

Market Design and Operation Working Group Terms of Reference

27 August 2018

1. Background

The Market Design and Operation Working Group (**MDOWG**) has been established, in accordance with clause 2.3.17 of the Market Rules and section 9 of the Constitution of the Market Advisory Committee (**MAC**). The MDOWG has been established to assist the MAC in fulfilling its obligation under clause 2.3.1(d) of the Market Rules to provide advice to the Rule Change Panel regarding matters concerning the evolution of these Market Rules.

2. Scope of Work

The Public Utilities Office is progressing the reforms required to improve access to Western Power's electricity network in the South West Interconnected System (**SWIS**)¹. These reforms are supported by complementary and consequential reforms to the Wholesale Electricity Market (**WEM**), in particular, implementation of security-constrained economic dispatch and market arrangements, co-optimisation of energy and ancillary services and facility bidding for all Market Participants. There are also a number of supporting market design changes that will need to be assessed and developed including but not limited to reducing gate closure, moving to five minute dispatch intervals, changes to the participation and registration framework, and consequential changes to the Short Term Energy Market.

The MDOWG's scope of work includes consideration, assessment and development of changes to the Market Rules and Market Procedures, in respect to the design and operation of the security-constrained market and dispatch system.

In assessing these areas, the MDOWG may also need to consider and advise on any interdependencies with regulatory instruments other than the Market Rules. While recommendations on potential changes to other regulatory instruments are outside of the scope of the MAC as outlined in clause 2.3.1 of the Market Rules, the Public Utilities Office will take into consideration any relevant deliberations of the MDOWG to effect changes to other regulatory instruments as required.

The MDOWG will work in parallel with the Power System Operation Working Group (**PSOWG**), and potentially other working groups, to provide advice to the MAC, which will in turn be utilised by the Public Utilities Office to inform WEM reform decisions.

Whilst the MDOWG's advice will be provided to the MAC, the ultimate process for amending the relevant Market Rules will be determined by the Public Utilities Office in consultation with the WEM reform coordination committee (i.e. whether amendment is to be made by the Rule Change Panel or by the Minister for Energy pursuant to Regulation 7(3) of the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*).

¹ <http://www.treasury.wa.gov.au/Public-Utilities-Office/Open-consultations-reviews/Constrained-Network-Access-Reform/>

3. Membership

The MDOWG has a Chair appointed by the Public Utilities Office. The Public Utilities Office may replace the Chair at any time and must promptly advise the MAC of this action via the Rule Change Panel Secretariat.

To accommodate the broad range of subject matters to be covered, the MDOWG has no permanent members apart from the Chair. Instead interested stakeholders may:

- register to receive information relating to the activities of the MDOWG, including notification of upcoming meetings, meeting papers and documents distributed out-of-session, by providing an email address for such correspondence to the MDOWG Secretariat;
- nominate up to two representatives to attend a MDOWG meeting by advising the MDOWG Secretariat in advance of that meeting; and
- with the permission of the MDOWG Chair, send additional representatives to a MDOWG meeting, noting that the attendance of additional representatives is at the discretion of the MDOWG Chair.

The Chair may allow for other attendees from the Public Utilities Office where required to provide administrative support or subject matter expertise to the MDOWG.

4. Responsibilities of Meeting Attendees

A person attending an MDOWG meeting (either physically or remotely) is expected to:

- have suitable knowledge and experience to engage in and contribute to technical discussions relevant to the specific meeting;
- prepare for the meeting, including by reading any meeting papers distributed before the meeting;
- participate as a general industry representative rather than representing their company's interests; and
- carry out actions (e.g. technical analysis, impact assessment) if and as agreed.

5. Administration

The secretariat for the MDOWG will be provided by Public Utilities Office.

The Public Utilities Office will work with the Rule Change Panel Secretariat to ensure contact details for the MDOWG on the Rule Change Panel's website are maintained.

The MDOWG Chair will convene the MDOWG upon request from the Public Utilities Office, AEMO, or the MAC Chair.

The Public Utilities Office will prepare and distribute all meeting correspondence via email to the MDOWG. Following an initial request for subscriptions, at least once per year, the Public Utilities Office will contact MAC members and AEMO's WA Electricity Consultative Forum stakeholder group to invite interested stakeholders to subscribe to MDOWG notifications.

The Public Utilities Office will provide the following documentation by email to its MDOWG stakeholder list in respect of a MDOWG meeting, and will use best endeavours to meet the following timeframes:

- notice of meeting and agenda at least 10 business days prior to the meeting;
- relevant meeting papers between three to five business days prior to the meeting; and
- a record of meeting and actions arising no more than five business days following the meeting.

The Public Utilities Office may, following consultation with the MDOWG, vary the timeframes for document distribution if it considers that they are impeding the schedule and progress of the MDOWG.

Meeting outputs, such as concept papers and position papers, will be published on the Rule Change Panel's website for wider industry consultation once considered by the MAC and WEM reform coordination committee.

Attendees will be expected to:

- advise the MDOWG Secretariat of intended attendance at an MDOWG meeting at least five business days prior to the meeting; and
- provide any feedback or endorsement to the record of meeting and actions arising no more than five business days following distribution.

The record of meeting is to detail attendance, main points of discussion, agreed recommendations and action items.

6. Reporting Arrangements

The MDOWG Chair (Public Utilities Office) must provide a report to the MAC on the activities of the MDOWG at each MAC meeting. The MDOWG Chair must also report back at other times requested by the MAC on issues referred to the MDOWG by the MAC. The MDOWG Chair, in collaboration with AEMO, will also have responsibility to provide a report to the WEM reform co-ordination committee on recommendations from MDOWG discussions.

The periodic reports must include, at a minimum:

- details of the most recent meeting, including the date of the meeting and a list of the issues or proposals considered;
- the date of the next meeting and the issues or proposals to be considered (if known); and
- an indicative forward agenda.

7. Contact Details

Market Participants and other stakeholders may contact the MDOWG Secretariat at marketdesign.wg@treasury.wa.gov.au. Documentation and information related to the MDOWG will be published on the Rule Change Panel's website at <https://www.erawa.com.au/rule-change-panel-mdowg>.