



Minutes

Meeting Title:	Cost Allocation Review Working Group (CARWG)
Date:	29 August 2023
Time:	1:00pm – 1.56pm
Location:	Microsoft TEAMS

Attendees	Company	Comment
Dora Guzeleva	Chair	
Donna Todesco	AEMO	
Mena Gilchrist	AEMO	Observer
Toby Price	AEMO	Observer
Nicholas Nielsen	AEMO	Observer
Oscar Carlberg	Alinta Energy	
Tom Frood	Bright Energy	
Jake Flynn	Collgar Wind Farm	
Paul Arias	Shell Energy	
Tessa Liddelow	Shell Energy	
Noel Schubert	Small-Use Consumer Representative	
Genevieve Teo	Synergy	
Daniel Kurz	Summit Southern Cross Power	
Jacinta Key	Woodside	
Mark McKinnon	Western Power	
Grant Draper	Marsden Jacob Associates (MJA)	Presenter
Peter McKenzie	MJA	
Stephen Eliot	Energy Policy WA (EPWA)	
Shelley Worthington	EPWA	

Apologies	From	Comment

Item	Subject	Action
1	<p>Welcome and Agenda</p> <p>The Chair opened the meeting at 1:00pm.</p>	
2	<p>Meeting Apologies/Attendance.</p> <p>The Chair noted the competition law obligations of CARWG members.</p> <p>The minutes from the 25 May 2023 working group meeting were approved out of session and were published on the website on 31 May 2023.</p>	
3	<p>Cost Allocation Review: Exposure Draft:</p> <p>The Chair noted that the MAC had advised that it was appropriate that the draft rules should only be discussed with the CARWG and not taken to the MAC prior to publication for public consultation.</p> <p>Ms Todesco noted that AEMO had prepared responses to discuss with the working group today but had not yet completed a thorough review and would do so when the draft rules were out for consultation.</p> <p>The Chair noted that the intent for the meeting was for the CARWG to provide comments that could be addressed in the draft Amending Rules released for public comment. The draft Amending Rules would then be amended following a four-week consultation period the rules and amalgamated with the five-minute settlement rules.</p>	

Regulation Services

Mr Draper noted that Appendix 2D is a new appendix for the calculation of regulation shares to allocate Regulation service costs and provided a summary of how the appendix reflects the 'WEM Deviation Method' specified in the Cost Allocation Review Information Paper. The CARWG discussed Appendix 2D as follows:

- Mr Price noted that he had some concerns with the final reference value for Scheduled Facilities and Semi-Scheduled facilities providing Essential System Services (ESS) and the possibility of a Facility that responds to an event at the end of an interval then being considered to have been deviated throughout the dispatch interval.
 - Mr Draper noted that it was covered by section 2.1(f) of Schedule 2D.
 - Mr Price agreed that section 2.1(f) would make sure that the end point of the line is correct at the end of the Dispatch Interval, but if a Facility was constantly injecting 100 MW and then an event occurred 8 seconds before the end of the Dispatch Interval causing them to increase by 20 MW then the line that AEMO would draw was a trajectory from 100 to 120MW throughout the Dispatch Interval.
 - Mr Draper agreed in that is a valid point, that the trajectory needs to be adjusted, not just the end point.

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- Mr Price noted that, in the National Electricity Market (NEM), an adjustment is made to account for whether the trajectory was acceptable – if a Facility is not on its trajectory because it is responding to a frequency event, then AMEO would reduce its contribution from that point. Mr Price added that this was part of the complexity in the NEM framework that derives from managing regulation, primary frequency response and other reasons for a Facility not being on their trajectory, which he understood was what EPWA was trying to avoid with the simple Deviation Method.
- Mr Kurz noted that he could not envision a scenario where an automatic governor control (AGC) would not be responding equivalently to what was required and would therefore always be contributing in the right direction.
- The Chair noted that in the new market a Facility would have to be in merit and dispatched for that service to be off the hook.
- Mr Price added that AEMO should seek to revise a Facility’s accreditation if it is not performing, noting that if a Facility was accredited to provide Regulation and was not meeting the service specification or accredited parameters, then that would be cause to reaccredit a Facility.
 - The Chair responded that accreditation was one thing and being in merit and dispatched was another, and noted that, if a Facility was not dispatched for Regulation, then they should not be off the hook.
- Mr Price considered there would be a need to look at each of the services – if a Facility provides Regulation Raise or Lower, then they are contributing to the service and it could be argued that they should not have an allocation during those intervals. For frequency response, Mr Price noted that AEMO had previously recommended to look at whether the frequency was within the normal operating band during the interval, or if a Facility was responding to directions from AEMO, and if so, then that Facility should not contribute in that interval.

The Chair summarized there were two options to address this:

- to let facilities off the hook for that interval if they receive an instruction; or
- if frequency is outside the prescribed limits, everyone that has responded should be off the hook.

