

Meeting Agenda

Meeting Title: Market Advisory Committee

Date: Wednesday 12 September 2018

Time: 12:30 PM – 3:00 PM

Location: Training Room No. 2, Albert Facey House
469 Wellington Street, Perth

Item	Item	Responsibility	Duration
1	Welcome	Chair	5 min
2	Meeting Apologies/Attendance	Chair	5 min
3	Minutes from Previous Meeting	Chair	5 min
4	Actions Items	Chair	5 min
5	MAC Market Rules Issues List	Chair	10 min
6	Update on the Network and Market Reform Program		
	(a) Status Update (verbal update – no paper)	PUO/AEMO	5 min
	(b) Market Design and Operation Working Group (MDOWG) Update (verbal update – no paper)	PUO	5 min
	(c) Power System Operation Working Group (PSOWG) Update (verbal update – no paper)	AEMO	5 min
7	AEMO Procedure Change Working Group Update	AEMO	5 min
8	Rule Changes		
	(a) Overview of Rule Change Proposals	Chair	5 min

Item	Item	Responsibility	Duration
	(b) Update on: <ul style="list-style-type: none"> RC_2013_05 (Outage Planning Phase 2 – Outage Process Refinements) RC_14_13 (Administrative Improvements to the Outage Processes) (verbal update – no paper)	RCP Support	5 min
9	Roles in the Market	RCP Support	20 min
10	Constrained Off Payments	Kleenheat	30 min
11	RCP Support KPIs	Chair	15 min
12	MAC Schedule	Chair	10 min
13	MAC Composition (verbal update – no paper)	RCP Support	10 min
13	General Business	Chair	5 min

Next Meeting: 11 October 2018

Please note, this meeting will be recorded.

Minutes

Meeting Title:	Market Advisory Committee (MAC)
Date:	8 August 2018
Time:	12:35 PM – 2:40 PM
Location:	Training Room No. 2, Albert Facey House 469 Wellington Street, Perth

Attendees	Class	Comment
Stephen Eliot	Chair	
Matthew Martin	Minister's Appointee – Small-Use Consumer Representative	
Martin Maticka	Australian Energy Market Operator (AEMO)	
Dean Sharafi	System Management	
Sara O'Connor	Economic Regulation Authority (ERA) Observer	
Will Bargmann	Synergy	
Margaret Pырchla	Network Operator	
Jacinda Papps	Market Generators	
Shane Cremin	Market Generators	
Andrew Stevens	Market Generators	
Wendy Ng	Market Generators	
Patrick Peake	Market Customers	
Geoff Gaston	Market Customers	
Simon Middleton	Market Customers	
Erin Stone	Market Customers	Proxy for Steve Gould
Peter Huxtable	Contestable Customers	From 12:55 PM

Apologies	Class	Comment
Steve Gould	Market Generators	

Also in attendance	From	Comment
Jenny Laidlaw	RCP Support	Presenter, Minutes
Adrian Theseira	ERA	Presenter
Stuart Featham	AEMO	Presenter
Clayton James	AEMO	Presenter To 2:25 PM
Adivi Varma	Public Utilities Office (PUO)	Observer
Steven Kruit	PUO	Observer
Thomas Coates	PUO	Observer
Rajat Sarawat	ERA	Observer
Matthew Bowen	Jackson McDonald	Observer
Ben Williams	Synergy	Observer
Oscar Carlberg	Synergy	Observer
Noel Schubert		Observer
Kei Sukmadjaja	Western Power	Observer
Daniel Kurz	Bluewaters Power	Observer
Richard Cheng	RCP Support	Observer
Laura Koziol	RCP Support	Observer
Greta Khan	RCP Support	Observer
Emma Gray	RCP Support	Observer

Item	Subject	Action
1	Welcome	
	The Chair opened the meeting at 12:35 PM and welcomed members and observers to the 8 August 2018 MAC meeting.	
2	Meeting Apologies/Attendance	
	The Chair noted the attendance as listed above.	
3	Minutes from Previous Meeting	
	Draft minutes of the MAC meeting held on 13 June 2018 were circulated on 28 June 2018. The Chair noted that a revised draft showing tracked changes suggested by Mr Shane Cremin was distributed in the meeting papers.	

Item	Subject	Action
	<p>Mr Ben Williams requested the following change to the minutes:</p> <p>Page 6, Section 6(a)-(c), second last dot point:</p> <ul style="list-style-type: none"> “Mr Williams asked whether GHD would be looking at the capability of existing Facilities to provide any new ancillary services that were identified. Mr Williams suggested there were may already be enough Facilities to provide the required services, but the appropriate price signals need to be established. Ms Varma replied that this would be considered as part of the GHD review.” <p>Subject to these changes, the MAC accepted the minutes as a true record of the meeting.</p>	
	<p>Action: RCP Support to amend the minutes of the 13 June 2018 meeting to reflect the agreed changes and publish on the Rule Change Panel’s (Panel) website as final.</p>	<p>RCP Support</p>
4	<p>Actions Arising</p> <p>The closed action items were taken as read.</p> <p>Action 19/2017: Open – to be progressed as part of the Wholesale Electricity Market (WEM) Reform Program.</p> <p>Action 33/2017: On hold until early 2019.</p>	
4(a)	<p>ERA Secretariat: Internal Governance Arrangements (Action Item 6/2018)</p> <p>The Chair invited questions and comments from the MAC on the agenda item paper prepared by the ERA Secretariat regarding governance arrangements between the ERA Secretariat and RCP Support.</p> <p>The following points were discussed.</p> <ul style="list-style-type: none"> In response to questions from Ms Wendy Ng and Mrs Jacinda Papps, Mr Rajat Sarawat clarified that ERA staff (apart from the Executive Officer) could be used for both RCP Support work and work on other tasks, including energy market compliance and market reviews. Ms Ng questioned whether any conflicts of interest could arise from this practice. Mr Sarawat replied that no ERA staff member would work on both the development and assessment of a Rule Change Proposal. Mrs Papps noted that the PUO’s original design paper for the Panel proposed a clear separation between the rule change administration role and the compliance and enforcement functions. Mrs Papps considered that there appeared to be no such clear separation at the secretariat level. 	

Item	Subject	Action
•	<p>Mr Matthew Martin noted the number of open Rule Change Proposals and asked how decisions were made regarding the relative priorities of RCP Support work and other ERA tasks. Mr Sarawat replied that priorities were decided by the ERA's Chief Executive Officer and the ERA's Board. The agreement in place between the Panel and the ERA covered the provision of resources and associated performance indicators, along with escalation processes to resolve resourcing issues.</p>	
•	<p>Mr Sarawat confirmed that the Panel decided the prioritisation of particular Rule Change Proposals. Mr Will Bargmann raised a concern that a conflict of interest may cause RCP Support to recommend a higher urgency rating for a Rule Change Proposal submitted by the ERA. The Chair replied that under the Panel's Framework for Rule Change Proposal Prioritisation and Scheduling (Framework), RCP Support was required, when recommending an urgency rating for a Rule Change Proposal to the Panel, to also provide the Panel with the views of MAC members on the urgency rating. RCP Support would need to justify to the Panel any discrepancies between its recommendations and those of the MAC.</p>	
•	<p>Mr Martin asked what mechanisms were in place to seek additional resources to work on Rule Change Proposals.</p> <p>The Chair noted that the Panel uses several criteria to prioritise Rule Change Proposals, including urgency rating, RCP Support's resources, the availability of AEMO's resources to provide feedback on proposals and to implement proposals, and the work being done by the ERA's market reviews and the WEM Reform Program. If the Panel has insufficient resources to progress proposals in a timely enough fashion, then it will seek additional resources via the ERA, be that staffing from the ERA or consultancies.</p> <p>The Chair noted that the Panel was behind the timelines specified in the Framework for progressing proposals but considered this was more related to the uncertainty about the scope of the WEM Reform Program, as the Panel lacks clarity on which parts of proposals should be progressed now and which parts will be covered by the reform program.</p> <p>The Chair also noted that RCP Support was working closely with AEMO on the process for AEMO to determine and advise when it can commence implementing a proposal, how long it will take, and what it will cost.</p> <p>The Chair advised that the Panel had no indication the ERA will not fully support the Panel with additional resources in whatever form required.</p>	

Item	Subject	Action
	<ul style="list-style-type: none"> Ms Sara O'Connor advised that the ERA would consider the points raised by MAC members and decide whether to make any changes to the paper as a result. Once approved by the ERA's Governing Body the paper will be published on the ERA's website. The Chair noted that stakeholders were welcome to raise any further concerns about conflicts of interest with either the appropriate people at the ERA or the Panel itself. 	
5	<p>MAC Market Rules Issues List</p> <p>The MAC noted the MAC Market Rules Issues List (Issues List).</p> <p>Mr Martin noted that the WEM Reform Coordination Committee had asked the PUO to hold an industry forum in September 2018. The forum would provide further detail about rule changes that could be progressed earlier and would cover some of the material in the Issues List.</p>	
6	<p>Update on the Network and Market Reform Program</p> <p>Mr Stuart Featham provided an update on AEMO's current work program and the WEM Reform Program scope and timelines. A copy of the presentation is available on the Panel's website.</p> <p>The following points were discussed.</p> <ul style="list-style-type: none"> Mrs Papps asked when the Procedure Change Process for AEMO's proposed changes to the Outstanding Amount calculation would be undertaken. Mr Featham took the question on notice and agreed to report back to the MAC on AEMO's plans for these changes. Mr Featham sought feedback on the proposed high-level timeline for the WEM Reform Program. Ms Jenny Laidlaw considered that the timeline was very ambitious. Mr Featham agreed, noting the need to achieve a balance so that the plan was realistic but could still meet the Government's requirements. Mr Bargmann considered that the implementation timing for Synergy was dependent on the scope of the changes, and the time it would take Synergy to gain expenditure approval and actually implement the changes. Ms Margaret Pyrchla asked whether the MAC would receive regular updates on progress against the plan, given that the timelines were ambitious. Mr Featham confirmed this was the intention, but noted that he expected MAC members would also be actively involved in the program, and therefore keep up to date on its progress, through the MAC Working Groups and other means. 	

Item	Subject	Action
	<ul style="list-style-type: none"> <li data-bbox="320 271 1219 521">• Mr Matthew Bowen considered that the timeline was very ambitious, and the PUO and AEMO should consider 'Plan B' options to avoid having to rush through changes without adequate notice or consultation. Mr Featham agreed that different options should be considered and invited any suggestions or feedback on the plan. Ms Laidlaw suggested that one option was to defer the 2020 Reserve Capacity Cycle. <li data-bbox="320 546 1219 685">• In response to a question from Mr Patrick Peake, Mr Featham confirmed that AEMO was confident its IT systems would be able to support the WEM until new systems were implemented in 2022. <li data-bbox="320 710 1219 1072">• Mr Noel Schubert considered that changes of Government have caused the biggest disruptions to the development of the WEM, and questioned whether efforts should be made to gain bipartisan support for the current reform program. Mr Martin replied that the PUO was working closely with the Minister's office, whose role included briefing relevant parties about the reform program, including the Upper House and opposition parties. Mr Martin also noted that the required legislation and rule changes were expected to be in place before the next State election in March 2021. <li data-bbox="320 1097 1219 1424">• Mr Andrew Stevens noted the importance of giving Market Participants enough time to develop and test their systems, and of ensuring that sufficient resources are available to support the user acceptance test process, including test environments and support staff. Mr Featham replied that procuring suitable resources for the program was likely to be a challenge and it would be necessary for the PUO, AEMO and industry to work together to develop the details of the plan to ensure its feasibility. <li data-bbox="320 1449 1219 1776">• Mr Stevens asked if Scheduled Generator droop response was likely to be reclassified as a defined ancillary service. Mr Dean Sharafi considered that a fast frequency response service was likely going forward but details of the service, including how it could be delivered, were yet to be developed. Mr Clayton James noted that batteries could also be used to provide fast frequency response; and that fast frequency response would be one of the first topics to be considered by the Power System Operation Working Group (PSOWG). <li data-bbox="320 1800 1219 1977">• Mr James noted that Tranche 1 of the WEM Reform Program would consider whether amendments to the current ancillary service definitions can be made early, to remove some of the barriers those definitions present to the provision of ancillary services by different participants and technologies. 	

