

WATT'S ON

ELECTRICITY MARKET REVIEW ///

Phase 2 Electricity Market Review

On 24 March 2015 the Hon Dr Mike Nahan, Minister for Energy, launched the much anticipated Phase 2 of the Electricity Market Review and the State Government's response to the Options Paper produced by the Phase 1 Steering Committee.

The Minister launched Phase 2, at an industry stakeholder function hosted by the Chamber of Commerce and Industry, where he announced that the reform projects will be categorised into four key workstreams with a number of projects within each workstream.

The key workstreams include:

- Network Regulation Reform;
- Institutional arrangements reform;
- Wholesale Electricity Market improvement reform; and
- Market competition reform.

Further information on each of the workstreams can be found on the Public Utilities Office's website under the section of 'Electricity Market Review'.

The IMO awaits further information on each of the workstreams and associated timelines.

There are exciting times ahead for the energy markets in Western Australia and the IMO looks forward to working with our Market Participants as we progress through the design and implementation of the required actions that support market reform.

The IMO will continue to play a crucial role in the reform of the energy market and our CEO, Allan Dawson, is looking forward to actively participating as a member of the Review's Phase 2 Steering Committee.

The initiative to move System Management functions and processes out of Western Power into the IMO will result in substantial changes at the IMO. We look forward to working with System Management and Western Power throughout the transition phase.

GRADUATE UPDATE ///

Graduate Search 2015/16

Applications for the IMO Graduate Development Program opens 7 April 2015.

2015 will be the fifth year that the IMO is running its Graduate Development Program with the aim of employing the best young talent and develop them sufficiently to enable a long term career in WA's energy sector preferably with the IMO. This has proven an excellent way of attracting high level talent and developing an internal capability in the critical analytical skills required to work within the complex nature of energy markets. The Program has continued to grow in popularity with over 800 applications received since its inception.

During the 18 months program, the graduates will work within a small team work environment, rotating into the different teams responsible for different aspects of the IMO business where they are encouraged to extend themselves and continually expand their knowledge.

The IMO recently attended the Careers Fair at the University of Western Australia, which provided an opportunity for students to meet the IMO team and hear about a career in WA's fast paced energy sector.

For more information on our Program, the selection criteria and how to apply, please visit: <http://www.imowa.com.au/graduate-development-program>



The IMO Team at UWA's Career Fair

Highlights from our CEO

With the Minister for Energy's formal launch of Phase 2 of the Electricity Market Review, Western Australia's energy sector is finally on a path to market reform. The IMO looks forward to supporting the implementation of the required changes as part of the Review's Phase 2.



The Minister's launch of Phase 2 of the Review at the CCI luncheon 24 March 2015 provided an opportunity for the energy industry to get together and discuss the Minister's announcement and the challenges ahead. Following the event, the IMO held an internal staff meeting to discuss the key reforms announced and its potential impacts on the IMO. I emphasise to staff to 'clear the decks' as the next 24 months will be very busy as we support the recommendations of Phase 2 of the Review.

It is going to be a busy couple of years for all of us engaged in the WA energy sector.

I am pleased to advise that I have received a letter of invitation, to become a member of the Review's Phase 2 Steering Committee. I look forward to actively working with the Steering Committee as we implement the challenging Phase 2 recommendations.

In the next edition of Watt's On, I will be in a better position to update you further on the initiatives that affect the IMO.

Other key happenings at the IMO since my last update in December include:

Gas Statement of Opportunities

On 2 February 2015 the IMO held the stakeholder briefing for the 2014 Gas Statement of Opportunities (GSOO), which was published 24 December 2014. The GSOO provides an overview of the latest developments in the WA's gas sector, including a summary of the WA natural gas market, domestic and international LNG markets, estimates of gas reserves, forecasts of domestic gas supply and demand. The briefing provided a great opportunity for our gas stakeholders to get together and discuss industry related matters with the key talking point being the recent volatility in global oil and gas prices.

Ministerial Direction

The IMO received its second Ministerial Direction on 13 March 2015, the purpose of which is to defer certain aspects of the 2015 Reserve Capacity Cycle by one year which refers to the Reserve Capacity required for capacity year 2017/18.

