

Meeting Agenda

Meeting Title: Market Advisory Committee

Meeting Number: 2017-05

Date: Wednesday 13 September 2017

Time: 1:00 pm – 3:45 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	Market Rules		
	a) Overview of Rule Change Proposals	Laura Koziol	20 min
	b) Presentation: Changes to Rule Change Proposal RC_2014_03: Administrative Improvements to the Outage Process	Jenny Laidlaw	45 min
	c) Discussion: Pre Rule Change Proposal RC_2017_09: STEM Delay for Ancillary Services data – Manifest Error	AEMO	10 min
6	Update on AEMO's Market Procedures	AEMO	10 min
7	Discussion: Future Evolution of the Reserve Capacity Mechanism	All	45 min
8	General Business	Chair	15 min

Next Meeting: 11 October 2017

Please note this meeting will be recorded.

Minutes

Meeting Title:	Market Advisory Committee (MAC)
Meeting No:	2017-04
Date:	16 August 2017
Time:	1:05 pm – 3:20 pm
Location:	Training Room No. 1, Albert Facey House 469 Wellington Street, Perth

Attendees	Class	Comment
Jenny Laidlaw	Chair	
Matthew Martin	Minister's Appointee – Small-Use Consumer Representative	
Martin Maticka	AEMO	
Dean Sharafi	System Management	
Julian Fairhall	Economic Regulation Authority (ERA) Observer	Proxy
Margaret Pyrchla	Network Operator	
Will Bargmann	Synergy	
Shane Cremin	Market Generators	
Wendy Ng	Market Generators	
Andrew Stevens	Market Generators	From 1:30 pm
Jacinda Papps	Market Generators	
Patrick Peake	Market Customers	
Simon Middleton	Market Customers	From 1:30 pm
Geoff Gaston	Market Customers	
Aidan Jenkins	Market Customers	Proxy
Peter Huxtable	Contestable Customers	

Apologies	Class	Comment
Steve Gould	Market Customers	
Sara O'Connor	ERA Observer	

Also in attendance	From	Comment
Clayton James	AEMO	Presenter, to 2:05 pm
Adrian Theseira	ERA	Presenter
Laura Koziol	RCP Support	Presenter
Rajat Sarawat	ERA	Observer
Ignatius Chin	Bluewaters Power	Observer
Tim McLeod	Amanda Energy	Observer
Angelina Cox	Synergy	Observer
Sandra Ng Wing Lit	RCP Support	Minutes

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 2017-04.</p> <p>The Chair welcomed the new and re-appointed members to the MAC and farewelled former member Michael Zammit.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The following apologies were noted:</p> <ul style="list-style-type: none"> • Steve Gould (Market Customers) • Sara O'Connor (ERA Observer) <p>The following proxies were noted:</p> <ul style="list-style-type: none"> • Aidan Jenkins for Steve Gould (Market Customers) • Julian Fairhall for Sara O'Connor (ERA Observer) 	
3	<p>Minutes from Previous Meeting</p> <p>The minutes of MAC meeting 2017-03 held on 12 July 2017 were circulated on 1 August 2017.</p> <p>The minutes were accepted as a true record of the meeting.</p> <p>Action: RCP Support to publish the minutes of Meeting 2017-03 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 the prioritisation of the open Rule Change Proposals would be further discussed under Agenda Item 6b.</p> <p>Action 3/2017: The Chair noted that a Procedure Change Proposal to reflect the recent changes to MAC Working Groups in the Market</p>	

	<p>Procedure: Procedure Administration would be considered by the Rule Change Panel on Monday 21 August 2017 and was expected to be published by 25 August 2017.</p> <p>Action 16/2017: The Chair noted that the Public Utilities Office (PUO) and AEMO would be giving a presentation on the 30 June 2017 gazettal under Agenda Item 5.</p>	
5	<p>Presentation: Gazettal of the Wholesale Electricity Market Rules Amending Rules 2017 (No. 3) on 30 June 2017 (Action Item 16/2017)</p> <p>Mr Matthew Martin and Mr Clayton James gave a joint presentation about the gazettal of the <i>Wholesale Electricity Market Rules Amending Rules 2017 (No. 3) (2017/03 Amending Rules)</i> on 30 June 2017. 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"> • Mr Martin noted that three sets of amending rules were gazetted during June 2017, of which the 2017/03 Amending Rules was the third. The first two sets were required to support the certification and connection of generators under the Generator Interim Access (GIA) arrangements, while the 2017/03 Amending Rules are required to support the transfer of System Management functions from Western Power to AEMO (although they are also required for the GIA implementation). The 2017/03 Amending Rules were not intended by the PUO and AEMO to change the obligations on Market Participants or the actual implications for Market Participants that already existed under the Market Rules and Technical Rules. For this reason the PUO focussed its stakeholder consultation on the first two sets of amending rules. <p>There was some discussion about the reasons for the lack of consultation on the 2017/03 Amending Rules. Mr Martin acknowledged that the PUO should have consulted with stakeholders on the rule change and advised that this would not happen again in the future.</p> <ul style="list-style-type: none"> • Mrs Jacinda Papps asked for clarity on when the Minister intended to exercise his extended rule making powers versus submitting proposals to the Rule Change Panel. Mr Martin indicated that the Minister might provide an answer to this question at the time he made an announcement about his future reform plans. • The Chair and Mrs Papps asked how the 2017/03 Amending Rules applied to Facilities that existed before 2007 and have grandfathered connection standards. Mr James replied that modelling data is still required for these Facilities and they were subject to the new rules. • Mrs Papps noted that Alinta Energy was receiving varying advice from System Management as to whether a Facility should be on a Planned Outage during a Commissioning Test. Mrs Papps noted that logging a Planned Outage for a Commissioning Test could result in having to log a Forced 	