Item	Subject	Action
	Action: AEMO to provide an update to the MAC on the timelines for the Procedure Change Process to modify the Outstanding Amount calculation.	AEMO
7(a)	AEMO Procedure Change Working Group (APCWG) Update	
	<p>The MAC noted the update on AEMO's Market Procedures.</p> <p>Mr Sharafi noted that AEMO was working on changes to several Market Procedures and Power System Operation Procedures (PSOPs). In recent months AEMO had held four APCWG meetings, two forums and three other stakeholder engagements as part of this work. Mr Sharafi sought feedback from MAC members on AEMO's engagement process and the progress of the development of Procedure Change Proposals.</p> <p>Ms Ng considered the engagement had been good and AEMO, and in particular Mr Matthew Fairclough, had taken her comments into consideration and reflected them in the revised procedure drafts. Mrs Papps also considered the engagement process had been good, and expected a good final result for the procedure currently under consideration (PSOP: Facility Outages).</p>	
7(b)	Establishment of the MAC Working Groups to support the WEM Reform Program	
	<p>The MAC noted the establishment of the Market Design and Operation Working Group (MDOWG) and PSOWG.</p> <p>The Chair noted that once the PUO and AEMO had confirmed their administrative arrangements, RCP Support would update the Terms of Reference for the MDOWG and PSOWG accordingly and publish them on the Panel's website. Stakeholders will then be able to register to receive information and the Chairs will be able to convene the Working Groups.</p> <p>Ms Ng asked when the Working Group meetings were likely to begin. Mr Martin considered that the PSOWG was likely to start work soon after the September 2018 industry forum, followed shortly after by the MDOWG.</p> <p>In response to a question from Mr Peake, Mr Martin advised that the members of the Strategic Consultative Group were expected to be announced very shortly.</p>	
8(a)	Overview of Rule Change Proposals	
	<p>The MAC noted the overview of Rule Change Proposals.</p> <p>The Chair advised that the Draft Rule Change Report for the Rule Change Proposal: Removal of Resource Plans and Dispatchable</p>	

Item	Subject	Action
	Loads (RC_2014_06) was expected to be published by the end of August 2018.	
8(b)	Update on Outage Rule Change Proposals (RC_2013_15 and RC_2014_03)	
	<p>Ms Laidlaw and Mr James gave a presentation to the MAC on the work being undertaken by RCP Support and AEMO to determine what components of the Rule Change Proposals: Outage Planning Phase 2 – Outage Process Refinements (RC_2013_15) and Administrative Improvements to the Outage Process (RC_2014_03) can be progressed without conflict with AEMO’s System Management System Transfer Project and the WEM Reform Program. A copy of the presentation is available on the Panel’s website.</p> <p>The following points were discussed.</p> <ul style="list-style-type: none"> • Mr Peake considered the terms ‘outage’ and ‘de-rating’ needed to be defined in the Market Rules. Mr Peake noted that Perth Energy had been asked to report full Forced Outages in situations where it was late to start up its generating unit. Mr Peake considered that a full Forced Outage should not be required in these cases. • In response to a question from Ms Ng, Mr James clarified that the WEM Reform Program’s proposed review of outage definitions applied to both current and future market arrangements. AEMO’s intention was to consider in Tranche 1 what was needed to support a constrained network access environment, and then bring forward any parts that can be implemented before 2022. Ms Ng suggested that the definition of a Consequential Outage might change with the implementation of constrained network access. • Mrs Papps suggested that an Opportunistic Maintenance request spanning two Trading Days could be recorded in SMMITS as two separate requests, if this made implementation of the changes easier. Ms Laidlaw advised that AEMO would be looking at how the validation of Opportunistic Maintenance requests worked in SMMITS, to help determine how and whether the proposed changes to Opportunistic Maintenance in RC_2013_15 can be progressed. • Ms Ng asked whether any further workshops were planned in respect of the two proposals. Ms Laidlaw replied that RCP Support was planning to hold a workshop for RC_2013_15 either before or after a call for further submissions on the proposal. There was general support for holding the workshop 	

Item	Subject	Action
	before the call for further submissions and as soon as practicable.	
	Action: RCP Support to liaise with MAC members and observers about their availability for a workshop to review the proposed amendments in the Rule Change Proposal: Outage Planning Phase 2 – Outage Process Refinements (RC_2013_15); and to hold that workshop as soon as practicable.	RCP Support
8(c)	Pre-Rule Change Proposal – RC_2018_04 (Manifest Error in the Deferral of Dates for the 2018 Reserve Capacity Cycle)	
	The MAC supported the progression of the Rule Change Proposal RC_2018_04 using the Fast Track Rule Change Process.	
	In response to a question from Mr Peake, Mr Martin clarified that while the Minister retained the power to repeal and replace the Market Rules, his power to make Amending Rules expired on 1 July 2018.	
8(d)	Pre-Rule Change Proposal – RC_2018_05 (Market data access and use)	
	The Chair invited feedback from the MAC on the ERA's Pre-Rule Change Proposal: Market Rules 2.13 and 2.16: Market data access and use restrictions and SRMC investigation process (RC_2018_05). The Chair noted that the MAC had previously assigned a Medium urgency rating to the issues addressed by the Pre-Rule Change Proposal.	
	The following points were discussed.	
	<ul style="list-style-type: none"> Mrs Papps noted that the ERA's comments on the meaning of 'market data' in the Pre-Rule Change Proposal suggested that market data included data contained in the list of market information referred to in clause 10.1.1 of the Market Rules, but did not include commercially sensitive information. However, the clause 10.1.1 list did include some commercially sensitive information, such as prudential support documentation and supporting information provided by a Market Participant that is not expressly mentioned in the Market Rules. 	
	Mrs Papps acknowledged that the proposed drafting did not refer to clause 10.1.1 but considered the description in the text was very broad. Mr Theseira agreed that the scope of clause 10.1.1 was very broad and reiterated that the ERA's intention related to transactional and operational data.	
	<ul style="list-style-type: none"> Mrs Papps asked if the data being sought by the ERA was already contained in the Market Surveillance Data Catalogue (MSDC). Mr Theseira replied that only some of the required information was included in the MSDC. For example, the MSDC 	

Item	Subject	Action
	<p>referred to the number and frequency of outages, but not to actual outage records. Mrs Papps asked what information the ERA required that was not included in the MSDC. Mr Theseira replied that this was challenging to define, and that the ERA had considered but rejected the idea of linking the definition to clause 10.1.1.</p>	
	<ul style="list-style-type: none"> • Mr Theseira noted that the IMO was not restricted in the information it could use for compliance, and that the ERA is seeking the same level of access to information. If there are express concerns about specific pieces of information then these may be able to be dealt with on an exclusion basis, but the ERA would have to understand why it should not be able to use the information for compliance purposes. • Mrs Papps considered that some of the information provided for certification was not appropriate for compliance monitoring. She would prefer to receive an explicit request from the ERA for such information, so she could provide the information knowing what the request was for. • There was some discussion about options to specify the required market data, including listing items to be included, listing items to be excluded, and defining categories of required information. Mr Martin Maticka considered that the use of exclusion to specify the information created a risk that a new type of sensitive information might be included without proper consideration. Mr Maticka considered that specifying categories of information might be a better option. • Ms Laidlaw noted that the current confidentiality provisions allowed any information covered under the Market Rules to be made available to the ERA; and considered that the question was what information AEMO should be required to routinely provide to the ERA. • There was some discussion about what process the ERA should follow to obtain non-transactional information, such as contract or financial details. Mr Theseira noted that the ERA was already able to obtain such information under section 51 of the <i>Economic Regulation Authority Act</i>, <u>and had noted earlier that it was able to use section 51 to obtain any information from AEMO, albeit this was not the preferred approach</u>. Mr Maticka considered that the section 51 process was reasonable for non-standard requests, to help clarify requirements and ensure the appropriateness of such requests. • Mr Bargmann considered that if a Market Participant was providing information as part of a compliance exercise, then it may want to provide more context and explanation around that information than it would normally provide if the information was 	

Item	Subject	Action
	<p>to be used, for example, for normal market monitoring. Mr Bargmann considered it would be very administratively burdensome for a Market Participant to always have to provide information with the caveats and explanations that may be needed if the information was used in a compliance exercise.</p> <p>Mr Theseira asked how this situation had changed since the IMO held the compliance function. Mr Maticka considered that the previous arrangement was not necessarily the best and agreed with Mr Bargmann that additional context may need to be provided to avoid information being misunderstood.</p>	
	<ul style="list-style-type: none"> • The Chair asked whether it mattered whether the additional context was provided before or after the provision of the original information. Mr Maticka replied that the provision of incomplete information could lead to the ERA wasting time on investigations that could have been avoided if more information was made available at the start. • There was some discussion about how much information the ERA needed to fulfil its functions, what boundaries should apply to its ability to request information from AEMO, and how much of the information collected by AEMO should be proactively provided to the ERA. • Mr Theseira advised that the ERA would give consideration to the use of categories to define its requirements for proactive data provision from AEMO. Mr Maticka and Mrs Papps were supportive of this approach. 	

9 Treatment of Storage Facilities in the Wholesale Electricity Market

The MAC noted the updated paper on the treatment of storage facilities in the WEM. The Chair advised that RCP Support now intended to send the paper to the PUO for use in the WEM Reform Program.

Ms Laidlaw noted that much of the feedback provided by MAC members and observers on the paper related to behind-the-meter issues rather than the participation of utility-scale storage as a Registered Facility (or part thereof). While this feedback was outside the scope of the paper and had not been incorporated into the final version, Ms Laidlaw acknowledged that behind-the-meter issues were equally, if not more important to the WEM in the longer term.

Mr Peake considered that the final paper should be published as a separate document on a public website. Mr Noel Schubert suggested that the paper could be published by the PUO as a submission to the WEM Reform Program. Ms Aditi Varma advised that the PUO was

Item	Subject	Action
	exploring the issues raised in the paper and intended to publish it on the PUO webpage for the newly formed MDOWG.	
	Action: RCP Support to send the PUO the final version of the MAC Market Rules Issues List discussion paper: Treatment of Storage Facilities in the Wholesale Electricity Market.	RCP Support
10	AEMO Allowable Revenue Submission (AR4)	
	Mr Featham gave a presentation to the MAC about AEMO's supplementary submission to the ERA for an adjustment to its approved capital expenditure for the July 2016-June 2019 Review Period (AR4). A copy of the presentation is available in the meeting papers on the Panel's website.	
	The following points were discussed.	
	<ul style="list-style-type: none"> <li data-bbox="320 828 1219 1043">• In response to a question from Mr Peake, Mr Featham clarified that the additional expenditure included the use of both internal resources and external consultants. AEMO had done what it could to obtain internal resources from both the east and west coasts but would also need external assistance, the higher costs of which were reflected in the submission. <li data-bbox="320 1068 1219 1507">• Ms Laidlaw asked whether the \$3.6 million budgeted for rule changes included costs for procedure changes relating to the Outstanding Amount calculation as well as the recently approved Rule Change Proposals: Reduction of the prudential exposure in the Reserve Capacity Mechanism (RC_2017_06) and New Notional Wholesale Meter Manifest Error (RC_2018_01). Mr Featham thought that the amount was predominantly for the Rule Change Proposals but offered to confirm the components of the cost and report back to the MAC. Mr Maticka indicated that work on the Outstanding Amount changes were expected to commence in the second quarter of 2019. <li data-bbox="320 1532 1219 1747">• In response to a question from Ms Varma, Mr Featham clarified that AEMO internally costed its staff according to the market on which they were working, so that work done by Perth office staff on east coast projects was costed to those projects, while work done by interstate staff on WEM projects would be costed to the WEM. <li data-bbox="320 1771 1219 1946">• Ms Erin Stone asked if the full impact of the proposed 2018/19 capital expenditure was included in the three years of fee increases shown in the presentation, or whether there would be further depreciation in the following Review Period. Mr Featham and Mr Maticka agreed to take this question on notice. <li data-bbox="320 1971 1219 2038">• Mr Cremin expressed concern about the ongoing increase in Market Fees as a proportion of energy traded through the STEM 	

Item	Subject	Action
	and Balancing Market. Ms Stone also expressed concerns about the potential costs of the transitional assistance for Generators that was discussed at the PUO's industry forum on constrained network access reform on 3 August 2018.	
	Action: AEMO to provide clarification to the MAC on the components of the additional \$3.6 million expenditure on rule changes reported in its third supplementary AR4 submission.	AEMO
	Action: AEMO to provide clarification to the MAC on depreciation timeframe for the proposed additional 2018/19 capital expenditure in its third supplementary AR4 submission.	AEMO
11	General Business	
	No general business was raised.	

The meeting closed at 2:40 PM.

Agenda Item 4: MAC Action Items

Meeting 2018_09_12

Shaded	Shaded action items are actions that have been completed since the last MAC meeting.
Unshaded	Unshaded action items are still being progressed.
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

Item	Action	Responsibility	Meeting Arising	Status
19/2017	The PUO to consult with AEMO and RCP Support on how to address the concerns raised by MAC members about the 2017/03 Amending Rules and develop a proposal for consideration at the next MAC meeting.	PUO/ AEMO/ RCP Support	August 2017	Open To be progressed as part of the WEM Reform Program.
33/2017	The PUO to review the current list of Protected Provisions in the Market Rules to determine if any of the provisions no longer need to be Protected Provisions.	PUO	November 2017	Open Held over to early 2019.
15/2018	RCP Support to amend the minutes of the 13 June 2018 meeting to reflect the agreed changes and publish on the Rule Change Panel's website as final	RCP Support	August 2018	Closed The minutes were published on 8 August 2018.

Item	Action	Responsibility	Meeting Arising	Status
16/2018	AEMO to provide an update to the MAC on the timelines for the Procedure Change Process to modify the Outstanding Amount calculation.	AEMO	August 2018	Open
17/2018	RCP Support to liaise with MAC members and observers about their availability for a workshop to review the proposed amendments in the Rule Change Proposal: Outage Planning Phase 2 – Outage Process Refinements (RC_2013_15); and to hold that workshop as soon as practicable.	RCP Support	August 2018	Underway
18/2018	RCP Support to send the PUO the final version of the MAC Market Rules Issues List discussion paper: Treatment of Storage Facilities in the Wholesale Electricity Market.	RCP Support	August 2018	Closed The final version of the paper was sent to the PUO on 27 August 2018.
19/2018	AEMO to provide clarification to the MAC on the components of the additional \$3.6 million expenditure on rule changes reported in its third supplementary AR4 submission.	AEMO	August 2018	Open
20/2018	AEMO to provide clarification to the MAC on the depreciation timeframe for the proposed additional 2018/19 capital expenditure in its third supplementary AR4 submission.	AEMO	August 2018	Open

Agenda Item 5: MAC Market Rules Issues List Update

12 September 2018

The latest version of the Market Advisory Committee (**MAC**) Market Rules Issues List (**Issues List**) is available in Attachment 1 of this paper.