This Direction is now binding and the IMO has updated the Reserve Capacity Mechanism timeline, cancelled the 2015 Reserve Capacity Auction and published the Notice of Extension for the 2015 Reserve Capacity Cycle on our website.

The IMO is currently working on the Electricity Statement of Opportunities (ESOO) which contains the Reserve Capacity Target for 2016/17. The ESOO provides key 10 year forecast data that establishes a Reserve Capacity Requirement that determines the level of capacity required to meet peak demand. The IMO looks forward to publishing the ESOO report by 17 June 2015.

Improving market transparency

Transparency improves price discovery, fairness, competitiveness and attractiveness of markets and a key objective for efficient market management is improving market transparency. The IMO strives for continuous innovation to promote market transparency.

However, the current framework for managing market information in the Market Rules is difficult to administer and severely limits the publication of market data. The IMO has assessed the efficiency and effectiveness of this framework and has commenced work with the industry to introduce a new framework that will be more efficient to administer and better promote the disclosure of market information.

On 13 March 2015, the IMO submitted the Rule Change Proposal: [Managing Market Information \(RC 2014_09\)](#) which proposes changes to the Market Rules to achieve these goals.

I look forward to updating you on the outcome and our ability to publish more valuable and interesting data visualisations on our website.

Annual review of MAC

The IMO recently completed the annual review of the composition of the Market Advisory Committee (MAC). I would like to personally extend my thanks to MAC who continues to support the IMO with a significant body of work and we look forward to their continued advice as we implement the required changes as part of the next phase of the Electricity Market Review.

APEX 2015

The IMO is excited to host the annual conference for the Association of Power Exchanges (APEX) 2015 in Perth 4-6 November. The planning is well underway with the confirmation of Alstom Grid as Platinum sponsor.

While the APEX conference itself is closed to members and sponsors we are aiming to host an industry event for our Market Participants to leverage off the significant number of global electricity market thought leaders that are expected to attend the conference. I look forward to providing you with more details on this industry event closer to the date.

Lastly, but by no means least, I am delighted to welcome our two newest graduates; Katelyn Rigden and Christopher Wilson to the IMO team and am pleased to note that they have settled in well with a strong interest in energy markets.

The search for our 2015/16 graduates will kick off shortly with applications opening 7 April 2015.

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

Allan Dawson

Managing Market Information

The IMO considers that transparency and accountability are essential to support competition and efficiency in the Western Australian energy sector.

Recently, the IMO has worked extensively to promote greater market transparency by making market data easy accessible to our stakeholders in downloadable files and turning the market data into visualisations to increase stakeholders' awareness and understanding of the Wholesale Electricity Market (WEM). For example, by looking at the IMO's website, you will find an up to date display of the current state of the market represented in colourful visualisations that allows you to explore the underlying data as required. You can also find a slide show of the state of the market suitable for public displays.

This increased transparency of market information has received great support from the Market Advisory Committee, the industry more broadly and other market operators around the world.

The appropriate management and disclosure of market information is imperative to improve transparency and symmetry of information in the WEM which in turn, will better achieve the Wholesale Market Objectives by reducing barriers to entry, avoiding discrimination and facilitating competition among Market Participants.

The IMO is currently looking to extend the amount of market information it is able to provide to our stakeholders. However, the current framework for managing market information is difficult to administer in the Market Rules which severely limits the publication of market data. The IMO has assessed the efficiency and effectiveness of this framework and has commenced work with the industry to introduce a new framework that will better promote the disclosure of market information and be easier to administer.

On 13 March 2015, the IMO submitted the Rule Change Proposal: [Managing Market Information \(RC 2014_09\)](#)

which proposes changes to the Market Rules to achieve these goals.

The IMO is encouraging interested stakeholders to review the Rule Change Proposal and to make submissions by 13 May 2015. We are also inviting stakeholders to attend two workshops to discuss the proposed status of market information under the new framework. The first workshop will be held on 2 April 2015 and the second on 14 May 2015. For further details please see our website or you can register your attendance by emailing: Market.development@imowa.com.au

The IMO is pleased to be working with our stakeholders to establish the new information regime and is excited about the opportunity to make new areas of market data available to our stakeholders. One specific area we look forward to exploring further, and including in our market data visualisations, which up until now has been dominated by generation information, is market information about retailers and consumers.

