

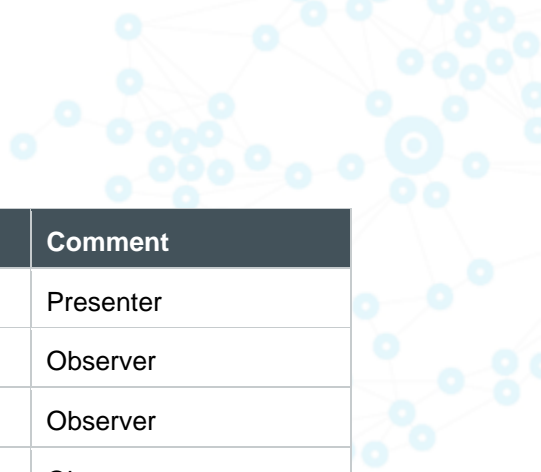


Minutes

MEETING TITLE	Market Advisory Committee
MEETING NO	83
DATE	Wednesday 12 August 2015
TIME	2:00 PM – 2:55 PM
LOCATION	IMO Board Room, Level 17 St Georges Terrace, Perth

Attendees	Class	Comment
Allan Dawson	Chair	
Erin Stone	Compulsory – IMO	
Clayton James	Compulsory – System Management	Proxy
Will Bargmann	Compulsory – Synergy	
Fiona Bishop	Compulsory – Western Power	Proxy
Andrew Stevens	Compulsory – Generator	
Wendy Ng	Compulsory – Generator	
Shane Cremin	Compulsory – Generator	
Richard Wilson	Compulsory – Customer	Proxy
Tony Leahy	Compulsory – Customer	Proxy
Geoff Gaston	Compulsory – Customer	
Peter Huxtable	Discretionary – Contestable Customer	(2:15 PM – 2:55 PM)
Simon Middleton	Minister's Appointee – Observer	
Ray Challen	Minister's Appointee – Small Use Consumer Representative	
Elizabeth Walters	Economic Regulation Authority (ERA) – Observer	

Apologies	Class	Comment
Dean Sharafi	Compulsory – System Management	Proxy attended
Matthew Cronin	Compulsory – Western Power	Proxy attended
Michael Zammit	Compulsory – Customer	Proxy attended
Steve Gould	Compulsory – Customer	Proxy attended



Also in attendance	From	Comment
Fiona Wiseman	Alinta Energy	Presenter
John Rhodes	Alinta Energy	Observer
Ignatius Chin	Bluewaters Power	Observer
Mike Davidson	Western Power	Observer
Mia Threnoworth	Synergy	Observer
Natalia Kostecki	Public Utilities Office (PUO)	Observer
Ben Connor	IMO	Observer
Neetika Kapani	IMO	Observer
Caroline Cherry	IMO	Observer and Minutes

Item	Subject	Action
1.	<p>Welcome</p> <p>The Chair opened the meeting at 2:00 PM and welcomed all members to the 83rd 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"> • Dean Sharafi • Matthew Cronin • Michael Zammit • Steve Gould <p>The following proxies were noted:</p> <ul style="list-style-type: none"> • Clayton James (for Dean Sharafi) • Fiona Bishop (for Matthew Cronin) • Richard Wilson (for Michael Zammit) • Tony Leahy (for Steve Gould) <p>The following presenters and observers were noted</p> <ul style="list-style-type: none"> • Fiona Wiseman (Presenter – Alinta Energy) • John Rhodes (Observer – Alinta Energy) • Ignatius Chin (Observer – Bluewaters Power) • Mike Davidson (Observer – Western Power) • Mia Threnoworth (Observer – Synergy) • Natalia Kostecki (Observer – PUO) • Ben Connor (Observer – IMO) • Neetika Kapani (Observer – IMO) • Caroline Cherry (Observer and Minutes – IMO) 	

