



INDEPENDENT
MARKET
OPERATOR



Market Advisory Committee

Agenda

Meeting No.	75
Location:	IMO Board Room, Level 17, 197 St Georges Terrace, Perth
Date:	Wednesday 24 th September 2014
Time:	2.00pm – 5.00pm

Item	Subject	Responsible	Time
1.	WELCOME	Chair	2 min
2.	MEETING APOLOGIES / ATTENDANCE	Chair	2 min
3.	MINUTES FROM MEETING 74	Chair	5 min
4.	ACTIONS ARISING	Chair	10 min
5.	CONCEPT PAPERS		
	a) CP_2014_08: Annual Approval of Facility Costs to Streamline Ancillary Service Procurement	IMO	20 min
6.	MARKET RULES		
	a) Market Rule Change Overview	IMO	5 min
7.	DISCUSSIONS / PRESENTATIONS		
	a) Electricity Market Review	IMO	30 min
	b) Presentation: Carbon Tax – Options for provisions of information	IMO	20 min
	c) Presentation: Replacement of SCADA Values – Overview of Methodology	SM	20 min
8.	MARKET PROCEDURES		
	a) Overview	IMO	5 min
9.	WORKING GROUPS		
	a) Overview and membership updates	IMO	5 min

10.	GENERAL BUSINESS	IMO	5 min
11.	NEXT MEETING: Wednesday 12th November 2014		



INDEPENDENT
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Minutes

Meeting No.	74
Location	IMO Board Room Level 17, 197 St Georges Terrace, Perth
Date	Wednesday 13 August 2014
Time	2:00 PM – 4:35 PM

Attendees	Class	Comment
Allan Dawson	Chair	
Erin Stone	Compulsory – IMO	Proxy
Dean Sharafi	Compulsory – System Management	
Will Bargmann	Compulsory – Synergy	
Matthew Fairclough	Compulsory – Western Power	Proxy
Shane Cremin	Discretionary – Generator	
Andrew Stevens	Discretionary – Generator	
Andrew Sutherland	Discretionary – Generator	
Michael Zammit	Discretionary – Customer	
Steve Gould	Discretionary – Customer	
Geoff Gaston	Discretionary – Customer	
Peter Huxtable	Discretionary – Contestable Customer Representative	
Simon Middleton	Minister's Appointee – Observer	(2:30 PM – 3:10 PM)
Elizabeth Walters	Economic Regulation Authority (ERA) – Observer	
Apologies	From	Comment
Kate Ryan	Compulsory – IMO	
Shane Duryea	Compulsory – Western Power	
Also in attendance	From	Comment
Matthew Pember	System Management	Observer
Chris Campbell	Alinta Energy	Observer
Anders Sangkuhl	Alinta Energy	Observer
Jo Garland	Synergy	Observer (2:50 PM – 3:50 PM)

Richard Wilson	EnerNOC	Observer
Warren McEvoy	Tesla	Observer
Fan Zhang	Collgar	Observer
Greg Turnbull	Western Power	Observer (arrived 3.25 PM)
Jenny Laidlaw	IMO	Observer
Greg Ruthven	IMO	Observer
Bryn Garrod	IMO	Observer
Brendan Clarke	System Management	Presenter
Andrew Van de Werve	IMO	Presenter (arrived 4:10 PM)
Laura Koziol	IMO	Presenter
Anne-Marie Foo	IMO	Observer and Minutes

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 2:00 PM and welcomed members to the 74th meeting of the Market Advisory Committee (MAC).</p>	
2.	<p>MEETING APOLOGIES / ATTENDANCE</p> <p>The following apologies were received:</p> <ul style="list-style-type: none"> • Kate Ryan (Compulsory – IMO) • Shane Duryea (Compulsory – Western Power) <p>The following proxies were noted:</p> <ul style="list-style-type: none"> • Erin Stone for Kate Ryan (Compulsory – IMO) • Matthew Fairclough for Shane Duryea (Compulsory – Western Power) <p>The following presenters and observers were noted:</p> <ul style="list-style-type: none"> • Matthew Pember (Observer, System Management) • Chris Campbell (Observer, Alinta Energy) • Anders Sangkuhl (Observer, Alinta Energy) • Jo Garland (Observer, Synergy) • Richard Wilson (Observer, EnerNOC) • Warren McEvoy (Observer, Tesla) • Fan Zhang (Observer, Collgar) • Greg Turnbull (Observer, Western Power) • Jenny Laidlaw (Observer, IMO) • Greg Ruthven (Observer, IMO) • Bryn Garrod (Observer, IMO) • Brendan Clarke (Presenter, System Management) • Andrew Van de Werve (Presenter, IMO) • Laura Koziol (Presenter, IMO) • Anne-Marie Foo (Observer and Minutes, IMO) 	

<p>3.</p>	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of MAC Meeting No. 73, held on 25 June 2014, were circulated to members prior to the meeting.</p> <p>The following amendments were agreed:</p> <p>Section 6b: page 7 of 10</p> <ul style="list-style-type: none"> Mr Will Bargmann noted Mr Dean Sharafi's comments on the calculation of replacement data for unavailable SCADA data and considered that Market Participants would benefit from understanding System Management's methodology for calculating replacement SCADA data. Mr Bargmann requested that the minutes are updated to include an action item for System Management to provide an overview of the methodology used to replace SCADA values in its estimates. Mr Sharafi agreed to provide this overview at an upcoming MAC meeting. <p><i>Action Points:</i></p> <ul style="list-style-type: none"> <i>The IMO to amend the minutes of Meeting No. 73 to reflect the agreed changes and publish on the Market Web Site as final.</i> <i>System Management to present an overview of the methodology used to replace SCADA values in its estimates, at an upcoming MAC meeting.</i> 	<p>IMO</p> <p>SM</p>
<p>4.</p>	<p>ACTIONS ARISING</p> <p>The Chair invited Ms Erin Stone to update the MAC on the current action items. The following points were noted:</p> <ul style="list-style-type: none"> Item 18: Mr Matthew Fairclough noted that a presentation is currently being prepared to present at an upcoming MAC meeting. Item 20: Ms Stone noted that weekly industry updates on the Muja transformer failure will become less frequent as System Management is now dispatching one Muja unit and is unlikely to reduce this until the Merredin transformer is operational. Weekly updates will be reinstated when further analysis is required. Mr Andrew Sutherland noted that attendance from Market Participants was likely to be low without the attendance of Western Power representatives. Item 29: Ms Stone noted that this action item was raised as part of the discussions around the Muja transformer failures and asked MAC members whether the action item needed to remain open. Mr Andrew Stevens noted that the issue was broader than the Muja transformer failure. Mr Sutherland agreed noting that Market Participants should be aware if they are being dispatched in or Out of Merit. The Chair agreed to keep the action item open. Item 32: Ms Stone noted that the drafting for the Rule Change Proposal: Administrative Improvements to the Outage Process (RC_2014_03) is currently under review by the IMO's Legal team. Item 35: Ms Stone noted that Synergy and Alinta Energy had provided a paper that would be discussed during Agenda Item 6b. Item 36: Ms Stone informed MAC members that the IMO will start publishing the Provisional Balancing Price at 11:00 AM on the same 	

