



Agenda

MEETING TITLE	Market Advisory Committee
MEETING NO	79
DATE	Wednesday 18 March 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	10 min
4.1 Action Item 57: LFAS Update: LFAS Sculpting	System Management	30 min
4.2 Action Item 58: 2014 Market Audit Presentation	IMO	15 min
5. Rule Change Proposals		
5.1 Overview	IMO	2 min
5.2 Pre Rule Change Proposal: Formalisation of the Process for Maintenance Applications (RC_2015_03)	IMO	20 min
5.3 Pre Rule Change Proposal: Expediting the Publication of Balancing Prices (RC_2015_06)	IMO	15 min
6. Market Procedures		
6.1 Overview	IMO	2 min
7. Working Groups	IMO	2 min
8. General Business		
8.1 Overlap between Spinning Reserve and Load Following Ancillary Services – action from 2014 Ancillary Service Standards and Requirements Study	IMO	10 min
8.2 2015 Energy Price Limits Review	IMO	5 min
9. Next Meeting: 6 May 2015		

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



Minutes

MEETING TITLE	Market Advisory Committee
MEETING NO	78
DATE	Thursday 12 February 2015
TIME	2:00 PM – 4:00 PM
LOCATION	Level 17, 197 St Georges Terrace, Perth

Attendees	Class	Comment
Allan Dawson	Chair	
Kate Ryan	Compulsory – IMO	
Dean Sharafi	Compulsory – System Management	
Matthew Cronin	Compulsory – Western Power	
Will Bargmann	Compulsory – Synergy	(3:00 PM – 4:00 PM)
Shane Cremin	Discretionary – Generator	
Andrew Stevens	Discretionary – Generator	
Michael Zammit	Discretionary – Customer	
Geoff Gaston	Discretionary – Customer	
Peter Huxtable	Discretionary – Contestable Customers	
Simon Middleton	Minister's Appointee – Observer	
Elizabeth Walters	Economic Regulation Authority (ERA) – Observer	
Ray Challen	Minister's Appointee – Small Use Consumers Representative	

Apologies	Class	Comment
Steve Gould	Discretionary – Customer	

Also in attendance	From	Comment
Mike Davidson	System Management	Observer
Richard Wilson	EnerNOC	Observer (2:15 PM – 4:00 PM)
Wendy Ng	ERM Power	Observer

Also in attendance	From	Comment
Chris Campbell	Alinta Energy	Observer
Martin Maticka	IMO	Observer
Greg Ruthven	IMO	Observer
Jenny Laidlaw	IMO	Observer
Neetika Kapani	IMO	Observer
Laura Koziol	IMO	Observer and Minutes
Marc Hettler	IMO	Observer
Alex Penter	IMO	Observer
Chris Wilson	IMO	Observer
Paul Tetley	IMO	Presenter
Mark Katsikandarakis	IMO	Presenter
Erin Stone	IMO	Presenter

Item	Subject	Action
1.	<p>WELCOME</p> <p>The Chair opened the meeting at 2:00 PM and welcomed members to the 78th 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"> • Steve Gould (Discretionary – Customer) <p>The following presenters and observers were noted:</p> <ul style="list-style-type: none"> • Mike Davidson (Observer – System Management) • Richard Wilson (Observer – EnerNOC) • Wendy Ng (Observer – ERM Power) • Chris Campbell (Observer – Alinta Energy) • Martin Maticka (Observer – IMO) • Greg Ruthven (Observer – IMO) • Jenny Laidlaw (Observer – IMO) • Neetika Kapani (Observer – IMO) • Laura Koziol (Observer and Minutes – IMO) • Marc Hettler (Observer – IMO) • Alex Penter (Observer – IMO) • Chris Wilson (Observer – IMO) • Paul Tetley (Presenter – IMO) • Mark Katsikandarakis (Presenter – IMO) 	

Item	Subject	Action
	<ul style="list-style-type: none"> Erin Stone (Presenter – IMO) 	
3.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of MAC Meeting No. 77, held on 3 December 2014, 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. 77 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 37, 51, 55 and 56: Ms Ryan noted that these items were scheduled to be discussed at various points during the MAC meeting. Action Item 47: Ms Ryan noted that this item remained open. Action Item 57: Ms Ryan noted that this item was scheduled for the March MAC meeting. Action Item 58: Ms Ryan noted that this item would be deferred to the March MAC meeting as the presenter could not make the February meeting. 	
4.1	<p>ACTION ITEM 37: ACCURACY OF BALANCING PRICES</p> <p>The Chair introduced Mr Mark Katsikandarakis to provide an overview of the analysis and recommendations presented in the discussion paper. The following key points were discussed:</p> <ul style="list-style-type: none"> The Chair questioned whether there was value in having two Provisional Balancing Prices. Mr Katsikandarakis clarified that the Provisional Balancing Price would only be calculated once for each Trading Interval. The daily provisional RDQ value would only be used to calculate the Provisional Balancing Price for those Trading Intervals where there is a missing end of interval RDQ value. Mr Andrew Stevens noted his support of the proposed approach to reduce the time taken to publish the Provisional Balancing Price and final Balancing Prices. However, he identified that the outcomes started getting better in September 2014 but there was no identifiable reason as to why. Mr Stevens therefore suggested that the IMO should assess whether the difference between the Provisional Balancing Price and final Balancing Price in 12 months. Mr Shane Cremin asked if there were any significant system changes required. Mr Katsikandarakis said the proposal was primarily rescheduling the events so there were no significant system changes required. MAC members agreed that the IMO should progress the proposed recommendations. <p><i>Action Point: The IMO to develop a pre Rule Change Proposal to expedite the determination of Provisional Balancing Prices and final Balancing Prices for discussion at an upcoming MAC meeting.</i></p>	IMO

Item	Subject	Action
4.2	<p>ACTION ITEM 58: 2014 MARKET AUDIT PRESENTATION</p> <p>The Chair noted that the presenter, Ms Kylie O’Keefe, could not be present and therefore deferred the action item to an upcoming MAC meeting.</p> <p><i>Action Point: The IMO to present the outcomes of the 2014 Market Audit at an upcoming MAC meeting.</i></p>	IMO
4.3	<p>ACTION ITEM 55: CONSTRAINED NETWORK ACCESS UPDATE</p> <p>The Chair introduced Mr Matthew Cronin to provide an update on Western Power’s Competing Applications Group (CAG) process and the development of the Network Constraint Tool.</p> <p>Mr Cronin noted that Western Power was working with the IMO and Public Utilities Office (PUO) to understand how best to progress CAGs, in particular if a constrained grid regime was recommended by the Electricity Market Review (EMR).</p> <p>The Chair questioned whether Western Power still planned to make conditional preliminary access offers to CAG participants in February 2015 as previously indicated. Mr Cronin noted that Western Power was still working on the terms and conditions of the offers but that February was unlikely.</p>	
4.4	<p>ACTION ITEM 56: LFAS UPDATE: AUXILLARY LOAD FORECASTING ERROR</p> <p>The Chair introduced Mr Dean Sharafi to provide an update on the work that System Management had undertaken to date to correct auxiliary load forecasting errors. The following key points were discussed:</p> <ul style="list-style-type: none"> • Mr Sharafi noted that System Management was investigating the system changes required to move to a persistence forecast of the auxiliary load and that the project is expected to be completed by June 2015. • The Chair clarified whether the date was for the completion of the investigation or the implementation of a solution. Mr Sharafi clarified that the implementation would be completed by June 2015 and that the timing was primarily due to resourcing constraints. • At the Chair’s request Mr Sharafi agreed that System Management would provide an update at an upcoming MAC meeting. <p>Mr Sharafi also provided an update on System Management’s progress with respect to action item 57, to investigate options to sculpt the LFAS Requirement.</p> <ul style="list-style-type: none"> • Mr Sharafi noted that Ernst and Young had been engaged to undertake the investigations. The Chair asked what the consultant was expected to achieve. Mr Sharafi noted that the work would result in recommendations for System Management to implement. • Mr Sharafi provided the Chair with a copy of the scope of work. The Chair asked MAC members if they would find it useful to see the scope of work. MAC members agreed that it would be useful. Mr Sharafi agreed to remove the confidential information and provide the IMO with a copy to circulate to MAC members. 	

Item	Subject	Action
	<ul style="list-style-type: none"> Mr Cremin asked what access Ernst and Young had to data for this investigation. Mr Sharafi said they had the past year of LFAS measurement data which is the same information that informed the five-yearly Ancillary Services review and the one minute LFAS data. Mr Cremin noted that it appeared to be undertaking a significant amount of work in the electricity market for various stakeholders and in particular Western Power and clarified that he was interested to see what information was being used and for what purposes. Mr Stevens asked when the outcomes of this work would be shared with MAC members. Mr Sharafi responded that System Management would present the outcomes at the March MAC meeting as provided for under action item 57. <p><i>Action Point: 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.</i></p> <p><i>Action Point: System Management to provide the IMO with an excerpt of the scope of work to investigate options to sculpt the LFAS Requirement and the IMO to circulate that excerpt to MAC members.</i></p>	<p>System Management</p> <p>System Management / IMO</p>
5.1	<p>RULE CHANGE OVERVIEW</p> <p>Ms Ryan provided an overview of the Rule Change Proposals currently in progress and the IMO's work on upcoming Rule Change Proposals.</p> <ul style="list-style-type: none"> The Chair clarified that the Rule Change Proposals which the Minister recently rejected due to the EMR would need to be submitted again into the formal rule change process to be considered. The Chair also noted that the timeframes for a number of other Rule Change Proposals have been extended on the basis of their dependency on the EMR outcomes and can be resumed when appropriate. Mr Cremin sought for clarification on the IT implementation timeline for the Rule Change Proposal: Removal of Resource Plans and Dispatchable Loads (RC_2014_06). Ms Jenny Laidlaw clarified that the implementation timeline would be considered in the Draft Rule Change Report and noted that Market Participant's submissions would be taken into account when determining the proposed commencement date. 	
5.2	<p>PRE RULE CHANGE PROPOSAL: MANAGING MARKET INFORMATION (RC_2014_09)</p> <p>The Chair introduced Ms Erin Stone to provide an overview of the pre Rule Change Proposal and examples of the initial assessments that the IMO has completed to date. The following key points were discussed:</p> <ul style="list-style-type: none"> The Chair clarified that the IMO's intent is to conduct a number of workshops for interested stakeholders to work through the status of each piece of information during the period that the IMO consults on the Rule Change Proposal and associated Procedure Change Proposal. Mr Stevens asked for an excel spreadsheet version so that interested 	

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	<p>stakeholders could search and filter the list. Ms Stone agreed to circulate a copy of the excel spreadsheet to MAC members.</p> <ul style="list-style-type: none"> Mr Geoff Gaston asked whether the IMO would hold the workshops before it progresses the Rule Change Proposal and Procedure Change Proposal. The Chair clarified that the rule and procedure changes set the assessment framework that needs to be used to assess the information so it is appropriate to progress them in parallel and noted that if the workshops identify areas for improvements, these can be included in the Draft and Final Rule Change Reports. Mr Gaston asked for an example where the IMO would need to exercise judgement with respect to an appropriate balance between the detriment and the bettering of the Wholesale Market Objectives caused by release of a piece of information. Ms Stone noted that a number of examples presented had reflected such a judgement call. The Chair noted that the circulation of the list in excel format would help stakeholders identify where these judgements had been made. Ms Stone agreed and noted that these pieces of information are likely to be the items discussed in some detail at the stakeholder workshops. Mr Gaston asked how this Rule Change Proposal would be affected by the EMR. The Chair clarified that this proposal changed the assessment framework that the IMO uses to determine whether the information should be treated as confidential. Ms Stone clarified that if the Market Rules were substantially changed, the proposed assessment framework would remain and it would only be the list of confidential information that would change. Ms Ryan added that the development of a usable framework would make the assessment of any new rules much easier. The Chair reiterated that the IMO had proposed a process in the Market Rules and Market Procedure to allow a stakeholder to request the IMO to assess a new piece of information or reassess the status of a piece of information and the IMO's determination would be made public. Mr Chris Campbell asked whether a request for reassessment would only apply to the person who requested it. Ms Stone said that an assessment would result in a determination of the status of a piece of information that would apply generally to that information and to all participants (not just the person requesting the assessment). Mr Campbell noted that some information may have varying degrees of confidentiality for different Market Participants and asked whether the IMO intended to determine the status on the basis of the majority. The Chair responded that it was not a voting system but that the IMO would take those reasons into consideration in its assessment. The Chair noted that similar issues needed to be resolved when designing the Gas Services Information Rules and that the IMO worked with stakeholders to get an understanding of the reason behind the confidentiality of that information. He stated that the IMO was able to resolve the issues through mechanisms such as delays in the release of that information even where only one person had 	

