

Independent Market Operator

Market Advisory Committee

Minutes

Meeting No.	25
Location:	IMO Board Room Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date:	Wednesday 9 December 2009
Time:	2:00 - 4:00pm

Attendees		
Allan Dawson	Independent Market Operator (IMO)	Chair
Troy Forward	IMO	Member
Geoff Gaston	Perth Energy	Proxy for Ky Cao
Steve Gould	Landfill Gas & Power (LGP)	Member
Phil Kelloway	System Management	Proxy for Ken Brown
Stephen MacLean	Synergy	Member
Wendy Ng	Verve Energy	Member
Corey Dykstra	Alinta	Member
Shane Cremin	Griffin Power	Member
Rob Pullella	Economic Regulation Authority (ERA)	Proxy for Chris Brown
Matthew Martin	Office of Energy (OoE)	Proxy for Anne Hill
Peter Huxtable	Water Corporation	Member
Peter Mattner	Western Power	Member
Also in attendance		
Keith Wignall	IMO	Minutes
Peter Hawken	OoE	Item 10
Veronica Mayne	Synovate	Item 11
Apologies		
Chris Brown	ERA	Member
Ken Brown	System Management	Member
Anne Hill	OoE	Member

Item	Subject	Action
1.	WELCOME The Chair opened the meeting at 2:10pm and welcomed members to the 25 th meeting of the Market Advisory Committee (MAC).	
2.	MEETING APOLOGIES / ATTENDANCE	

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Item	Subject	Action
4.	<p>ACTIONS ARISING</p> <p>The actions arising were either complete or on the meeting agenda. The following exceptions were noted:</p> <ul style="list-style-type: none"> Item 96 (potential PSOP to supplement the tolerances for compliance reporting rule change proposal): System Management reported that it is discussing the issue with affected parties, and will bring a proposal to the next MAC meeting. Items 107 -111 (amendments to approval process for equipment tests pre rule change proposal): System Management reported that it is working on these items. Item 116 (provision of Western Power’s legal advice on the definition of the SWIS): The Chair stated that this issue may have been overtaken by events, the OoE will update MAC on this matter later in the meeting. Item 117 (OoE’s advice on the definition of the SWIS and the consequential treatment of Ravensthorpe): It was noted that this would be discussed as part of agenda item 10. 	
5a.	<p>MARKET RULE CHANGE OVERVIEW</p> <p>The MAC noted the IMO’s overview of current rule changes.</p> <p>The IMO sought the views of the MAC members on its new RulesWatch email publication, which consolidates notices to Rule Participants into a weekly summary. The MAC agreed that this was an improvement over the numerous emails that stakeholders previously received.</p>	
5b.	<p>ENERGY PRICE LIMITS WASH-UP [RC_2009_35]</p> <p>The IMO explained that the change from “Risk Margin” to “Profit Margin” is not a conceptual change, but simply a more appropriate description for the margin that has been applied in the previous reviews.</p> <p>The IMO also explained that the rule change seeks to clarify the consultation process associated with the setting of the price limits.</p> <p>LGP queried the reason for using the 80th percentile in the Maximum STEM Price calculation, but the 90th percentile in the Alternative Maximum STEM Price calculation. LGP also queried whether the difference between “may” and “must” in the rules regarding requests for submissions is deliberate. The IMO replied that it would investigate and report.</p> <p><i>Action: The IMO to clarify aspects of PRC_2009_35 prior to</i></p>	<p>IMO</p>

Item	Subject	Action
	<i>formally submitting this into the Rule Change Process.</i>	
5c.	REMOVAL OF APPENDIX 8 [RC_2009_41] The MAC noted this rule change proposal.	
6a.	MARKET PROCEDURE CHANGE OVERVIEW The MAC noted the overview of procedure changes.	
6b.	DETERMINATION OF THE MRCP [PC_2009_12] The IMO Advised MAC that the legal advice sought by the IMO CEO had been received and made clear that the IMO should not have undertaken the Procedure Change Process in parallel with consulting on the draft MRCP report that was based on the changed procedure. Therefore any amendments to the Market Procedure should have been effective prior to the release of the draft MRCP report. It was noted that the IMO has since re-issued the draft MRCP report (using the current Market Procedure). The IMO has also extended the consultation period on the draft MRCP report from 18 December 2009 to 4 January 2010. The IMO noted that the Procedure Change Proposal will continue through the procedure change process. Any changes to this Market Procedure would not apply to the 2012/13 capacity cycle. The Chair agreed that the IMO would investigate extending the submission period for the Procedure Change Proposal to allow interested stakeholders more time to prepare submissions. <i>Action: The IMO to investigate extending the submission period for the Procedure Change Proposal (PC_2009_12) to allow interested stakeholders more time to prepare submissions.</i> It was noted that notwithstanding these changes, the IMO is committed to initiate a major review of the MRCP in the first quarter of 2010. The IMO clarified that, using the same sample of companies as used in 2007, the MRCP would rise to \$237,800. Alinta asked whether the value of Asset β had risen. Alinta also asked whether the change was due to the global financial crisis or to a change in the sample. Alinta asked for all Asset β numbers to be made available. <i>Action: The IMO to recalculate the MRCP using the same method but an updated sample. The IMO to provide this information (and the Asset β numbers) to the MAC.</i>	<div>IMO</div> <div>IMO</div>

