

WATP'S ON

WEBSITE RE-DESIGN ///

The IMO website becomes the 'Market Pulse'

The IMO is excited to launch the re-design of our website, now featuring up-to-date energy market information and related visualisations on the home page.

The IMO website is one of our key interfaces, often being the first point of contact, whilst providing information on the Wholesale Electricity Market (WEM) and Gas Services Information (GSI).

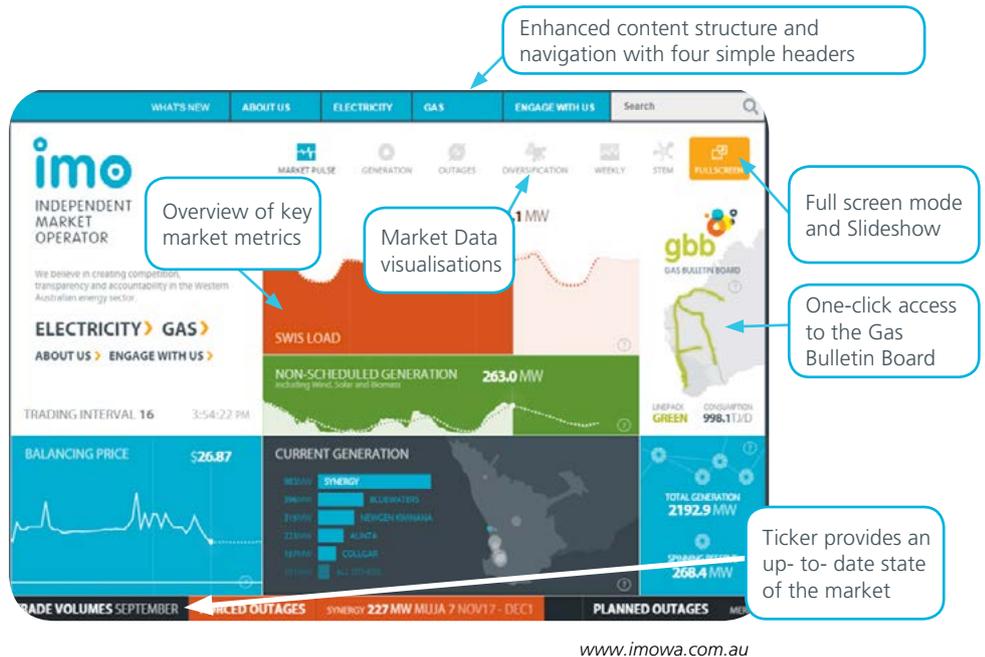
We have utilised the existing Market Data visualisations available on our website, by now displaying these on the home page, providing a high level and interactive representation of the following key market metrics:

- the SWIS load;
- current generation;
- non-scheduled generation;
- total generation;
- the spinning reserve; and
- the balancing price.

It also features the Gas Bulletin Board's (GGB) line pack capacity adequacy and total consumption with a one-click access to the GGB.

For each of these market metrics, users are able to drill down into the raw data sets for further analysis. Users also have the option to view these in full screen mode and as a slideshow. The slideshow is currently displayed in the IMO foyer as well as in some of our Market Participants' offices. The IMO is happy to provide advice on how best to set these up in your office. Please contact: Mark Brodziak, Solutions Architect by phone: 08 9254 4378 or email: Mark.Brodziak@imowa.com.au.

The ticker below the market metrics provides up-to-date information on the state of the market and highlights market movements by showing percentage deltas. For the WEM it includes key operational measures, monthly dispatched quantities, monthly trade volumes and current planned and forced outage quantities.



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For the GBB it includes the SWIS gas consumption for electricity and the receipt and delivery of gas by geography.

Detailed Market Data visualisations are available at the top of the page. These include information on generation (including wind), outages, current generation, diversification since market start, weekly numbers and the Short Term Energy Market (STEM). The new outages metric provides a cumulative representation of all planned, consequential and forced outage quantities over a twelve-month period. Dispatch Advisories have also been mapped to the relevant trading day providing insight into the reason for some of the outages.

Improving the website's user friendliness by enhancing the content structure and navigation is another key part of our website's re-design.

We have introduced four new content headers; *About Us*, *Electricity*, *Gas* and

Engage with Us. We hope this new structure will help engage, educate and inform our stakeholders of relevant market information through a vibrant and easy to navigate website.

The IMO welcomes ideas from our stakeholders for further Market Data visualisations.

The publication of some market data is currently limited by Chapter 10 of the WEM Rules (Market Rules). The IMO is working with the Market Advisory Committee (MAC) to review the current framework that governs the management of market information and considers that the framework could be amended to improve its functionality and alignment with the Wholesale Market Objectives. The related concept paper is available on our website at: www.imowa.com.au/MAC_77.