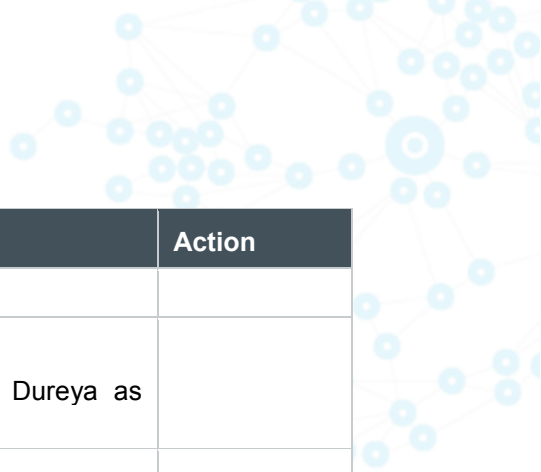
Item	Subject	Action
	<p>provided evidence of the potential detriment of the release. Ms Stone noted that the IMO had proposed similar conditions in the Rule Change Proposal such as aggregation, delays and omitting some information.</p> <ul style="list-style-type: none"> • Mr Simon Middleton asked how the IMO would assess the status of the information with respect to the Wholesale Market Objectives. In particular he noted that the release of all information would increase efficiency of the market. The Chair noted that efficiency was only one test. Ms Stone also noted that each piece of information needed to be considered on its merits. Mr Middleton noted that it would be difficult for the IMO to compare the societal benefit to the detriment to an individual. The Chair agreed and reiterated that it was therefore crucial that participants articulate the reasons for that information being confidential so that the IMO can make a fully informed decision. • The Chair clarified that the IMO had also proposed a reassessment process and Ms Ryan noted that the IMO's decision was proposed to remain a Reviewable Decision. • Mr Will Bargmann asked if the IMO also intended to release third party information or whether it was only information from Market Participants. The Chair clarified that the proposed framework only related to market related information required to be provided under the Market Rules. Mr Bargmann asked if that included third party and contractual information. The Chair stated that the IMO did not have visibility over Market Participant contracts and could not answer that question. • Mr Bargmann questioned whether the IMO had the statutory authority to disclose confidential information from a third party. The Chair noted that if there were such provisions in a contract it is unlikely that the information could be shared with the IMO or System Management under the current framework. • Mr Cremin noted that this Rule Change Proposal only established a procedure under which the IMO could determine whether information is confidential and reiterated that the process had already resulted in information that was public that should be treated as confidential. Mr Cremin noted that the process would result in the strengthened protections for participants. • Mr Bargmann noted that the Rule Change Proposal reflected the IMO's intention to release confidential third party information where it is in the public interest. Mr Stevens noted that if Mr Bargmann was concerned about specific pieces of information he could provide that information to the IMO to consider when making its decision. Mr Bargmann disagreed stating that the way that the provisions were drafted, that the IMO would have regard to a number of circumstances meant that the IMO would override any other prohibition of release. Mr Cremin noted that the wording could be changed if it was a problem but that the process as a whole was robust. The Chair requested that Mr Bargmann to clearly articulate the problem between the old and new frameworks and suggested changes in writing. Ms Stone noted that the IMO proposed to retain 	

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	<p>the requirement for any confidential information to continue to be treated as confidential information by parties to whom it may be disclosed.</p> <ul style="list-style-type: none"> Mr Chris Campbell noted Alinta Energy's concern that information previously considered confidential could now be released. Mr Campbell also noted his concern that information provided in the past of which participants had no record could be released. The Chair invited Mr Campbell to articulate his concerns in writing. Mr Cronin suggested that the IMO should continue to treat all information previously provided as confidential, as confidential. Ms Ryan noted that this was not consistent with the intention of this process. The Chair noted that the IMO could investigate an option to cover historical confidential information on a case-by-case basis. Mr Bargmann asked if the IMO had changed its position on releasing information that is prohibited by law. Ms Ryan clarified that the IMO is required to comply with relevant laws. Mr Bargmann reiterated his point that the way the provisions were currently drafted, that the IMO would have regard to a number of circumstances meant that the IMO could override a law that prohibits disclosure. Ms Ryan considered that it was a matter of interpretation of the drafting and was not the intention. Ms Stone clarified that the proposed Amending Rules needed to be read with the procedure which provided further advice on the application of the principles in proposed in the Market Rules. Ms Stone noted that the IMO would consider the appropriate placement of such prescription and welcomed suggested drafting changes from Mr Bargmann through the Rule Change Process. Mr Peter Huxtable clarified the process for reassessment of information. The Chair clarified that any person could request a reassessment under the framework and that the decision and the reasons would be published by the IMO. Ms Ryan added that the reassessment was also a Reviewable Decision. The Chair also noted that if there was a dispute over a piece of information, the IMO could suspend the publication of a piece of information whilst a formal assessment was undertaken. <p><i>Action Point: The IMO to consider feedback provided by MAC members at the meeting and submit the Rule Change Proposal: Managing Market Information (RC_2014_09) into the formal process and progress it under the Standard Rule Change Process.</i></p> <p><i>Action Point: The IMO to establish a series workshops to provide interested stakeholders with the opportunity to discuss the IMO's initial proposed confidentiality list.</i></p>	<p>IMO</p> <p>IMO</p>
5.3	<p>PRE RULE CHANGE PROPOSAL: REMOVAL OF MARKET OPERATION MARKET PROCEDURES (RC_2015_01)</p> <p>The Chair introduced Mr Paul Tetley to provide an overview of the pre Rule Change Proposal.</p> <p>The Chair enquired as to the timeframes associated with the removal of the three Market Procedures. Mr Tetley stated the process would take approximately three months and noted that the associated changes to Market Procedures would be discussed at the IMO Procedures Working</p>	

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	<p>Group in March 2015.</p> <p>MAC members agreed for the IMO to progress the Rule Change Proposal into the formal process.</p> <p><i>Action Point: The IMO to submit the Rule Change Proposal: Removal of Market Operations Market Procedures (RC_2015_01) into the formal process and progress it under the Standard Rule Change Process.</i></p>	IMO
9.1	<p>PROCEDURE CHANGE OVERVIEW</p> <p>Ms Ryan provided an overview of the Procedure Change Proposals currently underway and noted that Procedure Change Proposals: Changes to the Market Procedure: Certification of Reserve Capacity (PC_2013_06) and Changes to Market Procedure: Performance Monitoring (PC_2013_09) had been adjusted to reflect the rejection of the two Rule Change Proposals.</p>	
10.1	<p>WORKING GROUP OVERVIEW AND MEMBERSHIP UPDATES</p> <p>Ms Ryan noted that the next IMO Procedure Change and Development Working Group (IMOPWG) meeting was scheduled for March 2015.</p> <p>Ms Ryan also noted that there were no changes to the membership of the Working Groups.</p>	
11.1	<p>GENERAL BUSINESS: SYSTEM RESTART SERVICES</p> <p>The Chair invited Mr Sharafi to provide an overview of the status of System Restart Services. The following points were discussed:</p> <ul style="list-style-type: none"> • Mr Sharafi noted that the current System Restart Services contracts for the north metropolitan and south metropolitan regions expire in June 2016 and that System Management had started the respective procurement process for these regions as well as the south country region. Mr Sharafi outlined the following timeline for the process: <ul style="list-style-type: none"> ◦ request for expression of interest closes in March 2015; ◦ invitations for tender in April 2015; ◦ tender responses in May 2015; ◦ awarding of contracts by the end of June 2015; and ◦ services commencing 1 June 2016. • Mr Sharafi noted that the requirements for System Restart Services would be discussed further at System Management's next 'Generator Forum' in February 2015. Mr Stevens sought clarification from Mr Sharafi whether the IMO would be invited to attend the Generators Forum on the basis that the IMO had not been represented at the previous forum where it could have contributed to the issues related to the market. The Chair noted that the IMO would like to attend the generators forum if invited. Mr Sharafi agreed to provide the IMO with further information. • Mr Stevens asked whether the services were being procured a year in advance on the basis that it would provide the participant awarded the contract with enough time to prove their capability. Mr Sharafi noted that this would allow time to establish System Restart Services 	

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	<p>in the south country region. The Chair asked if this was the first time System Management was procuring System Restart Services in the south country region. Mr Sharafi clarified that it wasn't the first time but that there was no existing provider in that region.</p> <ul style="list-style-type: none"> Mr Gaston asked how long the contract was for. Mr Sharafi answered that he believed that it was three years. <p><i>Action Point: System Management to invite the IMO the Generator Forum to be held in February 2015.</i></p>	System Management
11.2	<p>GENERAL BUSINESS: SYSTEM MANGEMENT DISPATCH SYSTEMS UPDATE</p> <p>The Chair invited Mr Sharafi to provide an update on the status of System Management dispatch systems. The following points were discussed:</p> <ul style="list-style-type: none"> Mr Stevens noted that he had requested this item to be added to the agenda and that he had provided System Management with his questions on the issue prior the meeting. In particular, Mr Stevens sought clarification on the status of the B2B web service and asked why it was still not available to Market Participants. Mr Stevens emphasised that the System Management Automated Real-Time System (SMARTS) had not delivered an automated B2B solution as outlined in the scope of work published by System Management. Mr Sharafi clarified that the deliverables of SMARTS did not meet the initial project scope due to reduced funding. Mr Sharafi also noted that the B2B web services had been intended to be developed only for Facilities without SCADA capability. The Chair queried which solutions other Market Participants were using. Mr Sharafi clarified that Bluewaters Power was the only Market Participant that had expressed an interest in the B2B solution and that other Market Participants were using the SCADA driven Automatic Balancing Control instead. Mr Sharafi also noted that Facilities providing LFAS used Automatic Generation Control which was similar, but allowed System Management to control the Facility. The Chair sought clarification whether the data which should be provided through the B2B web service was otherwise available. Mr Sharafi clarified that the information was delivered via SCADA to the IMO and therefore available to Market Participants. The Chair noted that it was unlikely that a B2B solution would be implemented in the circumstances that there was only one participant requesting the service and the uncertainty with respect to the EMR outcomes. MAC members agreed. Mr Stevens asked Mr Sharafi how many Facilities in the SWIS with a generating capacity over 10 MW did not have SCADA connections. Mr Sharafi noted that to his knowledge there were no Scheduled Generators that did not have SCADA. Mr Stevens noted that the B2B solution was written into Market Procedure and would need to be written out if it would not be delivered. Mr Sharafi committed to implement a B2B web service for Bluewaters' Facilities. Mr Stevens responded that his experience 	

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	indicated System Management was not currently able to deliver the service.	
11.3	<p>GENERAL BUSINESS: RECENT OUTAGES DISCUSSION</p> <p>The Chair read the e-mail Mr Steve Gould had sent to the MAC members prior the meeting in which Mr Gould highlighted the extent of the recent Outages of 'base load' Facilities. The following key points were discussed:</p> <ul style="list-style-type: none"> The Chair noted that a number of the Outages in question have, in part, been due to unfortunate events such as bushfires and the collapse of one of the Muja Facilities' water tower. The Chair also noted that the IMO had developed the Rule Change Proposal: Incentives for Availability of Scheduled Generators (RC_2013_09), but that this Rule Change Proposal was rejected by the Minister. Mr Stevens noted that the proposal had merit and should be resubmitted into the process notwithstanding the outcomes of the EMR. Mr Michael Zammit agreed, noting that it was of an operational and not of strategic nature. The Chair emphasised that the rejection had been only due to the overall policy to implement no changes during the EMR and that the Rule Change Proposal would be resubmitted, when appropriate. Mr Gaston noted his view remained that the refund recycling regime proposed under the Rule Change Proposal: Changes to the Reserve Capacity Price and the Dynamic Reserve Capacity Refunds Regime (RC_2013_20) should be distributed to Market Customers instead of Market Generators. Mr Campbell noted that the market operated effectively and reacted to the high level of Outages with higher prices. Mr Cremin noted that the spare capacity in the market did not appear to be very reliable or cheap and sought clarification on the status of the Synergy generation fleet. Mr Bargmann clarified that there were no systemic issues with the Synergy fleet but that the plants were old and therefore Forced Outages are an inherent risk. Mr Cronin sought for clarification if, in terms of achieving the Wholesale Market Objectives, sometimes the benefit of competition would outweigh efficiency. The Chair clarified that there was no weighting of the Wholesale Market Objectives but that there was a natural tension between them. Mr Cremin also noted that most markets were struggling with incentives for the retirement of old, inefficient plant. The Chair agreed with this observation and noted the significant impediments associated with retirement, including those that are not directly related to the electricity market. <p><i>Action Point: The IMO to resubmit the Rule Change Proposal: Incentives to Improve Availability of Scheduled Generators as a priority following the</i></p>	IMO



Item	Subject	Action
	<i>outcomes of the EMR if appropriate.</i>	
11.4	GENERAL BUSINESS: MAC MEMBERSHIP The Chair noted that Mr Cronin had replaced Mr Shane Dureya as Western Power's representative on the MAC.	
11.5	GENERAL BUSINESS: MAC ANNUAL REVIEW The Chair noted that the IMO was in the process of undertaking the annual review of the composition of the MAC and that the outcomes of this process would be announced on 23 February 2015.	
CLOSED: The Chair declared the meeting closed at 4:00 PM.		