	<p>Outage if the timing of the Commissioning Test changed or if the test took longer than anticipated. Mr James agreed that the relationship between Commissioning Tests and Outages should be clarified in the Market Rules. There was some discussion about the implications of undertaking Commissioning Tests under a Planned Outage.</p> <ul style="list-style-type: none"> • Mr James explained that if a generator in commercial operation demonstrated unstable behaviour that might affect Power System Security then AEMO might place the Facility on a Forced Outage. Mr James emphasised however that a Forced Outage would not be the common consequence of such an issue and that more often AEMO would place more specific restrictions on the plant, such as requiring the plant to operate in a different mode. The Chair asked if AEMO might need to constrain a Generator where the Facility was unstable as a result of changes in the network. Mr James confirmed that this was a possible scenario. The Chair noted that drafting of the new rules might be too harsh if they resulted in a Forced Outage in these circumstances. • In response to a question from Mr Ignatius Chin, Mr James explained that the modelling data had been assigned a confidentiality class of System Management Confidential because some of the data was provided to Western Power on a confidential basis under strict non-disclosure agreements (in some cases by the participant and in others by the actual manufacturer of the device). AEMO did not think right that it should be able to share this information with other people who would not normally be able to see it. <p>Mrs Papps raised a concern that under her interpretation of the 2017/03 Amending Rules this classification could result in AEMO placing a Facility on a Forced Outage because of concerns with the modelling data but not being able to inform the affected participant of the reason. Mr James replied that AEMO's interpretation was that in these situations System Management would be able to inform the participant about the reason for the constraint. Mrs Papps noted that other participants shared her interpretation, which had been confirmed by both internal and external resources.</p> <p>In response to a question from the Chair, Mr James clarified that that AEMO's concern related to modelling data that was provided by one Generator being made available to another Generator. The Chair suggested that the Rule Participant Network Restricted confidentiality class may be more appropriate in that case. Mr Shane Cremin however noted that in some cases confidentiality agreements are between the original equipment manufacturer and the Network Operator, bypassing the Generator.</p> <ul style="list-style-type: none"> • Mr James noted that AEMO was revising several Power System Operation Procedures (PSOPs) and suggested it might be helpful to include additional information in some of these PSOPs (such as the PSOP: Dispatch and the PSOP: Commissioning and Testing) to provide clarity and transparency about the 	
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practical application of the new rules. Mrs Papps asked if in that case the consultation period for the PSOP: Dispatch, which was scheduled to close on Friday, 18 August 2017, could be extended. Mr Martin Maticka replied that AEMO would look at extending the consultation period by a couple of weeks if additional changes to the PSOP were proposed.

In response to a question from Ms Angelina Cox, Mr James confirmed that the PSOP: Network modelling data specifically dealt with network modelling information and so had no impact on Generators.

- The Chair asked why different terms were used to refer to AEMO in the 2017/03 Amending Rules. Mr James considered that referring to System Management rather than AEMO might be taken to indicate that the modelling data could only be used by AEMO to support its prescribed “System Management” functions. The Chair suggested that if the intent was to permit the data to be used only for specific functions it might be clearer to specify what those functions were.

Ms Wendy Ng asked under what circumstances AEMO would actually place a Facility on a Forced Outage. Mr James answered that this would only happen where the Facility could not operate stably. Ms Ng asked how that would apply if the instability was instantaneous and then disappeared. Mr James replied that AEMO would need to investigate to understand what caused the event and what action was needed to prevent a reoccurrence of the instability.

- Mr Patrick Peake asked if a Forced Outage could be changed to a Consequential Outage if it was later identified that the instability that had led to AEMO placing the Facility on a Forced Outage had been caused by the network. Mr James noted that this might not be possible in all cases because the Market Rules only allow for a Consequential Outage if it is due to an actual outage of the network, but not for other reasons related to the network. Mr James suggested that this was one of several issues that would be worth looking at as a separate exercise.
- Ms Cox raised a concern that the new rules did not allow a Market Participant to provide modelling data directly to AEMO, leaving it dependent on the promptness of Western Power’s actions. The Chair noted that in the National Electricity Market participants provided modelling data directly to AEMO. Mr James noted that the current Technical Rules require the modelling data to be provided to Western Power.
- In response to a questions from the Chair, Mr James advised that the new provisions were intended to apply to all Facilities (including Networks and Loads as well as Generators) connected to the SWIS.
- Mr Andrew Stevens raised a concern that no restriction was placed on the time Western Power had to process any updated modelling information. This created a significant risk for Market Generators. Ms Margaret Pырchla agreed that the principle of a time limit being placed on Western Power to assess updated

