

Meeting Agenda

Meeting Title: Market Advisory Committee

Meeting Number: 2017-04

Date: Wednesday 16 August 2017

Time: 1:00 pm – 3:30 pm

Location: Training Room No. 1, Albert Facey House
469 Wellington Street, Perth

Item	Item	Responsibility	Duration
1	Welcome	Chair	5 min
2	Meeting Apologies/Attendance	Chair	5 min
3	Minutes from Previous Meeting	Chair	5 min
4	Actions Arising	Chair	5 min
5	Presentation: Gazettal of the Wholesale Electricity Market Rules Amending Rules 2017 (No. 3) on 30 June 2017 (Action Item 16/2017)	PUO/AEMO	30 min
6	Market Rules		
	a) Overview of Rule Change Proposals	Laura Koziol	10 min
	b) Urgency Ratings for Open Rule Change Proposals	Laura Koziol	30 min
	c) Presentation: The ERA's future approach on its involvement in the rule change process	ERA	30 min
7	Update on AEMO's Market Procedures	AEMO	10 min
8	General Business	Chair	10 min

Next Meeting: 13 September 2017

Please note this meeting will be recorded.

Minutes

Meeting Title:	Market Advisory Committee (MAC)
Meeting No:	2017-03
Date:	12 July 2017
Time:	1:05 pm – 4:05 pm
Location:	Training Room No. 1, Albert Facey House 469 Wellington Street, Perth

Attendees	Class	Comment
Jenny Laidlaw	Chair	
Martin Maticka	AEMO	
Dean Sharafi	System Management	
Will Bargmann	Synergy	
Matthew Martin	Minister's Appointee – Small-Use Consumer Representative	
Geoff Gaston	Market Customers	
Aiden Jenkins	Market Customers	Proxy
Shane Cremin	Market Generators	
Wendy Ng	Market Generators	
Peter Huxtable	Contestable Customers	
Sara O'Connor	Economic Regulation Authority (ERA) Observer	

Apologies	Class	Comment
Steve Gould	Market Customers	

Also in attendance	From	Comment
Laura Koziol	RCP Support	Presenter
Stuart MacDougall	AEMO	Observer
Mark Katsikandarakis	AEMO	Observer
Jacinda Papps	Alinta Energy	Observer
Dan Kurz	Bluewaters Power	Observer

Patrick Peake	Perth Energy	Observer
Aaron Kerrigan	Perth Energy	Observer
Angelina Cox	Synergy	Observer
Ben Williams	Synergy	Observer
Andrew Stevens	Energy Made Clean	Observer
Matt Shahnazari	ERA	Observer
Sandra Ng Wing Lit	RCP Support	Observer

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting at 1:05 pm and welcomed members and observers to MAC meeting 2017-03.</p> <p>The Chair noted that she was filling the roles of Executive Officer to the Rule Change Panel and MAC Chair during July 2017.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The following apologies were noted:</p> <ul style="list-style-type: none"> • Steve Gould (Market Customers) <p>The following proxies were noted:</p> <ul style="list-style-type: none"> • Aiden Jenkins for Steve Gould (Market Customers) 	
3	<p>Minutes from Previous Meeting</p> <p>The minutes of MAC meeting 2017-02 held on 14 June 2017 were circulated on 3 July 2017.</p> <p>Mr Will Bargmann asked for further clarification of the comments made by Mr Dean Sharafi in the meeting about AEMO's intention to develop a Rule Change Proposal to create a system planning function for AEMO (page 4 of the minutes). Mr Bargmann asked how the proposed function differed from the system planning functions currently undertaken by Western Power. Mr Sharafi explained that Western Power undertook network planning but not planning at the system level, e.g. planning on generation connections or what fuel mix is required. Mr Sharafi again noted that the proposal was consistent with recommendations made by the Finkel Review for the National Electricity Market (NEM), and confirmed that the Rule Change Proposal would explain how the proposed function differed from Western Power's planning functions.</p> <p>The minutes were accepted as a true record of the meeting.</p> <p>Action: RCP Support to publish the minutes of Meeting 2017-02 on the Rule Change Panel's website as final.</p>	RCP Support

4	<p>Actions Arising</p> <p>The Chair provided an overview of the open action items.</p> <p>Action 2/2017: The Chair noted that a proposed framework for Rule Change Proposal prioritisation and scheduling would be discussed with the MAC under agenda item 5e, to seek MAC input before presenting the framework to the Rule Change Panel for approval.</p> <p>Action 3/2017: Underway.</p> <p>Action 6/2017: The Chair advised that just prior to this meeting representatives of AEMO, the Public Utilities Office (PUO), the ERA and RCP Support met to discuss options to log and coordinate the management of rules issues and potential enhancements. The parties had agreed on the following proposal for MAC consideration.</p> <ul style="list-style-type: none"> • Details of minor and typographical errors should be emailed to RCP Support. RCP Support would take responsibility for developing Rule Change Proposals to address these errors, which would allow the proposals to be timed in a way that avoided conflicts with more urgent work. • Approximately every three months RCP Support would call for stakeholders to provide lists of the “bigger ticket” items they consider should be addressed in the Market Rules (including both problems to be resolved and potential enhancements). • RCP Support would collate the lists received and circulate the collated list to MAC members for consideration over a period of at least three weeks. • RCP Support would then schedule a session to give MAC members the opportunity to work through the list and give their views on the items listed. <p>The Chair noted that while the Rule Change Panel was unable to take action on the items in the list, the session would provide stakeholders with a forum to gauge the level of support for particular suggestions and identify opportunities for parties to work together and coordinate the development of Rule Change Proposals.</p> <p>The MAC was supportive of the proposed approach and the Chair agreed to initiate the first request to stakeholders within the next two months.</p> <p>Action: RCP Support to issue the first request to stakeholders for lists of material items that should be addressed in the Market Rules (including problems to be resolved and potential enhancements) by 13 September 2017.</p> <p>Action 8/2017: Underway.</p>	RCP Support
5a	<p>Overview of Rule Change Proposals</p> <p>Ms Laura Koziol provided an update on the open Rule Change Proposals.</p>	

	<p>Ms Koziol noted that AEMO's Rule Change Proposal: AEMO Role in Market Development (RC_2017_05) was formally submitted to the Rule Change Panel on 7 July 2017.</p>	
<p>5b</p>	<p>Pre Rule Change Proposal RC_2017_06: Reduction in the prudential exposure in the Reserve Capacity Mechanism</p> <p>The Chair welcomed Mr Stuart MacDougall and Mr Mark Katsikandarakis from AEMO, who were attending the meeting to answer any questions from members on RC_2017_06. The Chair noted that the Pre Rule Change Proposal had been circulated for informal consultation and requested any feedback be provided by 5:00 pm on Friday, 14 July 2017.</p> <p>In response to a query from Ms Wendy Ng, Mr MacDougall confirmed that the proposed window for making Capacity Credit Allocations opened before the Trading Month in which the liabilities occurred and closed at the Interval Meter Deadline for that Trading Month, i.e. after the Trading Month.</p> <p>Mr Geoff Gaston asked for clarification of the proposed transitional arrangements. Mr MacDougall explained that the Individual Reserve Capacity Requirement (IRCR) obligations for the first Trading Month under the new arrangements would be allocated to Market Customers based on their meter ownership across the four months up to and including that Trading Month.</p> <p>In response to a query from Mrs Jacinda Papps, Mr MacDougall confirmed that the estimated implementation cost of this approach was no greater than that of the alternative "drop dead" approach, under which IRCR would be determined based on meter ownership in the Trading Month from the first Trading Month after commencement.</p> <p>Mrs Papps noted that Alinta had supported the drop dead approach and asked how AEMO decided which approach to propose. Mr MacDougall replied that AEMO also received feedback supporting the proportional approach, though many parties appeared to be indifferent. Mr Gaston expressed a preference for the drop dead approach. Mr Katsikandarakis replied that AEMO chose the proportional approach as it considered it fairer that ownership in all months be captured in the IRCR calculations, but noted the proposal would still be open to amendment through the formal consultation process.</p> <p>No MAC members raised any concerns about the progression of the proposal into the formal rule change process, although Mr Bargmann noted that Synergy would probably want to raise some issues with the proposal during the formal consultation process.</p> <p>Action: MAC members and observers to provide any feedback on the Pre Rule Change Proposal: Reduction in the prudential exposure in the Reserve Capacity Mechanism (RC_2017_06) by 5:00 pm on Friday, 14 July 2017.</p>	<p>All</p>