The Chair noted the intent was not to consider how every Facility reacts and to look into positive versus negative deviations, as that would add to the complexity that the NEM has experienced and is exactly what EPWA is trying to avoid.

- Mr Neilsen noted for section 2.2 that missing SCADA data for a period could potentially benefit a Facility because it was not being added and suggested that, rather than having the raw deviation, to

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instead sum of the deviation divided by the count of the SCADA points.

- The Chair asked if missing SCADA data was estimated.
- Mr Price noted that in the case of missing SCADA data that:
 - there were other SCADA points that can be used as a backup;
 - there was not just one SCADA point associated with the single registered Facility; and
 - it was Western Power’s SCADA data, not AEMO’s.
- Mr Neilsen added that it might be worthwhile to have a process to populate missing SCADA points and cleaning up inaccurate data, and that this should perhaps sit with Western Power.
- The Chair noted that the WEM Rules refer to a SCADA data system operated by AEMO in several places and asked if that should be changed.
- Mr Draper considered that, as SCADA data is used for several processes in the WEM Rules and that AEMO must have a cleaning process for the SCADA data, so there is no need for a specific cleaning process for Appendix 2D.
- Mr Neilsen responded that AEMO has a cleaning process and, if it is clear that could be used in this instance and make sure that every SCADA point was populated, then section 2.2 could remain as it is.

The Chair noted that EPWA would need to confirm that references to SCADA systems relate to the cleaned or replacement quantities.

Mr Carlberg sought to clarify the use of term Regulation Facility to include things that are not Facilities and suggested to use a different term.

- Mr Draper responded that EPWA had been very careful to differentiate Regulation Facilities from Facilities but that further changes could be made to avoid confusion.

ACTION: EPWA to confirm whether reference to SCADA systems relate to cleaned or replacement quantities.

**EPWA
Dec 2023**

Appendix 2A: Runway share calculation method

Mr Draper recapped the rationale for the changes to Appendix 2A and that the changes would only affect allocation of Contingency Reserve Raise costs, not affect how plants are dispatched in the market.

The Chair acknowledged that participants may have been confused by the references to separately dispatchable units, but the point was more for AEMO to determine the largest contingency if there is more than one connection to the network for that facility.

- Mr Draper noted that if a facility wanted to be treated as two separate units for the purpose of Contingency Reserve Raise cost

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allocation, there would still be work for AEMO to develop a WEM Procedure for this to occur.

- Mr Price agreed that further consideration would need to be given to the precise wording in the WEM Procedure, which would need to cover many scenarios, so the preference is for generic rule wording.
 - The Chair asked Mr Price to review the current text and confirm if it was generic enough.
 - Mr Price responded that AEMO would do so and added that it was important for Market Participants to build Facilities with clarity on how they will be treated and equally that appropriate risks were captured.

The Chair noted that EPWA would need to be sure that the language talks about the largest contingency for that Facility, whatever the cause and that the heads of power need to be generic enough to say that AEMO will publish a procedure to help it identify the largest contingency.

- Mr Carlberg noted that he believed there was a similar requirement for AEMO to check whether two Facilities are subject to a single contingency in the aggregation rules and suggested to keep the two consistent.

Appendix 2E: Calculation of Contingency Reserve Lower Share

Mr Draper recapped the process to apply the runway method to large loads exceeding the threshold of 120MW.

Mr Draper noted that the intent was to capture the risk that will arise with large batteries or other loads coming onto the system and that non-dispatchable loads, typically without SCADA metering would be below the 120MW threshold and as such, the runway method would not apply to them.

- Mr Price noted there were intertrip provisions for Intermittent Loads.

The Chair responded that EPWA will look into this.

Mr Price asked if “FacilityRisk” risk should be multiplied by 12 to get to MW if it was a 5-minute measure of MWh. Mr Draper agreed and noted they would make that change.

Regarding section 2.4 in Appendix 2D, Mr Nielsen noted that it appears that only consumption will contribute to the cost of Contingency Reserve Lower and sought to clarify if that was correct, asking why in that instance why injection was not considered to contribute towards regulation and therefore be considering when determining that value.

- The Chair noted they the defined terms would need to be changed to refer to metered quantity up or down rather than metered consumption.

Item	Subject	Action
7	<p data-bbox="296 264 448 293">Next Steps</p> <p data-bbox="296 309 1209 450">Ms Todesco requested deferral of publication of the draft Amending Rules for consultation until after 9 October 2023 to give AEMO time to address and complications from the 1 October 2023 commencement of the new market.</p> <p data-bbox="296 465 1222 571">The Chair agreed to postpone the publication on the Cost Allocation Review Amending Rules but that consultation on the Reserve Capacity Mechanism Review Amending Rules would not be delayed.</p>	
8	<p data-bbox="296 593 544 622">General Business</p> <p data-bbox="296 638 772 667">No general business was discussed.</p>	

The meeting closed at 1:56pm.