Item	Subject	Action
	<p>Griffin queried whether it would be worth examining the reasons for the large rise in the MRCP – is it that the real costs of connecting facilities to the SWIS are now being recognised?</p> <p>Synergy queried whether the 85% scaling factor, which has a significant effect on the outcome, is under review.</p> <p><i>Action: The IMO to investigate the cause of the increase in the MRCP and whether the 85% scaling factor is still appropriate in its major review of the MRCP.</i></p>	<p>IMO</p> <p>IMO</p>
7a.	<p>WORKING GROUP OVERVIEW</p> <p>The MAC noted the Working Group Overview.</p>	
7b.	<p>RENEWABLE ENERGY GENERATION WORKING GROUP</p> <p>The IMO reported that the all work packages are now underway.</p>	
8.	<p>CONCEPT PAPERS OVERVIEW</p> <p>The MAC noted the overview of concept papers under development.</p>	
9.	<p>PRESENTATION: BALANCING REVIEW</p> <p>The IMO gave a presentation (attached as Appendix 1) on issues relating to balancing, and stated that the Oates Review implementation team and the IMO Board has been provided with the same presentation.</p> <p>Griffin asked whether a working group would be formed to look at issues associated with balancing. The IMO replied that Terms of Reference for the work programme are being drafted in consultation with the Oates implementation team, and that, when these are finalised, the MAC would be provided with them.</p> <p><i>Action: IMO to provide the MAC with the Terms of Reference for the work programme once developed.</i></p> <p>Griffin queried whether the Oates implementation team could be seen as impinging on the independence of the IMO. The Chair replied that the IMO Board will follow the MAC and Rule Change process.</p>	IMO
10.	<p>PRESENTATION: NETWORK CONTROL SERVICES</p> <p>The OoE gave a presentation (attached as Appendix 2) on Network Control Services (NCS), noting that NCS is a</p>	

Item	Subject	Action
	<p>generation or demand side alternative to constructing network infrastructure (either new or upgrades).</p> <p>It was noted that under the current legislative framework (Wholesale Electricity Market Rules and Electricity Networks Access Code) the IMO can contract NCS.</p> <p>The OoE stated their concern that the payment regime outlined in the Market Rules may lead to cross subsidisation (on the energy payments for NCS).</p> <p>The IMO clarified that a series of workshops (comprising OoE, ERA, Western Power, System Management and the IMO) has been studying this issue. External consultants have been engaged to examine legal implications of the NCS process. The IMO noted that the Consultants are working on rule changes to make the NCS contracting process work effectively if done by the IMO.</p> <p>OoE states that the reasons for IMO to contract for NCS may no longer be valid and that it could be more efficient and timely for Western Power to undertake this task.</p> <p>Western Power queried how it could measure if a NCS contract that it enters into was economically efficient, Western Power stated it has no experience of negotiating competitive contracts.</p> <p><i>Action: The IMO to arrange the Consultants to draft rule changes to make the NCS contracting process work effectively if done by Western Power (as Western Power's expense), in addition to the rule changes it is currently preparing.</i></p> <p>Perth Energy suggested that generators that are providing NCS cannot also provide Reserve Capacity. The IMO contended that a NCS Facility provides both capacity which can be used to support the system for capacity purposes and the transmission or distribution system for NCS purposes. It was noted that these could be at different times.</p> <p><i>Action: The OoE to prepare and issues paper on the NCS issue in early 2010.</i></p> <p>A MAC member asked the OoE to provide an update on the issue of whether Ravensthorpe is considered to be part of the SWIS after its electrical disconnection. The OoE replied that after seeking advice it has come to the view that Ravensthorpe is still part of the SWIS.</p> <p>The Chair requested that this advice be circulated to the IMO. Synergy, Perth Energy and Alinta made similar requests.</p> <p><i>Action: OoE to circulate its advice on Ravensthorpe to the IMO, Synergy, Perth Energy and Alinta.</i></p>	<p>IMO</p> <p>OoE</p> <p>IMO</p>

