

## RDIWG Meeting 18

<b>Location:</b>	IMO Board Room Level 3, Governor Stirling Building, 197 St Georges Terrace, Perth
<b>Date:</b>	14 December 2011
<b>Next Meeting:</b>	6 February 2012

<b>Attendees</b>	
Allan Dawson	IMO (Chair)
Matt Pember	IMO
Andrew Everett	Market Generator
John Rhodes	Market Customer
Corey Dykstra	Market Customer
Steve Gould	Market Customer
Andrew Sutherland	Market Generator
Andrew Stevens	Market Generator
Geoff Gaston	Market Generator
Phil Kelloway	System Management
Cameron Parrotte	System Management
Chris Brown	ERA
Steve Black	Observer
Fiona Edmonds	Observer
Jenny Laidlaw	Observer
Suzanne Frame	Observer
Ben Williams	Presenter
Janine Ripper	Minutes
<b>Apologies</b>	
Paul Hynch	Office of Energy
Patrick Peake	Market Customer
Chin Koay	Market Generator

Item	Subject	Action Owner
1.	<p><b>PREVIOUS MEETINGS MINUTES</b></p> <p>The minutes of RDIWG Meeting No. 17, held on 27 September 201, were circulated prior to the meeting.</p> <p>The following amendments were noted:</p> <p>Mr Everett requested it noted that he was present at RDIWG Meeting 17.</p>	

	<p>Mr Kelloway requested the following paragraph to be amended:</p> <p><i>'Mr Kelloway advised that their systems where not like any others in Australia, but they would be buying off the shelf <del>components and</del> customising them to make it work for this market applications and integrating them into a customised architecture to make it work for the market'.</i></p> <p>Mr Dykstra requested the following paragraph to be amended:</p> <p><i>'Mr Dykstra advised that Alinta had not been able to start yet. <u>Based on the information available there appeared to be</u> <del>was no need to change systems anything</del> for 1<sup>st</sup> April 2012, but <u>Alinta would start developing the systems once until there was more clarity around Market Procedures</u> <del>they are not keen to start building anything'.</del></i></p>	
<p><b>2.</b></p>	<p><b>RULE CHANGE SUBMISSIONS</b></p> <p>Mr Williams provided an overview of RC_2011_10 Draft Rule Change Report.</p> <p>The Chair thanked Alinta for providing informal submissions that assisted with the drafting of the rule change report.</p> <p><u>Synergy</u></p> <p>Mr Rhodes queried item #1 regarding forecasting that had previously been published under clause 7.2.1. Mr Rhodes advised that Synergy utilised the total system load forecast in a time series for the purposes of checking, maintaining and adjusting its total forecast process. The change whereby it removed the non scheduled generation forecast resulted in a disjointed data set for Synergy and their ability to manage their forecasts over a time series basis. Synergy therefore had a requirement to see the total system load. Mr Rhodes requested that the generation load forecast that was previously combined in the total load forecast be made available.</p> <p><b><u>Action (20111214)</u></b></p> <p><b>Mr Williams to discuss Synergy's requirements further with Mr Rhodes outside of the RDIWG forum.</b></p> <p><u>System Management</u></p> <p>Mr Kelloway advised that System Management had been engaged in lengthy discussions with the IMO regarding their responses to the rule change report. Mr Kelloway explained that the responses System Management had provided had been based on Western Powers risk management and risk assessment matrix which covered different areas of impact and probabilities utilising the Australian standard as the route of assessment.</p> <p>Mr Kelloway confirmed that System Management had been examining the residual risks with the IMO, and that discussions had been productive, with a number of risks having already been mitigated. Mr Parrotte clarified that the System Management submissions did not articulate risks that were reduced as a result of the new market.</p> <p><u>Verve</u></p> <p>Mr Andrew Everett queried Page 106 'Reporting of LFAS providing equipment', and advised that Verve's agent - System Management - dispatched their plant, and that Verve did not know which plant would be dispatched in relation to LFAS. In consideration of this, Verve would need to request the information from System Management to pass on to the</p>	

IMO, or authorise System Management to pass on to the IMO directly.

Mr Williams advised that this would require further discussion due to confidentiality reasons. If Verve did require System Management to provide the information to the IMO, the IMO would need to be advised.

Mr Kelloway and Mr Parrotte advised that they did not foresee any issues with this, with Mr Kelloway confirming that it should be relatively easy to extract the information and that System Management needed to ensure that it had been built into the interface.

The Chair advised that this would not be written into the rules and could be informally agreed on.

#### IMO

Mr Dykstra queried the use of 'balancing' and 'balancing market' terminology within the report.