	<p>day it receives the data from System Management for all Business Days from 1 September 2014.</p> <ul style="list-style-type: none"> • Item 37: Ms Stone noted that the review to assess the accuracy of Balancing Prices will happen at the end of 2014 and the action item will remain open until then. • Item 38: Ms Stone asked the MAC members for a consensus on the proposed changes to the STEM Submission window. Ms Jenny Laidlaw noted that no feedback had been received since the previous MAC meeting and requested that feedback be provided within two weeks. <p>Mr Stevens noted that both options would be an improvement to the current STEM Submission window. Mr Bargmann also noted that Synergy would prefer to extend the STEM Submission window but not the Bilateral Submission window.</p> <p>Ms Laidlaw asked MAC members how long the STEM Submission window should be extended for. Mr Stevens proposed one hour. Mr Bargmann suggested that one hour would be appropriate but that he would check with his operational area.</p>	
5.	<p>CP_2014_08: ANNUAL APPROVAL OF FACILITY COSTS TO STREAMLINE ANCILLARY SERVICE PROCUREMENT</p> <p>The Chair provided an overview of the concept paper. The following key points were discussed:</p> <ul style="list-style-type: none"> • Ms Elizabeth Walters stated that the ERA had not been consulted with respect to this proposal prior to the MAC meeting. The Chair noted that this was a concept paper to be tested with MAC members prior to further development and that the ERA would be involved in the development of such a mechanism. Ms Walters stated that the ERA would have views on the proposal but that this was not the forum to provide those views. • Mr Bargmann asked whether the proposal was for Market Participants to participate voluntarily or whether it is expected to be mandatory. The Chair clarified that the intention was for all generators to participate to ensure that a full range of Facilities are available to respond to an event. • Mr Sharafi noted that network constraints should be considered more holistically as part of the Electricity Market Review, rather than in a piecemeal manner. Mr Sharafi also noted that System Management has some concerns about the way in which the proposed solution would work and asked if MAC members would be willing to provide their short run marginal cost (SRMC) to facilitate such a mechanism. • Mr Sutherland noted that a Facility's SRMC varies significantly, depending on a range of factors. Mr Bargmann added that fuel prices also led to variability in a Facility's SRMC. • Mr Sutherland asked whether the price would be binding. The Chair noted that it was, and stated that this is a mechanism to provide generators income when System Management dispatches a Facility in relation to a constraint in the network. Mr Stevens noted that System Management can already dispatch a Facility Out of Merit but at the moment a Market Participant can change its price to reflect its SRMC. 	

	<p>The Chair clarified that this was not the case where the Facility has market power and must bid at its short run marginal cost. Mr Bargmann noted that his interpretation of the Market Rules was that a Market Participant is only required to bid at the SRMC for a Facility where its bidding behaviour relates to market power. The Chair reiterated that the purpose was to provide appropriate income for providing Ancillary Services.</p> <ul style="list-style-type: none"> • Mr Chris Campbell supported the proposal but noted that the price to be offered should not be mandated. Mr Stevens noted that in the circumstances where there is more than one Facility available, there should be no mandated price but agreed that the price should be cost reflective where there is only one Facility able to provide the necessary service. Mr Stevens highlighted the complexities that this raised. • Mr Sutherland noted that year ahead binding prices would make pricing difficult for generators and is unlikely to result in an efficient outcome. Mr Sutherland therefore queried whether there could be a structure developed that didn't require prices to be declared so far ahead. • Mr Bargmann noted that this proposal overlapped with the review of the Muja transformer failure that the Public Utilities Office (PUO) was undertaking. The Chair clarified that the scope of work for PUO's review was about the response of the organisations involved. Mr Bargmann stated that he understood that the review would also consider any necessary improvements to the process. • Mr Bargmann also noted that there needs to be a better distinction between market and network driven costs and who should bear the associated costs. The MAC discussed the current problems with respect to the recovery of costs related to the Muja transformer failure. The Chair agreed that further guidance is necessary with respect to the classification and allocation of costs and noted that the intention of this concept paper is to find a more equitable solution under the current arrangements. • Mr Shane Cremin noted that the proposal had merit and that further discussion would be required to ensure that an appropriate regime was developed. The Chair noted that members should consider the proposal further and that the IMO would develop the concept further for discussion at a future MAC meeting. <p><i>Action Point: The IMO to develop the proposal in the concept paper CP_2014_08: Annual Approval of Facility Costs to Streamline Ancillary Service Procurement further for MAC to consider at a future meeting.</i></p>	<p>IMO</p>
<p>6a.</p>	<p>MARKET RULE CHANGE OVERVIEW</p> <p>Ms Stone provided an overview of the current Rule Change Proposals and informed MAC members that the first round of consultation for Rule Change Proposal: Removal of Facility Aggregation (RC_2014_02) had closed and that the indicative timeframes associated with Rule Change Proposals in progress may change depending on the outcomes of the Electricity Market Review.</p>	