Item	Subject	Action
11.	<p>PRESENTATION: IMO STAKEHOLDER SURVEY</p> <p>Synovate gave a presentation (attached as Appendix 3) on the results of its survey of stakeholder perceptions of the IMO.</p> <p>The IMO highlighted that its RulesWatch publication was in response to opinions expressed during this survey.</p>	
12a.	<p>ANNUAL REVIEW OF MAC COMPOSITION</p> <p>Clause 2.3.9 of the Market Rules requires the IMO to annually review the composition of the MAC. The IMO may remove and appoint members following the review.</p> <p>The review for the 2010 membership was originally due for completion by 15 December 2009. However, the MAC constitution and operating practices rule change¹ and MAC Constitution amendments are not complete until 7 December 2009.</p> <p>Therefore the IMO has undertaken an interim review and decided to roll over the current MAC membership past 15 December 2009. The IMO will then undertake a comprehensive review of the membership of the MAC under the new MAC Constitution and MAC Appointment Guidelines.</p> <p>The IMO will commence the new appointment process on 10 December 2009 with a call for nominations. The nominations process will conclude on the 19 February 2010 with all MAC nominees being notified of the new composition of the MAC. The current membership remains valid until March 2010.</p>	
12b.	<p>PROPOSED RULE CHANGE: CALCULATION OF NET STEM SHORTFALL</p> <p>Griffin outlined a problem with the formula for calculating the Net STEM Shortfall, saying that a Market Participant with more than one facility is currently overcharged Capacity Cost Refunds if one of its facilities experiences a Forced Outage while another has generating capacity that is not dispatched. Griffin signalled that it will submit a fast-track Rule Change Proposal to address this problem.</p> <p><i>Action: Griffin to submit a Rule Change Proposal on the calculation of Net STEM Shortfall.</i></p> <p>The IMO stated that the timeframe for submissions on this proposal will be extended to allow for the Christmas break, if this is allowed for under the Market Rules.</p> <p>Griffin agreed that the consultation with the industry on this Fast Track Rule Change should take account of the holiday period</p>	Griffin


¹ RC_2009_28: MAC Constitution and Operating Practices

Item	Subject	Action
	<p>and be extended to ensure that all Market Participants have the opportunity to provide a submission.</p> <p><i>Action: The IMO to extend the consultation period for Griffin's forthcoming Rule Change Proposal on the calculation of Net STEM Shortfall.</i></p>	IMO
12c.	<p>OTHER GENERAL BUSINESS</p> <p>Perth Energy asked the Chair for an update on the suspension of WA Biomass from the Wholesale Electricity Market (WEM). The Chair replied that WA Biomass had failed to meet a request for prudential security, and that the IMO Board decided that sufficient risk existed to warrant suspension from the WEM.</p> <p>The Chair explained that no mechanism exists for cancelling Capacity Credits held by a suspended Participant. WA Biomass holds Capacity Credits for 2009/10 even though there is little likelihood that it will be able to meet the Market Rule obligations. The Chair stated that the IMO Board has requested a rule change is being prepared to allow for Capacity Credits to be cancelled in the event that the holder cannot meet the market obligations.</p>	
13.	<p>NEXT MEETING</p> <p>The next meeting is scheduled for 2.00pm - 4:00pm on 10 February 2010.</p>	
<p>CLOSED The Chair declared the meeting closed at 4.45pm.</p>		



Balancing Review: Stakeholder meeting summary

9 December 2009




Goal

To canvas stakeholder's thoughts on the Balancing mechanism, STEM, Ancillary Services etc to gain an understanding of:

- why these issues were prioritised highly by MAC members
- the issues and risks the current mechanisms impose
- the impacts an improved balancing mechanism might have
- any related or interconnected issues that the IMO should be aware of as we move forward with the review.