The MAC maintains the Issues List as a means to track and progress issues that have been identified by Wholesale Electricity Market (**WEM**) stakeholders. A stakeholder may raise a new issue for discussion by the MAC at any time by emailing a request to the MAC Chair.

Updates to the Issues List are indicated in red font, while issues that have been closed since the last publication are shaded in grey.

Recommendation

RCP Support recommends that the MAC:

- note the updates to the Issues List;
- discuss preliminary urgency ratings for issues 45 (Transfer of responsibility for setting document retention requirements) and 46 (Transfer of responsibility for setting confidentiality statuses);
- discuss issue 29 (provide greater clarity on the respective roles and responsibilities for each regulatory body); and
- discuss the relative priority for RCP Support of progressing Rule Change Proposals vs. facilitating the preliminary discussions listed in Table 3 of the Issues List.

Agenda Item 5 – Attachment 1 – MAC Market Rules Issues List

12 September 2018

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
13	AEMO November 2017	<p>Use of data for market monitoring and compliance</p> <p>The restriction on the ERA in clause 2.16.14 of the Market Rules prevents it from using information gathered in market monitoring for other purposes (e.g. compliance), which seems counter-intuitive. Removing or reducing this restriction will promote efficiency in market administration, supporting Wholesale Market Objectives (a) and (d).</p>	<p>Panel rating: Medium</p> <p>MAC ratings:</p> <p>Low: Peter Huxtable</p> <p>Medium: Geoff Gaston, AEMO, Alinta, Bluewaters</p> <p>Status:</p> <p><u>Closed – the ERA developed a Pre-Rule Change Proposal to address this issue, which was discussed by the MAC on 8 August 2018.</u></p>
20/38	Bluewaters and ERM Power November 2017	<p>Spinning Reserve Cost Allocation Model – block changes</p> <p>Appendix 2 of the Market Rules deals with Spinning Reserve cost allocation. The boundary between Block 1 and 2 is set at 200 MW. This, in conjunction with the sizes of the existing generating units in the WEM, creates a perverse incentive for some generating units to not make capacity available above 200 MW, because doing so is likely to subject the generating units to a substantial increase in Spinning Reserve costs.</p> <p>Bluewaters recommended reviewing the value of the boundary between Block 1 and 2 of the Spinning Reserve cost allocation model. Bluewaters considered that addressing the perverse incentive is likely to give a more efficient dispatch outcome. This is likely to give downwards pressure to wholesale electricity prices, hence promoting</p>	<p>Panel rating: Medium, but likely to be parked pending progression of the preferred full runway model by the PUO (i.e. issue 44).</p> <p>MAC ratings:</p> <p>Do Not Progress: Alinta, Peter Huxtable</p> <p>Prefer full runway: AEMO</p> <p>Low: Geoff Gaston</p> <p>High: Bluewaters</p>

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
		<p>economic efficiency, and in turn promoting the Wholesale Market Objectives.</p> <p>As an alternative, the MAC indicated support for considering a full runway Spinning Reserve cost allocation model (see issue 44).</p>	<p>Status:</p> <p>The PUO has indicated that it is developing a Pre-Rule Change Proposal to address issue 20/38 (and issue 44 – see below).</p>
31	Synergy November 2018	<p>LFAS Report</p> <p>Under clauses 7A.2.9(b) and 7A.2.9(c) of the Market Rules, Synergy is obligated to compile and send the LFAS weekly report to AEMO based on the LFAS data for each Trading Interval supplied to Synergy by System Management. Given that System Management is now part of AEMO, it seems reasonable to remove this obligation on Synergy to reduce administrative burden. This rule change supports Wholesale Market Objective (a).</p>	<p>Panel rating: Low, but OK to progress using the Fast Track Rule Change Process</p> <p>MAC ratings:</p> <p>Low: Alinta, Bluewaters Medium: Geoff Gaston, AEMO High: Peter Huxtable</p> <p>Status:</p> <p><u>This issue has not been progressed.</u></p>
43	ERA November 2018	<p>SRMC Investigation Process</p> <p>SRMC investigations under section 2.16 of the Market Rules no longer have a link to take these matters to the Electricity Review Board. A separate investigation is required under section 2.13 to take matters to the Electricity Review Board. This is neither efficient nor cost effective, and is further complicated by the information use restriction in clause 2.16.14 (see issue 13). Correcting this issue would support Wholesale Market Objectives (a) and (d).</p>	<p>Panel rating: Medium</p> <p>MAC ratings:</p> <p>Low: Bluewaters Medium: Geoff Gaston, AEMO, Alinta High: Peter Huxtable</p> <p>Status:</p> <p><u>Closed – the ERA developed a Pre-Rule Change Proposal to address this issue, which was discussed by the MAC on 8 August 2018.</u></p>

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
44	MAC November 2017	<p>Full Runway Spinning Reserve Cost Allocation Model</p> <p>Implementation of a full runway model for Spinning Reserve cost allocation (as an alternative solution to the option proposed in issue 20/38).</p>	<p>Panel rating: Medium</p> <p>MAC ratings:</p> <p>Medium: Alinta, Peter Huxtable</p> <p>High: AEMO</p> <p>Status:</p> <p><u>The PUO has indicated that it is developing a Pre-Rule Change Proposal to address Issue 44 (and Issue 20/38 – see above).</u></p>
45	AEMO May 2018	<p>Transfer of responsibility for setting document retention requirements</p> <p>AEMO suggested that responsibility for setting document retention requirements (clauses 10.1.1 and 10.1.2 of the Market Rules) should move from AEMO to the ERA. AEMO considers that it is not the best entity to hold this responsibility as it no longer maintains the broader market development and compliance functions of the IMO.</p>	<p>Panel rating: <u>TBD</u></p> <p>MAC ratings: <u>TBD</u></p> <p>Status:</p> <p>Waiting on the ERA to provide its position on the proposal, but this is a low priority issue for the ERA.</p>
46	AEMO May 2018	<p>Transfer of responsibility for setting confidentiality statuses</p> <p>AEMO suggested that responsibility for setting confidentiality statuses (clauses 10.2.1 and 10.2.3 of the Market Rules) should move from AEMO to the ERA. AEMO considers that it is not the best entity to hold this responsibility as it no longer maintains the broader market development and compliance functions of the IMO.</p>	<p>Panel rating: <u>TBD</u></p> <p>MAC ratings: <u>TBD</u></p> <p>Status:</p> <p>Waiting on the ERA to provide its position on the proposal, but this is a low priority issue for the ERA.</p>

Notes:

- The Potential Rule Change Proposals are well-defined issues that could be addressed through development of a Rule Change Proposal.
- If the MAC decides to add an issue to the Potential Rule Change Proposals list, then RCP Support will seek a preliminary urgency rating from MAC members/observers and from the Rule Change Panel (**Panel**), and will include this information in the list.
- Potential Rule Change Proposals will be closed after a Pre-Rule Change Proposal is presented to the MAC or a Rule Change Proposal is submitted to the Panel.

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
1	Shane Cremin November 2017	IRCR calculations and capacity allocation There is a need to look at how IRCR and the annual capacity requirement are calculated (i.e. not just the peak intervals in summer) along with recognising behind-the-meter solar plus storage. The incentive should be for retailers (or third party providers) to reduce their dependence on grid supply during peak intervals, which will also better reflect the requirement for conventional 'reserve capacity' and reduce the cost per kWh to consumers of that conventional 'reserve capacity'.	To be considered in the preliminary review of the Reserve Capacity Mechanism.
2	Shane Cremin November 2017	Allocation of market costs – who bears Market Fees and who pays for grid support services with less grid generation and consumption?	To be considered in the preliminary reviews of behind-the-meter issues and the basis for allocation of Market Fees.
3	Shane Cremin November 2017	Penalties for outages.	To be considered in the preliminary review of the Reserve Capacity Mechanism.
4	Shane Cremin November 2017	Incentives for maintaining appropriate generation mix.	To be considered in the preliminary review of the Reserve Capacity Mechanism.
9	Community Electricity November 2017	Improvement of AEMO forecasts of System Load; real-time and day-ahead	To be considered in the preliminary review of forecast quality.

Table 2 – Broader Issues			
Id	Submitter/Date	Issue	Urgency and Status
11	AEMO November 2017	<p>Whole-of-system planning oversight:</p> <p>As explained in AEMO’s submission to the ERA’s review of the WEM, AEMO considers the necessity of the production of an annual, independent Integrated Grid Plan to identify emerging issues and opportunities for investment at different locations in the network to support power system security and reliability. This role would support AEMO’s responsibility for the maintenance of power system security and will be increasingly important as network congestion increases and the characteristics of the power system evolve in the course of transition to a predominantly non-synchronous future grid with distributed energy resources, highlighting new requirements (e.g. planning for credible contingency events, inertia, and fast frequency response).</p> <p>This function would support the achievement of power system security and reliability, in line with Wholesale Market Objective (a).</p>	<p><u>To be considered in the preliminary review of roles in the market (see Agenda Item 9).</u></p>
12	AEMO November 2017	<p>Review of institutional responsibilities in the Market Rules.</p> <p>Following the major changes to institutional arrangements made by the Electricity Market Review, a secondary review is required to ensure that tasks remain with the right organisations, e.g. responsibility for setting confidentiality status (clause 10.2.1), document retention (clause 10.1.1), updating the contents of the market surveillance data catalogue (clause 2.16.2), content of the market procedure under clause 4.5.14, order of precedence of market documents (clause 1.5.2). This will promote efficiency in market administration, supporting Wholesale Market Objectives (a) and (d).</p>	<p><u>To be considered in the preliminary review of roles in the market (see Agenda Item 9).</u></p> <p>Potential changes to responsibilities for setting document retention requirements and confidentiality statuses have been listed as Potential Rule Change Proposals (issues 45 and 46).</p>

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
16	Bluewaters November 2017	<p>Behind the Meter (BTM) generation is treated as reduction in electricity demand rather than actual generation. Hence, the BTM generators are not paying their fair share of the network costs, Market Fees and ancillary services charges.</p> <p>Therefore, the non-BTM Market Participants are subsidizing the BTM generation in the WEM. Subsidy does not promote efficient economic outcome.</p> <p>Rapid growth of BTM generation will only exacerbate this inefficiency if not promptly addressed.</p> <p>Bluewaters recommends changes to the Market Rules to require BTM generators to pay their fair share of the network costs, Market Fees and ancillary services charges.</p> <p>This is an example of a regulatory arrangement becoming obsolete due to the emergence of new technologies. Regulatory design needs to keep up with changes in the industry landscape (including technological change) to ensure that the WEM continues to meet its objectives.</p> <p>If this BTM issue is not promptly addressed, there will be distortion in investment signals, which will lead to an inappropriate generation facility mix in the WEM, hence compromising power system security and in turn not promoting the Wholesale Market Objectives.</p>	To be considered in the preliminary reviews of behind-the-meter issues and the basis for allocation of Market Fees.
23	Bluewaters November 2017	<p>Allocation of Market Fees on a 50/50 basis between generators and retailers may be overly simplistic and not consider the impacts on economic efficiency.</p> <p>In particular, the costs associated with an electricity market reform program should be recovered from entities based on the benefit they</p>	To be considered in the preliminary review of the basis for allocation of Market Fees.

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<p>receive from the reform. This is expected to increase the visibility of (and therefore incentivise) prudence and accountability when it comes to deciding the need and scope of the reform.</p> <p>Recommendations: to review the Market Fees structure including the cost recovery mechanism for a reform program.</p> <p>The cost saving from improved economic efficiency can be passed on to the end consumers, hence promoting the Wholesale Market Objectives.</p>	
29	Kleenheat November 2017	<p>Provide greater clarity on the respective roles and responsibilities for each regulatory body (PUO, Rule Change Panel, ERA and AEMO) as they relate to and impact the operation and application of the Market Rules. Greater clarity is required to ensure no conflicts of interest arise (perceived or real) and the risk of costs as well as duplicated roles and responsibilities is minimised.</p> <p>As an example, the time involved in enforcing the Market Rules, such as the Vinalco investigation - the Market Rules are compromised if their enforcement is not efficient and timely.</p>	<p><u>Market Participants did not raise this issue in response to the request for input into the preliminary review of roles in the market (see Agenda Item 9). The MAC is asked to consider whether this issue should be closed.</u></p>
30	Synergy November 2017	<p>Reserve Capacity Mechanism</p> <p>Synergy would like to propose a review of Market Rules related to reserve capacity requirements and reserve capacity capability criteria to ensure alignment and consistency in determination of certain criteria. For instance:</p> <ul style="list-style-type: none"> assessment of reserve capacity requirement criteria, reserve capacity capability and reserve capacity obligations; 	<p>To be considered in the preliminary review of the Reserve Capacity Mechanism.</p>

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> • IRCR assessment; • Relevant Demand determination; • determination of NTDL status; • Relevant Level determination; and • assessment of thermal generation capacity. <p>The review will support Wholesale Market Objectives (a) and (d).</p>	
35	ERM Power November 2017	<p>BTM generation and apportionment of Market Fees, ancillary services, etc.</p> <p>The amount of solar PV generation on the system is increasing every year, to the point where solar PV generation is the single biggest unit of generation on the SWIS. This category of generation has a significant impact on the system and we have seen this in terms of the day time trough that is observed on the SWIS when the sun is shining. The issue is that generators that are on are moving around to meet the needs of this generation facility but this generation facility, which could impact system stability, does not pay its fair share of the costs of maintaining the system in a stable manner. That is, they are not the generators that receive its fair apportionment of Market Fees and pay any ancillary service costs but yet they have absolute freedom to generate into the SWIS when the fuel source is available. There needs to be equity in this equation.</p>	To be considered in the preliminary reviews of behind-the-meter issues and the basis for allocation of Market Fees.
39	Alinta Energy November 2017	<p>Commissioning Test Process</p> <p>The commissioning process within the Market Rules and PSOP works well for known events (i.e. the advance timings of tests). However the</p>	To be considered in the preliminary review of the Commissioning Tests.

