



Agenda

MEETING TITLE	Market Advisory Committee
MEETING NO	81
DATE	Wednesday 17 June 2015
TIME	3:00 PM – 5:00 PM
LOCATION	IMO Board Room, Level 17, 197 St Georges Terrace, Perth

Item	Responsibility	Duration
1. Welcome	Chair	2 min
2. Meeting apologies/attendance	Chair	2 min
3. Minutes of previous meeting	Chair	5 min
4. Actions arising	Chair	5 min
5. Discussion: Electricity Market Review Update	PUO	30 min
6. Rule Change Proposals		
6.1 Overview	IMO	10 min
7. Market Procedures		
7.1 Overview	IMO	5 min
8. Progression of Five Yearly Reviews in 2015/16	IMO	10 min
9. Presentation: Key Findings of the 2014 Electricity Statement of Opportunities	IMO	30 min
10. Working Groups	IMO	2 min
11. General Business	IMO	5 min
12. Next Meeting: 22 July 2015		

Please note this meeting will be recorded to assist with the preparation of minutes.

Minutes

MEETING TITLE	Market Advisory Committee
MEETING NO	80
DATE	Wednesday 6 May 2015
TIME	3:00 PM – 3:50 PM
LOCATION	IMO Board Room, Level 17, 197 St Georges Terrace, Perth

Attendees	Class	Comment
Allan Dawson	Chair	(3:00 PM – 3:30 PM)
Kate Ryan	Compulsory – IMO	
Dean Sharafi	Compulsory – System Management	
Matthew Cronin	Compulsory – Western Power	(3:15 PM – 3:50 PM)
Will Bargmann	Compulsory – Synergy	
Shane Cremin	Compulsory – Generator	
Andrew Stevens	Compulsory – Generator	
Wendy Ng	Compulsory – Generator	
Michael Zammit	Compulsory – Customer	
Steve Gould	Compulsory – Customer	
Geoff Gaston	Compulsory – Customer	
Peter Huxtable	Discretionary – Contestable Customers	
Simon Middleton	Minister's Appointee – Observer	(3:20 PM – 3:50 PM)
Ray Challen	Minister's Appointee – Small Use Consumers Representative	Presenter
Elizabeth Walters	Economic Regulation Authority (ERA) – Observer	

Also in attendance	From	Comment
Mia Threnoworth	Synergy	Observer
Fiona Wiseman	Alinta Energy	Observer
Chris Campbell	Alinta Energy	Observer
Richard Wilson	EnerNOC	Observer (3:25 PM – 3:50 PM)
Mike Davidson	System Management	Observer
Martin Maticka	IMO	Observer
Greg Ruthven	IMO	Observer

Erin Stone	IMO	Observer
Paul Tetley	IMO	Observer (3:10 PM – 3:50 PM)
Jenny Laidlaw	IMO	Observer
Alex Penter	IMO	Observer and Minutes
Marc Hettler	IMO	Observer
Laura Koziol	IMO	Observer

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 3:00 PM and welcomed members to the 80th meeting of the Market Advisory Committee (MAC).</p>	
2.	<p>MEETING APOLOGIES/ATTENDANCE</p> <p>The following presenters/observers were noted:</p> <ul style="list-style-type: none"> • Mia Threnoworth (Observer – Synergy) • Fiona Wiseman (Observer – Alinta Energy) • Chris Campbell (Observer – Alinta Energy) • Richard Wilson (Observer – EnerNOC) • Mike Davidson (Observer – System Management) • Martin Maticka (Observer – IMO) • Greg Ruthven (Observer – IMO) • Erin Stone (Observer – IMO) • Paul Tetley (Observer – IMO) • Jenny Laidlaw (Observer – IMO) • Alex Penter (Observer and Minutes – IMO) • Marc Hettler (Observer – IMO) • Laura Koziol (Observer – IMO) 	
3.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of the MAC Meeting No. 79, held on 18 March 2015, were circulated to members prior to the meeting. The minutes were accepted as a true record of the meeting.</p> <p><i>Action Point: The IMO to publish the minutes of Meeting No. 79 on the Market Web Site as final.</i></p>	IMO
4.	<p>ACTIONS ARISING</p> <p>The Chair invited Ms Kate Ryan to update the MAC on the current action items. Ms Ryan noted that the items marked as complete would be taken as read and provided the following update on the open actions:</p> <ul style="list-style-type: none"> • Action Items 3, 12 and 55: Ms Ryan noted that these items were scheduled to be discussed at various points during the meeting. • Action Items 9 and 47: Ms Ryan noted that these items remained open. • Action Item 15: Ms Ryan noted this action remained open as the IMO was undertaking final reviews before submitting the 	