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Attendees

- Troy Forward & Jacinda Papps (IMO)
- Jim Truesdale (Concept Consulting)
- Greg Thorpe (Oakley Greenwood) - Oates Implementation Committee Representative

Stakeholders interviewed	
Alinta	Perth Energy
Energy Response	Synergy
ERA and OOE (joint)	System Management
Griffin	TransAlta
Landfill Power and Gas	Verve
Newgen	


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Themes emerging from interviews

- Objectives/ criteria for review
- Physical
- Commitment timeframes
- STEM issues
- Pricing
- Transparency
- Balancing support contracts
- Other issues


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Objectives/Criteria for review

- Need to clarify what is meant by competitive balancing
- Seek efficiency/ even playing field
- Pricing must be cost reflective
- Those causing problems should bear the cost
- Transparency is critical
- Need to consider complexity versus benefits
- Market power in competitive balancing and ancillary services arrangements
- Any changes must be subject to CBA, including market fees and participant costs


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Physical

- Concerns about system flexibility overnight/ minimum generation levels/ de-commitment issues
- Concerns that problems will increase with more wind generation and inflexible plant
- Uneconomic outcomes
- Issues with commissioning/ balancing requirements


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Commitment timeframes

- Electricity nominations required before gas positions confirmed
- Balancing requirements uncertain given weather dependence/ forecasting issues
- Shortening commitment timeframes or providing for re-nomination/ multiple gate closures
- Would allow participants to manage risks more effectively
- Need to consider resourcing/cost implications/ unit commitment timeframes


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STEM issues

- Are STEM and balancing both required?
- Could increased use of STEM reduce need for balancing?
- STEM does not reflect some physical aspects/ constraints in the market (e.g. infeasibilities regarding unit commitments)

8



Pricing

- Availability/ timing of balancing prices affecting decisions/ risk management
- Concerns about inefficiencies/ distortions due to DDAP/ capacity obligations
- Concerns about capacity obligations/ plant availability vs reliability incentives
- Concerns that prices are not always cost reflective; disjoints between prices and physical outcomes (balancing price formation includes non Verve resources not dispatched for balancing)


9



Transparency

- Balancing/ dispatch/ pricing need to be more transparent
- Asymmetry of information - everyone should have access to the same information

10



Balancing support contracts

- Could be utilised
- Concerns about incentives (vs IPP pay as bid balancing prices)
- Who is the appropriate contracting party - Verve or SM
- SM has not budgeted for balancing support contracts in its allowable revenue submission

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Other issues

- Differing views on resourcing issues/ costs if shorter or multiple gate closures
- Market currently too complex
- Potential competition for balancing may be very limited
- Some concerns about complexity/ cost implications/ flexibility
- Concerns about ancillary services pricing and allocation of costs
- General support for opening up balancing but some prefer evolutionary/ incremental approach

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Network Control Service - Issues

Presentation to the Market Advisory Committee by the Office of Energy – Wednesday 9 December 2009

Overview

- Background
- Legislation
- Purchase of NCS
- NCS Tender
- Cross Subsidisation Issue



Background

- Network Control Service – generation alternative to constructing network infrastructure – either new or upgrade
- Dispatched by System Management to address network capacity constraints



Legislation

- Network access – *Electricity Network Access Code 2004 (ENAC)* – made by Minister
- Market Rules – originally made by Minister in 2005, then OOE and now IMO (since late 2006)
- Little coordination of drafting
- ENAC – Regulatory Test – Chapter 9
- Rules – Chapter 5



Purchase of NCS

- IMO asked by WP, when required by ENAC, to conduct EOI – MR5.21.1
- If suitable person identified, IMO advises WP and conducts a tender process – MR 5.2.7
- IMO contracts a NCS
- Monthly Availability Payment paid by WP
- Energy payment passed on to all market participants



