

Meeting Agenda

Meeting Title: Market Advisory Committee

Meeting Number: 2017-07

Date: Wednesday 8 November 2017

Time: 1:00 pm – 4:30 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	10 min
5	Market Rules		
	a) Overview of Rule Change Proposals	Laura Koziol	15 min
6	Update on AEMO's Market Procedures	AEMO	10 min
7	Implementation Plan – Security Constrained Market Model	PUO/AEMO	30 min
8	MAC Market Rules Issues List – Review of Candidate Issues	Chair	120 min
9	General Business	Chair	10 min
	a) Approval to disband Procedure Change working groups		

Next Meeting: 13 December 2017

Please note this meeting will be recorded.

Minutes

Meeting Title:	Market Advisory Committee (MAC)
Meeting No:	2017-05
Date:	13 September 2017
Time:	1:00 pm – 3:40 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	
Sara O'Connor	Economic Regulation Authority (ERA) Observer	
Margaret Pyrchla	Network Operator	
Will Bargmann	Synergy	
Shane Cremin	Market Generators	
Wendy Ng	Market Generators	From 1:35 pm
Andrew Stevens	Market Generators	
Patrick Peake	Market Customers	
Simon Middleton	Market Customers	
Geoff Gaston	Market Customers	
Tim McLeod	Market Customers	Proxy
Peter Huxtable	Contestable Customers	

Apologies	Class	Comment
Steve Gould	Market Customers	
Jacinda Papps	Market Generators	

Also in attendance	From	Comment
Laura Koziol	RCP Support	Presenter
Mark Katsikandarakis	AEMO	Presenter
Jake Flynn	ERA	Observer, to 2:40 pm
Chin Leng Koay	RCP Support	Observer, to 2:40 pm
Paul Hynch	Public Utilities Office (PUO)	Observer, to 1:10 pm
Ignatius Chin	Bluewaters Power	Observer
Noel Schubert	Consultant	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 1:00 pm and welcomed members and observers to MAC meeting 2017-05.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The following apologies were noted:</p> <ul style="list-style-type: none"> • Steve Gould (Market Customers) • Jacinda Papps (Market Generators) <p>The following proxy was noted:</p> <ul style="list-style-type: none"> • Tim McLeod for Steve Gould (Market Customers) 	
3	<p>Minutes from Previous Meeting</p> <p>The minutes of MAC meeting 2017-04 held on 16 August 2017 were circulated with the meeting papers on 6 September 2017.</p> <p>Mr Ignatius Chin proposed the following amendment on page 10:</p> <p><i>“Mr Sarawat replied that the proposed ring-fencing arrangements were not a rules requirement (and therefore <u>not</u> subject to the rules’ auditing obligations)...”</i></p> <p>The minutes as amended following the discussion were accepted as a true record of the meeting.</p> <p>Action: RCP Support to amend the minutes of Meeting 2017-04 as requested by the MAC and publish on the Rule Change Panel’s website as final.</p>	RCP Support

<p>4</p>	<p>Actions Arising</p> <p>The closed action items were taken as read. The Chair provided an overview of the open action items.</p> <p>Action 12/2017: The Chair noted that RCP Support intended to send out the request for lists of material Market Rules issues by the end of the week. The MAC agreed to the following timeline:</p> <ul style="list-style-type: none"> • request issued by 15 September 2017; • MAC member and observer responses due by 6 October 2017; and • collated issues list circulated on 18 October 2017 for discussion at the 8 November 2017 MAC meeting. <p>Action 18/2017: Ms Margaret Pырchla advised that the modelling data for Western Power’s Network provided to AEMO was complete and up to date, but the modelling data provided by generators (and other parties) might not be, as Western Power was dependent on these parties proactively notifying Western Power of any changes to their equipment. Ms Pырchla noted that under the Technical Rules Western Power has no ability to enforce the requirement to provide it with up to date modelling data.</p> <p>Action 19/2017: The Chair noted that she had provided the PUO with a list of concerns identified with the amending rules gazetted on 30 June 2017. Mr Matthew Martin requested that the action item be kept open until the next meeting, to allow time for him to consider the outcomes of recent Power System Operation Procedure (PSOP) meetings, during which some of the issues were canvassed, and to then consult further with RCP Support and AEMO.</p> <p>Action 23/2017: The Chair noted that a discussion on MAC member’s concerns about the future evolution of the Reserve Capacity Mechanism (RCM) was scheduled under agenda item 7.</p>	
<p>5a</p>	<p>Overview of Rule Change Proposals</p> <p>Ms Laura Koziol noted the following updates to the overview of open Rule Change Proposals circulated in the meeting papers.</p> <ul style="list-style-type: none"> • The consultation period for RC_2017_04 (Reserve Capacity Mechanism – Minor Changes 2017) closed on 11 September 2017. One submission was received and it was likely that the Rule Change Panel would extend the timeframe for the publication of the Final Rule Change Report by a week, to allow time to address the issues raised in that submission. • The Final Rule Change Report for RC_2013_21 (Limit to Early Entry Capacity Payments) was published and sent to the Minister for approval on 12 September 2017. <p>The Chair noted that the current resource shortage in RCP Support was delaying the progression of some High urgency Rule Change Proposals and preventing the development of a more detailed work plan for the progression of the open Rule Change Proposals. Additional positions were already allocated to RCP Support but it was still unclear as to when these positions would be filled. RCP Support</p>	

	<p>would provide a further update on resourcing at the next MAC meeting. The Chair confirmed that the process to recruit a permanent Executive Officer had commenced.</p> <p>Mr Mark Katsikandarakis advised the MAC that AEMO had found a minor error in its discussion of the treatment of new meters in the Rule Change Proposal RC_2017_06 (Reduction of the prudential exposure in the Reserve Capacity Mechanism). AEMO intended to make a submission on the Rule Change Proposal to clarify the issue.</p>	
5b	<p>Presentation: Changes to Rule Change Proposal RC_2014_03: Administrative Improvements to the Outage Process</p> <p>The Chair gave a presentation on the Rule Change Proposal RC_2014_03 (Administrative Improvements to the Outage Process). The aim of the presentation was to provide an update on the status of the proposal and raise some questions on which feedback from members would be sought over the following week. The Chair expected that some further targeted workshops would also be required to inform the development of the Draft Rule Change Report. The presentation is available on the Rule Change Panel's website.</p> <p>The following points were discussed.</p> <ul style="list-style-type: none"> • The Chair asked what should happen if a request for a Consequential Outage, submitted after the event, was rejected. Mr Dean Sharafi considered that the Outage should be automatically converted into a Forced Outage. • Mr Patrick Peake and Mr Sharafi agreed that System Management should be required to provide a Market Participant with the reason for the rejection of a Consequential Outage request. • In response to a question from Mr Peake, the Chair advised that the issue of when a generator was constrained off rather than the subject of a Consequential Outage was out of the scope of RC_2014_03. • The Chair noted that allowing a Market Participant to log and receive approval for a Consequential Outage before the start of that outage would reduce uncertainty for participants and improve market transparency. <p>Mr Andrew Stevens suggested that the System Management Market Information Technology System (SMMITS) already allowed participants to log Forced and Consequential Outages in advance.</p> <p>Mr Sharafi questioned the need to allow Forced Outages to be logged in advance as they were by nature unexpected. Mr Stevens replied that there are many situations in which a Market Participant is aware that it is going to have to take a Forced Outage before the start of that Outage. Mr Stevens considered however that the ability to get approval for a Consequential Outage in advance was the more important change for Market Participants.</p> <p>Mr Sharafi indicated that AEMO did not intend to assess or approve any Consequential Outages until after event, because</p>	