Mr Williams advised that the term 'balancing' was also generally used when referring to DSM, but confirmed that LFAS should be referred to in (c). Mr Williams agreed to liaise with Mr Adams to ensure that consistent terminology was used within the rules.

#### **Action (20111214):**

**Mr Williams to discuss with Mr Adams a review of the rules to ensure consistency in the use of terminology.**

#### Other Comments

Mr Rhodes advised that he had held a discussion with the Synergy team and traders regarding the rule changes, with a focus on constrained on and constrained off payments.

Mr Rhodes advised that Synergy understood that in circumstances where the generator did not meet its dispatch instruction at the end of the trading interval it would still receive the constrained on and off payment even though it was outside of tolerance, and that they struggled to understand the link between where someone agreed on a target but failed to deliver on that target i.e. they were outside of tolerance. Mr Rhodes questioned why the market should reward that generator with payment when it had failed to deliver of its own volition. This was an inefficiency of which they found difficult to justify since the cost would then be passed onto the market.

The Chair explained that in an ideal world there would be a robust delivery of Dispatch Instructions from System Management, and that the IMO would be able to build filtering around constrained on and off. The IMO had determined that until they were in that position they could not systematically filter the constrained on and off payments. The Chair explained that there was a strong linkage between Market Participants meeting Dispatch Instructions and System Management issuing Dispatch Instructions in accordance with the BMO, both of which should minimise the extent of constrained on off payments.

The other element was the compliance regime, which would review this issue closely as there would not be a dispatch instruction filter over the first stage of the market. Once System Management had established their electronic dispatch system, the IMO would look to introducing a filter. Until there was a filter mechanism in place the IMO would rely on Market Participants compliance with the rules, as well as the compliance and monitoring regime to ensure Market Participants were not over compensated.

	<p>Mr Stevens queried the timeframe for the establishment of the filter. The Chair advised that the IMO would need to see the system design and System Managements electronic dispatch system before the filter could be built, and confirmed that a reasonable estimate would a year before the IMO could advise when it could be delivered.</p> <p>Mr Williams reiterated that the IMO would be able to monitor, from a compliance perspective, from day one.</p> <p>The Chair reiterated that the intention was not to over compensate and that if there appeared to be lot of generation outside of tolerance levels under the rules then there was a team of people within the IMO dedicated to investigating the issue.</p> <p>Mr Rhodes thanked the Chair and advised he would take the message back to Synergy to alleviate any concerns.</p> <p>Mr Parrotte advised that System Management were still working through the latest changes to the interface document, with a few items that still needing to be clarified.</p> <p>Mr Dykstra enquired about the consultation period for the draft rule change report and the availability of IMO staff. The Chair advised that there would be a full complement of IMO staff throughout the submission period to assist Market Participants with their queries and submissions</p>	
<p><b>3.</b></p>	<p><b>IMO PROCEDURES</b></p> <p><u>Balancing Facility Requirements Procedure</u></p> <p>Mr Williams provided an overview of the Balancing Facility Requirements procedure, of which had been updated as a result of discussions and feedback received following their initial presentation at the November Market Procedures workshop.</p> <p>The Chair queried the ability of System Management to receive and confirm Dispatch Instructions and whether they were going to be relaxed for the transition period. Mr Parrotte advised that System Management would need to allow for more time due to the full B2B system not being ready.</p> <p>Mr Dykstra suggested that the wording for the heading of section 2.3 be amended to ‘Response <u>Implement</u> Dispatch Instructions’.</p> <p><b><u>Action (20111214):</u></b></p> <p><b>Mr Williams to update the heading for section 2.3 to ‘Implement Dispatch Instructions’.</b></p> <p>Mr Dykstra highlighted the issue regarding ramp rate limits, as Alinta’s plant had a hard wired number which meant that their units would be non-compliant. Mr Dykstra confirmed that Alinta may not have the ability to control the rate of acceleration, and advised that this was not a system security or reliability issue - that it was the way the rules and procedures were currently written. Mr Dykstra advised that Alinta would like to see them amended.</p> <p>Mr Parrotte advised in the scheduled generation in the BMO the issue would only occur if there wasn’t enough ramping capacity. System Management would then send out a warning that there wasn’t sufficient generation so that the Market Participant submissions could be updated to come in later.</p> <p>The Chair advised that the WEM should be encouraging as many</p>	

Generators as possible to participate in balancing price setting, and avoid the situation whereby a generator with inflexible ramp rates was precluded from getting involved in price setting.

Mr Parrotte advised that, in consideration of the rules as they were currently written, load following was purely used for load and wind fluctuation, and generators being off their schedule. He confirmed that System Management did not know the prices of load following or balancing.