	<p>Rule Change Proposal: Formalisation of the Process for Maintenance ApplicationsExpediting the Publication of Balancing Prices (RC_2015_063) into the formal process.</p> <ul style="list-style-type: none"> • Action Item 16: Ms Ryan noted that this item was now complete. The IMO met with Synergy and System Management on 2 April 2015 and no substantive changes to the advice previously provided to the MAC resulted from that meeting. 	
4.1	<p>ACTION ITEM 3: LFAS UPDATE ON AUXILIARY LOAD FORECASTING ERRORS</p> <p>The Chair invited Mr Dean Sharafi to provide an overview of System Management’s progress on correcting the auxiliary load forecasting errors. The following key points were discussed:</p> <ul style="list-style-type: none"> • Mr Sharafi stated that System Management was in the process of testing a solution for correcting the auxiliary load forecast and expected that it would be in production by the following week. The Chair queried what the impact of the proposed solution would be. Mr Sharafi answered that the Load forecasts would be more accurate. • Dr Steve Gould queried the magnitude of error in System Management’s current Load forecast. Mr Sharafi noted that the difference between sent out and as generated was it was around 200_MW. 	
4.2	<p>ACTION ITEM 12: LFAS NEXT STEPS DISCUSSION</p> <p>The Chair provided an update to MAC on the progression of issues related to Load Following Ancillary Services (LFAS) and noted that, due to resources being engaged on the System Management transfer to the IMO constraints and overlaps with issues being considered as part of the Electricity Market Review (EMR), the proposed work on sculpting the LFAS Requirement were not proposed to be progressed as a priority.</p> <p>MAC members discussed the complexities of accurately forecasting the required amount of LFAS and agreed on the need for fundamental issues, including the definitional boundaries between Ancillary Services and the measurement of LFAS, to be resolved.</p> <p>The Chair proposed to park the MAC discussion on LFAS and consider the issues as part of the EMR, noting that it overlapped with the Wholesale Electricity Market (WEM) improvements workstream and the project to integrate the System Management function into the IMO. MAC members agreed.</p>	
5.1	<p>UPDATE ON THE ELECTRICITY MARKET REVIEW</p> <p>The Chair invited Dr Ray Challen to provide an update on the progress of the EMR. The following key points were discussed:</p> <ul style="list-style-type: none"> • The Chair noted that an update on the EMR would be included on the agenda for MAC meetings as a standing agenda item. • Dr Challen noted that it was now five weeks into the implementation phase of the EMR (Phase 2) and work was well under way. He summarised the four work streams involved in Phase 2 and advised that detailed project planning was under way. Dr Challen noted that the EMR team were considering the timing of the various workstreams and noted that any legislative changes would need to be considered by Parliament before November 2016 (i.e. before Parliament rises 	

ahead of the 2017 State Government election) meaning detailed project plans would need to be presented to the Cabinet in June 2015 and legislative changes finalised before mid-2016. Dr Challen clarified that the EMR team would engage with Market Participants from July 2015 onwards.

