

## Minutes

<b>Meeting Title:</b>	Market Advisory Committee (MAC)
<b>Meeting No:</b>	2017-02
<b>Date:</b>	14 June 2017
<b>Time:</b>	1:00 pm – 2:45 pm
<b>Location:</b>	Training Room No. 1, Albert Facey House 469 Wellington Street, Perth

<b>Attendees</b>	<b>Class</b>	<b>Comment</b>
Rajat Sarawat	Chair	
Martin Maticka	AEMO	
Dean Sharafi	System Management	
Will Bargmann	Synergy	
Matthew Martin	Minister's Appointee – Small-Use Consumer Representative	
Geoff Gaston	Market Customers	
Steve Gould	Market Customers	
Shane Cremin	Market Generators	
Wendy Ng	Market Generators	
Peter Huxtable	Contestable Customers	
Sara O'Connor	Economic Regulation Authority (ERA) Observer	

<b>Apologies</b>	<b>Class</b>	<b>Comment</b>
Margaret Pyrchla	Western Power	

<b>Also in attendance</b>	<b>From</b>	<b>Comment</b>
Stuart MacDougall	AEMO	Presenter
Mark Katsikandarakis	AEMO	Observer
Jacinda Papps	Alinta Energy	Observer
Ignatius Chin	Bluewaters Power	Observer

Patrick Peake	Perth Energy	Observer
Angelina Cox	Synergy	Observer
Jenny Laidlaw	RCP Support	Presenter
Laura Koziol	RCP Support	Presenter
Rebecca Herbener	RCP Support	Minutes

Item	Subject	Action
1	<p><b>Welcome</b></p> <p>The Chair welcomed MAC members and observers to MAC meeting 2017-02.</p>	
2	<p><b>Meeting Apologies/Attendance</b></p> <p>The following apologies were noted:</p> <ul style="list-style-type: none"> <li>• Margaret Pyrchla – Western Power</li> </ul>	
3	<p><b>Minutes from Previous Meeting</b></p> <p>The minutes of the previous MAC meeting held on 1 May 2017 were circulated on 23 May 2017.</p> <p>Mr Will Bargmann noted that the comment attributed to him in the second complete dot point on page 8 of the draft minutes does not reflect Synergy's view and requested that this clarification be documented. <i>(Note: the comment has been removed from the final version of the minutes.)</i></p> <p>Subject to Mr Bargmann's request the minutes were accepted as a true record of the meeting.</p> <p><b>Action: RCP Support to review the minutes of MAC meeting 2017-01 with respect to Mr Bargmann's request for clarification and then publish the minutes as final.</b></p>	RCP Support
4	<p><b>Actions Arising</b></p> <p>The Chair provided an overview of the open action items.</p> <p><b>Action 2/2017:</b> RCP Support intends to provide a draft assessment framework for discussion at the next MAC meeting before submitting it to the Rule Change Panel. The objective is to agree on a framework for assessing and prioritising the progression of the 10 IMO Rule Change Proposals and any new Rule Change Proposals received by the Rule Change Panel.</p> <p><b>Action 3/2017:</b> proposed drafting for changes to the Market Procedure: Procedure Administration would be discussed under Agenda Item 7.</p> <p><b>Action 4/2017:</b> the draft terms of reference for the new AEMO Procedure Change Working Group would be discussed under Agenda Item 7.</p>	