	<p>the timing and impact of the triggering network outage is uncertain until it happens.</p> <p>The Chair questioned how Market Generators with an unapproved Consequential Outage would offer into the Balancing Market and how this would affect market transparency. The Chair considered it was not clear from the proposed Amending Rules how the process was meant to work in practice. Further workshops with AEMO and Western Power were likely to be needed to work through the different scenarios and develop a practical design that took all the relevant factors into account.</p> <ul style="list-style-type: none"> • Mr Will Bargmann raised a concern that using the number of Capacity Credits held by a Scheduled Generator instead of its Reserve Capacity Obligation Quantity (RCOQ) in outage quantity calculations may cause some interpretation issues, as RCOQ was used in several other places in the Market Rules. The Chair agreed that the proposed changes needed to be reviewed to ensure they did not create problems in other sections of the Market Rules that involve the use of RCOQ. • Mr Katsikandarakis noted that a recent AEMO system change aligned the temperature derating curves used in certification and Reserve Capacity Tests with the temperature derating curves in Standing Data, and so AEMO had a piece of work underway to contact generators and ask them to provide updated derating curves. Ms Wendy Ng clarified that the requested updates were restricted to format changes only. • Mr Stevens suggested that generators should only be required to enter an outage quantity that reflected the actual remaining capacity of the unit over the period of the outage. For example, if an outage occurred overnight when the temperature remained well under 41 degrees Celsius then the outage quantity entered should reflect what the generator actually expected the unit to be able to send out over this period, and not a larger outage quantity because the maximum output of the unit might be lower if the temperature was to approach 41 degrees. Mr Stevens considered that temperature derating curves should only be used for Reserve Capacity Tests. • The Chair sought the views of MAC members on what outage quantity should be recorded for a Scheduled Generator that trips off during a Trading Interval. Several members considered that the derating quantity should be based on what the unit actually managed to send out in the Trading Interval, without any temperature-related adjustment (i.e. option 1 for the presentation's Example 2). Mr Sharafi agreed, but noted that AEMO may need to make changes to its systems to accommodate option 1. • Mr Stevens and Mr Peake noted that the Market Rules allowed System Management to schedule a test if it considered that a Facility might not be able to achieve the output levels claimed by the generator. 	
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	<ul style="list-style-type: none"> • There was some discussion about how derating quantities should be recorded and outage quantities calculated on days where the maximum temperature exceeded 41 degrees. • There was some discussion about what threshold should apply to the requirement to record outages for Non-Scheduled Generators. The Chair suggested that the appropriate threshold might depend on AEMO's operational needs. Mr Sharafi considered that the threshold suggested in the presentation was consistent with the tolerance ranges used for Facilities and so appeared reasonable, but indicated AEMO would consider the matter further and provide an update to RCP Support. <p>The Chair asked MAC members and observers to provide their feedback on the questions listed in the presentation by 27 September 2017.</p> <p>Action: MAC members and observers to provide their responses to the questions in the presentation "Changes to RC_2014_03: Administrative Improvements to the Outage Process" by 5:00 pm on Wednesday, 27 September 2017.</p>	All
5c	<p>Discussion: Pre Rule Change Proposal RC_2017_09: STEM delay for Ancillary Services data – Manifest Error</p> <p>Mr Katsikandarakis provided an overview of the issue AEMO was seeking to address in the Pre Rule Change Proposal.</p> <p>Mr Katsikandarakis noted that AEMO's legal team had also recommended a change to clause 6.4.6(b) of the Market Rules, to require AEMO to maintain a <i>minimum</i> 50 minute STEM Submission window. This change was intended to allow AEMO additional time to resolve the problems that triggered the delay if that proved to be necessary, as it was for the 6 January 2017 event described in the Pre Rule Change Proposal.</p> <p>MAC members agreed that the proposal addressed a manifest error in the Market Rules and provided the obvious solution to the problem, and so supported the progression of the proposal using the Fast Track Rule Change Process.</p>	
6	<p>Update on AEMO's Market Procedures</p> <p>Mr Martin Maticka provided the following updates to the overview of AEMO's Procedure Change Proposals circulated in the meeting papers.</p> <ul style="list-style-type: none"> • AEPC_2017_05 (Individual Reserve Capacity Requirements): Mr Maticka advised that AEMO intended to propose some additional, minor changes to the Market Procedure and would conduct a second round of public consultation on these changes. • AEPC_2017_12 (Reserve Capacity Security): Mr Maticka noted that development of the Procedure Change Proposal was on hold while AEMO reviewed a potential problem with one section of the Market Procedure relating to Required Level, which might have no head of power under Market Rules but was necessary to support the logical sequence of processes. AEMO was 	

	considering whether a Rule Change Proposal was required to provide the necessary head of power for the section.	
7	<p>Discussion: Future Evolution of the Reserve Capacity Mechanism</p> <p>The Chair advised that this agenda item was an action item from the previous MAC meeting. Several members had raised concerns during that meeting about uncertainty on whether there would be a reserve capacity auction this year, when changes would be made to the RCM and what those changes should be.</p> <p>The Chair noted that during the previous meeting members also discussed whether the MAC should write a letter to the Minister providing advice on these matters. However, when consulted on this idea the Rule Change Panel considered that the role of the MAC does not include providing advice to the Minister, and so while happy to provide a forum (through the MAC) for members to discuss their concerns it did not support the MAC writing a letter to the Minister about those concerns.</p> <p>Mr Martin noted the Minister's recent announcement at the Energy in Western Australia Conference that no changes would be made to the RCM pricing arrangements until after the 2021 Reserve Capacity Cycle. Mr Martin advised that the Minister was aware of industry concerns about the RCM reforms proposed by the previous Government, and wanted to engage in a process of consultation with industry to gain a better understanding of those concerns and to consider all the options (including implementation of an auction and continued use of an administered pricing mechanism). The Minister was very keen to increase the level of industry consultation in the reform process.</p> <p>Mr Martin noted that the PUO was working closely with the Minister's Office on a work program to deliver the reforms recently announced by the Minister. The PUO hoped to publish a schedule in the next few weeks setting out how the reform elements would be progressed, the relevant milestones and how industry would be consulted.</p> <p>In response to a question from Mr Shane Cremin, Mr Martin advised that consultation on the future RCM reforms would be managed by the PUO, seeking industry input to inform the Minister, and would not involve a Steering Committee.</p> <p>Mr Chin asked if the changes to implement a constrained network access model would be managed using the rule change process. Mr Martin clarified that the PUO would be managing the implementation as it required changes to legislation, regulations and codes as well as the Market Rules. The Chair noted that the passing of legislation to implement constrained network access would establish a deadline for the implementation of a new security-constrained dispatch engine for the WEM.</p> <p>Mr Martin noted that the Minister's proposed reforms included changes to the RCM, the implementation of a constrained network access model and changes to the WEM energy market. The PUO was reviewing the changes recommended by the Energy Market Operations and Processes (EMOP) project of the Electricity Market</p>	

Review (EMR), to determine which changes still made sense given the new policy direction (e.g. the decision to retain network regulation and retail market operation under local instruments).