NCS Tender

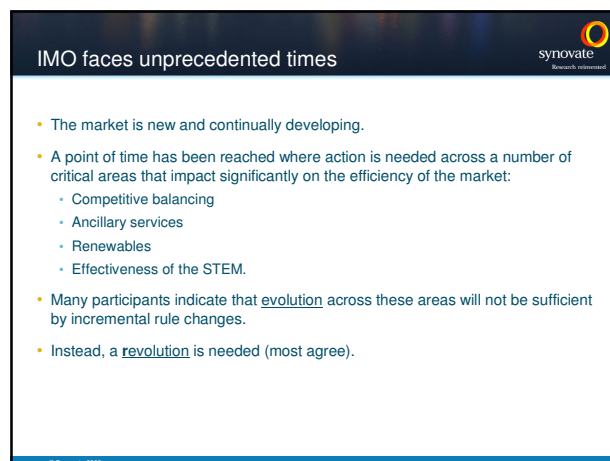
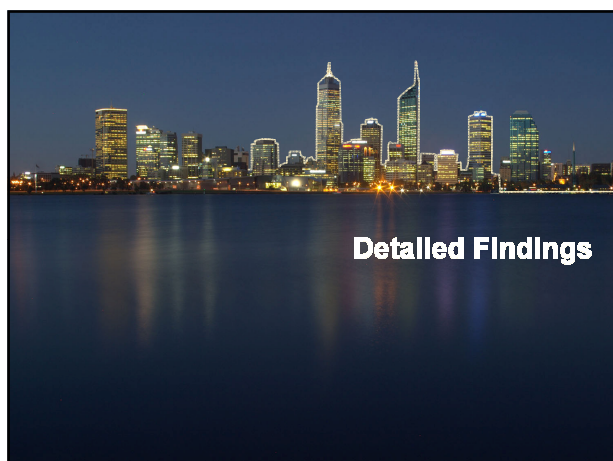
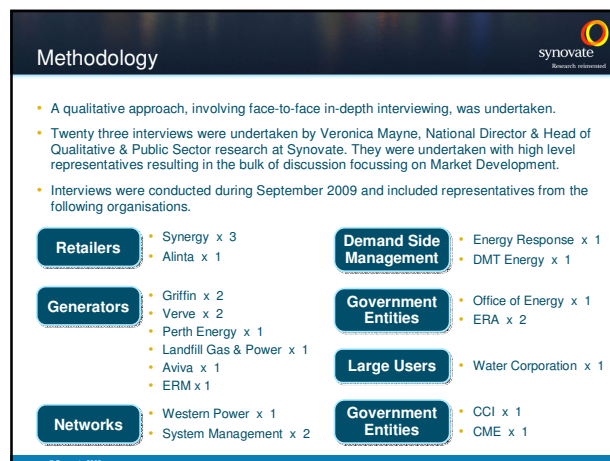
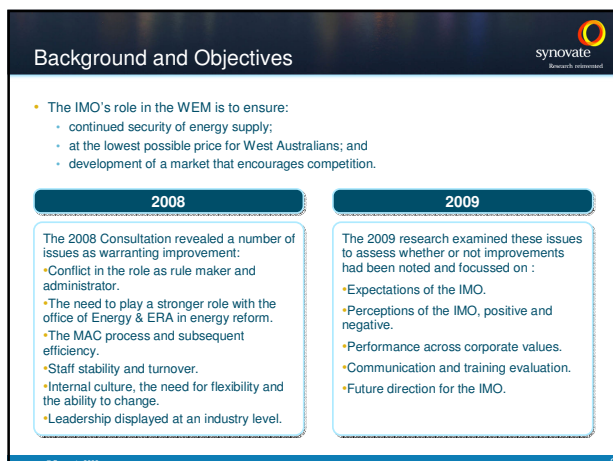
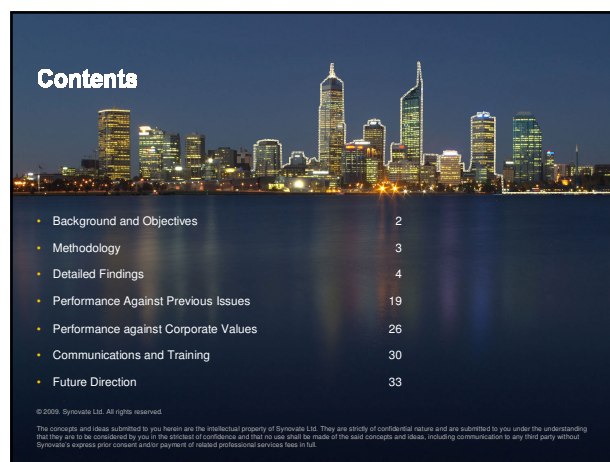
- Reasons for IMO to conduct Tender appear to be no longer valid
- More efficient and timely for WP to conduct EOI and tender as part of its Regulatory Test process.



Cross Subsidisation Issue

- Intent - NCS dispatched rarely
- Eastern Goldfields – high load factor
- High potential energy cost for NCS – all market participants to pay
- May be best managed by WP through network access contracts to beneficiaries of NCS
- Issues paper - early 2010

Questions



What is the IMO's role in this change?

