

Meeting Agenda

Meeting Title: Market Advisory Committee

Date: Tuesday 5 May 2020

Time: 9:30 AM – 11:45 AM

Location: Online meeting

Persons who would like to attend the online MAC meeting are asked to register with RCP Support (Support@rcpwa.com.au) by close of business on Friday 1 May 2020.

RCP Support will then send an invite to all of the registered attendees on Monday 4 May 2020 that will contain a link to allow attendees to log into the meeting.

Item	Item	Responsibility	Duration
1	Welcome	Chair	5 min
2	Meeting Apologies/Attendance	Chair	5 min
3	Minutes of Meeting 2020_03_24	Chair	5 min
4	Actions Items	Chair	5 min
5	MAC Market Rules Issues List	Chair	5 min
6	Update on the Energy Transformation Strategy (no paper)	ETIU	15 min
7	AEMO Procedure Change Working Group Update	AEMO	5 min
8	Rule Changes		
	(a) Overview of Rule Change Proposals	Chair	5 min
	(b) RC_2020_03: Estimates for GIA Facilities	RCP Support	20 min
	(c) Prioritisation of Rule Change Proposals (no paper)	AEMO	25 min

Item	Item	Responsibility	Duration
9	Procedure Change Governance	Perth Energy	20 min
10	ERA Review – 2020 review of the incentives to improve the availability of generators (presentation – no paper)	ERA	15 min
11	General Business	Chair	5 min

Next Meeting: 6 July 2020

Please note, this meeting will be recorded.

Minutes

Meeting Title:	Market Advisory Committee (MAC)
Date:	24 March 2020
Time:	9:30 AM – 11:20 AM
Location:	Online via Microsoft Teams

Attendees	Class	Comment
Stephen Eliot	Chair	
Matthew Martin	Small-Use Consumer Representative	
Martin Maticka	Australian Energy Market Operator (AEMO)	
Dean Sharafi	System Management	
Sara O'Connor	Economic Regulation Authority (ERA) Observer	
Jo-Anne Chan	Synergy	Proxy for Mr Everett
Zahra Jabiri	Network Operator	
Jacinda Papps	Market Generators	
Wendy Ng	Market Generators	
Daniel Kurz	Market Generators	
Tom Frod	Market Generators	
Patrick Peake	Market Customers	From 10:15 AM
Geoff Gaston	Market Customers	
Peter Huxtable	Contestable Customers	

Also in Attendance	From	Comment
Aden Barker	Energy Transformation Implementation Unit (ETIU)	Presenter to 9:55 AM
Miles Jupp	ETIU	Presenter to 11:10 AM
Kim Hutchinson		
Jenny Laidlaw	RCP Support	Observer
Elizabeth Walters	ERA	Observer to 11:00 AM

Also in Attendance	From	Comment
Kei Sukmadjaja	Western Power	Observer
Dimitri Lorenzo	Bluewaters Power	Observer
Tim McLeod	Amanda Energy	
Erin Stone	Point Global	Observer to 11:00 AM
Elisabeth Ross	Enel X	
Rando Yam	Enel X	
Carl Hutchinson	Enel X	Observer to 10:40 AM
Ian Porter	Sustainable Energy Now	
Graham Pearson	Australian Energy Council	Observer to 10:45 AM
Laura Koziol	RCP Support	Minutes
Natalie Robins	RCP Support	Observer
Sandra Ng Wing Lit	RCP Support	Observer
Adnan Hayat	RCP Support	Observer

Apologies	From	Comment
Andrew Everett	Synergy	

Item	Subject	Action
1	Welcome The Chair opened the meeting at 9:30 AM and welcomed members and observers to the 11 February 2020 MAC meeting.	
2	Meeting Apologies/Attendance The Chair noted the attendance as listed above.	
3	Minutes of Meeting 2019_11_26 Draft minutes of the MAC meeting held on 11 February 2020 were circulated on 3 March 2020. The MAC accepted the minutes as a true and accurate record of the meeting. Action: RCP Support to publish the minutes of the 11 February 2020 MAC meeting on the Rule Change Panel's (Panel) website as final.	RCP Support

Item	Subject	Action
4	Action Items	
	The closed action items were taken as read.	
	Action 27/2019: Ms Sara O'Connor confirmed that the ERA would provide its position on whether it should be assigned responsibility under the Market Rules for setting document retention requirements and confidentiality statuses in six months.	
	Action 28/2019: Open.	
	Action 2/2020: Mr Dean Sharafi noted that there is no associated Dispatch Instruction if the output of a Facility is reduced by the GIA tool. Dispatch under the GIA tool is subject to the contracts between Western Power and the relevant Market Participants, and AEMO has no visibility of these contracts, so AEMO does not calculate what a Facility would have generated in the absence of a Dispatch Instruction. It would need to be specified in the Market Rules if the intention was for AEMO to calculate an estimate under these circumstances.	
	Mr Martin Maticka noted that AEMO has undertaken some basic modelling of the impact of situations where Intermittent Generators are asked to ramp down just prior to the start of a Triggering Outage ¹ on the relevant level calculation for that Facility. AEMO assumes, based on its modelling, that the financial impact for the Market Participant would be negligible (e.g. around \$100 for a solar or wind farm with a nameplate capacity of 100 MW).	
	Ms Jenny Laidlaw noted that she had been advised by AEMO that sometimes Intermittent Generators were asked to shut down more than one Trading interval before a Triggering Outage. Mr Maticka noted that he was not sure if that information may relate to different reasons for shutting down an Intermittent Generator and noted that AEMO and RCP Support would discuss this issue further outside of the MAC meeting.	
	Ms Laidlaw noted that it appeared that the GIA contracts were affecting how Facilities were treated in the case of planned Network Outages and questioned why a Facility connected under a GIA contract would not be dispatched under the Market Rules in the case of a Triggering Outage. Ms Laidlaw noted that she would clarify this issue with AEMO outside of the MAC meeting and report the result to the MAC.	

¹ For the context of the MAC discussion, a 'Triggering Outage' is an outage of Network equipment that reduces the energy a Facility can provide to the SWIS.

Item	Subject	Action
5	MAC Market Rules Issues List (Issues List) Update	
	<p>The MAC noted the recent updates to the Issues List.</p> <p>The MAC agreed that issue 52 (North Country Spinning Reserve) should be closed given that AEMO and ETIU are developing a Rule Change Proposal to address the issue. Mr Aden Barker noted that ETIU will continue to advise the MAC on the progress of that rule change.</p>	
6	Update on the Energy Transformation Strategy (ETS)	
	<p>Mr Aden Barker provided the following updates on the ETS.</p> <ul style="list-style-type: none"> • The status of the Distributed Energy Resources (DER) Roadmap has not changed since the last MAC meeting. ETIU anticipated that the DER Roadmap would be considered by Cabinet shortly. • Mr Miles Jupp would provide a presentation regarding the Whole of System Plan (WOSP) under agenda item 9. • In regard to the Improving Connection to Western Power's Network project, the intention is to not defer the 2020 Reserve Capacity Cycle, and for the Network Access Quantities (NAQ) to apply from the 2021 Reserve Capacity Cycle. This was advised at the last Transformation Design and Operation Working Group (TDOWG) meeting and would be considered by the Energy Transformation Taskforce (Taskforce) at its meeting planned for 27 March 2020. An information sheet would be published subsequent to the Taskforce meeting, <ul style="list-style-type: none"> The Taskforce would also consider the Generator Performance Standard (GPS) that had been discussed at the last TDOWG and in meetings with Market Participants. This would be including the drafting for moving the GPS into the Market Rules. More information on that subject would be published following the Taskforce meeting. Monitoring and compliance more generally would be discussed at the next Taskforce meeting in April 2020. • The next TDOWG was planned for 7 April 2020. The Taskforce was planning to discuss monitoring and compliance as well as the rule drafting plan and the timing for consultation. The Taskforce had commenced the development of the drafting instructions and the Market Rules. The aim was to consult for at least four weeks on the Market Rules including discussions at TDOWG meetings. 	