<p>3.</p>	<p>Minutes of previous meeting</p> <p>The minutes of MAC meeting No. 82 held on 22 July 2015 were circulated to members prior to the meeting. The following comments were made:</p> <ul style="list-style-type: none"> • Ms Erin Stone noted that Mr Michael Zammit had clarified his comment regarding the decision making framework on rule changes in eastern Australia on page eight of the minutes. MAC members agreed to this proposed change. • Dr Natalia Kostecki noted there were a number of references in the minutes to the PUO, which needed to be amended to refer either to the Electricity Market Review (EMR) Steering Committee or to the EMR Program Management Office (PMO). Dr Kostecki agreed to provide a list of these changes to the IMO for incorporation in the minutes. • Mr Andrew Stevens also noted the last sentence on page 10 required an amendment to reflect his point which was that if the industry was to consider narrowing the frequency range from the current requirement, there would need to be some level of justification and expected that there would be cost savings in other areas that should be identified. <p><i>Action Point: Dr Kostecki to provide the IMO with the clarifications in the minutes to those references that require amendment from the PUO to the PMO or EMR Steering Committee.</i></p> <p><i>Action Point: The IMO to update the minutes to reflect Dr Kostecki and Mr Stevens's changes to finalise the minutes and publish the minutes as final on the Market Web Site.</i></p>	<p>Dr Kostecki</p> <p>IMO</p>
<p>4.</p>	<p>Actions arising</p> <p>The Chair invited Ms Stone to update the MAC on the actions:</p> <ul style="list-style-type: none"> • Actions 47 and 55 remained open. Ms Fiona Bishop noted that Western Power would provide an update on action item 55 to MAC at its September meeting. • Actions 9 and 15 related to progressing rule change proposals and have therefore been deferred. • Action 27: related to the costings and plan for the integration of System Management into the IMO. It was noted that the IMO would provide an update to the MAC when it could. <p>Mr Stevens queried the timeline for the due diligence exercise. The Chair noted that the first phase of Due Diligence had been completed and the second phase was ongoing. The Chair further noted that some high level planning had occurred and a 1 July 2016 date for the transfer of System Management into the IMO had been nominated. The Chair further noted that a window from 1 July 2016 to 1 October 2016 was available for the transfer due to the preference for this to occur prior to the summer period. Mr Stevens queried who was funding the transfer. The Chair responded that the IMO would be responsible for the costs, which meant that ultimately it was Market Participants who would be funding the transfer. The Chair further noted however that the transfer costs appeared to be less than what was originally anticipated.</p> <p>Mr Will Bargmann queried whether Mr Simon Middleton would be speaking on the consultation process for the transfer of</p>	

	<p>System Management to the IMO in the next Agenda Item. The Chair responded that MAC would be provided with information on the costs, process and timelines for the transfer once these has been determined and consultation had occurred with the EMR Steering Committee.</p> <p>Mr Bargmann asked what consultation would be undertaken for the transfer. The Chair noted that this action item would provide further details on the project after these had been considered by the EMR Steering Committee. Dr Ray Challen noted that the enabling Regulations, which would establish the powers and functions for the transfer, would have public consultation through a Regulation Impact Statement process. Dr Challen further noted that additional matters covered under rule changes would also have a consultation process, and any operational matters would more than likely be brought to the MAC for discussion. The Chair reiterated that the IMO would provide updates on the progress of the transfer as they became available.</p> <ul style="list-style-type: none"> • Action 28: related to the deferral of the five-yearly reviews. It was noted that this remained open and the IMO was preparing a paper for the EMR Steering Committee. 	
<p>5.</p>	<p>Progression of Rule Change Proposals</p> <p>Ms Stone provided an update on the progression of the current Rule Change Proposals and noted the following:</p> <ul style="list-style-type: none"> • The Final Rule Change Report for the Rule Change Proposal: Specific Transition Provisions for the 2015 Reserve Capacity Cycle (RC_2015_05) was published on 7 August 2015 and the Amending Rules would commence on 1 September 2015. • The IMO was preparing a Draft Rule Change Report on Rule Change Proposal: Formalisation of the Process for Maintenance Applications (RC_2015_03) for the IMO Board's consideration at the August Board meeting. • There are three remaining Draft Rule Change Reports which require the IMO Board's consideration for deferral. <p>The Chair noted that when the Rule Change Assessment Panel (RCAP) is established all the Draft and Final Rule Change Reports in their current state, would be provided to the RCAP for consideration.</p>	
<p>6.</p>	<p>Discussion: Electricity Market Review update</p> <p>The Chair invited Mr Middleton to provide an update on the EMR. The following points were discussed:</p> <ul style="list-style-type: none"> • Mr Middleton noted that a lot of focus was being directed at the adoption of the national framework for network regulation, its potential impact on other reform areas, and whether the national framework should be applied to those other reform areas. It was further noted that if the national framework was not to be adopted in other areas, there would need to be State specific instruments to manage those particular matters. For instance, Western Australia would not be adopting the national framework for its wholesale electricity market, however a State specific framework is already in place, to manage those matters. • Mr Middleton noted in regards to the Wholesale Electricity Market (WEM) Improvements projects, the Reserve Capacity Mechanism 	