<p><b>5a</b></p>	<p><b>Overview of Rule Change Proposals</b></p> <p>Ms Laura Koziol provided an update on the open Rule Change Proposals. The following key points were discussed.</p> <p>Ms Koziol noted that since the circulation of the meeting papers the first submission period for the Rule Change Proposal: Implementation of 30-Minute Balancing Gate Closure (RC_2017_02) had closed. The Rule Change Panel received six submissions on the proposal.</p> <p>Mr Martin Maticka asked if RCP Support intended to maintain a log of issues to be addressed in the Market Rules. Ms Koziol answered that RCP Support was maintaining a log for minor and typographical errors but the Rule Change Panel could not propose any rule changes beyond that scope. Mr Maticka suggested that a central issues log might assist stakeholders to coordinate the development of Rule Change Proposals and avoid doubling up on work.</p> <p>There was some discussion about the logs maintained by the IMO in the past (minor and typographical, problem, enhancement and the Market Rules Evolution Plan) and the potential roles of AEMO, the Public Utilities Office (PUO), the ERA and RCP Support in capturing and addressing Market Rules issues. Mr Matthew Martin suggested that these parties discuss the matter further off-line and report back to the MAC at a later date.</p> <p><b>Action: AEMO, the PUO, the ERA and RCP Support to discuss options to log and coordinate the management of problems with, and proposed enhancements to, the Market Rules and report back to the MAC on a proposed approach.</b></p> <p>Mr Will Bargmann asked if RCP Support could include Amending Rules gazetted by the Government but yet to commence in the Rule Change Proposal Overview, as this would increase transparency. The MAC agreed that this would provide useful information and that links to the relevant gazettal notices should also be provided on the Rule Change Panel’s website.</p> <p><b>Action: RCP Support to include details of Amending Rules gazetted by the Minister but yet to commence in the Rule Change Proposal Overview.</b></p> <p><b>Action: RCP Support to provide links to gazettal notices containing Amending Rules made by the Minister on the Rule Change Panel’s website.</b></p>	<p>AEMO/PUO/ ERA/ RCP Support</p> <p>RCP Support</p> <p>RCP Support</p>
<p><b>5b</b></p>	<p><b>Pre Rule Change Proposal RC_2017_05: AEMO Role in Market Development</b></p> <p>Mr Maticka provided an overview of the Pre Rule Change Proposal. The following key points were discussed.</p> <p>Mrs Jacinda Papps and Mr Martin agreed that AEMO had an important role to play in the development of the market and AEMO’s market development function should be funded appropriately.</p>	

Mrs Papps noted that the recent Vertigan and Finkel Reviews both raised concerns about a lack of clarity regarding AEMO's role in the National Electricity Market (NEM). Both reviews recommended the development of a Statement of Role for AEMO, to provide greater clarity on its role than is given in the National Electricity Law (NEL). Mrs Papps noted that the proposed rule drafting was taken from the NEL and suggested AEMO should avoid introducing a similar uncertainty into the WEM.

Mr Maticka agreed that a tighter definition (e.g. to clarify what constituted the "operation" of the market) was needed to help distinguish between the roles of AEMO and the PUO. Mr Martin agreed on the need to develop greater clarity about the market development roles of each organisation.

Ms Laidlaw noted that previously the IMO had an obligation under the Market Rules to develop Rule Change Proposals in some situations and that currently no party had a similar obligation. Mr Maticka advised that AEMO would continue to develop Rule Change Proposals where it became aware of material operational issues.

In response to a question from Mr Shane Cremin, Mr Maticka noted that when it took over the operation of the WEM AEMO had 4.5 full time equivalent resources assigned to market development. The resources were later allocated to energy market reform, but as the reform program had slowed down AEMO proposed to redirect resources to business as usual market development activities. There was some discussion about the challenges of predicting AEMO's resource needs for its market development functions.

Mr Bargmann asked for clarification on the budget approval process for AEMO's market development function. The Chair replied that AEMO's Allowable Revenue, including its budget for any market development role, was assessed and approved by the ERA. The Chair noted that it was therefore critical to develop wording that clarified AEMO's market development role, as without such clarity it would be difficult for the ERA to assess AEMO's budget submissions. The Chair also suggested that giving new roles to different institutions constituted an institutional reform and so the Government would need to be comfortable with the proposed changes.

Mr Dean Sharafi noted that the Finkel Review had also recommended a system planning function for AEMO, and AEMO was currently assessing the need to undertake the same function in the WEM. In response to a question from Mr Bargmann, Mr Sharafi clarified that this system planning function was not yet performed in the WEM.

Mr Maticka advised that AEMO would consider how to provide greater clarity in the proposal about AEMO's market development role, before submitting the proposal formally to the Rule Change Panel.