	<p>modelling data was reasonable, but considered it would be difficult to determine an appropriate time limit as the situations could vary significantly. Several members considered there needed to be some limit placed on how long a Generator could be left on Forced Outage for reasons outside its control, with Mr Stevens suggesting a maximum period of 28 days.</p> <ul style="list-style-type: none"> Mr James emphasised that AEMO would only place a Facility on Forced Outage if it was actually unstable. Mrs Papps and the Chair noted that while this was probably AEMO's intent the Market Rules would allow AEMO to constrain a Facility due to outdated modelling data. The MAC agreed that the intention to only place a Facility on a Forced Outage for system security or system stability reasons should be clarified in the Market Rules and relevant PSOPs. The Chair asked Ms Pырchla whether Western Power considers the modelling data to be up to date and if there are any problems with the Technical Rules that make it difficult for Western Power to keep the modelling data up to date. Ms Pырchla replied that she would discuss these questions within Western Power and report back to the MAC with the answers. <p>Action: Western Power to advise the MAC on whether it considers the modelling data provided to AEMO to be up to date and if there are any problems with the Technical Rules that make it difficult for Western Power to keep the modelling data up to date.</p> <ul style="list-style-type: none"> Mr Martin advised that the PUO would consult with AEMO and RCP Support on how to address the concerns raised by MAC members about the 2017/03 Amending Rules and develop a proposal for consideration at the next MAC meeting. <p>Action: The PUO to consult with AEMO and RCP Support on how to address the concerns raised by MAC members about the 2017/03 Amending Rules and develop a proposal for consideration at the next MAC meeting.</p>	<p>Western Power</p> <p>PUO/ AEMO/RCP Support</p>
6a	<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 the Rule Change Panel had completed its clarification of the PUO's Rule Change Proposal: Reserve Capacity Mechanism - Minor Changes 2017 (RC_2017_04) and intended to progress the proposal under the Fast Track Rule Change Process. The Rule Change Notice was due to be published at the end of the week.</p> <p>Mrs Papps asked whether this year's calculation of the Reserve Capacity Price would be based on the original Capacity Credits assigned or on the subsequently corrected number of assigned Capacity Credits. Under the current Market Rules the price would be based on the original assignment, which had been wrong by 9 MW. Mr Maticka noted that AEMO would look into the issue.</p>	

6b Urgency Ratings for Open Rule Change Proposals

Ms Koziol provided an overview of the feedback received on the proposed urgency ratings for the remaining open Rule Change Proposals (that have not already been assigned an urgency rating of High). A paper outlining the proposed urgency ratings was circulated to members and observers on 8 August 2017 with a request for feedback by 14 August 2017.

Ms Koziol noted that seven responses were received, supporting all of the proposed urgency ratings except for the ratings for RC_2014_06 (Removal of Resource Plans and Dispatchable Loads) and RC_2017_02 (Implementation of 30-Minute Balancing Gate Closure).

The following key points were discussed.

RC_2014_06

- Most responses suggested increasing the urgency rating for RC_2014_06 from Medium to High, due to the high risk associated with the penalty for breaching the obligation to submit a Resource Plan. In its response, AEMO had also noted that it was planning to develop system changes affecting the Scheduling Day processes in 2018, and so would prefer certainty about any changes to these processes.
- Mrs Papps noted that Alinta was also planning system changes that would be affected by the outcome of the Rule Change Proposal.
- The Chair explained that the Medium urgency rating for RC_2014_06 was based on the consideration that manifest errors with significant consequences for the market should be addressed before RC_2014_06. AEMO had indicated that it had identified some potential issues of this type affecting the Reserve Capacity Mechanism.

Mrs Papps asked if such manifest errors would receive an urgency rating of Essential. The Chair replied that this would not necessarily be the case, since to preserve the integrity of the framework the Essential rating was reserved for exceptional problems resulting in completely unacceptable market outcomes.

Ms Ng asked if the issues AEMO had identified would be processed using the Fast Track Rule Change Process. The Chair answered that that this would need to be assessed on a case by case basis.

- The Chair noted that RC_2014_05 (Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price), which is the first Medium rated proposal, was likely to be delayed while the ERA conducted its five-yearly review of the methodology for setting the Benchmark Reserve Capacity Price and the Energy Price Limits. This meant that RC_2014_06 would be next in line after the High rated proposals, followed by RC_2017_02.

- The Chair noted that the Medium rating only allowed for a delay of three months, which would still result in RC_2014_06 being processed in time to inform AEMO and Alinta's system development plans.
- The Chair noted that due to the significant changes to the Market Rules since the publication of the Rule Change Proposal for RC_2014_06 the Rule Change Panel would probably consult with the MAC and publish a call for further submissions before developing the Draft Rule Change Report.
- Mr Cremin asked when the changes would be implemented if the proposal was approved. Mr Maticka replied that it would take around six months to implement the system changes. The Chair asked when AEMO would need to start the design and development of its new Scheduling Day systems. Mr Maticka replied that work would not start before early next year.

RC 2017_02

- Ms Koziol noted that two responses suggested increasing the urgency rating for RC_2017_02 from Medium to High as the proposed changes would increase the flexibility of the market and its ability to cope with the increasing share of generation from renewable sources.