- The role officially falls to the Office of Energy

Policy development to facilitate change

IMO develops rule changes to reflect policy direction.
= A facilitator of reform

- However, currently the Office of Energy lacks the ability to deliver the policy direction needed:
 - Lack of resourcing
 - Leadership changes
 - Inadequate systems and budgets in place to attract the expertise required
 - Cultural limitations.

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What is the IMO's role in this change?

- As a result, the IMO has taken a strong leadership role, despite lack of policy support.

- Development of a Market Evolution Plan
- Ownership and driving the Renewable Energy Working Group.

- A debate has emerged → Should the IMO take on this role?

Yes

- Independent / can advise government without a vested interest.
- Danger of Verve playing an advisory role.
- Respected and experienced.

No

- Not within IMO's remit/Ministerial responsibility.
- Taking IMO away from core responsibilities when not resourced adequately to do so.
- No policy-making powers.

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Other big ticket areas of debate emerged

Effectiveness of the Reserve Capacity Mechanism

Yes

- Security of supply catered for into the future.
- Provides a risk free market that encourages generation investment.
- Caters to the conservative approach taken by government to keep the lights on:
 - Load shedding is an indication of market failure.

No

- Too much future capacity at present.
- Cost to the market – retail (need to pay for the capacity) and generation (lower costs).
- Current and future capacity in the market have been generated not by the capacity market, but by retailers underwriting generation investment via bilateral contracts.
- Capacity market adds cost to the end consumer and is difficult to factor into retail pricing structures.
- Benefits wind but disadvantages solar.

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Effectiveness of the Capacity Refund Mechanism

Generally accepted, but a multitude of views expressed.

- Mechanism penalises the market:
 - If no market impact, should not be put in place.
- Could potentially result in difficulty in encouraging future investment.
- And can lead to rushed asset maintenance as generators attempt to bring plant back online as quickly as possible.

While the above views are evident, very few participants felt that the treatment of Griffin in this regard was unwarranted

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Unconstrained nature of the market

- Unrealistic → significant constraints in place:
 - Ramping rates
 - Fuel situation
 - Restart times
 - Intermittent nature of renewable generation
 - Shut down times
 - Capacity on the network
- Can result in deviation from resource plans (which cannot be amended due to day ahead gate closure).
- And penalties as a result.
- Caters to maximum load on the system – not commercial.

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Within this context, what are the expectations of the IMO?

Broadly...

	Market Development	Operational	Customer Service
Requirements	<ul style="list-style-type: none"> Efficiency in administration of the rules and the rule change process. 	<ul style="list-style-type: none"> Efficiency & effectiveness in terms of: <ul style="list-style-type: none"> Accuracy Timeliness. Across: <ul style="list-style-type: none"> Settlements Data provision Registration and certification. 	<ul style="list-style-type: none"> Meeting stakeholder needs in terms of: <ul style="list-style-type: none"> Approach and manner Responsiveness Knowledge.
To Achieve	<ul style="list-style-type: none"> To ensure continued evolution of the market, to cater to continually changing conditions and developments. 	<ul style="list-style-type: none"> To achieve efficiencies in terms of administrative functions. 	<ul style="list-style-type: none"> An amicable, collaborative and effective working relationship.

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Expectations: Market development

- **Application** of the rules:
 - Fairly, flexibly and firmly to ensure a consistent understanding across the market.
 - Provide consistent advice regarding rule interpretation.
- **Development** of the rules:
 - Long term strategic perspective observed:
 - Rule change roadmap in place to achieve longer term goals.
 - Prioritisation to progress important issues first.
 - Status updates on rule changes as they progress.
 - Open and collaborative approach to all rule changes.
 - Commercial approach to rule changes to ensure:
 - Outcomes for all parties are considered.
 - Timelines are considered.
 - Equitability for all market participants, ensuring that large players do not benefit from a stronger presence.
 - Rationale for changes provided.
- **Communication** of market development issues:
 - Vocalisation of IMO perspective in public domain.

Expectations: Operational

- **Settlements:**
 - Streamlined system for finalisation of settlements.
 - Achievable trading settlements' timeframe.
- **Data provision:**
 - Streamlined WEMS system:
 - Compatibility with other common software.
 - Compatibility with gas system (CRS).
 - Quick access to trading information.
 - Easy access to staff for advice and problem resolution.
- **Registration and certification** – access to staff for advice.
- **Communication:**
 - Broaden presence in the market to include:
 - Cabinet and Opposition members.
 - Industry bodies and representatives.
- **Training** – provision of programs to keep market educated.