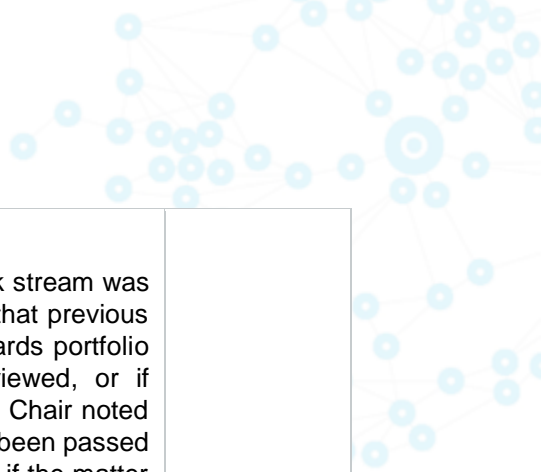
(RCM) work stream was looking at how the price and quantity of capacity was established and that a position paper was likely to be released in October 2016. Mr Middleton further noted that specialist consultants had been engaged by the PMO to assist in the development of that position paper and that meetings had been scheduled between the consultants and the relevant parties.

- Mr Middleton noted that in regards to System Management transfer the PMO would soon be meeting with Parliamentary Counsel to discuss the legislative framework to give effect to the transfer.
- Mr Middleton noted that submissions for the RCAP position paper were due on Friday 14 August 2015.

Mr Middleton took questions from MAC members. The following points were discussed:

- Ms Stone queried the extent to which the RCM position paper would capture the outcomes of the RCM 'Discussion Forum'. Mr Middleton responded that the position paper would go beyond those discussions and propose a number of design options in order to seek feedback from Market Participants.
- Mr Richard Wilson queried what the consultation process would be for the RCM work stream, asking whether there would only be one chance for stakeholder consultation before the Rule Change Proposal was developed. Mr Middleton responded that the EMR Steering Committee would need to provide direction to the PMO regarding the outcomes of consultation. Mr Wilson further queried whether the timelines would be extended at all. Mr Middleton responded that there would be no impact on the timelines. Ms Stone noted that there would not be sufficient time to undertake a Standard Rule Change Process if there was any further consultation to be undertaken. Mr Geoff Gaston queried if the rule changes were implemented prior to July 2016, what capacity cycle it would impact. The Chair responded that the Reserve Capacity Cycles affected would be for 2017/18 (as deferred) and 2018/19 onwards. Ms Stone noted that the Amending Rules would need to commence by 1 May 2016.
- Ms Wendy Ng queried whether the rule changes would be provided for public consultation. The Chair responded that for a Standard Rule Change Process to be followed, the Rule Change Proposal would need to be submitted by 16 November 2015. The Chair noted that the IMO was looking at ways to potentially shorten the IMO and Ministerial approval processes in order to maintain the public consultation period and meet the necessary timeframes. The Chair further noted that if the RCAP was not in place to consider the rule changes, the IMO Board has made an offer to the EMR Steering Committee and Minister to commence an EMR initiated rule change, with the RCAP to ultimately approve the proposed amendments. Mr Middleton noted that the EMR Steering Committee would need to consider the most appropriate option for the rule change process. Mr Middleton further noted that if the option was taken to repeal and replace the rules, that option was not being utilised in order to avoid public consultation.
- Mr Shane Cremin queried whether there was any inclination to delay the Reserve Capacity Cycle for another year. Mr Middleton responded that it would be a decision for the EMR Steering Committee and the Minister. Mr Cremin queried whether, if the consultation process

