made available to Market Participants, and Mr Kelloway stated</p>	

that the expectations of System Management and Market Participants in the new market needed to be clear.

Mr White advised that System Management did not believe that the construction of some of the Balancing Merit Order contained sufficient information for System Management to accurately reflect the final dispatch outcome. Mr White stated that the IMO hadn't taken into account ramp rates and synch time. Mr Dawson advised that the IMO was currently in discussion with System Management regarding ramp rates, and stated that participants needed to take their own synch time into account when making Balancing Market bid offer submissions.

Mr White advised that Issue 3, risk 194 (*'Could cause compliance difficulty if refusal to comply (reduced extent) with OOM DI where capacity considered doubtful by System Management*), was closed pending as the IMO and System Management had reached an agreement on the solution, although System Management had not yet seen it reflected in the drafting of the rules.

Mr White explained that the reserved capacity mechanism was there to secure capacity based on the long term forecasts carried out by the IMO and the amended rules weakened Participants obligations in this area. This had a flow on effect to the capacity that might be available for System Management to call on. Mr Dykstra questioned that it wasn't a weakening of the provisions, and that it was more of a questioning as to whether the same provisions existed in balancing as what currently existed in STEM. Mr Kelloway advised that there was a shortfall between STEM and Balancing. Mr White advised that this was where the IMO and System Management differed on opinion, and that System Management had been trying to meet with the IMO's lawyers in order to clarify. Mr White advised that the meeting would hopefully take place this week.

Mr White advised that the unresolved risks would be transferred onto System Management's corporate risk register.

Mr Dawson advised that discussions had been held and that he believed it had been agreed that if there was a circumstance where capacity was bid in to the Balancing market and System Management didn't believe it was there or able to function, System Management had the right to call upon it provided their reasons were justified and transparent. Mr White stated that there was a planning issue regarding the provision of capacity into the market, and he believed that the changes made to the rules had weakened it significantly. Mr White also stated that there was a concern regarding dispatch in real time and System Managements ability to perform Operational tests, and that they were not sure whether they had the heads of power to be able to perform them.

Mr Dawson advised that the IMO and System Management disagreed over System Managements interest, except when the behaviour placed System Security at risk, for if System Management believed System Security was at risk, they have the right to do whatever was required, as long as they advised the market, to avoid a system security incident. Mr White advised that they needed to ensure that the legal obligations set out in the rules allowed this, and that that was what they needed to talk to the IMO lawyers about.

Mr White reiterated that they were discussing operational risks that System Management would carry forward into the market if the rules proceeded as is. Mr Stevens stated that reserve capacity pricing and commercial issues were not System Management's mandate or problem. Mr Parrotte stated that System Management wanted to ensure that it was clear in the rules

	<p>that a facility had to bid their full available capacity into the market, and that System Management had the ability to perform operational testing. Mr Parrotte advised that they were satisfied to move forward in the market on the basis that people would do the right thing, and that they had the reserve capacity test as a two day back up, although it would remain a risk.</p> <p>Mr Dykstra advised that, in regards of Issue 1, he did not believe that any one disagreed with System Management and if there was a difference with the legal perspective, the market was happy for the IMO and System Management to resolve. In terms of Issue 2, he agreed with Mr Stevens that compliance was an issue for the IMO to manage and that System Management should worry about system security and reliability.</p> <p>Mr Dykstra questioned that the issue regarding Operational Testing had been discussed previously by the RDIWG, and agreement on a way forward reached. Mr Dawson advised that the discussion now was related to the risk to future system security, and System Management's ability to call an out of merit dispatch instruction.</p> <p>Mr Dawson reiterated that the IMO lawyers had advised there was an obligation on all Market Participants to offer in all of their capacity.</p> <p>Mr Kelloway advised that the IMO and System Management had done a lot of good work on the IMS Interface document, which had been released for submissions on 3 February.</p>	
<p>7.</p>	<p>IMO Procedures</p> <p>Ms Frame advised that submissions for IMO Procedures 201202 Balancing Facility Requirements and 201203 Balancing Forecast Requirements closed today, and that the IMS Interface procedure had been published, and was open for submissions until 2 March.</p> <p>What remained were a few other minor updates of procedures to go to IMO Procedures Working Group, scheduled for the end of February, as well as the Reserve Capacity procedure. All were on track.</p> <p>Mr Dykstra advised that he had submitted questions regarding some of the procedures but had not heard back from the IMO. Mr Pember advised that these were currently sitting with J Truesdale.</p> <p><u>Action 20120206</u></p> <p>IMO to follow up on responses to Mr Dykstra's queries re: the IMO procedures.</p>	<p>Mr Pember</p>
<p>8.</p>	<p>System Management Procedures</p> <p>Mr Parrotte advised that the System Management procedures were currently out for public consultation, with the submission period for two of the procedures closing today. One response had been received so far.</p> <p>Mr Gould advised that there was a reference to a concept regarding operational control agreements within the Communication and Control Systems procedure, of which had not been defined, and that within their submission they had proposed that it be defined.</p> <p>Mr Parrotte advised System Management had also received informal comments that they were currently working through.</p> <p>Mr Kelloway advised there were five procedures still open for submissions.</p>	
<p>9.</p>	<p>Other Business</p> <p>Mr Dawson provided clarification over the IMO's agreement with ERA. Mr Dawson advised that the initial rules in the draft report indicated that the</p>	

IMO would set margin values, but that the current process required the IMO to propose and ERA to approve margin values. ERA had expressed concern over their role not being preserved. The IMO had advised ERA that it had not intended to circumvent their authority, and would therefore reinstate ERA's mandate to approve these within the rules. Mr Dawson warned that the timeframes for approvals would be compressed. Mr Dawson advised that the IMO was currently working with ERA. Mr Gaston queried the testing environment available for settlements. Mr Pember advised that there was nothing in the testing environment for settlements at present. Settlements were currently under development and should be delivered to the IMO by the end of February for testing to commence.

Mr Gaston clarified that they wanted to make sure they were reporting the right numbers and that the settlement calculations were correct, therefore they needed some way to test in order to have a level of confidence that it was right.

Mr Pember advised that the settlement engine was an exact model of the PCS. Mr Pember advised that an updated PCS would be produced by Navita and distributed once the rules were finalised, which would include all calculations, constrained on/off, ancillary changes, etc.

Mr Kelloway queried the start date for the transitional market and the criteria / scope for implementation, to ensure that everyone was on the same page.

Mr Dawson summarised that the IMO Board had asked Mr Pember and himself to canvass Market Participants regarding their readiness for Market start, and that they had met with six Market Participants so far. The findings of the meetings would be summarised in a paper to be presented to the IMO Board on 16 February and would include a round of consultation with System Management on the implementation date. The IMO Board had also asked a go/no go criteria checklist be completed for System Management that could be provided to the IMO Board in order to assist them in making an informed decision.

Mr Kelloway advised that System Management had put forward the suggested date of 1 July.

Mr Kelloway advised that 5 December was the final date for full system implementation, which was consistent with commitments System Management had made previously.