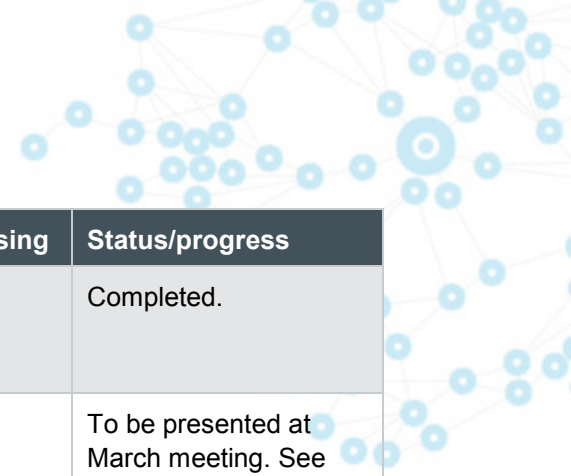
Agenda Item 4: 2015 MAC Action Items

18 March 2015

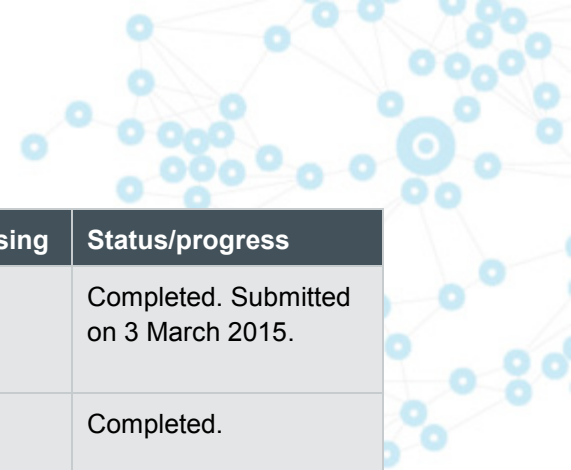
Table 1: Legend

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
37	2014	The IMO to assess the accuracy of Balancing Prices for discussion at a MAC meeting in six months' time.	IMO	June	Completed.
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	
51	2014	The IMO to consider MAC members' feedback and establish a proposed confidentiality list for consideration at an upcoming MAC meeting.	IMO	December	Completed.
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	In progress.



#	Year	Action	Responsibility	Meeting arising	Status/progress
56	2014	System Management to provide a report to the February 2015 MAC meeting on its progress in correcting auxiliary load forecasting errors in the Real Time Dispatch Engine.	System Management	December	Completed.
57	2014	System Management to provide a report to the March 2015 MAC meeting on its investigation of options to sculpt the LFAS Requirement.	System Management	December	To be presented at March meeting. See agenda item 4.2.
58	2014	The IMO to present the outcomes of the 2014 Market Audit at an upcoming MAC meeting.	IMO	December	To be presented at March meeting. See agenda item 4.1.
1	2015	The IMO to publish the minutes of Meeting No. 77 on the Market Web Site as final.	IMO	February	Completed.
2	2015	The IMO to develop a pre Rule Change Proposal to expedite the determination of Provisional Balancing Prices and final Balancing Prices for discussion at an upcoming MAC meeting.	IMO	February	To be presented at March meeting. See agenda item 5.3.
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	
4	2015	System Management to provide the IMO with an excerpt of the scope of work to investigate options to sculpt the LFAS Requirement and the IMO to circulate that excerpt to MAC members.	System Management / IMO	February	Completed.
5	2015	The IMO to consider feedback provided by MAC members at the meeting and submit the Rule Change Proposal: Managing Market Information (RC_2014_09) into the formal process and progress it under the Standard Rule Change Process.	IMO	February	Underway.
6	2015	The IMO to establish a series workshops to provide interested stakeholders with the opportunity to discuss the IMO's initial proposed confidentiality list.	IMO	February	Underway.



#	Year	Action	Responsibility	Meeting arising	Status/progress
7	2015	The IMO to submit the Rule Change Proposal: Removal of Market Operations Market Procedures (RC_2015_01) into the formal process and progress it under the Standard Rule Change Process.	IMO	February	Completed. Submitted on 3 March 2015.
8	2015	System Management to invite the IMO the Generator Forum to be held in February 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	



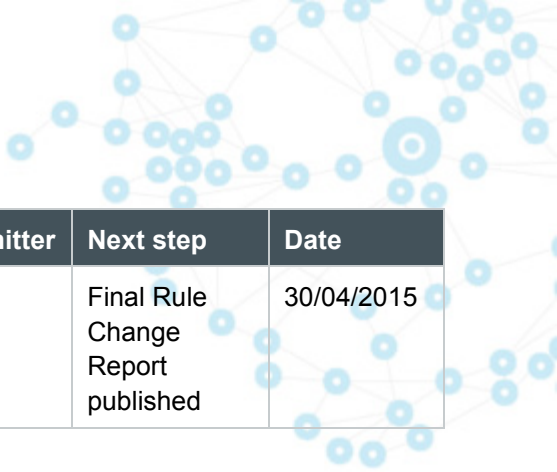
Agenda Item 5.1: Overview of Rule Change Proposals

18 March 2015

Below is a summary of the status of Rule Change Proposals as at 11 March 2015 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.

Table 1: Rule Change Proposals in progress

ID	Title	Submitter	Next step	Date
Standard with first consultation period open				
RC_2014_06	Removal of Resource Plans and Dispatchable Loads	IMO	Submissions Close	02/04/2015
RC_2015_01	Removal of Market Operation Market Procedures	IMO	Submissions Close	16/04/2015
Standard with first consultation period closed				
RC_2014_07	Omnibus Rule Change	IMO	Submissions Close	16/03/2015
RC_2014_03	Administrative Improvements to the Outage Process	IMO	Draft Rule Change Report published	20/03/2015
RC_2014_05	Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price	IMO	Draft Rule Change Report published	23/03/2015
RC_2014_10	Provision of Network Information to System Management	IMO	Draft Rule Change Report published	26/03/2015
RC_2013_15	Outage Planning Phase 2 – Outage Process Refinements	IMO	Draft Rule Change Report published	30/04/2015
Standard with second consultation period closed				
RC_2013_20	Changes to the Reserve Capacity Price and the Dynamic Reserve Capacity Refunds Regime	IMO	Final Rule Change Report published	30/04/2015



ID	Title	Submitter	Next step	Date
RC_2013_21	Limit to Early Entry Capacity Payments	IMO	Final Rule Change Report published	30/04/2015

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

Table 2: Work currently underway

Issue	Likely timing
Energy Price Limits Review for 2015/16	February to May 2015
Rule Change Proposal: Formalisation of the Process for Maintenance Requests (RC_2015_03)	PRC to March MAC
Rule Change Proposal: Expediting the Publication of Provisional and Final Balancing Prices (RC_2015_06)	PRC to March MAC
Review of effectiveness and necessity of periodic reviews required under the Market Rules	Concept Paper to May MAC



Rule Change Proposal: RC_2015_03

Change requested by:

Name	Kate Ryan
Organisation	IMO
Phone	9254 4357
Email	kate.ryan@imowa.com.au
Address	Level 17, 197 St Georges Tce, Perth WA 6000
Date submitted	TBA
Urgency	Medium
Rule Change Proposal title	Formalisation of the Process for Maintenance Applications
Clauses affected	Clauses 2.24.1, 4.26.2C, 4.26.2CA, 4.26.2CB (new), 4.26.2CC (new), 4.28.9A (new), 4.28.9B (new), the Glossary and Appendix 5A

Introduction

Clause 2.5.1 of the Wholesale Electricity Market Rules (Market Rules) provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal form that must be submitted to the IMO.

The IMO prefers to receive submissions by email to market.development@imowa.com.au using the Rule Change Proposal form available at: <http://www.imowa.com.au/wem-rule-changes>.

Submissions may also be sent to the IMO by post, addressed to:

Independent Market Operator

Attn: Group Manager, Development and Capacity
PO Box 7096
Cloisters Square, PERTH, WA 6850

The IMO will assess the proposal and, within five Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives.

The Wholesale Market Objectives are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Details of the Rule Change Proposal

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed changes

1.1 Background

Maintenance applications for Relevant Demand

Capacity Credits for Demand Side Programmes (DSPs) are assigned based on evidence regarding the curtailment capability and taking into account the Loads' performance during the previous Hot Season (Relevant Demand (RD)) if available. For each Capacity Year the IMO determines the RD for every DSP. The RD is also used to determine the DSP's shortfall in Reserve Capacity and therefore the amount of any Capacity Cost Refunds for a DSP.

Under the Wholesale Electricity Market (WEM) Rules (Market Rules), the RD of a DSP in a Capacity Year is defined as the median of the Associated Loads' historical consumption level in megawatts (MW) of the relevant 32 Trading Intervals. The relevant 32 Trading Intervals are made up of the eight consecutive Trading Intervals with the highest aggregated system demand for each month during the previous Hot Season.

The Market Rules allow for a Market Customer to provide the IMO with evidence that an Associated Load had reduced its consumption upon System Management's request or because of 'maintenance' during one or more of the relevant Trading Intervals used for determining RD (hereafter referred to as a consumption deviation application). If the IMO is satisfied by the evidence provided, the IMO may calculate the RD for the respective DSP using an estimate of what that Associated Load's consumption would have been without System Management's request or if the maintenance had not taken place.

A Market Customer must submit a consumption deviation application using the Market Participant Interface (MPI), and include evidence to the satisfaction of the IMO. Once an application is received, the IMO reviews the consumption deviation application and makes a decision whether to accept it. If the IMO accepts the consumption deviation application, an

alternative value for that the relevant Trading Interval is determined using an algorithm programed within the MPI. In the event that the algorithm is unable to determine a replacement value, the IMO will estimate a replacement value based on other available information.

Maintenance applications for Non-Temperature Dependent Loads

Under the Market Rules the IMO determines the Individual Reserve Capacity Requirement (IRCR) for each Market Customer. Each Market Customer is required to secure Capacity Credits to cover its IRCR. A Market Customer's IRCR is based on the median of the Market Customer's Loads' consumption during the previous Hot Season. In the determination of the IRCR, the contribution of a Load's consumption to the Market Customer's IRCR is significantly reduced if the Load is classified as a Non-Temperature Dependent Load (NTDL) than if it is classified as a Temperature Dependent Load.

Under the Market Rules, the IMO must accept a Load as an NTDL if its consumption during the relevant period does not deviate downwards from its median consumption over the relevant Trading Intervals by more than 10% for more than 10% of the time¹. Depending on its former NTDL status, a Load can be accepted as a NTDL for a whole Capacity Year, by passing the assessment before the start of a Capacity Year for the previous year, or on a month-by-month basis.

The Market Rules allow for Market Customers to submit a consumption deviation application, similar to that for Associated Loads' of a DSP. If the IMO is satisfied by the evidence provided, the IMO must not consider the consumption during these Trading Intervals for the determination of that Load's NTDL status.

A Market Customer must submit a consumption deviation application by e-mail, and include evidence to the satisfaction of the IMO. Once an application is received, the IMO reviews the consumption deviation application and makes a decision whether to accept it. If the IMO accepts the consumption deviation application, it will exclude these Trading Intervals from the determination of that Load's NTDL status.

Administration of maintenance applications

The IMO incurs, on average, costs of around \$150 for processing each consumption deviation application, although the cost may vary for different types of applications. The IMO notes that DSP providers who submit consumption deviation applications do not currently pay Market Fees associated with the DSP (except for Application Fees) unless they are dispatched (although the Market Customers may pay fees if they participate in the WEM in other ways).

For the 2013/2014 Capacity Year, the IMO received 240 consumption deviation applications from DSP providers, of which half were rejected. Most of the rejections were due to insufficient information provided as evidence. As a result, the IMO developed a reference guide for consumption deviation applications, which is attached in Appendix A of this Rule Change Proposal, to clarify the requirements for these submissions. The reference guide has been provided to those Market Customers that have previously submitted a maintenance application or contacted the IMO regarding maintenance.

¹ Depending on the former NTDL status of a Load, the relevant period includes the past 1 to 9 Trading Months with a time lag of two Trading Months and the relevant Trading Intervals cover the the four highest demand Trading Intervals of each Trading Month of the relevant period.

For the 2014/2015 Capacity Year, the IMO received 91 consumption deviation applications from DSP providers of which two thirds were rejected. Despite the IMO stating the requirements in the reference guide, again, most of the rejections were due to the information provided as evidence not meeting the requirements.

In regards to consumption deviation applications for the assessment of a Load's NTDL status the IMO currently receives around 18 applications for an annual assessment and around 35 applications each year for a monthly assessment. For the majority of both the annual and monthly assessments, the IMO must request further information of clarify the information provided as evidence.

1.2 Proposed Amendments

The IMO considers that a requirement to follow a formalised process when submitting a consumption deviation application would provide for more certainty and efficiency in the process of determining the RD and a Load's NTDL status. The IMO therefore proposes to introduce a head of power for a Market Procedure in new clauses 4.26.2CC and 4.28.9B of the Market Rules which must specify the process that Market Customers must follow and the evidence they must provide when making a consumption deviation application and the process that the IMO must follow and criteria it must consider when assessing a consumption deviation application.