<p>6b.</p>	<p>PRC_2014_05: REDUCED FREQUENCY OF DETERMINING THE ENERGY PRICE LIMITS AND MAXIMUM RESERVE CAPACITY PRICE</p> <p>The Chair invited Ms Laura Koziol to present this agenda item. Ms Koziol provided a brief summary of the pre Rule Change Proposal.</p> <p>The following points were discussed:</p> <ul style="list-style-type: none"> • The Chair noted that Synergy and Alinta Energy had provided suggestions for in-period review triggers which were circulated in the meeting papers. The Chair commented that a fuel disruption was not a suitable trigger but that some of the suggestions could be implemented as examples in the Market Rules. Ms Stone noted that the IMO would also incorporate the idea of a “sustained significant change”. • Mr Peter Huxtable queried whether the indexation to the Producer Price Index (PPI) reflected changes in economy and exchange rates. Ms Stone confirmed that these factors were included in the PPI. • Mr Stevens queried whether the proposed annual PPI indexation could be quarterly instead. The Chair noted that the Maximum Reserve Capacity Price (MRCP) was only used annually which would render a quarterly indexation obsolete. Mr Will Bargmann suggested that a quarterly indexation of the Energy Price Limits may require system changes for Market Participants. The Chair noted the IMO would investigate the potential impact and effort of conducting a quarterly indexation. • Mr Bargmann questioned the removal of the governance over the MRCP methodology which was implicit in the existing procedure. Ms Stone noted that the PUO could make the IMO’s decision to undertake an in-period review a reviewable decision. • Mr Bargmann suggested that IMO could include the reasons for changes to the previous methodology and/or values in the review report. Ms Koziol clarified that this was required under the current drafting. • Mr Cremin queried why an in-period review would not include a methodology review. Ms Stone clarified that this would complicate the review and was not necessary as the current drafting allows the regular review to be conducted within five years if required. • Mr Geoff Gaston noted he would prefer to delay the Rule Change Proposal until after the completion of the Electricity Market Review. <p>The Chair noted that the IMO would consider the feedback from MAC members and progress the pre Rule Change Proposal accordingly.</p> <p><i>Action Points:</i></p> <ul style="list-style-type: none"> • <i>The IMO to evaluate the costs and implications of a quarterly indexation of the MRCP and Energy Price Limits to the PPI.</i> • <i>The IMO to consider feedback from MAC members and to progress the pre Rule Change Proposal: Reduced Frequency of Determining the Energy Price Limits and Maximum Reserve Capacity Price (PRC_2014_05) accordingly.</i> 	<p>IMO</p> <p>IMO</p>
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7a.	<p>CARBON TAX – RETROSPECTIVE REPEAL AND PASS THROUGH OF COST SAVINGS</p> <p>The Chair invited Mr Gaston to present on this agenda item. Mr Gaston provided an overview of the obligations on Market Participants with respect to the retrospective repeal of the carbon tax and noted that the purpose of this discussion was to find a way of facilitating the transfer of the carbon costs from the generators through to end-use consumers.</p> <p>The following points were discussed:</p> <ul style="list-style-type: none"> • MAC members noted that carbon costs were implicit in STEM, Balancing, Out of Merit and Ancillary Services costs. • The Chair noted that the repeal of the carbon tax is outside of the IMO's functions under its governing legislative framework. However, the Chair noted that the IMO would provide the information relevant to Market Participants to the extent that it is able to do so. • Mr Bargmann noted that Synergy has had detailed discussions with the Australian Competition and Consumer Commission (ACCC) with respect to the obligations on Market Participants and introduced Ms Jo Garland to provide an overview of these discussions and Synergy's legal views on the matter. Ms Garland noted that on the basis of these discussions, the ACCC did not expect at this stage to see refunds being made by Market Generators but did expect the cost savings to be passed on. Mr Stevens asked whether this advice was in writing. Ms Garland noted that it was not. • The Chair noted that conversations with the Australian Energy Market Operator identified that the ACCC and Energy Supply Association of Australia are working on how to deal with the problematic backdated legislation (18 days). • Mr Gaston noted that it was easier to identify the customer in the Wholesale Electricity Market, but that it is up to generators to reflect level of carbon costs for those 18 days and justify that value. • Mr Sutherland asked Ms Garland whether the ACCC provided a reason behind why they thought that the STEM and Balancing Market were not included in the calculation of refunds. Ms Garland clarified that it was not that they shouldn't be included but that the complexities had not been resolved at this stage. • The Chair noted that each participant has to assess their own level of risk and take the necessary actions. The Chair also noted that to help participants identify their customers, the IMO could provide STEM, Balancing Market and Bilateral Contract volumes for the 18 days, subject to the confidentiality status of this information. • Mr Steve Gould noted that any allocation mechanism should be kept simple. Mr Gould also noted that if there is no mechanism to identify who a generator could pay then the ACCC couldn't compel the pass through of these costs. • MAC members discussed what information could help generators identify their customers and how this could be determined. The Chair noted that if Market Participants agree to disclose the necessary information then the IMO will be able to assist by providing the 	
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	<p>necessary information. Mr Gaston requested the IMO to provide a list of information that it could provide to assist participants.</p> <ul style="list-style-type: none"> • Mr Warren McEvoy queried the timeline of the application of the refund and cost savings. Ms Garland noted that the refund applied only to the 18 days and the cost savings apply going forward and should cover the financial year. Mr McEvoy also asked what happens in the circumstance where a business did not include carbon in its cost when the tax was imposed. Ms Garland noted that the ACCC will be expecting businesses to take a reasonable approach and provide information to substantiate its position. • Mr Michael Zammit asked whether the refund was required to be passed through by a certain time. Mr Gaston responded that there was no deadline. • The Chair reiterated that this process is outside of the IMO’s functions but that the IMO would help by providing the necessary information, to the extent possible. • The Chair also noted that if any Market Participant saw the IMO as its customer and provided the refund to the IMO, it would need to seek further advice from MAC members as to how to allocate the refunded amount. • Mr Huxtable asked how much the total energy consumption was. Mr Gaston noted that this was the missing piece of information that was being requested from the IMO. <p>The Chair noted that the IMO would investigate what information could be provided to assist Market Participants to allocate the carbon tax refunds for the 18 days and provide further information about the confidentiality status of the required information for MAC members to consider.</p> <p><i>Action Point: The IMO to investigate what information could be provided to assist Market Participants to allocate the carbon tax refunds and provide further information about the confidentiality status of the required information for MAC members to consider.</i></p>	<p>IMO</p>
<p>7b.</p>	<p>DISCUSSION PAPER: LOAD REJECTION RESERVE COSTING UPDATE</p> <p>The Chair invited Mr Brendan Clarke to present an overview of the discussion paper on the Load Rejection Reserve Service study.</p> <p>The following key points were discussed:</p> <ul style="list-style-type: none"> • Ms Laidlaw noted that the costs were not based on tripping generators off. Mr Clarke clarified that the costs were based on turning down generators and replacing non-flexible generators with flexible generators which cost more to run. • Mr Stevens queried how often the combination of Load Following Ancillary Services (LFAS), Spinning Reserve and automatic governor response would fall short of supporting such Load Rejection Reserve Events and resulting effects such as transformer failures. Mr Clarke clarified that this was specific to line failures. Ms Laidlaw noted that if automatic governor response and LFAS were reduced, the potential loss of load would still be covered under the current circumstances. Mr Clarke noted that this was under a future scenario. 	

