

Item	Subject	Action
	Action Point: The IMO to push Meeting notes on the e-sense	IMO

3 ACTION POINTS

Where actions were not completed Mr Ruthven noted the following:

- AP36: The IMO will present a draft updated Market



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	revision of the Market Procedure taking account of the agreed revisions.	

6 SUBMISSIONS FROM 2011 MRCP DETERMINATION

Mr Ruthven detailed the issues raised in submissions received during the 2011 MRCP determination. It was confirmed that the current basis for calculation of escalation factors was to use historical price movements to escalate prices forward to the coming year. Mr Ruthven confirmed that the IMO had held discussions with SKM surrounding forward looking models and that SKM have a well established methodology for providing information to regulatory authorities including the Australian Energy Regulator (AER), particularly for switchyard and transmission construction costs.

Mr Ruthven confirmed that the weightings used by SKM for the power station capital cost were based on observations of private entities which have less visibility than regulated entities (e.g. network operators). The weightings for this escalator were developed specifically for this paper and have not been refined over several years, as is the case for the switchyard and transmission cost escalators. Mr Pablo Campillos queried as to whether any other party could provide this. In order to provide more clarity in this area it was agreed that this could be reviewed at the same time as the external review of Margin M as discussed earlier in the meeting.

Action Point: IMO to engage an engineering consultant to independently provide evidence on forward looking cost escalation factors

With regard to insurance costs Mr Ruthven confirmed that these were not included in the fixed Operating Costs as the level of

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	<p>refund exposure within the MRCP calculation. It was noted for an OCGT that this would likely be in the region of 1-2% over the life of the plant. It was agreed that it was reasonable to include this on the agenda for discussion at the next meeting.</p> <p><i>Action Point: no decision generated for discussion of the percentage of refund exposure within the MRCP calculation on process</i></p>	IMO
6	<p>NEXT MEETING</p> <p>Mr Ruthven noted that the next meeting would be held on Thursday 24 March 2011.</p>	
7	<p>CLOSED: The Chair declared the meeting closed at 4:45 pm.</p>	