- Dr Challen stated that the EMR project team had started work on moving the System Management function out of Western Power and into the IMO and introducing a new 'Rule Approval Panel' (RAP) as other workstreams are contingent on these projects. Dr Challen indicated the RAP establishment would be expedited, with a target implementation time of six months.
- Dr Challen noted that there were two options for the implementation of the reforms in the WEM Rules (Market Rules), either by utilising the rule change process or the Minister withdrawing and replacing the Market Rules. Dr Challen expressed his preference for using the existing rule change process because it would ensure transparency and an appropriate level of industry consultation.
- Dr Challen noted that the EMR team had prepared advice for the Minister in regard to progressing rule changes currently in the rule change process. Dr Challen noted the Minister's view that current rule changes should be considered in light of the likely changes under the EMR and approved by the RAP when it is established. However, Dr Challen noted the Minister's preference to progress the Rule Change Proposal to implement the Ministerial Direction to defer the 2015 Reserve Capacity Cycle (RC_2015_05) under the current approval framework. Dr Gould queried the progress of the Rule Change Proposal: Changes to the Reserve Capacity Price and the Dynamic Reserve Capacity Refund Regime (RC_2013_20). Dr Challen stated that it was unlikely that RC_2013_20 would be progressed. Ms Wendy Ng sought clarification that all rule changes except RC_2015_05 would be placed on hold. Dr Challen noted that this was likely to be the case but that a decision had not yet been made.
- Mr Shane Cremin asked how the EMR Steering Committee would be used given that there are Government representatives but no industry representatives on the committee that would decide on issues affecting all Market Participants. Dr Challen noted that the committee was made up of Government representatives because it was primarily reforming Government regulations. Mr Cremin noted that Market Participants representing private investors should have an equal view to organisations such as Western Power and Synergy. Mr Andrew Stevens reflected that industry representation is not necessarily needed if Synergy or Western Power were not represented on the committee. Dr Challen noted this concern and proposed regular updates to Market Participants. He also noted that one of the reasons for including the government business on the committee was to ensure accountability. The Chair reiterated that Dr Challen would provide regular updates at MAC meetings and suggested that the EMR team could use the MAC as a consultation body.
- Mr Michael Zammit noted that the current rule change process was much more robust than that in the National Electricity Market. Dr Challen clarified that the intention was that only the final approval

	<p>of rule changes would be given to the new approval panel and the rule change process was likely to remain the same and be administered by the IMO. The Chair also noted that the role of the MAC was not expected to change. Mr Cremin reiterated Mr Zammit's concerns around how much change would occur to the existing rule change process. Dr Challen reiterated there would be opportunity for Market Participants to participate in consultation on the reforms. Mr Peter Huxtable queried whether there would be industry working groups formed. Mr Simon Middleton noted that not all expertise would be in the Public Utilities Office (PUO) and therefore, there would necessarily be opportunities for industry representatives and associations to be involved.</p> <p><i>Action Point: The IMO to include an update on the EMR from the PUO as a standing item on the MAC agenda.</i></p>	IMO/PUO
6.	<p>RULE CHANGE OVERVIEW</p> <p>Ms Ryan stated that the IMO intends to update the timing of Rule Change Proposals when more information is known.</p> <p>Mr Will Bargmann noted that Synergy didn't wish to spend time on developing submissions to Rule Change Proposals if they are likely to be deferred or rejected. Ms Ryan noted that the IMO is awaiting advice from the Minister and would inform stakeholders as soon as possible.</p> <p>Mr Stevens asked when the new RAP would be in place. Dr Challen noted the panel was expected to be in place before the end of the year.</p> <p><i>Action Point: The IMO to advise stakeholders when it receives direction from the Minister regarding the progression of Rule Change Proposals currently underway.</i></p>	IMO
7.	<p>PROCEDURE CHANGE OVERVIEW</p> <p>Ms Ryan noted that the IMO held an IMO Procedure Change and Development Working Group meeting on 22 April 2015 and noted that the Procedure Change Proposals: Changes to Market Operation Market Procedures (PC_2015_01) and Changes to Market Procedure: Confidential Information (PC_2015_02) had been discussed at this meeting. Ms Ryan noted that IMO had received feedback on these Procedure Change Proposals and was in the process of incorporating members' comments.</p> <p>Ms Ryan also noted that the IMO had planned to hold another Working Group meeting either later in May or early June but given the likely changes in timing of the associated Rule Change Proposals, the IMO would likely defer this meeting.</p> <p>Ms Ryan asked the MAC members if the overview could be taken as read. MAC members agreed.</p>	
8.	<p>WORKING GROUP AND MEMBERSHIP OVERVIEW</p> <p>Ms Ryan noted that there were no changes to the membership of the Working Groups.</p>	
9.1	<p>GENERAL BUSINESS: FREQUENCY OF 2015 MAC MEETINGS</p> <p>Ms Ryan noted that the IMO had proposed meetings at six weekly intervals, and asked MAC members whether, given the EMR was underway, MAC</p>	