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<p>Market Rules and PSOP do not work for close to real time events. There is limited flexibility in the Market Rules and PSOP to deal with the practical and operational realities of commissioning facilities.</p> <p>The Market Rules and PSOP require System Management to approve a Commissioning Test Plan or a revised Commissioning Test Plan by 8:00 AM on the Scheduling Day on which the Commissioning Test Plan would apply.</p> <p>If a Market Participant cannot conform to its most recently approved Commissioning Test Plan, the Market Participant must notify System Management; and either:</p> <ul style="list-style-type: none"> • withdraw the Commissioning Test Plan; or • if the conditions relate to the ability of the generating Facility to conform to a Commissioning Test Schedule, provide a revised Commissioning Test Plan to System Management as soon as practicable before 8:00 AM on the Scheduling Day prior to the commencement of the Trading Day to which the revised Commissioning Test Plan relates. <p>Specific Issues:</p> <p>This restriction to prior to 8:00 AM on the Scheduling Day means that managing changes to the day of the plan are difficult. Sometimes a participant is unaware at that time that it may not be able to conform to a plan. Amendments to Commissioning Tests and schedules need to be able to be dealt with closer to real time.</p> <p>Examples for improvements are:</p>	

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> • allowing participants to manage delays to the start of an approved plan; and • allowing participants to repeat tests and push the remainder of the Commissioning Test Plan out. <p>Greater certainty is needed for on the day changes (i.e. there is uncertainty as to what movements/timing changes acceptable within the “Test Window” i.e. on the day).</p> <p>Wholesale Market Objective Assessment:</p> <p>A review of the Commissioning Test process, with a view to allowing greater flexibility to allow for the technical realities of commissioning, will better achieve:</p> <ul style="list-style-type: none"> • Wholesale Market Objective (a): <ul style="list-style-type: none"> ○ Allowing generators greater flexibility in undertaking commissioning activities will allow the required tests to be conducted in a more efficient and timely manner, which should result in the earlier availability of approved generating facilities. This contributes to the efficient, safe and reliable production of energy in the SWIS. ○ Productive efficiency requires that demand be served by the least-cost sources of supply, and that there be incentives for producers to achieve least-cost supply through a better management of cost drivers. Allowing for a more efficient management of commissioning processes, timeframes and costs in turn promotes the economically efficient production and supply of electricity. 	

Table 2 – Broader Issues			
Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> • Wholesale Market Objective (b): improvements to the efficiency of the Commissioning Test process may assist in the facilitation of efficient entry of new competitors. • Wholesale Market Objective (d): <ul style="list-style-type: none"> ○ Balancing appropriate flexibility for generators with appropriate oversight and control for System Management should ensure that the complex task of commissioning is not subject to unnecessary red tape, adding to the cost of projects. This contributes to the achievement of Wholesale Market Objective (d) relating to the long term cost of electricity supply. ○ Impacts on economic efficiency and efficient entry of new competitors (as outlined above) will potentially lead to the minimisation of the long term cost of electricity supplied. 	

Notes:

- Some issues require further discussion/review before specific Rule Change Proposals can be developed. For these issues, the MAC will:
 - group the issues together where appropriate;
 - determine the order of priority for the grouped Broader Issues;
 - conduct preliminary reviews to scope out the Broader Issues; and
 - refer the Broader Issues to the appropriate body for consideration/development.
- RCP Support will aim to schedule preliminary reviews at the rate of one per MAC meeting, unless competing priorities prevent this.
- Broader Issues will be closed (or moved onto another sub-list) following the completion of the relevant preliminary review and any agreed follow-up discussions on the issue.
- The current list of preliminary reviews is shown in Table 3.

Table 3 – Preliminary Reviews

Review	Status
(1) Review of roles in the market	<p>Issues: 11 and 12.</p> <p>Status: The MAC commenced its review of roles in the market at its meeting on 9 May 2018. RCP Support provided an updated paper to the MAC for consideration at its meeting on 13 June 2018, but the MAC deferred consideration. This preliminary review will be discussed under Agenda Item 9.</p>
(2) Treatment of storage facilities in the market	<p>Issues: 10 and 28 (see Table 4).</p> <p>Status: Closed. The resulting paper was provided to the Public Utilities Office on 27 August 2018.</p>
(3) Behind-the-meter issues	<p>Issues: 2, 16, 35.</p> <p>Status: Preliminary discussion is not yet scheduled.</p>
(4) Forecast quality	<p>Issues: 9.</p> <p>Status: Preliminary discussion is not yet scheduled.</p>
(5) Commissioning Tests	<p>Issues: 39.</p> <p>Status: Preliminary discussion is not yet scheduled. However, on 22 May 2018 AEMO held a workshop on Commissioning Test issues in connection with its proposed changes to the Power System Operation Procedure: Commissioning and Testing.</p>
(6) The basis of allocation of Market Fees	<p>Issues: 2, 16, 23 and 35.</p> <p>Status: Preliminary discussion is not yet scheduled.</p>
(7) The Reserve Capacity Mechanism (excluding the pricing mechanism)	<p>Issues: 1, 3, 4, and 30.</p> <p>Status: Preliminary discussion is not yet scheduled.</p>

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
5	Community Electricity November 2017	Improved definition of SRMC.	On hold pending development of ERA Balancing Market Offer Guidelines.
6	Community Electricity November 2017	Improved definition of Market Power.	On hold pending development of ERA Balancing Market Offer Guidelines.
7	Community Electricity November 2017	Improved definition of the quantity of LFAS (a) required and (b) dispatched.	On hold pending the outcome of the Minister's WEM reform program, with potential input from work on RC_2017_02: Implementation of 30-Minute Balancing Gate Closure.
10	AEMO November 2017	<p>Review of participant and facility classes to address current and looming issues, such as:</p> <ul style="list-style-type: none"> • incorporation of storage facilities; • distinction between non-scheduled and semi-scheduled generating units; • reconsideration of potential for Dispatchable Loads in the future (which were proposed for removal in RC_2014_06); • whether to retain Interruptible Loads or to move to an aggregated facility approach (like Demand Side Programmes); and • whether to retain Intermittent Loads as a registration construct or to convert to a settlement construct. 	<p>On hold pending the outcome of the Minister's WEM reform program.</p> <p><u>Treatment of storage facilities was considered under the preliminary review of the treatment of storage facilities in the market (see Table 3).</u></p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		Would support new entry, competition and market efficiency; particularly supporting the achievement of Wholesale Market Objectives (a) and (b).	
14/36	Bluewaters and ERM Power November 2017	<p>Capacity Refund Arrangements</p> <p>The current capacity refund arrangement is overly punitive as Market Participants face excessive capacity refund exposure. This refund exposure is well more than what is necessary to incentivise the Market Participants to meet their obligations for making capacity available. Practical impacts of such excessive refund exposure include:</p> <ul style="list-style-type: none"> • compromising the business viability of some capacity providers - the resulting business interruption can compromise reliability and security of the power system in the SWIS; and • excessive insurance premiums and cost for meeting prudential support requirements. <p>Bluewaters recommended imposing seasonal, monthly and/or daily caps on the capacity refund. Bluewaters considered that reviewing capacity refund arrangements and reducing the excessive refund exposure is likely to promote the Wholesale Market Objectives by minimising:</p> <ul style="list-style-type: none"> • unnecessary business interruption to capacity providers and in turn minimising disruption to supply availability; which is expected to promote power system reliability and security; and • unnecessary excessive insurance premium and prudential support costs, the saving of which can be passed on to consumers. 	On 9 May 2018 the MAC agreed to place this issue on hold for 12 months (until 9 May 2019) to allow time for historical data on dynamic refund rates to accumulate.

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
15/34	Bluewaters and ERM Power November 2017	<p>An interpretation of clause 3.18.7 of the Market Rules is that System Management will not approve a Planned Outage for a generator unless it was available at the time the relevant Outage Plan was submitted. This gives rise to the following issues:</p> <ul style="list-style-type: none"> Operational inefficiency for the generators – it is not uncommon for minor problems to be discovered during a Planned Outage, and addressing these problems may require the Planned Outage period to be marginally extended (by submitting an additional Outage Plan). However, System Management has taken an interpretation of clause 3.18.7 that it is not allowed to approve the Planned Outage period extension because the relevant generator was not available at the time the extension application was submitted. To meet this rules requirement, the generator will need to bring the unit online, apply for a Planned Outage while the unit is online, and subsequently take the unit off-line again only to address the minor problems. Such operational inefficiency could have been avoided if System Management can approve such Planned Outage extension (as long as there is sufficient reserve margin available in the power system during the extended Planned Outage period). Driving perverse incentives in the WEM and compromising market efficiency – to get around the issue discussed above, generators are likely to overestimate their Planned Outage period requirements in their outage applications. This results in higher than necessary projected plant unavailability, which does not promote accurate price signals for guiding trading decisions. This 	On hold pending a final decision on RC_2013_15: Outage Planning Phase 2 – Outage Process Refinements

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>misinformation is expected to lead to an inefficient outcome which in turn does not promote the Wholesale Market Objectives.</p> <p>Bluewaters recommendation: clarify in the Market Rules so that System Management can approve a Planned Outage extension application.</p>	
17	Bluewaters November 2017	<p>Under clause 3.21.7 of the Market Rules, a Market Participant is not allowed to retrospectively log a Forced Outage after the 15 day deadline; even if the Market Participant is subsequently found to be in breach of the Market Rules for not logging the Forced Outage on time. This can result in under reporting of Forced Outages, and as a consequence, use of incorrect information used in WEM settlements.</p> <p>Bluewaters recommend a rule change to enable Market Participants to retrospectively log a Forced Outage after the 15 day deadline. If a Market Participant is found to be in breach of the Market Rules by not logging the Forced Outage by the deadline, it should be required to log the outage.</p> <p>Accurately reporting outages will enable the WEM to function as intended and will help meet the Wholesale Market Objectives.</p>	On hold pending a final decision on RC_2014_03: Administrative Improvements to the Outage Process.
18	Bluewaters November 2017	<p>The Spinning Reserve procurement process does not allow Market Participants to respond to the draft margin values determination by altering its Spinning Reserve offer.</p> <p>Bluewaters recommended amending the Market Rules to allow Market Participants to respond to the draft margin values determination by altering its Spinning Reserve offer.</p>	On hold pending the outcomes of the ancillary services review being undertaken as part of the Minister's WEM reform program.

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		Allowing a Market Participant to respond to the draft margin values determination, can serve as a price signal to enable a price discovery process for Spinning Reserve capacity. This is expected to lead to a more efficient economic outcome and in turn promote the Wholesale Market Objectives.	
19	Bluewaters November 2017	<p>The Spinning Reserve margin values evaluation process is deficient for the following reasons:</p> <ul style="list-style-type: none"> • shortcomings in the process for reviewing assumptions; • inability to shape load profile; • lack of transparency: <ul style="list-style-type: none"> (a) modelling was a “black box”; (b) confidential information limits stakeholders’ ability to query the results; and • lack to retrospective evaluation of spinning reserve margin values. <p>As a result, the margin values have been volatile, potentially inaccurate and not verifiable.</p> <p>Recommendation: conduct a review on the margin values evaluation process and propose rule changes to address any identified deficiencies.</p> <p>Addressing the deficiencies in the margin values evaluation process can promote the Wholesale Market Objectives by enhancing economic efficiency in the WEM. This can be achieved through:</p>	<p>On hold pending the outcome of the Minister’s WEM reform program.</p> <p>Also, AEMO and the ERA to consider whether any options exist to improve transparency of the current margin values process.</p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> • promoting transparency – better informed Market Participants would be able to better respond to Spinning Reserve requirement in the WEM; and • allowing a better informed margin values determination process, which is likely to give a more accurately priced margin values to promote an efficient economic outcome. 	
22	Bluewaters November 2017	<p>Prudential arrangement design issue: clause 2.37.2 of the Market Rules enables AEMO to review and revise a Market Participant’s Credit Limit at any time. It is expected that AEMO will review and increase Credit Limit of a Market Participant if AEMO considers its credit exposure has increased (for example, due to an extended plant outage event).</p> <p>In response to the increase in its credit exposure, clause 2.40.1 of the Market Rules and section 5.2 of the Prudential Procedure allow the Market Participant to make a voluntary prepayment to reduce its Outstanding Amount to a level below its Trading Limit (87% of the Credit Limit).</p> <p>Under the current Market Rules and Prudential Procedure, AEMO can increase the Market Participant’s Credit Limit (hence increasing its prudential support requirement) despite that a prepayment has already been paid (it is understood that this is AEMO’s current practice).</p> <p>The prepayment would have already served as an effective means to reduce the Market Participant’s credit exposure to an acceptable level. Increasing the Credit Limit in addition to this prepayment would be an unnecessary duplication of prudential requirement in the WEM.</p>	On hold pending AEMO’s proposed review of its process for Credit Limit determination.