<p>5c</p>	<p>Pre Rule Change Proposal RC_2017_07: Reserve Capacity Mechanism – Transitional Rules</p> <p>Mr Martin Maticka invited questions on the Pre Rule Change Proposal RC_2017_07. The following key points were discussed.</p> <ul style="list-style-type: none"> • Mr Ben Williams noted that several recent rule changes included transitional clauses similar to those set out in RC_2017_07. Mr Williams questioned whether there might be a way to provide a more generic mechanism in the Market Rules to support these transitions. There was some discussion about the feasibility and potential benefits of implementing more generic provisions to manage rule change transitions. • Mr Williams asked why certain chapter references were included in clause 1.22.4. Mr Katsikandarakis replied that the provisions were derived from similar provisions used to support the implementation of the Balancing Market, and while some of the specific references might not be strictly necessary the list provided flexibility in case some aspect of the transition was overlooked. • Mr Peter Huxtable suggested the words “8:00 AM on” were not required in clause 1.22.2 as the definition of RCM Amendments Commencement Day indicated that it was a Trading Day and so began at 8:00 AM. <p>The MAC supported AEMO’s recommendation to progress the proposal using the Fast Track Rule Change Process, on the basis that it corrected a manifest error in the Market Rules.</p>	
<p>5d</p>	<p>RC_2017_02: Implementation of 30-Minute Balancing Gate Closure – Presentation and Discussion</p> <p>The Chair gave an update on the progress made by RCP Support on RC_2017_02. The presentation is available on the Rule Change Panel’s website.</p> <p>The Chair stressed that the purpose of the session was not to seek decisions or any firm views from members, but rather to share some initial observations and discuss the next steps for the progression of the proposal. The Chair noted that considerable further analysis was required and the proposal was yet to be assessed by the Rule Change Panel.</p> <ul style="list-style-type: none"> • Mr Bargmann asked when the Rule Change Panel was expected to make its draft decision on the proposal. The Chair replied that while due to the complexity of the proposal the timeframes for the publication of the Draft Rule Change Report would need to be extended, the new timeframes were yet to be decided by the Rule Change Panel. • There was some discussion about why the wind forecasts provided by Market Generators in their Balancing Submissions did not noticeably improve in accuracy over time. Mr Shane Cremin and Mr Katsikandarakis considered it likely that Market Generators were providing the best information available to them, given the relative infrequency with which their own forecasts were updated. 	

- There was some discussion about options to improve the quality of wind forecasts in the Balancing Merit Order (BMO), including the use of persistence forecasts after a certain point in time and the implementation of a centralised wind forecasting system such as AEMO's Australian Wind Energy Forecasting System (AWEFS).
- Mrs Papps asked whether the proposal would affect AEMO's current practice (as set out in its most recent Ancillary Services Report) to set the LFAS Requirement at +/-72 MW regardless of the actual quantity used. Mr Sharafi noted that the report reflected the current arrangements, including the gate closure time. If, due to shorter gate closure, System Management did not have time to move Synergy's slower machines to prepare for the ramping of Independent Power Producer (IPP) facilities, then it might seek to increase the LFAS Requirement.
- Mr Patrick Peake asked if Synergy had considered requesting a reduction in its gate closure times. The Chair replied that Synergy had requested the same gate closure time as IPPs. Mr Peake suggested that alternatively Synergy's gate closure could be reduced by an amount that retained the current proportional information asymmetry, so that Synergy was not made any worse off by the change.
- The Chair noted that Synergy's Balancing Submissions have for some time offered a constant ramp rate of 15 MW/minute, which meant that the Balancing Portfolio should be able to comply with notional dispatch instructions to increase or decrease its output by up to 15 MW/minute. The Chair noted that Synergy received constrained on/off payments whenever it was dispatched away from its Theoretical Energy Schedule (TES) beyond the levels consistent with its LFAS enablement.
- Mr Williams observed that System Management always used the Balancing Portfolio to compensate for the fast ramping of other Facilities, even on those occasions (about 15% of the time) when the Balancing Portfolio was not the marginal Facility. Mr Williams considered that System Management was required under the Market Rules to issue a Dispatch Advisory whenever it dispatched the Balancing Portfolio out of merit, and its failure to do so in these situations suggested that the Balancing Portfolio movements should be regarded as LFAS rather than out of merit dispatch. There was considerable discussion about how these movements should be categorised (Balancing vs LFAS), how Synergy is currently compensated for them, the technical limitations on System Management's dispatch options and the potential costs of amending AEMO's dispatch systems to dispatch marginal IPPs to address ramp rate discrepancies.
- Mr Bargmann noted the expected short payback period was based on the assumption that the WEM would move to a NEM-like spot market in the next few years. Mr Bargmann considered there was some uncertainty about this assumption, given the current focus within the State Government on capital expenditure. Mr Bargmann suggested that there would need to

