

Terms of Reference

The Reserve Capacity Refund Mechanism Group

SCOPE

The Reserve Capacity Refund arrangements need to be better aligned with the Market Objectives and the original intent of the Reserve Capacity Refund concept. The IMO has prepared a discussion paper that outlines the issues with the current Market Rule provisions and has put forward some alternative arrangements for consideration.

In order to propose an alternative set of refund arrangements, the Working Group is requested to:

- Assess and propose key drivers for the Capacity Refund Mechanism.
- Assess, amend and propose a set of Outage Scenarios to be used for a quantitative analysis.
- Conduct quantitative analysis of Outage Scenarios against the Capacity Cost Refund mechanism alternatives.
- Complete preliminary qualitative analysis of each Capacity Refund mechanism alternative.
- Assess and propose an alternative Capacity Refund mechanism.
- Prepare a report proposing a revised refund arrangement, by end April 2007.

The output of the Working Group will be a Report to MAC which provides a recommended refund arrangement and demonstrates that the proposed change will further the achievement of the Wholesale Market Objectives.

MEMBERSHIP AND PROCESS

- Members of the Working Group are appointed and substituted by MAC.
- The members of the Working Group are:

Patrick Peake (Chair)	-	IMO
Brendan Clarke	-	System Management (former Chair of the ACAP Group)
Phil Kelloway	-	System Management
Mark McKinnon	-	Industry Representative, Alinta
Paul Keay	-	Industry Representative, Premier Power
Ky Cao	-	Industry Representative, Perth Energy
Andrew Sutherland	-	Industry Representative, Transalta
Sarah Kok	-	Synergy Representative
Brad Huppatz	-	Verve Representative
Dora Guzeleva	-	IMO

- The Working Group must meet the timeframes set by the MAC Chairperson, including by providing a report proposing a revised refund arrangement, by end April 2007.
- The Working Group will focus on Market Rules 4.26.1 and 4.26.3
- The Working Group will refer any other issues the Group encounters during its operation back to MAC for consideration
- Members are expected to attend as many Working Group meetings as practicable.
- MAC may review, amend and extend these terms of reference, as necessary.