

Independent Market Operator
IMO Procedure Change and Development Working Group

Minutes

Meeting No.	15
Location:	IMO Board Room Level 17, Governor Stirling Tower, 197 St Georges Terrace, Perth
Date:	Friday 20 September 2013
Time:	Commencing at 9:30 am – 11:15 am

Attendees

Greg Ruthven

IMO

Acting Chair

Item	Subject	Action
2.	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes from Meeting No. 14 of the Working Group, held on 23 April 2013, were accepted by Working Group members as a true and accurate record of the meeting.</p> <p><i>Action Point: The IMO to publish the minutes of Meeting No. 14 of the Working Group held in April 2013 as final.</i></p>	IMO
3.	ACTIONS ARISING	

Item	Subject	Action
	duplication	

Item	Subject	Action
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6. PC_2013_04: MARKET PROCEDURE FOR PRUDENTIAL REQUIREMENTS

The Chair introduced Ms Aditi Varma to present the Market Procedure for Prudential Requirements.

The Working Group discussed the IMO's proposed amendments primarily resulting from recent the Rule Change Proposal RC_2012_23: Prudential Requirements. Key discussion points were:

Step 2.2.3: Time period used to determine Credit Limits – Mr John Rhodes noted that the time period for historical data used to determine Credit Limits should remain in the Market Rules rather than being moved to the Procedure. Mr Rhodes noted that Synergy would make a submission to this effect through the rule change process.

Step 2.2.3: Anticipated Maximum Exposure - Mr William Street noted that it is highly unlikely for a Market Participant to reach the maximum STEM and Non-STEM amounts in the same period, and therefore, the Credit Limit would be set unnecessarily high. Mr Street suggested that the two periods should align to provide a realistic estimate and that Alinta would make a submission to this effect through the rule change process.

Ms Varma acknowledged Mr Street's concerns and reiterated that the proposed amendments in RC_2012_23 were designed to reflect current practice, with a more substantial review of Prudential Obligations and the settlement process to be undertaken at a later date.

Mr Street and Mrs Papps noted that the IMO should consider making more extensive changes to the prudential requirements to ensure that they are appropriate, rather than making the proposed amendments to only reflect current practice.

Ms Varma noted that the IMO would review the Prudential Obligations as a whole in the future. However, the current rule change is necessary to align the Market Rules to current practice and provide transparency around the current operation of prudential requirements.

Step 4.1.1: Acceptable Credit Criteria form – Mr Rhodes noted that the drafting placed the obligation for providing the information on the Market Participant and not the Credit Support provider (e.g. banks) as previously. Ms Varma noted that the Market Participant is the appropriate entity on which to place the obligation.

Step 4.2.6: Replacement of Credit Support – The Chair noted advice from Dr Steve Gould, received before the meeting, al s 'sÄ

Item	Subject	Action
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Participant to dispute the 'reasonable estimate'. Ms Varma noted that there was no specificity at this stage but that the IMO was considering different options based on available data. Ms Varma agreed that further detail should be provided in the Market Procedure to improve transparency. Ms Varma added that the prudential report on the Market Participant Interface would also detail the calculation. Mr Street suggested that section 5.1 should be reviewed to ensure that it achieves the intention.

The following amendments were also agreed:

General:

- i) consideration of the informal comments provided by Alinta not yet included; and
- ii) amend the word 'wishes' to something more appropriate.

Step 2.5.1: Step does not currently align with the proposed amendments to clause 2.37.5 in RC_2012_23, as the proposed Amending Rule incorrectly requires the IMO to take into account a Market Participant's "Bilateral Contract sales and purchases payments". The Procedure appropriately refers to "Bilateral Contract sales and purchases quantities".

Step 2.8.1: Clarify the obligation for a Market Participant to notify the IMO where there is a change that would decrease a Market Participant's Credit Limit and whether this is a 'must' or 'may'.

Step 3.4.1: Review consistency of terminology within the step.

Step 3.6.6 and 3.7.5: Steps require clarification as they currently have conflicting obligations, in that each step requires delivery in person and also provides an alternative,

Item	Subject	Action
7.	MARKET PROCEDURE FOR SETTLEMENTS T529s@ Ehai Nodiuce d	