Item	Subject	Action
	<ul style="list-style-type: none"> • The Taskforce had published information papers to guide the drafting of the Market Rules in relation to: <ul style="list-style-type: none"> ○ outage planning and management; ○ operating states and contingency events framework; and ○ the registration and participation framework. • The WEM Reform Implementation Group (WRIG) had been formed to develop a Joint Industry Plan that would contain the actions for AEMO, Government and industry to prepare for commencement of new market arrangements in 2022. The first WRIG meeting was held on 17 March 2020 via WebEx to discuss which systems would require replacement or refurbishment and how AEMO was planning to decide whether to refurbish or replace a system. At this stage, ETIU was planning to hold monthly WRIG meetings. A meeting invite for the next meeting would be send out soon. • Regarding the North Country Spinning Reserve issue, ETIU was planning to provide an update about the approach to solve the issue at the next MAC meeting and have a rule change in by mid-2020. • Mr Daniel Kurz noted that at the last WRIG meeting there was a consensus from Market Participants that they would need the ‘next level down’ detail for the different market mechanisms to be able to determine what they need to do. Mr Kurz asked if that detail could be provided. Mr Barker noted that the plan was to discuss this level of detail at the upcoming WRIG and that ETIU was also happy to meet individually with Market Participants. 	
7	AEMO Procedure Change Working Group (APCWG) Update	
	<p>Mr Sharafi noted that the next meeting of the APCWG was tentatively scheduled for 7 April 2020 and would be held as a virtual meeting on WebEx. The topics would include:</p> <ul style="list-style-type: none"> • Reserve Capacity Testing; • Market Procedure: Facility Registration, De-Registration and Transfer; and • the Procedure Change Proposal for the Market Procedure: Certification of Reserve Capacity. 	

Item	Subject	Action
	<p>The Chair noted that 7 April 2020 was also the date Mr Barker (who had just left the meeting) had indicated for the next TDOWG meeting. Mr Sharafi noted that he would coordinate with Mr Barker.</p> <p>Mr Sharafi noted that the next Procedure Change Proposal that would be published would be on the revision to the Balancing Market tie-breaker process that involved changes to the Market Procedure: Balancing Market Forecast and the Market Procedure: Balancing Facility Requirements. Mr Sharafi noted that these changes had been discussed at the last APCWG held on 20 February 2020 and are a priority for AEMO as a result of the COVID-19 pandemic.</p> <p>Mr Maticka noted that the Procedure Change Proposal on the Market Procedure: Reserve Capacity Testing was out for consultation until 9 April 2020. Mr Maticka asked MAC members and observers to let AEMO know as soon as possible if they needed more time for their submissions.</p>	

8(a) Overview of Rule Change Proposals

The MAC noted the overview of Rule Change Proposals.

The Chair advised that since the circulation of the papers on 17 March 2020, the Draft Rule Change Report for RC_2019_04 had been published on 20 March 2020; and that RCP Support may publish an addendum to the Draft Rule Change Report, in which case stakeholders would be notified by email to the RulesWatch mailing list.

The Chair advised that since the circulation of the papers, the Minister had approved the Amending Rules for RC_2020_01 (Market Participant Fee calculation manifest error) which would commence on 30 March 2020.

The Chair noted that, following the last MAC appointment process, there were two vacant Market Customer representative positions for which the Panel was currently seeking nominations.

Mr Maticka noted that Market Participants may have difficulty responding to the current Rule Change Proposals and that the Panel should consider deferring some of the timelines. The Chair asked MAC members and observers to notify the Rule Change Panel as early as possible if they needed any extensions.

8(b) RC_2019_01: The Relevant Demand calculation – Next Steps

The Chair noted that, according to the prioritisation framework, RC_19_01 was the next proposal to be processed.

Item	Subject	Action
	<p>The Chair noted that RCP Support has undertaken some preliminary investigation of different types of dynamic baselines as provided in the paper and that the next step for this Rule Change Proposal is to organise a workshop to discuss the items listed in the paper. The Chair noted that given the COVID-19 pandemic, the Panel's other priorities, and the ETS, RCP Support was uncertain about the timing for the workshop; and was seeking feedback from the MAC about the content and timing of the workshop.</p>	
	<p>The Chair asked AEMO for feedback regarding the prioritisation of RC_2019_01. Mr Maticka advised that AEMO was currently very busy managing the changing operational environment from the COVID-19 pandemic and would not be able to contribute to a workshop at least until after Easter.</p>	
	<p>Ms Elisabeth Ross sought clarification that the content of the MAC workshop would not be limited by baseline approaches used by ERCOT. The Chair confirmed that the approaches considered would not be limited.</p>	
	<p>Ms Ross and Mr Peter Huxtable noted that it would be great if the rule change could be finalised in time to apply to the next Reserve Capacity Cycle.</p>	
	<p>Mr Huxtable suggested that verification methodologies and testing should be addressed in the workshop. The Chair noted that it would be challenging to finalise RC_2019_01 before the next Reserve Capacity Cycle.</p>	
	<p>Mr Geoff Gaston suggested that the workshop should consider the issue of 'double dipping' in regard to Market Participants reducing their Associated Loads' IRCR and increasing their Relevant Demand. Mr Gaston noted that the priority should be to get through the next six months before 'playing around the edges.</p>	
	<p>The Chair noted that it was possible to address the additional issues in the workshop or a subsequent MAC workshop.</p>	
	<p>Ms Jacinda Papps commented that some Market Participants would prefer that a Rule Change Proposal to address issues with the Relevant Level Methodology (RC_2019_03) should be finalised before the next Reserve Capacity Cycle.</p>	
	<p>The Chair noted that RC_2019_03 was still being developed and had not yet been submitted by the ERA. The ERA is waiting on ETIU for drafting on how it will implement the NAQ, so it would likely be several months until the Rule Change Proposal is submitted. The Chair noted that, based on Panel's 'Framework for Scheduling and Prioritisation' RC_2019_01 would be prioritised over RC_2019_03 if RC_2019_03 is given a</p>	

Item	Subject	Action
	<p>Medium urgency rating because RC_2019_01 has a Medium urgency rating and has already been submitted. The Chair noted that the Government could always advise the Panel if it believes that RC_2019_03 should have a higher priority.</p> <p>Ms Wendy Ng indicated that she considers that RC_2019_03 should have higher priority than RC_2019_01. Ms Ng suggested that RC_2019_01 should not be prioritised because it could not be processed before the next Reserve Capacity Cycle on 1 May 2020.</p> <p>Ms Ross clarified that the changes should commence not for the upcoming Reserve Capacity Cycle, but the one after that for which submissions were due in June 2021, and that every delay was potentially delaying the commencement of the changes by another Capacity Year.</p>	<p>Action: RCP Support and AEMO to prepare a MAC Workshop regarding RC_2019_01.</p> <p>RCP Support, AEMO</p>

9 Update on the Whole of System Plan

Mr Jupp provided a presentation of the resource planning model for the WOSP.