We welcome any feedback that you may have, please call us on 08 9254 4300 or email imo@imowa.com.au.



Highlights from our CEO

2014 has been another great year for the IMO. The launch of the Electricity Market Review (EMR) has initiated interesting discussions on the Wholesale Electricity Market for all stakeholders. I'm pleased to take this opportunity to update you on our recent activities and achievements across the Wholesale Electricity Market (WEM) and the Gas Services Information (GSI).

The IMO has, since the launch of the EMR, worked closely with the Public Utilities Office, the EMR Steering committee and our Market Participants to actively support the EMR and provide greater transparency of relevant market information. The IMO has submitted our response to the EMR's Discussion Paper, which provides detailed considerations on the issues raised in the Discussion Paper and the reform options that are proposed. The submission highlights the support for:

- increased competition, including the introduction of full retail contestability and structural separation of Synergy;
- the transition to a constrained network access model;
- evolution of the energy market, including facility-based bidding for all Market Participants, co-optimisation of energy and Ancillary Services, increased competition in Ancillary Services, reduced gate closure and a review of risk management tools for Market Participants (including the STEM);
- informed debate on the appropriate reliability standard for the South West Interconnected System (SWIS); and
- the introduction of a WA wholesale gas market.

Furthermore, the IMO's submission includes analysis of the cost of wholesale energy, both for the Wholesale Energy Market as a whole and specifically for the Notional Wholesale Meter, which is dominated by residential customers.

The IMO will continue to assist the EMR Steering Committee and government as required to ensure appropriate consideration of reform options and looks forward to participating in the implementation of reforms adopted by the government. You can find a copy of the submission on our website: www.imowa.com.au/engage-with-us/presentations and we welcome your review and feedback.

The IMO has recently conducted a study of the Ancillary Service Standards and the basis for setting the Ancillary Service Requirements for the SWIS. The IMO undertakes these studies every five years in accordance with the Market Rules. The final report was published in early November 2014 and can be found on our website: www.imowa.com.au/2014_AS_Study.

Ernst & Young, the consultants engaged to assist with the study, made a range of recommendations covering Load Following, Spinning Reserve, Load Rejection Reserve and System Restart Ancillary Services. Many of the recommendations are dependent on the outcomes of the EMR and will be revisited once the outcomes of the EMR are known. The IMO and System Management have started work to progress the remaining recommendations.

On 3 November 2014 the IMO completed a major upgrade to our Settlement System. This is the system that supports the settlement of the WEM and calculates weekly and monthly invoices for Market Generators and Market Customers. Special thanks go to the team, who has worked extensively over the last six months to prepare for the upgrade by conducting certification testings prior to being able to complete the software upgrade.

The IMO is very pleased with the recent launch of our redesigned website. This now features the Market Data visualisations on the homepage providing our stakeholders with easy access to key market metrics and their related raw data for further analysis. Users also have the option of displaying the Market Data visualisations in a full screen mode and as a slideshow. We would like to offer support to our stakeholders to assist them in setting up the slideshow in their offices providing an up-to-date state of the WEM and GSI.

The IMO is looking forward to publishing the third edition of the Gas Statement of Opportunities (GSOO) in December, providing an overview of the latest developments in the WA gas sector.

The report provides a comprehensive medium to long term outlook of WA natural gas supply and demand, and includes information relating to natural gas reserves, production, transmission and storage capacity in WA, along with trends in the national and international LNG markets and a discussion of other issues relevant to the sector.

Current developments in the domestic gas supply and demand, and factors affecting the international LNG market, coupled with the recent volatility in commodity prices, make the creation of this GSOO challenging. The IMO is carefully considering these factors in order to ensure that the forecasts are as robust as possible. The IMO aims to develop and improve the GSOO with each iteration. In this edition, the IMO is pleased to provide additional information on the specific drivers of gas demand, and has been able to leverage data made available through the Gas Bulletin Board to present additional information.

We are planning to host the related industry briefing and launch of the GSOO on Tuesday 3 February 2015. Further details will be announced on our website and invitations will follow early in the new year.

Lastly, it is my great pleasure to announce that the IMO has been selected to host the international 2015 Association of Power Exchange (APEX) Conference in Perth. APEX was formed to facilitate development and communication of ideas and practices in the operation of global competitive electricity markets.

As always, I encourage you to share your thoughts and feedback with myself and my team, so please don't hesitate to get in touch.

I wish you, and your families, a very safe and happy holiday season and look forward to continue working with you in 2015.

Allan Dawson

Settlement System Upgrade

The IMO is pleased to announce that we have completed a major upgrade to our Settlement System; POMAX 3.4. Vendor, The Brady PLC, is a provider of software solutions for global commodity trading and more particular the energy market, made this new version available earlier this year.