	<p>members considered it beneficial to meet more frequently. MAC members agreed that more frequent meetings would be beneficial.</p> <p>Dr Challen suggested that MAC meetings could be held more frequently from July onwards when the detailed project plans have been developed and the implementation commences.</p> <p>Mr Matthew Cronin suggested that MAC meetings could be scheduled in accordance with EMR Steering Committee meetings. Ms Ryan asked Dr Challen what was the most suitable time for MAC meetings given the EMR Steering Committee meetings. Dr Challen noted that EMR Steering Committee meetings are held either at the start or end of each month. MAC members agreed to hold future MAC meetings in the middle of the month.</p> <p>Mr Geoff Gaston also noted that MAC could be used for industry consultation.</p> <p><i>Action Point: The IMO to schedule monthly MAC meeting from July 2015 onwards and circulate the proposed meeting dates to MAC members.</i></p> <p><i>Action Point: MAC members to notify the IMO if there are any problems with the proposed dates, such as clashes with industry events.</i></p>	<p>IMO</p> <p>MAC</p>
<p>9.2</p>	<p>GENERAL BUSINESS: MUJA TRANSFORMER UPDATE</p> <p>Ms Ryan invited Mr Cronin to provide an update on the status of the replacement of the transformers at Muja. The following points were discussed:</p> <ul style="list-style-type: none"> Mr Cronin noted that the transformer BTT1 had been replaced and was in service which meant that the new configuration was now compliant with the Technical Rules and therefore no Out of Merit generation would be required. He also noted that there was a spare transformer that had been procured following the failure of BTT2, which was in transit and would be a strategic spare to be deployed in the event of further contingencies. Mr Zammit queried if there would be a change to the configuration of the network. Mr Sharafi clarified that this was an issue for Western Power to consider, but that his understanding was that it was cost prohibitive. Mr Zammit noted that there was still no redundancy in that area of the network. Mr Cronin noted that the cost imposed on the market were significantly lower than the cost of a network solution. Ms Ryan requested clarification as to whether the current configuration met the Technical Rules requirement of N-1-1 given the Merredin transformer was to remain in place of BTT2. Mr Sharafi confirmed that although the capacity of the Merredin transformer was lower, the current configuration does meet the N-1-1 requirement. 	
<p>9.3</p>	<p>GENERAL BUSINESS: ACTION ITEM 55: CAG PROCESS</p> <p>Ms Ryan asked Mr Cronin to provide an update on Western Power's Competing Applications Group (CAG) process.</p> <p>Mr Cronin stated that Western Power was working with the EMR team to develop an offer for connection for CAG participants and was currently considering two options. The first option being developed by Western Power would involve altering the Balancing Merit Order and would require rule changes that may not be consistent with the Wholesale Market Objectives and is unlikely to be able to be progressed in the timeframe. The</p>	

	<p>second option, which may be available in some areas of the network on a short-term basis, would be to introduce more fast run-back schemes. This option would require derogations from the Technical Rules.</p> <p>Mr Cremin noted that it was fortunate that no new generators have needed to connect lately. Mr Cremin expressed concerns that the announcement of the Federal Government's revised Renewable Energy Target was likely to result a number of potential renewable projects requesting connections to the network. Mr Cronin noted that Western Power was aware of this concern but noted that, given the EMR, the long-term solution of implementing a constrained grid model was unlikely to be in place before 2018.</p>	
10.	<p>CLOSE</p> <p>Ms Ryan declared the meeting closed at 3:50 PM.</p>	



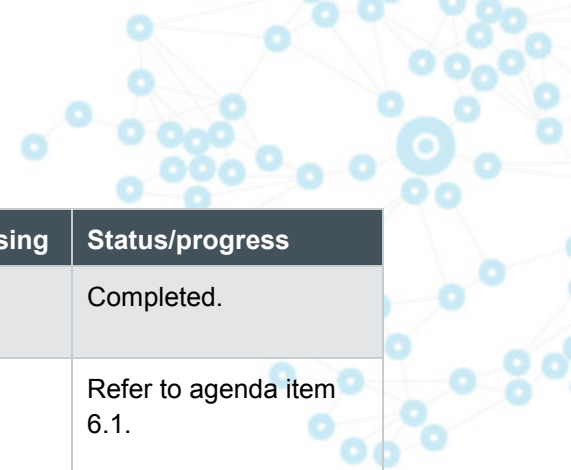
Agenda Item 4: 2015 MAC Action Items

MAC Meeting 17 June 2015

Table 1: 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
47	2014	The IMO to canvass MAC members' feedback on the proposal to expedite Ancillary Services procurement processes at a later date to assess if it should be progressed further.	IMO	September	
55	2014	Western Power to provide an update of its progress with respect to the CAG process at the February 2015 MAC meeting.	Western Power	December	Ongoing.
3	2015	System Management to provide an update on its progress in correcting auxiliary load forecasting errors in the Real Time Dispatch Engine at an upcoming meeting prior to June 2015.	System Management	February	Completed.
9	2015	The IMO to resubmit the Rule Change Proposal: Incentives to Improve Availability of Scheduled Generators (RC_2013_09) as a priority following the outcomes of the EMR if appropriate.	IMO	February	Refer to agenda item 6.1.