General

- The Chair noted that RCP Support received a late suggestion to leave RC_2013_21 (Limit to Early Entry Capacity Payments) on hold. The suggestion was received after the publication of a call for further submissions on the proposal.
- Mr Martin asked if a proposal's urgency would be increased if the suggested timeframe was exceeded. The Chair clarified that this would not be the case and that RCP Support was currently in the process of assessing if the timelines set by the framework were achievable with the current resources. If this was not the case then RCP Support would discuss the situation with the Rule Change Panel, the ERA and the MAC as appropriate.
- In response to a question from Mr Dean Sharafi, the Chair clarified that RCP Support would provide its recommended urgency ratings and the MAC's comments to the Rule Change Panel for consideration. Once the Rule Change Panel had made its decision on the ratings RCP Support would then incorporate the proposals into its work plan in accordance with the framework. Ms Koziol clarified that the urgency ratings were independent of the availability of resources.
- Mrs Papps asked if the MAC could be informed of the Rule Change Panel's decision on the urgency ratings. The Chair agreed to circulate the Rule Change Panel's decision to MAC members and observers.

Action: RCP Support to circulate the Rule Change Panel's decision on the urgency ratings of the open Rule Change Proposals to MAC members and observers via email.

**RCP
Support**

6c**Presentation: ERA and Rule Changes**

Mr Adrian Theseira gave a presentation regarding the ERA's involvement in the rule change process. The presentation is available on the Rule Change Panel's website.

Mr Theseira noted that the ERA's Governing Body had requested feedback from the MAC on two matters: firstly on the scope of the Rule Change Proposals that the ERA should develop and secondly on whether the MAC had concerns about the ERA's role in providing secretariat support to the Rule Change Panel. The feedback would be used to inform the ERA's internal policy position on the development of Rule Change Proposals.

Mr Theseira noted that the ERA was considering the development of Rule Change Proposals addressing administrative and regulatory issues but not policy issues. Mr Will Bargmann questioned the boundary between regulatory and policy issues, suggesting that the examples of regulatory issues provided (long term consumer interests and the promotion of competition) sounded like policy issues.

Mr Theseira replied that some matters, such as market structure, could clearly be categorised as policy matter but agreed there was some ambiguity about what constituted a policy matter. The ERA however intended to be quite conservative in its approach, and also planned to bring matters to the MAC for discussion before submitting a Rule Change Proposal.

Mr Cremin agreed that the regulatory examples might be considered policy but questioned the need for the ERA to make such distinctions. There was some discussion about if and how the ERA should limit the scope of its Rule Change Proposals.

MAC members supported the ERA's development of Rule Change Proposals. MAC members did not consider that the scope of the ERA's Rule Change Proposals needs to be limited, but agreed that issues should be discussed with the MAC before commencing the development of a proposal.

Mr Rajat Sarawat considered that the ERA's annual report to the Minister on the effectiveness of the market was a suitable forum for the ERA to provide feedback to the Minister on policy issues.

Mr Andrew Stevens raised concerns about the failure of previous Governments to address the policy issues raised by the ERA in these reports.

There was some discussion about the current lack of direction and coordination regarding the evolution of the market.

The Chair noted that one of the mechanisms proposed to assist the evolution of the market was the quarterly issues list that RCP Support planned to collate for the MAC. The objective of this mechanism is to enable collaboration between stakeholders developing Rule Change Proposals and avoid any duplication of effort.

The Chair also suggested that it would be reasonable for agencies, particularly those funded by the market, to discuss potential Rule

	<p>Change Proposals with the MAC before commencing their development, to promote collaboration and provide an opportunity for members to provide early feedback. The Chair questioned whether, if these mechanisms were in place, there should be any “no-go” areas for the ERA in terms of the development of Rule Change Proposals.</p> <p>No specific areas were identified by MAC members. Mrs Papps however raised concerns about potential duplication of effort or lack of coordination between the work of the policy, regulatory and operational bodies. Mrs Papps considered that clear definitions of functions, like those currently being explored for the National Electricity Market, would be helpful. Mr Sarawat noted that this was one of the reasons why the ERA would bring every issue to the MAC before starting substantial work.</p> <p>Mr Martin asked if the RCP Support staff would be involved in developing the ERA’s Rule Change Proposals and expressed concern that this could exacerbate RCP Support’s current resourcing problems.</p> <p>Mr Theseira explained the organisational structures of the ERA and Rule Change Panel and the ring-fencing processes the ERA has implemented to ensure the independent processing of Rule Change Proposals. The Rule Change Panel itself is completely independent from the ERA. While RCP Support staff are employed by the ERA, no decisions related to processing Rule Change Proposals are considered by the ERA’s executive or Governing Body. The ERA will consult with RCP Support during the development of a Rule Change Proposal like any other stakeholder, but the ring-fencing arrangements will ensure that the staff preparing the proposal do not have any involvement in assessing the proposal.</p> <p>Mr Chin asked whether there would be an auditing process to check the effectiveness of the ERA’s ring-fencing policy. Mr Sarawat replied that the proposed ring-fencing arrangements were not a rules requirement (and therefore subject to the rules’ auditing obligations), but rather something that the ERA had decided to implement as good governance practice.</p> <p>No concerns were raised by MAC members about the ERA’s proposed arrangements for the support of the Rule Change Panel.</p>	
7	<p>Update on AEMO’s Market Procedures</p> <p>Mr Maticka provided an update on AEMO’s Market Procedures. Mr Maticka noted that the next meeting of the AEMO Procedure Change Working Group (APCWG) was currently planned to be held on 4 September 2017.</p> <p>Mr Sharafi noted he had just received advice that an extension to the consultation period for AEPC_2017_10: Dispatch would jeopardise the required commencement date of 1 October 2017. Mrs Papps suggested that instead of extending the consultation period AEMO could either hold a short workshop to discuss any additional changes or else include a discussion of the changes on the agenda for the 4 September 2017 APCWG meeting. There was general support for this alternative approach.</p>	