The resource planning model was used to look at the current network configuration, its transfer limits and the current generation fleet; as well as the additional available generation technologies and network augmentations that may be required or suggested by the resource planning model to meet the four demand scenarios. The resource planning model also accounts for Essential System Services (**ESS**) requirements.

The model is going through every hour for the 20 years of the period to solve the lowest system cost. The simulation time is 15 hours without ESS constraints and up to 90 hours with ESS constraints.

The simulation outcomes showed a large amount of gas generation in the areas surrounding the metro areas for the high demand scenarios. The model was considering combined cycle gas turbines and open cycle gas turbines, and based on stakeholder feedback, also reciprocating engines.

ETIU is currently running the model and discussing the results weekly. This allows Western Power to look at network augmentation recommendations, AEMO to look at ESS requirements, and ETIU to look at different types of generation and storage.

In parallel, ETIU is building a dispatch model that will need the constrained equations Western Power is currently developing.

Item	Subject	Action
	<p>Mr Huxtable asked if the resource planning model was taking into account demand side management. Mr Jupp confirmed that it did.</p> <p>Ms Ng asked how network upgrades proposed by the resource planning model would be reflected in the dispatch model. Mr Jupp clarified that proposed network upgrades would be discussed with Western Power and that constraint equations would be updated to reflect the outcome of these discussions.</p> <p>Mr Tom Frood asked if ETIU expected delays due to the COVID-19 pandemic. Mr Jupp answered that no delays were currently anticipated.</p> <p>Mr Huxtable noted that Mr Jupp had referred to the uptake of combined cycle gas turbines and expressed concern that these facilities were not suited to provide the load following required with the anticipated penetration of renewable energies. Mr Jupp noted that ETIU was taking this into account when assessing the outcomes of the model. There was some discussion about which gas fired power station could provide ESS and Mr Jupp confirmed that this would be reflected in the assessment.</p>	

10 Proposed Changes to the Rule Change Panel Appointment Process

The Chair sought the MAC's view about the changes that EPWA was proposing to the Panel appointment process.

Mr Martin noted that the intention of the proposed changes was to be able to appoint Panel members that are based in WA and to have these members as free from conflict of interest as possible. Mr Martin noted that EPWA was happy to extend the timeline for submissions on the proposed changes if required. Mr Kurz noted that he would welcome an extension until next week. Mr Martin agreed that he would extend the timeline accordingly.

Mr Sharafi noted that AEMO would make a submission. Mr Sharafi noted that AEMO considered that no more than one member should be employed by the same party and questioned why AEMO employees were explicitly excluded from being on the Panel.

Mr Sharafi noted that there was previously a perceived conflict of interest for the market operator to also be the rule maker, but AEMO considered that the conflict of interest would disappear if AEMO was only one of five Panel members. Mr Sharafi noted that AEMO is the only organisation that probably does not have any financial interest in the outcome of Panel decisions.

Item	Subject	Action
	<p>Mr Huxtable noted that it is important that there is a balance of membership so that there would not only be employees of similar parties (e.g. not only public servants).</p> <p>Mr Ian Porter noted that there should be a balance in membership and a balance in the quorum.</p> <p>Mr Martin noted that the aim was, that where a Panel member had a conflict of interest regarding an issue considered by the Panel, that member would have to absent themselves from discussion of that item. The Chair noted that this was consistent with the Panel's current practice. The Chair asked if that meant that any Panel member that was employed by AEMO, Synergy or Western Power would have to absent itself from the discussion of the majority of Rule Change Proposals. Mr Martin agreed and noted that therefore the aim was to appoint Panel members that would be as free of conflict of interest as possible.</p> <p>Mr Porter noted that he considered that AEMO was probably the least conflicted party. Mr Martin noted that EPWA's view was that AEMO would be conflicted whenever a Rule Change Proposal affected AEMO's operations. Mr Sharafi noted that AEMO considered that it would not be conflicted in that case.</p> <p>Ms Papps noted that Alinta would also make a submission.</p>	
11	<p>General Business</p> <p><u>Discussion of stakeholders' measures to manage their business through the COVID-19 pandemic</u></p> <p>MAC members and observers discussed the measures they were taking to deal with the COVID-19 pandemic and the challenges that they were facing.</p> <p>The Chair noted that RCP Support had started to work from home a week ago and that this did not have any significant impact on the team's work. RCP Support can still be contacted via email, mobile phone and landline.</p> <p>Mr Sharafi noted that AEMO staff was working from home except for staff that must be in the office (e.g. controllers). The controllers were working from to different control centres. Mr Sharafi noted that AEMO did not expect any long term effect on its functions but that its current stakeholder engagement was affected.</p> <p>Mr Martin noted that the EPWA team was currently partially working from home and that EPWA was engaging with stakeholders to inform Government how the sector was dealing with the situation.</p>	

Item	Subject	Action
	<p>Mr Kurz noted that Bluewaters and NewGen Kwinana had implemented an isolation policy for the operations teams in the control rooms to ensure that handovers are done virtually, and maintenance teams were separated from operation teams. Furthermore an A and B team position was established for head office staff, where each staff member or role has effectively got a primary person and a backup person.</p>	
	<p>Mr Papps noted that Alinta had implemented voluntary homebased work and was currently working out if the call centre could be moved to home based work. Ms Papps noted that Alinta has national operations and that border controls were causing problems for maintenance teams, so some of the office-based engineers may be brought in for these duties.</p>	
	<p>Mr Frod notes that Bright Energy had implemented homebased work for all office worker and had restricted access to sites and reduced unnecessary travel. Mr Frod noted that there may be delays in commissioning Greenough Solar Farm and the Warradarge Wind Farm (e.g. it was unclear if construction was currently allowed to continue).</p>	
	<p>Ms Ng noted that ERM had just directed its staff to work from home if possible and had implemented two shifts for site-based operators.</p>	
	<p>Mr Gaston noted that the Change Energy team could work from anywhere and was currently working from home. Mr Gaston flagged that the retailers were currently holding the credit risk and that retailers other than Synergy should be included in any Government conversations on how to deal with business customers that cannot pay.</p>	
	<p>Ms Jo-Anne Chan noted that most of Synergy's staff was working from home and that workers that must work on site were required to abide by social distancing obligations. Ms Chan noted that Synergy was considering setting up camps at the generation sites.</p>	
	<p>Ms Zahra Jabiri noted that Western Power had implemented homebased work were possible, that crews were being localised to regions, and that controllers were operating from different locations.</p>	

The meeting closed at 11:30 AM.