Expectations: Customer service

- **Approach and manner:**
 - Consultative and collaborative, listen and discuss to reach mutually beneficial outcomes.
 - Professional, act with integrity, honest and open.
 - Courteous, polite, approachable, friendly and helpful.
 - Flexible and willing to learn from mistakes.
 - Open to new ideas.
- **Responsiveness:**
 - Available to answer queries / accessible.
 - Prompt in communication and updates.
 - Efficient and organised.
- **Knowledgeable:**
 - Offer consistent advice and direction.
 - Able to apply a commercial perspective to the issue.

IMO Performance: Market development

Positives

- Fair implementation of the rules, e.g. Griffin refund.
- Firmer approach since 2008 with more rigour introduced, but with no loss of flexibility perceived.
- Prioritisation of critical issues to address.
- Changes in MAC process:
 - More proactivity in raising rule changes.
 - Participants write concept papers and present cases.
 - Offer to assist with writing concept papers.
 - Responses requested within set timeframe.
 - Open, transparent and collaborative approach.
 - Greater commerciality in evaluations.
 - Experience needed to attend meetings.
 - Status communications delivered.
- Rule changes prioritised against a future focussed roadmap.

Negatives

- A revolution is needed:
 - Market evolution via incremental rule changes is too slow.
 - Ultra fast-track rule change process required.
 - Rubber stamping of some issues needed.
- Collaborative approach can add time to the process:
 - Timeline cap should be introduced.
- Greater commerciality still needed.
- Burden of proof for a rule change is too low:
 - Prove consistency with market objectives but not improved efficiency.
 - Rule changes not also supported by economic evidence.
- Consistent email updates from IMO may result in critical information being missed:
 - Although some indicate they do not receive the updates (few).
 - Not all in favour of criteria for MAC

IMO Performance: Operational

Positives

- Competent, technical staff in Neil Hay and his team:
 - Available and accessible to provide advice and resolve issues.
 - Knowledgeable regarding the WEMS system.
- Training:
 - Excellent service to the market.
 - Overbooking is testament to its value.

Negatives

- Settlements:
 - Slow and inaccurate.
- WEMS system:
 - Incompatibility with common software.
 - Incompatibility with gas system (CRS).
 - Need focus to improve efficiencies.
- Provision of data:
 - Not always forthcoming / push back.
 - Can be inaccurate (associated with metering data and existing algorithms).
- Registration and certification:
 - Needs alignment between IMO, Western Power and generators in terms of process.

IMO Performance: Customer service

CEO

Positives

- Sets high standard in industry.
- Visionary.
- Forceful tactician.
- Commercial focus.
- Highly respected and trusted.
- Willing to engage.
- Brings international expertise.
- Wants to change the world.
- Not bureaucratic.
- Consultative and solutions orientated.
- Extensive informal and formal liaison.
- Sets great example for staff.
- Pragmatic style.

Negatives

- More style than substance / would like to see changes occurring.
- Can be set on a direction that is unpopular without seeing this.
- Need for recognition of middle ground on issues:
 - Not always black and white, all or nothing solution.
- Optimism can be interpreted as naivety and idealism by some.
 - Looking for a 'perfect' market.

IMO Performance: Customer service

Market Development Team

Positives

- Able led by Troy:
 - Capable
 - Good operator
 - Born leader
- Cohesive.
- Accessible.
- Flexible and collaborative.
- Knowledgeable reference point.
- Able to think strategically.
- Committed to market success.
- Open and honest.
- Offer advice and recommend customers also check for themselves.

Negatives

- Sometimes become sticklers for rules when it makes little rational sense:
 - Peaking plant definition.
 - Need for financial security.
- Under-resourced:
 - Can result in delays in replies.
 - Inability to assist with concept paper development after offering.

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IMO Performance: Customer service

Generally

Few negatives were attributed to IMO staff generally and descriptors included:

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IMO's image

Overriding positivity across:

- Market Development
- Operations
- Customer Service at all levels

Strong, positive image in the marketplace.

Perceived favourably compared with most players, including AEMO.

A further contributing factor is increased professionalism across:

- Website redevelopment
- Logo redevelopment
- Communication layout and consistency across all material
- Modern office design

Only concern is the need now to achieve real revolutionary change to ensure these elements are not viewed as style over substance.

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imo Independent Market Operator

Performance Against Previous Issues

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Rule maker and administrator

A problem in principle.