Mr Simon Middleton considered that the proposed reforms were the same as those proposed by the EMR, apart from the exclusion of retail sector reform.

Mr Stevens suggested that the PUO should consider the list of issues the MAC was currently compiling when developing its reform plans. The Chair noted that one of the reasons for compiling the list was to provide information to assist the PUO.

Mr Peake considered that one of the main problems with the EMR was that although consultation groups were established they were generally asked to comment on the proposed solutions to problems rather than being asked about what they perceived the problems to be. Mr Martin and Mr Peake agreed it would be important to conduct open discussions with industry before developing draft recommendations. There was some discussion about balancing the need for sufficient consultation against the need to progress the reforms as soon as possible.

Ms Ng asked if the PUO intended to re-use the EMR's drafting to implement constrained network access under local instruments. Mr Martin replied that the drafting would need to be reassessed to determine its relevance under the new circumstances.

Mr Stevens noted the previous Minister's announcement that existing Electricity Transfer Access Contracts would be extinguished by mid-2018 and sought clarification of whether this was still expected to happen. Mr Martin replied that the decrees of the previous Minister had no effect unless they were actually implemented in legislation or subordinate instruments.

Mr Middleton noted that the previous Government delayed publishing the results of modelling work undertaken by the EMR on the implications of a constrained network access model. Mr Martin advised that the PUO intended to bring this work up to date before releasing the results for consultation. The PUO proposed to include these activities in its work program.

Mr Cremin asked how the proposed MAC list of material market issues would interact with the PUO's reform program. The Chair replied that once more information was available about the scope of the Minister's reform program it should be possible to determine what other Rule Change Proposals could be progressed efficiently in parallel with the Minister's reforms. Mr Maticka suggested that it would be important to consider the IT system implications of Rule Change Proposals as it may be impractical to modify systems that are about to be replaced. The Chair agreed that the payback period for any material system changes would need to be taken into account, as would the need to make the most efficient use of the limited resources available to the market. It was likely however that some issues might warrant either the implementation of a short-term solution or else inclusion in the Minister's reform program.

Mr Cremin expressed concern about the instability of energy policy direction due to changes of Government. There was some discussion

	<p>about the benefits of establishing a permanent body, ideally with bipartisan support, to plan and coordinate the long-term development of the market. Mr Chin questioned why this role could not be fulfilled by the PUO. Mr Sharafi considered that the Finkel Review had sought to address similar concerns in the National Electricity Market.</p> <p>Mr Middleton suggested that previously the ERA had taken the passage of legislation as the critical determinant to approve funding for AEMO to start work on a new dispatch engine (to support constrained network access). Mr Middleton asked Ms Sara O'Connor whether the same threshold would be applied by the ERA in future. Ms O'Connor replied that she was as yet uncertain what threshold would be applied.</p> <p>Mr Middleton noted that adoption of a constrained network access model requires decisions of Government as to how the existing access rights of generators are to be impinged, how generators may potentially be compensated, and how any such compensation should be funded. The Chair considered that these were the most difficult problems with the implementation of a constrained network access model, and so should be addressed first to avoid endangering the successful implementation of the reforms.</p> <p>Mr Chin asked which components of the reforms were already decided and which were still open to change, and whether the information provided in the Minister's speech to the Energy in Western Australia Conference had been published. Mr Martin replied that the PUO was working with the Minister's office and hoped to publish a document summarising the Minister's announcement in the next few weeks. Mr Bargmann noted that while the speech indicated the Government's policy some uncertainty would remain until that policy was implemented in legislation.</p>	
<p>8</p>	<p>General Business</p> <p><u>Inclusion of Facility Class in list of Capacity Credit assignments</u></p> <p>The Chair noted that AEMO, in its response to the Rule Change Panel's call for further submissions on RC_2013_21, proposed the removal of AEMO's obligation to include the Facility Class of each Facility in the list of Capacity Credit assignments published under clause 4.20.5A(b) of the Market Rules. AEMO considered the inclusion of Facility Classes in these lists was unnecessary as the information was already published by AEMO on its website.</p> <p>The Minister was responsible for the inclusion of the Facility Class obligation in clause 4.20.5A(b). The PUO had confirmed to RCP Support that the inclusion was deliberate and designed to assist stakeholders to understand what kinds of Facilities were assigned Capacity Credits.</p> <p>The Chair noted the Rule Change Panel had not made the requested change to the Amending Rules for RC_2013_21, as it had not had time to consult with stakeholders on the matter. The Rule Change Panel had however asked the Chair to raise the matter with the MAC and seek members' views on whether the inclusion of Facility Classes in the list was something of value to participants or not.</p>	

	<p>The Chair considered that both the benefits and the costs of including Facility Classes in the Capacity Credit assignment lists appeared to be small. There was some discussion about how often the additional information would be used and what level of prescription about the contents of reports should be included in the Market Rules.</p> <p>The Chair asked MAC members and observers to provide their views on the question to RCP Support by the end of the week. Any comments received would be forwarded to AEMO for its consideration.</p> <p><i>Action: MAC members and observers to provide their views on the value of including Facility Classes in the list of Capacity Credit assignments published by AEMO under clause 4.20.5A(b) to RCP Support by 5:00 pm on Friday, 15 September 2017.</i></p> <p><u>Proposed change to MAC meeting dates</u></p> <p>Ms Ng asked if a change to MAC meeting dates from Wednesdays to Thursdays was agreeable to members. Mr Peake and Mr Bargmann advised that a change to Thursdays would be a problem for them as they had other obligations on Thursdays.</p>	<p>All</p>
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The meeting closed at 3:40 pm.

Agenda Item 4: MAC Action Items

Meeting 2017-07 – 8 November 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
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	Completed. The collated list of candidate issues will be discussed under agenda item 8.
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	Completed.
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.
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	Completed.

Item	Action	Responsibility	Meeting arising	Status/progress
24/2017	RCP Support to amend the minutes of Meeting 2017 04 as requested by the MAC and publish on the Rule Change Panel's website as final.	RCP Support	September 2017	Completed.
25/2017	MAC members and observers to provide their responses to the questions in the presentation "Changes to RC_2014_03: Administrative Improvements to the Outage Process" by 5:00 pm on Wednesday, 27 September 2017.	All	September 2017	Completed. An update on the next steps will be provided under agenda item 5a.
26/2017	MAC members and observers to provide their views on the value of including Facility Classes in the list of Capacity Credit assignments published by AEMO under clause 4.20.5A(b) to RCP Support by 5:00 pm on Friday, 15 September 2017.	All	September 2017	Completed. One response received, which supported the retention of the obligation.

