

MARKET ADVISORY COMMITTEE APPOINTMENT GUIDELINES

23 May 2017

1. Scope and Purpose

- 1.1. The purpose of these guidelines is to provide transparency as to the process to be followed for the appointment of members to the Market Advisory Committee (MAC). They have been developed to inform industry groups, Rule Participants and nominees of the selection and appointment processes applied by the Rule Change Panel.
- 1.2. These guidelines set out the details of:
 - a) the background to the MAC;
 - b) the requisite skills, knowledge and experience of MAC members;
 - c) the requirements for representation of MAC members;
 - d) the terms of appointment for MAC members;
 - e) the steps involved in the appointment process; and
 - f) any other matters that the Rule Change Panel considers will contribute to good governance and the effective operation of the MAC.
- 1.3. The Rule Change Panel seeks a balanced representation and a diverse mix of knowledge and experience among members of the MAC. These guidelines set out how the Rule Change Panel aims to achieve this.

2. Related Documents

- 2.1. This document has been developed in accordance with, and should be read in conjunction with the following:
 - a) clauses 2.3.1 to 2.3.17 of the Wholesale Electricity Market Rules (Market Rules); and
 - b) the MAC Constitution.

3. Background to the Market Advisory Committee

3.1. The MAC is established pursuant to clause 2.3 of the Market Rules. The MAC is a committee of industry representatives convened by the Rule Change Panel:

- a) to advise the Rule Change Panel regarding Rule Change Proposals;
- b) to advise the IMO, Rule Change Panel, AEMO (including in its capacity as System Management) and the Economic Regulation Authority regarding Procedure Change Proposals; and
- c) to advise the Rule Change Panel regarding matters concerning the evolution of the Market Rules.

3.2. In accordance with clause 2.3.5 of the Market Rules, the MAC must comprise:

- a) at least three and not more than four members representing Market Generators;
- b) one member representing Contestable Customers;
- c) at least one and not more than two members representing Network Operators, of whom one must represent Western Power ;
- d) at least three and not more than four members representing Market Customers;
- e) one member nominated by the Minister to represent small-use consumers;
- f) one member representing System Management;
- g) one member representing the AEMO;
- h) one member representing Synergy; and
- i) a Chairperson, who must be a person appointed by the chairperson of the Rule Change Panel.

The Minister and the Economic Regulation Authority may also each appoint a representative to attend MAC meetings as an observer, as outlined in clauses 2.3.6 and 2.3.7 of the Market Rules.

3.3. The MAC is an advisory committee and does not vote on issues. The MAC may make recommendations to the Rule Change Panel if a consensus is achieved. Any recommendations made by the MAC are based on the consensus decision of members, excluding the opinion of observers. Observers on the MAC otherwise have full speaking rights.

3.4. The MAC must have regard to the Wholesale Market Objectives in carrying out its functions.

4. Skills, Knowledge and Experience of Members

4.1. The applicants for appointment to the MAC should collectively possess the skills, knowledge and experience specified in clause 4.2 of these guidelines. The Rule Change Panel's appointment process will ensure that there is balanced representation of skills, knowledge and experience across the MAC.

- 4.2. The Rule Change Panel will take into account, but is not limited to, the following expected skills, knowledge and experience of the MAC (as a whole) when making appointment decisions:
- a) knowledge and/or demonstrated experience relating to energy sector issues;
 - b) broad understanding of the technical, design and commercial aspects of the Wholesale Electricity Market;
 - c) ability to contribute to the MAC, including;
 - i. ability to work as a member of a small team;
 - ii. ability to assess proposed rule and procedure changes against the Wholesale Market Objectives;
 - iii. ability to understand the subject matter in proposals made to the MAC; and
 - iv. ability to consider market design issues and options for the evolution of the Market Rules;
 - d) understanding of the Market Rules and other relevant legislation including the Electricity Industry Act 2004, Electricity Industry (Wholesale Electricity Market) Regulations, Metering Code, Access Code and Technical Rules along with other relevant regulatory instruments; and
 - e) knowledge of the powers and obligations of the IMO, Rule Change Panel, Economic Regulation Authority, AEMO and System Management and the frameworks in which they operate.
- 4.3. Applicants are not required to be full time employees of an entity that is a participant in the class which membership is being sought.

