

Independent Market Operator

Market Advisory Committee

Minutes of Meeting No. 5

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| Location: | ERIU Conference Room Level 8, Governor Stirling Tower, 197 St Georges Terrace, Perth |
| Date: | Wednesday 11 July 2007 |
| Time: | Commencing at 2.00pm to 3.35pm |

| Attendees | | |
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| Anne Nolan | Chair, IMO | |
| Jason Banks | Office of Energy | |
| Phil Kelloway | System Management | Proxy for Ken Brown |
| Tony Perrin | Synergy Energy | |
| Andrew Everett | Verve Energy | |
| Dora Guzeleva | IMO | |
| Peter Huxtable | Water Corporation | |
| Mark Lewis | Transalta | |
| David Lyne | Newmont | |
| Ignatius Chin | Economic Regulation Authority | |
| Stan Reid | Alinta | |
| Rob Pullella | Economic Regulation Authority | |
| Ryan Matzelle | IMO | Minutes |

| Apologies | | |
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| Ky Cao | Perth Energy | |
| Phil Southwell | Western Power | |

| Item | Subject | Action |
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| 1. | <p>WELCOME AND APOLOGIES/ATTENDANCE</p> <p>Noted apologies from Ky Cao and Phil Southwell.</p> <p>The Chair opened the meeting and welcomed members to the fifth meeting of the Market Advisory Committee.</p> | |
| 2. | <p>MINUTES OF LAST MAC MEETING</p> <p>The Minutes of MAC Meeting No. 4 held on 13 June 2007 were circulated prior to this meeting.</p> <p>Members adopted the Minutes of Meeting No. 4 as a true and correct record.</p> | |
| 3. | <p>MARKET RULE CHANGES IN PROGRESS</p> <ul style="list-style-type: none"> • IRCR FOR NEW METERS – CUSTOMER PEAK LOAD DIVERSITY, RC_2007_11 <p>MAC members were invited to express their views on this proposed rule change, which was discussed at a previous MAC meeting.</p> <p>Verve Energy and Synergy indicated that they have concerns, regarding the impact of the change on the IRCR values for existing customers, and will submit these concerns in writing before the 18 July, as requested by the IMO. Other members were generally supportive of the change.</p> <ul style="list-style-type: none"> • STEM TIMELINE FLEXIBILITY, RC_2007_06 <p>MAC members were invited to express their views on this proposed rule change, which was discussed at a previous MAC meeting.</p> <p>Verve Energy enquired why it is only IMO system issues and not participant communication issues that will be covered under this rule change. It was explained that Participants can generally rely on standing STEM submissions and that the IMO systems now convert standing submissions so they can pass validation even if a Participant is unable to submit a normal STEM submission for any reason. It was also noted that the Rule Change was intended to continue to prevent strategic behaviour through inhibiting STEM clearance. MAC members were supportive of the rule change.</p> <ul style="list-style-type: none"> • DISCRETION OF IMO TO DECIDE WHETHER TO ISSUE WARNING, RC_2007_07 <p>MAC members were invited to express their views on this proposed rule change, which was discussed at a previous MAC meeting.</p> <p>MAC supported the change. No member expressed concerns with the rule change proposed.</p> | |

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| | <ul style="list-style-type: none"> • CALCULATION OF RESERVE CAPACITY REFUND, RC_2007_08 <p>MAC members were invited to express their views on this proposed rule change, which was discussed at a previous MAC meeting.</p> <p>Despite MAC generally supporting the Working Groups recommendations as a practical and reasonable way forward when those recommendations were first submitted to MAC on 9 May 2007, Verve Energy, Synergy and Transalta indicated that they have issues related to this rule change proposal.</p> <p>While the three MAC members did not provide the details of their concerns at the meeting, they indicated that their organisations plan to submit detailed responses in the public consultation process currently undertaken by the IMO.</p> <p>The other members of MAC supported the rule change.</p> | |
| <p>4.</p> | <p>POTENTIAL MARKET RULE CHANGE PROPOSALS</p> <ul style="list-style-type: none"> • FORCED OUTAGE NOTIFICATION TO THE IMO <p>A proposal by System Management to amend the rules to protect participants with generators that have available capacity greater than their Reserve Capacity Obligation Quantity (RCOQ) from being overly penalised in the event of a forced outage, has been circulated to MAC members.</p> <p>The need to also adjust planned outages together with any adjustment related to forced outages was noted.</p> <p>It was also noted that an alternative to the proposal presented was to implement the proposed change in the IMO market systems. However, this would not be the most cost effective method, particularly as System Management requires information on all actual outages including those that relate to capacity that does not have capacity credits. Therefore, System Management has undertaken to implement the change. System Management will also need system changes following approval of this rule change before these system changes can become effective.</p> <p>Verve Energy had an issue with this proposed change and in particular the calculations proposed by System Management. The main issue was that extra capacity which does not have capacity credits was still taken into account in the calculations but this capacity is effectively not available to the market.</p> <p>MAC members agreed that the intent of the rule change was sound and will support this change once the calculation issue was resolved in a balanced manner between System Management, IMO and Verve Energy.</p> <p>System Management, IMO and Verve Energy will meet on Friday 13 July and will report back to MAC members in the week commencing on 16 July with a redraft of the proposed rule change.</p> <p>System Management would also like to fast track this rule change but it was agreed that this will only be considered once a redrafting of the rule change has taken place.</p> | |

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| <p>5.</p> | <p>PROVISION OF INFORMATION TO THE IMO</p> <p>A proposal by System Management to amend the rules to allow System Management more time to inform the IMO about participant forced outages and possible Verve Energy dispatch non-compliance was circulated for consideration by MAC.</p> <p>The rule change is based around an extension of submission times that System Management have to provide IMO in regard to forced outage declarations.</p> <p>Currently the relevant rule states that System Management has to provide this information to IMO by 12 noon on the day after end of the day to which the forced outage relates. System Management would like the rule to be relaxed to 15 days following the forced outage as this will give it time to conduct a thorough investigation.</p> <p>Market Participants will still be required to submit forced outages as soon as practicable after the outage takes place and have up to 15 days to report it. If the Participant does not submit the outage within these 15 days, System Management will report a potential breach to the IMO.</p> <p>MAC members generally supported the rule change.</p> <p>System Management also requested that the rule change be fast tracked. The IMO indicated that it will have to consider whether this change met the criteria in the Rules for fast tracking rule change proposals.</p> | |
| <p>6.</p> | <p>CHANGE OF BUSINESS DAY</p> <p>A proposal by Synergy to change the definition of Business Day in the Market Rules, in order to account for the fact that the clearing system used in the Wholesale Electricity Market, Austraclear is not open on public holidays in NSW, had been circulated for consideration by MAC.</p> <p>MAC acknowledged the concern raised by Synergy. However, in order to avoid implications all over the Market Rules, where the closing of Austraclear does not have any affect, MAC suggested only amending the sections of the rules that relate to Settlements, instead of changing the definition of a Business Day in the Rules.</p> <p>The IMO will assist Synergy is drafting a proposal to address the issues raised by MAC.</p> | <p>IMO</p> |
| <p>7.</p> | <p>NEXT MEETING</p> <p>The next meeting is scheduled for 8 August 2007.</p> | |
| <p>8.</p> | <p>CLOSED</p> <p>The Chair declared the meeting closed at 3.35 pm.</p> | |