

## Independent Market Operator

### Market Advisory Committee

## Minutes of Meeting No. 9

<b>Location:</b>	ERIU Conference Room Level 8, Governor Stirling Tower, 197 St Georges Terrace, Perth
<b>Date:</b>	Wednesday 12 December 2007
<b>Time:</b>	Commencing at 2.00pm to 4.45pm

<b>Attendees</b>		
Dora Guzeleva	IMO	Acting Chair
Kristian Myhre	Alinta	
Robert Püllella	Economic Regulation Authority	
Chin Koay	IMO	
Magnus Stensson	IMO	Minutes
Shane Cremin	Griffin Power	Proxy for David Lyne
Jason Banks	Office of Energy	
Ky Cao	Perth Energy	
Grant Draper	Synergy	Proxy for Tony Perrin
Ken Brown	System Management	Left at 4.10pm
Mark Lewis	Transalta	
Andrew Everett	Verve Energy	Left at 4.00pm
Peter Huxtable	Water Corporation	
<b>Apologies</b>		
David Lyne	Newmont	
Tony Perrin	Synergy	
Peter Mattner	Western Power	

Item	Subject	Action
1.	<p><b>WELCOME AND APOLOGIES/ATTENDANCE</b></p> <p>Noted apologies from David Lyne, Tony Perrin and Peter Mattner.</p> <p>The Acting Chair opened the meeting and welcomed members to the ninth meeting of the Market Advisory Committee.</p>	
2.	<p><b>MINUTES OF LAST MAC MEETING</b></p> <p>The Minutes of MAC Meeting No. 8 held on 14 November 2007 were circulated prior to this meeting.</p> <p>Members adopted the Minutes of Meeting No. 8 as a true and correct record.</p>	
3.	<p><b>MARKET RULE CHANGE IN PROGRESS</b></p>	
	<ul style="list-style-type: none"> <li>• <b>SWIS RELIABILITY PLANING CRITERIA, RC_2007_28</b></li> </ul> <p>The Rule Change Notice for this change (submitted by the IMO) had been circulated to MAC. MAC Members were invited to express their views on this rule change.</p> <p>No member expressed any concerns regarding the change.</p>	
4.	<p><b>POTENTIAL MARKET RULE CHANGE PROPOSALS</b></p>	
	<ul style="list-style-type: none"> <li>• <b>CALCULATION OF MCAP</b></li> </ul> <p>A proposal by Verve Energy to amend the rules so that MCAP should always be recalculated in each Trading Interval and that the calculation of the Relevant Quantity should be amended to reflect upward deviations by Market Generators from their Resource Plans had been circulated for consideration by MAC.</p> <p>The IMO and Office of Energy informed that the history behind the current 5% thresholds in the rules was due to concerns regarding the exercise of market power in bidding behaviour. However, it has since been acknowledged that the thresholds may have negative impact on participants, as a result of the risk that they introduce for the balancing generator, and thus this proposal has been put forward to remove the thresholds.</p> <p>MAC supported the proposal. Verve Energy will submit this as a formal rule change proposal.</p>	<b>Verve Energy</b>
	<ul style="list-style-type: none"> <li>• <b>HIGH RISK AND EMERGENCY OPERATING STATES DEFINITION</b></li> </ul> <p>A proposal by System Management to amend the rules in regard to the provisions for High Risk and Emergency Operating states, in order to remedy a potential uncertainty in regard to the intended operation of the provisions, had been circulated for consideration by MAC.</p>	

	<p>MAC supported the proposal. System Management will submit this as a formal rule change proposal.</p>	<p><b>System Management</b></p>
	<ul style="list-style-type: none"> <li>• <b>PROVISION OF INFORMATION FOR ST AND MT PASA</b></li> </ul> <p>A proposal by System Management to amend the rules to provide some discretion to System Management in regard to the provisions prescribing information that must be provided to System Management by Participants for the purposes of Short Term and Medium Term PASA had been circulated for consideration by MAC.</p> <p>MAC supported the proposal. System Management will submit this as a formal rule change proposal.</p>	<p><b>System Management</b></p>
	<ul style="list-style-type: none"> <li>• <b>STANDING DATA COMPLIANCE MONITORING</b></li> </ul> <p>A proposal by System Management to amend the rules in regard to System Management’s obligation to monitor the accuracy of standing data according to clause 2.13.9 (a) and the requirements for the IMO to consult with System Management regarding price related standing data in clause 2.34.12 had been circulated for consideration by MAC.</p> <p>MAC supported the proposal. System Management will submit this as a formal rule change proposal.</p>	<p><b>System Management</b></p>
	<ul style="list-style-type: none"> <li>• <b>SYSTEM MANAGEMENT CAPACITY TEST NOTIFICATION TO THE IMO</b></li> </ul> <p>A proposal by System Management to amend the rules in regard to System Management’s obligation, in clause 4.25.9(e), to report to the IMO whether a reserve capacity verification test was successful had been circulated for consideration by MAC.</p> <p>MAC supported the proposal. System Management will submit this as a formal rule change proposal in.</p>	<p><b>System Management</b></p>
	<ul style="list-style-type: none"> <li>• <b>ST PASA FUEL SUPPLY ISSUES NOTIFICATION</b></li> </ul> <p>A proposal by System Management to amend clause 3.17.9 (h) to remove the requirement for System Management to publish potential fuel supply limitations, as these and their impact upon available generation is unable to be adequately represented in ST PASA, had been circulated for consideration by MAC.</p> <p>MAC emphasised that it is important that all information in regard to potential fuel restrictions, short or medium term, is made available to Rule Participants through dispatch advisories, should the requirement to include them in the ST PASA be removed. System Management assured members that this would be the case.</p> <p>MAC members also expressed an interest in further discussions, outside the scope of this proposal, in regard to fuel supply issues in general. The IMO is to include this matter on the MAC agenda for discussion in February 2008</p> <p>MAC supported the proposal. System Management will submit this as a formal rule change proposal.</p>	<p><b>IMO</b></p> <p><b>System Management</b></p>