Agenda Item 5a: Overview of Rule Change Proposals

Meeting 2017-07 – 8 November 2017

Changes to the report provided at the previous MAC meeting are shown in red.

Formally Submitted Rule Change Proposals (as at 1 November 2017)

Reference	Submitted	Proponent	Title	Urgency	Next step	Date
Standard Rule Change Proposals with second submission period open						
RC_2017_05	07/07/2017	AEMO	AEMO Role In Market Development	High	End of second submission period	22/11/2017
Standard Rule Change Proposals with first submission period closed						
RC_2017_06	17/07/2017	AEMO	Reduction of the prudential exposure in the Reserve Capacity Mechanism	High	Publication of Draft Rule Change Report	30/11/2017
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

Reference	Submitted	Proponent	Title	Urgency	Next step	Date
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
RC_2017_02	04/04/2017	Perth Energy	Implementation of 30-Minute Balancing Gate Closure	Medium	Publication of Draft Rule Change Report	23/03/2018

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

Rule Change Proposals Commenced since the last MAC Meeting

Reference	Submitted	Proponent	Title	Commencement date
RC_2017_01	20/04/2017	Public Utilities Office	Reserve Capacity Mechanism - Manifest Errors 2017	01/10/2017
RC_2017_04	08/08/2017	Public Utilities Office	Reserve Capacity Mechanism - Minor Changes 2017	01/10/2017
RC_2013_21	10/01/2014	IMO	Limit to Early Entry Capacity Payments	13/10/2017

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 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

MARKET ADVISORY COMMITTEE MEETING, 8 NOVEMBER 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 (as reported previously)	TBA
Market Procedures for discussion	Market Procedure: Reserve Capacity Security	TBA, but may include: <ul style="list-style-type: none"> 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 1 November 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	Commenced	-	1 Oct 2017

ID	Summary of changes	Status	Next steps	Date
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	Commenced	-	1 Oct 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	Supplementary submissions closed 17 Oct 2017. No submissions received.	Publish Procedure Change Report	2 Nov 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	Commenced	-	1 Oct 2017
AEPC_2017_07: IMS Interface	New procedure required by Amending Rules gazetted by the Minister for Energy on 31 May 2016	Commenced	-	13 Oct 2017
AEPC_2017_08: Network modelling data	New procedure required by Amending Rules gazetted by the Minister for Energy on 31 May 2016	Commenced	-	13 Oct 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	Commenced	-	1 Oct 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	Commenced	-	1 Oct 2017
AEPC_2017_11: Notices and Communications	The proposed updates are to reflect the change of AEMO contact details following the office move	Commenced	-	1 Oct 2017

ID	Summary of changes	Status	Next steps	Date
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. On hold pending consideration of potential rule change.	Publish Procedure Change Proposal	TBA

Agenda Item 8: MAC Market Rules Issues List – Review of Candidate Issues

Meeting 2017-07 – 8 November 2017

1. Background

On 12 July 2017, representatives of RCP Support, AEMO and the Public Utilities Office (PUO) met to discuss options to log and coordinate the management of Market Rules issues and potential enhancements. The parties agreed on the following proposal for MAC consideration:

- approximately every three months RCP Support will call for stakeholders to provide lists of the “bigger ticket” items that they consider should be addressed in the Market Rules, including problems to be resolved and potential enhancements;
- RCP Support will collate the lists and circulate the collated list to MAC members for consideration over a period of at least three weeks; and
- RCP Support will schedule a session to give MAC members the opportunity to discuss the items listed.

The purpose of these sessions is to assist stakeholders, and in particular those who are likely to develop Rule Change Proposals, by providing 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.

It is also expected that the list will provide useful input to the Minister’s reform planning.

The approach was discussed with the MAC at its meeting on 12 July 2017, and received support from MAC members and observers.

On 18 September 2017, RCP Support sent an email to MAC members and observers requesting their views on the most important issues that need to be addressed through changes to the Market Rules. RCP Support requested that responses be provided by 6 October 2017.

In its request, RCP Support noted that the Market Rules Issues List will not include the major reforms that are expected to be progressed by the Minister for Energy (through the PUO) over the next few years; which currently include:

- major reforms to the mechanism used to procure reserve capacity, which may include the implementation of a new reserve capacity auction or material changes to the current administered price mechanism;
- implementation of a constrained network access model (including consequential changes to the Reserve Capacity Mechanism); and

- the core energy market reforms set out in the “Final Report: Design Recommendations for Wholesale Energy and Ancillary Service Market Reforms”, namely the adoption of a security-constrained market design, facility bidding for all Market Participants and co-optimisation of energy and ancillary services.

RCP Support received responses from seven stakeholders, who raised a total of 40 issues. On 18 October 2017, RCP Support circulated a collated list of these issues to MAC members and observers to allow time for review before this meeting.

Since 18 October 2017 RCP Support has received a further three candidate issues, one from the Independent Market Operator and two from the Economic Regulation Authority. The list, which is included as an attachment to this paper, has been updated to include these three additional issues.

2. Proposed Next Steps

The purpose of the scheduled discussion is to:

- ensure that members understand what each issue is about;
- determine whether any of the issues can be combined; and
- identify any issues that do not belong in the list (e.g. they fall within the scope of the Minister’s reform program, or cannot be addressed through changes to the Market Rules).

Following the MAC meeting, RCP Support intends to:

- update the list to reflect the outcomes of the discussion;
- circulate the updated list and ask MAC members and observers to provide:
 - their suggested urgency ratings for the different issues; i.e. if a Rule Change Proposal was developed to address this problem, what urgency rating would you suggest be assigned to it – for the purposes of this exercise the urgency rating would include both the standard five urgency ratings (Essential, High, Medium, Low and Housekeeping) and a “Do not progress” rating; and
 - an indication of which of the issues your organisation is interested in working on the development of a Rule Change Proposal;
- collate and publish the results of this second round of consultation; and
- schedule a follow up session, if requested by members.

3. Recommendation

It is recommended that the MAC:

- review the candidate issues for inclusion in the MAC Market Issues List;
- discuss the next steps proposed by RCP Support; and
- discuss how and how frequently the MAC Market Issues List should be updated in the future.

