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ENROL NOW!

for IMO training courses.

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WHAT A YEAR!

Welcome to the first edition of Watt's On, the bimonthly newsletter of the IMO.

I have now been at the IMO for a year and it has proven both challenging and rewarding. I would like to take this opportunity to thank Market Participants and our stakeholders who have extended such a warm welcome to me.



Over the last year the IMO has made good progress towards being an operationally mature organisation. An internal re-organisation has been successfully completed to align with our operational responsibilities under the Rules. We have established specific Settlement, Operational and Change Management teams in Market Operations under the leadership of Gavin White, Robbie Flood and Matt Pember respectively. To address stakeholder concerns, the Compliance responsibilities were separated from the Market Administration functions. The Compliance function is lead by Barbara Sole.

I would like to acknowledge the enormous contribution made by Dora Guzeleva, Patrick Peake, Bill Truscott and Chin Koay in establishing the WEM and the IMO. It gave me particular satisfaction to fill all senior staff vacancies from within our own IMO talent pool. Neil Hay now heads up our Market Operations team and Troy Forward leads System Capacity and Market Administration. The changes made within the organisation will ensure that the IMO team, and its systems and processes, have strong integrity and deliver for our customers. The IMO team has risen to every challenge over the last year for which I extend my thanks.

The IMO has strived to be more strategic and forward looking, providing information to our customers that allows them to participate in prioritising our work plan. This has included the Market Rules Evolution Plan and the IT Roadmap. We also undertook our first IMO Stakeholder Survey in November 2008 that provided a valuable insight into our stakeholder's views. It has identified a number of areas where the IMO needs to focus. I would like to thank all the stakeholders that gave up their time to assist us with this survey. In June 2008, we moved to our new, larger premises in the Governor Stirling Tower from which we have been able to offer improved training courses for Market Participants.

This newsletter is designed to help you learn a little more about the IMO and the issues we are working on. I would welcome your comments and feedback.

Allan Dawson - CEO

Biography

Allan joined the IMO in March 2008. Prior to this he played a leading role in the establishment and operation of the New Zealand and Singapore electricity markets, as General Manager Operations of M-co and CEO of the Energy Market Company.

A former rugby player, Allan is a big fan of the All Blacks and gets to as many rugby games as his schedule allows. Allan is also a keen cyclist and rides to work every day.

P: 9254 4333 M: 0412 787 375 E: allan.dawson@imowa.com.au



OPERATION ELECTRICITY



Profile of Neil Hay, Manager Market Operations

Neil Hay joined the IMO in early 2006 having spent the previous 12 years at Western Power. In 2008 he was promoted to the position of Manager, Market Operations.

Q: Neil, you have spent the best part of your career in the Electricity Industry. What do you enjoy most about working in this industry? I get tremendous satisfaction out of being part of the incredibly complex process of bringing electricity to the public. People who don't work in this industry rarely appreciate the huge technological challenges required to operate their lights, kettles and air conditioners.

Q: You joined IMO at its inception and were very much a part of the deregulation of the Market. In your opinion, what are the major benefits of deregulation for the industry and the public? I was very fortunate to have joined IMO prior to market start and have seen the whole process of deregulation through from its inception. Prior to joining the IMO, my role at Western Power was to oversee the smooth running of the interim market, the first step towards deregulation. At the IMO I have been privileged to watch the theory transform into practical process. Among other things, it is fantastic to see private generators supplying the market, including a number of renewable sources.

LoadWatch: Summer 09

Market Participants have responded very favourably to the launch of the IMO's **LoadWatch: Summer 09** in February this year. The weekly report was recently mentioned during a presentation by the Economic Regulatory Authority as the sort of improved transparency needed in the Western Australian energy industry.

LoadWatch: Summer 09 provides a weekly snapshot of the level of available capacity and electrical load for the previous week. It also forecasts temperature and load for the coming week. As a comparison, **LookBack: Summer 08** is also provided.

We have maintained a comfortable capacity cushion which remained above 19% every day since **LoadWatch: Summer 09** began. **LoadWatch: Summer 09** is published each Monday afternoon and you can find it at: www.imowa.com.au/LoadWatchSummer.htm until April. If you have any queries relating to **LoadWatch: Summer 09** please feel free to contact:

Neil Hay - Manager Market Operations

P: 9254 4313 M: 0421 585 054

E: neil.hay@imowa.com.au

Allan Dawson - CEO

P: 9254 4333 M: 0412 787 375

E: allan.dawson@imowa.com.au

Q: You are responsible for the day to day operation of the Wholesale Electricity Market, what does a typical day at the office look like? My days are always varied and incredibly busy. I have to remain very flexible and prepared for the possibility of my well-planned schedule being interrupted! The enthusiasm of Market Participants for finding better ways to do things never ceases to amaze me. Having responsibility for Settlements can be a sober reminder that events occurring today invariably have financial implications on all parties in six weeks' time.

