

Independent Market Operator

MRCPWG

Meeting No.	5
Location:	IMO Board Room, Level 3, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date:	Wednesday, 15 September 2010
Time:	Commencing at 3.00 to 5.00pm

Item	Subject	Responsible	Time
1.	WELCOME AND APOLOGIES / ATTENDANCE	Chair	5 min
2.	MINUTES OF PREVIOUS MEETING	Chair	5 min

		IMO	60 min
5.	GENERAL BUSINESS	IMO	5 min
6.	NEXT MEETING Wednesday 29 September 2010 (3:00-5:00pm)	Chair	5 min

Independent Market Operator

MRCPWG

Minutes

Meeting No.	4
Location:	IMO Board Room Level 3, Governor Stirling Building, 197 St Georges Terrace, Perth
Date:	Monday 23 August 2010
Time:	Commencing at 12:00 to 2:00pm

Attendees	
Troy Forward	IMO (Chair)
Monica Tedeschi	IMO (Minutes)
Greg Ruthven	IMO
Corey Dykstra	Market Customer
John Rhodes	Market Customer (proxy)
Neil Hay	System Management
Patrick Peake	Market Generator
Shane Cremin	Market Generator
Brad Huppertz	Market Generator
Pablo Campillos	DSM Aggregator
Nenad Ninkov	New Investor
Neil Gibbney	Western Power
Chris Brown	Economic Regulation Authority (ERA) (Observer)
Apologies	
Steve Gould	Market Customer
Stephen MacLean	Synergy
Ben Williams	IMO

Item	
	<p>4th meeting of the Maximum Reserve Capacity Price (MRCP) Working Group (Working Group) at 12:10pm.</p> <p>Apologies were received from:</p> <ul style="list-style-type: none"> • Steve Gould – Market Customer; • Stephen MacLean – Synergy; and • Ben Williams- IMO.

Item	Subject	Action
	The following other attendees were noted: <ul style="list-style-type: none"><li data-bbox="464 210 1091 246">• John Rhodes (Proxy for Stephen MacLean).	

2. MINUTES OF PREVIOUS MEETING

Item	Subject	Action
	<p style="text-align: center;">MRCP increases.</p> <p style="text-align: center;">3. Offer capacity into the auction and risk losing out for 12 months.</p> <p><i>Action Point: The IMO to issue the review of deep connection costs scope of work document for tender.</i></p>	IMO
3b	<p>SCOPE OF WORKS: CALCULATION METHODOLOGY TO BE APPLIED IN DETERMINING THE WEIGHTED AVERAGE COST OF CAPITAL</p> <p>The IMO provided the updated scope of work documents for the review of the WACC methodology to members prior to the meeting. The following points were raised by members:</p> <ul style="list-style-type: none"> • Mr Campillos suggested changing bullet point two on page 3 under the heading: In conducting this assessment the Consultant will be required to: “provide a recommendation detailing if any of the parameters should include a risk margin to incorporate the risk <u>change in the case that...</u>” • Mr Dykstra suggested removing the second paragraph on “Purpose of MRCP” in the scope of work document. • The second paragraph is to be revised as minuted in item 3a above. <p><i>Action Point: The IMO to change bullet point two under the heading “In conducting this assessment the Consultant will be required to” as shown above and change paragraph on “Purpose of MRCP” as minuted in item 3a. Then issue the WACC scope of work document for tender.</i></p>	IMO

Item	Subject	Action
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comparable.

- Mr Cremin noted that GE Frame 6 generators are common at the moment and second hand units can vary in price. In the future the trend may go back to 160MW units. Furthermore, zero deep connection costs were previously applied for 160MW units but this now occurs for 9.9MW units, thus these are continually changing.

Item	Subject	Action
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Land- location

- Mr Ruthven noted there were currently 6 sites listed in the Market Procedure.
- Mr Cremin questioned whether other sites could be considered where appropriate.
- The Chair proposed that Western Power confirm the 6 sites each year and notify the IMO if there are any other potential sites to be considered.

Agreed Outcome: The land location to be the current list; and the Market Procedure for the Determination of the Maximum Oe



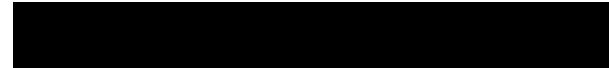
Agenda Item 3: MRCPWG - Action Points

Legend:

Unshaded	Unshaded action points are still being progressed.
Shaded	Shaded action points are actions that have been completed

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#	Meeting Arising	Responsibility	Action	Status/Progress
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TABLE 1: COMPONENTS TO BE FURTHER DISCUSSED

Component	Options	Market Procedure Reference	Comments
Power station – type	<ul style="list-style-type: none"> • OCGT, low NOx burners • Other 	Sections 1.5 to 1.7	Costing to include inlet coolers.
Power station – capacity	<ul style="list-style-type: none"> • 160 MW • 40 MW • Another value linked to forecast demand growth 	Section 1.5	Agreed on 160 MW as a total.
Location	<ul style="list-style-type: none"> • Optimisation of land & connection costs • Rural construction uplift 	Section 1.8	
Margin M (legal, insurance, financing, environmental approval costs)	<ul style="list-style-type: none"> • Current methodology • Alternative methodology 	Section 1.12	Noting that inclusion of inlet coolers will impact on summer de-rating factor
Contingency margin	<ul style="list-style-type: none"> • Factor of 0.15 • Alternative value 	Section 1.12	
WACC - basis	<ul style="list-style-type: none"> • Auction and Long-Term Special Price Arrangement • Alternative basis 	Section 1.13	To be discw213



TABLE 3: COMPONENTS AGREED BY MRCPWG

Component	Agreed option	Market Procedure Reference	Comments
Power station – fuel type	Distillate only	Section 1.5	
Power station – capacity factor	2%	Section 1.5	
Liquid fuel storage and handling facilities	Current specifications	Section 1.9	Updates to the MRCP Market Procedure will be required to refer to clause 4.11.1 (a). This will ensure consistency with the requirement for 14 hours of primary fuel a day (during peak demand times) when facilities are being certified by the IMO.
Transmission connection – source of valuation	Western Power	Section 1.8	
Fixed O&M	Current methodology	Section 1.10	Sectip 0.0ertaC /P 4r5.7322 8 -1tip 0.0ertaC /P