#	Year	Action	Responsibility	Meeting arising	Status/progress
12	2015	The IMO to include a discussion of the next steps for LFAS on the agenda for the 6 May 2015 MAC meeting.	IMO	March	Completed.
15	2015	The IMO to submit the Rule Change Proposal: Expediting the Publication of Balancing Prices (RC_2015_06) into the formal process and progress it under the Standard Rule Change Process.	IMO	March	Refer to agenda item 6.1.
16	2015	The IMO to meet with Synergy and System Management to clarify the assumptions outlined in the Discussion Paper: Recognition of LFAS Facilities that do not provide Spinning Reserve Service.	IMO	March	Completed.
20	2015	The IMO to publish the minutes of Meeting No. 79 on the Market Web Site as final.	IMO	May	Completed.
21	2015	The IMO to include an update on the EMR from the PUO as a standing item on the MAC agenda.	IMO	May	Completed.
22	2015	The IMO to advise stakeholders when it receives direction from the Minister regarding the progression of Rule Change Proposals currently underway.	IMO	May	Refer to agenda item 6.1.
23	2015	The IMO to schedule monthly MAC meeting from July 2015 onwards and circulate the proposed meeting dates to MAC members.	IMO	May	Completed.
24	2015	MAC members to notify the IMO if there are any problems with the proposed MAC meeting dates, such as clashes with industry events.	MAC	May	



Agenda Item 6.1: Overview of Rule Change Proposals

MAC Meeting 17 June 2015

1. Background

At the Market Advisory Committee (MAC) meeting held on 6 May 2015, it was noted that:

- the Electricity Market Review (EMR) Steering Committee had considered the approach the IMO should take regarding Rule Change Proposals currently being progressed; and
- the Minister for Energy had expressed the view that Rule Change Proposals should not progress until the new decision making entity for Wholesale Electricity Market (WEM) rule changes, announced as part of the EMR, had been established and could consider them.

On 25 May 2015, the IMO received a request from the Minister that the IMO use its discretion under clause 2.5.10 of the WEM Rules (Market Rules) to defer the timeframes for current or new Rule Change Proposals until the new decision making entity has been established.

Currently there are 11 standard Rule Change Proposals underway. Eight have progressed to the first submission period closure, a further three have progressed to the second submission period closure. One further Rule Change Proposal has been endorsed by the MAC, but has not yet been formally submitted into the rule change process. The Rule Change Proposals and their current status (as at 8 June 2015) are summarised below.

Standard rule change yet to be formally submitted

ID	Title	Next Step	Date
RC_2015_06	Expediting the Publication of Balancing Prices	Submission into the formal process	TBC

Standard rule change with first submission period closed

ID	Title	Next Step	Currently scheduled for
RC_2014_03	Administrative Improvements to the Outage Process	Draft Rule Change Report Published	12/06/2015
RC_2014_05	Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price	Draft Rule Change Report Published	12/06/2015
RC_2015_01	Removal of Market Operation Market Procedures	Draft Rule Change Report Published	12/06/2015

ID	Title	Next Step	Currently scheduled for
RC_2015_05	Specific Transition Provisions for the 2015 Reserve Capacity Cycle	Draft Rule Change Report Published	12/06/2015
RC_2013_15	Outage Planning Phase 2 - Outage Process Refinements	Draft Rule Change Report Published	31/07/2015
RC_2015_03	Formalisation of the Process for Maintenance Applications	Draft Rule Change Report Published	31/07/2015
RC_2014_06	Removal of Resource Plans and Dispatchable Loads	Draft Rule Change Report Published	28/08/2015
RC_2014_09	Managing Market Information	Draft Rule Change Report Published	31/08/2015