	<p>be a real focus on the benefits and costs of the wider reforms for them to proceed in the current circumstances. Both Mr Andrew Stevens and Mr Matthew Martin noted that the benefits and costs of these changes had already been articulated by the Electricity Market Review.</p> <ul style="list-style-type: none"> • Mr Peake considered that a long-term solution being further away would provide additional justification for trying to take whatever quick wins were possible through this Rule Change Proposal. The Chair noted that if the payback period were to become indefinite then this could bring several previously discounted options back into consideration, e.g. more material changes to the Real Time Dispatch Engine (RTDE) and settlement calculations. • Mr Peake queried how Synergy's coal units were being affected as he assumed that the current high Balancing Prices were being set largely by gas units. There was some discussion about how and why Synergy's coal plant was affected by the ramping of IPP Facilities. • The Chair noted the ramp rate discrepancy problem already exists in the WEM. Preliminary analysis had found occasional ramp rate discrepancies too large to be managed using a combination of Synergy's 15 MW/minute ramp rate and LFAS. Further work was needed to investigate these events and understand the options for their prevention or efficient management. There was some discussion about whether and to what extent the frequency of such occurrences would increase under a shorter gate closure. • Mr Williams expressed concern that any option that delayed the upwards or downwards ramping of units (e.g. the implementation of linear ramping) might create inefficiencies that counter some of the economic benefits of shorter gate closure. Mr Peake commented that Perth Energy preferred other options including staggering the dispatch of Facilities, as linear ramping could require operation of their plant at inefficient output levels for extended periods. • Mr Sharafi considered that the purpose of LFAS is not really to manage ramping discrepancies, but to manage fluctuations in load and unscheduled generation. The Chair agreed that ideally ramping discrepancies should be managed through the dispatch process. • There was some discussion about the advantages and disadvantages to Synergy of the Balancing Portfolio. • In response to a question from Mr Williams, the Chair clarified that although Perth Energy had only proposed gate closure changes for IPPs, RCP Support had found the potential efficiency benefits of allowing participants to respond to later, more accurate forecasts would also apply to the Balancing Portfolio. 	
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	<ul style="list-style-type: none"> • There was some discussion about what criteria should be used to make decisions on whether or not to progress a Rule Change Proposal. • The Chair noted the proposed next steps for the progression of RC_2017_02, which include clarification of submissions, discussion of submissions with the Rule Change Panel, further analysis and a workshop to discuss technical concerns and options to address the ramp rate discrepancy issue. The Chair advised that the timing of these activities would depend on the urgency rating assigned to the proposal and the effect of competing priorities. • Mr Bargmann acknowledged the large amount of work undertaken by RCP Support on the proposal but expressed his strong concerns about not receiving the presentation in advance of the meeting. Mr Bargmann considered that such presentations needed to be provided to members at least three days ahead of time to allow members to prepare for the discussion. Mr Bargmann stressed that Synergy had not had any time to consider the presentation and did not necessarily agree with the observations presented, and was worried that a failure to challenge a statement during the presentation might be construed as agreement with that statement. <p>The Chair reiterated that the intention of the presentation was not to seek any kind of formal agreement or decision from the MAC, but to provide a verbal update to interested stakeholders about progress so far and to advise members of the need for further work, including a workshop to discuss options for which ample preparatory information would be provided.</p> <p>Mr Stevens commented that previously the MAC had received some but not all presentations in advance, and while it could have been useful to receive the presentation earlier there was still ample opportunity for Synergy to provide feedback.</p> <ul style="list-style-type: none"> • Mr Gaston expressed his concern that administrative issues appeared to be trumping economic questions about how to achieve the most efficient dispatch in the market, and that the WEM was in danger of backsliding into an administrative market. Mr Gaston expressed concern about the proposed Generator Interim Access arrangements, under which a tool provided by Western Power would be deciding which units would run without consideration of economic cost. Mr Gaston considered that economic efficiency should be the prime objective of the market and if there is even a miniscule amount of additional economic efficiency to be gained from the proposal then the market should be striving to implement it. • Ms Angelina Cox asked when the proposed workshop was likely to be held. The Chair responded that the date would depend on the outcomes of RCP Support's current work planning exercise but was unlikely to be very soon due to the large amount of preparation and pre-notice required. 	
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5e	<p>Rule Change Proposal Prioritisation and Scheduling Framework</p> <p>Ms Koziol gave a presentation to MAC members on RCP Support's proposed framework for the prioritisation and scheduling of Rule Change Proposals. The presentation is available on the Rule Change Panel's website.</p> <p>The following key points were discussed.</p> <ul style="list-style-type: none"> • Mrs Papps asked if RCP Support's work plan would be publicly available to the MAC. The Chair replied that the Overview of Rule Change Proposals provided to the MAC would constitute the public version of the work plan, as it provided the scheduled dates for key events such as the publication of Draft Rule Change Reports and Final Rule Change Reports. • Mrs Papps questioned whether the RCP Support staff would be ring-fenced from the compliance and enforcement staff of the ERA. The Chair replied that while the staff involved were all part of the ERA Markets Division the ERA has undertaken a great deal of work on how to guarantee the ring fencing in a practical way. The Chair noted that the ERA's Governing Body was extremely conscious of the need not only to avoid conflicts of interest but to be seen to not have such conflicts. • Mrs Papps considered that some proposals might be very compelling but may not have a large net benefit, citing the resolution of problems with the commissioning rules as an example. The Chair agreed, citing the Rule Change Proposal: AEMO Role in Market Development (RC_2017_05) as another example. Mrs Papps suggested that the definition of the High urgency rating be amended from "compelling proposal and large net benefit" to "compelling proposal and/or large net benefit" to account for such proposals. <p>There was some discussion about whether a proposal to address commissioning rule issues would warrant a High or Medium urgency rating. Mr Stevens noted that in some cases Market Generators see no option but to breach the commissioning rules, as strict compliance could cost them millions of dollars. Mr Martin noted that benefits such as the removal of audit risk should also be considered in assigning urgency ratings.</p> <ul style="list-style-type: none"> • Mr Sharafi suggested that as the urgency ratings would be used for prioritisation the most urgent rating (Essential) should be assigned a rating number of 1 rather than 5. There was general support for Mr Sharafi's suggestion. • Mr Cremin noted that participants were likely to submit any Rule Change Proposals they expected would provide them with large benefits, even if they had little net benefit for the market as a whole. Ms Koziol agreed, explaining that this was why a framework was needed to assist the Rule Change Panel to prioritise the proposals it receives. • The Chair noted that RCP Support was seeking feedback from MAC members on acceptable periods of delay for the different 	
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	<p>urgency ratings and on what action the Rule Change Panel and the ERA should take if the number of proposals exceeded the capacity of the budgeted resources. Mr Bargmann considered that the Rule Change Panel should work within its budget. The Chair agreed there needed to be limits on the annual expenditure of the Rule Change Panel. There was some discussion about how the costs of the Rule Change Panel were recovered from Market Participants through the collection of Regulator Fees.</p> <ul style="list-style-type: none"> • Mr Aaron Kerrigan suggested that if a proposal reached the nominated delay limit for its urgency rating then that rating might be increased, e.g. to move from a Low rating to a Medium rating. The Chair replied that RCP Support had considered this option but rejected it, on the grounds that it could create situations where a low net benefit rule change was progressed ahead of a high net benefit rule change because the low net benefit proposal had been in the formal process longer. Ms Koziol noted that the MAC might consider it acceptable for some low urgency proposals to be delayed indefinitely if budgeted resources were insufficient. • Mr Peake asked why there was any need to define acceptable delay periods if in practice the delay periods would be dictated by the actual availability of resources. The Chair replied that the acceptable delay periods would be used to guide the broader budgeting process and so the views of MAC members were being sought on what level of service they wished to pay for. • Mr Gaston asked how the prioritisation process was managed by the IMO. Mrs Papps noted that most Rule Change Proposals were developed by the IMO and so the IMO was able to manage its own workload, with much of the prioritisation process being managed internally rather than through the MAC. Mr Maticka noted that many potential Rule Change Proposals were never developed as they were not considered to be sufficiently urgent. The Chair noted that the IMO ensured it did not submit more Rule Change Proposals than its Market Development team was capable of progressing at any time. • In response to a question from Mr Martin, Ms Koziol noted that the Rule Change Panel already needed to apply the prioritisation framework due to the backlog of Rule Change Proposals originally submitted by the IMO. Mr Martin asked whether the assessment process had yet been applied to all of the open Rule Change Proposals. The Chair replied that a tentative assessment had been made to provide some examples to the MAC and Rule Change Panel and to identify the highest urgency proposals for immediate attention. • Mrs Papps expressed a concern that the need for the different parties to assess the urgency rating of a proposal could introduce delays into the process. The Chair replied that she did not expect the assignment of urgency ratings would introduce any additional delays, as the work would be incorporated into existing process steps. 	
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	<ul style="list-style-type: none"> Mr Kerrigan noted there was a risk of double handling for some low-urgency Rule Change Proposals, in that a proposal could undergo preliminary consideration by the MAC and Rule Change Panel and then be delayed for 12 months before being considered again. Ms Koziol agreed this was a risk but considered the problem was unavoidable, given that the Rule Change Panel was unable to delay the first submission period for a submitted Rule Change Proposal. Ms Koziol noted that RCP Support was seeking feedback on both the framework itself and which proposals should have the highest urgency ratings (Essential or High). Ms Koziol requested the provision of feedback by 5:00 pm on Tuesday, 18 July 2017, to allow RCP Support time to incorporate the feedback received into its recommendations to the Rule Change Panel. Ms Koziol also outlined the proposed next steps following the Rule Change Panel's approval of the framework and the selection of highest urgency Rule Change Proposals. <p>Action: RCP Support to circulate the Rule Change Proposal Prioritisation and Scheduling Framework presentation to MAC members and observers on 13 July 2017.</p> <p>Action: MAC members and observers to provide feedback on the proposed framework and the highest urgency (Essential or High) Rule Change Proposals by 5:00 pm on Tuesday, 18 July 2017.</p>	<p>RCP Support</p> <p>All</p>
<p>6</p>	<p>Update on AEMO's Market Procedures</p> <p>Mr Maticka noted that AEMO currently had many open Procedure Change Proposals and intended to release several more in the following week for consultation.</p> <p>Mr Maticka advised members that AEMO expected it would need to extend the consultation period for the Procedure Change Proposal AEPC_2017_04: Certification of Reserve Capacity, as the proposed revised Market Procedure is now inconsistent with the Market Rules due to the gazettal of amending rules by the Minister for Energy on 23 June 2017. These amending rules relate to the certification processes for new generation Facilities entering under the Generator Interim Access solution.</p> <p>Mr Maticka also expressed his thanks for the very good feedback being provided to AEMO by the new AEMO Procedure Change Working Group.</p> <p>The MAC noted the update on AEMO's Market Procedures.</p>	
<p>7</p>	<p>General Business</p> <p><u>Gazettal of the Wholesale Electricity Market Rules Amending Rules 2017 (No. 3) on 30 June 2017</u></p> <p>Ms Ng noted that some amendments to the Market Rules were gazetted by the Minister for Energy on 30 June 2017, and that while the content of the amending rules was very important, Market Participants had been given no prior notice of some of the changes.</p>	

