

Independent Market Operator
Reserve Capacity Mechanism Working Group

Minutes

Meeting No.	4
Location:	IMO Boardroom Level 3, 197 St Georges Terrace, Perth
Date:	Tuesday 29 May 2012
Time:	Commencing at 2.00pm – 5.45pm
Attendees	
Allan Dawson	Chair
Suzanne Frame	IMO
Brendan Clarke	System Management
Andrew Sutherland	Market Generator
Brad Huppatz	Market Generator (Verve Energy)
Ben Tan	Market Generator
Shane Cremin	Market Generator
Corey Dykstra	Market Customer
Patrick Peake	Market Customer
Steve Gould	Market Customer
Stephen MacLean	Market Customer (Synergy)
Andrew Stevens	Market Customer/Generator
Jeff Renaud	Demand Side

Wayne Trumble		Observer (Griffin Energy)
Item	Subject	Action

1. WELCOME AND APOLOGIES / ATTENDANCE

The Chair opened the fourth meeting of the Reserve Capacity Mechanism (RCM) Working Group (RCMWG) at 2:05pm.

Item	Subject	Action
	<p>10 peak year event had been used to estimate dispatch events for DSM. He observed that the extent of generation availability on a day other than a 1 in 10 peak year event would be so much that it would minimise the need to dispatch DSM. Dr Tooth mentioned that the analysis included high demand days and Forced Outages and did not include generation availability.</p> <p>Discussion ensued on the sufficiency of 15 dispatch events to provide System Management enough certainty while making dispatch decisions. Mr Cremin questioned if there was merit in considering unlimited dispatch events. Mr Renaud observed that there are two different approaches used to specify DSM dispatch conditions first, a</p>	

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	<p>constrained situation, the issue is not capacity but energy.</p> <p>Discussion ensued on how DSM's would cope with unlimited number of hours. Mr Renaud reiterated that unlimited number of dispatch events was not a problem however the system conditions needed for DSM dispatch would need to be stated clearly.</p> <p>Mr Huppertz questioned if a similar analysis had been done for over the winter months as the Ready Reserve Standard are reduced in winter as Planned Outages occur predominantly during this time. He observed that System Management might not have the confidence to dispatch DSM if</p>	

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The following points of discussion were noted:

Mr Patrick Peake noted that if all capacity was uncontracted then the cost was pushed back on the providers of capacity rather than retailers.

Mr Dykstra noted his concern that the steeper slope for adjusting the Reserve

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	<p>Board and the sentiment was that a slope of 3.25 might not provide a strong enough price signal. He noted that the IMO Board would favour a sharper signal.</p> <p>Members discussed the implications of the proposed approach. Mr Peake noted that a sharper signal would not be very welcome to investors in generation. Mr Dykstra reiterated that the proposal did not offer any incentive to contract bilaterally and that it was important to review expectations of outcomes. Mr MacLean noted that the group needed more time to evaluate possible options before coming to a conclusion. Mr Tan also noted his disagreement with the sharper signal approach and requested further work shopping on this matter.</p> <p>Members requested that a workshopping session be held where potential proposals would be evaluated.</p>	<p>IMO</p>
<p>6</p>	<p>CLOSED</p> <p>The Chair postponed the agenda item on Dynamic Refunds to the next meeting due to lack of time and thanked all members for attending the meeting. The Chair declared the meeting closed at 5.45 pm.</p>	