	<p>The MAC supported the progression of the Rule Change Proposal into the formal rule change process.</p>	
<p><b>5c</b></p>	<p><b>Discussion of Rule Change Proposal Addressing Issues with Prudential Requirements</b></p> <p>Mr Stuart MacDougall gave an overview of the status of the Rule Change Proposal currently under development. A copy of AEMO's presentation is available on the Rule Change Panel's website.</p> <p>The following key points were discussed.</p> <p>Mr MacDougall noted that as a result of AEMO's stakeholder consultation it now proposed to:</p> <ul style="list-style-type: none"> <li>• publish the final Individual Reserve Capacity Requirements (IRCRs) and the applicable ratios five Business Days before the relevant Interval Meter Deadline;</li> <li>• not change the Peak Trading Intervals for a Hot Season or Trading Month after their initial determination;</li> <li>• allow Market Participants whose Capacity Credits were reduced two Business Days to resolve any resulting over-allocation before reversing any remaining over-allocation on a proportional basis; and</li> <li>• purchase any over-allocation of Capacity Credits to a Market Customer at the Reserve Capacity Price.</li> </ul> <p>Mr MacDougall noted that the associated changes to the Outstanding Amount calculation would be the subject of a separate Procedure Change Proposal. Mrs Papps commended the level of consultation undertaken by AEMO on the Rule Change Proposal and noted it would be beneficial if AEMO consulted in a similar manner on the Procedure Change Proposal, given the potential effects of changes to the Outstanding Amount calculation on Market Participants. Mr Mark Katsikandarakis confirmed AEMO's intention to engage extensively with stakeholders on the Procedure Change Proposal to ensure that the amended Outstanding Amount calculation was fair and robust.</p> <p>Mr Geoff Gaston asked if over-allocations to Market Customers arising from the recalculation of IRCRs for settlement adjustments would be managed in the same way. Mr MacDougall confirmed that this was AEMO's intention.</p> <p>MAC members agreed that:</p> <ul style="list-style-type: none"> <li>• once AEMO has completed its internal review process RCP Support should, on AEMO's behalf, circulate the Pre Rule Change Proposal to MAC members and the current meeting observers for a 1-2 week out of session review; and</li> <li>• after consideration of any feedback AEMO should submit the proposal into the formal rule change process.</li> </ul> <p>In response to a question from Mr Ignatius Chin, Mr Katsikandarakis advised that the Rule Change Proposal and</p>	

	<p>Procedure Change Proposal could be progressed concurrently and were proposed to be implemented at the same time. Once the Rule Change Proposal was in the formal process AEMO intended to start consulting with stakeholders about the proposed changes to the Outstanding Amount calculation.</p> <p><b>Action: RCP Support to circulate AEMO's Pre Rule Change Proposal addressing issues with prudential requirements to MAC members and Meeting 2017-02 observers for out of session review.</b></p>	RCP Support
6	<p><b>Update on AEMO's Market Procedures</b></p> <p>Mr Maticka and Mr Sharafi provided an overview on AEMO's Procedure Change Proposals. The following key points were discussed.</p> <p><u>Market Procedures</u></p> <p>The Procedure Change Proposal: Determination of Expected DSM Dispatch Quantity and DSM Activation Price (PC_2017_01) has now commenced.</p> <p>The consultation period for the Procedure Change Proposal: Determination of DSM Dispatch Payment Tranches and Adjustments (AEPC_2017_03) was currently open and would close on 3 July 2017.</p> <p>A workshop was scheduled on 26 June 2017 to discuss changes to the following Market Procedures before the formal initiation of Procedure Change Proposals:</p> <ul style="list-style-type: none"> <li>• Undertaking the Long Term PASA and conducting a review of the Planning Criterion (minor changes);</li> <li>• Certification of Reserve Capacity - to facilitate the upcoming changes to the Market Rules; and</li> <li>• Reserve Capacity Performance Monitoring.</li> </ul> <p><u>Power System Operation Procedures (PSOPs)</u></p> <p>AEMO is developing a Procedure Change Proposal to amend the Dispatch PSOP to allow AEMO to get current consumption details from Demand Side Programme (DSP) providers, to support calculation of the amount by which a DSP was requested to reduce its consumption. This Procedure Change Proposal is required by 1 October 2017.</p> <p>AEMO also has a consultant working on the development of IMS Protocol and Network data modelling PSOPs in consultation Western Power. The PSOPs are targeted for completion before System Management's move into AEMO's new office.</p>	
7	<p><b>Proposed Terms of Reference for AEMO Procedure Change Working Group</b></p> <p>Ms Laidlaw provided an overview of the proposed Terms of Reference for the new AEMO Procedure Change Working Group (APCWG) and associated proposed amendments to the Market</p>	