The IMO notes that the significant number of consumption deviation applications incur administrative costs for the WEM which are primarily recovered from Market Participants not using this process. The IMO therefore proposes to introduce the requirement for a Market Customer to pay an Application Fee when making a consumption deviation application in the new clause 4.26.2CB of the Market Rules for RD related applications and the new clause 4.28.9A of the Market Rules for NTDL status related applications. The IMO also proposes to include these new fees in clause 2.24.1 of the Market Rules to consistently administer them with other Application Fees.

The IMO proposes to introduce timeframes by which consumption deviation applications must be made in new clause 4.26.2CB of the Market Rules in regards to RD and in new clause 4.28.9A of the Market Rules in regards to NTDL statuses. This will provide sufficient time for the IMO to process a consumption deviation application and will allow the IMO to invoice Application Fees more efficiently.

The IMO has also taken the opportunity to improve the clarity of the relevant sections of the Market Rules and therefore proposes to:

- introduce the new clauses 4.26.2CB and 4.28.9A of the Market Rules to clarify the requirements for consumption deviation applications in regards to the determination of the RD and a Load's NTDL status respectively;
- move the description of the consumption deviation application from clause 4.26.2C to the new clause 4.26.2CB of the Market Rules in regards to the determination of the RD and from Appendix 5A to new clause 4.28.9A of the Market Rules in regards to the determination of a Load's NTDL status to reflect the logical sequence of a consumption deviation application and the determination of RD and NTDL status;
- amend clause 4.26.2C of the Market Rules to improve the drafting;

- introduce the defined term ‘Consumption Deviation Application’ in the Glossary of the Market Rules to articulate under which circumstances a Market Customer may submit an application;
- amend clause 4.26.2CA of the Market Rules to more clearly articulate which 32 relevant Trading Intervals are used to determine the RD; and
- amend Appendix 5A of the Market Rules to more clearly distinguish between a Load and a Load’s consumption and to correct typographical errors.

2. Explain the reason for the degree of urgency

The next period for consumption deviation applications will commence in August 2015 for the annual assessment of a Load’s NTDL status and September 2015 for the determination of the RD for DSPs. The IMO notes that the proposed amendments aim to improve the efficiency of the processes for Market Customers submitting consumption deviation applications.

The IMO therefore proposes to process this Rule Change with medium urgency to enable the proposed Amending Rules to be in place prior to the next round of applications being processed to maximise the benefits of this Rule Change Proposal.

The IMO considers that the changes in this Rule Change Proposal are administrative in nature and involve minimal costs. The IMO therefore considers it is beneficial to commence consultancy prior to the completion of the State Government’s Electricity Market Review.

3. Provide any specific changes to clauses of the Market Rules

[insert changes to the current wording of the Market Rules with ~~strike through~~ where words are deleted and underline where words are added]

...

2.24.1. The fees charged by the IMO are:

...

- (b) Application Fees described in clauses 2.33.1(a), 2.33.2(a), 2.33.3(a), 2.33.4(a), 2.33.5(a), and 4.9.3(c), 4.26.2.CB(a) and 4.28.9A(a); and

...

...

4.26.2C. For each Capacity Year, the IMO must:

- (a) identify the eight consecutive Trading Intervals with the highest aggregate system demand in each month during the Hot Season of the previous Capacity Year; and
- (b) for each Non-Dispatchable Load or Interruptible Load associated with a Demand Side Programme (Associated Load) during the Capacity Year and

each of the 32 Trading Intervals identified under clause 4.26.2C(a), determine a MW quantity equal to:

- i. the metered consumption of the Associated Load for the Trading Interval, multiplied by two to convert to units of MW; ~~or~~
- ii. where the metered consumption of the Associated Load for the Trading Interval is not available or is considered by the IMO to be inappropriate, a MW quantity determined by the IMO based on available information, including but not limited to:
 1. ~~available~~ Meter Data Submissions; or
 2. Load information provided by the Market Customer; or
 3. ~~other relevant information; or~~
- iii. ~~where a Market Customer provides evidence satisfactory to the IMO that the Associated Load was operating at below capacity due to its consumption being reduced at the request of System Management or because of maintenance, where the IMO has approved a~~ Consumption Deviation Application submitted under clause 4.26.2CB, the IMO's estimate of what the consumption of the Associated Load would have been if it had not been reduced, multiplied by two to convert to units of MW.

4.26.2CA. The Relevant Demand of a Demand Side Programme for a Trading Day d in a Capacity Year is the median of the historical consumption quantities determined by the IMO for each of the 32 Trading Intervals identified under clause 4.26.2C(a) ~~for the Capacity Year~~. The historical consumption quantity for each Trading Interval is the sum, over all the Associated Loads associated with the Demand Side Programme during Trading Day d, of the MW quantity determined by the IMO for each Associated Load and the Trading Interval under clause 4.26.2C(b).

4.26.2CB. If a Market Customer considers that the level of consumption of an Associated Load was reduced as a direct consequence of either System Management issuing a Dispatch Instruction or maintenance being undertaken, that Market Customer may submit a Consumption Deviation Application for that Associated Load to the IMO. When submitting a Consumption Deviation Application, a Market Customer must:

- (a) pay an Application Fee to cover the cost of processing the application;
- (b) provide the information specified in the Market Procedure referred to in clause 4.26.2CC to the IMO;
- (c) follow the process in the Market Procedure referred to in clause 4.26.2CC;
and
- (d) submit the application as soon as practicable, but as in any case no later than the 31 October of the Capacity Year to which the Relevant Demand applies.

4.26.2CC. The IMO must specify the following matters in a Market Procedure:

- (a) the process a Market Customer must follow when submitting a Consumption Deviation Application for an Associated Load;
- (b) the requirements and form of the evidence a Market Customer must provide in a Consumption Deviation Application;
- (c) the indicative timeframes for the submission and processing of a Consumption Deviation Application; and
- (d) the criteria that the IMO must consider when deciding whether to accept or reject a Consumption Deviation Application.

...

4.28.9A. If a Market Customer considers that the level of consumption of a Load that the Market Customer has nominated as a Non-Temperature Dependent Load under clause 4.28.8(a), was reduced because it was a non-Business Day, or as a direct consequence of maintenance being undertaken, that Market Customer may submit a Consumption Deviation Application for that Load. When submitting a Consumption Deviation Application, a Market Customer must:

- (a) pay an Application Fee to cover the cost of processing the application;
- (b) provide the information specified in the Market Procedure referred to in clause 4.28.9B to the IMO;
- (c) follow the process in the Market Procedure referred to in clause 4.28.9B; and
- (d) for an application that applies for:
 - i. the annual determination of the Individual Reserve Capacity Requirement, submit the application as soon as practicable, but as in any case no later than the date and time specified in clause 4.1.23; and
 - ii. for an application that applies for the monthly update of the Individual Reserve Capacity Requirement, submit the application as soon as practicable, but as in any case no later than 5:00 PM on the Business Day being twenty Business Days prior to the date specified in clause 4.1.28(b).

4.28.9B. The IMO must specify the following matters in a Market Procedure:

- (a) the process a Market Customer must follow when submitting a Consumption Deviation Application;
- (b) the requirements and form of the evidence a Market Customer must provide in a Consumption Deviation Application;
- (c) the indicative timeframes for the submission and processing of a Consumption Deviation Application; and

- (d) the criteria that the IMO must consider when deciding whether to accept or reject a Consumption Deviation Application.

11 Glossary

...

Consumption Deviation Application: An application submitted by a Market Customer to the IMO under clause 4.26.2CB or 4.28.9A, notifying the IMO and providing evidence that the consumption of a Load was reduced below the consumption level deemed to be representative of that Load by the IMO, because it was a non-Business Day or as a direct result of a Dispatch Instruction issued by System Management or maintenance being undertaken, as applicable.

...

Appendix 5A: Non-Temperature Dependent Load Requirements

This Appendix presents the method and requirements for accepting, in accordance with clause 4.28.9, a Load measured by an interval meter in the list provided in accordance with clause 4.28.8(a) as a Non-Temperature Dependent Load.

For the purpose of this Appendix:

- the meter data to be used in any calculations is to be the most current set of meter data as at the time of commencing the calculations; and
- the four peak SWIS Trading Intervals in a Trading Month are the four highest demand Trading Intervals in that Trading Month, where the demand in a Trading Interval is measured as the Total Sent Out Generation in that Trading Interval.

The IMO must perform the following steps in deciding whether to accept, in accordance with clause 4.28.9, a Load measured by an interval meter in the list provided in accordance with clause 4.28.8(a) as a Non-Temperature Dependent Load:

Step 1:

- If, in accordance with clause 4.28.8(a), the IMO is provided by a Market Customer in Trading Month (n-2) with a list that includes an interval meter associated with that Market Customer that it wants the IMO to treat as a Non-Temperature Dependent Load from Trading Month (n); ~~and~~
- If the list including the interval meter is provided by the date and time specified in clause 4.1.23; and
- If the Load was treated as a Non-Temperature Dependent Load in Trading Month (n-8),

then the IMO must accept the ILoad as a Non-Temperature Dependent Load if:

- (a) the median value of the metered consumption for that ILoad was in excess of 1.0_MWh, calculated over the set of Trading Intervals defined as the 4four peak SWIS Trading Intervals in each of the Trading Months starting from the start of Trading Month n-11 to the end of Trading Month n-3; and
- (b) the ~~load~~ILoad's consumption did not deviate downwards from the median ~~consumption value~~ in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of Trading Month (n-11) to the end of Trading Month (n-3) except during Trading Intervals where:
 - i. the consumption was 0 MWh; or
 - ii. the IMO has accepted an Consumption Deviation Application for the Load. ~~the consumption was reduced at the request of System Management; or~~
 - iii. ~~evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.~~

Step 2:

- If, in accordance with clause 4.28.8(a), the IMO is provided by a Market Customer in Trading Month (n-2) with a list that includes an interval meter associated with that Market Customer that it ~~wants the IMO to treat~~ has nominated as a Non-Temperature Dependent Load from Trading Month (n); and
- If the ILoad is not treated as a Non-Temperature Dependent Load in Trading Month (n-1); and
- If the ILoad was not treated as a Non-Temperature Dependent Load for any of the Trading Months in the Capacity Year in which Trading Month (n) falls,

then the IMO must accept the ILoad as a Non-Temperature Dependent Load for Trading Month (n) if:

- (a) the median value of the metered consumption ~~values~~ for that ILoad during the 4four peak SWIS Trading Intervals in Trading Month (n-3) was in excess of 1.0_MWh; and
- (b) the ~~load~~ILoad's consumption did not deviate downwards from the median ~~consumption value~~ in paragraph (a) by more than 10% for more than 10% of the time during Trading Month (n-3) except during Trading Intervals where:
 - i. the consumption was 0 MWh; or
 - ii. the IMO has accepted an Consumption Deviation Application for the Load. ~~consumption was reduced at the request of System Management; or~~

~~iii. evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.~~

Step 3:

- If a ILoad was not accepted under Step 1 as a Non-Temperature Dependent Load for Trading Month (n); and
- If the ILoad was accepted under Step 2, or previously under this Step 3, as a Non-Temperature Dependent Load for Trading Month (n-1),

then the IMO must accept the ILoad as a Non-Temperature Dependent Load for Trading Month (n) if:

- (a) the median value of the metered consumption for that ILoad was in excess of 1.0_MWh, calculated over the set of Trading Intervals defined as the ~~four~~ peak SWIS Trading Intervals in each of the Trading Months commencing at the start of the Trading Month for which metered consumption ~~values~~ were used by the IMO to accept the load as a Non-Temperature Dependent Load under Step 2 to the end of Trading Month (n-3); and
- (b) the ~~load~~ Load's consumption did not deviate downwards from the median ~~consumption value~~ in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of the Trading Month for which metered consumption values were used by the IMO to accept the ILoad as a Non-Temperature Dependent Load under Step 2 to the end of Trading Month (n-3) except during Trading Intervals where:
 - i. the consumption was 0 MWh; or
 - ii. the IMO has accepted an Consumption Deviation Application for the Load ~~consumption was reduced at the request of System Management;~~ or
 - ~~iii. evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.~~

Step 4:

Otherwise, the IMO must treat a ILoad as a Temperature Dependent Load.

4. Describe how the proposed changes would allow the Market Rules to better address the Wholesale Market Objectives

The IMO considers that the proposed amendments will better address Wholesale Market Objectives (c) and (d):

- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system

The IMO considers that the proposed amendments to introduce a Market Procedure formalising the process for consumption deviation applications, specifying the requirements for the evidence provided with an application, and specifying the criteria for the IMO's decision on the application would improve the efficiency of the process and therefore decrease the overall cost of administering the WEM.

The IMO also considers that the proposed changes to specify the requirements on the evidence provided in a consumption deviation application in a Market Procedure will reduce the number of applications which the IMO rejects, thereby reducing the effort for the IMO and Market Customers and the cost of administering the WEM.