<p>Ms Ng noted that the amendments included provisions to allow System Management access to generator models from Western Power. Ms Ng had no issue with this change as it had been discussed with Market Generators in several forums. However, the amendments also allow for System Management, where it deems that the performance of a Generator does not conform to its models, to request updated models from Western Power and constrain the output of the Generator until these were provided, placing the Generator on a new type of Forced Outage and so making it liable for capacity refunds. Ms Ng was unaware of any consultation with Market Participants on these additional amendments.</p> <p>Mrs Papps shared Ms Ng's concerns, adding that that under the new provisions System Management can ask the Network Operator to update the model "as soon as reasonably practicable". Ms Papps noted that "as soon as reasonably practicable" as a common law term was one of the weakest timing requirements, and any delay in Western Power processing the request could result in the Generator being placed on a Forced Outage with no control over the situation.</p> <p>Mrs Papps also noted that the generator model information had been assigned a confidentiality status of System Management Confidential. This meant that System Management would not be permitted under the Market Rules to tell the Network Operator what model information it needed or explain the details of its concerns to the Market Generator. Mrs Papps considered the new rules were broken, given that a Market Generator might be placed on a Forced Outage without being permitted to understand the reason for that decision. Mrs Papps suggested that public consultation on the amendments may have helped to resolve some of these issues.</p> <p>Mr Martin agreed to take the feedback provided by Ms Ng and Mrs Papps back to his team, clarify the situation and then report back to the MAC. Mr Cremin requested that the feedback to the MAC include details of who introduced the provisions and why there was no consultation with Market Generators. Mr Martin noted that he had thought consultation on the amendments was covered as part of the outage planning group working process.</p> <p>Mrs Papps requested, as a priority, the implementation of a heads of power for a Market Procedure to cover how the process would work in practice. Ms Ng agreed, considering that the new provisions as drafted appeared to have no effective boundaries.</p> <p>Action: Mr Matthew Martin to discuss the feedback provided by MAC members on the amending rules gazetted by the Minister for Energy on 30 June 2017 with the relevant PUO staff and report back to the MAC.</p>	<p>PUO</p>
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The meeting closed at 4:05 pm.

Agenda Item 4: MAC Action Items

Meeting 2017-04 - 16 August 2017

Shaded	Shaded action items are actions that have been completed since the last MAC meeting.
Unshaded	Unshaded action items are still being progressed.
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

Item	Action	Responsibility	Meeting arising	Status/progress
2/2017	The Rule Change Panel to assess how to progress the ten open Rule Change Proposals initiated by the IMO	Rule Change Panel	May 2017	Underway – proposed urgency ratings to be discussed in Agenda Item 6b
3/2017	The Rule Change Panel to develop a Procedure Change Proposal to reflect the changes to MAC Working Groups in the Market Procedure: Procedure Administration	Rule Change Panel	May 2017	Underway – Procedure Change Proposal expected to be published in by late August 2017
6/2017	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.	AEMO/PUO/ ERA/ RCP Support	June 2017	Closed
8/2017	RCP Support to provide links to gazettal notices containing Amending Rules made by the Minister on the Rule Change Panel's website.	RCP Support	June 2017	Closed – links added to the Market Rule Changes page on the Rule Change Panel's website

Item	Action	Responsibility	Meeting arising	Status/progress
11/2017	RCP Support to publish the minutes of Meeting 2017-02 on the Rule Change Panel's website as final.	RCP Support	July 2017	Closed
12/2017	RCP Support to issue the first request to stakeholders for lists of material items that should be addressed in the Market Rules (including problems to be resolved and potential enhancements) by 13 September 2017.	RCP Support	July 2017	Open
13/2017	MAC members and observers to provide any feedback on the Pre Rule Change Proposal: Reduction in the prudential exposure in the Reserve Capacity Mechanism (RC_2017_06) by 5:00 pm on Friday, 14 July 2017.	All	July 2017	Closed - the Rule Change Proposal was formally submitted on 17 July 2017
14/2017	RCP Support to circulate the Rule Change Proposal Prioritisation and Scheduling Framework presentation to MAC members and observers on 13 July 2017.	RCP Support	July 2017	Closed
15/2017	MAC members and observers to provide feedback on the proposed framework and the highest urgency (Essential or High) Rule Change Proposals by 5:00 pm on Tuesday, 18 July 2017.	All	July 2017	Closed
16/2017	Mr Matthew Martin to discuss the feedback provided by MAC members on the amending rules gazetted by the Minister for Energy on 30 June 2017 with the relevant PUO staff and report back to the MAC.	PUO	July 2017	PUO/AEMO will provide a presentation under Agenda Item 5

Agenda Item 6a: Overview of Rule Change Proposals

Meeting 2017-04 - 16 August 2017

Formally Submitted Rule Change Proposals (as at 9 August 2017)