	<p>Action: AEMO to hold a discussion with stakeholders on changes to the PSOP: Dispatch to provide clarity on the practical application of the amending rules in the Wholesale Electricity Market Rules Amending Rules 2017 (No. 3).</p>	<p>AEMO</p>
<p>8</p>	<p>General Business</p> <p><u>Non-Balancing Dispatch Merit Order manifest error</u></p> <p>Mr Maticka advised that AEMO was currently developing a Rule Change Proposal to address a manifest error regarding the Non-Balancing Dispatch Merit Order (in particular the determination of Cumulative Annual DSM Dispatch values). Mr Maticka suggested that the proposal should be assigned a High urgency rating as the manifest error would come into existence on 1 October 2017.</p> <p>Mr Maticka accepted the Chair’s offer to circulate the Pre Rule Change Proposal to MAC members and observers for comment after the meeting.</p> <p>Action: RCP Support to circulate AEMO’s Pre Rule Change Proposal to address a manifest error regarding the Non-Balancing Dispatch Merit Order to MAC members and observers for a short informal consultation period.</p> <p><u>Visibility of the timing of outages</u></p> <p>Mr Simon Middleton questioned what provisions were in place to give the market visibility of when Generators were expected to return from Outages. The Chair replied that Outages are required to be recorded in SMMITS and the information is published on the Market Web Site. However, while Planned Outages are recorded in advance there are problems affecting the timely and accurate recording of Forced Outages.</p> <p>Mr Stevens and Ms Ng noted that it was difficult for a Market Generator to log the end of an outage upfront as the current two hour Balancing Gate Closure could prevent a possible earlier return of the plant. Ms Ng added that once a Forced Outage was logged it could not be adjusted and in the case of Planned Outages it was usually easier to reduce the duration of an approved Planned Outage than to increase it. There was some discussion about the problems that affect the accurate and timely reporting of Outages. The Chair considered that the Market Rules should incentivise Market Participants to provide their best guess of the duration of an outage and allow for retrospective adjustments once the final details were available.</p> <p>Mr Middleton noted that the daily average Balancing Price in April and June had been significantly volatile and asked how Market Participants could get access to the underlying data. Mr Stevens answered that the information was publicly available on the Market Web Site.</p> <p><u>Uncertainty about future changes to the Reserve Capacity Mechanism</u></p> <p>Mr Stevens raised his concerns regarding the current uncertainty about whether a capacity auction would be implemented this year.</p>	<p>RCP Support</p>

<p>There was some discussion about the implications of uncertainty about the Reserve Capacity Mechanism and the effect of an auction on future investment. Several members agreed that:</p> <ul style="list-style-type: none"> • the uncertainty about when and whether the current Reserve Capacity Mechanism would be replaced by an auction was preventing Market Participants from being able to secure financing or refinancing; and • the replacement of the current Reserve Capacity Mechanism with an auction would hinder investment and should be reconsidered by the Government. <p>Mr Stevens suggested that the MAC should discuss these issues at its next meeting and consider writing a letter to the Minister about them. Mr Cremin supported Mr Stevens' suggestion.</p> <p>Mr Martin asked what the alternative should be if the decision was made not to move to an auction. Mr Stevens proposed that the current transitional arrangements should be made permanent. Mr Peake considered that this would also lead to significant uncertainty and hinder investment.</p> <p>There was some discussion about what aspects of the recent and proposed changes to the Reserve Capacity Mechanism should be subjected to review.</p> <p>Mr Martin noted that no auction would be held in 2017 as it would not be possible to develop and implement the required changes in time. Mr Stevens considered that only an official statement could provide investors with the required certainty.</p> <p>Mr Peake asked if a Rule Change Proposal to remove the auction would be considered by the Rule Change Panel. The Chair considered that such a proposal would be likely classified as "unable to assess due to the uncertainty about the future of the Electricity Market Review reforms", but noted there was a limit to how long the Rule Change Panel could wait for guidance. Mr Cremin considered that certainty about whether an auction would be held was required by January 2018.</p> <p>Mr Cremin and Mr Stevens suggested that it was the MAC's responsibility to raise the issue with the Minister. The Chair clarified that it was not the MAC's function to advise the Minister, although the MAC could potentially offer some advice to the Minister if it chose to do so. The MAC's role was to provide advice to the Rule Change Panel and responsible procedure administrators.</p> <p>The Chair agreed to include a discussion of members' concerns about the future evolution of the Reserve Capacity Mechanism in the agenda for the next MAC meeting.</p> <p>Action: RCP Support to schedule a discussion of members' concerns about the future evolution of the Reserve Capacity Mechanism in the agenda for the next MAC meeting.</p>	<p>RCP Support</p>
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The meeting closed at 3:20 pm.

