

MINUTES

MEETING: AEMO Procedure Change Working Group
 DATE: Thursday, 20 February 2020
 TIME: 9:00 – 10:15 am
 LOCATION: AEMO Perth Office, Level 45, Central Park, 152 – 158 St Georges Terrace, Perth

ATTENDEES:

NAME	COMPANY / DEPARTMENT
Greg Ruthven	AEMO (Chair)
Matthew Fairclough	AEMO
Rebecca Petchey	AEMO
Paul Elliot	AEMO
Teresa Smit	AEMO
Mark Katsikandarakis	AEMO
Neetika Kapani	AEMO
Adrian Theseira	AEMO
Audelle Hong	Alinta Energy
Michelle Nguyen	Alinta Energy
Paul Arias	Bluewaters
Devendra Singh	Collgar Wind Farm
Bronwyn Gunn	EPWA
Ashwin Raj	EPWA
Matt Shahnazari	ERA
Julian Fairhall	ERA
Marc Hettler	Perth Energy
Stephen Eliot	RCPWA
Jo-Anne Chan	Synergy
Erin Stone	Point Global
Michelle Nguyen	Alinta Energy
Oscar Carlberg	Alinta Energy (Webex)
Sam Lei	Alinta Energy (Webex)
Wendy Ng	ERM Power (Webex)

APOLOGIES:

NAME	COMPANY / DEPARTMENT
Laura Koziol	RCPWA
Natalie Robins	RCPWA
Lucy Kole	Synergy
Jess Ting	TransAlta

Agenda Item 1: Welcome

The Chair welcomed attendees, gave an Acknowledgement of Country, and advised that there were two prospective procedure change processes on the agenda for discussion. The Chair also confirmed that the meeting was being recorded.

Agenda Item 2: Procedure Change Proposal to revise the BMO tie-break methodology

Matthew Fairclough (AEMO) provided a presentation on the purpose of the proposed amendments to the Market Procedure: Balancing Facility Requirements and the Market Procedure: Balancing Market Forecasts (slide pack attached).

The following were the points raised during the presentation:

Slide 4: Current tie-break process:

- In response to a question, Mr Fairclough confirmed that the diagram on slide 4 shows a priority order from bottom to top of the Balancing Price-Quantity Pair categories at the Minimum STEM Price. The category at the bottom is treated as being at a lower price (i.e. higher priority) than the next subsequent category.

Slide 5: Proposed tie-break methodology at the Minimum STEM Price (assisted with whiteboard diagram):

- There was discussion about whether the challenge of breaking ties between Balancing Price-Quantity Pairs at the Minimum STEM Price was best characterised as a cost issue or a system security issue and only pertained to low demand periods. AEMO responded that the concern being addressed was primarily related to system security at low demand periods, particularly given AEMO's obligation to take steps to avoid entering a High Risk Operating State.
- In response to a question, Mr Fairclough confirmed that AEMO would not split a bid that included minimum generation. It would be at the participants' discretion whether it would separate its minimum generation as a distinct Balancing Price-Quantity Pair. The risk is that if the participant does not nominate this tranche, its Facility may be dispatched off.

Slide 7: Outcomes at Minimum STEM Price (2)

- In response to a question, Mr Fairclough confirmed that AEMO's analysis (showing the floor price categories) assumed that Non-Scheduled Generators have a minimum generation level of zero.

Slide 8: Approach

- An attendee explained that the minimum generation level for a generating unit could be temperature dependent, and asked whether this was being accounted for, including for the purpose of avoiding inefficient non-compliance follow ups in these circumstances.
- Mr Katsikandarakis noted that the current drafting of the Market Procedure states that the minimum generation quantity in Balancing Submissions must not exceed the Facility's minimum stable loading level, as indicated in Standing Data under Appendix 1(b)(xiii) of the WEM Rules. Mr Katsikandarakis acknowledged the concern and indicated that AEMO would consider drafting amendments to address this feedback.
- Mr Fairclough noted that AEMO was not proposing to have a hard validation in WEMS on minimum generation quantities in Balancing Submissions, similar to AEMO's approach for Balancing Submissions after Balancing Gate Closure.
- An attendee suggested that this approach could have impacts for the ERA's compliance function and asked whether AEMO had discussed its proposed approach with the ERA.

Mr Fairclough committed to meet with the ERA to discuss the compliance aspects of the proposed changes prior to commencing the Procedure Change Process.