The upgrade was completed on Monday 3 November 2014. It is the system that supports the settlement of the Wholesale Electricity Market (WEM) in the South West Interconnected System (SWIS) and calculates weekly and monthly invoices for Market Generators and Market Customers.

Some of the benefits of the upgraded version includes improvements to streamline the processes of performing WEM Settlement Runs related to meter validation and batch processing. This has allowed the IMO to refocus our operators on more value adding services to our Market Participants as less time is spent on verifying and validating the software operation. In addition, the upgrade removes dependencies on older versions of Oracle and Windows that were near the end of their support windows.

The IMO team has worked extensively to prepare for the software upgrade over the last six months. The Market Rules required a full re-certification of the new



The IMO Settlement and IT teams

software to maintain compliance. This required the IMO to conduct numerous certification testings prior to being able to deploy the software upgrade. The Market Auditor, PA Consulting Group, specified a set of 225 settlement scenarios and the IMO developed test cases synthesising registration, trading and interval meter data to meet the requirements of each scenario. Following this, the IMO performed settlement runs with the upgraded settlement software and PA Consulting Group used these test results to verify the scenarios. Once the re-certification was complete, the IMO was able to deploy the software upgrade. However, scheduling the timing of the upgrade was a challenge. The monthly settlements schedule is busy consisting of weekly Short Term Energy Market (STEM) settlements, Non - STEM Initial at the start of each month and three Adjustments settlements. This means that there is only a short window each month of a few days where the IMO is able to

stop processing settlements and take the systems offline for maintenance.

The new Settlement System is now fully operational. The impact on Market Participants during the upgrade was limited to only a few hours of outage on the Settlement Portal page in the WEMS Market Participants Interface (MPI). As with any complex system integration there were some unexpected challenges on the day, but the IMO team all pitched in and worked closely together to quickly resolve issues and keep Market Participants informed of the progress.

Special thanks go to Settlement Analyst; Mike Hales and Senior Test Analyst; Steve Raynes who worked tirelessly to complete the certification testing prior to deployment.

In the coming year the IMO is looking at developing a new Settlements Portal for the MPI which will improve Market Participants' access to their invoices and statements via B2B through our web services interface.

2015 MAC Annual Review of Composition

In accordance with clause 2.3.9 of the Wholesale Electricity Market Rules (Market Rules), the IMO is required to undertake an annual review of the composition of the Market Advisory Committee (MAC). The purpose of the MAC is to advise the IMO in regard to rule changes, procedure changes and general electricity market and South West interconnected system (SWIS) operation matters. The Market Rules, MAC Constitution and Appointment Guidelines outline the functions and composition of the MAC, together with the process for appointing new members.

The process for the Annual Review of the MAC Composition commences each year in November. On Friday 21 November 2014 the IMO published the Call for Nominations on the IMO website inviting

nominations from industry stakeholders and industry groups. The Nominations close on Wednesday 17 December 2014.

An internal panel of IMO staff will assess the nominations received. Nominees will have to demonstrate the required skills, knowledge and experience as part of their application based on the following criteria:

- Demonstrated knowledge and experience relating to energy sector issues;
- Demonstrated broad understanding of the technical, design and commercial aspects of the WEM;
- Demonstrated ability to actively contribute to the MAC, including an:
 - ability to work as a member of a small team;

- ability to assess the proposed rule and procedure changes against the Wholesale Market Objectives;
- ability to understand the subject matter in proposals made to the MAC; and
- ability to consider market design issues and options for the evolution of the Market Rules; and
- Demonstrated understanding of the governance arrangements under which the IMO and System Management operate.

The panel's recommendation is documented and presented to the IMO Board for approval.

Further information on the 2015 MAC Annual Review of Composition can be found on the IMO website at:

www.imowa.com.au/MAC_annualreview_



The IMO board and staff wish all Market Participants, Gas Market Participants and other stakeholders and their families a very safe and happy holiday season.

We look forward to working with you in 2015.

KEY DATES AND UPCOMING EVENTS ///

December 2014

- 10 IMO Training**
Energy Market Introduction

- 16** Gas Advisory Board Meeting

- 17 IMO Training**
Reserve Capacity Mechanism
Market Operations, STEM and Balancing

- 31** Publication of 2014 Gas Statement of Opportunities (GSOO)

Please visit our website for the most up to date information on upcoming events: www.imowa.com.au

February 2015

- 3 Industry briefing**
Launch of the 2014 Gas Statement of Opportunities (GSOO)

- 11 IMO Training**
Energy Market Introduction

- 12** Market Advisory Committee Meeting

- 18 IMO Training**
Reserve Capacity Mechanism
Market Operations, STEM and Balancing