



# CMM TECHNICAL WORKING GROUP

## MEETING NOTE

*Thursday 31 March 2022 (2-4pm AEDT)*

**Chair:** Neil Gibbs

**Attendees:** David Heard (ECA), Brian Spak (ECA), Amin Masoumzadeh (AGL), Anthony Rossiter (Powerlink), Bill Jackson (Electranet), Con van Kemenade, Dan Mascarenhas (Alinta), David Havyatt (NICE), Gordon Leslie (Monash University), Manas Choudhury (Edify), Marilynne Crestias (CEIG), Matthew Dickie (RWE), Robert Pane (Intergen), Elise Caton (Origin), Shevy Moss Feiglin (AGL), Vedran Kovac (Hydro Tasmania), Tom Gibson (OnLine Power), Tom Meares (ESB) James Hyatt (ESB), Jess Hunt (ESB), Tom Livingstone (ESB), Arista Kontos (ESB), David Swift (ESB).

**Apologies:**

Time	Topic	Key points/action items
2:00	Welcome, objectives and agenda	
2:05	Timeline and tasks to IWG meeting of 20 <sup>th</sup> April	The ESB outlined the processes leading up to the IWG paper on 20 <sup>th</sup> April. <ul style="list-style-type: none"><li>• ESB to share staff paper outlining draft assessment of models on 11 April.</li><li>• TWG to discuss on 14 April.</li><li>• ESB to reflect on feedback when drafting consultation paper.</li></ul>
2:15	Key features of each proposed model – what are the key matters concerning ESB?	The ESB discussed the key questions for each of the options in both operational and investment timeframes. <ul style="list-style-type: none"><li>• Questions were detailed in the working paper regarding key questions on options, provided to the TWG.</li></ul>
2:30	Strengthen TWG assessment of models in the Murals – discuss the key matters	The detailed outcomes of the discussion are reflected in the relevant Mural boards.  Members of the working group who participated in the investment discussion noted: <ul style="list-style-type: none"><li>• Investors need a long-term locational signal that can inform their siting decision from the outset. It is important to</li></ul>



		<p>improve upfront information for investors as to where in the transmission network has capacity to support output.</p> <ul style="list-style-type: none"><li>• Rebates should be provided to incumbents, as they have already invested in a location and so do not require a locational signal.</li><li>• There is a balance to be struck between:<ul style="list-style-type: none"><li>○ providing investors (particularly incumbents) with access rights that are long enough in duration to provide sufficient investment certainty, and</li><li>○ avoiding barriers for new entrants and, in turn, promoting effective competition in the wholesale market over the long-term.</li></ul></li><li>• Investors seek certainty of their risk-profile for the life of their project, noting that under the current open access regime new entrants can co-locate and constrain existing participants. Any improvements to participants' ability to manage this risk should be compared to the status quo.</li><li>• There are open design questions around how access rights are traded or transferred, which can allow investors the flexibility to improve their risk profile.</li><li>• Being able to return or trade rights would also mitigate the risk of plants staying open beyond their economic life.</li><li>• In considering how to create signals for batteries to draw from the grid in times of congestion, we should remain cognisant that each battery is developed with different commercial drivers, with specialised technical capabilities to reflect that contract structure.</li></ul> <p>Members of the working group who participated in the operational discussion noted:</p> <ul style="list-style-type: none"><li>• There was some confusion regarding the Vanilla CMM, and exactly what this entailed. It was clarified that the vanilla CMM involved all of the settlement residue being given away to generators based on a chosen metric.</li><li>• It was also noted that the CMM may still be open to gaming depending on the metric for allocating rebates.</li><li>• There were concerns regarding the implementation of the CRM, and that the secondary market would result in dispatch becoming infeasible due to the amount of calculations that were required.</li><li>• It was also noted that the market for congestion relief at a particular constraint is unlikely to be very liquid due to the small number of participants.</li><li>• There was discussion about how the Grid Access Reform proposal would interact with system security constraints as well as generator technical constraints. It was clarified that</li></ul>
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		the Grid Access Reform proposal would take these into account.
<b>3:30</b>	Open discussion	<p>Some members of the working group noted:</p> <ul style="list-style-type: none"><li>• The CMM is not as efficient as LMP and FTRs.<ul style="list-style-type: none"><li>○ The ESB agreed, and explained that the CMM is a compromise due to industry pushback on the options proposed in COGATI.</li></ul></li><li>• The number of models that the TWG will have a choice on remained unclear.<ul style="list-style-type: none"><li>○ It was clarified that at this stage, the ESB was trying to come up with the best range of sub-options, and will pick the best one for each timeframe. Ministers will see one complete model.</li></ul></li><li>• The ESB agreed to share its assessment of the model with the working group at the next TWG meeting on 14 April.</li></ul>
<b>3:55</b>	Next steps	It was noted that the ESB would circulate a further set of papers on 11 April in order to inform discussion on 14 April.
<b>4:00</b>	Thanks and close	