Agenda Item 4: MAC Action Items

Meeting 2020_05_05

Shaded	Shaded action items are actions that have been completed since the last Market Advisory Committee (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
27/2019	The Economic Regulation Authority (ERA) is to advise the MAC on whether the ERA considered it should be assigned responsibility under the Market Rules for setting document retention requirements and confidentiality statuses.	ERA	2019_11_26	Open The ERA is considering its position regarding this action item but will not be in a position to provide a response to the MAC until about September 2020.
28/2019	RCP Support and EPWA to develop principles for identifying which rules should be Protected Provisions for presentation and discussion by the MAC.	RCP Support and EPWA	2019_11_26	Open RCP Support and EPWA have commenced discussions on the principles for determining which rules should be Protected Provisions and will present them to the MAC for discussion in the near future.

Item	Action	Responsibility	Meeting Arising	Status
2/2020	AEMO is to advise RCP Support and the MAC on whether and why the triggering outage processes recently proposed as part of Rule Change Proposal: Administrative Improvements to the Outage Process (RC_2014_03) should be different for GIA generators.	AEMO	2020_02_11	Open RCP Support will provide an update at the MAC meeting on 5 April 2020.
5/2020	RCP Support to publish the minutes of the 11 February 2020 MAC meeting on the Rule Change Panel's (Panel) website as final	RCP Support	2020_03_24	Closed The minutes were posted to the Panel's website on 24 March 2020.
6/2020	RCP Support and AEMO to prepare a MAC Workshop regarding RC_2019_01.	RCP Support / AEMO	2020_03_24	Open RCP Support and AEMO will meet on 12 May 2020 to discuss the scope for a MAC workshop regarding RC_2019_01 and will contact Market Participants to arrange the MAC workshop shortly thereafter.

Agenda Item 5: MAC Market Rules Issues List Update

Meeting 2020_05_05

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 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;
- given that the WA Government has published the DER Roadmap, advise whether:
 - issues 2, 16 and 35 remain relevant or should be closed – see Table 2;
 - review (1) remains relevant – see Table 3;
- provide any further updates to existing issues; and
- indicate whether there are any new issues to be raised.

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

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
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: Low</p> <p>MAC ratings: Low</p> <p>Status: The ERA is still considering its position on this issue.</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: Low</p> <p>MAC ratings: Low</p> <p>Status: The ERA is still considering its position on this issue.</p>
47	AEMO September 2018	<p>Market Procedure for conducting the Long Term PASA (clause 4.5.14)</p> <p>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.</p> <p>AEMO considers that its Market Procedure should not cover the ERA's review, and the ERA should be able to independently scope the review. As such, AEMO recommends removing this requirement from the head of power in clause 4.5.14 of the Market Rules.</p>	<p>Panel rating: Low</p> <p>MAC ratings: Low</p> <p>Status: This issue has not been progressed.</p>

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
52	MAC February 2019	<p>North Country Spinning Reserve</p> <p>How should potential future scenarios be managed where multiple generating units that are connected to the same line constitute the largest credible contingency, without imposing excessive constraint payment costs on Market Customers?</p>	<p>Panel rating: TBD</p> <p>MAC ratings: High</p> <p>Status:</p> <p>The MAC discussed this issue at its meetings on 11 June and 29 July 2019. AEMO has proposed three options to address this issue.</p> <p>The MAC further discussed this issue at its meeting on 3 September 2019, where the MAC supported option 3. AEMO agreed to develop a Pre-Rule Change Proposal for option 3 for presentation to the MAC at its meeting on 26 November 2019.</p> <p>The MAC further discussed this issue at its meeting on 15 October 2019, where the MAC changed its view to instead support option 2.</p> <p>AEMO, RCP Support, ERM Power, Alinta and Synergy met on 13 November 2019; and AEMO, RCP Support and EPWA met on 18 November 2019 to discuss the North Country Spinning Reserve issue.</p> <p>AEMO was to develop a Pre-Rule Change Proposal for option 2 for presentation to the MAC at its meeting on 26 November 2019.</p> <p>The MAC further discussed this issue at its meeting on 26 November 2019 and agreed on</p>

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
			<p>some further actions by AEMO to progress the matter. However, EPWA, AEMO and Western Power subsequently held further discussions on this issue.</p> <p>ETIU advised the MAC at its meeting on 11 February 2020 that AEMO will develop a rule change proposal to address North Country Spinning Reserve issue and will submit it to the Minister for approval. The intent is for the rule change proposal to:</p> <ul style="list-style-type: none"> • allow multiple generators to form the largest contingency; and • change how Spinning Reserve costs are allocated when multiple generators form the largest contingency to maintain the cost causality principle. <p><u>The MAC agreed to close this issue at its meeting on 24 March 2020.</u></p>
55	MAC April 2019	<p>Conflict between Relevant Level Methodology and the early and conditional certification of Intermittent Generators</p> <p>There is a conflict between the current and proposed Relevant Level Methodologies and the early and conditional certification of new Intermittent Generators, because the methodologies depend on</p>	<p>Panel rating: TBD</p> <p>MAC ratings: Low</p> <p>Status:</p> <p>On 15 August 2019, Mr Maticka advised RCP Support that AEMO has revised its position and is now of the view that there is an opportunity as</p>

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
		<p>information that is not available before the normal certification time for a Reserve Capacity Cycle.</p>	<p>part of RC_2019_03 to remove Clause 4.28C.7 that relates to Early Certification of Reserve Capacity (CRC).</p> <p>The draft proposal states that AEMO “must reject the early certification application if it has cause to believe that it cannot reliably set the Early CRC...”; otherwise, AEMO must set Early CRC within 90 days of receiving the application. It appears that it is almost certain that AEMO cannot reliably set the Early CRC for an early certification application if an intermittent Facility nominates to use clause 4.11.2(b) for the assessment. This is because:</p> <ul style="list-style-type: none"> • An early certification application may be submitted at any time before 1 January of Year 1 of the Reserve Capacity Cycle to which the application relates [clause 4.28C.2]. • This means that when AEMO receives an application under 4.11.2(b), it can’t calculate a reliable Relevant Level value for the Facility, as it is not certain: <ul style="list-style-type: none"> ○ which Scheduled Generators, DSPs, and Non-Scheduled Generators would apply for certification; or

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
			<ul style="list-style-type: none"> ○ what level of CRC would be assigned to these Scheduled Generators and DSPs. <p>AEMO also stated that:</p> <ul style="list-style-type: none"> • Neither a complete set of system demand and Facility actual meter data is available nor are the expected capacity estimates of new Candidate Facilities. • It almost implies that in fact only Scheduled Generators can apply and be certified for Early Certification. Noting an application of this nature has not been provided in the past years, AEMO suggests removal of this clause completely. <p>The MAC discussed this issue at its meeting on 3 September 2019 where it was noted that the issue could be addressed as a standalone Rule Change Proposal or as part RC_2019_03. The ERA is considering whether it wants to address the issue as part of RC_2019_03, and if not, then RCP Support will bring the issue back to the MAC for further discussion.</p> <p>The Market Rules governing the early and conditional certification of intermittent generation may be addressed by the rule changes that ETIU is developing to assign Capacity Credits</p>

