

Independent Market Operator

Market Advisory Committee

Minutes of Meeting No. 9

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| Location: | ERIU Conference Room Level 8, Governor Stirling Tower, 197 St Georges Terrace, Perth |
| Date: | Wednesday 12 December 2007 |
| Time: | Commencing at 2.00pm to 4.45pm |

| Attendees | | |
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| Dora Guzeleva | IMO | Acting Chair |
| Kristian Myhre | Alinta | |
| Robert Püllella | Economic Regulation Authority | |
| Chin Koay | IMO | |
| Magnus Stensson | IMO | Minutes |
| Shane Cremin | Griffin Power | Proxy for David Lyne |
| Jason Banks | Office of Energy | |
| Ky Cao | Perth Energy | |
| Grant Draper | Synergy | Proxy for Tony Perrin |
| Ken Brown | System Management | Left at 4.10pm |
| Mark Lewis | Transalta | |
| Andrew Everett | Verve Energy | Left at 4.00pm |
| Peter Huxtable | Water Corporation | |
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| Apologies | | |
| David Lyne | Newmont | |
| Tony Perrin | Synergy | |
| Peter Mattner | Western Power | |

| Item | Subject | Action |
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| 1. | <p>WELCOME AND APOLOGIES/ATTENDANCE</p> <p>Noted apologies from David Lyne, Tony Perrin and Peter Mattner.</p> <p>The Acting Chair opened the meeting and welcomed members to the ninth meeting of the Market Advisory Committee.</p> | |
| 2. | <p>MINUTES OF LAST MAC MEETING</p> <p>The Minutes of MAC Meeting No. 8 held on 14 November 2007 were circulated prior to this meeting.</p> <p>Members adopted the Minutes of Meeting No. 8 as a true and correct record.</p> | |
| 3. | <p>MARKET RULE CHANGE IN PROGRESS</p> | |
| | <ul style="list-style-type: none"> • SWIS RELIABILITY PLANING CRITERIA, RC_2007_28 <p>The Rule Change Notice for this change (submitted by the IMO) had been circulated to MAC. MAC Members were invited to express their views on this rule change.</p> <p>No member expressed any concerns regarding the change.</p> | |
| 4. | <p>POTENTIAL MARKET RULE CHANGE PROPOSALS</p> | |
| | <ul style="list-style-type: none"> • CALCULATION OF MCAP <p>A proposal by Verve Energy to amend the rules so that MCAP should always be recalculated in each Trading Interval and that the calculation of the Relevant Quantity should be amended to reflect upward deviations by Market Generators from their Resource Plans had been circulated for consideration by MAC.</p> <p>The IMO and Office of Energy informed that the history behind the current 5% thresholds in the rules was due to concerns regarding the exercise of market power in bidding behaviour. However, it has since been acknowledged that the thresholds may have negative impact on participants, as a result of the risk that they introduce for the balancing generator, and thus this proposal has been put forward to remove the thresholds.</p> <p>MAC supported the proposal. Verve Energy will submit this as a formal rule change proposal.</p> | <p>Verve Energy</p> |
| | <ul style="list-style-type: none"> • HIGH RISK AND EMERGENCY OPERATING STATES DEFINITION <p>A proposal by System Management to amend the rules in regard to the provisions for High Risk and Emergency Operating states, in order to remedy a potential uncertainty in regard to the intended operation of the provisions, had been circulated for consideration by MAC.</p> | |

MAC supported the proposal. System Management will submit this as a formal rule change proposal.

**System
Management**

- **PROVISION OF INFORMATION FOR ST AND MT PASA**

A proposal by System Management to amend the rules to provide some discretion to System Management in regard to the provisions prescribing information that must be provided to

5. NTDL WORKING GROUP PAPER

A paper regarding the proposed amendments to the Market Rules in regard to the definition and treatment of Non Temperature

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| | <ul style="list-style-type: none"> ○ Griffin ○ Watercorp ○ NewGen ○ Synergy ○ Verve Energy ○ IMO ○ ERA ○ Office of Energy <p>Members are to provide the IMO with their nominated representatives by January 2008.</p> <p>The IMO will amend the TOR and will consider providing some resources to support the Working Group.</p> <p>Perth Energy will schedule the first meeting for late January 2008.</p> | <p>ALL</p> <p>IMO</p> <p>Perth Energy</p> |
| | <ul style="list-style-type: none"> • CAPACITY CREDITS AND FACILITY REGISTRATION <p>A proposal from the IMO to amend the rules to allow the capacity credits of individual facilities to be reallocated to an aggregated facility, where an aggregation is approved by System Management and the IMO, had been circulated for consideration by MAC.</p> <p>MAC raised concerns that an aggregated facility comprised of a liquid and a non-liquid plant could be allowed to bid above the normal price cap. It was also proposed, in order to avoid a facility aggregating and disaggregating numerous times over the year, that a limit of one aggregation per year per facility was set in the rules.</p> <p>The IMO will conduct further analysis on the issue and present a revised discussion paper at the next MAC meeting.</p> | <p>IMO</p> |
| | <ul style="list-style-type: none"> • MAXIMUM REFUND <p>The IMO proposes to amend the rules to correct a deficiency in clause 4.26.1. The current definition of Maximum Refund in clause 4.26.1 (the Refund Table) has been drafted to cap the maximum refunds at the Participant level. This applies refunds to the entire facility portfolio for a Participant, instead of limiting the refund cap to individual facilities as was intended.</p> <p>MAC was in agreement that the issue highlighted in the IMO proposal could have significant unintended consequences.</p> | |

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| | <ul style="list-style-type: none">• TIMING OF RULE CHANGES <p>MAC agreed that the rule change proposals discussed at this meeting should be split into two groups, in order to avoid participants having to assess and provide submissions to too many proposals at the same time. One group will be submitted immediately in December, while the second one will be submitted in early January.</p> | IMO |
| 8. | CLOSED <p>The Acting Chair thanked all members for their participation during 2007 and declared the meeting closed at 4.45pm.</p> | |