Agenda Item 4: MAC Action Items

Meeting 2017-05 – 13 September 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	Closed – framework developed and all open Rule Change Proposals assessed and prioritised
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	Closed – Procedure Change Proposal REPC_2017_03 published on 25 August 2017
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
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	Closed

Item	Action	Responsibility	Meeting arising	Status/progress
17/2017	RCP Support to publish the minutes of Meeting 2017-03 on the Rule Change Panel's website as final.	RCP Support	August 2017	Closed
18/2017	Western Power to advise the MAC on whether it considers the modelling data provided to AEMO to be up to date and if there are any problems with the Technical Rules that make it difficult for Western Power to keep the modelling data up to date.	Western Power	August 2017	Open
19/2017	The PUO to consult with AEMO and RCP Support on how to address the concerns raised by MAC members about the 2017/03 Amending Rules and develop a proposal for consideration at the next MAC meeting.	PUO/AEMO/ RCP Support	August 2017	Open
20/2017	RCP Support to circulate the Rule Change Panel's decision on the urgency ratings of the open Rule Change Proposals to MAC members and observers via email.	RCP Support	August 2017	Closed – email sent on 23 August 2017
21/2017	AEMO to hold a discussion with stakeholders on changes to the PSOP: Dispatch to provide clarity on the practical application of the amending rules in the <i>Wholesale Electricity Market Rules Amending Rules 2017 (No. 3)</i> .	AEMO	August 2017	Closed – workshop held on 22 August 2017
22/2017	RCP Support to circulate AEMO's Pre Rule Change Proposal to address a manifest error regarding the Non-Balancing Dispatch Merit Order to MAC members and observers for a short informal consultation period.	RCP Support	August 2017	Closed – The Pre Rule Change Proposal (RC_2017_08) was circulated on 16 August 2017
23/2017	RCP Support to schedule a discussion of members' concerns about the future evolution of the Reserve Capacity Mechanism in the agenda for the next MAC meeting.	RCP Support	August 2017	Underway – Agenda Item 7

Agenda Item 5a: Overview of Rule Change Proposals

Meeting 2017-05 - 13 September 2017

Pre Rule Change Proposals

Reference	MAC meeting discussed	Proponent	Title	Proposed urgency
RC_2017_09	13/09/2017	AEMO	STEM Delay for Ancillary Services data – Manifest Error	High

Formally Submitted Rule Change Proposals (as at 6 September 2017)

Reference	Submitted	Proponent	Title	Urgency	Next step	Date
Fast Track Rule Change Proposals with consultation period open						
RC_2017_04	8/08/2017	Public Utilities Office	Reserve Capacity Mechanism - Minor Changes 2017	Low Fast Track	Consultation period closes	11/09/2017
Standard Rule Change Proposals with first submission period open						
RC_2017_06	17/07/2017	AEMO	Reduction of the prudential exposure in the Reserve Capacity Mechanism	High	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	Medium	Publication of Draft Rule Change Report	25/10/2017

Reference	Submitted	Proponent	Title	Urgency	Next step	Date
RC_2017_05	07/07/2017	AEMO	AEMO Role In Market Development	High	Publication of Draft Rule Change Report	27/09/2017
RC_2015_03	27/03/2015	IMO	Formalisation of the Process for Maintenance Requests	Low	Publication of Draft Rule Change Report	29/12/2017
RC_2015_01	03/03/2015	IMO	Removal of Market Operation Market Procedures	Low	Publication of Draft Rule Change Report	29/12/2017
RC_2014_09	13/03/2015	IMO	Managing Market Information	Low	Publication of Draft Rule Change Report	29/12/2017
RC_2014_06	28/01/2015	IMO	Removal of Resource Plans and Dispatchable Loads	Medium	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	Medium	Publication of Draft Rule Change Report	29/12/2017
RC_2014_03	27/01/2014	IMO	Administrative Improvements to the Outage Process	High	Publication of Draft Rule Change Report	29/12/2017
RC_2013_15	24/12/2013	IMO	Outage Planning Phase 2 – Outage Process Refinements	Unable to assess	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	Superseded	Publication of Final Rule Change Report	29/12/2017
RC_2014_07	22/12/2014	IMO	Omnibus Rule Change	Low	Publication of Final Rule Change Report	29/12/2017
Standard Rule Change Proposals with further submission period closed						
RC_2013_21	10/01/2014	IMO	Limit to Early Entry Capacity Payments	High	Publication of Final Rule Change Report	12/09/2017

Reference	Submitted	Proponent	Title	Urgency	Next step	Date
Rule Change Proposals awaiting commencement						
RC_2017_01	20/04/2017	Public Utilities Office	Reserve Capacity Mechanism - Manifest Errors 2017	N/A	Commencement	01/10/2017

Rule Change Proposals Commenced since the last MAC Meeting

Reference	Submitted	Proponent	Title	Commencement date
RC_2017_07	17/07/2017	AEMO	Reserve Capacity Mechanism - Transitional Rules	01/09/2017

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>	01/10/2017
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 5c: Pre Rule Change Proposal RC_2017_09: STEM Delay for Ancillary Services data – Manifest Error

Meeting 2017-05 13 September 2017

1. The Proposal

AEMO has identified that the amending rules in Schedule A of the *Wholesale Electricity Market Amending Rules 2016*, which commenced on 1 July 2016, have removed AEMO's power to delay the STEM for issues relating to Ancillary Services data. AEMO considers that the change was made inadvertently and constitutes a manifest error in the Market Rules.

