

LFAS and Balancing Issues

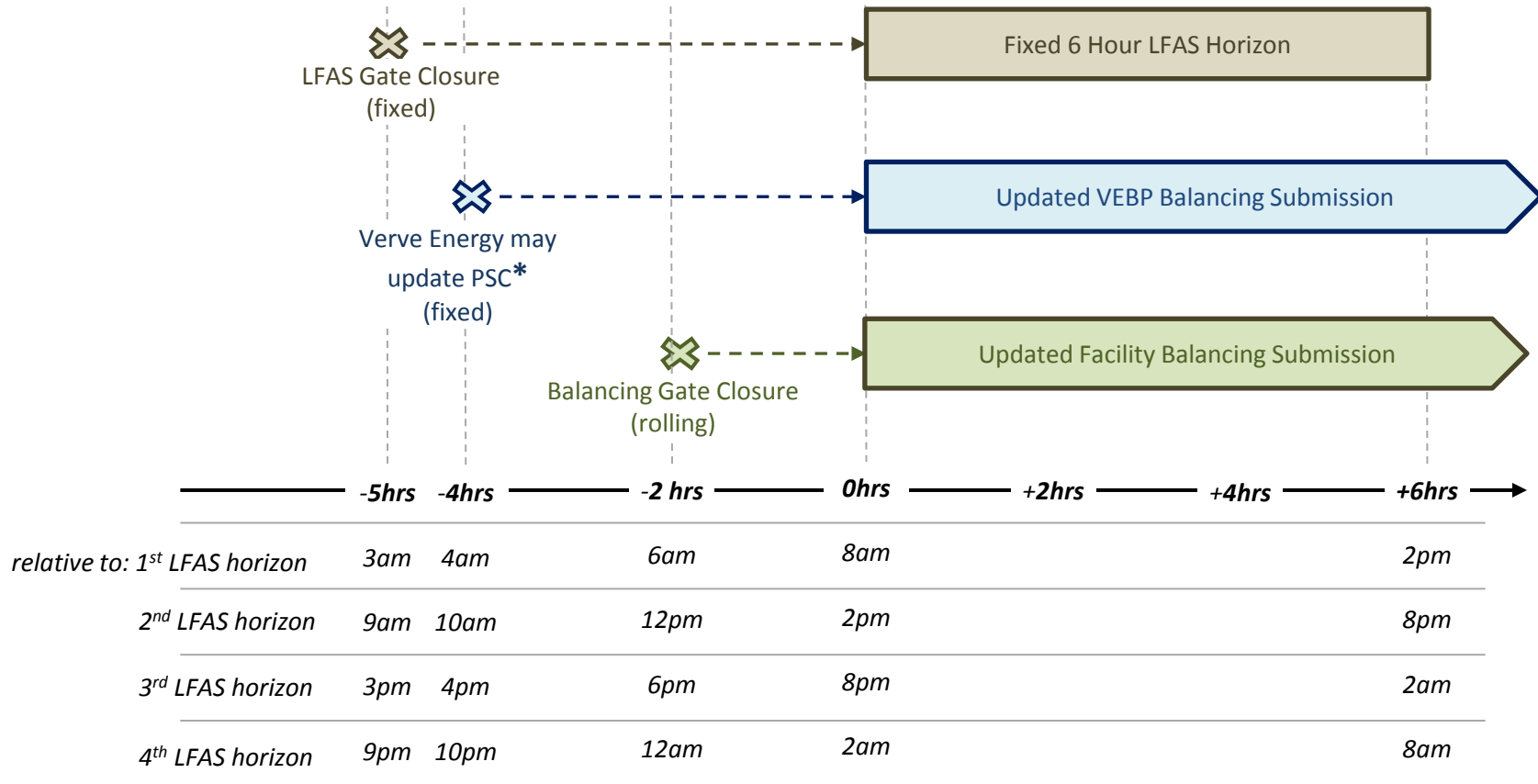
Replace Resource Plans with market forecasts

- Advance initial Balancing and LFAS Submissions to around 12:50pm?