The IMO considers that the proposed amendments to allocate the costs of processing consumption deviation applications to the applicant will provide for a more equitable cost allocation where the costs are born by the causer.

5. Provide any identifiable benefits and costs of the proposed changes

Costs

The IMO will incur some minor costs to process this Rule Change Proposal and the associated Procedure Change Proposal, and to implement the necessary processes for the invoicing of the new Application Fee for consumption deviation applications. However, these costs are not expected to be significant and can be accommodated in the IMO's existing budget.

Benefits

The IMO expects that the proposed changes will reduce the overall cost of administering the WEM by reducing the inefficiencies related to the IMO's processing of consumption deviation applications. The IMO also expects cost reductions for Market Customers associated with the proposed more efficient application process.

The IMO considers that the proposed amendments to allocate the costs of processing consumption deviation applications to the applicant will provide for a more equitable cost allocation where the costs are born by the causer.

6. Provide any considerations associated with the implementation of the proposed changes

The IMO notes that this Rule Change Proposal proposes to amend clause 2.24.1 of the Market Rules which is a Protected Provision. Under clause 2.8.3 of the Market Rules, the proposed amendment to a Protected Provision requires the proposed Amending Rules in this Rule Change Proposal to be approved by the Minister. The IMO will work with the Public Utilities Office to progress this Rule Change Proposal.

There are no changes proposed to Reviewable Decisions or civil penalty provisions and the IMO does not propose to make any of the new clauses Protected Provisions, Reviewable Decisions or civil penalty provisions.

The IMO will progress a Procedure Change Proposal to formalise the consumption deviation application process in a Market Procedure in parallel with this Rule Change Proposal.

Appendix A. Maintenance Application User Guide - October 2013

QUICK REFERENCE GUIDE:

Submission of Maintenance Intervals in the IMO Market Participant Interface (MPI) for use in the Calculation of Relevant Demand

1. Introduction

The Relevant Demand (RD) of a Demand Side Programme (DSP) in a Capacity Year is the median of the historical consumption quantities determined by the IMO for the relevant 32 Trading Intervals, made up of the eight consecutive highest trading intervals for each month during the previous Hot season.

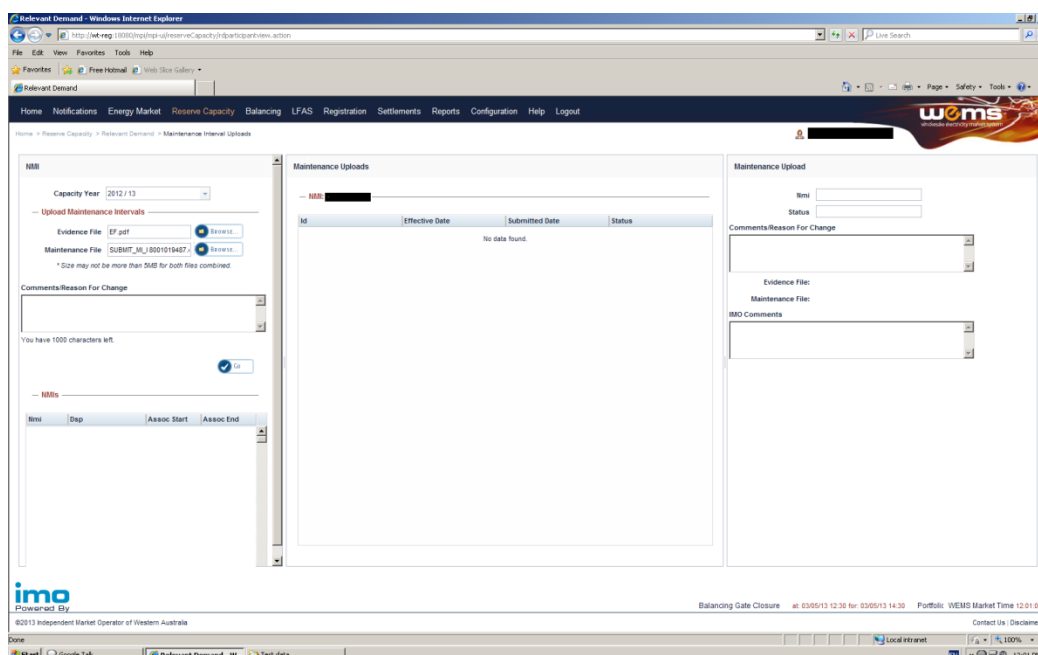
Once the Association of individual loads (NMI's) to a DSP is approved by the IMO, Participants have the opportunity to provide evidence of maintenance under MR 4.26.2C.(b)(iii) which if accepted by the IMO will be considered in determining the RD. On acceptance of maintenance intervals by the IMO, an updated RD value will be determined. In the event that the IMO does not accept the maintenance interval information submitted by a Participant, no re-calculation of RD will take place.

This reference guide sets out the steps to be taken by Participants in submitting maintenance interval information to the IMO via the IMO MPI.

2. Maintenance Submission Requirements

In order to submit maintenance information into IMO MPI, the submitter requires WEMS access and the applicable NMI's must already be associated with one of the Participant's DSP's. Participants should contact the IMO Market Operations Team on 9254 4336 or at operations@imowa.com.au to resolve any issues related to WEMS access or Load Associations.

Submissions of maintenance information for each NMI require Participants to submit both a letter from the load and an electronic file (CSV format). Maintenance submissions can be made via the Maintenance Interval Upload section (ReserveCapacity/Relevant Demand/Maintenance Interval Upload) in the IMO MPI. A screenshot of the submission screen in the IMO MPI is shown below:



Participants should ensure that their submission is successful before proceeding. Please contact the System Capacity Team using the contact details listed below with any queries regarding maintenance submissions.

2.1 Correspondence from the Load

The IMO requires that a letter from the load be submitted including the following information:

- the date of the correspondence
- the letterhead of the company/load including the full company name and contact details
- the NMI (Notional Meter Identifier – 10 digit number starting with 8)
- a clear list of maintenance intervals including a brief description for each period impacted by maintenance
- full name and details of the authorised signatory
- all letters must be signed
- acceptable formats include Microsoft Word, JPEG and GIF

An example of a recommended letter format is shown below:

Full Company Name
Address
Telephone Fax Email
Date
System Capacity
Independent Market Operator
Level 17
197 St Georges Tce
Perth WA 6000
Dear Sir/Madam
FULL COMPANY NAME has agreed to participate in PARTICIPANT'S load curtailment program. Please accept this advice with regards to our facility's operations located at LOAD ADDRESS during the 2012/13 Hot Season.
We were operating at below capacity due to consumption being reduced because of maintenance during the following periods:
<ul style="list-style-type: none">• 8 February 2013: Plant shutdown for partial maintenance overhaul of production line• 9 February 2013 12:30 - 16:15: Replacement of bearings on conveyor belt• 12 – 15 March 2013 (inclusive): Annual full maintenance overhaul of production facilities
Due to this maintenance (NMI) was operating at below capacity during these intervals.
Regards
Signature
FULL NAME and TITLE

This evidence file is submitted via the IMO MPI at the same time as the Maintenance Interval file in the Maintenance Interval Upload section (ReserveCapacity/Relevant Demand/Maintenance Interval Upload) in the IMO MPI. A screenshot of the upload section is shown above in Section 2.

2.2 Maintenance File Submission

The CSV maintenance file must contain the same information as the letter from the load. Participants should ensure that the information matches, to facilitate the acceptance of maintenance information by the IMO.

The maintenance file must be consistent with the following format:

FIELD NAME	DATA TYPE	CONSTRAINTS	COMMENTS
ACTION	String	Not Null	Either "SUBMIT" for submission, or "CANCEL" for cancel.
NMI	Integer	Not Null	The 10 digit NMI ID There can only be one unique NMI per file.
TYPE	String	D = Day, I = Interval	Type D means that <u>all intervals</u> in the calendar day specified in VALUE field is considered as maintenance intervals. Type I means that only the interval specified in the VALUE field is considered as maintenance interval
VALUE	Date (DD/MM/YYYY) Or DD/MM/YYYY HH24:MI)	If TYPE = D, use DD/MM/YYYY format If Type = I, use DD/MM/YYYY HH24:MI format	The date that the standing submission is valid until

This evidence file is submitted via the IMO MPI at the same time as the Maintenance Evidence file in the Maintenance Interval Upload section (ReserveCapacity/Relevant Demand/Maintenance Interval Upload) in the IMO MPI. A screenshot of the upload section is shown above in Section 2.

The IMO MPI will not accept a submission in respect of a NMI that is not associated with a Participant's DSP.

Maintenance File Validations

The submission will be rejected if it fails any validation listed below. A validation error will be displayed to user submitting the file and also logged into application log for support investigation. Validations include:

- Each file can only contain 1 NMI

- All column headings are correct and included in the submission file as per the specification
- Each field is limited to contain values as specified in the table above
- Validate that the NMI is owned by the submitting participants during the capacity year
- Validate that there are no duplicated maintenance intervals

Maintenance File Submit Example

```
ACTION,NMI,TYPE,VALUE
SUBMIT,123456789,D,08/12/2012
SUBMIT,123456789,I,09/12/2012 13:00
SUBMIT,123456789,I,09/12/2012 13:30
```

Maintenance File Cancel Example

```
ACTION,NMI,TYPE,VALUE
```

Note that full calendar days of maintenance can be submitted using the designation “D” while half-hour intervals are designated with “I”. In the event that a Participant wishes to cancel a maintenance interval they can do so by submitting the same file with “CANCEL” in Column A instead of “SUBMIT”. An example of a CSV file matching the maintenance intervals in the letter above is shown below.

	A	B	C	D	E	F	G	H	I	J	K	L
1	action	nmi	type	value								
2	SUBMIT	8000000000	D	8/02/2013								
3	SUBMIT	8000000000	I	9/02/2012 12:30								
4	SUBMIT	8000000000	I	9/02/2012 13:00								
5	SUBMIT	8000000000	I	9/02/2012 13:30								
6	SUBMIT	8000000000	I	9/02/2012 14:00								
7	SUBMIT	8000000000	I	9/02/2012 14:30								
8	SUBMIT	8000000000	I	9/02/2012 15:00								
9	SUBMIT	8000000000	I	9/02/2012 15:30								
10	SUBMIT	8000000000	I	9/02/2012 16:00								
11	SUBMIT	8000000000	D	12/03/2012								
12	SUBMIT	8000000000	D	13/03/2012								
13	SUBMIT	8000000000	D	14/03/2012								
14	SUBMIT	8000000000	D	15/03/2012								
15												
16												
17												
18												

In the event that a submission to the IMO MPI is unsuccessful Participants should contact the System capacity team on 9254 4339 or at system.capacity@imowa.com.au.

3. Review of Maintenance Submissions by the IMO

Upon receipt of a Participant Maintenance submission via the IMO MPI, the IMO may either accept or reject the submission.

3.1 Acceptance of Maintenance Submissions

In the event that the maintenance submission is accepted by the IMO, the RD of the DSP will be updated only with effect from the Trading Day following the IMO's acceptance of the revised maintenance information. The acceptance maintenance information can not be backdated to any prior date. Participants should endeavour to submit maintenance information as early as possible, particularly prior to the commencement of capacity obligations to allow the IMO sufficient time to review submissions. Participants should bear in mind that at the time of preparing this document, there are upwards 500 individual loads (NMI's) associated with DSP's and that the review of maintenance submissions depends on the number of new submissions recently received.

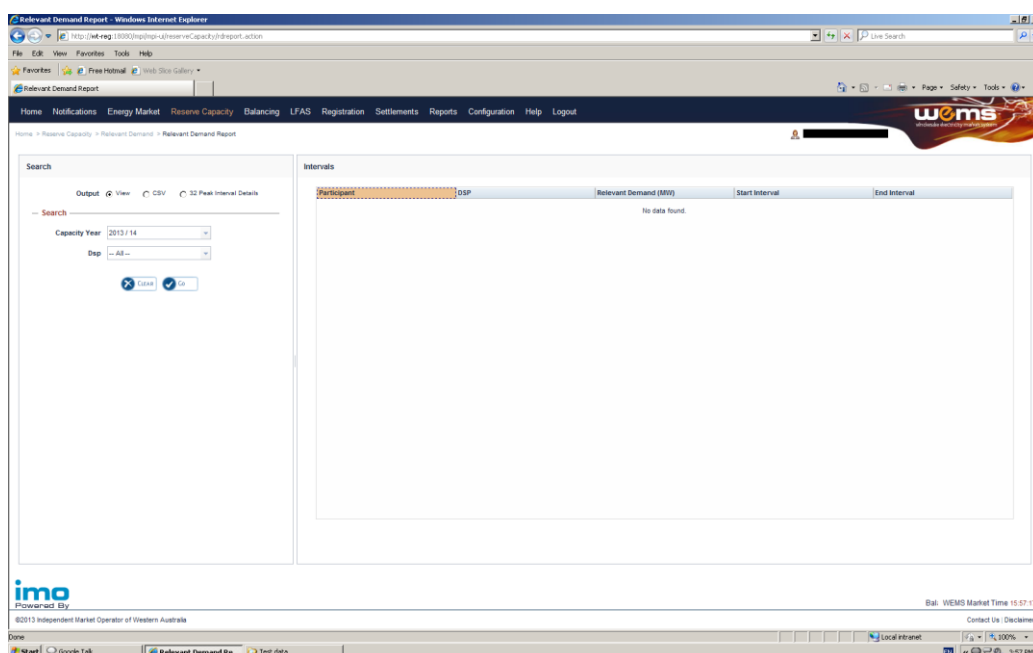
3.2 Rejection of Maintenance Submissions

The IMO may at its discretion reject any maintenance submissions. Reasons for rejection may include:

- inconsistencies between correspondence from the load and the CSV data file
- correspondence suggesting that the activity listed was not in fact "maintenance"

4. Relevant Demand

The RD of a DSP will be updated effective from the day following any association of new loads or following the acceptance of maintenance information submitted via the IMO MPI. RD history can be accessed via the Relevant Demand Report (ReserveCapacity/Relevant Demand/Relevant Demand) in the IMO MPI. A screenshot is shown below.