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>This unnecessary duplication is likely to give rise to higher-than-necessary prudential cost burden in the WEM; which creates economic inefficiency that is ultimately passed on the end consumers.</p> <p>Recommendation: amend the Market Rules and/or procedures to eliminate the duplication of prudential burden on Market Participants.</p> <p>The resulting saving from eliminating this unnecessary prudential burden can be passed on to end consumers. This promotes economic efficiency and therefore the Wholesale Market Objectives.</p>	
27	Kleenheat November 2017	Review what should constitute a Protected Provision of the Market Rules, to provide greater clarity over the role of the Minister for Energy.	On hold pending the outcome of a PUO review of the current Protected Provisions in the Market Rules.
28	Kleenheat November 2017	Appropriate rule changes to allow for battery storage. Consultation to decide how the batteries will be treated and classified as generators or not, whether batteries can apply for Capacity Credits and the availability status when the batteries are charging.	On hold pending the outcomes of the Minister's WEM reform program.
33	ERM Power November 2017	<p>Logging of Forced Outages</p> <p>The market systems do not currently allow Forced Outages to be amended once entered. This can have the distortionary effect of participants not logging an Outage until it has absolute certainty that the Forced Outage is correct, hence participants could take up to 15 days to submit its Forced Outages.</p> <p>If a participant could cancel or amend its Forced Outage information, it will likely provide more accurate and transparent signals to the market</p>	On hold pending a final decision on RC_2014_03: Administrative Improvements to the Outage Process.

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		of what capacity is really available to the system. This should also assist System Management in generation planning for the system.	
41	IMO November 2017	<p>On 1 September 2017, the Electricity Review Board (Board) published its decision and its reasons for decision regarding the IMO's Application No. 1 of 2016 against Vinalco Energy Pty Ltd (Vinalco) (http://www.edawa.com.au/reviews/12016).</p> <p>Even though the Board found that Vinalco breached clause 7A.2.17 of the Market Rules during the relevant periods and ordered Vinalco to pay two nominal penalties, the Board was sympathetic to the argument that 'constrained-on' dispatch through the Balancing Market was not the most appropriate mechanism in Vinalco's circumstances.</p> <p>The IMO considers that further work is required to consider what changes are required to the Market Rules to mitigate the risk of a similar situation arising again, and what the next steps may be to progress those changes.</p>	On hold pending development of ERA Balancing Market Offer Guidelines
42	ERA November 2017	<p>Ancillary Services approvals process</p> <p>Clause 3.11.6 of the Market Rules requires System Management to submit the Ancillary Services Requirements in a report to the ERA for audit and approval by 1 June each year, and System Management must publish the report by 1 July each year. The ERA conducted this process for the first time in 2016/17. In carrying out the process it became apparent that:</p> <ul style="list-style-type: none"> there is no guidance in the rules on what the ERA's audit should cover, or what factors the ERA should consider in making its determination on the requirements; 	On hold pending the outcome of the Minister's WEM reform program.

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> • there are no documented Market Procedures setting out the methodology for System Management to determine the ancillary service requirements (the preferable approach would be for the methodologies to be documented in a Market Procedure, and for the ERA to audit whether System Management has followed the procedure); • the timeframe for the ERA’s audit and approval process (less than 1 month) limits the scope of what it can achieve in its audit; • the levels determined by System Management are a function of the Ancillary Service standards, but the standards themselves are not subject to approval in this process; and • the value of the audit and approval process is limited because System Management has discretion in real time to vary the levels from the set requirements. <p>The question is whether the market thinks this approvals process is necessary/will continue to be necessary (particularly in light of co-optimised energy and ancillary services). If so, then the issues above will need to be addressed, to reduce administrative inefficiencies and, if more rigour is added to the process, provide economic benefits (Wholesale Market Objectives (a) and (d)).</p>	

Notes:

- These are issues that the MAC will consider following some identified event. Issues on Hold will be reviewed by the MAC once the identified event has occurred, and then closed or moved to another sub-list.

MARKET ADVISORY COMMITTEE MEETING, 12 SEPTEMBER 2018

FOR NOTING

SUBJECT: UPDATE ON AEMO'S MARKET PROCEDURES

AGENDA ITEM: 7

1. PURPOSE

Provide a status update on the activities of the AEMO Procedure Change Working Group and AEMO Procedure Change Proposals.

2. AEMO PROCEDURE CHANGE WORKING GROUP (APCWG)

	Most recent meeting	Next meeting
Date	7 August 2018	Oct 2018 (date TBA)
Market Procedures for discussion	<ul style="list-style-type: none"> PSOP: Outages 	Likely agenda <ul style="list-style-type: none"> PSOP: Medium Term PASA PSOP: Short Term PASA PSOP: Commissioning Tests

3. AEMO PROCEDURE CHANGE PROPOSALS

The status of AEMO Procedure Change Proposals is described below, current as at 1 August 2018. Changes since the previous MAC meeting are in **red text**. A procedure change is removed from this report after its commencement has been reported or a decision has been taken not to proceed with a potential Procedure Change Proposal.

ID	Summary of changes	Status	Next steps	Date
AEPC_2018_01: Monitoring and Reporting Protocol	The new Monitoring and Reporting Protocol details how AEMO implements its obligations to support the ERA's monitoring of compliance with the Market Rules.	Submissions closed 26 Feb 2018. Four submissions received.	Prepare Procedure Change Report for ERA consideration	TBA

ID	Summary of changes	Status	Next steps	Date
AEPC_2018_03: PSOP: Communications and Control Systems	The proposed amendments will update the procedure in line with current AEMO standards and add content previously placed in the IMS Market Procedure.	Submissions closed 21 May 2018. One submission received.	Publish further proposed amendments for consultation	TBA
AEPC_2018_04: PSOP: Outages	The proposed amendments seek to revise the Procedure in line with current standards and ensure the Procedure complies with obligations.	Considered by APCWG 13 Jul and 7 Aug 2018.	Publish Procedure Change Proposal	End Sep 2018
AEPC_2018_05: IMS Interface	The proposed amendments are consequential, arising from the amendment to the PSOP: Communications and Control Systems	Submissions closed 21 May 2018. One submission received.	Prepare Procedure Change Report	TBA
AEPC_2018_06: PSOP: Commissioning Tests	The proposed amendments seek to revise the Procedure in line with current standards and ensure the Procedure complies with obligations.	Stakeholder workshop on commissioning issues held 22 May	Further consideration of proposal by APCWG	Oct 2018
PSOP: Medium Term PASA (Procedure Change Proposal number yet to be assigned)	The proposed amendments seek to revise the Procedure in line with current standards and ensure the Procedure complies with obligations.	Considered by APCWG 20 Apr 2018.	Consideration of revised procedure at future APCWG meeting	Oct 2018
PSOP: Short Term PASA (Procedure Change Proposal number yet to be assigned)	The proposed amendments seek to revise the Procedure in line with current standards and ensure the Procedure complies with obligations.	Considered by APCWG 20 Apr 2018.	Consideration of revised procedure at future APCWG meeting	Oct 2018

Agenda Item 8(a): Overview of Rule Change Proposals (as at 5 September 2018)

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- Changes to the report provided at the previous MAC meeting are shown in **red font**.
- The next steps and the timing for the next steps are provided for Rule Change Proposals that are currently being actively progressed by the Rule Change Panel or the Minister.

Rule Change Proposals Commenced since the last MAC Meeting

Reference	Submitted	Proponent	Title	Commenced
RC_2018_01	24/04/2018	Rule Change Panel	New Notional Wholesale Meter Manifest Error	01/09/2018

Approved Rule Change Proposals Awaiting Commencement

Reference	Submitted	Proponent	Title	Commencement
RC_2017_06	17/07/2017	AEMO	Reduction of the prudential exposure in the Reserve Capacity Mechanism	01/06/2019

Rule Change Proposals Rejected since the last MAC Meeting

Reference	Submitted	Proponent	Title	Rejected
None				

Rule Change Proposals Awaiting Approval by the Minister

Reference	Submitted	Proponent	Title	Approval Due Date
None				

Formally Submitted Rule Change Proposals

Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
Fast Track Rule Change Proposals with Consultation Period Closed						
None						
Fast Track Rule Change Proposals with Consultation Period Open						
RC_2018_04	20/08/2018	Rule Change Panel	Manifest Error in the Deferral of Dates for the 2018 Reserve Capacity Cycle	High	Consultation period closes	7/09/2018
Standard Rule Change Proposals with Second Submission Period Closed						
RC_2014_07	22/12/2014	IMO	Omnibus Rule Change	Low	Call for further submissions	End of Sep. 2018
Standard Rule Change Proposals with Second Submission Period Open						
RC_2014_06	28/01/2015	IMO	Removal of Resource Plans and Dispatchable Loads	Medium	Second submission period closes	01/10/2018
Standard Rule Change Proposals with First Submission Period Closed						
RC_2013_15	24/12/2013	IMO	Outage Planning Phase 2 – Outage Process Refinements	Medium	Publication of Draft Rule Change Report	TBD
RC_2014_03	27/01/2014	IMO	Administrative Improvements to the Outage Process	High	Publication of Draft Rule Change Report	TBD

Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
RC_2014_05	02/12/2014	IMO	Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price	Medium	Publication of Draft Rule Change Report	TBD
RC_2014_09	13/03/2015	IMO	Managing Market Information	Low	Publication of Draft Rule Change Report	TBD
RC_2015_01	03/03/2015	IMO	Removal of Market Operation Market Procedures	Low	Publication of Draft Rule Change Report	TBD
RC_2015_03	27/03/2015	IMO	Formalisation of the Process for Maintenance Requests	Low	Publication of Draft Rule Change Report	TBD
RC_2017_02	04/04/2017	Perth Energy	Implementation of 30-Minute Balancing Gate Closure	Medium	Publication of Draft Rule Change Report	TBD
RC_2018_03	01/03/2018	Collgar Wind Farm	Capacity Credit Allocation Methodology for Intermittent Generators	Medium	Publication of Draft Rule Change Report	TBD

Standard Rule Change Proposals with the First Submission Period Open

None						
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Pre-Rule Change Proposals

Reference	Proponent	Description	Next Step	Timing
RC_2018_05	ERA	Market data access and use restrictions and SRMC investigation process	Submission of Rule Change Proposal	TBD

Agenda Item 9: Roles in the Market

Meeting 2018_09_12

1. Background

The Market Advisory Committee (**MAC**) initiated a preliminary review of the roles in the market on 9 May 2018. This preliminary review was conducted under the MAC Market Rules Issues List (**Issues List**) – see Agenda Item 5.

The Public Utilities Office (**PUO**) subsequently reviewed the issues submitted by Market Participants to the preliminary review of roles in the market, and identified the issues that will be covered by the Wholesale Electricity Market (**WEM**) Reform Program. These items included:

- reliability and security standards;
- role of AEMO as system operator in the connections process;
- system planning functions;
- stakeholders other than Western Power to have the ability to propose amendments to the Technical Rules;
- alignment of Technical Rules with the Market Rules and market objectives;
- responsibility for Marginal Loss Factor calculations and developing constraint equations/definitions;
- integration of the Technical Code, Market Rules and PSOPs (Power System Operation Procedures); and
- AEMO's roles and responsibilities for regional system reliability with respect to Western Power.

2. Discussion

The remaining issues submitted by Market Participants to the preliminary review of roles in the market that are not covered by the WEM Reform Program are outlined in Table 1. RCP Support proposes to address each issue as follows:

(1) Is the issue sufficiently defined and understood?

If not, the submitter will be asked to elaborate further.

(2) Is the issue outside the scope of the Market Rules?

If so, then RCP Support suggests that the issue should be deleted from the list.

(3) Can a Rule Change Proposal be developed to address the issue?

If so:

(a) what urgency rating would the MAC recommend for the proposal; and

(b) are any MAC members interested in leading development of the Rule Change Proposal?

These issues will be logged as Potential Rule Change Proposals in the Issues List.

- (4) Does the issue require broader review?

These issues will be logged as Broader Issues in the Issues List.

- (5) Should this issue go on hold pending some event/occurrence?

These issues will be logged as Issues on Hold in the Issues List. Note that the roles and responsibilities issues raised by submissions that are within the scope of the WEM Reform Program are automatically Issues on Hold.