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
			under the constrained network access model. The ERA will liaise with ETIU as it develops these rule changes. The ERA intends to base RC_2019_03 on the revised Market Rules developed by ETIU and approved by the Minister.
56	Perth Energy July 2019	Issues with Reserve Capacity Testing <ul style="list-style-type: none"> • Market Generators that fail a Reserve Capacity Test may prefer to accept a small shortfall in a test (and a corresponding reduction in their Capacity Credits) than to run a second test. • There is a discrepancy between the number of Trading Intervals for self-testing vs. AEMO testing. • There is ambiguity in the timing requirements for a second test when the relevant generator is on an outage. • There is ambiguity on the number of Capacity Credits that AEMO is to assign when certain test results occur. 	Panel rating: TBD MAC ratings: TBD Status: Perth Energy has indicated that it will develop a Pre-Rule Change Proposal for consideration by the MAC.

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	<p>IRCR calculations and capacity allocation</p> <p>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’.</p>	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?	<p>To be considered in the preliminary reviews of behind-the-meter issues and the basis for allocation of Market Fees.</p> <p><u>The WA Government published the DER Roadmap on 5 April 2020, so the MAC is asked to consider whether issue 2 is no longer relevant, or should it remain on the list until further information is available on how EPWA intends to develop and implement the actions from the DER Roadmap.</u></p>
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.

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
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.
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>	<p>To be considered in the preliminary reviews of behind-the-meter issues and the basis for allocation of Market Fees.</p> <p><u>The WA Government published the DER Roadmap on 5 April 2020, so the MAC is asked to consider whether issue 16 is no longer relevant, or should it remain on the list until further information is available on how EPWA intends to develop and implement the actions from the DER Roadmap.</u></p>

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
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 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>	To be considered in the preliminary review of the basis for allocation of Market Fees.
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; • IRCR assessment; • Relevant Demand determination; • determination of NTDL status; • Relevant Level determination; and 	To be considered in the preliminary review of the Reserve Capacity Mechanism.

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> 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 daytime 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>	<p>To be considered in the preliminary reviews of behind-the-meter issues and the basis for allocation of Market Fees.</p> <p>The MAC recognised that the Minister has commenced work on BTM issues and flagged that issue 35 should be considered as part of the Energy Transformation Strategy.</p> <p><u>The WA Government published the DER Roadmap on 5 April 2020, so the MAC is asked to consider whether issue 35 is no longer relevant, or should it remain on the list until further information is available on how EPWA intends to develop and implement the actions from the DER Roadmap.</u></p>
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 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</p>	<p>To be considered in the preliminary review of the Commissioning Tests.</p>

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<p>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> <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. 	

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<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. • 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): 	

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<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) Behind-the-meter issues	<p>Issues: 2, 16, 35.</p> <p>Status: Preliminary discussion is not yet scheduled.</p> <p>EPWA is working on its DER Roadmap, which will address behind-the-meter issues (amongst other things). A preliminary discussion of behind-the-meter issues is to be deferred until the DER Roadmap is published and then the MAC will consider whether a discussion is still required.</p> <p><u>The WA Government published the DER Roadmap on 5 April 2020, so the MAC is asked to consider whether a preliminary review of behind-the-meter issues is no longer necessary, or if this review should remain on the list until further information is available on how EPWA intends to develop and implement the actions from the DER Roadmap.</u></p>
(2) Forecast quality	<p>Issues: 9.</p> <p>Status: Preliminary discussion is not yet scheduled.</p>
(3) Commissioning Tests	<p>Issues: 39.</p> <p>Status: Preliminary discussion is not yet scheduled.</p>
(4) The basis of allocation of Market Fees	<p>Issues: 2, 16, 23 and 35.</p> <p>Status: Preliminary discussion is not yet scheduled.</p>
(5) The Reserve Capacity Mechanism (excluding the pricing mechanism)	<p>Issues: 1, 3, 4, and 30.</p> <p>Status: Preliminary discussion is not yet scheduled. The preliminary discussion should address outstanding customer-side issues.</p>

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
7	Community Electricity November 2017	Improved definition of the quantity of LFAS (a) required and (b) dispatched.	On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020), 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>Would support new entry, competition and market efficiency; particularly supporting the achievement of Wholesale Market Objectives (a) and (b).</p>	<p>On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p> <p>Treatment of storage facilities was considered under the preliminary review of the treatment of storage facilities in the market.</p>
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</p>	This issue was initially flagged for consideration as part of the preliminary review of roles in the market.

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		<p>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>However, ETIU has advised that the issue will be covered as part of the Energy Transformation Strategy, so the issue has been put on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p> <p>ETIU is currently developing a Whole of System Plan (WOSP) to be delivered to Government and published in mid-2020. ETIU has indicated that the intent is to develop and publish updated Whole of System Plans on an ongoing, regular basis. The MAC agreed to keep issue 11 open pending publication of the WOSP.</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>Potential changes to responsibilities for setting document retention requirements and confidentiality statuses have been listed as Potential Rule Change Proposals (issues 45 and 46). Potential changes to clause 4.5.14 have also been listed as a Potential Rule Change Proposal (issue 47).</p> <p>EPWA has advised that the remaining issues will be covered as part of the Energy Transformation Strategy, so the remaining issues have been put on hold until the regulatory changes for the Foundation</p>

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
			Regulatory Frameworks workstream are known (mid-2020).
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. 	<p>On 29 May 2018, the MAC agreed to place this issue on hold for 12 months (until June 2019) to allow time for historical data on dynamic refund rates to accumulate. On 29 July 2019, the MAC agreed that this issue has a low priority and should remain on hold for another 12 months.</p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
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.</p> <p>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> <p>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</p>	On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		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> <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 	<p>On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</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"> 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> <p>This unnecessary duplication is likely to give rise to higher-than-necessary prudential cost burden in the WEM; which creates</p>	On hold pending completion of AEMO's 'Reduction of Prudential Exposure 2' project scheduled for the second quarter of 2020.

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>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>	
27/54	Kleenheat November 2017 MAC August 2018	<p>Review what should constitute a Protected Provision of the Market Rules, to provide greater clarity over the role of the Minister for Energy.</p> <p>A review of the Protected Provisions in the Market Rules is required to identify any that they no longer need to be Protected Provisions. This is because shifting the rule change function to the Panel has removed some of the potential conflicts of interest that led to the original classification of some Protected Provisions.</p>	<p>On hold pending the outcome of an EPWA review of the current Protected Provisions in the Market Rules, with timing dependent on Energy Transformation Strategy.</p> <p>EPWA and RCP Support are to develop principles for identifying which rules should be Protected Provisions for presentation and discussion by the MAC.</p>
28	Kleenheat November 2017	<p>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.</p>	<p>On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p>
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</p>	<p>On hold pending a final decision on RC_2014_03: Administrative Improvements to the Outage Process.</p>

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		<p>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 of what capacity is really available to the system. This should also assist System Management in generation planning for the system.</p>	
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; • 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); 	On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> 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>	
49	MAC November 2018	Should the method used to calculate constrained off compensation be amended to better reflect the actual costs incurred by Market Generators?	The Amending Rules from RC_2018_07 commenced on 1 July 2019. The MAC agreed to keep this issue on hold until 1 July 2020 to see if the issue requires further consideration.
51	MAC November 2018	There is a need to provide Market Customers with timely advance notice of their upcoming constraint payment liabilities.	The MAC agreed to place this issue on hold pending implementation of AEMO’s proposed changes to the Outstanding Amount calculation in 2019.