Reference	Submitted	Proponent	Title	Next step	Date
Rule Change Proposals formally submitted and awaiting a decision on their progression					
RC_2017_04	8/08/2017	Public Utilities Office	Reserve Capacity Mechanism - Minor Changes 2017	PUO to provide clarification	N/A
Fast Track Rule Change Proposals with consultation period open					
RC_2017_07	17/07/2017	AEMO	Reserve Capacity Mechanism - Transitional Rules	End of consultation period	16/08/2017
Standard Rule Change Proposals with first submission period open					
RC_2017_05	07/07/2017	AEMO	AEMO Role In Market Development	End of first submission period	29/08/2017
RC_2017_06	17/07/2017	AEMO	Reduction of the prudential exposure in the Reserve Capacity Mechanism	End of first submission period	13/09/2017
Standard Rule Change Proposals with first submission period closed					
RC_2017_02	04/04/2017	Perth Energy	Implementation of 30-Minute Balancing Gate Closure	Publication of Draft Rule Change Report	25/10/2017
RC_2015_03	27/03/2015	IMO	Formalisation of the Process for Maintenance Requests	Publication of Draft Rule Change Report	29/12/2017

RC_2015_01	03/03/2015	IMO	Removal of Market Operation Market Procedures	Publication of Draft Rule Change Report	29/12/2017
RC_2014_09	13/03/2015	IMO	Managing Market Information	Publication of Draft Rule Change Report	29/12/2017
RC_2014_06	28/01/2015	IMO	Removal of Resource Plans and Dispatchable Loads	Publication of Draft Rule Change Report	29/12/2017
RC_2014_05	02/12/2014	IMO	Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price	Publication of Draft Rule Change Report	29/12/2017
RC_2014_03	27/01/2014	IMO	Administrative Improvements to the Outage Process	Publication of Draft Rule Change Report	29/12/2017
RC_2013_15	24/12/2013	IMO	Outage Planning Phase 2 – Outage Process Refinements	Publication of Draft Rule Change Report	29/12/2017
Standard Rule Change Proposals with second submission period closed					
RC_2014_10	13/01/2015	IMO	Provision of Network Information to System Management	Publication of Final Rule Change Report	29/12/2017
RC_2014_07	22/12/2014	IMO	Omnibus Rule Change	Publication of Final Rule Change Report	29/12/2017
Standard Rule Change Proposals with further submission period open					
RC_2013_21	10/01/2014	IMO	Limit to Early Entry Capacity Payments	End of further submission period	17/08/2017
Rule Change Proposals awaiting commencement					
RC_2017_01	20/04/2017	Public Utilities Office	Reserve Capacity Mechanism - Manifest Errors 2017	Commencement	01/10/2017

Gazetted Rule Changes not yet Commenced

Gazette	Gazettal date	Content	Commencement date
2016/89	31/05/2016	Wholesale Electricity Market Amending Rules 2016, Schedule B, Part 3 <i>Changes to the Reserve Capacity Mechanism</i>	1/10/2017
2016/89	31/05/2016	Wholesale Electricity Market Amending Rules 2016, Schedule B, Part 4 <i>Further changes to the Reserve Capacity Mechanism involving Reviewable Decisions</i>	A time specified by the Minister in a notice published in the Gazette

Agenda Item 6b: Urgency Ratings for Open Rule Change Proposals

Meeting 2017-04 - 16 August 2017

1. Background

The Rule Change Panel commenced its rule making functions under the Market Rules and GSI Rules on 3 April 2017. At this time the Rule Change Panel inherited a backlog of ten open Rule Change Proposals (Proposals), which were previously on hold at the request of the Minister for Energy.

Since 3 April 2017 the Rule Change Panel has received seven new Proposals and published its final decision on two Proposals. The number of open Proposals is at present more than can be progressed concurrently using available resources, and so some basis for prioritising the Proposals is needed.

At the 12 July 2017 MAC meeting RCP Support presented:

- a draft framework for the prioritisation and scheduling of Proposals; and
- a draft assessment identifying the most urgent Proposals (High urgency rating) to be progressed by the Rule Change Panel.

Members and observers were asked to provide feedback on specific questions about the framework and the urgency ratings. AEMO, Alinta Energy, Perth Energy and Bluewaters Power provided feedback, which was generally supportive of the proposed framework. The feedback also supported the proposed selection of High urgency Proposals, except for Perth Energy who suggested a High rating for its Rule Change Proposal: Implementation of 30-Minute Balancing Gate Closure (RC_2017_02) and a Medium rating for the Rule Change Proposal: Reduction of the prudential exposure in the Reserve Capacity Mechanism (RC_2017_06). A summary of the feedback received is provided in section 4 below.

The draft framework (which was updated in response to the feedback received), a preliminary assessment of the open Proposals and a summary of the feedback received from the MAC was provided to the Rule Change Panel for consideration at its 21 July 2017 meeting. The Rule Change Panel:

- approved the Framework for Rule Change Proposal Prioritisation and Scheduling (provided for reference in Attachment 1); and
- assigned an urgency rating of High to the following Proposals:
 - RC_2013_21 Limit to Early Entry Capacity Payments;
 - RC_2014_03 Administrative Improvements to the Outage Process;
 - RC_2017_05 AEMO Role in Market Development;
 - RC_2017_06 Reduction of the prudential exposure in the Reserve Capacity Mechanism; and

- RC_2017_07 Reserve Capacity Mechanism – Transitional Rules.

2. Proposed Urgency Ratings for Open Rule Change Proposals

RCP Support has assessed the remaining open Proposals in accordance with the framework and assigned a proposed urgency rating to each.

The proposed urgency ratings for the remaining Proposals are outlined in the following table.

Rule Change Proposal	Current Status	Proposed Urgency	Comment
2017 Rule Change Proposals			
RC_2017_02: Implementation of 30-Minute Balancing Gate Closure (Perth Energy, 04/04/2017)	Draft Rule Change Report due to be published 25/10/2017	Medium (3)	Net benefit may be large but needs more analysis to determine: while it is clear that there is a benefit associated with the proposed amendments the costs (implementation and ongoing) associated with the proposed amendments still need to be assessed.
Rule Change Proposals suspended in 2015			
RC_2014_05: Reduced Frequency of the Review of the Energy Price Limits and Maximum Reserve Capacity Price (IMO 02/12/2014)	Publication of Draft Rule Change Report extended to 29/12/2017	Medium (3)	Net benefit material but not large enough to warrant a High rating: estimated 2-year payback followed by \$25,000 saving per year (consultant cost in annual reviews)
RC_2015_03: Formalisation of the Process for Maintenance Applications (IMO 27/03/2015)	Publication of Draft Rule Change Report extended to 29/12/2017	Low (4)	Minor net benefit: estimated \$13,500 saving per year in reduced workload processing applications
RC_2014_06: Removal of Resource Plans and Dispatchable Loads (IMO 28/01/2015)	Publication of Draft Rule Change Report extended to 29/12/2017	Medium (3)	Net benefit material but not large enough to warrant a High rating : estimated \$100,000 or more per year in reduced Participant workload (one FTE collectively for all Market Participants) and removing risk of missing closure of submission window
RC_2015_01: Removal of Market Operation Market Procedures (IMO 03/03/2015)	Publication of Draft Rule Change Report extended to 29/12/2017	Low (4)	Minor net benefit: minimal market impact
RC_2014_09: Managing Market Information (IMO 13/03/2015)	Publication of Draft Rule Change Report extended to 29/12/2017	Low (4)	Minor net benefit: minimal market impact

Rule Change Proposal	Current Status	Proposed Urgency	Comment
RC_2013_15: Outage Planning Phase 2 - Outage Process Refinements (IMO 24/12/2013)	Publication of Draft Rule Change Report extended to 29/12/2017	Unable to assess due to uncertainty about the scope of the Government's Electricity Market Review	
RC_2014_07: Omnibus Rule Change (IMO 22/12/2014)	Publication of Draft Rule Change Report extended to 29/12/2017	Low (4)	Minor net benefit: minimal market impact
RC_2014_10: Provision of Network Information to System Management (IMO 13/01/2015)	Publication of Final Rule Change Report extended to 29/12/2017	Superseded by recent rule changes made by the Minister	

3. Request for Feedback

RCP Support seeks feedback from MAC members on the urgency ratings for the remaining open Proposals. In particular, feedback (including alternative ratings and the reasons for assigning those ratings) is requested on any proposed urgency ratings with which members disagree.