Rule Change Proposal: RC_2015_06

Change requested by:

Name	Paul Tetley
Organisation	IMO
Phone	9254 4381
Email	paul.tetley@imowa.com.au
Address	Level 17, 197 St Georges Tce, Perth 6000
Date submitted	TBC
Urgency	Medium
Rule Change Proposal title	Expediting the Publication of Balancing Prices
Clauses affected	Clauses 7A.3.7, 7A.3.7A, 7A.3.8, 7A.3.9, 7A.3.10, 7A.3.11, 7A.3.12 and 7A.3.13

Introduction

Clause 2.5.1 of the Wholesale Electricity Market Rules (Market Rules) provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal form that must be submitted to the IMO.

The IMO prefers to receive submissions by email to market.development@imowa.com.au using the Rule Change Proposal form available at: <http://www.imowa.com.au/wem-rule-changes>.

Submissions may also be sent to the IMO by post, addressed to:

Independent Market Operator

Attn: Group Manager, Development and Capacity
PO Box 7096
Cloisters Square, PERTH, WA 6850

The IMO will assess the proposal and, within five Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives.

The Wholesale Market Objectives are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Details of the Rule Change Proposal

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed changes

1.1 Background

At the March 2014 Market Advisory Committee (MAC) meeting, queries were about why it took three Business Days for the IMO to calculate the final Balancing Price. At the following meeting, the IMO clarified that this time allowed System Management to revise the necessary data, which was required between one and three times a month. The MAC asked the IMO to further analyse the frequency and quantity of variations between the Provisional Balancing Price and final Balancing Price. This analysis was presented at the June 2014 MAC meeting¹.

The MAC agreed that it appeared that there may be some seasonality affecting the price differential and therefore suggested that further analysis should be undertaken over coming months rather than presuming accuracy had improved. The IMO committed to assess the accuracy of Balancing Prices for discussion at a MAC meeting in six months' time².

At the February 2015 MAC meeting, the IMO presented the updated analysis³. Based on this analysis, the IMO recommended the following two changes, which would allow the earlier publication of both the Provisional and final Balancing Prices:

1. use the End Of Interval (EOI) Relevant Dispatch Quantity (RDQ) provided by System Management five minutes after the Trading Interval to calculate a Provisional Balancing Price and publish it as soon as practicable; and

¹ See Agenda Item 6b: Provisional and Final Balancing Prices, available at: http://www.imowa.com.au/MAC_73.

² The IMO also committed to investigate the opportunity to expedite the publication of Provisional Balancing Price. In September 2014, the IMO commenced publishing the Provisional Balancing Price at 11:00 AM on the same day that it receives the data from System Management on all Business Days. The Provisional Balancing Price is now published three hours after the end of the Trading Day.

³ See Agenda Item 4.1: Provisional and Final Balancing Prices, available at: http://www.imowa.com.au/MAC_78.

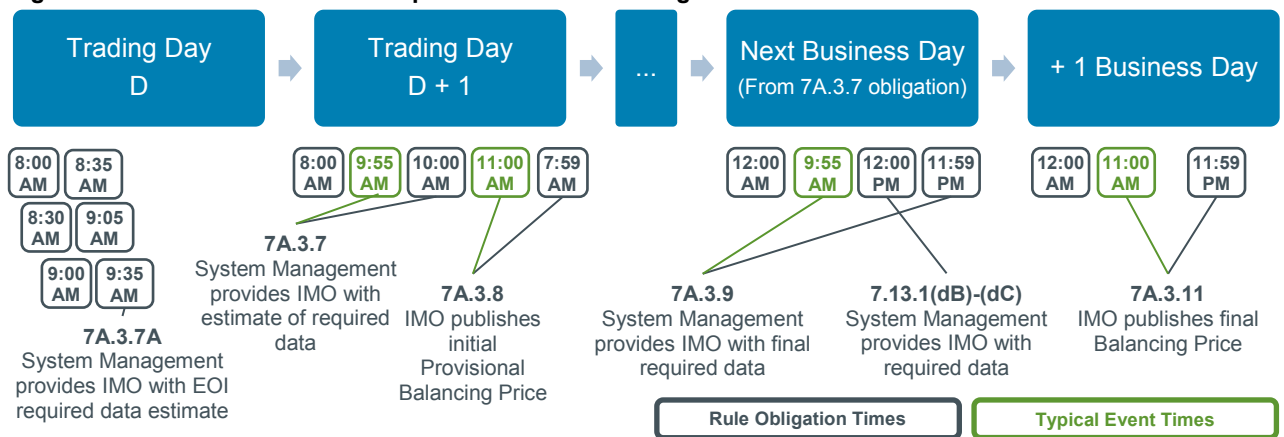
- calculate and publish the final Balancing Price as soon as practicable after System Management provides the final updated data at 9:55 AM on the next Business Day after the Trading Day following the relevant Trading Day.

At the February 2015 meeting, MAC members endorsed the recommendations and asked the IMO to develop a pre Rule Change Proposal for its consideration at an upcoming MAC meeting.

1.2 Process for determining Balancing Prices

The current process for calculating and publishing Balancing Prices is shown in Figure 1.1.

Figure 1.1: Current calculation and publication of Balancing Prices



Currently there are three separate clauses that require System Management to provide the IMO with the SOI and EOI Quantity for each Balancing Facility and the RDQ (hereafter referred to as 'required data'):

- Clause 7A.3.7 of the Market Rules requires System Management to provide the IMO with the required data for a Trading Day within two hours of the end of the Trading Day, (hereafter referred to as 'daily data').
- Clause 7A.3.7A of the Market Rules requires System Management to make reasonable endeavours to provide to the IMO with required data within 5 minutes of the end of the Trading Interval (hereafter referred to as 'EOI data').
- Clause 7A.3.9 of the Market Rules requires System Management must provide updates to the required data to the IMO by 24 hours after the start of the Business Day following the publication of the Provisional Balancing Price.

Clause 7A.3.8 of the Market Rules requires the IMO to use the required data, provided within two hours after the end of the Trading Day under clause 7A.3.7 of the Market Rules, to determine and publish a Provisional Balancing Price.

Under clause 7A.3.10, the IMO must use the latest revised required data to calculate the final Balancing Price. Despite the deadline in clause 7A.3.7 of the Market Rules, System Management generally provides the final update of the required data to the IMO at 9:55 AM on that day, around 14 hours early. The IMO then waits approximately 25 hours, for System Management's deadline to expire and for the prices to be checked, before publishing the final Balancing Price on the next Business Day in accordance with clause 7A.3.11 of the

Market Rules. This delay mitigates the risk that System Management could provide further updates which would require the IMO to re-publish the final Balancing Price.

It should be noted that clause 7A.3.12 of the Market Rules allows System Management an extension of two Business Days to provide the final required data. Clause 7A.3.13 of the Market Rules also provides the IMO with alternative options to calculate the final Balancing Price if the required data is not available.

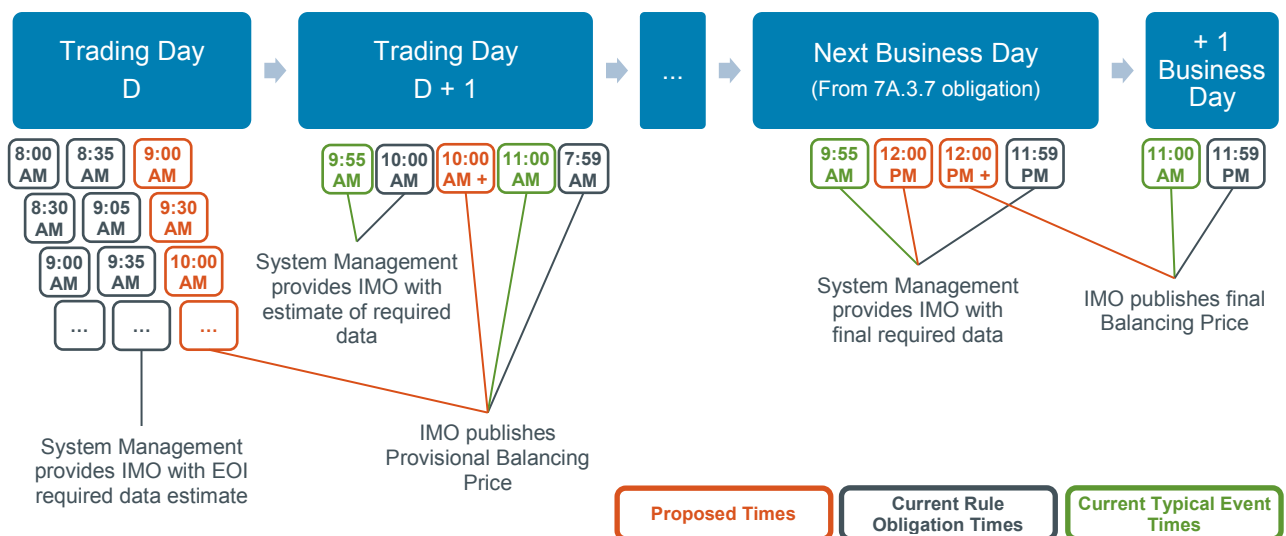
1.3 Proposed amendments

Given the lengthy timeframes currently afforded in the Market Rules, the IMO has considered options to expedite the determination and publication of the Provisional and final Balancing Prices as agreed at the February 2015 MAC meeting. The IMO proposes to:

- calculate and publish the Provisional Balancing Price following receipt of the EOI data and update it whenever the required data or any updates are received from System Management – this will provide the market with an indication of the Balancing Price immediately after the interval and will ensure that the most up to date information is available at all times; and
- publish the final Balancing Price as soon as practicable after the time by which System Management must provide the final updates to the required data (which is proposed to be by noon on the next Business Day following the provision of the daily data) – this will bring forward the publication of the final Balancing Price by one Business Day.

The proposed process is shown in Figure 1.2.

Figure 1.2: Proposed changes to the calculation and publication of Balancing Prices



The changes to the Market Rules that are required to each step in the process are outlined in the following sections.

Determination and provision of required data

The IMO proposes to separate the obligation for System Management to determine the required data from the obligation for it provide the required data at various points in time to

the IMO. This should make it clear that System Management will provide the same, but updated required data to the IMO at various times. To effect this change, the IMO proposes to amend clause 7A.3.7 of the Market Rules to require System Management to determine an estimate of the required data and amend clause 7A.3.7A to require System Management to:

- make reasonable endeavours to provide the required data within five minutes after the end of the Trading Interval;
- provide the daily data for each Trading Interval during a Trading Day within two hours after the end of that Trading Day; and
- provide the final updated required data no later than noon on the next Business Day after the daily data has been provided.

The obligations for System Management to provide this data are consistent with the current requirements and process steps in clauses 7A.3.7, 7A.3.7A and 7A.3.9 of the Market Rules. As a result, clause 7A.3.9 of the Market Rules will become redundant and is proposed to be deleted.

The proposed drafting of clause 7A.3.7A of the Market Rules will better reflect the logical sequencing of the provision of the data, to improve the clarity and integrity of this section of the Market Rules.

Currently under clauses 7.13.1(dB) and 7.13.1(dC) of the Market Rules, System Management is required to provide the IMO with the required data by noon on the Business Day after the end of the relevant Trading Day for settlement purposes. The changes proposed by the IMO will align the deadline for the provision of the last updates to the required data for the purposes of determining the Balancing Price (to be contained in the proposed amended clause 7A.3.7A(c)) with the timeframe in clause 7.13.1 of the Market Rules to avoid any duplication of effort for System Management.

It should be noted that the proposed change to the timeframe will mean that System Management will have a shorter timeframe in which to fix any potential errors in the required data. However, the IMO notes that clause 7A.3.12 allows System Management an extension of up to two Business Days where it is unable to provide the required data.

Determination and publication of Provisional Balancing Prices

The IMO proposes to amend clause 7A.3.8 of the Market Rules to require it to determine and publish a Provisional Balancing Price as soon as practicable after System Management provides the required data and any updates, in accordance with the proposed amended clause 7A.3.7A of the Market Rules. This will result in the IMO determining and publishing several Provisional Balancing Prices, with each reflecting the most up to date information available.