Table 1: Issues not Covered in the WEM Reform Program

No	Submitter	Submission
1	AEMO	<p>Responsibility for setting document retention requirements (clauses 10.1.1 and 10.1.2) and confidentiality statuses (clauses 10.2.1 and 10.2.3)</p> <ul style="list-style-type: none"> AEMO believes this responsibility should move from AEMO to the ERA. AEMO considers that it is not the best entity to hold these responsibilities as it no longer maintains the broader market development and compliance functions of the IMO. <p><i>Note – this was originally raised under Issue 12 in the Issues List.</i></p>
2	AEMO	<p>Market Procedure for conducting the Long Term PASA (clause 4.5.14)</p> <ul style="list-style-type: none"> The scope of this procedure currently includes describing the process that the ERA must follow in conducting the five-yearly review of the Planning Criterion and demand forecasting process. AEMO considers that its Market Procedure should not cover the ERA’s review to provide ERA with scope for independently scoping the review. As such, AEMO recommends that this requirements be removed from the head of power clause within the Market Rule. <p><i>Note – this was originally raised under Issue 12 in the Issues List.</i></p>
8	AEMO	<p>AEMO would also note that there is potential for considering new roles and functions such as those related to Distribution System operation and microgrids and would equally look to the PUO to draw together thinking on this as part of holistic policy planning.</p>

Table 1: Issues not Covered in the WEM Reform Program

No	Submitter	Submission
9	Community Electricity	Agencies should be empowered, resourced and required to initiate and pursue any rule change they think proper.
13	Perth Energy	<p>The MAC recently asked for Market Participants to put forward proposed rule changes and order these into a priority list. This was a positive move but Perth Energy suggests that this approach should go further through development of a roadmap, or maps, for possible market development options. Market Rules can be considered as solutions but what we also need is a consolidated set of questions that are being identified. For example, System Management has recently indicated its concerns about grid stability due to the high level of renewables. At the PUO briefing the modeller from EY noted that in 10 years' time exports from behind-the-meter solar will exceed system demand. Another issue is that there are no rules covering energy storage. These types of issues need to be addressed in an integrated manner where the full ramifications of each issue are, as far as possible, identified and resolved.</p> <p>Perth Energy has, separately, recommended to the ERA that their market reviews could be the vehicle to collate and describe the various issues that market participants foresee. However, there would still need to be a mechanism to coordinate the development of solutions.</p> <p>It could be argued that it is the Government's role to look at these matters and develop solutions but, in practice, the market "belongs" to all of the market participants as well as to its ultimate customers. Certainly Government has a very significant role to play as a major business owner, in determining the industry structure and in authorising regulation. However, it is unrealistic to expect Government to be able to identify either all of the questions or all of the solutions. It could also be suggested that it is conflicted through ownership of so much of the market.</p> <p>Perth Energy considers that the Rule Change Panel, with the support of MAC, should be given the responsibility to identify the issues facing the market over the coming, say, 3-5-10 years and develop potential road maps for required changes. It is expected that this would flag up some changes that will be required in almost all future scenarios (new definitions of ancillary services, perhaps) plus identify options depending on different technology or policy futures.</p> <p>We suggest the Rule Change Panel for this role because this entity has the support of the MAC which represents a very broad range of industry, Government entities and customers. To this end we support the current policy of encouraging observers/visitors to attend and participate in MAC.</p>

Table 1: Issues not Covered in the WEM Reform Program

No	Submitter	Submission
14	Western Power	<p><u>Grid Transformation</u></p> <p>The emergence of microgrids and associated technologies in Western Australia, and the potential role they may have in the supply of affordable, secure, reliable and sustainable energy should be considered by the Government agencies and Market Participants.</p> <p>Grid transformation will impact the WEM and to accommodate the changes that will occur, discussions between the Government agencies and Market Participants will need to continue. An opportunity exists for the PUO to continue providing leadership on the matter and assist in facilitating these discussions. Consideration should also be given on Western Power's role as the Network Operator in the SWIS, and whether its role and responsibilities need to evolve with the transformation of the grid.</p>
16	Western Power	<p><u>Agility to respond to market reform drivers</u></p> <p>There is an increasing need for the WEM Rules and Market Procedures change process to adapt and reflect the current market developments in a timely manner. In particular, the AEMO current process to amend its Market Procedures requires substantial consultation and time. It would be beneficial for the AEMO to adopt a more streamlined procedure change process to ensure that the Market Procedures keep up with market developments and practices. For example, a process similar to the fast track rule change process for the WEM Rules which would allow it to expedite certain Market Procedure amendments.</p>
20	Western Power	<p>Western Power is also of the view that its role and responsibilities as the Network Operator should be considered to allow it to take a role in grid transformation.</p>

Agenda Item 10: Constrained Off Payments

Meeting 2018_09_12

Background

On 29 August 2018, representatives from Kleenheat met with the Market Advisory Committee (**MAC**) Chair to discuss Kleenheat's concerns about the high and unexpected level constrained off payments in recent Trading Months, and in March and April 2018 in particular. Following this discussion, the Chair invited Kleenheat to raise its concerns at the upcoming MAC meeting on 12 September 2018.

On 4 September 2018, Kleenheat provided a letter to the Chair that summarised its concerns regarding constrained off payments. These concerns relate to:

- the method used to calculate constrained off payments in the Wholesale Electricity Market; and
- the lack of information available to Market Customers to enable them to forecast the expected cost of constrained off payments.

Kleenheat's letter is available in Attachment 1 of this paper.

Recommendation

It is recommended that the MAC:

- discuss the issues raised in Kleenheat's letter to the Chair on constrained off payments;
- discuss the level of compensation, if any, that is appropriate for Generators that are dispatched downwards out of merit;
- discuss what information could be provided to Market Customers to assist them in forecasting the expected cost of constrained off payments; and
- decide how and whether the issues raised by Kleenheat should be included in the MAC Market Rules Issues List.

Attachment 1: Letter from Kleenheat regarding Constrained Off Payments

4 September 2018

Mr Stephen Eliot
Executive Officer
Rule Change Panel Support
Level 4, 469 Wellington Street
Perth, WA 6000

Via email: Stephen.Eliot@rcpwa.com.au

Dear Stephen

CONSTRAINED OFF PAYMENTS

Thank you for the opportunity to raise the issue of the operation of the Wholesale Electricity Market rules regarding payments for constrained off payments. Our concerns fall into two areas:- calculation of payments and information available.

It appears that the solar and wind farms were paid considerably in excess of both the cost of turning off and on, and of what they might reasonably have expected to have received if not constrained. The price paid is also considerably in excess of the ceiling market price per MWh in the WEM (~\$360).

There appears to be little information available to pure retailers and no information available to large industrial customers which would enable them to budget or forecast for these payments.

1. Calculation of payments

It is our understanding that the Wholesale Electricity Market (WEM) Rules stipulate that payment be made to a generator that is curtailed as compensation for costs associated with ramping down generation and the subsequent ramp up after the end of the constrained period. In addition, the compensation includes the margin lost as a result of reduced generation volume.

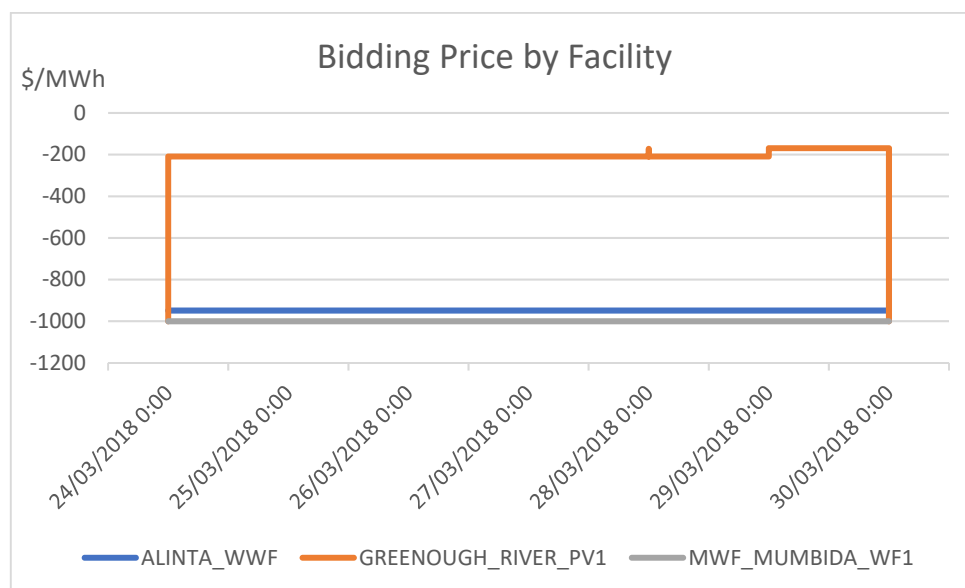
The compensation paid to the generator is recouped by AEMO from each retailer on a pro-rata basis based on volumes sold during the constrained period.

Recently we estimated that WEM retailers received invoices totalling around \$5 million in total for constrained access which occurred in March and April 2018.

The calculation under the WEM rules of “constrained off” is summarised as:-

- Volume: The difference between theoretical generation volumes and actual metered volumes;
- Price: The difference between the facility’s bidding price and balancing price.

Below are the bidding prices for the three affected facilities during the first outage week.



Our understanding is that the above bidding pattern is usual for these facilities and this letter is not a comment on the bidding behaviour of those facilities.

The process for “constrained off” payments is that System Management issue an out-of-merit dispatch instruction to the affected facility to trigger curtailment. The loss of this facility would have necessitated System Management moving up the dispatch merit order to make up the loss in generation volumes, resulting in higher balancing prices.

To illustrate the outcome of the situation in March and April 2018:

	\$
Balancing price (not actual, for illustration purposes only)	100
Bid price (e.g. Mumbida)	-1,000
Constrained off payment per MWh, payable by retailers	\$1,100

It may be that the intent of the rules was to compensate traditional generators for the cost of ramping up and down for short periods. The rules do not appear to be reasonable for renewable generators, (where the cost of turning off and on is minimal), or for long periods of time.

In a constrained market, it may be reasonable for generators to be paid the balancing price they would otherwise have been paid for generation, if any. It does not seem reasonable to receive anymore than replacement income. The additional amount over the balancing market price is not reflective of actual cost of generation. There appears to be unintended consequences as a result of the calculation method. This appears to be in contradiction to the objectives of the market rules, in particular:

1.2.1 (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system

Also, it is a risk that a long outage could impose large financial losses on retailers. There is the same risk where such costs are passed on to customers, particularly large industrial users. Insolvency of retailers and customers is a key risk of the 'blank cheque' nature of these payments. This appears to be in contradiction to the objectives of the market rules, in particular:

1.2.1 (b) to encourage competition among generators and retailers in the South West interconnected system...

A more reasonable approach would be to pay generators the balancing price for the period they are constrained. There may also be some argument to pay traditional generators fixed ramp down and up costs. This would offer the market considerable savings, as the same time as providing adequate recompense for generators. It is also reasonable to expect generators to plan routine maintenance during at least some of these periods to reduce the cost to the market, and ultimately consumers.

This would require a change to the market rules. It is our understanding that AEMO largely manually calculates the payments, so there would be minimal system changes.

2. Information available

Below is a screen shot from the Western Power "SMMITs" portal:

The screenshot shows the 'Outage Review' interface. The filters section includes:

- Start Date: 01/03/2018
- End Date: 30/04/2018
- Outage Number: [empty]
- Switching Required: [empty]
- Display Only My Outages: [checked]
- Latest Version Only: [checked]

The Equipment dropdown is set to 'PREM_PWR_DSP'. The Resources dropdown includes PREMPWR_DSM_CL1, PREMPWR_DSM_CL2, PREMPWR_DSM_CL3, and PREMPWR_DSM_CL4. The Workgroups dropdown is empty. The Outage Categories dropdown includes Circuit Outage / Network Event, Generator Outage, and Load Outage. The Outage Type dropdown includes Consequential Outage, Forced Outage, Forced Outage - Network Limitation, Opportunity Maintenance - Day Ahead, and Opportunity Maintenance - On The Day. The Outage Status dropdown includes Pending, Accepted, Accepted by SWOP, Accepted With Conditions, Approved, Non-Approved, and Approved With Conditions.

The table below shows the following data:

Outage ID	Version	Start	End	Type	Status	HW	Resource / Equipment	Description
237279	4	08/03/2018 06:00	08/03/2018 17:00	Proposed Outage Plan	Approved	N/A	KW-SFR2	
237355	5	29/03/2018 16:00	29/03/2018 17:00	Forced Outage - Network Limitation	Approved	N/A	HU-BT72 L	
237486	7	14/03/2018 07:00	14/03/2018 15:00	Proposed Outage Plan	Approved	N/A	CT-KDLB1	
237519	12	19/03/2018 08:00	06/03/2018 10:30	Proposed Outage Plan	Approved	N/A	HRT T1 H, HRTX25-0, HRT802.0	
237671	5	03/03/2018 07:00	08/03/2018 18:00	Proposed Outage Plan	Approved	N/A	HU-W0382	
237794	4	01/03/2018 07:00	01/03/2018 16:00	Proposed Outage Plan	Approved	N/A	HU-R31A, HU-R31B	
238037	10	06/03/2018 06:00	06/03/2018 15:00	Proposed Outage Plan	Approved	N/A	KEM813.0	
238038	10	12/03/2018 07:00	29/03/2018 16:00	Proposed Outage Plan	Approved With Conditions	N/A	WT-CTB1	
238078	8	06/03/2018 10:00	08/03/2018 18:00	Proposed Outage Plan	Approved	N/A	SEC-EQUIP	

The information provided does not enable retailers to forecast the expected cost of constrained off payments. Large industrial users do not have access to this

information at all. Also, after the event has occurred, no information is provided to retailers to advise of the costs. The first retailers are aware there is a liability is when invoices are received, sometimes months later.

It is our understanding that more information is available to generators, but probably not enough to accurately budget for likely costs. There may be an argument that some information is commercial in confidence. However, generators can't have it both ways. If they want to receive payments from the market, it is reasonable to provide more information. Volume, timing and which generators are affected is not commercially critical information.

I look forward to discussing further at the upcoming Market Advisory Committee meeting.

Yours sincerely

A handwritten signature in black ink that reads "R Banks". The signature is written in a cursive, flowing style.

Rebecca Banks
Commercial Manager

Agenda Item 11: RCP Support KPIs

Meeting 2018_09_12

1. Background

The governing legislation and regulations¹ for the Rule Change Panel (**Panel**) do not require the Panel to establish or report on key performance indicators (**KPIs**). However, the Panel has established KPIs for the Panel and for RCP Support as a matter of best practice. In the interests of full transparency, the Panel has decided to report on:

- the Panel's KPIs, including the results of the related stakeholder satisfaction survey, in the annual Activities Report for 2017/18;² and
- RCP Support's KPIs, including the results of the related stakeholder satisfaction survey, to the Market Advisory Committee (**MAC**), Gas Advisory Board (**GAB**), and Economic Regulation Authority (**ERA**).

2. RCP Support KPIs

The Panel established eight KPIs to measure RCP Support's performance on an annual basis. Table 1 presents the eight KPIs and RCP Support's performance against these KPIs for 2017/18.