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
53	MAC August 2018	<p>MAC members have identified the following issues with the provisions relating to generator models that were Gazetted by the Minister on 30 June 2017 in the <i>Wholesale Electricity Market Rules Amending Rules 2017 (No. 3)</i>:</p> <ul style="list-style-type: none"> • The provisions allow for System Management, where it deems that the performance of a Generator does not conform to its models, to request updated models from Western Power and constrain the output of the Generator until these were provided, placing the Generator on a new type of Forced Outage and making it liable for Capacity Cost Refunds. • Western Power is only required to comply with a request from System Management for updated models “as soon as reasonably practicable”, leaving a Market Generator potentially subject to a Forced Outage for an extended period with no control over the situation. • The generator model information is assigned a confidentiality status of System Management Confidential, so that System Management is not permitted under the Market Rules to tell the Network Operator what model information it needs or explain the details of its concerns to the Market Generator. 	<p>On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p> <p>AEMO agreed to provide an update to the MAC on the proposed arrangements for generator performance models proposed as part of the Energy Transformation Strategy.</p>
57	MAC October 2019	<p>Identification of services subject to outage scheduling</p> <p>The Market Rules do not clearly define the ‘services’ that should be subject to outage scheduling (e.g. what services are provided by different items of network equipment, Intermittent Load facilities, dual-fuel Scheduled Generators, etc), and how the ‘availability’ of these services should be measured for each Outage Facility. This</p>	<p>The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p>

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		<p>can lead to ambiguity about what constitutes an Outage for certain Outage Facilities.</p> <p>Additionally, if a Facility or item of network equipment can provide multiple services that require outage scheduling, then this concept should be clearly reflected in the Market Rules. The Amending Rules for RC_2013_15 clarified that a Scheduled Generator or Non-Scheduled Generator that is subject to an Ancillary Service Contract is required to schedule outages in respect of both sent out energy and each contracted Ancillary Service but did not seek to address the broader issue.</p> <p>(See section 7.2.2.5 of the Final Rule Change Report for RC_2013_15.)</p>	
58	MAC October 2019	<p>Outage scheduling for dual-fuel Scheduled Generators</p> <p>'0 MW' outages are currently used to notify System Management when a dual-fuel Scheduled Generator is unable to operate on one of its nominated fuels. There is no explicit obligation in the Market Rules or the Power System Operation Procedure: Facility Outages to request/report outages that limit the ability of a Scheduled Generator to operate using one of its fuels. In terms of the provision of sent out energy (the service used to determine Capacity Cost Refunds), it is questionable whether this situation qualifies as an outage at all.</p> <p>More generally, the Market Rules lack clarity on the nature and extent of a Market Generator's obligations to ensure that its Facility can operate on the fuel used for its certification, what (if anything)</p>	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		<p>should occur if these obligations are not met, and the implications for outage scheduling and Reserve Capacity Testing. (See section 7.2.2.5 of the Final Rule Change Report for RC_2013_15.)</p>	
59	MAC October 2019	<p>Ancillary Service outage scheduling anomalies Currently Registered Facilities that provide Ancillary Services under an Ancillary Service Contract must be included on the Equipment List. This creates the following potential anomalies:</p> <ul style="list-style-type: none"> • some Ancillary Service Contracts may include outage reporting provisions that are specific to the service and may differ from the standard outage scheduling provisions for Equipment List Facilities; • Market Participants are not required to schedule outages in relation to the availability of their LFAS Facilities to provide LFAS; • Synergy is not required to schedule outages in relation to the availability of its Facilities to provide uncontracted Ancillary Services; and • a contracted Ancillary Service may not always be provided by a Registered Facility. <p>A review of the outage scheduling requirements relating to Ancillary Services may be warranted to resolve any anomalies and ensure that the obligations on Rule Participants to schedule outages for Ancillary Services are appropriate and consistent.</p>	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		(See section 7.2.2.5 of the Final Rule Change Report for RC_2013_15.)	
60	MAC October 2019	<p>Outage scheduling obligations for Interruptible Loads</p> <p>The Market Rules require all Registered Facilities that are subject to an Ancillary Service Contract to be included on the Equipment List. This includes the Interruptible Loads that are used to provide Spinning Reserve Service. However, the Market Rules do not explicitly state who is responsible for outage scheduling for Interruptible Loads.</p> <p>This is a problem because the counterparty to an Interruptible Load Ancillary Service Contract may be an Ancillary Service Provider, and not the Market Customer (usually a retailer) to whom the Interruptible Load is registered. An Ancillary Service Provider is not subject to obligations placed on a ‘Market Participant or Network Operator’, while the retailer for an Interruptible Load may not have any involvement with the Interruptible Load arrangement or the management of outages for that Load.</p> <p>(See section 7.2.3.1 of the Final Rule Change Report for RC_2013_15.)</p>	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).
61	MAC October 2019	<p>Direction of Self-Scheduling Outage Facilities</p> <p>An apparent conflict exists in the Market Rules between clauses that appear to allow System Management to reject or recall Planned Outages of Self-Scheduling Outage Facilities (e.g. clauses 3.4.3(a), 3.4.3(b), 3.4.4 and 3.5.5(c)) and clauses that</p>	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		<p>appear to exempt Planned Outages of Self-Scheduling Outage Facilities from rejection or recall, such as:</p> <ul style="list-style-type: none"> • clause 3.18.2A, which explicitly exempts Self-Scheduling Outage Facilities from obligations under section 3.20; • clause 3.19.5, which allows System Management to reject an approved Scheduled Outage or Opportunistic Maintenance but fails to mention Planned Outages of Self-Scheduling Outage Facilities (which are neither Scheduled Outages nor Opportunistic Maintenance); and • clause 3.19.6(d), which sets out a priority order for System Management to consider when it determines which previously approved Planned Outage to reject but does not include any reference to Planned Outages of Self-Scheduling Outage Facilities. <p>(See section 7.2.3.2 of the Final Rule Change Report for RC_2013_15.)</p>	
62	MAC October 2019	<p>Outage scheduling obligations for non-intermittent Non-Scheduled Generators</p> <p>Under the Market Rules:</p> <ul style="list-style-type: none"> • a non-intermittent generation system with a rated capacity between 0.2 MW and 10 MW may be registered as a Non-Scheduled Generator; and • a non-intermittent generation system with a rated capacity less than 0.2 MW can only be registered as a Non-Scheduled Generator. 	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>To date, no non-intermittent generation systems have been registered as Non-Scheduled Generators. However, if a non-intermittent Non-Scheduled Generator was registered it would be able to apply for Capacity Credits, and if assigned Capacity Credits would also be assigned a non-zero Reserve Capacity Obligation Quantity (RCOQ).</p> <p>While this would make the Non-Scheduled Generator subject to the same RCOQ-related Scheduling Day obligations as a Scheduled Generator, the Non-Scheduled Generator's Balancing Market obligations are more uncertain and were not considered in the development of RC_2013_15. The Balancing Submissions for a Non-Scheduled Generator comprise a single Balancing Price-Quantity Pair with a MW quantity equal to the Market Generator's "best estimate of the Facility's output at the end of the Trading Interval". There is no clear obligation to make the Facility's RCOQ available for dispatch or to report an outage for capacity not made available, because new section 7A.2A, which will clarify these obligations for Scheduled Generators, does not apply to Non-Scheduled Generators.</p> <p>The need to cater for non-intermittent, Non-Scheduled Generators also affects the determination of capacity-adjusted outage quantities and outage rates and is likely to increase IT costs and the complexity of the Market Rules.</p> <p>(See section 7.2.3.4 of the Final Rule Change Report for RC_2013_15.)</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, 5 May 2020

