CMM TECHNICAL WORKING GROUP

MEETING NOTE

Thursday 14 April 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 (UPC\AC Renewables), Dan Mascarenhas (Alinta), Manas Choudhury (Edify), Marilyne Crestias (CEIG), Matthew Dickie (RWE), Robert Pane (Intergen), Elise Caton (Origin), Shevy Moss Feiglin (AGL), Laura Walsh (AusNet Services) 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	Generator co-efficients and winner takes all dispatch in the NEM.	The ESB provides some details about the importance of the winner takes all nature of NEM dispatch. Some members of the TWG noted that: • It is important to distinguish between constraint types, and that different types of constraints (thermal, stability etc) work differently from each other. • Generator coefficients in constraints reflect the physical power flows. The ESB agreed, and noted that it does not propose to change the way that generator coefficients are treated in dispatch given that the dispatch algorithm reflects physical flows. However, it is worth considering whether the current arrangements are supporting efficient decisions in investment timeframes. • Whether the ESB is considering a proportional allocation model for congestion rent when bidding is tied. ○ The ESB noted that participation factor could be used as a scaling factor, instead of a pure cut-off in terms of who is allocated the settlement residue.

		• Whether this issue will be raised in the consultation paper?
		  ○ The ESB confirmed that this would be included in the consultation paper.
		• It would be important to understand exactly how the rebate allocation methodology would work.
		  ○ The ESB noted that this will be part of the detailed design stage of the project.
		• It is important to consider the incentives that the allocation metric may encourage.
		  ○ The ESB noted that it is intending to promote efficient behaviour with the allocation metric, and this issue will be critical to its design choice. It will be important to de-link the allocation metric from generator bids.

2:25	TWG's key reflections on the evaluation of models as prepared by the ESB.	The ESB presents its analysis of the models. Some members of the TWG noted that: • The transmission queue sub-option for the CRM may lead to the locational signals presented by participation factors being diluted. • There are still questions regarding what happens to the position in the queue of a plant that is re-powered on the same site at the end of life of the original asset. • The CMM will provide a market for congestion by default, but the CRM may not always provide a liquid market, and that this may impact investment decisions based on buying/selling congestion relief. • The voluntary nature of the CRM lowers implementation costs. • The CRM may not achieve many benefits if it is voluntary, however if it has an obligation to participate, it will achive similar benefits to locational marginal pricing. • Providing preferential dispatch to particular technology types may encourage inefficient investment in that technology type at constrained locations that may further exacerbate congestion levels.
2:45	ESB project team's views on preferred model options.	The ESB provides an overview of the shortlisted models for the consultation paper. • The ESB notes that the connection fees are not based on a do-no-harm approach, and rather reflect the expected cost of congestion in a particular area. Some members of the TWG noted that: • It may be beneficial to stage the implementation of the reforms to reduce complexity.

		• The physical access connection fee model may be better due to reduced complexity. • There may be complexity involved in the modelling of expected congestion. • If the connection fees are to be set at a level that provides efficient locational signals to generators, then they need to be set at a level equivalent to the forecast level of congestion at the connection point. • The ESB noted that the principles to be applied when setting connection fees would be a key focus of the next stage of consultation. • If the connection fees are designed efficiently and applied in conjunction with CMM, they will result in the same outcome as LMP and FTRs. To the extent that the forecasts are inaccurate, they will result in outcomes that are less efficient than LMP and FTRs. ○ The ESB noted that these models are a compromise due to industry push-back on LMP and FTRs.
3:50	Next steps	Some members of the TWG noted that work is continuing on development of the models, including the CRM to work on implementability. • The ESB noted that these updates could be included at later stages of the project.
4:00	Thanks and close	