Table 1 – RCP Support KPIs for 2017/18		
Category	KPI	Results
Rule change efficiency	1. RCP Support is to manage rule changes in accordance with the Framework for Rule Change Prioritisation and Scheduling (Framework).	<p>✓ RCP Support and the Panel managed the prioritisation and scheduling of all of the Rule Change Proposals for the Market Rules and GSI Rules in accordance with the Framework.</p> <p>✗ However, the RCP Support and the Panel did not achieve the timelines for progressing Rule Change Proposals that are set out in the Framework. Timeliness of the Panel's processes is considered in the discussion of the stakeholder satisfaction survey for 2017/18 (see section 3 below).</p>

¹ The Panel's governing legislation and regulations include the:

- *Energy Industry (Rule Change Panel) Regulations 2016*;
- *Electricity Industry (Wholesale Electricity Market) Regulations 2004*;
- Wholesale Electricity Market Rule (**Market Rules**);
- *Gas Services Information Regulations 2012*; and
- Gas Services Information Rules (**GSI Rules**).

² Regulation 28(1) of the *Energy Industry (Rule Change Panel) Regulations 2016* requires the Panel to prepare and submit an activities report to the Minister for Energy on an annual basis. The activities report must cover the Panel's general activities for the financial year, and must be submitted within 2 months after 30 June in each year (i.e. by 31 August each year). The Minister must then table the activities report before both houses of Parliament within 21 days of receiving the report.

Table 1 – RCP Support KPIs for 2017/18

Category	KPI	Results
	2. No breaches of any of the legislation, regulations, or rules that govern the Panel. ¹	<p>✓ RCP Support has not identified any breaches of its governing legislation or regulations in 2017/18.</p> <p>✓ RCP Support has not identified any breaches of the Market Rules in 2017/18.</p> <p>✗ RCP Support has identified one potential minor breach of the GSI Rules in 2017/18.³</p>
	3. No rule change processes to correct for errors in previous rule changes made by the Panel.	<p>✓ The Panel did not need to run any rule change processes in 2017/18 to correct for errors made by the Panel.</p>
	4. No procedural or legal reviews requested of the Panel's decisions upheld.	<p>✓ No legal reviews were sought of the Panel's decisions in 2017/18.</p>
	5. The percentage of RCP Support time spent on rule changes is not to materially decline from year-to-year.	<p>✓ RCP Support's time in 2017/18 was spent as follows:⁴</p> <ul style="list-style-type: none"> ○ rule changes 55.7% ○ overheads 28.9% ○ leave and training 15.4% <p>A trend in RCP Support time spent on rule changes cannot be reported because the Panel was only in operation for 15 months as of the end of 2017/18. However, it is observed that a large amount of RCP Support's time was coded to overheads in 2017/18 because significant time was required to develop the Panel's processes and governance arrangements.</p>

³ RCP Support has reported the potential minor breach of the GSI Rules to the ERA to determine if there was a breach, and if so, to determine next steps.

⁴ All ERA staff, including RCP Support, log the time that they spend on various activities in the ERA's TimeFiler database. Data were extracted from this database to calculate the time that RCP Support spent on various activities in 2017/18 for all RCP Support staff members.

However, RCP Support did not develop a standard process for coding its time until late in 2017/18, so the data are not necessarily accurate for the entirety of 2017/18. More appropriate codes and guidelines on how RCP Support staff should code their time were developed in late 2017/18 and were implemented on 6 July 2018. As a result, data on RCP Support time will be more reliable from 2018/19 forward.

Table 1 – RCP Support KPIs for 2017/18		
Category	KPI	Results
Effective Governance	6. RCP Support is to review the Risk Register every 6 months, including taking any steps identified in the register to mitigate the Panel's risks.	<p>✓ RCP Support and the Panel commenced construction of its Risk Register in February 2018, conducted its first full review of the register in June 2018, and finalised a first version of the register in August 2018.</p>
Stakeholder management	7. Over 60% of respondents are satisfied with the level of service being provided by the Panel.	<p>Results of the Panel's stakeholder satisfaction survey for 2017/18 are presented in section 3 below.</p> <p>✓ The Panel received a rating of "meets expectations" or higher from over 60% of survey respondents on seven of the eight aspects of its services.</p> <p>✗ The Panel received a rating of "meets expectations" or higher from less than 60% of survey respondents for timeliness of the rule change processes.</p>
	8. The trend in stakeholder satisfaction with the level of service being provided by the Panel is not negative.	<p>✓ A trend in stakeholder satisfaction cannot be reported at this time because the Panel's stakeholder satisfaction survey for 2017/18 was the first such survey conducted.</p>

3. Stakeholder Satisfaction Survey Results for 2017/18:

RCP Support distributed the stakeholder satisfaction survey for 2017/18 on 11 July 2018, and sought responses by 18 July 2018. The survey was an anonymous, online survey that asked the following eight questions:

1. please rate the quality of the Panel's decisions;
2. please rate the quality of the Panel's reports;
3. please indicate your satisfaction with the timeliness of the Panel's rule change processes;
4. please indicate your satisfaction with the timeliness of the Panel's consultation processes;
5. please indicate your satisfaction with how the Panel has set the priorities of Rule Change Proposals;
6. please rate the quality of the Panel's communications;
7. please rate the quality of the Panel's administration of the MAC meetings; and
8. please rate the quality of the Panel's administration of the GAB meetings.

The survey sought stakeholder ratings to each question on a scale of:

1. poor;
2. below expectations;
3. meets expectations;
4. above expectations; and
5. excellent.

The survey also allowed respondents to provide a N/A response because Wholesale Electricity Market (**WEM**) participants would not necessarily have an interest in the GAB, and gas market participants would not necessarily have an interest in the MAC.

The survey was sent to 124 people that are on the RulesWatch, MAC and GAB distribution lists, and the Panel received 19 responses to the survey, which represents a 15% response rate. Based on the responses to questions 7 and 8, it appears that 12 of the respondents were WEM participants, 5 were gas market participants, and 2 were both WEM and gas market participants.

The results of the stakeholder satisfaction survey are summarised in Table 2 (excluding the N/A responses). Table 2 also indicates the weighted average response to each question.⁵ Figures 1-8 illustrate the results in Table 2.

The survey also allowed stakeholders to provide comments for each question, and to provide general comments. Stakeholders provided several comments on specific questions, but no general comments. Table 5 lists the stakeholder comments and provides RCP Support's assessment of each comment.

⁵ The weighted average response to each question is calculated by applying the percentage response to a weight of 1 for "poor" ratings, 2 for "below expectations" ratings, 3 for "meets expectations" ratings, 4 for "above expectations" ratings, and 5 for "excellent" ratings.

Table 2: Results from the Stakeholder Satisfaction Survey for 2017/18

	Poor	Below Expectations	Meets Expectations	Above Expectations	Excellent	Total	Weighted Average
1. Quality of the Panel Decisions	1 (6%)	3 (17%)	10 (59%)	2 (12%)	1 (6%)	17 (100%)	2.9
2. Quality of the Panel Reports	0 (0%)	1 (6%)	13 (76%)	2 (12%)	1 (6%)	17 (100%)	3.2
3. Satisfaction with Timeliness of the Rule Change Processes	3 (16%)	7 (37%)	7 (37%)	1 (5%)	1 (5%)	19 (100%)	2.5
4. Satisfaction with Timeliness of the Panel Consultation Processes	0 (0%)	3 (17%)	13 (72%)	0 (0%)	2 (11%)	18 (100%)	3.1
5. Satisfaction with Panel setting of Priorities of Rule Change Proposals	1 (6%)	4 (22%)	10 (56%)	2 (11%)	1 (6%)	18 (100%)	2.9
6. Quality of Panel Communications	0 (0%)	1 (5%)	13 (68%)	4 (21%)	1 (5%)	19 (100%)	3.3
7. Quality of Panel Administration of MAC Meetings	0 (0%)	2 (14%)	6 (43%)	4 (29%)	2 (14%)	14 (100%)	3.4
8. Quality of Panel Administration of GAB Meetings	0 (0%)	1 (14%)	4 (57%)	1 (14%)	1 (14%)	7 (100%)	3.3

Figure 1: Quality of Panel Decisions

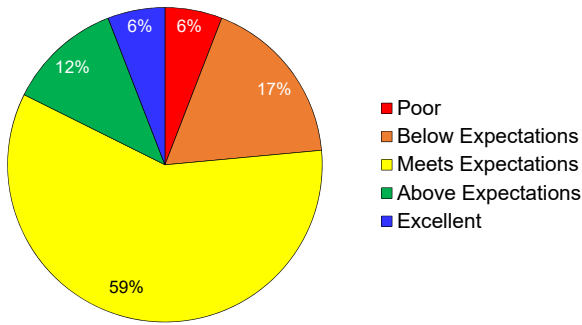


Figure 2: Quality of Panel Reports

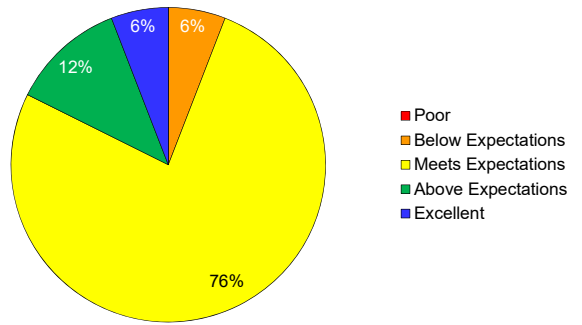


Figure 3: Satisfaction with Timeliness of the Rule Change Processes

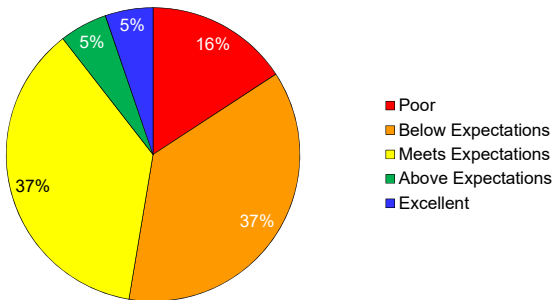


Figure 4: Satisfaction with Timeliness of Panel Consultation Processes

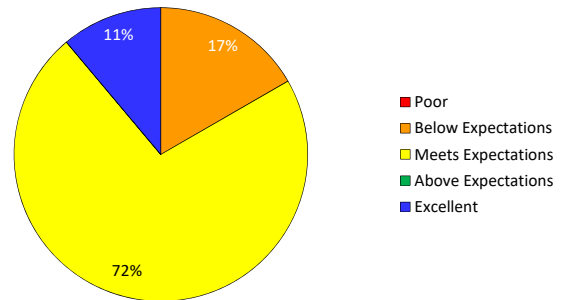


Figure 5: Satisfaction with Panel setting of Priorities of Rule Change Proposals

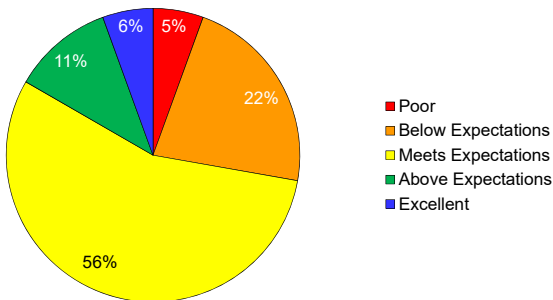


Figure 6: Quality of Panel Communications

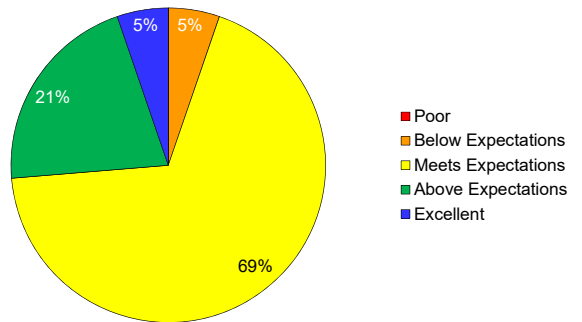


Figure 7: Quality of Panel Administration of MAC Meetings

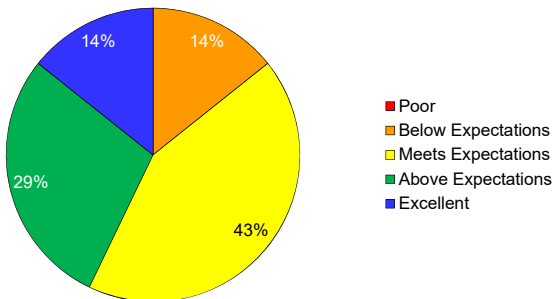
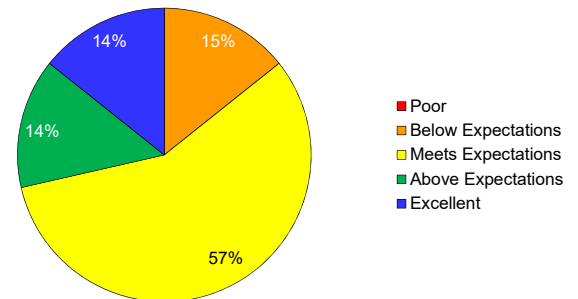


Figure 8: Quality of Panel Administration of GAB Meetings



4. Assessment of the Stakeholder Satisfaction Survey for 2017/18

1. Quality of the Panel Decisions:

There was a fairly even spread of stakeholder satisfaction with the quality of Panel decisions in 2017/18, ranging from “Poor” to “Excellent”; but with 77% of respondents providing a response of “meets expectations” or better.

This suggests that there is general satisfaction with the quality of Panel decisions. It is not surprising that there were some “poor” and “below expectations” responses given that some decisions will have had a negative impact on particular classes of Market Participants.