	<ul style="list-style-type: none"> • Mr Campbell asked whether this was purely hypothetical. The Chair noted that the study accounted for an expected scenario where the network would be faced with a significant change that would increase the Load Rejection Reserve Service requirement. • The Chair also noted that potential network connection agreements in the future could result in the Load Rejection Reserve Service requirement and associated costs to the market increasing significantly under the current arrangements. • Mr Greg Turnbull noted that Western Power's decision on the solution to connect a new customer would consider the potential increased costs associated with the increased amount of Load Rejection Reserve Service. He noted that the offer made would be based on the most cost effective solution. The Chair clarified whether this meant that where a solution that increased the requirement for Load Rejection Reserve Service Western Power would agree to the connection and the market would bear the cost of the increased requirement. Mr Turnbull noted that Western Power had an in-principle position that the causer should pay for the additional requirement either through tariffs or a capital contribution. The Chair clarified that under the current arrangements the market bears the additional cost of the increased Load Rejection Reserve Service requirement. • MAC members agreed that there would appear to be a fundamental problem with a customer being able to connect under a cheaper network access contract and Market Participants funding the increased annual Load Rejection Reserve Service cost. • Mr Fairclough suggested that the IMO should change the Market Rules to change the allocation of costs to a causer pays basis. The Chair noted that the customer connecting to the network is unlikely to be a Rule Participant and therefore cannot be allocated costs. Ms Laidlaw further noted that the IMO did not have enough information to allocate these costs to the causer and that the network operator was in a better position to do so. • The Chair stated that there is a regulatory decision to be made with respect to network connections that is made on a least cost approach which will determine whether the customer must pay for a network upgrade or the market bears the costs associated with the increased Load Rejection Reserve Service cost. Mr Sharafi noted that this is not a unique problem and that solutions must exist within other jurisdictions. The Chair noted that the distinction between the different Ancillary Services needed to be determined before developing a cost allocation methodology. <p>The Chair thanked Mr Clarke for raising the problem for the MAC's attention early.</p>	
<p>7c.</p>	<p>DISCUSSION PAPER: IMO OPERATIONAL PLAN</p> <p>The Chair invited Mr Andrew Van de Werve to provide an overview of the IMO's 2014/2015 Operational Plan.</p> <ul style="list-style-type: none"> • Mr Van de Werve considered a slight increase in the approved allowable revenue accounted for the comprehensive market audit that was to be conducted for the IMO and System Management. The Chair 	

	<p>noted that the audit has been deferred as a result of the Electricity Market Review, and that the costs allowed for the audit would be refunded to Market Participants in the next period.</p> <ul style="list-style-type: none"> • The Chair noted the reduction in capital expenditure was driven by the upcoming planned replacement of IMO systems as the current systems will be 10 years old and need to be retired around 2016/17. • Mr Bargmann queried whether System Management fees are submitted into the same review process to the ERA as the IMO. The Chair noted that the IMO is required to verify whether System Management's Operational Plan is consistent with its Allowable Revenue and provide this advice to the Minister. Mr Bargmann asked who scrutinised ERA's expenditure to which Ms Walters noted that it was reviewed by Treasury. • The Chair highlighted that the oscillation in IMO fees was not reflective of underlying costs, but rather of fee recovery as surpluses are refunded two years later. 	
8.	<p>MARKET PROCEDURES OVERVIEW</p> <p>Ms Stone provided an overview on the current Procedure Change Proposals and noted that the first round of consultation for the Procedure Change Proposal: Reserve Capacity Security (PC_2013_05) closed on Monday 11 August 2014.</p>	
9.	<p>WORKING GROUPS</p> <p>Ms Stone informed MAC members of the recent Working Group membership updates reflecting the finalised Synergy structure after the merger.</p> <ul style="list-style-type: none"> • Ms Jacinda Papps is the Synergy representative on the IMO Procedure Change and Development Working Group, whilst Mr John Rhodes has retired his position. • Mr Brad Huppatz is the Synergy representative on the System Management PSOP Working Group, whilst Mr Rhodes and Mr Nick Walker have retired from their positions as Synergy and Verve Energy representatives, respectively. 	
10.	<p>GENERAL BUSINESS</p> <ul style="list-style-type: none"> • Mr Simon Middleton announced that the Electricity Market Review discussion paper had been publicly released and that a briefing session would be held on 21 August 2014. Mr Middleton also noted, on behalf of the Steering Committee, appreciation for the assistance provided by MAC members throughout the process. • The Chair queried whether a four week consultation period was still planned for the discussion paper and whether the timeframes surrounding the process had changed. Mr Middleton confirmed that the timeframes for consultation and end date for the process not changed. 	
CLOSED: The Chair declared the meeting closed at 4:35 PM.		

Agenda item 4: 2014 MAC Action Points

Legend:

Shaded	Shaded action points are actions that have been completed since the last MAC meeting.
Unshaded	Unshaded action points are still being progressed.
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

#	Year	Action	Responsibility	Meeting arising	Status/Progress
4	2014	Western Power to provide an overview of Western Power's current approach to constrained access to the grid at the next MAC Meeting.	Western Power	March	Deferred. To be considered as part of the Electricity Market Review.
18	2014	Western Power to provide advice on the appropriate level of insurance coverage for the purposes of determining the Maximum Reserve Capacity Price.	Western Power	May	In progress.
20	2014	The IMO to engage with System Management to determine the financial impact of the transformer failures at Muja and provide forecast cost estimates based on the outcomes of that discussion.	IMO/System Management	May	Ongoing.
29	2014	System Management to investigate the process for Out of Merit dispatch events and circulate a proposal to inform affected Market Participants about these events prior to the Dispatch Instruction being issued.	System Management	May/August	Overview to be provided at meeting.
32	2014	The IMO to submit the Rule Change Proposal: Administrative Improvements to the Outage Process (RC_2014_03) into the formal process and progress it using the Standard Rule Change Process.	IMO	June	In progress.