Standard rule change with second submission period closed

ID	Title	Next Step	Currently scheduled for
RC_2014_07	Omnibus Rule Change	Final Rule Change Report Published	12/06/2015
RC_2014_10	Provision of Network Information to System Management	Final Rule Change Report Published	12/06/2015
RC_2013_21	Limit to Early Entry Capacity Payments	Final Rule Change Report Published	19/06/2015

2. Proposed approach to progressing Rule Change Proposals

Under section 2.7 of the Market Rules, the IMO is required to undertake certain steps in the rule change process within specific timeframes. All 11 proposals in the formal process will require the IMO to accept or reject the proposed Amending Rules at either the draft or final report stage over the coming months.

In considering the Minister's request the IMO Board considered that:

- the establishment of a new decision making entity for rule changes was recommended as part of Phase 2 of the EMR, which was announced by the Minister on 24 March 2015, and the Minister has asked the EMR Steering Committee to expedite implementation of this recommendation; and
- while implementation of a new decision making entity is likely to take approximately six months, delays in implementing most of the individual Rule Change Proposals in progress would not have a material impact on the WEM or on any individual Market Participant.

The IMO Board has therefore agreed to:

- Not submit the Rule Change Proposal: Expediting the Publication of Balancing Prices (RC_2015_06) into the formal rule change process at this stage.

- Complete the draft reports for the seven Rule Change Proposals in progress with the first submission period closed, but defer publication and further action on these reports until 31 December 2015 (or earlier if the new decision making entity becomes operational).
- Complete the final reports for the three Rule Change Proposals in progress with the second submission period closed, but defer publication and further action until 31 December 2015 (or earlier if the new decision making entity becomes operational).
- Proceed with the Rule Change Proposal: Specific Transition Provisions for the 2015 Reserve Capacity Cycle (RC_2015_05) to give effect to the recent Ministerial Direction to defer most aspects of the 2015 Reserve Capacity Cycle. Note, the IMO is required under regulation 39(1) of the *Electricity Industry (Independent Market Operator) Regulations 2004* to give effect to a Ministerial Direction.

These decisions will ensure the new decision making entity will receive for its consideration the affected 10 rule changes in progress as either a Draft or Final Rule Change Report. This is preferable to deferring the rule changes immediately and leaving the rule change reports at various stages of completion.

In addition, the IMO Board agreed to not proceed with any new Rule Change Proposals, unless they are considered appropriate by the EMR Steering Committee. This decision would allow more pressing rule changes related to the EMR (e.g. the rule changes required to establish a new decision making entity with respect to the WEM rule changes) to continue in the interim.

2.1 Notification of deferred Rule Change Proposals

As the IMO finalises each affected Draft or Final Rule Change Report (as applicable) under the process outlined above, it is proposed that an extension notice be published to formally notify Rule Participants and other stakeholders of the extension.

The Market Development team has developed a schedule for finalising each of these reports over the period June to August 2015 and 'interim' extension notices are being published, where necessary, to support the progressive finalisation of these reports. By the end of August 2015, it is intended that the Draft or Final Rule Change Report (as applicable) will have been prepared for each affected Rule Change Proposal, and a notice published extending publication of the report to on or before 31 December 2015.

2.2 Related Procedure Change Proposals

A number of the Rule Change Proposals listed above require amendments to one or more Market Procedures. Accordingly, where a decision on a Rule Change Proposal has been deferred, a decision on any related Procedure Change Proposal will also be deferred.

However, the IMO intends to continue to develop these changes to Market Procedures and may undertake some consultation on proposed changes to Market Procedures and related documents (such as the draft confidentiality list) prior to the establishment of the new decision making entity for WEM rule changes. For those Rule Change Proposals at the Draft Rule Change Report stage, this is unlikely to involve formal consultation on Procedure Change Proposals. However it may involve consultation with the relevant Procedure Change and Development Working Group, stakeholder workshops or direct consultation with affected participants, as appropriate.

In addition, the IMO may progress changes to Market Procedures that are not related to current or proposed Rule Change Proposals, where it considers there is benefit in progressing these changes.

The IMO is aware that the EMR reforms are likely to require a significant investment of time and effort by Rule Participants and other stakeholders. Accordingly, the specific scope and timing of any work on proposed changes to Market Procedures or related documents will be subject to the progress of reforms being developed under Phase 2 of the EMR.