AEMO has developed a Pre Rule Change Proposal seeking to reinstate AEMO's power to delay the STEM for issues relating to Ancillary Services data. AEMO is recommending that the proposal, once formally submitted, should be progressed under the Fast Track Rule Change Process.

2. Recommendation

It is recommended that the MAC discusses AEMO's Pre Rule Change Proposal and the proposed Amending Rules.



Wholesale Electricity Market Rule Change Proposal

Rule Change Proposal ID: PRC_2017_09
Date received: [to be filled in by the RCP]

Change requested by:

Name:	Martin Maticka
Phone:	08 9469 9933
Email:	Martin.Maticka@aemo.com.au
Organisation:	AEMO
Address:	PO Box 7096, Cloisters Square, WA 6000
Date submitted:	<date submitted to the RCP>
Urgency:	High
Rule Change Proposal title:	STEM Delay for Ancillary Services data – Manifest Error
Market Rule(s) affected:	6.4.6

Introduction

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

This Rule Change Proposal can be sent by:

Email to: rcp.secretariat@rcpwa.com.au

Post to: Rule Change Panel
 Attn: Executive Officer
 C/o Economic Regulation Authority
 PO Box 8469
 PERTH BC WA 6849

The Rule Change Panel will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

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

The objectives of the market are:

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

Details of the Proposed Rule Change

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

Prior to 1 July 2016 AEMO had the power to delay the STEM under WEM Market Rule 6.4.6 in the instance where there were issues receiving information described in clause 7.2.3B (Load Forecast data and Ancillary Services data) or clause 7.3.4 (Outage data) of the WEM Rules.

AEMO considers that the rule change made on 1 July 2016 inadvertently removed the power for AEMO to delay the STEM for issues relating to the Ancillary Services data. The power to delay the STEM in the case of issues relating to the receipt of Load Forecast data and Outage data remains.

This inadvertent removal of power to delay the STEM is demonstrated through a comparison of the WEM Rules effective 1 June 2016 and 1 July 2016.

- Firstly, by updating the rules to reflect the transfer of System Management functions to AEMO, clause 7.2.3B was removed in its entirety as this clause served to explicitly require System Management to provide information to AEMO, i.e. the Ancillary Services data.

The 1 June 2016 version of the WEM Rules states the following:

7.2. Load Forecasts and Ancillary Service Requirements

...

7.2.3B. System Management must provide the information determined in clauses 7.2.1 and 7.2.3A to AEMO in accordance with the IMS Interface Market Procedure.

...

The 1 July 2016 and latest version of the WEM Rules states the following:

7.2. Load Forecasts and Ancillary Service Requirements

...
7.2.3B. [Blank]
...

- Clause 7.2.3A states the following:

7.2.3A. By 8:30 AM on the Scheduling Day, System Management must determine for each Market Participant that is a provider of Ancillary Services (excluding LFAS):

- (a) an estimate of the Loss Factor adjusted MWh of energy that could potentially be called upon by System Management after 1:00 PM on the Scheduling Day to meet Ancillary Service Requirements (excluding LFAS) for each Trading Interval of the Trading Day where these estimates must reflect the Ancillary Service standards described in clause 3.10; and
- (b) a list of Facilities that it might reasonably expect to call upon to provide the energy described in clause 7.2.3A(a).

- By removing clause 7.2.3B, clause 6.4.6 had to be updated to remove the direct link reference back to clause 7.2.3B. As mentioned above, the clause 7.2.3B reference in clause 6.4.6 empowered AEMO to delay the STEM window where there were issues with receiving information from System Management. AEMO believes that as a result of removing references to clause 7.2.3B in clause 6.4.6 and replacing it with a direct reference to clause 7.2.1, AEMO is no longer, under the WEM Rules, able to delay the STEM as a result of issues receiving the information stated in clause 7.2.3A. AEMO's power to delay the STEM as a result of issues receiving the Load Forecast data under 7.2.1 have not been affected.
- AEMO relied upon the indirect link to clause 7.2.3A via clause 7.2.3B to be able to delay the STEM under clause 6.4.6 for issues with receiving the Ancillary Services data. Clause 7.2.3A remains unchanged and currently is not cross referenced in any other clauses in the WEM Rules.

The 1 June 2016 version of the WEM Rules states the following:

6.4. The STEM Auction Timetable and Process

...
6.4.6. In the event of a software system failure at AEMO's site or its supporting infrastructure, or any delay in receiving any of the information as described in clauses 7.2.3B or 7.3.4, which prevents AEMO from completing the relevant processes, AEMO may extend one or more of the timelines prescribed in clauses 6.2, 6.3A, 6.3B and this clause 6.4, subject to: ...

The 1 July 2016 version of the WEM Rules states the following:

6.4. The STEM Auction Timetable and Process

...
6.4.6. In the event of a software system failure at AEMO's site or its supporting infrastructure, or any delay in preparing any of the information as described in clauses 7.2.1 or 7.3.4, which prevents AEMO from completing the relevant processes, AEMO may extend one or more of the timelines prescribed in clauses 6.2, 6.3A, 6.3B and this clause 6.4, subject to: ...