<p>Procedure: Procedure Administration. The following key points were discussed.</p> <p><u>Terms of Reference</u></p> <p>Mrs Papps noted that the proposed 10 Business Day deadline for the publication of final meeting minutes would not provide AEMO with sufficient time to consider stakeholder feedback. MAC members agreed that the deadline should be extended to 11 Business Days.</p> <p>Mr Bargmann considered that participants should be able to request a standing invitation to APCWG meetings so they would not have to register for each individual meeting. Mr Maticka proposed that the Terms of Reference be amended to include the option for a standing nomination.</p> <p>MAC members also agreed to Mr Peter Huxtable’s suggestion to remove the explicit webpage address in section 7 of the Terms of Reference.</p> <p>Mr Chin asked if the meeting papers could be circulated more than five Business Days before each meeting. Mr Maticka noted that the timeframe was consistent with the timeframe for the circulation of MAC papers. MAC members agreed that five Business Days were sufficient.</p> <p>The MAC approved:</p> <ul style="list-style-type: none"> <li>• the establishment of the APCWG; and</li> <li>• the Terms of Reference for the new Working Group, subject to RCP Support and AEMO making the minor amendments requested by MAC members.</li> </ul> <p><b><i>Action: RCP Support and AEMO to make the changes requested by the MAC to the Terms of Reference for the AEMO Procedure Change Working Group and publish the amended Terms of Reference on the Rule Change Panel’s website.</i></b></p> <p>Mr Dean Sharafi advised that Mr Greg Ruthven would be the Chair of the APCWG.</p> <p><u>Market Procedure: Procedure Administration</u></p> <p>Ms Laidlaw sought feedback from MAC members on the proposed amendments to the Market Procedure.</p> <p>Mrs Papps considered that the reference to the Maximum Reserve Capacity Price Working Group was confusing as the Maximum Reserve Capacity Price was now called the Benchmark Reserve Capacity Price. The MAC agreed that the example should be removed from the Market Procedure.</p> <p>The MAC supported Mr Chin’s suggestion to replace the term “current existing active Working Groups” in step 2.2.4 with “active Working Groups”.</p> <p>The MAC raised no other concerns with the proposed amendments and made no further suggestions for changes to the Market Procedure.</p>	<p>RCP Support/ AEMO</p>
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	<p>Ms Laidlaw noted that the Rule Change Panel intended to develop a Procedure Change Proposal to progress the proposed changes to the Market Procedure.</p>	
<p><b>8</b></p>	<p><b>General Business</b></p> <p><u>Upcoming Rule Change Proposal</u></p> <p>Mr Maticka noted that AEMO was developing a Rule Change Proposal to address a manifest error relating to the upcoming commencement of the Amending Rules 2016, Schedule B Part 3 on 1 October 2017. The proposed amendments are transitional provisions required to ensure various market calculations are calculated correctly before and from 1 October 2017.</p> <p><u>RC 2017_02</u></p> <p>Mr Sharafi advised that the results of AEMO's analysis on RC_2017_02 were documented in its submission on the proposal. Ms Laidlaw noted that RCP Support was reviewing the submissions and would be contacting AEMO to clarify some aspects of AEMO's submission and discuss various options to address the ramping issues identified by AEMO.</p> <p>There was some discussion about whether the planned implementation of Generator Interim Access (GIA) would affect the time needed by controllers to prepare for a Trading Interval after Balancing Gate Closure. In response to a question from Ms Wendy Ng, Mr Sharafi confirmed that the GIA implementation would not hold up the progression of RC_2017_02.</p> <p>There was also some discussion about the circumstances under which a change to a Balancing Submission could trigger the need for AEMO to undertake additional contingency analyses.</p> <p>Mr Cremin asked about the next steps for the Rule Change Proposal. The Chair advised that RCP Support would first consider the issues raised in submissions before undertaking further consultation and analysis as needed. Ms Laidlaw indicated that a workshop was one of several mechanisms that might be used to consult further with MAC members and other stakeholders on the proposal.</p> <p><u>Electricity Market Review</u></p> <p>Ms Ng sought an update on the status of the Electricity Market Review reforms. Mr Martin advised that no further information was available as the matter was still under discussion with Government.</p>	

**The meeting closed at 2:45 pm.**