RCP Support intends to collate the feedback received to help facilitate discussion of the remaining Proposals at the 16 August 2017 MAC meeting. For this reason it is requested that feedback be provided by email to rcp.secretariat@rcpwa.com.au by **5:00 pm on Monday, 14 August 2017**.

The feedback and discussion will inform RCP Support's recommendation to the Rule Change Panel on the urgency ratings for these Proposals.

4. Summary of MAC Feedback

Feedback received	Response
Question: Additional questions/factors to be considered in determining the urgency rating for a Proposal	
<p>One party proposed several factors that could be taken into account in assigning a “priority rating” to a Proposal, including:</p> <ol style="list-style-type: none"> 1. importance for consumers and the electricity industry 2. Market impact, i.e. is the Proposal improving outcomes for all participants and consumers vs focusing on improving outcomes for one participant only 3. size of analysis required 4. interrelation with other Proposals and projects underway or planned (i.e. EMR work and/or rules mandated reviews) 5. how long has the Proposal already been deferred 6. is there a market failure that this Proposal is trying to address 	<ol style="list-style-type: none"> 1. This is likely to be too high level a criterion to provide a useful assessment tool. 2. The number of participants affected does not necessarily affect the merits of a Proposal, and while the interests of consumers should always be considered this is addressed adequately by the proposed questions/factors. 3. This is addressed as a qualifying factor. 4. This is addressed as a qualifying factor. 5. This is used in the scheduling process and to determine when additional resources are needed, but should not contribute to the urgency rating for a Proposal, e.g. it would never be appropriate to delay a High urgency Proposal to progress a Low urgency Proposal, regardless of how long the Low urgency Proposal had been deferred. 6. Agreed – the suggestion has been incorporated into the framework.
Question: Acceptable Delays for Rule Change Proposals with urgency ratings Medium (3), Low(4) and Housekeeping (5)	
<p>One party would prefer the Rule Change Panel to be resourced as required to process all Proposals within the timelines specified in the Market Rules.</p> <p>“Due to the arbitrary nature in the determination of delays” the same party would prefer that the Rule Change Panel consulted with the MAC on any proposed revised timelines for a Proposal.</p>	<p>The proposed resourcing levels would be likely to lead to inefficient outcomes for the market and consumers.</p> <p>The proposed framework requires RCP Support to consult with the MAC/GAB before proposing a change in urgency rating to the Rule Change Panel. Additionally, RCP Support would usually consult with affected participants on any proposed extension to a Proposal with IT or process development implications.</p>

Feedback received	Response
<p>One party suggested the following acceptable delay times: Medium: up to 2 months Low: up to 4 months Housekeeping: up to 6 months</p>	<p>The proposed maximum timeframes may be difficult to justify, in particular for the Low and Housekeeping urgency ratings.</p>
<p>Two parties suggested the following acceptable delay times: Medium: up to 3 months Low: up to 6 months Housekeeping: up to 12 months</p>	<p>These delay times have been incorporated into the framework.</p>
General	
<p>One party suggested that the required workload should also be considered with lower priority changes that would require minimal resources to be pushed up the queue.</p>	<p>While it may be efficient in some cases to process smaller, lower urgency Proposals during the consultation periods for higher urgency Proposals, in general low urgency changes should not be progressed at the expense of high urgency changes simply because the former are smaller and/or easier.</p>
<p>One party suggested that any Proposals not resolved by the target date should be moved up in the priority rating. For example, if a Housekeeping Proposal is not resolved within 12 months, it should be re-rated as Low with a 6-month target resolution date. If it is not resolved within this new target date it should be re-rated as Medium with a 3-month target date (and employ external resources if required).</p>	<p>The proposed framework requires all Proposals to be progressed within the timeframes specified for the relevant urgency class, and for additional resources to be procured if this target is not expected to be met so as to avoid any additional delay. In the unlikely event that the target timeframes were not achieved for the lower urgency Proposals it would still not be appropriate to re-rate them as this might result, for example, in a Housekeeping rated Proposal being progressed at the expense of a Medium rated Proposal.</p>
<p>Two parties noted that many Proposals do not have easily “quantifiable” net benefits and recommended amending the description of the High urgency rating from “Compelling Proposal and large net benefit” to “Compelling Proposal and/or large net benefit”.</p>	<p>The description of the High urgency rating has been amended to “Compelling Proposal, and either large net benefit or else necessary to avoid serious perverse market outcomes”, to cover Proposals addressing problems like the lack of an AEMO function to provide support to the Rule Change Panel or ERA.</p>

Framework for Rule Change Proposal Prioritisation and Scheduling

21 July 2017

1. Background

The Wholesale Electricity Market Rules and the Gas Services Information Rules (Market/GSI Rules) specify default timeframes for the progression of Rule Change Proposals (Proposals) under the Standard Rule Change Process and Fast Track Rule Change Process. The default timeframes are:

- for the Standard Rule Change Process:
 - at least 30 Business Days from the publication of the Rule Change Notice until the end of the first submission period;
 - no more than 20 Business Days from the closure of the first submission period until the publication of the Draft Rule Change Report;
 - at least 20 Business Days from the publication of the Draft Rule Change Report until the end of the second submission period; and
 - no more than 20 Business Days from the closure of the second submission period until the publication of the Final Rule Change Report; and
- for the Fast Track Rule Change Process:
 - no more than 15 Business Days from the publication of the Rule Change Notice until the end of the consultation period; and
 - no more than 20 Business Days from the publication of the Rule Change Notice until the publication of the Final Rule Change Report.

The Rule Change Panel (Panel) may decide to extend these timeframes, but is required to publish a notice of extension explaining the reasons for the delay.

Regardless of the rule change process used the Panel must publish the Rule Change Notice for a Proposal within 7 Business Days of receiving the Proposal (or any clarification of the Proposal requested by the Panel). The Market/GSI Rules do not allow the Panel to extend this deadline.

Ideally all Proposals are progressed in accordance with the default timeframes, except for very large or complex Proposals where additional time for analysis and consultation is needed regardless of resource availability.

However, in practice it is difficult to guarantee this outcome without imposing inefficient costs on the market. The workload of the Panel, and therefore of the Executive Officer and other RCP Secretariat Support Services provided by the Economic Regulation Authority (ERA) to

support the Panel (RCP Support), is not within the control of the Panel and is likely to be highly variable due to:

- variability in the quantity and timing of Proposals; and
- variability in the size, complexity and subject matter of Proposals.

Due to the complexity of the Market/GSI Rules the rapid processing of many Proposals is dependent on the availability of skilled and experienced resources. It would not be efficient for the ERA to permanently employ enough experienced analysts to manage any conceivable work load peaks within the default timeframes. Further, while it is often possible to procure external resources with the required skills and experience (e.g. from legal firms) the additional costs of such resources are likely to be high and may not always be warranted by the benefits of avoiding a delay in progressing a Proposal.

