

## Independent Market Operator

Item	Subject	Action
1.	<b>WELCOME AL</b>	

<b>4.</b>	<b>POTENTIAL MARKET RULE CHANGE PROPOSALS</b>	
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- **RESERVE CAPACITY REFUND REPORT**

The Reserve Capacity Refund Mechanism Working Group's report, providing a recommended refund arrangement alternative, was distributed to MAC members for consideration. Patrick Peake from the IMO, Chair of the Group, presented the report and its major recommendations.

Of the three refund options considered by the Working Group and presented in the report (available on the IMO web site), Verve Energy indicated that it would have preferred the second option. Verve Energy considers that this would have provided a more market oriented outcome, where refunds were linked to the current level of risk in the SWIS.

Verve Energy, and other MAC members, acknowledged, however, that this second option may create more uncertainty about the outcomes for potential investors. The potential to introduce this second option in the longer term was acknowledged by MAC. It was also noted that the IMO intends to review the Reserve Capacity Mechanism in 2010.

The IMO noted that given that the current Refund Mechanism does not provide the appropriate incentives to Market Participants and potential ambiguity in the Rules, it is essential that this be corrected as soon as possible, and before the next hot season begins in December.

With regard to Recommendation regarding the multipliers to be applied in each season and the