Mr Stevens queried whether it was possible for a unit to be dispatched out of merit order because its ramp rate wasn't the ramp rate System Management required. Mr Parrotte advised that if the unit was around the balancing point that they could.

Mr Parrotte confirmed that the rules currently allowed System Management to dispatch anywhere from the max ramp rate that was set to minus ramp rate and anything in between.

Mr Dykstra advised that this was an issue as they were currently looking to use the marginal generator to do balancing, and that he had wanted to raise the issue again as Alinta had the ability to change the hard wired ramp rate number from one fixed number to another fixed number, but they did not have the ability to give units a variable ramp rate.

Mr Gaston confirmed that they faced the same situation.

Mr Dykstra reiterated that there were two issues:

- 1) They were required to meet certain characteristics, which at the moment they could not meet, therefore decisions needed to be made.
- 2) The complexity around how it worked, who got paid what, etc.

Mr Kelloway advised that there was an understanding that plants couldn't follow a straight line and that there needed to be recognition that mega watts did wander.

In response to Mr Dykstra's concerns, Mr Parrotte diagrammatically demonstrated that if a Generator with a fixed ramp rate alternatively ramped and held output stable they could average their ramp rate to any ramp rate over the course of the interval (*refer to email sent by CP to RDIWG members on 14 December 2012 for further details*).

Mr Dykstra advised that his understanding of the rules was that technically there was an ability to report anyone for a compliance breach for any deviation, and that there was an obligation to adhere to dispatch instructions. Mr Williams agreed to look into the contradictory obligations

**Action (20111214):**

**Mr Williams to look into the contradictory obligations.** The Chair requested RDIWG members provide details regarding the issues faced with inflexible ramping to the IMO.

**Action (20111214):**

**RDIWG members impacted by the issue re: inflexible ramping to send information to IMO in order to clarify the issues.**

Mr Gaston requested the issue to be highlighted. The Chair confirmed that this would be raised as an issue on the MEP issues register.

**Action (20111214):**

**IMO to raise the issue of plants having a hard wired ramp rate on their**

	<p><b>Issues register.</b></p> <p>Mr Stevens queried if an IT handshake protocol would be established as it was an acknowledgement of an acknowledgement. Mr Kelloway confirmed that this was standard.</p> <p>Mr Williams confirmed that after holding the onsite visit with Griffin Power, he had raised the issue with Mr Adams, and they were currently looking at incorporating something along those lines within the rule.</p> <p>Mr Kelloway advised that changes were currently planned for the B2B portal but he was unsure if it covered this.</p> <p>Mr Williams advised that section 4.3 had been removed from Page 6. The entitlement to be assigned certified reserve capacity had now been transferred to the CRC procedure.</p> <p>Mr Gould queried the reference to ‘removing market participant entitlement to be assigned’, and whether the intention was for the capacity credit to be immediately revoked.</p> <p>Mr Williams advised that it was a 2 year out impact, and that if they didn’t get approval as a balancing facility they didn’t get capacity credits until the next cycle. Mr Gould queried that if they fixed transgression how did they go about getting it back. Mr Williams advised that they would need to wait until the next cycle and that the details were covered in current chapters 4.10 and 4.11.</p> <p>Mr Dykstra advised that he had an issue with the other conditions stated within the procedure, of which Mr Sutherland agreed. Mr Dykstra stated that he believed that procedures should be black and white. Mr Williams explained that the reason for it had been to allow for a degree of leniency.</p> <p>The Chair suggested that they needed to be conscious in moving to the new regime that a degree of flexibility was needed particularly in the beginning of the new Balancing Market. The Chair suggested a fixed timeframe on the use of this flexibility as it would be handy to have in place during the transition arrangements.</p> <p>Mr Dykstra agreed that it was a good idea and requested clarification on the intent of flexibility in the procedure.</p> <p><b><u>Action (20111214):</u></b></p> <p><b>The IMO to modify Clause 4.3 of the Balancing Facility Requirements procedure – the clause is to be amended to be titled “Transitional arrangements”, to clearly state the intent of the clause (i.e. to allow the IMO to extent greater flexibility to participants during the transitionary period), and to include a ‘sunset’ clause.</b></p> <p><i>Balancing Market Forecast Procedure</i></p> <p>Mr Williams provided an overview of the Balancing Market Forecast procedure, which had been updated as a result of discussions and feedback received following the initial presentation at the November Market Procedures workshop.</p> <p>The Chair confirmed that there was currently one outstanding IMO procedure, the IMO-SM interface. Agreement had been reached between System Management and the IMO on the interface document, and that it was in the process of being proceduralised. The Chair advised that a preliminary draft would be published on the IMO website.</p>	
4.	<b>SYSTEM MANAGEMENT PROCEDURES AND COMMUNICATION REQUIREMENTS</b>	

Mr Kelloway advised that the working group meeting held on 12 December 2011 covered seven of System Managements PSOPs currently under development, and advised that discussion was useful. Mr Kelloway thanked everyone who attended for their input.