The purpose of this framework is to manage the expected peaks and troughs of the Panel's workload in an efficient manner to produce the best outcomes for the market and consumers. Specifically, the framework:

- provides a basis for scheduling work that prioritises Proposals offering the greatest benefits in terms of the Wholesale Market Objectives/GSI Objectives (Objectives);
- establishes guidelines for determining the appropriate level of response when insufficient budgeted resources are available to progress a Proposal in the default timeframes; and
- provides a basis for managing the Panel's work program, assessing performance and deciding when additional resources are required to support the Panel, either in the short term or through a longer-term changes to the Panel's budget.

2. Overview of Framework

The main features of the framework include:

- identification of the resources allocated to support of the Panel and the options to acquire additional resources on a short or long-term basis;
- the application of a scheduling assessment process to each Proposal, to determine the factors that inform the prioritisation and scheduling of the Proposal;
- the use of a five-level "urgency rating" in the scheduling assessment process;
- the scheduling of Proposals into a coordinated RCP Support work plan, based on the scheduling assessment factors and the available resources;
- ongoing monitoring, reporting and adjustment of the work plan to reflect progress against targets and account for internal and external changes;
- guidelines around the procurement of additional resources to support the Panel in the short or longer-term; and
- provision of feedback to the annual ERA budget processes, which establish the base resource allocation for Panel support for each financial year.

3. Resources

The budget for rule change activities is contained within the overall expenditure approved in the Government budget estimates for the ERA.

In addition to the Executive Officer, the ERA allocates a mixture of dedicated and shared resources to provide the secretariat support services needed by the Panel. For example, the resources allocated as at 21 July 2017 include:

- three full-time analysts (including a Principal Analyst, Senior Analyst and Assistant Analyst);
- a variable share (depending on requirements) of a Legal Officer, a Principal Analyst and the Executive Director Markets; and
- an annual consultancy budget (\$200,000 for the 2017/18 financial year).

The dedicated resources will be assigned to other ERA work during any periods in which they are not required by the Panel.

If there is an urgent requirement, the ERA may, subject to its overall budget limitations, be able to provide additional resources to assist the Panel, either through the reallocation of internal resources or through short-term contractors. The ERA may also, in exceptional circumstances, seek an increase to its budget from Treasury outside of the normal annual budget cycle.

4. Scheduling Assessment of Rule Change Proposals

Each Proposal submitted to the Panel will undergo a scheduling assessment process. This process determines the factors that inform the prioritisation and scheduling of a Proposal.

RCP Support will commence the scheduling assessment process as soon as possible in the lifecycle of a Proposal, ideally at the Pre Rule Change Proposal stage. However, the initial scheduling assessment for a Proposal may need to be revised over time as new information becomes available. For example:

- a change in market activity may either increase or decrease the financial effects of a design flaw in the Market Rules, potentially increasing or decreasing the urgency rating of a Proposal to address the problem;
- the progression of a high urgency Proposal requiring changes to one of AEMO's IT systems may affect the prioritisation of a lower urgency Proposal affecting the same IT system, if concurrent processing of the Proposals would result in material IT development cost savings for the market;
- the assessment of some Proposals is likely to change as more information becomes available about the status and timeframes of related Electricity Market Review reforms.

4.1 Factors Considered in a Scheduling Assessment

The scheduling assessment of a Proposal comprises the following input factors:

- urgency rating, determined in accordance with section 4.2 below;
- submission date;
- estimated resource requirements (by resource type and working days) to process the Proposal, including:

- internal resources, e.g. analyst, legal support;
- specialist consultancy requirements; and
- external assistance, e.g. support from AEMO;
- qualifying factors, including:
 - any specific timing considerations, e.g. the need to align the commencement of Amending Rules with the Reserve Capacity Cycle;
 - IT and process implementation cycles; and
 - interdependencies with any Government-led reforms of which the Panel is aware, e.g. the Electricity Market Review reforms.

4.2 Urgency Ratings

Each Proposal is assigned an urgency rating based on the information available at the time of the assessment. The urgency ratings are used to prioritise Proposals and to determine the appropriate level of response when insufficient budgeted resources are available to progress a Proposal in the default timeframes.

The urgency ratings are determined by considering the following questions.

- Are the proposed amendments necessitated by external events, e.g. changes to GST laws or the merger of Synergy and Verve Energy?
- Is the Proposal seeking to address a market failure, e.g. imperfect competition or information asymmetries?
- How bad, in terms of the Objectives, might the outcomes be if the Proposal is delayed?
- How good, in terms of the Objectives, might the outcomes be if the Proposal is progressed promptly?
- What are the likely implementation and ongoing operational costs?

It should be noted that these questions may require the use of initial ballpark estimates and judgement calls, as in many cases the Panel will not have started its formal assessment of the Proposal. This means, for example, that in some cases a relatively high urgency rating may be assigned to a Proposal that is eventually rejected by the Panel.

It should also be noted that while the urgency rating of a Proposal is a major input to the prioritisation process it is not the only factor considered.

The urgency ratings are listed in Table 4.1 below.

Table 4.1: Urgency ratings

Urgency	Description	Resourcing Implications
1	Essential: e.g. legal necessity, unacceptable market outcomes or a serious threat to power system security and reliability	Do not delay – acquire additional resources, request increase to the ERA budget from Treasury if necessary
2	High: Compelling proposal, and either large net benefit or else necessary to avoid serious perverse market outcomes	Do not delay – acquire additional resources if available subject to overall ERA budget limitations
3	Medium: Net benefit either: <ul style="list-style-type: none"> • may be large but needs more analysis to determine; or • material but not large enough to warrant a High rating 	May delay up to 3 months if budgeted resources unavailable
4	Low: Minor net benefit, e.g. reduced administration costs	May delay up to 6 months if budgeted resources unavailable
5	Housekeeping: Negligible market benefit, e.g. just improves the readability of the Market/GSI Rules	May delay up to 12 months if budgeted resources unavailable

The usual process for assigning an urgency rating to a Proposal will be as follows.

- The proponent suggests an urgency rating for their Proposal, usually at the Pre Rule Change Proposal stage.
- RCP Support undertakes an independent review of the Proposal to determine a tentative urgency rating, which may differ from that suggested by the proponent.
- The MAC/GAB provides its views on the urgency rating for the Proposal, usually during discussion of the Pre Rule Change Proposal at a MAC/GAB meeting.
- RCP Support provides its (potentially modified) recommended urgency rating, along with the reasons for its recommendation and details of any dissenting views from the proponent or the MAC/GAB, to the Panel for review and approval.
- The Panel decides the urgency rating for the Proposal, which is then used by RCP Support to prioritise and schedule the Proposal.

RCP Support may propose a new urgency rating for a Proposal if at any stage there is a change to the relevant circumstances. RCP Support will consult with the MAC/GAB before proposing a new urgency rating to the Panel for approval.

4.3 Special Cases with Government-led Reform Interdependencies

Some Proposals need to be treated as “special cases” because they are or have been affected by interdependencies with Government-led reform programs such as the Electricity Market Review. Some examples are provided below.

- In some cases Amending Rules made by the Minister may supersede a Proposal, either by implementing the proposed amendments or else by rendering them irrelevant. In these cases the Proposal needs to be rejected by the Panel using the normal rule change process. Although the rejection is effectively only a housekeeping function it should still be processed promptly to avoid any unnecessary confusion.