#	Year	Action	Responsibility	Meeting arising	Status/Progress
35	2014	MAC members to provide advice on the criteria under which the IMO should review the EPL and MRCP outside the five yearly review cycle at the August MAC meeting.	MAC	June	Completed.
36	2014	The IMO to assess the operational impact of publishing the Provisional Balancing Price earlier and advise MAC members.	IMO	June	Completed.
37	2014	The IMO to assess the accuracy of Balancing Prices for discussion at a MAC meeting in six months' time.	IMO	June	
38	2014	MAC members to give further consideration to the operational impacts of extending the STEM Submission window for further discussion at the next MAC meeting.	MAC	June	Completed. Based on feedback, proposal is to extend the STEM window (only) by 1 hour.
39	2014	The IMO to amend the minutes of Meeting No. 73 to reflect the agreed changes and publish on the Market Web Site as final.	IMO	August	Completed.
40	2014	System Management to present an overview of the methodology used to replace SCADA values in its estimates, at an upcoming MAC meeting.	System Management	June/August	To be considered under agenda item 7c.
41	2014	The IMO to develop the proposal in the concept paper CP_2014_08: Annual Approval of Facility Costs to Streamline Ancillary Service Procurement further for MAC to consider at a future meeting.	IMO	August	Completed. To be considered under agenda item 5a.
42	2014	The IMO to evaluate the costs and implications of a quarterly indexation of the MRCP and Energy Price Limits to the PPI.	IMO	August	Completed. The IMO's investigations did not identify any significant costs associated with quarterly indexation. The Rule Change Proposal has been updated accordingly.
43	2014	The IMO to consider feedback from MAC members and to progress the pre Rule Change Proposal: Reduced Frequency of Determining the Energy Price Limits and Maximum Reserve Capacity Price (PRC_2014_05) accordingly.	IMO	August	In progress.
44	2014	The IMO to investigate what information could be provided to assist Market Participants to allocate the carbon tax refunds and provide further information about the confidentiality status of the required information for MAC members to consider.	IMO	August	Completed. To be considered under agenda item 7b.

Concept Paper: Annual Approval of Facility Costs to Streamline Ancillary Service Procurement

1. BACKGROUND

The recent transformer failure at Muja has created the need for System Management to consider procuring Dispatch Support Services¹ under an Ancillary Service Contract to support Power System Security and Reliability in the South West and Great Southern regions. The procurement process for Ancillary Service Contracts can be lengthy. Where the process is protracted, inefficient dispatch options and distortions in the market may result.

Currently, under clauses 3.11.8 and 3.11.8A of the Wholesale Electricity Market Rules (Market Rules), System Management may enter into Ancillary Service Contracts with Rule Participants for the purpose of providing Spinning Reserve Services, Load Rejection Reserve Services, System Restart Services or Dispatch Support Services².

Clause 3.11 of the Market Rules outlines the process required to procure a Dispatch Support Service Contract as follows:

1. System Management must update the Ancillary Service Requirements (which includes Dispatch Support Services) at any time if it considers that a considerable shortfall of that service relative to the applicable Ancillary Service standard is occurring, or is likely to occur before the next annual update. System Management must submit this to the IMO for approval.
2. The IMO must audit System Management's updated Ancillary Service Requirements.
3. Where System Management intends to enter into an Ancillary Service Contract, it must:
 - seek to minimise the cost of meeting its obligations to schedule and dispatch Facilities to meet the Ancillary Service Requirements in each Trading Interval in accordance with Chapter 7 (Dispatch) of the Market Rules; and
 - give consideration to using a competitive tender process, unless it considers that this would not meet the requirements to minimise the costs.

¹ Under clause 3.9.9 of the Market Rules, a Dispatch Support Service is an Ancillary Service that is needed to maintain the Power System Security and Power System Reliability that is not covered by the other Ancillary Service categories, including the service of controlling voltage levels, where that service is not already provided under any Arrangement for Access or Network Control Service contract.

² It should be noted that under clauses 5.1.1 and 5.1.2 of the Market Rules, Network Control Service contracts are to be procured by the Network Operator to cover services that are provided as a substitute for transmission or distribution network upgrades. As a result of Rule Change Proposal: Removal of Network Control Services Expression of Interest and Tender Process from the Market Rules (RC_2010_11), the Market Rules no longer specify how Network Control Service contracts are entered into as they are designed to provide non-market related support to the network.

4. Before entering into an Ancillary Service Contract, System Management must obtain the approval of the contract from the Economic Regulation Authority (ERA). In its approval, the ERA “must only review whether an Ancillary Service Contract.... would achieve the lowest practicably sustainable cost of delivering the services” and may undertake a public consultation process.

Despite the ERA’s ability to circumvent the consultation process under clause 3.11.8D of the Market Rules, the IMO considers that there are further opportunities to expedite and streamline the procurement process which could result in more efficient market outcomes.

2. ISSUES WITH THE ANCILLARY SERVICE PROCUREMENT PROCESS

Where System Management considers that a Dispatch Support Service needs to be procured, it currently publishes an expression of interest on its website. Rule Participants are required to submit the technical specifications, quantity of energy available to be used for dispatch support and cost of providing the required service. System Management then evaluates all aspects of the tender submissions to determine the most efficient procurement option.

This requires System Management to make an effective assessment of the least cost solution. However, System Management does not have sufficient information on the expected/benchmark Short Run Marginal Cost (SRMC) of different Facilities to assess the costs submitted in the tenders and therefore inform its decision with regard to the contract. Consequently, the process for procuring Ancillary Services may take longer than required where the ERA does not agree with the System Management’s contract arrangements, which would then require the process to be restarted.

By contrast, the ERA (and the IMO) undertakes a range of functions in the market, where it is required to assess economic efficiency (costs and prices) and is best placed to do so. Further, the ERA has access to the information necessary to make a fully informed decision with respect to the efficient cost of the provision of Ancillary Services. While the ERA making the determination is consistent with the current process, under the current arrangements the ERA is only required to make this determination at the end of the process.

In the period between System Management identifying a considerable shortfall of Ancillary Services relative to the applicable standard and the completion of the procurement process, the market bears the associated costs (for example, constraint payments for Out of Merit generation). Where this is a protracted process, the resulting market outcomes are likely to be inefficient and the effect on the market is likely to be significant.

The IMO notes that possible inefficient outcomes include the following:

1. Out of Merit dispatch is likely to be required, which does not ensure that the lowest cost energy is dispatched. This mechanism is only designed to retard brief disruptions to normal dispatch.
2. Constraint payments to Market Participants for the Out of Merit generation of a Facility may not recover the SRMC of that Facility providing energy in that Trading Interval. In particular, this is a problem where the constraint requires a Facility that has market power, and is therefore required to bid at SRMC to run, where the Facility has a low Ramp Rate Limit, where the Facility would otherwise not be running and where the Facility is required to run across multiple Trading Intervals.