The IMO has also taken the opportunity to include a requirement to publish the Provisional Pricing BMO at the same time as publishing the Provisional Balancing Price. This proposed change reflects current practice.

Determination and publication of the final Balancing Price

The IMO proposes to amend the timeframe for it to publish the final Balancing Price in clause 7A.3.11 of the Market Rules to be as soon as practicable after the timeframe by which

System Management must provide the final updates to the required data, which will bring the timeframe forward from the current publication on the following Business Day.

The IMO also proposes to amend clause 7A.3.10 of the Market Rules to clarify that, rather than calculating a final Balancing Price, it deems the most recent Provisional Balancing Price published following the deadline for System Management to update the required data, to be the final Balancing Price.

The IMO has also taken the opportunity to include a requirement to publish the final Pricing BMO at the same time as publishing the final Balancing Price. This proposed change reflects current practice.

The IMO proposes to retain clause 7A.3.13 which provides options for the IMO to determine the final Balancing Price in the event of any missing required data.

Other minor amendments

The IMO also proposes to amend cross-references and make minor grammatical changes to clauses 7A.3.8, 7A.3.11, 7A.3.12 and 7A.3.13 to improve the readability and integrity of the Market Rules.

2. Explain the reason for the degree of urgency

The IMO proposes that this Rule Change Proposal be progressed under the Standard Rule Change Process.

The IMO considers the proposed amendments are administrative in nature and will benefit the market by improving the timeliness and transparency of market information. The IMO therefore considers it is beneficial to commence consultation prior to the completion of the State Government's Electricity Market Review.

3. Provide any specific changes to clauses of the Market Rules

[Changes to the current wording of the Market Rules are shown with ~~strikethrough~~ where words are deleted and underline where words are added]

~~7A.3.7. System Management must, no later than two hours after the end of the Trading Day, provide the IMO with an estimate of:~~

- ~~(a) the SOI Quantity and the EOI Quantity for each Balancing Facility; and~~
- ~~(b) the Relevant Dispatch Quantity,~~

~~for each Trading Interval in the Trading Day, determined in accordance with the Power System Operation Procedure.~~

~~7A.3.7A. System Management must make reasonable endeavours to provide to the IMO, no later than five minutes after the end of each Trading Interval, an estimate of:~~

- ~~(a) the SOI Quantity and the EOI Quantity for each Balancing Facility; and~~
- ~~(b) the Relevant Dispatch Quantity,~~

for that Trading Interval, determined in accordance with the Power System Operation Procedure.

7A.3.7. System Management must determine, in accordance with the process specified in a Power System Operation Procedure, an estimate, for each Trading Interval, of:

- (a) the SOI Quantity and the EOI Quantity for each Balancing Facility; and
- (b) the Relevant Dispatch Quantity.

7A.3.7A. Subject to clause 7A.3.12, System Management must:

- (a) make reasonable endeavours to provide the IMO with the estimates in clause 7A.3.7 within five minutes of the end of each Trading Interval;
- (b) provide the IMO with the latest estimates in clause 7A.3.7 for each Trading Interval in a Trading Day no later than two hours after the end of that Trading Day; and
- (c) as soon as reasonably practicable after it determines any adjustments to the estimates in clause 7A.3.7 are required, but in any event no later than noon on the Business Day following the time specified in 7A.3.7A(b), provide the IMO with those updated estimates.

~~7A.3.8. The IMO must, by the end of a Trading Day where it~~ If the IMO has been provided under clause 7A.3.7A with the information under clause 7A.3.7 for a Trading Interval, the IMO must, as soon as practicable in the previous Trading Day:

- (a) use that information to determine a Provisional Pricing BMO for that Trading Interval;
- (b) use the Provisional Pricing BMO under clause 7A.3.8(a) to determine the Provisional Balancing Price, being the Loss Factor Adjusted Price corresponding to the point where the estimated Relevant Dispatch Quantity plus 1 MW intersects the Provisional Pricing BMO; and
- (c) publish the Provisional Pricing BMO and the Provisional Balancing Price on the Market Web Site.

~~7A.3.9. [Blank] Subject to clause 7A.3.12, System Management must, as soon as reasonably practicable but in any event no later than 24 hours after the start of the Business Day following the time specified in clause 7A.3.7, provide the IMO with any updated adjustments to the information provided under clause 7A.3.7 and the IMO must use any such updated SOI Quantity and EOI Quantity information to revise the Provisional Pricing BMO accordingly.~~

~~7A.3.10. The IMO must calculate the Pricing BMO, subject to clause 7A.3.13, using the Provisional Pricing BMO determined under clause 7A.3.8(a), as revised under clause 7A.3.9, to determine the Balancing Price, being the Loss Factor Adjusted Price corresponding to the point where the Relevant Dispatch Quantity plus 1 MW intersects the Pricing BMO. Where there is no change to the Provisional~~

~~Balancing Price determined under clause 7A.3.8(b), that price is deemed to be the Balancing Price.~~

7A.3.10. The Balancing Price is the most recently published Provisional Balancing Price, as determined under clause 7A.3.8, after the time specified in clause 7A.3.7A(c).

~~7A.3.11. The IMO must, subject to clause 7A.3.12, the IMO must publish the Pricing BMO and the Balancing Price for each Trading Interval in a Trading Day on the next Business Day after the latest time specified in clause 7A.3.9 as soon as practicable.~~

7A.3.12. If System Management advises the IMO before the time specified in clause 7A.3.7A(c) that it has been prevented from completing the relevant processes that enable the provision of the information ~~described in~~ under either clauses 7A.3.7 or 7A.3.97A, the IMO:

(a) _____ may extend the timeline prescribed in clause 7A.3.11 and/or 7A.3.9. No such extension may be given that would result in a delay of that timeline of but not to the extent that it would result in a delay of more than two Business Days; and

(b) _____ The IMO must advise Rule Participants of any such extension as soon as practicable.

~~7A.3.13. If the IMO is unable to determine the Balancing Price under clause 7A.3.10 in time to publish it in accordance with clause 7A.3.11 for any reason, including because it has not received the information required to be provided by System Management under clauses 7A.3.7A or 7A.3.9, the IMO must determine the Balancing Price:~~

...

4. Describe how the proposed changes would allow the Market Rules to better address the Wholesale Market Objectives

The IMO considers that the proposed amendments will better achieve Wholesale Market Objectives (a) and (d), and are consistent with the remaining Wholesale Market Objectives.

(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system

(d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system

The proposed amendments will improve the efficiency and effectiveness of the WEM by enabling publication of more timely information to Market Participants, thereby allowing for more efficient decisions and better risk management. This is likely to increase the efficiency of the market and minimise the long-term cost to the market.

5. Provide any identifiable benefits and costs of the proposed changes

Costs

The IMO will incur minor administrative costs in progressing this Rule Change Proposal and any necessary Procedure Change Proposals.

The proposed amendments in this Rule Change Proposal will also require minor changes to the IMO's IT systems to:

- remove the current single event to calculate and publish the Provisional BMO and Balancing Price at 11:00 AM;
- replace the single event with a trigger to calculate and publish of the Provisional BMO and Balancing Price each time the required data is received from System Management;
- reschedule the event which publishes the final BMO and Balancing Price; and
- undertake the required testing, deployment and documentation of the changes.

The IMO estimates that the cost of these changes is approximately \$8,500 and can be accommodated within the IMO's existing budget.

The IMO has investigated the following three options for additional functionality which could be implemented to support the improved availability of market information:

1. Publish every Provisional BMO and Provisional Balancing Price for a Trading Day on the Market Participant Interface – without this change, a user will only be able to access the latest Provisional BMO and Balancing Price.
2. Allow web service users to query the database for any Provisional BMO and Provisional Balancing Price calculated – without this change the web services interface will only return the latest Provisional BMO and Provisional Balancing Price.
3. Include each published Provisional BMO and Provisional Balancing Price for a Trading Day on the IMO's 'Market Data' website.

These options can all be implemented independently of each other. The IMO considers that each option would cost an additional \$7,000 to implement.

The IMO notes that System Management already provides the required before the amended timeframes proposed in this Rule Change Proposal. The IMO therefore considers that System Management will not incur any costs as a result of the proposed changes.

The IMO is not aware of any other costs resulting from this Rule Change Proposal.

Benefits

The IMO considers the proposed amendments will benefit the market by supporting decision making and risk management as a result of the following improvements in Balancing Price information:

- Providing an initial Provisional Balancing Price immediately after the end of the Trading Interval, rather than waiting until three hours after the end of the Trading Day will provide

Market Participants an earlier estimate of the final Balancing Price, which is more accurate.

- Updating the Provisional Balancing Price upon the receipt of any updated required data will ensure that the Balancing Price available to Market Participants at any point in time is as accurate as possible.
- Providing certainty of the final Balancing Price and consequently the cost of electricity traded in the Balancing Market one full Business Day earlier.

6. Provide any considerations associated with the implementation of the proposed changes

The IMO will need to adjust its IT systems to calculate the Provisional Balancing Price on the receipt of any updates to the required data instead of the current fixed time event. However, the IMO expects that these changes can be implemented within the timeframe for the progression of this Rule Change Proposal.

The IMO does not expect that System Management will need to make any changes to its IT systems as a result of the proposed amendments, as System Management already provides the required data prior to the proposed, earlier timeframes.

It should be noted that the Power Systems Operating Procedures (PSOP): Dispatch currently contains the process for System Management to follow when determining the EOI and SOI Quantities under clause 7A.3.7(a) of the Market Rules but does not include the RDQ. The IMO will work with System Management to review and make the necessary amendments to the PSOP.

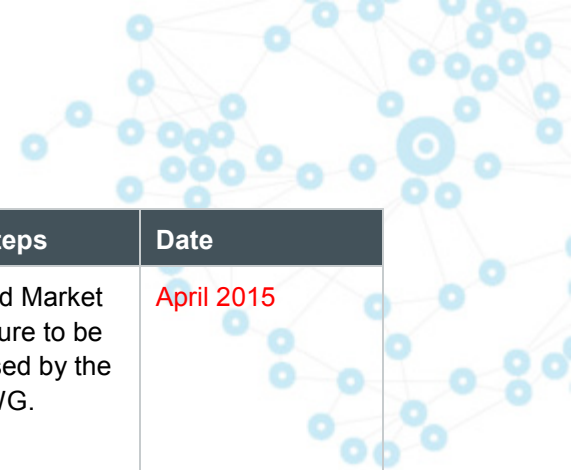


Agenda Item 6.1: Overview of Procedure Change Proposals

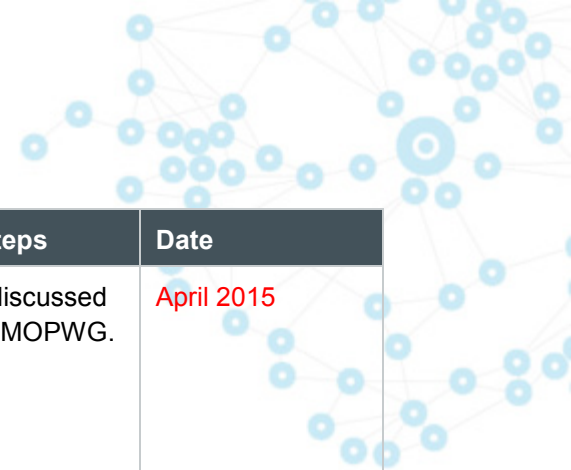
18 March 2015

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_2013_09: Reserve Capacity Performance Monitoring	The proposed updates are to: <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. 	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.	Procedure Change Report published.	April 2015



ID	Summary of changes	Status	Next steps	Date
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 make further changes related to RC_2014_06 before progressing this proposal through the IMOPWG.	Updated Market Procedure to be discussed by the IMOPWG.	April 2015
PC_2014_03: Benchmark Reserve Capacity Price	The proposed updates are to: <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. 	PC_2014_03 was tabled at the 1 May 2014 IMO Procedures Working Group.	The IMO will align the formal submission of PC_2014_03 with RC_2013_20 which has been extended until 30/04/2015.	April 2015



ID	Summary of changes	Status	Next steps	Date
PC_2015_01: Settlement	The proposed updates are to: <ul style="list-style-type: none"> • update the Settlement Cycle Timeline; • include information related to the use of AustraClear; • include information related processes that follow a Payment Default; • remove references to Verve Energy; and • reflect the proposed Amending Rules from the Rule Change Proposal: Removal of Resource Plans and Dispatchable Loads (RC_2014_06). 	In development	To be discussed by the IMOPWG.	April 2015
PC_2015_02: Individual Reserve Capacity Requirements	The proposed updates are to: <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.	April 2015
PC_2015_03: Managing Market Information	The proposed updates are to: <ul style="list-style-type: none"> • reflect the IMO's new format; • document the process that the IMO must follow when determining whether information is confidential; and • document the process that a person must follow when requesting the IMO to make a determination of whether information is confidential. 	In development	To be discussed by the IMOPWG.	April 2015
System Management Procedure Change Proposals				
n/a				



Agenda Item 7: Working Group Overview

18 March 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	1 May 2014	22 April 2015



Discussion Paper: Recognition of LFAS Facilities that do not provide Spinning Reserve Service

MAC Meeting No 79: 18 March 2015

1. Background

During the 2014 Ancillary Service Standards and Requirements Study (2014 Study), the project team found a problem in the Market Rules around the provision of Spinning Reserve Service (SR) by LFAS Facilities. Specifically, the current Ancillary Service Standards and settlement arrangements for SR are based on the assumption that a Facility providing Upwards LFAS is also providing SR. However, this is not always the case, for two reasons:

- non-Synergy LFAS Facilities are not required under the Market Rules to provide SR¹; and
- there are some Synergy Facilities that occasionally provide LFAS but cannot enable their governors to provide class A SR (the fastest SR response time) without breaching their environmental obligations.