2015 Annual review of MAC composition

The Market Advisory Committee (MAC) is a committee of electricity industry representatives established under the Wholesale Electricity Market Rules to advise the IMO in relation to rule changes, procedure changes and the operation and evolution of the Wholesale Electricity Market (WEM) in the South West interconnected system. Each year the IMO is required to review the composition of MAC. As part of the 2015 review, which was completed in March, the IMO received many high-calibre applications for membership from across the electricity industry.

The IMO has appointed representatives to the MAC on the basis of the members' skills, knowledge and industry expertise as they relate to the class to which they were appointed. Members are appointed as individuals who are required to act in the best interest of the WEM as a whole and must have regard to the Wholesale Market Objectives.

The IMO is pleased to welcome Ms Wendy Ng to the MAC, newly appointed as one of three representatives of Market Generators:

Ms Wendy Ng

Wendy is the Commercial Manager at ERM Power, part owner and operator of the Neerabup power station in Western Australia. With over 15 years' experience in the energy sector, Wendy has held a number of roles in the Western Australian electricity and gas sectors. Over this period Wendy has been involved in the evolution of the WA Wholesale Electricity Market and the introduction of various national environmental electricity schemes and has been involved in a number of industry working groups. Her experience includes technical, design and commercial.

This year, a number of industry representatives were re-appointed to the MAC, including Mr Shane Cremin, Mr

Geoff Gaston, Mr Michael Zammit and Mr Peter Huxtable. The appointments of Ms Elizabeth Walters (Economic Regulation Authority) and Ms Kate Ryan (IMO) were also reconfirmed.

In 2015, the MAC also welcomes Mr Matthew Cronin, appointed by Western Power, and Dr Ray Challen, appointed by the Minister for Energy.

The IMO Board would like to acknowledge the 2014 MAC members for their efforts throughout the year and thank the outgoing members, Mr Andrew Sutherland, Mr Shane Duryea and Ms Nerea Ugarte for their valuable contribution.

To view all the 2015 MAC members please see our website where the IMO also publishes MAC related information and meeting papers: <http://www.imowa.com.au/mac>

Meet our new graduates

We are pleased to introduce our two new 2015 graduates; Katelyn Rigden and Christopher Wilson. They are currently enrolled in IMO's 18 months Graduate Development Program, which rotates through positions in Market Operations, System Capacity, Market Development and Legal and Compliance.



Katelyn Rigden

Katelyn's first rotation as part of the Graduate Development Program is with the System Capacity team, where she will be working towards the 2015 Gas Statement of Opportunities report.

This is Katelyn's first role after graduating; her previous internships within Supply Chain Management

at a leading resource company attracted her to the energy industry. Her keen interest in Economics and Market Development makes the IMO a perfect fit.

Holding a Bachelor of Economics with a double major of Economics and International Business Economics, Katelyn completed her study at UWA in July 2014.

Yoga and rock climbing are Katelyn's favourite past time, also enjoying travelling, especially to the snow.



Christopher Wilson

Chris joined the IMO because of his strong interest in the energy and electricity sectors, the development of new generation technologies and the integration of these technologies into existing systems.

Chris is very quickly gaining firsthand experience with this in his first rotation with the Operations and

Technology team who is responsible for the operation, settlement and technical support of the Wholesale Electricity Market and Gas Bulletin Board.

Chris graduated in 2014 holding a Bachelor of Mechanical Engineering and Economics from UWA.

In his spare time, he enjoys travelling, strategy games and playing and watching soccer.

KEY DATES AND UPCOMING EVENTS ///

April 2015

2 Workshop on WEM Confidentiality Framework

15 IMO Training
Energy Market Introduction

May 2015

04 Annual Review of Gas Advisory Board Composition will commence

06 Market Advisory Committee meeting

13 IMO Training
Energy Market Introduction

20 IMO Training
Reserve Capacity Mechanism
Market Operations, STEM and Balancing

26 Gas Advisory Board meeting

June 2015

10 IMO Training
Energy Market Introduction

12 Outcomes of the Annual Review of Gas Advisory Board Composition

17 Publication of the Electricity Statement of Opportunities

17 Market Advisory Committee meeting

17 IMO Training
Market Operations, STEM and Balancing

24 IMO Training
Reserve Capacity Mechanism

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