

Market Advisory Committee Appointment Guidelines

3 January 2019

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**). These guidelines 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) 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:
 - (a) section 2.3 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 section 2.3 of the Market Rules. The MAC is a committee of industry representatives convened by the Rule Change Panel to advise:
 - (a) the Rule Change Panel regarding Rule Change Proposals;
 - (b) the Rule Change Panel, AEMO (including in its capacity as System Management) and the Economic Regulation Authority (**ERA**) regarding Procedure Change Proposals;
 - (c) AEMO on the development of Rule Change Proposals, where requested by AEMO;

- (d) ERA on development of Rule Change Proposals, where requested by ERA; and
- (e) the Rule Change Panel regarding matters concerning the evolution of the Market Rules.

- 3.2. The MAC must be comprised of what is specified in clause 2.3.5 of the Market Rules:
- (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 ERA 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 respectively.

- 3.3. The MAC is an advisory committee and does not vote on issues. The MAC makes 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 at MAC meetings.
- 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. MAC members 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;
 - (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 2004*, Metering Code, Access Code and Technical Rules along with any other relevant regulatory instruments; and
 - (e) knowledge of the powers and obligations of the Rule Change Panel, ERA, AEMO (including in its capacity as 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.

Compulsory class members

- 5.2. Compulsory class members are:
- (a) individuals who represent a single entity; and
 - (b) the member nominated by the Minister to represent small-use consumers.
- 5.3. During their inaugural appointment compulsory class members must demonstrate their eligibility against the criteria for membership and necessary skills, knowledge and experience.
- 5.4. During subsequent annual reviews, the Rule Change Panel will require updated details of compulsory class members' skills, knowledge and experience 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.

Discretionary class members

- 5.5. Discretionary class members are individuals that represent a class of participants and are not compulsory class members.
- 5.6. 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).
- 5.7. Discretionary class members must demonstrate their eligibility against the criteria for membership and necessary skills, knowledge and experience.

6. Term of Appointment

- 6.1. Of the discretionary class members whose terms expire in February 2019, the Rule Change Panel may appoint one Market Generator Representative and one Market Customer Representative for a one-year term; and the remaining appointments for a two-year term.

- 6.2. Subject to clause 6.1, the term of appointment of compulsory class members and discretionary class members is two years.
- 6.3. At the lapse of the tenure of a compulsory class member, the entity that is to appoint the compulsory class member is to advise the Rule Change Panel of their nominated representative to serve on the MAC.
- 6.4. The Rule Change Panel may remove an existing member and appoint a new member into a compulsory class or discretionary class position, if necessary, when an existing member is no longer representative of the class to which he or she has been appointed. This includes situations where the member's employment changes or upon occurrence of any of the events listed in clause 2.3.11 of the Market Rules.
- 6.5. There are no restrictions on the number of times a member can be reappointed to the MAC, but the Rule Change Panel's objective in making appointments is to get the best representation of the industry over time.
- 6.6. MAC members will be appointed 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 this will be addressed as part of the Rule Change Panel's 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. a Market Customer or Market Generator representative).
 - (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. Where no response is received from the applicable entity, it will be assumed that the compulsory class member is renominated for their position. 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.
- 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.
- 7.4. Any company or individual can nominate themselves or someone else. Nominations must:
 - (a) be in writing in physical or electronic form;
 - (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 the applicant with respect to the class(es) of nomination;
 - (d) include contact details of the nominee; 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. If requested by an interested party, the Rule Change Panel may make available information regarding the assessment of that interested party against the appointment criteria.
- 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 ERA; and finalise appointment arrangements by March of every year, using the following assessment steps:

Step	Timing
1. RCP Secretariat assesses the positions up for renewal.	November
2. RCP Secretariat informs the MAC that the annual review is about to commence.	
3. RCP Secretariat prepares a call for nominations for the available discretionary class member positions and seeks reconfirmation from compulsory class entities of their members.	End of November, closing late December/early January
4. RCP Secretariat establishes an internal evaluation panel (comprising members from across the ERA) 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 	Before close of call for nominations

Step	Timing
<ul style="list-style-type: none"> rating each nominee against the qualitative criteria using a predefined rating scale. 	
<p>6. Evaluation Panel members assess each nominee in accordance with the Evaluation Panel handbook.</p>	<p>Following close of call for nominations and before the end of January</p>
<p>7. Evaluation Panel meets to determine a consensus assessment for each of the nominees, and ranks the nominees accordingly.</p>	
<p>8. To ensure an appropriate balance of skills and experience for the MAC, the Evaluation Panel reviews the skills and qualifications of the nominees and the current MAC members to determine the best overall composition for the MAC.</p>	
<p>9. The Evaluation Panel prepares and submits a recommendation report to the Rule Change Panel for its review and approval.</p>	<p>February</p>
<p>10. The Rule Change Panel decides the MAC membership, and RCP Secretariat informs the nominees of the outcome of the process.</p>	<p>End of February</p>
<p>11. All MAC members (incoming and outgoing) to attend a handover MAC meeting.</p>	<p>March MAC meeting</p>
<p>7.9. All communications with the Rule Change Panel and RCP Secretariat regarding the MAC appointment process are to be sent to the email address published on the Rule Change Panel's website.</p>	