3. In most cases, System Management must dispatch Facilities in the order required under clause 7.6.1D of the Market Rules (i.e. each Facility in order of the Balancing Merit Order (BMO), any other Facility in the BMO and then a Non-Balancing Facility). This means that System Management is unable to dispatch other (potentially cheaper) Facilities, potentially resulting in a less efficient outcome than would be achieved under an Ancillary Service Contract.
4. Market Customers bear the costs associated with the constraint payments to Market Participants, for the Out of Merit generation to provide the Ancillary Services, but cannot easily predict them.
5. Market Participants that have Facilities operating near the margin cannot easily determine the reason that the Facility has been dispatched in a certain manner by System Management in a Trading Interval.

3. CONSULTATION WITH THE MARKET ADVISORY COMMITTEE

A concept paper was discussed at the 13 August 2014 Market Advisory Committee (MAC) meeting. MAC members discussed the issues and proposed solution and requested that the IMO considers further:

- whether the proposal would be voluntary or mandatory;
- whether the price would be binding;
- how to cater for the inherent variability in a Facility's SRMC;
- the ability to achieve competitive outcomes where there is more than one Facility that could address the constraint;
- network constraints more holistically as part of the Electricity Market Review, rather than in a piecemeal manner; and
- the circumstances under which a Dispatch Support Service should be provided, in particular compared to those under which a Network Control Service (NCS) should be procured.

As a result of this feedback, the IMO has revised this paper to clarify some aspects of the proposal and provide further details of the proposed operation of the process.

4. PROPOSED SOLUTION

The IMO considers that the process of procuring Ancillary Services can be expedited by instituting a requirement for all Market Participants to receive pre-approval of the price(s) applicable to each Facility with respect to the provision of Ancillary Services.

Who has to participate?

The IMO proposes to make participation in the process mandatory for all generation Facilities to ensure that a full range of Facilities would be available to meet the Ancillary Service Requirements. This is particularly important in the case of localised issues, where only one Facility may be able to effectively address the requirement.

It should be noted that recently DSPs have been supporting the network. Despite the increased

flexibility DSPs provide, at this stage, the IMO does not propose to include Demand Side Programmes (DSP) in the process due to the inherent complexities. In particular, in order to include DSPs, the Market Rules would need to provide clarity on a number of broader matters with respect to the operation of DSPs, including but not limited to:

- what an appropriate cost of service is for a DSP;
- how to compare a DSP's cost of service to a generator's SRMC;
- how to consider a DSP's limited availability and subsequent restrictions around dispatch; and
- how system management would be able to determine a DSPs availability at a time when Dispatch Support Services are required.

It is likely that when these issues have been resolved that DSPs will not only be able to participate in the Dispatch Support Service contract process but that the IMO will also be able to integrate DSPs in the Balancing Market.

Who should approve the price?

The IMO proposes that each year Market Participants would submit the proposed price(s) for each Facility to the ERA for assessment and approval.

The IMO considers that the ERA is best placed to perform this function because it currently is required to approve the costs associated with Dispatch Support Service contracts under clause 3.11.8C of the Market Rules and all revisions to those prices under the current Dispatch Support Service contracts. In addition, the IMO considers that the ERA is well placed to perform this function as it is also required to oversee market surveillance activities and approve administered prices such as that proposed.

The ERA currently requests details with respect to each Facility's SRMC to fulfil its market surveillance obligations under clause 2.16.9 of the Market Rules. The IMO considers that the proposed Ancillary Service procurement process could be aligned with the market surveillance process to increase the efficiency and reduce the duplication of effort.

The IMO also considers that there would be additional benefits, including the avoidance of ad-hoc requests for information for market surveillance purposes and improving the accuracy of the data used to monitor the market.

How often can prices be submitted for approval?

The IMO proposes to make the approval of Dispatch Support Service price(s) a process that would be undertaken prior to the start of the Capacity Year. Initially, it would be undertaken annually, however, as the process is bedded down, it could be less frequent (i.e. every two to three years). The IMO considers that this would provide an appropriate balance between the ability for Market Participants to update their prices on the basis of updated input costs (e.g. where a new fuel contract is signed), and minimising the administrative overheads associated with the approval process.

It should be noted that this ability to revise prices annually is also consistent with the Dispatch Support Service contracts currently in place.

What is an appropriate price?

The IMO proposes that the Dispatch Support Service payment would be the SRMC of the Facility, plus a profit margin, less the Balancing Price. The IMO considers that the combination of the capacity payment, energy payment (Balancing Price), and Dispatch Support Service payment will ensure that a Facility does not run at a loss.

The IMO considers that the price(s) offered by each Market Participant for each Facility would have to be based on the Facility's SRMC to prevent the abuse of market power where only one Facility could provide the necessary service. This is consistent with the required bidding behavior in the Balancing Market.

The SRMC of the Facility would provide the Market Participant's expectation of the cost of providing the additional quantity of energy with respect to the Ancillary Service for each Facility and should account for start-up costs and other operating costs. It should be noted that the SRMC does not include fixed costs which do not vary in the short run, as these costs are notionally recovered through Capacity Credit payments under the Reserve Capacity Mechanism.

A requirement to base the order of dispatch on each Facility's SRMC would also ensure that the most efficient solution or combination of solutions would be dispatched where more than one Facility could provide the necessary service.

The IMO considered a more dynamic price setting arrangement. However, the most efficient way to introduce competition (in the absence of a market) is through a tender process, which this proposal is trying to address the shortfalls of. The IMO therefore considers that, despite the lack of competition in an administered price arrangement, as is being proposed, the requirement to dispatch Facilities on the basis of price will still produce an economically efficient outcome. How System Management will dispatch Facilities is discussed further below.

How can a Market Participant ensure that prices are reflective of the costs incurred?

The IMO proposes that the approved price would be binding and apply to the specific Dispatch Support Service for the quantity of the IMO-approved requirement.

The IMO acknowledges that a Facility's SRMC can vary depending on a number of factors. The IMO has taken this into consideration and proposes to allow Market Participants to submit a minimum of one and maximum five price-quantity pairs, where the price associated with each pair is equal to the Facility's SRMC at any particular point. This will allow Market Participants to account for a Facility's SRMC at its minimum stable load and another four points in its production curve.

What is an appropriate return for the services provided?

The IMO considers that Market Participants providing Dispatch Support Services under this process should make a return (above SRMC) at a level equivalent to the associated level of risk. The IMO therefore proposes to include a profit margin based on the 10-year Australian Government Bond Yield rate.

The 10-year Australian Government Bond Yield rate in September 2014 is 3.46%. Over the past 10 years, the rate has fluctuated between 6.5% in 2008, during the financial crisis and 2.95% in 2012. The IMO considers that this rate would provide an appropriate return on the provision of a low risk service.