3. Recommendations

The IMO recommends that MAC members:

1. **note** the IMO's proposed approach to progressing Rule Change Proposals prior to the establishment of the new decision making entity for WEM rule changes, in particular that:
 - no new Rule Change Proposals will be formally submitted into the rule change process, other than with the agreement of the EMR Steering Committee; and
 - the IMO does not intend to make a decision (either draft or final) on any other Rule Change Proposal currently in the formal process, other than RC_2015_05, until 31 December 2015 (or earlier if the decision making entity is established earlier).
2. **note** the IMO's proposed approach to progressing Procedure Change Proposals over coming months, in particular that the IMO:
 - will continue to progress Procedure Change Proposals, including those related to Rule Change Proposals that are currently in the formal rule change process, over coming months; and
 - will defer the final decision on any Procedure Change Proposals that are related Rule Change Proposals currently in the formal rule change process until a final decision has been made on the corresponding Rule Change Proposal(s).



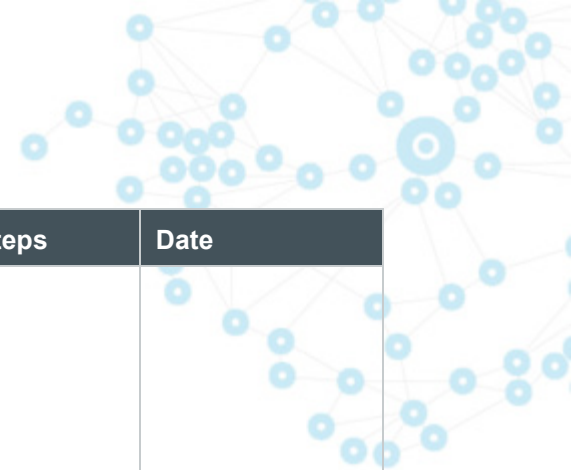
Agenda Item 7.1: Overview of Procedure Change Proposals

MAC Meeting 17 June 2015

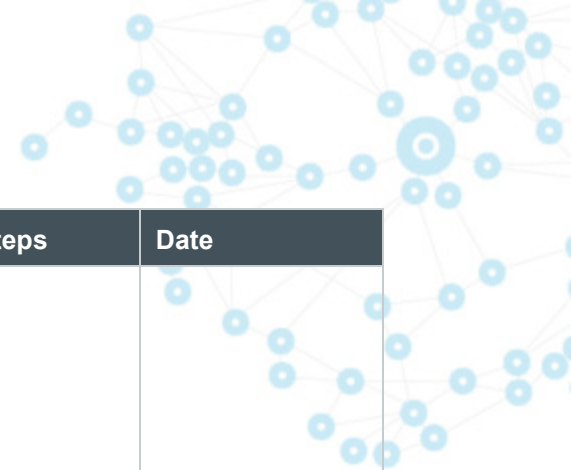
Table 1: Legend

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

ID	Summary of changes	Status	Next steps	Date
IMO Procedure Change Proposals				
PC_2012_11: Notices and Communications	The proposed updates are to: <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. 	Submissions closed on 16 July 2013.	Procedure Change Report published.	TBC
PC_2014_01: Balancing Market Forecast	The proposed updates are to: <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. 	The Market Procedure was updated following the discussion at the 6 February 2014 IMOPWG. The IMO will	Updated Market Procedure to be discussed by the IMOPWG.	TBC



ID	Summary of changes	Status	Next steps	Date
		make further changes related to RC_2014_06 before progressing this proposal through the IMOPWG.		
PC_2014_03: 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. 	<p>Not to be submitted into the formal Procedure Change Process. The associated Rule Change Proposal: Changes to the Reserve Capacity Price and the Dynamic Reserve Capacity Refund Regime was rejected on 13 May 2015.</p>		
PC_2015_01: Changes to the Market Operations Market Procedures	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> • reflect the Rule Change Proposals RC_2013_18, RC_2014_06 and RC_2015_01; • add further information regarding Non-STEM Settlement; • add sections covering Austraclear transactions and Intermittent Load Refunds, • include information related to processes that follow a Payment Default; 	Discussed at the IMOPWG meeting on 22 April 2015.	Update Procedure Change Proposal to reflect IMOPWG comments and submit it into the formal process.	TBC



