

**Paper for MAC Meeting 12 December 2007**  
**IRCR Working Group Terms of Reference**  
**Perth Energy**

At the October meeting MAC endorsed setting up a working group to review the calculation process and components of the IRCR. PE would chair the working group with Synergy and Alinta expressing interest in participating.

PE is proposing the following Terms of Reference for the IRCR WG:

1. Review the mechanism to set the Reserve Capacity Price when there are projected capacity surpluses and propose options for a more market based approach to such conditions.
2. Review the allocation of the Reserve Capacity Margin over all loads / Market Customers and propose methods that would more equitably and accurately reflect load requirements.
3. Review the formulae for calculating the Temperature Dependent Load and Non-Temperature Dependent Load ratios to take account of:
  - a. The levels of temperature dependency of individual loads / Market Customers
  - b. The causal relationship between Reserve Capacity conditions and loads / Market Customers
4. Review the inclusion or non-inclusion of new interval and new non-interval loads in the calculation of IRCR.

PE seeks endorsement from MAC of these Terms of Reference.

The IRCR WG membership will be confirmed at the 12 December 07 MAC meeting and a work schedule will be provided to MAC in the following week.

It is anticipated that a first draft report will be completed for MAC review in January 08 and the final report in March 08.