- In response to a question, Mr Fairclough explained that AEMO's current dispatch engine may still issue instructions for a quantity less than the minimum generation quantity. In such circumstances, the Market Rules provide exclusions from the obligation to follow dispatch instructions. On the issue of whether a Forced Outage is required in these circumstances, Mr Theseira suggested that participants discuss this directly with the ERA.
- At the conclusion of the presentation, an attendee expressed that they held a fundamental concern with the proposal. There was some discussion to understand the concern. As part of this discussion, Mr Fairclough confirmed that, under the proposed changes, Synergy would be able to provide an estimate of the Balancing Portfolio's minimum generation. Synergy's approach for estimating the minimum generation quantity for its Balancing Submissions was expected to be similar to its current approach for estimating its requirements to provide Ancillary Services. Mr Katsikandarakis explained that if Synergy nominated a minimum generation tranche in its Balancing Submission, this would be ranked against other Market Participants' minimum generation quantities according to a random number.

Following the conclusion of the presentation, the Chair then sought comments from attendees on the proposed amendments to the Market Procedures.

Market Procedure: Balancing Facility Requirements

- AEMO general comment: There were some minor wording changes that AEMO has recently identified. These changes will be made prior to releasing the document for formal consultation.
- Step 1.1.1: Question - WEM Rules is not a defined term – why is it defined in the procedure when it is already defined in the Market Rules?
AEMO response: This is to avoid confusion with other procedures that AEMO develops for other markets.
- Step 2.1.5: Question - Should step 2.1.5(a) also refer to upwards LFAS enablement?
AEMO response: This step will be amended to include reference to upwards LFAS enablement.
- General comment: The terms Facility and Balancing Facility have different definitions under the Market Rules. AEMO may need to consider this.
AEMO response: AEMO will review references to Facility and Balancing Facility to ensure that the terms are used correctly.

Market Procedure: Balancing Market Forecasts

- AEMO general comment: There were some minor wording changes that AEMO has recently identified. These changes will be made prior to releasing the document for formal consultation.
- Step 4.2.4: AEMO will amend this step to also refer to upwards LFAS enablement.

There were no further comments from attendees.

Agenda Item 3: Procedure Change Proposal to update the Market Procedure: Certification of Reserve Capacity

Neetika Kapani outlined the purpose of the procedure change, which is to clarify ambiguous provisions, address provisions that conflict with the Market Rules, clarify certain areas of interest for Market Participants and reduce areas of operational risk for AEMO.

- AEMO general comment: There were some minor wording changes that AEMO has recently identified. These changes will be made prior to releasing the document for formal consultation.

- Step 3.1.8(c): Question - If the document is executed under section 127 of the Corporations Act should it not be up to the company which of its officers executes the document? It may be onerous to insist on Authorised Officers (e.g. Directors) to do this.

AEMO response: The requirement under step 3.1.8(c) for execution by an Authorised Officer only applies to Market Participants that are not companies. However, AEMO will consider whether any changes to this step, or the preceding step 3.1.8(b), are required.

- Step 3.2.1: Question - The reference to step 3.1.6 is duplicated.

AEMO response: AEMO will correct this.

- Step 4.4.1(b): Question – It makes sense in most cases that if a Facility is decommissioned it cannot apply for Capacity Credits. However, a specific scenario was described in which a generating unit was relocated from one Facility to another Facility, but that AEMO did not recognise in the certification process that the available gas at the destination Facility would support increased capacity from that site and no upgrade Capacity Credits were approved.

AEMO response: This step is in the Market Rules and so cannot be amended. AEMO committed to organise a separate discussion with the relevant Market Participant.

- Step 4.6.5: Question – Could the information concerning outages in this step be quantified?

AEMO response: There are a number of aspects (like circumstances that caused the outage, steps that were taken to fix the outage and to avoid the outage from occurring in the future) that AEMO takes into consideration to assess the impact of outages on the Certified Reserve Capacity level. This is done on a case-by-case basis.

- Step 5.3.4: Question – How is the requirement for “90% firm” fuel arrangements determined? This could be a barrier for new participants to enter the market if they needed to secure 90% firm commodity and transport because it will include a considerable risk premium.

AEMO response: This was determined by reviewing fuel contracts that AEMO received from Market Participants as part of the Certified Reserve Capacity process. A 90% firm fuel requirement was considered as an appropriate threshold that current Market Participants in the RCM can meet. In response to the question, AEMO advised that it is open to receiving feedback on alternatives through the Procedure Change Process.

There were no further comments from attendees.

Agenda Item 4: Future agenda items and next meeting

The Chair indicated that the next meeting had not yet been scheduled but suggested that the next procedures for consideration may include changes resulting from EPWA's Reserve Capacity Pricing rule changes, the PSOP: Facility Outages, and the Market Procedure: Information Confidentiality.

The Chair then thanked everybody for attending and closed the meeting.