<p><b>5.</b></p>	<p><b>NTDL WORKING GROUP PAPER</b></p> <p>A paper regarding the proposed amendments to the Market Rules in regard to the definition and treatment of Non Temperature Dependant Loads, as proposed by the NTDL Working Group, had been circulated for consideration by MAC.</p> <p>This issue focused intensive discussion. MAC was in disagreement over the merits of the proposed changes and whether either of the current or the proposed methods of defining NTDLs will encourage economically efficient behaviour or simply reward flat loads who would remain constant regardless of whether they are classified as NTDLs or not.</p> <p>Some MAC members preferred the NTDL definition to be removed from the rules altogether, while others deemed the proposed cut-off of 1 MW to be discriminating against smaller loads which otherwise would qualify as NTDLs.</p> <p>Given the obvious lack of consensus on the merits of the Working group's proposed changes, MAC was advised that the proposal will not be put forward as a formal rule change proposal by the IMO.</p> <p>Participants wishing to pursue any changes to the NTDL provisions in the Rules have the ability to submit a proposal for those changes. The IMO will also provide the additional analysis provided to the working group to other participants upon request.</p>	
<p><b>6.</b></p>	<p><b>DSM REVIEW TOR</b></p> <p>Terms of reference for a Working Group to develop a suitable set of terms and conditions for the operation of DSM had been circulated for consideration by MAC.</p> <p>ERA and the Office of Energy indicated that they would like to be represented in the group.</p> <p>MAC approved the establishment of the Working Group. Members are to provide the IMO with their nominated representatives by 20 December 2007.</p>	<p><b>ALL</b></p>
<p><b>7.</b></p>	<p><b>OTHER MATTERS</b></p>	
	<ul style="list-style-type: none"> <li>• <b>IRCR WORKING GROUP TOR</b></li> </ul> <p>Terms of reference for a Working Group to review the calculation process and components of the IRCR had been circulated for consideration by MAC.</p> <p>MAC approved the establishment of the Working Group. It was suggested, given the previous discussion regarding NTDLs, that item 3 be removed from the TOR and the rest of the items be reordered so item 2 is considered last by the Group. The TOR will also be amended to complete a draft report in February 2008 and a final report in April 2008.</p> <p>The appointed members of the Working Group are:</p> <ul style="list-style-type: none"> <li>○ Perth Energy (Chair)</li> <li>○ Alinta</li> </ul>	

	<ul style="list-style-type: none"> <li>○ Griffin</li> <li>○ Watercorp</li> <li>○ NewGen</li> <li>○ Synergy</li> <li>○ Verve Energy</li> <li>○ IMO</li> <li>○ ERA</li> <li>○ Office of Energy</li> </ul> <p>Members are to provide the IMO with their nominated representatives by January 2008.</p> <p>The IMO will amend the TOR and will consider providing some resources to support the Working Group.</p> <p>Perth Energy will schedule the first meeting for late January 2008.</p>	<p><b>ALL</b></p> <p><b>IMO</b></p> <p><b>Perth Energy</b></p>
	<ul style="list-style-type: none"> <li>• <b>CAPACITY CREDITS AND FACILITY REGISTRATION</b></li> </ul> <p>A proposal from the IMO to amend the rules to allow the capacity credits of individual facilities to be reallocated to an aggregated facility, where an aggregation is approved by System Management and the IMO, had been circulated for consideration by MAC.</p> <p>MAC raised concerns that an aggregated facility comprised of a liquid and a non-liquid plant could be allowed to bid above the normal price cap. It was also proposed, in order to avoid a facility aggregating and disaggregating numerous times over the year, that a limit of one aggregation per year per facility was set in the rules.</p> <p>The IMO will conduct further analysis on the issue and present a revised discussion paper at the next MAC meeting.</p>	<p><b>IMO</b></p>
	<ul style="list-style-type: none"> <li>• <b>MAXIMUM REFUND</b></li> </ul> <p>The IMO proposes to amend the rules to correct a deficiency in clause 4.26.1. The current definition of Maximum Refund in clause 4.26.1 (the Refund Table) has been drafted to cap the maximum refunds at the Participant level. This applies refunds to the entire facility portfolio for a Participant, instead of limiting the refund cap to individual facilities as was intended.</p> <p>MAC was in agreement that the issue highlighted in the IMO proposal could have significant unintended consequences for Participants with facility portfolios and that this unequal treatment must be corrected. It was discussed if this issue was urgent enough to Fast Track. It was acknowledged that the issue does not have an immediate impact on participants, as any facility cap will not be reached until after this rule change has been completed. Changes to section 4.26 were deemed to be significant and it was agreed that that the proposal will proceed using the Standard Process.</p> <p>The IMO will submit this as a formal rule change proposal.</p>	<p><b>IMO</b></p>

	<ul style="list-style-type: none"><li>• <b>TIMING OF RULE CHANGES</b></li></ul> <p>MAC agreed that the rule change proposals discussed at this meeting should be split into two groups, in order to avoid participants having to assess and provide submissions to too many proposals at the same time. One group will be submitted immediately in December, while the second one will be submitted in early January.</p>	<b>IMO</b>
<b>8.</b>	<b>CLOSED</b> <p>The Acting Chair thanked all members for their participation during 2007 and declared the meeting closed at 4.45pm.</p>	