Shorten Balancing and LFAS Gate Closures

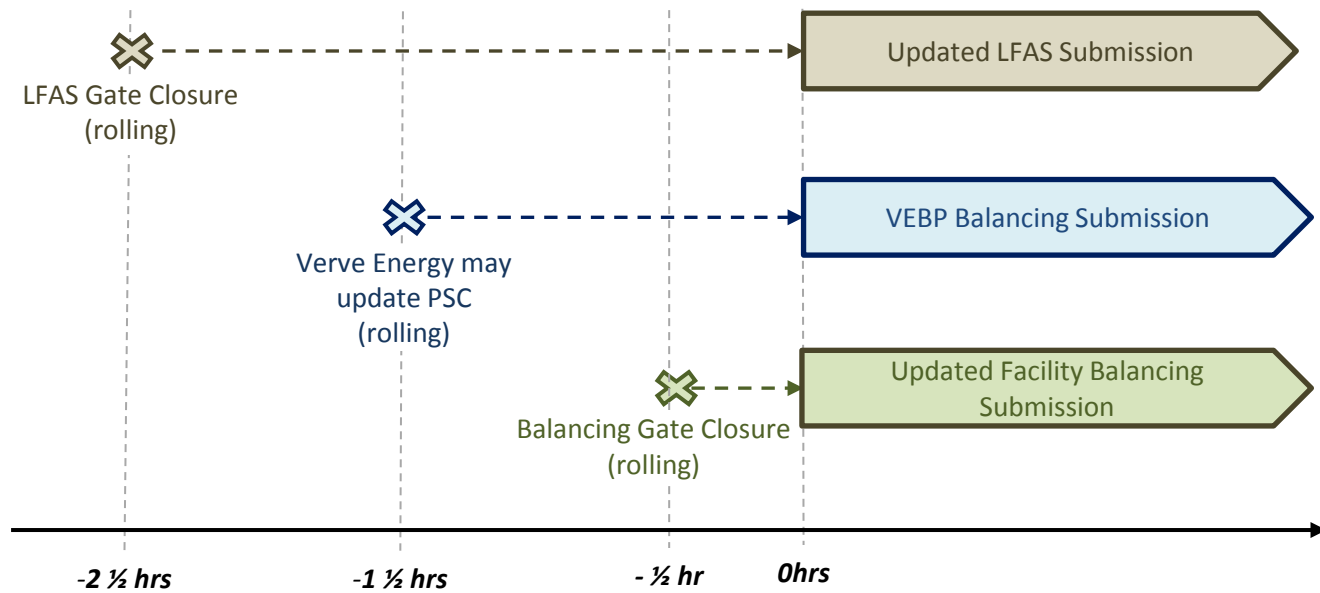
- $\frac{1}{2}$ hour rolling for Balancing & $2\frac{1}{2}$ rolling for LFAS
 - Shorten sequential clearing process by an hour
 - Provide VEBP rolling update opportunities
- Final LFAS Submissions much closer to real time
 - IPPs: $2\frac{1}{2}$ hrs before an interval (instead of 5 to 11 hours for fixed LFAS horizon)
 - Verve Energy: $3\frac{1}{2}$ hrs before interval (instead of 10 to 16 hours)
- SM could finalise LFAS Forecast much closer to real time
 - $3\frac{1}{2}$ hrs before interval (instead of 12 to 18 hrs for fixed horizon)
 - Verve Energy would need to offer a minimum amount of LFAS
 - Otherwise $4\frac{1}{2}$ hours before real time
- Could/should sequential clearing be shortened further?

Existing Gate Closure Regime



* Verve Energy may also update LFAS Submissions at this time for the LFAS Horizon after next

Shorter/Rolling Gate Closure Regime



Facility based Submissions and Dispatch

- Align WEM with other markets , consistent treatment of all generators
- Improve monitoring of offers & dispatch
- Clear delineation between dispatch of energy & AS
 - within the VEBP & relative to others' Facilities
- Remove ambiguity about SM's roles in the market
- Simplify Market Rules
- Improve transparency & confidence in entering /participating in WEM

Facility based Submissions and Dispatch

- Enable Verve Energy to more actively manage its Facilities
 - Plus shorter & rolling gate closures (and alignment with IPPs)
- Out of merit dispatch of Facilities within VEBP no longer internalised
 - greater transparency , potential opportunities for other generators
- Dispatch of all Facilities still subject to SM intervention for system security
- More active participation with some cost to Verve Energy and SM
- Transition path/ staging would need to be agreed