5. Representation of MAC Members

- 5.1. MAC members are required to act in the best interests of the Wholesale Electricity Market.
- 5.2. Compulsory class members are individuals who represent a single entity, and the member nominated by the Minister to represent small-use consumers. During their inaugural appointment compulsory class members must demonstrate their eligibility against the criteria for membership and necessary skills, knowledge and experience. During subsequent annual reviews, details of updates to compulsory class members' skills, knowledge and experience will be required to be provided to the Rule Change Panel, where substantive changes have occurred. This is to allow the Rule Change Panel to consider the skills and experience of the compulsory class members when making discretionary appointment decisions to ensure that the combined skills and experience of the MAC is well balanced.

- 5.3. Discretionary class members are individuals that represent a class of participants but are not compulsory class members. Discretionary class members are expected to act in a way that properly reflects the interests of the group that they have been chosen to represent i.e. Market Generators, Market Customers or Contestable Customers. Discretionary class members must demonstrate their eligibility against the criteria for membership and necessary skills, knowledge and experience.

6. Term of Appointment

- 6.1. Membership on the MAC for the 2010 year for both discretionary and compulsory class members was for either one or two years with the opportunity for reappointment after this time period lapsed.
- 6.2. For the calendar year beginning 1 January 2010, the term of membership was determined by the IMO conducting a ballot. Half of the then current members were appointed for one year and the remaining members were appointed for a two-year term. The ballot was designed so that no particular class of membership would be completely rotated out in a single year. For example all Market Generator representatives would not be up for renewal in a single year. Members chosen by ballot for a one year term were eligible for reappointment to an additional two-year term if they met the appointment criteria at the time.
- 6.3. Since then, the term of appointment of discretionary class members is two years (subject to the exception specified in clause 8.2). This is to ensure consistency in decision making and that all sections of the industry are adequately represented as the market matures.
- 6.4. Compulsory class membership, since inaugural membership has expired, is for two years (subject to the exception specified in clause 8.2) to ensure consistency of representation. At the lapse of tenure, compulsory class members are able to reconfirm their nominated individual representative to serve on the MAC.
- 6.5. The Rule Change Panel may appoint new members into compulsory and discretionary class positions, if necessary, when members are no longer representative of the class. This includes situations where the member's employment changes to being employed by an entity outside of the member's class of representation or upon occurrence of any of the events listed in clause 2.3.11 of the Market Rules.
- 6.6. There are no restrictions on the number of times a member can be reappointed to the MAC, but in making appointments the Rule Change Panel's objective is to get the best representation of the industry over time to ensure a dynamic MAC that is representative of the market.
- 6.7. MAC members will be reappointed based on the Rule Change Panel's assessment of individuals against the appointment criteria outlined in section 4 of this guideline to ensure that they conform to the requirements and are representative of their class.