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 April 2020	7 May 2020
Market Procedures for discussion	<ul style="list-style-type: none"> Market Procedure: Reserve Capacity Testing (several changes to clarify processes) Market Procedure: Facility Registration, De-Registration and Transfer (minor changes to correct references) 	<ul style="list-style-type: none"> Market Procedure: Reserve Capacity Security (changes required for RCM Pricing rule amendments and other minor amendments)

3. AEMO PROCEDURE CHANGE PROPOSALS

The status of AEMO Procedure Change Proposals is described below, current as at 5 May 2020. 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_2020_02 Market Procedure: Certification of Reserve Capacity	The proposed amendments are intended to clarify the process for applying for Certified Reserve Capacity and the supporting documentation required	Consultation period closed 9 April 2020	Procedure Change Report	May 2020

ID	Summary of changes	Status	Next steps	Date
AEPC_2020_01 Revisions to BMO tie-break methodology: <ul style="list-style-type: none"> • Market Procedure: Balancing Facility Requirements • Market Procedure: Balancing Market Forecast 	The proposed amendments to the BMO tie-break methodology will assist AEMO manage the security of the power system during periods of low demand by enabling Facilities to offer minimum generation quantities as a separate tranche at the Minimum STEM Price.	Procedure Change Proposal published 2 April 2020	Consultation period closes	5 May 2020

Agenda Item 8(a): Overview of Rule Change Proposals (as at 28 April 2020)

Meeting 2020_05_05

- Changes to the report provided at the previous Market Advisory Committee (**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 (**Panel**) or the Minister.

Indicative Rule Change Panel Activity Until the Next MAC Meeting

Reference	Title	Events	Indicative Timing
RC_2014_03	Administrative Improvements to the Outage Process	Publication of the Draft Rule Change Report	28/05/2020
RC_2017_02	Implementation of 30-Minute Balancing Gate Closure	Publication of the Draft Rule Change Report	11/05/2020
RC_2019_04	Administrative Improvements to Settlement	Publication of the Final Rule Change Report	20/05/2020
RC_2019_05	Amending the Minimum STEM Price definition and determination	Publication of the Final Rule Change Report	28/05/2020
RC_2019_01	The Relevant Demand calculations	MAC workshop	TBD ¹

¹ RCP Support and AEMO will meet on 12/05/2020 to discuss the scope for a MAC workshop regarding RC_2019_01 and will contact Market Participants to arrange the MAC workshop shortly thereafter.

Rule Change Proposals Commenced since the Report presented at the last MAC Meeting

Reference	Submitted	Proponent	Title	Commenced
RC_2020_01	24/01/2020	Panel	Market Participant Fee calculation manifest error	30/03/2020

Approved Rule Change Proposals Awaiting Commencement

Reference	Submitted	Proponent	Title	Commencement
RC_2018_05	27/09/2018	ERA	ERA access to market information and SRMC investigation process	21/07/2020

Rule Change Proposals Rejected since Report presented at 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						

Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
Fast Track Rule Change Proposals with Consultation Period Open						
None						
Standard Rule Change Proposals with Second Submission Period Closed						
RC_2019_04	18/11/2019	AEMO	Administrative Improvements to Settlement	Medium	Publication of Final Rule Change Report	28/05/2020
RC_2019_05	25/10/2019	Synergy	Amending the Minimum STEM Price definition and determination	High	Publication of Final Rule Change Report	28/05/2020
Standard Rule Change Proposals with Second Submission Period Open						
None						
Standard Rule Change Proposals with First Submission Period Closed						
RC_2014_03	27/11/2014	IMO	Administrative Improvements to the Outage Process	High	Publication of Draft Rule Change Report	28/05/2020
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	31/12/2020
RC_2017_02	04/04/2017	Perth Energy	Implementation of 30-Minute Balancing Gate Closure	Medium	Publication of Draft Rule Change Report	28/05/2020
RC_2018_03	01/03/2018	Collgar Wind Farm	Capacity Credit Allocation Methodology for Intermittent Generators	Medium	Publication of Draft Rule Change Report	31/12/2020
RC_2019_01	21/06/2019	Enel X	The Relevant Demand calculation	Medium	Publication of Draft Rule Change Report	30/06/2020

Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
Standard Rule Change Proposals with the First Submission Period Open						
None						

Pre-Rule Change Proposals

Reference	Proponent	Description	Next Step	Submitted
RC_2019_03	ERA	Method used for the assignment of Certified Reserve Capacity to Intermittent Generators	Submit Rule Change Proposal	TBD
RC_2020_03	Alinta	Estimates for GIA Facilities	Submit Rule Change Proposal	TBD
TBD	Perth Energy	Issues with Reserve Capacity Testing	Submit Pre-Rule Change Proposal	TBD

Rule Changes Made by the Minister

Gazette	Date	Title	Commencement
2020/24	21/02/2020	Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019	22/02/2020 01/10/2021 ²

² The *Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019* will commence in two tranches – the first commenced on 22 February 2020 and the second will commence on 1 October 2021.

Agenda Item 8(b): RC_2020_03: Estimates for GIA Facilities

Meeting 2020_05_05

1. Background

On 28 April 2020, Alinta submitted the attached Pre-Rule Change Proposal: Estimates for GIA Facilities (RC_2020_03) to RCP Support for presentation to the Market Advisory Committee (**MAC**).

In its Pre-Rule Change Proposal, Alinta is seeking to amend Appendix 9 of the Market Rules (Relevant Level Determination) to include a requirement for AEMO to estimate a Facility's output under the Relevant Level Methodology for Trading Intervals where an Operating Instruction to reduce output has been issued in accordance with a Network Control Service Contract.

2. Discussion of the Pre-Rule Change Proposal

Alinta may submit RC_2020_03 at any time but is seeking feedback from the MAC prior to submitting the proposal. The MAC is asked to provide feedback to Alinta to assist it in finalising its proposal including:

- the issues discussed in the Pre-Rule Change Proposal and in particular, the circumstances under which an Intermittent Generator should receive an estimate;
- any concerns regarding Alinta's proposed solution; and
- any costs or other practicality concerns associated with implementing Alinta's proposed solution.