ID	Summary of changes	Status	Next steps	Date
	<ul style="list-style-type: none"> add further information how Credit Limits are determined; incorporate minor, editorial and administrative improvements and move all amended procedures to the new IMO format; and remove the Market Procedures: Capacity Credit Allocation, Intermittent Load Refunds and Meter Data Submissions. 			
PC_2015_02: Changes to Market Procedure: Confidential Information	The IMO proposes to replace the current Market Procedure: Information Confidentiality with a new procedure to reflect the proposed new framework for managing market information in the Rule Change Proposal: Managing Market Information (RC_2014_09).	Discussed at the IMOPWG meeting on 22 April 2015.	Update Procedure Change Proposal to reflect IMOPWG comments and submit it into the formal process.	TBC
PC_2015_03: Market Procedure: Consumption Deviation Applications	The IMO proposes to introduce a new procedure to document the process for Market Participants and the IMO to follow when making and assessing consumption deviation applications as proposed in the Rule Change Proposal: Formalisation of Maintenance Applications (RC_2015_03).	In development.	To be discussed by the IMOPWG.	TBC
PC_2015_04: Individual Reserve Capacity Requirements	<p>The proposed updates are to:</p> <ul style="list-style-type: none"> reflect the IMO's new format; clarify the submission timeframes and further details of the information provided by Market Customers to assist the IMO in determining yearly and updated IRCR; and include process flowcharts. 	In development.	To be discussed by the IMOPWG.	TBC
System Management Procedure Change Proposals				
n/a				



Agenda Item 8: Progression of Five Yearly Reviews in 2015/16

MAC Meeting 17 June 2015

1. Background

In 2015/16, the IMO is scheduled to commence two five yearly reviews required by the Wholesale Electricity Market Rules (Market Rules):

Review	Rule ref.	Indicative commencement	Final Report
Outage Planning	Clause 3.18.18	January 2016	21 September 2016
Maximum Reserve Capacity Price (MRCP) Market Procedure Review	Clause 4.16.9	July 2015	21 September 2016

With Phase 2 of the Electricity Market Review (EMR) now underway, the IMO notes that it may not be appropriate to undertake these reviews by the dates above because:

- the IMO expects substantial changes to the market to be developed, which may mean that the scope of these reviews is no longer appropriate and the market does not derive significant value from these reviews;
- in the case of the Outage Planning Review, delays to the progress of Rule Change Proposals (including as a result of the EMR), mean that some of the key changes recommended in the last five yearly review have not yet been implemented;
- in the case of the MRCP Market Procedure Review, it was intended that this review would become the first five yearly determination of the MRCP as a result of the Rule Change Proposal: Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price (RC_2014_05)¹, however, delays in the progress of this Rule Change Proposal may mean this opportunity is lost and either implementation of a five year price is delayed or an additional review is required (both of which will increase costs to the market); and
- Market Participants and the IMO will likely be required to invest significant time and effort contributing to the development of EMR reforms, which may limit the extent to which they can make a meaningful contribution to these reviews.

¹ Available at: www.imowa.com.au/RC_2014_05.

2. Proposed approach

The IMO Board will consider whether or not to commence these reviews until the likely timing and scope of EMR reforms is clearer. At that point, it may be appropriate for the IMO to consider deferring the reviews for a longer period.

Given the reviews are mandated in the Market Rules, to defer the completion of these reviews beyond five years, the IMO may need to:

- if possible (subject to the establishment of the new rule approval body) submit a Rule Change Proposal to either:
 - provide the IMO with discretion regarding the timing of the reviews; or
 - remove the requirement to undertake the reviews, as appropriate; or
- if a Rule Change Proposal cannot be progressed (because of either the timing of the rule change process or because the new rule approval body has not yet been established), choose to be in breach of the Market Rules.

3. Recommendation

The IMO recommends that MAC members:

- **note** the IMO's intention to consider the deferral of the commencement of the five yearly reviews due to be undertaken in 2015/16 until the likely timing and scope of the EMR are known.



Agenda Item 10: Working Group Overview

MAC Meeting 17 June 2015

Working Group	Status	Date commenced	Date concluded	Last meeting	Next meeting
System Management Procedure Change and Development Working Group	Active	July 2007	Ongoing	14 August 2013	TBA
IMO Procedure Change and Development Working Group	Active	December 2007	Ongoing	22 April 2015	TBA