	<p>became compromised, it would be worth considering progressing the changes under the Fast Track Rule Change Process. The Chair noted that the proposed RCM changes would not meet the Fast Track criteria and that the IMO was not in a position to make any amendments to the Market Rules related to the Fast Track provisions at this time in order to accommodate revised rule change processes.</p> <ul style="list-style-type: none"> The Chair queried whether the MAC would be the working group for the RCM work stream. Mr Middleton responded that there was merit in that approach but the EMR Steering Committee would need to determine that matter. 	
<p>7.</p>	<p>Discussion: Outcomes from the industry led forum on operational aspects of the proposed revised rule change process</p> <p>The Chair invited Ms Fiona Wiseman and Ms Ng to present. The following points were discussed:</p> <ul style="list-style-type: none"> Mr Stevens queried the minutes from the industry forum that had been circulated with the papers and whether decisions that said “attendees agreed” included the PMO. Ms Ng responded that for the most part it was the majority of participants agreed. Mr Bargmann noted that the industry forum minutes should not be used as representative of the views of MAC and noted that the minutes also did not reflect the views of Synergy. Mr Bargmann queried whether the proposed decisions on the approval of Market Procedures by the IMO would be made in its capacity as the market operator or as the RCAP Secretariat. The Chair responded that the current arrangement for decisions on Procedure Change Proposals was that the IMO Board had developed a framework to delegate Market Procedures approval to the IMO Chief Executive Officer (CEO). Where a procedure is non-controversial the IMO CEO could make the decision. If any criteria under that decision framework was met the decision would revert back to the IMO Board for approval. The Chair further noted that a similar arrangement could be put in place under the RCAP model. Ms Wiseman noted that was similar to the framework on the east coast and that in Alinta Energy’s view, this type of decision delegation framework could work well. Ms Wiseman noted that if a decision on a Procedure Change Proposal was reformist in nature it would be useful for Market Participants to be able to see both the Rule Change Proposal and the Procedure Change Proposal at the same time. Ms Ng noted that the current rule change process worked well and that some improvements could be made, however in order to establish the RCAP, the current rule change process was sufficient. Ms Wiseman noted that further refinements to the rule change process could be placed on the Market Rules Evolution Plan for consideration. Dr Challen noted that to establish the RCAP, it was preferable to keep rule changes to a minimum and any further refinements to the rule change process would warrant separate consideration. <p><i>Action Item: The IMO to publish the presentation and industry forum minutes on the Market Web Site.</i></p>	<p>IMO</p>
<p>8.</p>	<p>Working Groups</p> <p>Ms Stone noted there were no changes to the Working Groups.</p>	



9.	General Business Mr Cremin queried whether the EMR Market Operations work stream was considering the issue of unit commitment. Mr Cremin noted that previous discussions had come to a general consensus to move towards portfolio self-commitment and queried whether this had been reviewed, or if previous discussions had been taken into consideration. The Chair noted that previous work undertaken by the IMO on this matter had been passed on, to feed into the work stream. The Chair further noted that if the matter had not been raised in the proposal that, it would more than likely be raised by Market Participants in submissions as an area for concern.	
CLOSED: The Chair declared the meeting closed at 2:55 PM.		