AEMO considers the inadvertent removal of power via the rule change process to be a manifest error of the current WEM Rules. Without the amendments this rule change proposal sets out to make, AEMO will not be able to technically delay the STEM without contravening the rules should issues arise with the receipt of Ancillary Services data.

2. Explain the reason for the degree of urgency:

The proposed amendments in this Rule Change Proposal seek to correct a manifest error by amending the rule references in clause 6.4.6 to include a direct reference to 7.2.3A to ensure that AEMO is empowered to delay the STEM should there be issues receiving Ancillary Services data.

In absence of these proposed amendments, AEMO will have to continue to make a time critical assessment of whether any issues relating to the receipt of the Ancillary Services data each day are serious enough to warrant potentially breaching clause 6.4.6 with respect to the delaying of the STEM. One such example occurred on 6 January 2017.

AEMO delayed the closing of the STEM submission window for 7 January 2017. This delay was required due to an error discovered in Ancillary Service information prepared under clause 7.2.3A.

This caused an error in the calculation of the Maximum Supply Capability for two participants and preventing them from making a valid STEM submission. AEMO extended the STEM window closing to correct the Ancillary Service data submitted earlier by System Management.

In reviewing the actions in relation to the STEM delay, AEMO discovered the manifest error in the rules. Clause 6.4.6 only contemplates the extension of STEM windows due to software failures or delays in preparing load forecasts (clause 7.2.1) or the outage schedule (clause 7.3.4) not issues with the Ancillary Service information prepared under clause 7.2.3A.

The proposed amendment will address the inadvertent removal of power without impacting the operation of the STEM.

3. Provide any proposed specific changes to particular Market Rules: (for clarity, please use the current wording of the rules and place a ~~strikethrough~~ where words are deleted and underline words added)

6.4.6. In the event of a software system failure at AEMO's site or its supporting infrastructure, or any delay in preparing any of the information as described in clauses 7.2.1, 7.2.3A or 7.3.4, which prevents AEMO from completing the relevant processes, AEMO may extend one or more of the timelines prescribed in clauses 6.2, 6.3A, 6.3B and this clause 6.4, subject to:

- (a) any such extension not resulting in more than a two hour delay to any of the timelines prescribed in clauses 6.2, 6.3A, 6.3B and this clause 6.4; and

- (b) any such extension maintaining a 50 minute window between the timelines prescribed in clauses 6.3B.1(a) and 6.3B.1(b) as extended by AEMO, and AEMO must advise Rule Participants of any such extension as soon as practicable.

4. Describe how the proposed rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The proposed amendments seek to restore AEMO's power to delay the STEM under clause 6.4.6 for issues with receiving Ancillary Services data under clause 7.2.3A. AEMO considers this to be a manifest error and that the initial rule change removed AEMO's power, was not contemplated by the Public Utilities Office of the then Minister of Energy. AEMO also considers that this amendment is required in order to produce economically efficient outcomes for the Wholesale Electricity Market as any decision to not delay the STEM, in order to comply with the rules, can result in financial impacts for participants.

5. Provide any identifiable costs and benefits of the change:

Costs:

No costs associated with implementing these proposed changes to AEMO or Market Participant systems have been identified.

Benefits:

The proposed changes will:

- restore the ability for AEMO to delay the STEM should there be issues receiving Ancillary Services data; and
- remove the uncertainty and time critical assessment placed on AEMO staff at present to weigh up whether to breach clause 6.4.6 by delaying STEM or allowing participants to potentially suffer financial impacts.

MARKET ADVISORY COMMITTEE MEETING, 13 SEPTEMBER 2017

FOR NOTING

SUBJECT: UPDATE ON AEMO'S MARKET PROCEDURES

AGENDA ITEM: 6

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	4 September 2017	TBA (likely November 2017)
Market Procedures for discussion	Market Procedure: Reserve Capacity Security	TBA, but may include: <ul style="list-style-type: none"> • Power System Operation Procedure: Power System Security • 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 6 September 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	Accepted as originally proposed (no submissions received).	Commencement	1 Oct 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	Submissions closed 8 Aug 2017. Three submissions received.	Publish Procedure Change Report	19 Sep 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	Submissions closed 16 Aug 2017. One submission received.	Publish Procedure Change Report	12 Oct 2017
AEPC_2017_08: Network modelling data	New procedure required by Amending Rules gazetted by the Minister for Energy on 31 May 2016	Submissions closed 16 Aug 2017. One submission received.	Publish Procedure Change Report	12 Oct 2017

ID	Summary of changes	Status	Next steps	Date
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
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	Submissions closed 18 Aug 2017. One submission received.	Publish Procedure Change Report	28 Sep 2017
AEPC_2017_11: Notices and Communications	The proposed updates are to reflect the change of AEMO contact details following the office move	Submissions closed 18 Aug 2017. One submission received.	Publish Procedure Change Report	11 Sep 2017
AEPC_2017_12: Reserve Capacity Security	The proposed updates aim to improve the process for Market Participants providing Reserve Capacity Security as a Security Deposit, specify the process for AEMO to follow in determining when to Draw Upon Reserve Capacity Security, and generally reduce complexity and improve clarity.	Considered by APCWG 4 Sep 2017. Feedback being incorporated, legal review.	Publish Procedure Change Proposal	TBA