The IMO included a recommendation in its Final Report for the 2014 Study to further investigate the impacts of LFAS Facilities that do not, when they provide Upwards LFAS, also provide SR, and present its findings to the Market Advisory Committee (MAC) for discussion in early 2015. The purpose of the investigation was to identify what, if any, short to medium term changes to the Market Rules and Market Procedures to address this issue.

2. Affected Market Rules

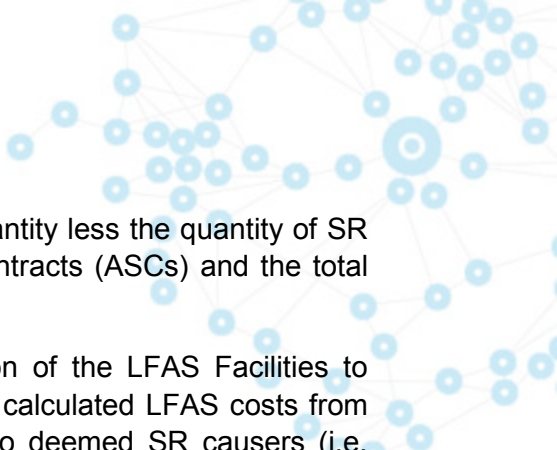
The assumption that capacity enabled for Upwards LFAS will also provide SR is implicit in clauses 3.10.2 and 9.9.2 of the Market Rules.

Clause 3.10.2 defines the Ancillary Service Standard for SR. In particular, clause 3.10.2(b) requires System Management to count the capacity provided to meet the LFAS requirement as part of the SR requirement, even though some/all of this capacity could be either not contracted to provide SR (for an IPP Facility) or else technically unable to provide SR (for a Synergy Facility).

Clause 9.9.2 specifies the settlement calculations for LFAS and SR. Central to the calculations is the concept that capacity enabled for Upwards LFAS will also provide SR.

Each year, as part of the margin values determination process, an average SR enablement quantity is forecast for Peak and Off-Peak Trading Intervals in the following Financial Year (SR_Capacity_Peak and SR_Capacity_Off-Peak). For each Trading Interval, Synergy is paid

¹ Unless the Facility is also subject to an Ancillary Service Contract to provide SR – to date this has not occurred.



an administered price per MW for the relevant SR_Capacity quantity less the quantity of SR provided by other Rule Participants under Ancillary Service Contracts (ASCs) and the total Upwards LFAS Enablement for the Trading Interval.

The cost allocation calculations then recognise the contribution of the LFAS Facilities to meeting the SR requirement by reallocating a proportion of the calculated LFAS costs from deemed LFAS 'causers' (Loads and Intermittent Generators) to deemed SR causers (i.e. larger generators). The reallocation amount is determined by:

- estimating the cost saving of using the same Facilities to provide Upwards LFAS and SR, by applying the standard Synergy availability payment formula to the (currently 72 MW) Upwards LFAS Quantity; and
- calculating a proportion of this estimated cost saving based on the size of the LFAS market payment compared with an estimate of what the total SR cost would have been if no SR was provided by LFAS Facilities.

The potential impacts of these arrangements are discussed further under Option 1 below.

3. Options


Four options have been identified in relation to this problem:

1. do nothing;
2. amend the Market Rules to retain the current settlement structure but allow for LFAS Facilities that do not actually provide SR in the enablement of SR;
3. amend the Market Rules to separate the two Ancillary Services – this option would also require changes to the assumptions used to determine the margin values and the basis for forming LFAS Submissions; and
4. introduce co-optimised markets for energy, LFAS, SR and Load Rejection Reserve Service (LRR).

Option 1: Do nothing

In the short term, the wording of clause 3.10.2(b) is not a critical problem as it does not prevent System Management from enabling all the SR it needs to maintain system security. This is because the level of SR prescribed in clause 3.10.2(a) "must be sufficient" to meet the 70 per cent requirement, i.e. it is expressed as a minimum, with no explicit prohibition on enabling a larger quantity.

For example, if the highest output generator is producing 300 MW and NewGen Kwinana is enabled for 30 MW of Upwards LFAS, then to meet the intent of clause 3.10.2(a) System Management would need to ensure that at least 210 MW of SR was enabled, of which only 42 MW would come from enabled LFAS Facilities (assuming an Upwards LFAS Enablement of 72 MW). However, if the full Upwards LFAS Enablement is counted as providing part of the SR requirement as per clause 3.10.2(b), then theoretically the SR enablement for the Trading Interval would be 240 MW, not 210 MW.



Enabling 240 MW in this way is not formally prohibited under the Market Rules and is consistent with the spirit of clause 3.10.2(a) (to ensure that 70 per cent of the largest contingency will be available within six seconds) and the obligation to meet the relevant frequency standards in the Technical Rules. However the arrangement is unsatisfactory in the longer term, as it means clause 3.10.2 may be misleading.

There is also no critical problem with settlement provided that the margin values are calculated appropriately, i.e. the modelling takes the real world facility limitations into account, but the calculation to convert the expected annual availability costs into margin values and SR_Capacity values assumes that for settlement 72 MW will be subtracted from the SR_Capacity value in each Trading Interval, regardless of how much SR the LFAS Facilities actually provide. (Note that this approach has been taken for the calculation of the margin values for the 2015/16 Financial Year.) This should ensure that Synergy is not under-compensated for SR provision.

The remaining short-term concern is that SR causers are being assigned a larger proportion of LFAS costs than can be justified on the basis that LFAS Facilities also provide SR. On the other hand, it is clear that the current LFAS cost allocation methodology does not reflect the extent to which generators contribute to the need for LFAS. It is difficult to justify making changes to address one of these concerns but not the other, opening broader issues about cost allocation in the WEM.

Option 2: Adjust current process to reflect actual SR provision of LFAS Facilities

This option involves:

- amending clause 3.10.2 to require System Management to use Facilities enabled for Upwards LFAS to provide SR *to the extent that it is able*;
- amending the settlement calculations in clause 9.9.2 to use only the quantity of Upwards LFAS Enablement that also provided SR (LFAS_Up_SR(t)) in the SR payment and cost calculations; and
- ensuring that the margin values process is logically aligned with the amended settlement process.

In order to implement this option, System Management would need to send to the IMO the quantity of SR provided by Facilities enabled for Upwards LFAS in each Trading Interval. This quantity is not currently calculated by System Management and would be dependent on the specific governor response capabilities of each LFAS Facility as well as their Upwards LFAS Enablement in each Trading Interval.

IT system changes would be needed to support the provision of LFAS_Up_SR(t) values and to amend the settlement calculations.

Changes would also be required to the IMS Interface Market Procedure and, potentially, the Market Procedure: Settlement. Based on a preliminary assessment, no changes to Power System Operation Procedures would be needed.

Option 3: Separation of the Ancillary Services

Both the current arrangements and Option 2 assume that:

- the margin values (and therefore the administered price paid to Synergy for SR) are calculated using scenarios that model the provision of LFAS through the LFAS Market; and
- Market Participants, when determining the prices to include in their LFAS Submissions, do not take into account any other Ancillary Services they expect to provide in the relevant Trading Interval.

This means that any efficiencies gained by Synergy in providing both services work to reduce its SR payment rather than its LFAS Submission prices. As the LFAS Market uses marginal pricing the result is likely to inflate the overall cost of these services (although this is not certain, as the calculations are complex and can occasionally produce counter-intuitive results).

An alternative option would be to reverse the order in which the assumptions are applied. Under this option:

- Upwards LFAS and SR would be regarded as separate Ancillary Services for settlement, although System Management would still be expected to use enabled Synergy LFAS Facilities to provide SR where practicable;
- the margin values would be calculated assuming LFAS is not required or provided, and the administered price would be paid to Synergy for the relevant SR_Capacity quantity less ASC quantities only; and
- Synergy would be required to consider the impact of the other Ancillary Services it expects to provide (including SR and LRR) when forming its LFAS Submissions.

This option has several potential benefits:

- it may reduce the overall costs of LFAS, SR and LRR provision (although this would need to be confirmed through modelling and analysis);
- it would avoid requiring System Management to provide LFAS_Up_SR(t) values for each Trading Interval;
- it would greatly simplify the settlement calculations for SR and LFAS, by removing the need to estimate and allocate the cost saving of providing both services with the same Facilities (as any cost savings should be reflected in reduced LFAS Prices);
- it would allow more flexibility if in future it is decided that the allowed overlap between SR, LRR and LFAS provision should be reduced (i.e. this would not affect settlement, only System Management's Ancillary Service enablement decisions);
- it would clarify that SR (at least class A and, to some extent, class B) is a different service to LFAS that is provided using a different mechanism in response to a different trigger; and
- it avoids any settlement calculation issues if in future the LFAS requirement exceeds the SR requirement.

There are however some significant potential costs/disadvantages:

- the formation of Synergy LFAS Submissions would be a more complex process, as they would need to incorporate assumptions about expected SR/LRR enablement in each Trading Interval – it is not known how easily Synergy’s systems would be able to support this additional complexity;
- it is likely that System Management would need to provide more detailed and up to date forecasts of its expected SR requirements for each Trading Interval, to allow Synergy (and possibly other SR providers) to prepare their LFAS Submissions; and
- the changes are likely to increase SR costs relative to LFAS costs. Although SR causers would no longer be required to pay part of the LFAS market payment (as the services would be handled separately for settlement), this saving may not be enough to compensate for the expected increase in annual SR availability payments.

Option 4: Co-optimised energy and Ancillary Services markets

The preferred option is clearly to implement fully co-optimised markets for energy, LFAS, SR and LRR. Under this option separate markets would exist for each frequency control Ancillary Service as well as for energy. A Market Participant would only offer its Facility into the markets in which it was willing and able to participate, and the co-optimisation process would use the offers received for the different markets (and any prescribed restrictions on the provision of multiple services concurrently) to determine the optimal dispatch. However, this is a longer term solution that is dependent on the outcomes of the Electricity Market Review (EMR).

4. Proposed approach

The IMO proposes to take no further action on this issue (apart from the changes which have already been made to the margin values modelling) until the outcomes of the EMR are available. This is because any changes to the current arrangements will be non-trivial, and the relative cost/benefit of the different options is impossible to assess without knowing the future evolution path for energy and Ancillary Services in the WEM and the likely timeframes for any large-scale changes.

The IMO notes that there are no critical issues that, for example, are having a severe impact on system security or a Market Participant’s commercial viability. The IMO therefore proposes to review the options again once the EMR outcomes are known. If the EMR proposes a reasonably rapid move to a co-optimised energy and Ancillary Services market then the costs of implementing Option 2 or Option 3 may exceed the expected benefits, given the period before the larger-scale changes are implemented.

If however the EMR does not recommend a move to a co-optimised market or proposes an extended timeframe for its implementation, then the IMO proposes to:

- undertake further analysis of Options 2 and 3 – such as modelling of the financial impacts of each option as well as discussions with Synergy and System Management about the feasibility and implementation costs of each option;
- based on the outcomes of this analysis, select which option (if any) is likely to better achieve the Wholesale Market Objectives over the expected period of implementation; and

- if appropriate based on the above analysis, progress the preferred option – this is likely to commence with the presentation of a concept paper to the MAC.

It may also be appropriate to consider the treatment of LRR as part of this analysis, given the overlaps between Downwards LFAS and LRR and the impacts of providing SR and LRR concurrently.

Regardless of the preferred option, the following issues will need to be considered:

- how to specify the requirement for System Management to use its best endeavours to optimise the use of Balancing Portfolio Facilities to provide LFAS, SR and LRR;
- the impact on margin values determination and any transitional requirements;
- whether clause 3.13.3A should be amended or extended to clarify what assumptions should be made about LFAS in the modelling of the margin values;
- whether the clauses in the Market Rules governing LFAS Submissions should be amended or extended to clarify what assumptions should be made about the provision of other Ancillary Services in the formation of LFAS Submissions;
- how to provide greater transparency around how much SR each Facility is actually capable of providing at different output levels; and
- any reporting or confidentiality impacts of the proposed changes.

5. Action points

The IMO recommends that MAC members:

- **consider and discuss** the proposed options; and
- **note** the IMO's intention to reassess these options once the outcomes of the EMR are known.