HOWEVER

- IMO handles well:
 - Structural change initiated to separate teams.
 - All rule changes are generated by market participants.
 - Process invites comments and objections.
 - Process is open and transparent, and staff have integrity.
- Reality of a small market:
 - Not cost effective to split.
 - A transfer to AER in eastern states would not be popular (for most).

Significantly less of a concern in 2009

A case study example

- Supplementary reserve capacity rule change initiated by IMO would have had a detrimental affect on generators.
- Reached a point where international examples needed to be cited to justify rejection of the change.
- Came too close to acceptance for some and seen as an example in relation to this issue.

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Staff stability

- Has been managed well over the course of late 2008 into 2009.
- Structural changes put in place:
 - Highly capable
 - Stepped up the mark
 - Calm under pressure
 - Development of a good team.

Troy promoted

- Knowledge bases being rebuilt.
- Confidence regained.
- Acknowledgement that:
 - Young staff members will take a while to learn.
 - Replacement of knowledge in someone like Dora is challenging.

BUT

- Staff changes have also delivered a positive cultural change.

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Newsletter evaluation

Perceptions

- Personable
- Humanising
- Interesting
- Professional
- Informative
- Blend of technical and personal
- Appropriately light
- Easy read

Readership

- Scan
- Headings
- Not thorough
- But nice to have

Contribution to IMO Image

- Positive
- Shows:
 - Dynamic
 - Not staid
 - Adds colour/personality.
- Increases awareness of:
 - IMO itself
 - Training program.

Improvement Opportunities

- Broaden audience:
 - Cabinet and opposition
 - Industry / end customer.
- Introduce discussion from market participants.
- Raise controversial issues.

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Training evaluation

Strong Positive Response

- Most market participants have sent staff on IMO training courses.

Perceptions

- Highly valuable.
- Good introductory courses.
- Non-STEM course well received.

Opportunities

- Requires a practical "what does it mean for us" focus to maximise relevance.
- Need a low level "Beginners Guide to the Market" to ensure those new to the market understand the complexities.
- Increase frequency (or contract out the task) as typically fully booked.

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Future direction

Market Development

- Focus on the key issues of:
 - Competitive balancing.
 - Ancillary services.
 - Renewables.
- Play an active role in market direction debate with a long term perspective taken with:
 - Market participants, and
 - Politicians.
- Take a stronger economic focus on rule changes:
 - Understand commercial implications for players.
 - Undertake the relevant modelling studies where necessary.
- Maintain independence in relation to rule changes:
 - Do not bow to pressure exerted by large players with a vested interest.
 - Consensus is not always the right direction.

- Develop rule changes and undertake analysis to progress these issues.
- Improve speed at which this occurs.

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Future direction

Market Development

- While taking part in broader debate, ensure primary role is undertaken well:
 - Management of rule change process.
 - Implementation of the rules.

As IMO has no policy creation power, and an administrative role, market direction should become a ministerial concern.

- Reduce impact of large generators on the market:
 - Implement a project tracking mechanism to ensure plant is online by the set deadline.
 - Reduce the impact of resource plan deviations on the market (oversupply forces prices down for all players).

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Market Structure


- Integrate wholesale and retail with transmission:
 - Needs to be placed on the agenda.
 - Evaluate unconstrained system and inefficiencies it creates.
 - Encourage a move to adopt new technologies, e.g. smart grids.
 - Encourage better efficiencies and work processes across transmission and distribution.
 - Incorporate gas into the IMO:
 - To create a truly integrated system.
 - Potential future alignment with the NEM (1 response).
 - Incorporate System Management into the IMO (1 response).
 - Move towards a true open market:
 - Competitive balancing.
 - Competitive dispatch.
- ➡
- Better commerciality
 - Better efficiencies
 - More innovation


- Better commerciality
- Better efficiencies
- More innovation

Operations

- Improvement of WEMS system:
 - Better efficiency.
 - Better compatibility with other systems.
- Improvement of settlement process:
 - Tighter turnaround.
 - Fewer variations and adjustments.
- Certification process:
 - Bottlenecks in August / consideration of alternate options.
- Review need for a security deposit:
 - Should be based on financial position.

Communications

- Educational campaign to a broader audience:
 - Politicians – cabinet and opposition
 - Industry
 - General public
- 
 - Renewables
 - Balancing
 - How to get a power station online.
- Web layout and design makes it difficult to locate information

- Once public on board with direction, easier for political decision making.
- 
- Protection of the market.

Independent Market Operator
Annual Stakeholder Research

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