The IMO notes that the inclusion of a profit margin would offset any implicit bias that a Market Participant may have to avoid providing Ancillary Services.

It should be noted that other markets similarly determine the cost of the provision of Ancillary Services and add a profit margin. For example, the Singapore electricity market uses an open-book method to determine the actual cost of Ancillary Services Contracts (System Restart Services) and includes a margin of 10%.

What form would the governance structure take?

The IMO considers that the development and agreement of contracts significantly extends the time taken to procure Dispatch Support Services.

To expedite the process, the IMO therefore proposes to introduce an ex-ante approval process into the Market Rules to replace the current contract arrangements for procuring Dispatch Support Services in the WEM. This would require the IMO to amend the Market Rules to place obligations on System Management, Market Generators and the ERA.

Should there be a requirement for System Management to dispatch a Facility in the list?

The IMO considers requirements should be put in place to avoid the issues that currently arise from using dispatch processes that are not designed for longer periods.

The IMO therefore proposes to introduce a requirement for System Management to dispatch a Dispatch Support Service under this process where the shortfall or constraint has persisted for more than five Trading Days for a minimum of four hours per day, or is expected to last for an extended period.

How would System Management dispatch a Facility from the ordered list?

The IMO proposes that, once all prices have been approved by the ERA, the IMO would provide System Management with an ordered list of Facilities on the basis of price, with the lowest prices ranked first (similar to the BMO and Non-Balancing Dispatch Merit Order).

Where System Management determines that additional Ancillary Services are required, it would determine which Facilities are able to meet the IMO-approved requirement. The IMO expects that in System Management's assessment of a Facility's ability to meet the requirement, it would overlay an effectiveness factor to consider the amount of energy that would be required to be produced at the generation point to meet the requirement to ensure an efficient overall solution is implemented.

Once it had determined which Facilities should be dispatched to provide the Ancillary Services, System Management would issue Operating Instructions under clause 7.6.1B of the Market Rules to the relevant Facilities in accordance with the price based order of the list. Under clause 7A.2.3 the relevant Market Participant would then be required to price the appropriate quantity at the Minimum STEM Price to ensure that it is dispatched and does not distort the Balancing Merit Order.

The IMO would also take the opportunity to strengthen clause 7.6.1B of the Market Rules to require System Management to issue an Operating Instruction to a Facility to be dispatched under this process. It should be noted that while System Management is currently not required to issue an Operating Instruction in these cases under the Market Rules, section 6.4 of the Power System Operation Procedure: Dispatch does require it to. Nevertheless, if System Management did not issue an Operating Instruction, the Market Participant would not be obliged

to bid at the Minimum STEM Price, which:

- would distort the BMO;
- may result in inefficient prices due to unanticipated outcomes such as artificially inflating the Balancing Price and/or attracting constrained on payment; and
- may result in the double payment for the quantity of energy dispatched to meet the Ancillary Service requirement as the settlement system would not be able to determine the type of energy provided.

Should there be a requirement for a Network Operator to procure an NCS?

Under the current electricity market arrangements, there are two alternative options to support the operation of the network where a capital investment solution is deferred:

1. Western Power enters into a network solution in the form of an NCS contract – under clause 5.1.1 of the Market Rules an NCS is “a service provided by generation or demand side management that can be a substitute for transmission or distribution network upgrades”.
2. System Management enters into a market solution in the form of a Dispatch Support Service – under clause 3.9.9 of the Market Rules a Dispatch Support Service is any other Ancillary Service that is needed to maintain Power System Security and Power System Reliability that are not covered by the Ancillary Service categories. Dispatch Support Service is to include the service of controlling voltage levels in the SWIS, where that service is not already provided for under any Arrangement for Access or NCS contract.

Currently, these explanations do not provide a clear distinction between network and market driven costs and therefore who should bear the associated costs. The IMO considers that greater clarity over the intention of these services is required and that further guidance is necessary with respect to their classification and the allocation of associated costs.

While the intention of this concept paper is to find a more equitable solution under the current arrangements, the combination of the current definition of Dispatch Support Service and a requirement for System Management to use a Dispatch Support Service may produce unintended outcomes without further consideration of the role of NCS. In particular, without further guidance on the circumstances under which an NCS should be procured, Western Power would have no incentive to remedy network problems, as System Management would first be required to procure Dispatch Support Services to support the continued operation of the system.

The IMO considers that the resolution of this issue requires a policy decision by the Public Utilities Office (PUO).

5. NEXT STEPS

The IMO has consulted with the ERA with respect to the proposal but has not yet received feedback. The IMO will consider any feedback provided by the ERA in the further development of this proposal.

The IMO notes that there are currently two reviews underway that may affect the progression of this proposal:

1. The review of the Muja transformer failure incident – The PUO is currently assessing the response of the organisations involved to the incident and may make recommendations that would negate the requirement to implement such a process.
2. The Electricity Market Review – The review is assessing broad reforms in the electricity sector and may recommend implementing reforms that would negate the requirement to implement such a process. For example, the introduction of a constrained grid model or co-optimised energy and Ancillary Service dispatch.

In light of this, the IMO recommends that MAC members:

- **consider and discuss** the proposed solution;
- **agree** whether the MAC supports the proposed solution in-principle; and
- **note** that, if in-principle support is provided, the IMO will decide whether or not progress the proposed solution as a Rule Change Proposal after considering the outcomes of the PUO's review into the Muja transformer failure and the Electricity Market Review.

Agenda Item 6a: Overview of Market Rule Changes

Below is a summary of the status of Market Rule Change Proposals as at 17 September 2014 that are either currently being progressed by the IMO or have been registered by the IMO as potential Rule Change Proposals to be progressed in the future.

Rule changes: Formally submitted (see appendix 1)	17 th September 2014
Fast track with Consultation Period open	0
Standard Rule Changes with 1st Submission Period Open	0
Fast Track Rule Changes with Consultation Period Closed (final report being prepared)	0
Standard Rule Changes with 1st Submission Period Closed (draft report being prepared)	2
Standard Rule Changes with 2nd Submission Period Open	1
Standard Rule Changes with 2nd Submission Period Closed (final report being prepared)	2
Rule Changes – Awaiting Minister’s Approval and/or Commencement	0
Total Rule Changes Currently in Progress	5

Note: The timeframes for some Rule Change Proposals have been extended on the basis that the IMO considers that these Rule Change Proposals are likely to overlap with issues considered as part of the Review and/or are likely to have significant implementation costs. The extension of the IMO’s consideration of these proposed amendments will allow the consideration of the outcomes of the Electricity Market Review and any potential impacts.