Market Rules Issues List – Candidate Issues

Issues collated from MAC members and observers

1 November 2017

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
1	IRCR calcs and capacity allocation ("Perhaps looking at how IRCR and the annual capacity requirement are calculated is a good start (i.e. not just the peak intervals in summer) along with recognizing behind-the-meter (BTM) solar plus storage. The incentive should be for retailers (or third party providers) to reduce their dependence on grid supply during peak intervals – which will also better reflect the requirement for conventional 'reserve capacity' and reduce the cost per kWh to consumers of that conventional 'reserve capacity'.")	All of them	(Shane Cremin) Need further clarification of issue, proposed changes and benefits
2	Allocation of market costs ("Less grid generation and consumption – who bears market fees and who pays for grid support services?")	All of them	(Shane Cremin) Need further clarification of issue and benefits. Similarities with issues 16 and 35 – can they be combined?
3	Penalties for outages	All of them	(Shane Cremin) Need further clarification of issue and benefits
4	Incentives for maintaining appropriate generation mix	All of them	(Shane Cremin) Need further clarification of issue and benefits
5	Improved definition of SRMC		(Community Electricity) Is this being addressed by either the ERA or PUO?

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
6	Improved definition of Market Power		(Community Electricity) Is this being addressed by either the ERA or PUO?
7	Improved definition of the quantity of LFAS i) required and ii) dispatched		(Community Electricity) May be difficult to address before EMOP reforms
8	Conduct the 3 year review of the mechanism for allocating certified reserve capacity to Intermittent Generators (Relevant Level Methodology)		(Community Electricity) Need further clarification of the specific Market Rules issue to be addressed
9	Improvement of AEMO forecasts of System Load; real-time and day-ahead		(Community Electricity) Need further clarification of what specific rule changes (as opposed to system/process improvements) are proposed
10	<p>Review of participant and facility classes to address current and looming issues, such as:</p> <ul style="list-style-type: none"> • Incorporation of storage facilities • Distinction between non-scheduled and semi-scheduled generating units • Reconsideration of potential for Dispatchable Loads in the future (which were proposed for removal in RC_2014_06) 	Would support new entry, competition and market efficiency – particularly supporting the achievement of objectives (a) and (b).	(AEMO)

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
	<ul style="list-style-type: none"> Whether to retain Interruptible Loads or to move to an aggregated facility approach (like Demand Side Programmes) Whether to retain Intermittent Loads as a registration construct or to convert to a settlement construct <p>We acknowledge that this may be worthwhile progressing as part of the energy market reforms from the PUO Final Report of July 2016.</p>		
11	<p>Whole-of-system planning oversight: As explained in AEMO's submission to the ERA's review of the WEM, AEMO considers the necessity of the production of an annual, independent Integrated Grid Plan to identify emerging issues and opportunities for investment at different locations in the network to support power system security and reliability. This role would support AEMO's responsibility for the maintenance of power system security and will be increasingly important as network congestion increases and the characteristics of the power system evolve in the course of transition to a predominantly non-synchronous future grid with Distributed Energy Resources, highlighting new requirements (e.g. planning for credible contingency events, inertia, fast frequency response).</p>	This function would support the achievement of power system security and reliability, in line with objective (a).	(AEMO) What sort of information would be included in the Grid Plan?
12	<p>Review of institutional responsibilities in the WEM Rules. Following the major changes to institutional arrangements made by the Electricity Market Review, a secondary review is required to ensure that tasks remain with the right organisations. E.g. Responsibility for setting confidentiality status (10.2.1), document retention (10.1.1), updating the contents of the market surveillance data catalogue (2.16.2), content of the market procedure under clause 4.5.14, order of precedence of market documents (1.5.2).</p>	This will promote efficiency in market administration, supporting objectives (a) and (d).	(AEMO)
13	<p>Use of data for market monitoring and compliance: The restriction on the ERA in clause 2.16.14, preventing it from using information gathered in market monitoring for other purposes (e.g. compliance) seems counter-intuitive.</p>	This will promote efficiency in market administration, supporting objectives (a) and (d).	(AEMO)
14	Current capacity refund arrangement is overly punitive as Market Participants face excessive capacity refund exposure. This refund exposure is well more than what is necessary to incentivise the Market Participants to	Reviewing capacity refund arrangement and reducing the excessive refund exposure are likely	(Bluewaters) Capacity refunds were the subject of recent

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
	<p>meet its obligations for making capacities available. Practical impacts of such excessive refund exposure include:</p> <ul style="list-style-type: none"> compromising the business viability of some capacity providers. The resulting business interruption can compromise reliability and security of the power system in the SWIS. excessive insurance premium and cost for meeting prudential support requirements. <p>Recommendation: imposing seasonal, monthly and/or daily caps on the capacity refund.</p>	<p>to promote the Wholesale Market Objectives in the following manners:</p> <ul style="list-style-type: none"> minimising unnecessary business interruption to capacity providers and in turn minimising disruption to supply availability. This is expected to promote power system reliability and security. minimising unnecessary excessive insurance premium and prudential support costs. The saving can be passed on to the end consumers. 	<p>Government reforms – is there scope to re-open the issue at this time?</p> <p>Similar to issue 36 – can they be combined?</p>
15	<p>An interpretation of MR 3.18.7 is such that System Management will not approve a Planned Outage for a generator unless it was available at the time the relevant Outage Plan was submitted. This gives rise to the following issues:</p> <ul style="list-style-type: none"> operational inefficiency for the generators - it is not uncommon for minor problems to be discovered during a Planned Outage, and addressing these problems may require the Planned Outage period to be marginally extended (by submitting an additional Outage Plan). However, System Management has taken an interpretation of MR 3.18.7 that it is not allowed to approve the Planned Outage period extension because the relevant generator was not available at the time the extension application was submitted. In order to meet this Market Rules requirements, the generator will need to bring the unit online, apply for a Planned Outage while the unit is online, and subsequently bring the unit off-line again only to address the minor problems. Such operational inefficiency could have been avoided if System Management can approve such Planned Outage extension (as long as there is sufficient reserve margin available in the power system during the extended Planned Outage period). driving perverse incentive in the WEM and compromise market efficiency – in order to get around the issue discussed above, generators are likely to overestimate their Planned Outage period requirements in their outage applications. This results in higher than 	<p>By clarifying in the Market Rules that System Management can approve a Planned Outage extension application, it will address the operational inefficiency and perverse incentive issues. This is expected to promote economic efficiency in the WEM and in turn promotes the Wholesale Market Objectives.</p>	<p>(Bluewaters)</p> <p>This issue is being considered as part of RC_2013_15: Outage Planning Phase 2 – Outage Process Refinements</p> <p>Similar to issue 34.</p>