Q: What do you do for fun? Rumour has it you're a bit of a squash legend...

As a younger man I played state grade squash but these days I take life a bit easier. I enjoy a round of golf and recently competed in the Western Power corporate golf day, winning with the good help of my colleagues from the industry. I have recently moved to a new home on the river and have taken up kayaking. Playing my guitar also helps me relax.

Tailored training to suit all Market Participants

The need for the IMO to provide a comprehensive training program for Market Participants and other interested parties became evident after the launch of the WEM in 2006. In these early days, a two day course was offered covering all aspects of the market. However, it was evident that these courses attempted to cover too much in a short space of time and were not targeted for the audience.

Consequently IMO's training program was reviewed over the course of the following four months and a new format was developed under the direction of Senior Operator Robbie Flood.

Since September 2008, the IMO has offered four half-day courses tailored for existing and potential Market Participants and the companies which service them. The new training program has been extremely well received with over 100 people attending since its inception.

We offer courses to suit all Market Participants, from those who have no prior knowledge of the market to those needing further education about its complexities.

For further training enquiries: Robbie Flood, P: 9254 4315, **E: robbie.flood@imowa.com.au**



CAPACITY IN CAPABLE HANDS

We are pleased to announce the appointment of Ian McCullough as Senior Analyst, System Capacity who came on board in late March to take responsibility for the day to day management of the System Capacity team.

Reporting to Troy Forward, Manager Market Administration and System Capacity, he leads the System Capacity team in ensuring the smooth entry of new capacity providers into the Wholesale Electricity Market, as well as maintaining a high level of service to our existing generators. Ian brings extensive industry knowledge and experience to this position, having spent seven years at the Office of Energy and the previous eight years at Western Power, where he played a key role in advising on capacity planning issues.

The System Capacity team manages the Reserve Capacity Mechanism (RCM) within the Wholesale Electricity Market (WEM). The RCM helps to ensure the reliability of electricity supply in the South West Interconnected System (SWIS) by incentivising investment from capacity providers and potential generation developers. The System Capacity team manages this process by analysing the supply and demand balance between Generators and Retailers and developing long term forecasts of peak demand.

Based on these forecasts, the IMO invites current and new investors to offer capacity to the SWIS. In doing so, they are given access to an income stream, in the form of capacity payments, which helps to recover part or all of their capital costs, and assist them with their business development in the early stages of project planning. It also provides a significant source of income for established facilities.

In May the IMO will be accepting applications for the 2011/12 Reserve Capacity Year. To help us process your application quickly, new and existing Market Participants are encouraged to provide accurate and relevant information with their applications.

Further information on what we require can be found at:

<http://www.imowa.com.au/Attachments/ReserveCapacityGuideForInvestorsAndDevelopers.pdf>

Please feel free to contact us if we can help you in any way:



Will Street

Analyst, System Capacity

E: william.street@imowa.com.au

P: 9254 4301



Ben Williams

Analyst, System Capacity

E: ben.williams@imowa.com.au

P: 9254 4305

ENROL NOW!

Whether you're new to the game or a seasoned pro, we have courses tailored for you!

Bookings can be made by emailing operations@imowa.com.au

Market Overview - 1 April 2009, 3 June 2009

- Basic Introduction to Electricity
- South West Interconnected System
- Market Mechanisms
- Market Participant Interfaces
- Market Rules

Market Operations & STEM - 20 May 2009

- Scheduling and Trading Day
- Bilateral, STEM and Balancing
- STEM Auction
- Balancing Price Determination

Reserve Capacity Mechanism - 6 May 2009

- Capacity Credits
- Timeline
- Individual Reserve Capacity Requirements
- Allocations
- Shared and Target Costs

Non-STEM Settlements - 15 April 2009, 17 June 2009

- Non-STEM settlement timeline
- Introduction to the Non-STEM segments

Courses are free of charge to all Market Participants. A fee of \$165 is charged to other attendees. Further information can be found at: www.imowa.com.au/market_training.htm

Please feel free to contact us with any further training enquiries:

Robbie Flood, Senior Operator, P: 9254 4315 E: robbie.flood@imowa.com.au

DID YOU KNOW?