7. The Nominations and Appointment Process

- 7.1. Each year the Rule Change Panel will review the performance and attendance of MAC members. If any changes are required these will be addressed at the same time the Rule Change Panel commences the annual appointment process for discretionary and compulsory class members whose tenure has lapsed.
- 7.2. On completion of the annual review the Rule Change Panel will:
- a) for discretionary class members whose tenure has lapsed, seek nominations from industry groups and Rule Participants with respect to the position (i.e. Market Customer or Market Generator representative). Industry consultation includes, but is not limited to:
 - i. Chamber of Commerce and Industry of Western Australia;
 - ii. Chamber of Minerals and Energy of Western Australia; and
 - iii. Clean Energy Council; and
 - b) for compulsory class members whose tenure has lapsed, seek reconfirmation from a senior executive of the applicable entity that the member will continue to represent that entity. An updated resume must be provided to the Rule Change Panel, where the individual's skills, knowledge or experience have changed substantively since the last review. Reconfirmation may be provided to the Rule Change Panel via email to rcp.secretariat@rcpwa.com.au.
- 7.3. The Rule Change Panel will advertise for nominations for discretionary class positions on the Rule Change Panel's website and via direct contact with appropriate industry groups. The Rule Change Panel will also send an email notification to stakeholders and entities on its market advisory mailing list maintained by the Rule Change Panel.
- 7.4. Any company or individual can nominate themselves or someone else. Nominations must:
- a) be in writing;
 - b) address the eligibility criteria for appointment to the MAC as set out in the Market Rules, MAC Constitution and these guidelines;
 - c) have attached a completed MAC application form, available on the Rule Change Panel's website, outlining the skills set of applicants with respect to the class(es) of nomination;
 - d) include contact details of the nominee (to demonstrate evidence of the person's willingness for appointment); and
 - e) be received by the Rule Change Panel by the published due date.
- 7.5. Nominee details provided to the Rule Change Panel will be kept private. A high-level assessment of all the nominees against the appointment criteria may be made available by the Rule Change Panel if requested by an interested party.
- 7.6. An individual may be nominated for as many categories relevant to the entity to which they belong and for which the nominee meets the eligibility criteria. For example an

entity which is both a Market Generator and Market Customer may nominate individuals for both of these categories.

- 7.7. With the exception of AEMO, the Rule Change Panel can only appoint one individual from any one entity to serve on the MAC at any one time.
- 7.8. The Rule Change Panel will consider nominations received, determine the appropriate composition of the MAC (taking into account the skills, experience and knowledge of any existing or reconfirmed compulsory class members and observers appointed by the Minister or Economic Regulation Authority), and (subject to the exception specified in clause 8.1) finalise appointment arrangements by March of every year, using the following assessment steps:

Step	Event	Date
1	RCP Secretariat assesses the positions up for renewal.	November
2	RCP Secretariat informs the MAC that the annual review is about to commence.	November
3	RCP Secretariat prepares a call for nominations for the available discretionary class membership positions and seeks reconfirmation from compulsory class entities of their members.	End of November, closing late December.
4	RCP Secretariat establishes an internal evaluation panel (comprising members from across the Economic Regulation Authority) to assess all nominations received and ensure a high standard of probity is maintained.	Before close of call for nominations.
5	RCP Secretariat prepares an Evaluation Panel handbook outlining what each panel member is required to do. This includes: <ul style="list-style-type: none"> Assessment of the nominees against the pre-qualification and compliance criteria; Assessment of the nominees against the qualitative criteria using the information provided in the response to the call for nominations; and Rating each nominee against the qualitative criteria using a pre-defined rating 0 - 9 point rating scale.	Before close of call for nominations.
6	Evaluation Panel members assess each nominee in accordance with the Evaluation Panel handbook.	Following close of call for nominations and before the end of January.
7	Evaluation Panel meeting to determine a consensus score for each of the nominees.	
8	Evaluation Panel create a shortlist of candidates for each class based on the consensus qualitative ranking.	
9	To ensure an appropriate balance of skills and experience the Evaluation Panel will undertake the second stage assessment including reviewing the relevant qualifications, years of experience and backgrounds of nominees to determine the best possible composition for the MAC (taking into account the relevant skills	

Step	Event	Date
	and experiences of the compulsory members and appointed observers).	
10	Prepare a recommendation report to present to the Rule Change Panel for its review and approval.	February.
11	The Rule Change Panel to decide the MAC membership. Following the Rule Change Panel's decision, inform the nominees of the outcome of the assessment process.	End of February.
12	All MAC members (incoming and outgoing) to attend a handover MAC meeting.	March MAC meeting.

8. Transitional Arrangements for the 2017 Review

- 8.1. For the calendar year beginning 1 January 2017, the Rule Change Panel will conduct its review of the composition of the MAC between May 2017 and August 2017, and the timeframes shown in clause 7.8 will be adjusted accordingly.
- 8.2. The term of appointment of members appointed in 2017 will end in February 2019.