- In some cases uncertainty about the future of Government reforms makes it impossible for the Panel to assess a Proposal. For example, if a proposed but unconfirmed Government reform would supersede the changes in a Proposal then the “payback period” for the changes cannot be assessed with any confidence. In these cases the Proposal should be placed on hold for some period until the Government’s policy direction and implementation plans are better understood. However, a deadline should be set for any extension to ensure that the Proposal is not placed on hold indefinitely.
- If the Government confirms its support for certain Electricity Market Review reforms then this may reduce the expected payback period for some Proposals, to the extent that their progression would be inconsistent with the Objectives. In these situations the Proposals should be extended until the relevant reforms are either implemented or abandoned.
- In some cases a Proposal may contain multiple components, of which only some are affected by proposed Government reforms. In these cases the Panel may decide to progress those elements that can be progressed and reject the remaining components, to avoid any unnecessary delay to the former for the sake of the latter.

5. Work Plan Management

The Executive Officer is responsible for managing the RCP Support work plan and for any associated reporting to the Panel and the MAC/GAB. It is expected that the work plan will need to be reviewed and updated:

- whenever new Proposals are submitted;
- whenever resource availability changes;
- periodically to reflect progress made in processing Proposals; and
- in response to changes to the status of the Government’s reform programs or other relevant external events.

5.1 Prioritisation of Rule Change Proposals

In developing the work plan the Executive Officer will aim to prioritise Proposals by urgency rating and then submission date, subject to consideration of the following qualifying factors:

- resource availability and workflow practicalities – for example:
 - it may be necessary to amend the default priority order to allocate resources efficiently and avoid resourcing bottlenecks; and
 - it may be practical to work on lower rated Proposals during the consultation periods for higher rated Proposals;
- special timing considerations, e.g. a small delay to a High rated Proposal may be acceptable provided the Amending Rules still have time to commence before the relevant Reserve Capacity Cycle deadline;
- Panel availability;
- MAC/GAB and AEMO availability;
- IT and process development timing; and
- the need to coordinate with any Government-led reforms.

Additionally, the Panel may request changes to the prioritisation and scheduling of Proposals if it considers that the changes are likely to better achieve the Objectives.

5.2 Monitoring and Reporting

The Executive Officer is responsible for:

- monthly reporting to the Panel on the RCP Support work plan via the Workflow Summary and Summary of Rule Change Proposals standing agenda items;
- regular reporting to the MAC/GAB on the RCP Support work plan via the Overview of Rule Change Proposals standing agenda item;
- monitoring for potential failures to meet the required processing timeframes for each Proposal (given its urgency rating) and reporting any concerns to the Panel and the Executive Director, Markets; and
- coordinating any remedial action required under this framework to address resourcing shortfalls.

Remedial action will be required if open Proposals cannot be progressed using budgeted resources within the timeframes permitted for their urgency rating. Remedial action may include:

- liaising with the relevant ERA managers to increase the use of shared resources or to “borrow” other ERA resources;
- engaging consultants to perform specialist tasks where appropriate;
- liaising with the relevant ERA managers to procure additional resources through short-term contracts; and
- if the scale of the problem is large enough (e.g. due to the submission of a very large Essential or High rated Proposal, or a severe and ongoing resource shortage) and cannot be addressed within the ERA’s overall budget limitations, liaising with the Panel and the ERA to prepare a Treasury submission to increase the ERA budget to meet the additional resource requirement.

5.3 Interaction with Annual Budgeting Cycle

The ERA commences its annual budget preparation in February each year. This is to ensure that if there is any requirement to seek a change in the budget from Government, it is done as part of the annual budget estimates process, which occurs in April each year.

The annual budget preparation process will include an assessment of whether the budgeted resources allocated to the Panel have been sufficient to meet the actual workload. The Panel and the ERA will use the outcomes of this assessment, as well as the Panel’s expectation of likely changes in workload for the coming financial year, to determine and agree any required changes to the resourcing levels for the next financial year.

MARKET ADVISORY COMMITTEE MEETING, 16 AUGUST 2017

FOR NOTING

SUBJECT: UPDATE ON AEMO'S MARKET PROCEDURES

AGENDA ITEM: 7

1. PURPOSE

Provide a status update on the activities of the AEMO Procedure Change Working Group and AEMO Procedure Change Proposals.

2. AEMO PROCEDURE CHANGE WORKING GROUP (APCWG)

	Most recent meeting	Next meeting
Date	18 July 2017	TBA
Market Procedures for discussion	Power System Operation Procedure: Dispatch Market Procedure: Notices and Communications Market Procedure: Certification of Reserve Capacity	TBA, but may include: <ul style="list-style-type: none"> • Power System Operation Procedure: Outages • Power System Operation Procedure: Power System Security • Power System Operation Procedure: Commissioning and Testing • Market Procedure: Prudential Requirements (subject to RC_2017_06) • Market Procedure: Capacity Credit Allocation (subject to RC_2017_06)

3. AEMO PROCEDURE CHANGE PROPOSALS

The status of AEMO Procedure Change Proposals is described below, current as at 7 August 2017. Changes since the previous MAC meeting are in **red text**.

ID	Summary of changes	Status	Next steps	Date
AEPC_2017_03: Determination of DSM Dispatch Payment Tranches and Adjustments	New procedure required by Amending Rules gazetted by the Minister for Energy on 31 May 2016	Submissions closed 3 July 2017. No submissions received.	Publish Procedure Change Report	22 Aug 2017
AEPC_2017_04: Certification of Reserve Capacity	The proposed updates are to reflect Amending Rules gazetted by the Minister for Energy on 31 May 2016 and 23 Jun 2017	Consultation open Consultation extended due to rule changes gazetted by Minister for Energy	Submissions close	8 Aug 2017
AEPC_2017_05: Individual Reserve Capacity Requirements	The proposed updates are to reflect Amending Rules gazetted by the Minister for Energy on 31 May 2016	Submissions closed 3 Aug 2017. No submissions received.	Publish Procedure Change Report	15 Sep 2017
AEPC_2017_06: Undertaking the Long Term PASA and conducting a review of the Planning Criterion	The proposed updates are to reflect Amending Rules gazetted by the Minister for Energy on 31 May 2016	Submissions closed 3 Aug 2017. No submissions received.	Publish Procedure Change Report	15 Sep 2017
AEPC_2017_07: IMS Interface	New procedure required by Amending Rules gazetted by the Minister for Energy on 31 May 2016	Consultation open	Submissions close	16 Aug 2017
AEPC_2017_08: Network modelling data	New procedure required by Amending Rules gazetted by the Minister for Energy on 31 May 2016	Consultation open	Submissions close	16 Aug 2017
AEPC_2017_09: Reserve Capacity Performance Monitoring	The proposed updates are to reflect Amending Rules gazetted by the Minister for Energy on 31 May 2016	Submissions closed 3 Aug 2017. Two submissions received.	Publish Procedure Change Report	15 Sep 2017

ID	Summary of changes	Status	Next steps	Date
AEPC_2017_10: Dispatch	The proposed updates are to incorporate new procedure requirements related to the dispatch of Demand Side Programmes, within the Amending Rules gazetted by the Minister for Energy on 31 May 2016	Consultation open	Submissions close	18 Aug 2017
AEPC_2017_11: Notices and Communications	The proposed updates are to reflect the change of AEMO contact details following the office move	Consultation open	Submissions close	18 Aug 2017