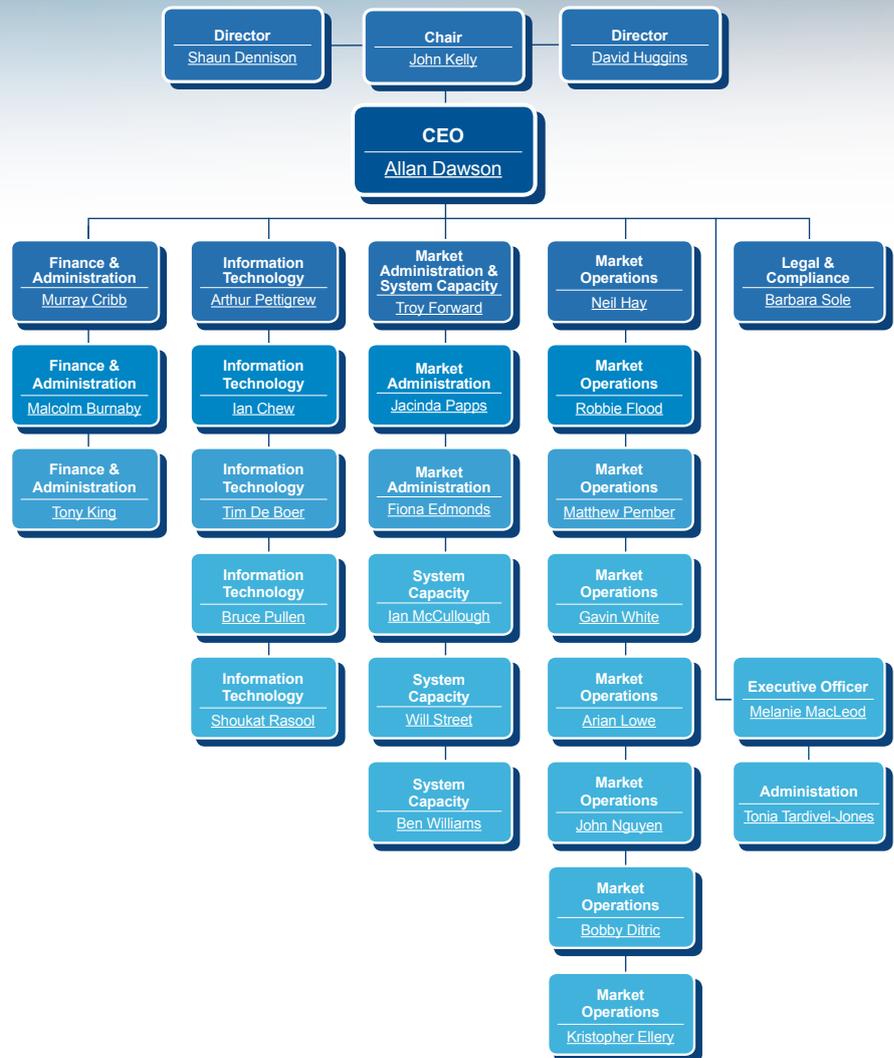
- Electricity was introduced to Western Australia by the enterprising Mr C.J. Otte and his company, the Western Australian Electric Light and Power Company, in 1888. A small electric plant with a 40 horsepower portable engine and 15kW dynamo were installed in Mr Otte's premises next to the Criterion Hotel in Howick Street (now Hay Street) Perth. ([Western Power http://www.worldofenergy.com.au/](http://www.worldofenergy.com.au/))
- The South West Interconnected System (SWIS) consists of nearly 88,000 kilometres of powerlines, approximately 21 times the distance between Perth and Sydney ([Western Power: http://www.westernpower.com.au/mainContent/workingWithPower/ourNetwork/swis.html](http://www.westernpower.com.au/mainContent/workingWithPower/ourNetwork/swis.html))
- The largest wind turbine in the world, located in Hawaii, stands 20 stories tall and has rotors the length of a football field (http://www.newlaunches.com/archives/enercon_e126_worlds_largest_wind_turbine.php)
- As late as 1993, high-tech paraphernalia like computers, printers and video games had a negligible effect on power usage. Today, it's estimated to account for more than 13 percent of a typical household energy budget. By 2020, it could be as much as 25 percent. (<http://www.evolvegreen.ca/facts.html>)
- 1.6 billion people in the world have no access to electricity. (<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20127296~menuPK:34480~pagePK:34370~theSitePK:4607,00.html>)

Contact the IMO:

If you would like to receive a copy **Watt's On** please email us at imo@imowa.com.au

Independent Market Operator
Level 3, Governor Stirling Tower
197 St Georges Terrace, Perth WA 6000
P: (08) 9254 4300
F: (08) 9254 4399
E: imo@imowa.com.au
W: www.imowa.com.au

WHO'S WHO AT IMO



Spotlight

Tonia Tardivel-Jones

Tonia joined the IMO in November 2008 as the Front Office Administrator and Procedure Analyst. She is the first point of contact with the IMO on the phone or in person for visitors to our offices. Tonia will endeavour to connect you with the appropriate person to deal with your enquiry when you call the IMO.

She co-ordinates the scheduling, prepares meeting rooms and organises refreshments for those involved in MAC meetings, Rule Change Workshops or Board meetings. Whatever the reason for your visit, Tonia will offer you a warm IMO welcome and offer you any assistance you may require. Tonia has previously worked as a Court Officer at the Family Court of Western Australia. She has also spent several years in the fitness industry as a Gym Manager, Sports Therapist and Personal Trainer.

E: tonia.tardivel-jones@imowa.com.au