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
	<p>necessary projected plant unavailability which does not promote accurate price signals for guiding trading decisions. This misinformation is expected to lead to an inefficient outcome which in turn does not promote the Wholesale Market Objectives.</p> <p>Recommendation: to clarify in the Market Rules that System Management can approve a Planned Outage extension application.</p>		
16	<p>The Behind the Meter (BTM) generation are treated as reduction in electricity demand rather than actual generation. Hence, they are not paying their fair share of the network costs, market fees and ancillary services charges.</p> <p>Therefore, the non-BTM Market Participants are subsidizing the BTM generation in the WEM. Subsidy does not promote efficient economic outcome.</p> <p>Rapid growth of BTM generation will only exacerbate this inefficiency if not promptly addressed.</p> <p>Recommendation: Market Rules to require BTM generation to pay their fair share of the network costs, market fees and ancillary services charges.</p>	<p>This is an example of regulatory arrangement becoming obsolete due to emergence of new technologies. Regulatory design needs to keep up with changes in the industry landscape (including technological change) to ensure that the WEM continues to meet its objectives.</p> <p>If this BTM issue is not promptly addressed, there will be distortion in the investment signal. This is expected to not giving the adequate generation facility mix in the WEM, hence compromising power system security and in turn not promoting the Wholesale Market Objectives.</p>	<p>(Bluewaters) Similarities with issues 2 and 35 – can they be combined?</p>
17	<p>Application of MR 3.21.7 – a Market Participant is not allowed to retrospectively log a Forced Outage after the 15 day deadline. This is the case even if the Market Participant is subsequently found to be in breach of the Market Rules for not logging the Forced Outage on time.</p> <p>This can result in under reporting of Forced Outages. A consequential impact is incorrect information used in the WEM settlements.</p> <p>Recommendation: Market Rule to enable Market Participant to retrospectively log a Forced Outage after the 15 day deadline. If a Market Participant is found to be in breach of the Market Rules by not logging the Forced Outage by the deadline, it should be required to log such outage.</p>	<p>Outage should be accurately reported to enable the WEM to function as intended for meeting the Wholesale Market Objective.</p>	<p>(Bluewaters) Should this be included in RC_2014_03: Administrative Improvements to the Outage Process? What implications for TES calculations?</p>
18	<p>The Spinning Reserve (SR) procurement process does not allow Market Participants to respond to the draft SR margin values determination by altering its SR offer.</p>	<p>By allowing a Market Participant to respond to the draft SR margin values determination, it can serve as a price signal to enable a price discovery process for SR capacity. This is expected to lead</p>	<p>(Bluewaters)</p>

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
	Recommendation: Market Rules to allow Market Participants to respond to the draft SR margin values determination by altering its SR offer.	to a more efficient economic outcome and in turn promote the Wholesale Market Objectives.	
19	<p>The SR margin values evaluation process is deficient for the following reasons:</p> <ul style="list-style-type: none"> • shortcomings in the process for reviewing assumptions; • inability to shape load profile; • lack of transparency: (a) modelling was a “black box” (b) confidential information limit stakeholders’ ability to query the results; and • lack to retrospective evaluation of SR margin values. <p>As a result, the SR margin values have been volatile, potentially inaccurate and not verifiable.</p> <p>Recommendation: to conduct a review on the SR margin values evaluation process and propose Rule Changes to address any identified deficiencies.</p>	<p>Addressing the deficiencies in the SR margin values evaluation process can promote the Wholesale Market Objectives by enhancing economic efficiency in the WEM. This can be achieved through:</p> <ul style="list-style-type: none"> • promoting transparency – better informed Market Participants would be able to better respond to SR requirement in the WEM. • allowing a better informed SR margin values determination process. This is likely to give a more accurately priced SR margin values for promoting an efficient economic outcome. 	(Bluewaters)
20	<p>Spinning Reserve cost allocation model (Appendix 2 of the Market Rules) – upper bound of Block 2 and lower bound of Block 1 are set to 200 MW. This, in conjunction with the sizes of the existing generating units in the WEM, creates a perverse incentive for some generating units to not make capacity above 200 MW available. This is because doing so is likely to subject the generating units to substantial increase of the SR costs.</p> <p>Recommendation: to review the value of upper bound of Block 2 and lower bound of Block 1 of the Spinning Reserve cost allocation model</p>	Addressing the perverse incentive is likely to give an efficient dispatch outcome. This is likely to give downwards pressure to wholesale electricity prices, hence promoting economic efficiency and in turn promoting the Wholesale Market Objectives.	(Bluewaters) Can this issue be combined with issue 38? Adoption of full runway cost allocation model for Spinning Reserve is one of the proposed EMOP reforms – should it be progressed earlier?
21	<p>Prudential arrangement design issue: Credit Limit calculation based on exposure history over the last 24 months (see MR 2.37.4 and section 2.2 of the Prudential Requirements Market Procedure (Prudential Procedure)). This does not take into account one-off event hence potentially overestimating Credit Limits.</p>	The resulting cost saving from reducing this unnecessary prudential burden can be passed on the end consumers.	(Bluewaters) Is this a Market Rules or Market Procedure issue?

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
	<p>This current prudential arrangement can result in higher than necessary prudential support burden on Market Participants and incurs unnecessary prudential support costs in the WEM.</p> <p>Recommendation: to exclude the one-off event in the prudential support requirement calculation. This is expected to reduce the unnecessary prudential support costs.</p> <p>Note: it is expected that AEMO has discretion to exclude the one-off event under MR 2.37.5(k). It is recommended that such exclusion be clarified in the Prudential Procedure.</p>		
22	<p>Prudential arrangement design issue: MR 2.37.2 enables AEMO to “review and revise a Market Participant’s Credit Limit at any time”. It is expected that AEMO will review and increase Credit Limit of a Market Participant if AEMO considers its credit exposure has increased (for example, due to an extended plant outage event).</p> <p>In response to the increase in its credit exposure, MR 2.40.1 and section 5.2 of the Prudential Procedure allow the Market Participant to make a voluntary prepayment to reduce its Outstanding Amount to a level below its Trading Limit (87% of the Credit Limit).</p> <p>Under the current Market Rules and Prudential Procedure, AEMO can still increase the Market Participant’s Credit Limit (hence increasing its prudential support requirement) despite that the prepayment has already been paid. (It is understood that this is AEMO’s current practice.)</p> <p>The prepayment would have already served as an effective means to reduce the Market Participant’s credit exposure to an acceptable level. Increasing the Credit Limit in addition to this prepayment would be an unnecessary duplication of prudential requirement in the WEM.</p> <p>This unnecessary duplication is likely to give rise to higher-than-necessary prudential cost burden in the WEM. The cost, which is an economic inefficiency in the WEM, is ultimately passed on the end consumers.</p> <p>Recommendation: to amend the Market Rules and/or procedures to eliminate the duplication of prudential burden on Market Participants.</p>	<p>The resulting saving from eliminating this unnecessary prudential burden can be passed on the end consumers. This promotes economic efficiency and therefore the Wholesale Market Objectives.</p>	(Bluewaters)