The PSOP's covered were: ancillary services, dispatch, power security, facility outages, systems security, commissioning and testing, and monitoring and reporting.

Areas of concern that arose during the workshop were:

- 1) *Where a generator was unable to respond to a dispatch instruction when it went below min gen value.*

Mr Kelloway advised that there appeared to be a requirement in the rules that a Dispatch Instruction should be issued if the generator was below their minimum generation. If the Market Participant was unable to comply it would be logged as non compliance and a new instruction issued.

There was debate over what the min gen value should be with a variety of views held. The Chair questioned what System Management's view was. Mr Kelloway advised that their view was that revised instructions should be sent to min gen, and non compliance logged.

The Chair advised that the idea of the new market was to incentivise efficient dispatch based on pricing and that one of the issues that the new balancing market was trying to resolve was the overnight curtailment issue.

Mr Stevens advised that it would be an issue if their plant was asked to turn below min gen as they would have to turn off. The Chair advised that they had to price curtailment commercially or they wouldn't get efficient dispatch overnight. Mr Kelloway suggested that the issue may be resolved as a compliance matter.

The Chair disagreed with System Managements proposal and emphasised that the reality was that generation overnight needed to be competitively priced, that curtailment and the cost of curtailment needed to be reflected within the prices, and that price determined on the basis of who was dispatched.

- 2) *Control and communications interface*

Mr Kelloway advised an issue regarding B2B, the portal and which one came first had been raised at the workshop. He confirmed that the current arrangement within the transitional arrangement was that the portal would be available in April 2012, and B2B in December 2012.

Mr Kelloway confirmed that most who attended the workshop were happy with the content of the PSOPs aside, from the two items previously discussed.

Mr Stevens queried the discussions held regarding the warm up time for plants and whether a ramp rate of 0 should be used. Mr Williams advised

	<p>that there was an action on him from the workshop to resolve around compliance and to come back with a response.</p> <p>Mr Kelloway advised that there was an action on System Management to revise their PSOPs by 21 December, based on the discussions that had been held in the workshop.</p> <p>Ms Frame advised that informal feedback was still being accepted on the IMO Procedures in the lead up to Christmas. Ms Frame advised that the timeline for the release of the procedures into the formal process was on the IMO website, and that they would be staggered throughout early 2012.</p> <p>The Chair advised that there would be some flexibility around the timetable to possibly move the formal approval processes if required, especially flexibility for some of the more complex procedures. Ms Frame iterated that this was subject to Ministerial approval</p> <p>Mr Sutherland requested the issue of planned outages be put back on the table following a recent incident whereby ERM Power needed to perform some planned maintenance, and the PSOPs wouldn't allow this outage to be approved as a planned outage.</p> <p>System Management believed that as long as an outage was reflected within the balancing quantity more flexibility would be available under the new balancing market.</p> <p>The Chair confirmed that the restriction on two (2) consecutive days for opportunistic maintenance had been placed into the rules from day one, and that the annotation within the initial rules indicated it was inserted in the rules to restrict avoiding forced reserve capacity refunds.</p> <p>Mr Sutherland recollected that there was to be a group established to look at the issue.</p> <p>The Chair advised that one of the pre-requisites for a relaxation of the planned outage rules was for there to be a greater degree of transparency on outage planning.</p> <p>The Chair advised that the new Balancing and LFAS ancillary market would enable them to have opportunistic maintenance, as they would be able to trade out of a resource plan.</p> <p>The Chair advised that visibility of planned approved outages as far in advance as possible should enable Market Participants to start planning for their own plant outages.</p> <p>Mr Gaston queried the progress being made with settlements and how it would work. Mr Pember advised that Navita had looked at the draft rule change report and had started to make amendments to the draft calculations. At the moment they were reconfiguring based on the latest rule change draft and that once completed it would be circulated to everyone.</p>	
<p><b>5.</b></p>	<p><b>PROPOSED RDIWG MEETING DATES FOR 2012</b></p> <p>The Chair presented the proposed RDIWG meeting dates for 2012, advising that long meetings were still being reserved for the time being and</p>	



that they would only use the dates needed.

**Action (20111214):**

**RDIWG members to review the proposed RDIWG meeting schedule for 2012 and respond if they could not attend on any of the dates.**