The following table provides an update of the items the Market Development team anticipates progressing over the next two to three months.

Issue	Likely timing
RC_2014_07: Correction of Minor, Typographical and Manifest Errors	Submission in September 2014
RC_2014_06: Removal of Resource Plans and Dispatchable Loads	Pre Rule Change Proposal – November 2014
Amendments to Market Information Arrangements (review of confidentiality and chapter 10)	Concept Paper – November 2014
Registering the Western Power Network	November 2014

The IMO also notes that it keeps logs of potential issues that may require rule changes, minor and typographical issues and rule change suggestions that is updated on a regular basis. These logs form the basis of the IMO's future rule change work program, including development of the Market Rules Evolution Plan.

APPENDIX 1: FORMALLY SUBMITTED RULE CHANGES (Current as of 17th September 2014)**Standard Rule Change with First Submission Period Closed**

ID	Submitted	Title	Submitter	Next Step	Date
RC_2013_15	24/12/2013	Outage Planning Phase 2 - Outage Process Refinements	IMO	Draft Rule Change Report published	31/12/2014
RC_2014_02	14/07/2014	Removal of Facility Aggregation	IMO	Draft Rule Change Report published	22/09/2014

Standard Rule Change with Second Submission Period Open

ID	Submitted	Title	Submitter	Next Step	Date
RC_2014_04	30/06/2014	Specific Transition Provisions for the 2014 Reserve Capacity Cycle	IMO	Submissions Close	07/10/2014

Standard Rule Change with Second Submission Period Closed

ID	Submitted	Title	Submitter	Next Step	Date
RC_2013_20	10/01/2014	Changes to the Reserve Capacity Price and the Dynamic Reserve Capacity Refunds Regime	IMO	Final Rule Change Report published	31/12/2014
RC_2013_21	10/01/2014	Limit to Early Entry Capacity Payments	IMO	Final Rule Change Report published	31/12/2014



INDEPENDENT
MARKET
OPERATOR

Carbon tax refund share

Bryn Garrod
Analyst, Market Development

24 September 2014





- During Trading Days 1-17 July, for Market Participant X, which in this example is a Market Customer:

Consumption	11,000 MWh
Bilateral purchases	9,000 MWh
Residual purchases	2,000 MWh
Share of total residual purchases	13.2%



- Market Participant X receives the information from Option 1 and the additional information below:

Residual sellers were:

Market Participant W	29.3%
Market Participant Y	52.4%
Market Participant Z	18.3%

- If Market Participant X were a residual seller than it would receive a list of residual buyers.

Agenda Item 8a: Overview of Recent and Upcoming IMO and System Management Procedure Change Proposals

Legend:

Shaded	Shaded rows indicate procedure changes that have been completed since the last MAC meeting.
Unshaded	Unshaded rows are procedure changes still being progressed.
Red Text	Red text indicates any updates to information

ID	Summary of Changes	Status	Next Step	Date
IMO Procedure Change Proposals				
PC_2012_11 Notices and Communications	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> Reflect the IMO's new format arising from its Market Procedures project. Reflect the IMO's updated contact details. 	<ul style="list-style-type: none"> PC_2012_11: Notices and Communications was published on 18 June 2013. 	<ul style="list-style-type: none"> Submissions closed on 16 July 2013. The IMO is currently preparing the Procedure Change Report. 	Nov 2014
PC_2013_05 Reserve Capacity Security	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> Reflect the IMO's new format arising from its Market Procedures project; Revise the Market Procedure to provide more details of the relevant processes; Include some minor and typographical amendments to improve the integrity of the Market Procedure; and 	<ul style="list-style-type: none"> Submissions closed on 11 August 2014. The Procedure Change Report and revised proposed amended Market Procedure are being prepared by the IMO. 	<ul style="list-style-type: none"> Procedure Change Report published. 	Oct 2014

ID	Summary of Changes	Status	Next Step	Date
	<ul style="list-style-type: none"> Include amendments required as a result of the Pre Rule Change Proposal: Prudential Requirements (PRC_2012_23). 			
PC_2013_06 Certification of Reserve Capacity	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> Reflect the IMO's new format; Improve the integrity of the Market Procedure; and Reflect the treatment of Facilities that share a Declared Sent Out Capacity as a result of RC_2012_20. 	<ul style="list-style-type: none"> The Procedure Change Report is being prepared by the IMO in light of the rejection of RC_2013_09 and RC_2013_10 by the Minister. 	<ul style="list-style-type: none"> Procedure Change Report published. 	Oct 2014
PC_2013_09 Reserve Capacity Performance Monitoring	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> Reflect the IMO's new format; Reflect the amendments to Certification of Reserve Capacity in RC_2010_14; and Clarify the process for Performance Reports and Progress Reports. 	<ul style="list-style-type: none"> The Procedure Change Report is being prepared by the IMO in light of the rejection of RC_2013_09 and RC_2013_10 by the Minister. 	<ul style="list-style-type: none"> Procedure Change Report published. 	Oct 2014
PC_2014_01 Balancing Market Forecast	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> remove references to Verve Energy in the Market Procedure in response to the changes arising from the Rule Change Proposal RC_2013_18: Market Rule changes arising from the merger of the Electricity Retail Corporation and Electricity Generation Corporation; and make other minor editorial improvements to the Market Procedure. 	<ul style="list-style-type: none"> Procedure has been updated following the discussion at the 6 February 2014 IMOPWG. 	<ul style="list-style-type: none"> Updated Market Procedure to be circulated to the IMOPWG for comment. 	TBA
PC_2014_03 Market Procedure for Determining the Benchmark Reserve Capacity Price	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> rename the Maximum Reserve Capacity Price (MRCP) in the Market Rules as the Benchmark Reserve Capacity Price; and make other minor editorial improvements to the Market Procedure. 	<ul style="list-style-type: none"> PC_2014_03 was tabled at the 1 May 2014 IMO Procedures Working Group. 	<ul style="list-style-type: none"> The IMO will align the formal submission of PC_2014_03 with RC_2013_20 which has been extended until 31/12/2014. 	TBA

ID	Summary of Changes	Status	Next Step	Date
System Management Procedure Change Proposals – N/A				

Agenda Item 9a: Working Group Overview

Working Group (WG)	Status	Date commenced	Date concluded	Latest meeting date	Next scheduled meeting date
System Management Procedures WG	Active	Jul 07	Ongoing	14/08/2013	TBA
IMO Procedures WG	Active	Dec 07	Ongoing	01/05/2014	TBA