2. Quality of the Panel Reports:

Stakeholders were very satisfied with the quality of Panel reports in 2017/18 – there were no “poor” responses and only 1 “below expectations” response; with 94% of respondents providing a response of “meets expectations” or better.

3. Satisfaction with Timeliness of the Rule Change Processes:

There was dissatisfaction with timeliness of the Panel’s rule change processes in 2017/18, with 53% of respondents indicating satisfaction of “poor” or “below expectations”.

RCP Support expected concerns to be raised regarding timeliness of the rule change processes due to frustration expressed by MAC Members with the continued existence of the backlog of Rule Change Proposals.

Concerns with timeliness of the Panel’s rule change processes are valid, but are more tied to the current circumstances in the WEM than to the Panel’s processes themselves. Comments from the MAC and to the stakeholder satisfaction survey support the rigour of the rule change processes specified in the Market Rules and followed by the Panel.

Concerns with timeliness of the rule change process stem from the large backlog of Rule Change Proposals and frustration that significant benefits to the market can be obtained by quickly processing the backlog. The continued existence of the backlog of Rule Change Proposals is tied to:

- devotion of a large proportion of RCP Support’s resources to establishing the Panel’s internal processes and procedures in its first year of operation;
- inheritance of a significant number of complex legacy Rule Change Proposals;
- under-resourcing of RCP Support; and
- diversion of RCP Support resources to support the WEM Reform Program.

It should be possible to more quickly progress the backlog of Rule Change Proposals now that:

- a large number of the Panel’s internal processes have been finalised;
- RCP Support has made progress on establishing the process to get timely and accurate assessments from AEMO of the cost and time to implement Rule Change Proposals; and
- the PUO and AEMO have framed the WEM Reform Program, so RCP Support can commence work on the Rule Change Proposals (or the parts of the proposals) that are not subsumed by the reform program.

The Panel will work with the ERA to ensure that RCP Support has the necessary resources to better achieve the target Rule Change Proposal progression rates.

4. Satisfaction with Timeliness of the Panel Consultation Processes:

Stakeholders seem to be generally satisfied with the timeliness of the Panel's consultation process, with 83% of respondents providing a response of "meets expectations" or better. Market participants appear to recognise the need for robust consultation on Rule Change Proposals, and accept that the Panel's processes meet this need.

5. Satisfaction with Panel setting of Priorities of Rule Change Proposals:

Stakeholders appear to be generally satisfied with how the Panel sets priorities for Rule Change Proposals, with 74% of stakeholders providing a response of "meets expectations" or better. Nevertheless, 26% provided a rating of "below expectations" or "poor", which indicates that there is room for improvement.

This response is not unexpected – it is inevitable that some stakeholders will be dissatisfied with how the Panel sets priorities. That is, the Panel cannot progress all proposals concurrently, and proponents of a proposal will always want their proposal to take precedence over others.

6. Quality of Panel Communications:

It appears that stakeholders are generally satisfied with the quality of Panel communications, as only 5% of respondents to this question provided a rating lower than "meets expectations", and 26% provided ratings of "above expectations" or "excellent".

7. Quality of Panel Administration of MAC Meetings:

It appears that the WEM participants are generally satisfied with administration of the MAC, as only 2 of 12 respondents to this question provided a rating lower than "meets expectations".

8. Quality of Panel Administration of GAB Meetings:

It appears that the gas market participants are generally satisfied with administration of the GAB, as only 1 of 7 respondents to this question provided a rating lower than "meets expectations".

Table 3: Stakeholder Comments from the Stakeholder Satisfaction Survey for 2017/18

Survey Question	Stakeholder Comments	RCP Support Assessment
1. Quality of the Panel Decisions	<ul style="list-style-type: none"> I feel unable to rate this measure on the basis that I have reviewed very few of their changes to this point. 	<ul style="list-style-type: none"> This comment reflect that the respondent has not reviewed Panel decisions.
	<ul style="list-style-type: none"> Not enough evidence to make a determination. 	<ul style="list-style-type: none"> This comment seems to reflect that there were relatively few Panel decisions in 2017/18.
2. Quality of the Panel Reports	<ul style="list-style-type: none"> Not enough evidence to make a recommendation. 	<ul style="list-style-type: none"> This comment seems to reflect that there were relatively few Panel reports in 2017/18.
	<ul style="list-style-type: none"> The individual rule change reports contain sufficient information to encourage a read or not (relevance), the monthly report is too busy and contains too much information. I suggest issuing a report based on category so that readers can easily decide whether they need to review or otherwise. 	<ul style="list-style-type: none"> This comment appears to be about the Overview of Rule Change Proposals monthly report to the MAC. There is a significant amount of information in this report, and RCP Support has taken steps to make it easier for Market Participants to locate the information that they are interested in by: <ul style="list-style-type: none"> putting the report into a standard format (all items are in the same order each month); and highlighting changes to the report to make them easier to see.
3. Satisfaction with Timeliness of the Rule Change Processes	<ul style="list-style-type: none"> A number of rule change proposals are underway and have not been progressed in a timely manner by the panel. These proposals, if implemented, could reduce costs in the market. 	<ul style="list-style-type: none"> This comment reflects that the Panel is still considering a large number of legacy Rule Change Proposals inherited from the Independent Market Operator, and a number of other Rule Change Proposals that have been made since the Panel commenced operations.

Table 3: Stakeholder Comments from the Stakeholder Satisfaction Survey for 2017/18

Survey Question	Stakeholder Comments	RCP Support Assessment
	<ul style="list-style-type: none"> All good things take time, changing the rules required a robust consultation process (typically referred to as cat herding) so one must be patient, and therefore it takes as long as the stakeholders allow it, thus no other answer is accurate (in my view). Given the bottlenecks of several old large Rule Change, perhaps splitting them into small independent chunks and progressing separately would hasten progress – though this would result in much more rounds of consultation, the entire process would probably be shorter and result in constant small implementations. 	<ul style="list-style-type: none"> This is a valid concern – see the commentary on this matter under section 4 above. This comments supports the robust consultation process used by the Panel, as required by the Market Rules and GSI Rules. Unfortunately, the rule change process, as specified in the rules, does not allow the Panel to split up proposals and consider them separately – the Panel must consider all proposals in their entirety. However, RCP Support is working with AEMO to “de-scope” the two outage-related proposals (RC_2013_15 and RC_2014_03). The intent is to make use of the Panel’s power to approve these proposals in an amended form – that is, to recommend to the Panel that it: <ul style="list-style-type: none"> approve parts of these proposals so that they can be progressed as soon as possible; and reject parts of these proposals and leave consideration of those parts of the outage processes to the WEM Reform Program. RCP Support will consult with the MAC on the “de-scoping” of RC_2013_15 and RC_2014_03.
4. Satisfaction with Timeliness of the	<ul style="list-style-type: none"> It could always happen quicker, but understand the process. 	<ul style="list-style-type: none"> RCP Support has made sure that the consultation process has met all of the timing requirements in the rules.

Table 3: Stakeholder Comments from the Stakeholder Satisfaction Survey for 2017/18

Survey Question	Stakeholder Comments	RCP Support Assessment
Panel Consultation Processes		<ul style="list-style-type: none"> This comment is likely a reference to the need to run a “call for further submissions” when picking up legacy proposals, or when complicating factors arise (such as the cost escalation in RC_2017_06). RCP Support believes that the Panel is running appropriate consultation processes.
5. Satisfaction with Panel setting of Priorities of Rule Change Proposals	<ul style="list-style-type: none"> More focus should be placed on progressing rule change proposals. Perhaps a more explicit matrix rating of importance, urgency and effort would provide a more robust explanation of decisions. 	<ul style="list-style-type: none"> Based on discussions at the MAC, this comment is likely suggesting that the Panel and MAC are devoting too much time on the WEM Reform Program and/or the MAC Market Rules Issues List, which will not deliver benefits for several years; whereas the Panel and MAC could devote more effort to the current Rule Change Proposals that could be approved and implemented in the near term. If so, then there may be some merit to this comment, but it does not account for AEMO resourcing restrictions that will limit AEMO’s ability to implement rule changes outside of the WEM Reform Program. This comment appears to be based on a lack of understanding of how the Panel sets priorities and/or lack of transparency in how the Panel considers all of the aforementioned factors on a case-by-case basis. The Panel sets priorities based on a number of factors, including: <ul style="list-style-type: none"> the urgency rating; the submission date; AEMO resourcing requirements; RCP Support resourcing requirements; and

Table 3: Stakeholder Comments from the Stakeholder Satisfaction Survey for 2017/18

Survey Question	Stakeholder Comments	RCP Support Assessment
	<ul style="list-style-type: none"> I suspect the squeaky wheel gets the oil, so on that basis the squeaks (or meows as you would have it) get the attention, which is generally reasonable. The market lacks a driving force to deliver a vision and meaningful reform. We note the PUO is developing future reforms, however, the current systems and processes need to be evolved over the next 4 years. They cannot persist. 	<ul style="list-style-type: none"> other external factors, such as the WEM Reform Program and ERA reviews. RCP Support proposes that the Framework document should be: <ul style="list-style-type: none"> reviewed in 2018/19; and published on the Panel’s website. This comment appears to be based on a misunderstanding of how the Panel sets priorities. For example, Perth Energy could be seen as one of the “squeaky wheels”, as it has been pushing to have RC_2017_02 progressed as a priority. This has resulted in more discussion of this proposal at the MAC, but has not resulted in an increase in its priority – the Panel has continued to use its established process to set priorities. This appears to be a reference to Panel’s lack of a head of power to take the lead in managing the development/evolution of the WEM. There is little that the Panel can do to address this comment, as the PUO/Minister is unlikely to want to hand authority for market development/evolution to an independent entity.
6. Quality of Panel Communications	No comments were received.	
7. Quality of Panel Administration of MAC Meetings	<ul style="list-style-type: none"> MAC meetings are lacking leadership, and appear to be merely administered by the RCP secretariat. This means it is left to MAC members to provide any direction or meaningful input. 	<ul style="list-style-type: none"> This appears to be a reference to Panel’s lack of a head of power to take the lead in managing the development/evolution of the market. There is little that the Panel can do to address this comment, as the

Table 3: Stakeholder Comments from the Stakeholder Satisfaction Survey for 2017/18

Survey Question	Stakeholder Comments	RCP Support Assessment
	<ul style="list-style-type: none"> Shorter meetings followed by out of session presentations for those interested would help. 	<p>PUO/Minister is unlikely to want to hand authority for market development/evolution to an independent entity.</p> <ul style="list-style-type: none"> MAC meetings have traditionally been long (4+ hours), and the first few MAC meetings in 2017/18 were this lengthy. However, RCP Support has been working to keep more recent meeting times down to a maximum of 3 hours. The lengthiness of meetings is largely related to discussions about the WEM Reform Program. Given the nature of the PUO and AEMO consultation processes, RCP Support is of the view that it is appropriate to allow MAC members as much time as they would like at MAC meetings to discuss the WEM Reform Program with the PUO and AEMO. RCP Support has made use of out-of-session workshops to address detailed matters on the outage-related Rule Change Proposals, and will use a similar process for any future complex/detailed discussions. MAC Working Groups have been established (the MDOWG and PSOWG) to allow for detailed discussions on the WEM Reform Program.
8. Quality of Panel Administration of GAB Meetings	No comments were received.	

Agenda Item 12: MAC Schedule

Meeting 2019_09_12

1. The Proposal

The Market Advisory Committee's (**MAC**) currently meets on a monthly basis, usually on the second Wednesday of the month, except in January, when there is no meeting. The Rule Change Panel (**Panel**) also currently meets on a monthly basis, usually on the third Thursday of the month, except in January, when there is no meeting.

RCP Support devotes a significant amount of time to support the MAC and Panel meetings. The regular monthly cycle involves:

- first week of the month – finalising MAC papers;
- second week of the month – holding the MAC meeting and finalising Panel papers;
- third week of the month – holding the Panel meeting and drafting MAC minutes; and
- fourth week of the month – drafting Panel minutes.

Support for MAC and Panel meetings is critical to the functioning of the rule change process, but the lack of gaps in the meeting cycle is limiting RCP Support's ability to focus time and effort on progressing Rule Change Proposals.

The cycle of MAC meetings also places demands on resources for Market Participants, the Australian Energy Market Operator (**AEMO**), and the Public Utilities Office (**PUO**).

In addition, the PUO and AEMO are now finalising the scope of the Wholesale Electricity Market (**WEM**) Reform Program. The MAC has established two Working Groups to support the WEM Reform Program, including:

- the Market Design and Operations Working Group (**MDOWG**); and
- the Power System Operation Working Group (**PSOWG**).

Consultation on the WEM Reform Program, including participation in the MDOWG and PSOWG, will place further strain on the resources of Market Participants, RCP Support, AEMO and the PUO.

Therefore, consideration should be given to moving to a longer cycle for MAC meetings (the Panel will also be asked to consider a longer cycle for Panel meetings).

2. Recommendation

That the MAC consider:

- moving to a six-weekly cycle of meetings, commencing after the October 2018 MAC meeting; and
- the meeting schedule presented below.

	Proposed MAC Meeting Schedule	Draft Panel Meeting Schedule (for information)
October 2018	Wednesday, 10 October 2018	Thursday, 18 October 2018
November 2018	Wednesday, 21 November 2018	Thursday, 29 November 2018
December 2018		
January 2019	Wednesday, 30 January 2019	
February 2019		Thursday, 7 February 2019
March 2019	Wednesday, 13 March 2019	Thursday, 21 March 2019
April 2019	Wednesday, 1 May 2019	
May 2019		Thursday, 9 May 2019
June 2019	Wednesday, 12 June 2019	Thursday, 20 June 2019