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
23	<p>Allocation of market fees on 50/50 basis between the generators and retailers may be overly simplistic and have not considered the impacts on economic efficiency.</p> <p>In particular, the costs associated with an electricity market reform program should be recovered from entities based on the benefit they receive from the reform. This is expected to increase the visibility of (and therefore incentivise) prudence and accountability when it comes to deciding the need and scope of the reform.</p> <p>Recommendations: to review the market fees structure including the cost recovery mechanism for a reform program.</p>	<p>Cost saving from improved economic efficiency can be passed on to the end consumers, hence promoting the Wholesale Market Objectives.</p>	<p>(Bluewaters)</p>
24	<p>Simplify the Wholesale Electricity Market Rule Objective to a single statement as opposed to conflicting individual elements that comprise the objectives</p>	<p>Better application of the Objectives to improve the quality of outcomes</p>	<p>(Kleenheat) Policy issue, requires changes to the Electricity Industry Act. Suggest removing.</p>
25	<p>Publish a guidance as to how the Objective(s) are to be applied by the Rule Change Panel</p>	<p>Better application of the Objectives to improve the quality of outcomes</p>	<p>(Kleenheat)</p>
26	<p>A more flexible, less narrow definition as to what can constitute a Fast Track Rule Change</p>	<p>More administratively efficient rule making</p>	<p>(Kleenheat) How should the criteria be changed?</p>
27	<p>Review what should constitute a protected provision of the WEM Rules</p>	<p>Greater clarity over the role of the Minister for Energy</p>	<p>(Kleenheat) Need further clarification of issue and benefits, e.g. what is the concern?</p>
28	<p>Appropriate rule changes to allow for battery storage to be considered under the Market Rules. Consultation to decide how the batteries will be treated and classified as generators or not, whether batteries can apply for capacity credits and the availability status when the batteries are charging.</p>	<p>WEM Market Rules Objective (c) Policy guidance on rapidly changing technology to incorporate into the WEM as a viable alternative to existing generation options.</p>	<p>(Kleenheat)</p>

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
29	Provide greater clarity on the respective roles and responsibilities for each regulatory body as they relate to and impact the operation and application of the Wholesale Electricity Market Rules (PUO, Rule Change Panel, ERA and AEMO)	WEM Market Rules Objective (d) and (e) Required to ensure no conflicts of interest arise (perceived or real) and the risk of costs as well as duplicated roles and responsibilities is minimised. As an example, the time involved in enforcing the Wholesale Electricity Market Rules such as the Vinalco investigation – the Wholesale Electricity Market Rules are compromised if their enforcement is not efficient and timely.	(Kleenheat)
30	<p>Reserve Capacity Mechanism</p> <p>Synergy would like to propose a review of WEM Rules related to reserve capacity requirements and reserve capacity capability criteria to ensure alignment and consistency in determination of certain criteria. For instance:</p> <ul style="list-style-type: none"> • Assessment of reserve capacity requirement criteria, reserve capacity capability and reserve capacity obligations • IRCR assessment • Relevant Demand determination • Determination of NTDL status • Relevant Level determination • • Assessment of thermal generation capacity 	The review will support WEM objectives (a) and (d).	(Synergy) Major review of the RCM – who would conduct?
31	<p>LFAS Report</p> <p>Under the WEM rule 7A.2.9(b) and 7A.2.9(c) Synergy is obligated to compile and send the LFAS weekly report to AEMO based on the LFAS data for the Trade Date supplied to Synergy by the System Management.</p> <p>Given that System Management is now part of AEMO, it seems reasonable to remove such obligation and remove administrative burden.</p>	This rule change supports WEM objective (a).	(Synergy)
32	<p>Commissioning Tests</p> <p>The whole area of commissioning does not work currently and is highly impractical. This area of the rules has always been problematic and there is</p>		(ERM Power) Can this issue be combined with issue

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
	no flexibility afforded to generators who have to commission plant. Work needs to be done to tidy this up in the rules and to also practical enable commissioning to be conducted in an efficient manner.		39 or are there additional concerns?
33	<p>Logging of Forced Outages</p> <p>Currently the market systems do not allow forced outages to be amended once entered. This can have the distortionary effect of participants not logging its outage until it has absolute certainty that the forced outage is correct, hence participants could take up to 15 days to submit its forced outages. If Participants could cancel or amend its forced outage information, it will likely provide more accurate and transparent signals to the market of what capacity is really available to the system. This should also assist System Management in generation planning for the system.</p>		(ERM Power) Should this issue be addressed as part of RC_2014_03: Administrative Improvements to the Outage Process?
34	<p>Applications to extend planned outage</p> <p>Generators will invariably have to perform maintenance at some stage for which approval for the maintenance is subject to plant reserve margins available on the system. When maintenance is performed, sometimes it becomes apparent that there are emerging issues which should be dealt with now rather than later. To get an outage extended has sometimes been problematic. If an application for an outage extension is a genuine request for more time to complete maintenance, and the system margins allow it, why should an outage extension not be allowed? If the facility is boxed up and returned to service without the emerging issue dealt with, this is a bigger risk to the system as the issue could become fatal at any time resulting in potentially reduced system margins.</p>		(ERM Power) This issue is being considered as part of RC_2013_15: Outage Planning Phase 2 – Outage Process Refinements Similar to issue 15.
35	<p>Behind the meter generation and apportionment of market fees, ancillary services, etc</p> <p>The amount of solar PV generation on the system is increasing every year, to the point where solar PV generation is the single biggest unit of generation we have on the SWIS. This category of generation has a significant impact on the system and we have seen this in terms of the day time trough that is observed on the SWIS when the sun is shining and there aren't any clouds. The issue with this is that generators that are on are</p>		(ERM Power) Similarities with issues 2 and 16 – can they be combined?

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
	<p>moving around to meet the needs of this generation facility but this generation facility which could impact system stability does not pay its fair share of the costs of maintaining the system in a stable manner. That is, they are not the generators that receive its fair apportionment of market fees and pay any ancillary service costs but yet they have absolute freedom to generate into the SWIS when the fuel source is available. There needs to be equity in this equation.</p>		
36	<p>Capacity refund arrangement Although the new dynamic refund mechanism has been implemented, the refund regime is still overly punitive. Generators in fact have not much certainty in the refunds it may be exposed to at any time of year as refunds are now calculated based on the supply/demand balance of available generation. In addition to this, there is still a 6 x multiplier that can be applied not just over the potential peak summer months but is now applicable to any time of the year. Is it time to look at reducing this multiplier to a level that is less punitive?</p>		<p>(ERM Power) Capacity refunds were the subject of recent Government reforms – is there scope to re-open the issue at this time? Similar to issue 14 – can they be combined?</p>
37	<p>Spinning Reserve costs The cost of ancillary services has increased quite dramatically with a significant jump from 30 June 2017 to 1 July 2017 with the new margin peak and off-peak values coming into effect. The price paid for ancillary services is not clear when the margin peak and off-peak values are announced and it is not until the first non-STEM settlement invoice for the new year has been released that a concrete \$/MWh figure for ancillary services is known. Is it possible to get a clear \$/MWh figure for ancillary service costs rather than just a margin peak/off-peak value?</p>		<p>(ERM Power)</p>

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
38	<p>How Spinning Reserve costs are apportioned</p> <p>The partial runway model of apportioning ancillary service costs based on whether one is in Block1 or Block 2 can be prohibitive and lead to inefficient market outcomes. Is there a better way of calculating and charging out ancillary services currently given that we don't really know when the constrained grid is implemented what this means for the SWIS. Again, this is related to efficiency of dispatch within the SWIS.</p>		<p>(ERM Power)</p> <p>Can this issue be combined with issue 20? Adoption of full runway cost allocation model for Spinning Reserve is one of the proposed EMOP reforms – should it be progressed earlier?</p>
39	<p>Commissioning Test Process:</p> <p>The commissioning process within the rules and PSOP works well for known events (i.e. the advance timings of tests). However the rules and PSOP do not work for close to real time events. There is limited flexibility in the rules and PSOP to deal with the practical and operational realities of commissioning facilities.</p> <p>The market rules and PSOP require SM to approve a Commissioning Test Plan or a revised Commissioning Test Plan by 8am on the Scheduling Day on which the Commissioning Test Plan would apply.</p> <p>If a market participant cannot conform to their most recently approved Commissioning Test Plan the Market Participant must notify System Management; and either:</p> <ul style="list-style-type: none"> • withdraw the Commissioning Test Plan; or • if the conditions relate to the ability of the generating Facility to conform to a Commissioning Test Schedule, provide a revised Commissioning Test Plan to System Management as soon as practicable before 8.00 am on the Scheduling Day prior to the commencement of the Trading Day to which the revised Commissioning Test Plan relates. <p>Specific Issues:</p> <p>This restriction to prior to 8am on the Scheduling Day means that managing changes to the day the day plan are difficult. Sometimes a participant is unaware at that time that it may not be able to conform to a plan.</p>	<p>A review of the commissioning test process, with a view to allowing greater flexibility to allow for the technical realities of commissioning, will better achieve Wholesale Market Objectives (a), (b) and (d):</p> <p>Market Objective (a):</p> <ul style="list-style-type: none"> • Allowing greater flexibility to generators undertaking commissioning activities will lead to the required tests being able to be conducted in a more efficient and timely manner which should result in the earlier availability of approved generating facilities. This contributes to the efficient, safe and reliable production of energy in the South West interconnected system. • Productive efficiency requires that demand be served by the least-cost sources of supply, and that there be incentives for producers to achieve least-cost supply through a better management of cost drivers. Allowing for a more efficient management of commissioning processes, timeframes and costs in turn 	<p>(Alinta Energy)</p> <p>Similar to issue 32 – can they be combined?</p>

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
	<p>Amendments to commissioning tests and schedules need to be able to be dealt with closer to real time.</p> <p>Examples for improvements are:</p> <ul style="list-style-type: none"> • Allowing participants to manage delays to the start of an approved plan • Allowing participants to repeating tests and push remainder of CTP out <p>Greater certainty is needed for on the day changes i.e. there is uncertainty as to what movements/timing changes acceptable within the “Test Window” i.e. on the day?</p>	<p>promotes the economically efficient production and supply of electricity.</p> <p>Market Objective (b): improvements to the efficiency of the commissioning test process may assist in the facilitation of efficient entry of new competitors.</p> <p>Market Objective (d):</p> <ul style="list-style-type: none"> • Balancing appropriate flexibility for generators with appropriate oversight and control for System Management should ensure that the complex task of commissioning is not subject to unnecessary red tape, adding to the cost of projects. This contributes to the achievement of market objective (d) relating to the long term cost of electricity supply. • Impacts on economic efficiency and efficient entry of new competitors (as outlined above) potentially lead to the minimisation of the long term cost of electricity supplied. 	
40	<p>Market Power Mitigation Arrangements</p> <p>A move from the current market power mitigation arrangements in the WEM from the current ex ante approach (i.e. focus on bidding rules) to an ex post approach that focusses more on outcomes which has benefits of flexibility that are relevant to the nature of the WEM.</p> <p>Please refer to section 2.5 of Alinta’s submission to the 2016 ERA Market Effectiveness review for more detail of Alinta’s proposed solution. Available: https://www.erawa.com.au/cproot/18216/2/2016%20WEM%20Report%20-%20PubSub%20-%20Alinta%20Energy.pdf</p>	<p>Alinta supports a competitive, dynamic market founded on clarity, stability, and transparency. To ensure that the broad market design effectively delivers greater efficiency and competitive outcomes market participants must be able to compete actively in the market. Overly restrictive bidding constraints undermine the benefits of effective competitive dynamics in the generation sector.</p> <p>A move from the current market power mitigation arrangements in the WEM from the current ex ante approach (i.e. focus on bidding rules) to an ex post approach that focusses more on outcomes, and allows all participants to bid competitively into the</p>	(Alinta Energy)

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
		market will better achieve Wholesale Market Objectives (a) with regards to the economically efficient production of energy in the South West interconnected system.	
41	<p>On 1 September 2017, the Electricity Review Board (Board) published its decision and its reasons for decision regarding the IMO's Application No. 1 of 2016 against Vinalco Energy Pty Ltd (Vinalco). A copy of the Board's decision and reasons is available on the Western Australian Energy Disputes Arbitrator website at http://www.edawa.com.au/reviews/12016.</p> <p>The IMO notes that even though the Board found that Vinalco breached clause 7A.2.17 of the Wholesale Electricity Market Rules (Market Rules) during the relevant periods and ordered Vinalco to pay two nominal penalties, the Board was sympathetic to the argument that 'constrained-on' dispatch through the Balancing Market was not the most appropriate mechanism in Vinalco's circumstances.</p> <p>The IMO considers that further work is required to consider what changes are required to the Market Rules to mitigate the risk of a similar situation arising again, and what the next steps may be to progress those changes.</p>		(IMO)
42	<p>Ancillary Services approvals process</p> <p>Market Rule 3.11.6 requires System Management to submit the Ancillary Services Requirements in a report to the ERA for audit and approval by 1 June each year, and System Management must publish the report by 1 July each year. The ERA conducted this process for the first time in 2016/17. In carrying out the process it became apparent that:</p> <ul style="list-style-type: none"> • there is no guidance in the rules on what the ERA's audit should cover, or what factors the ERA should consider in making its determination on the requirements; • there are no documented Market Procedures setting out the methodology for System Management to determine the ancillary service requirements (the preferable approach would be for the methodologies to be documented in a Market Procedure, and for the 	Reduce administrative inefficiencies, and if more rigour is added to the process, economic benefits in Market Objectives (a) and (d).	(ERA)

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
	<p>ERA to audit whether System Management has followed the procedure);</p> <ul style="list-style-type: none"> • the timeframe for the ERA's audit and approval process (less than 1 month) limits the scope of what it can achieve in its audit; • the levels determined by System Management are a function of the Ancillary Service standards, but the standards themselves are not subject to approval in this process; and • the value of the audit and approval process is limited because System Management has discretion in real time to vary the levels from the set requirements. <p>The question is whether the market thinks this approvals process is necessary/will continue to be necessary (particularly in light of co-optimised energy and ancillary services), and if so, then the issues above will need to be addressed.</p>		
43	<p>SRMC Investigation process</p> <p>SRMC investigations under market effectiveness rule 2.16 no longer have a link to take these matters to the ERB. A separate investigation is required under market rule 2.13 to take the matter before the ERB. This is neither efficient nor cost effective, and is further complicated by the information use restriction in Market Rule 2.16.14 (refer to issue raised by AEMO at Id 13 in this list).</p>	Market Objective (a) and (d).	(ERA)