RCP Support notes that it is seeking advice from the Energy Transformation Implementation Unit regarding the Energy Transformation Taskforce's policy position on the use of estimates in the Relevant Level Methodology to assess the unconstrained output of Intermittent Generators.

3. Urgency Rating of Rule Change Proposal

Alinta suggested in the Pre-Rule Change Proposal that RC_2020_03 should be given a **2 – High** urgency rating and that it should be implemented before the upcoming 2020 Reserve Capacity Cycle.

The Rule Change Panel (**Panel**) will decide whether to process RC_2020_03 once Alinta formally submits the proposal, and if the Panel decides to progress the proposal, will decide what urgency rating to assign to the proposal. The MAC is asked to recommend to the Panel an urgency rating for RC_2020_03 using the Framework for Rule Change Proposal Prioritisation and Scheduling, as presented in the table below.

Urgency	Description	Resourcing Implications
1	<p>Essential</p> <p>The Rule Change Proposal (Proposal):</p> <ul style="list-style-type: none"> • is a legal necessity; • addresses unacceptable outcomes for the Wholesale Electricity Market or the gas market; or • addresses a serious threat to: <ul style="list-style-type: none"> ○ power system security and reliability; or ○ security, reliability or availability of the supply of natural gas in the State. 	Do not delay – acquire additional resources, and request an increase to the ERA budget from Treasury if necessary.
2	<p>High</p> <p>The Proposal is compelling and is:</p> <ul style="list-style-type: none"> • likely to have a large net benefit; and/or • necessary to avoid serious perverse market outcomes. 	Do not delay – acquire additional resources if available, subject to overall ERA budget limitations.
3	<p>Medium</p> <p>The net benefit of the Proposal:</p> <ul style="list-style-type: none"> • may be large but needs more analysis to determine; or • is material but not large enough to warrant a High rating. 	Delay up to 3 months if budgeted resources are unavailable.
4	<p>Low</p> <p>The Proposal has minor net benefit (e.g. reduced administration costs).</p>	Delay up to 6 months if budgeted resources are unavailable.
5	<p>Housekeeping</p> <p>The Proposal has negligible market benefit (e.g. it improves the readability of the Market Rules or GSI Rules).</p>	Delay up to 12 months if budgeted resources are unavailable.

Attachments

1. RC_2020_03 – Pre-Rule Change Proposal



Wholesale Electricity Market Rule Change Proposal

Rule Change Proposal ID: *[to be filled in by the RCP]*
Date received: *[to be filled in by the RCP]*

Change requested by:

Name:	Jacinda Papps
Phone:	
Email:	Jacinda.Papps@alintaenergy.com.au
Organisation:	Alinta Energy
Address:	Raine Square, 300 Murray St, Perth WA 600
Date submitted:	28/04/2020
Urgency:	High
Rule Change Proposal title:	Estimates for GIA facilities
Market Rule(s) affected:	Appendix 9, 7.7.5

Introduction

Clause 2.5.1 of the Wholesale Electricity Market (WEM) Rules (Market Rules) provides that any person may make a Rule Change Proposal by completing a Rule Change Proposal form that must be submitted to the Rule Change Panel.

This Rule Change Proposal can be sent by:

Email to: support@rcpwa.com.au

Post to: Rule Change Panel
 Attn: Executive Officer
 C/o Economic Regulation Authority
 PO Box 8469
 PERTH BC WA 6849

The Rule Change Panel will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives.

The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Details of the Proposed Rule Change

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed rule change:

Background to the Generator Interim Access (GIA) solution

The GIA solution, implemented in 2017, is an interim, temporary solution designed to provide generators with access to Western Power's network on a curtailable basis pending the introduction of a fully constrained market.

The underlying principle of the GIA solution is that it applies constraints to limit the output of a GIA generator (known as a Constrained Access Facility in the Market Rules) when network capacity is limited. This includes:

- A dynamic (real-time) assessment and application of constraint equations during system normal¹ that determines the available network capacity and any requirement for a generator to limit its transfer of electricity;
- Manual assessment and application of constraints in other circumstances:
 - When there is a planned outage of any network element that impacts the GIA generator, the GIA solution does not have a network model (constraint equations) for outage scenarios and, in the initial months of operation, a fixed constraint was applied (50% output, 25% output, or nil output) for the duration of the planned outage; and
 - Following an unplanned network outage - the requirement for curtailment to ensure the system remains secure is determined by AEMO and/or Western Power controllers.

¹ System normal is when all critical network elements are in service.

When a limit on the transfer of electricity into a network is required, AEMO issues an Operating Instruction (under the Network Control Service) to the GIA generator to limit its output.

Badgingarra Wind Farm (BWF)² is the first GIA generator in commercial operation on the South West Interconnected System (SWIS). As the intermediary for BWF, Alinta Energy has first-hand experience on how the GIA is operating in practice.

What this experience has shown is that GIA generators have been constrained significantly more than was ever contemplated and communicated to participants during the GIA design process. This increase has largely arisen from constraints occurring due to planned outages on Western Power network elements rather than constraints being imposed during system normal operation due to thermal line overloads.

Significant work has occurred to identify strategies to mitigate the impact of the GIA and therefore maximise the quantity of low-cost renewable energy being made available to the market, including but not limited to:

- Improved forecasting of the impacts of the GIA;
- Improvements to the methods to model outage impacts on generation; and
- Development and use of planned outage constraint equations.

The issue

Alinta Energy considers that the Amending Rules developed in 2017 to implement the GIA solution were based on the understanding that the GIA solution primarily addressed the dynamic (real-time) assessment and application of constraint equations during system normal and that, at the time, the extent of planned outages impacting GIA generators was not a factor in the rule change development.

As a result of this drafting, Constrained Access Facilities impacted by network outages will inadvertently lose Capacity Credits.

Like all intermittent generators, intermittent Constrained Access Facilities receive Capacity Credits based on Relevant Level Methodology (RLM). The RLM is a forecast of an intermittent generator's availability during future periods of peak load on scheduled generation (LSG) that is based on that generator's output during previous peak LSG periods. As a result, the lower an intermittent generator's output during peak LSG periods, the lower their Capacity Credits.

Where a network outage impacts a non-GIA intermittent generator's output, the flow-on impacts to its Capacity Credits can be averted in one of two ways:

- AEMO issues a Dispatch Instruction to the intermittent generator to reduce generation. When a Dispatch Instruction is issued, AEMO estimates what the intermittent generator would have generated had the Dispatch Instruction not been issued³; or
- By applying for a Consequential Outage. A Consequential Outage denotes an outage that was caused by an outage of another Rule Participant's equipment⁴. If approved, AEMO must estimate what the facility's output would have been, had the Consequential Outage not occurred, and use this estimate in the facility's RLM

² Owned and operated by APA and underpinned by an agreement with Alinta Energy for the purchase of all the energy and Large-Scale Renewable Generation Certificates generated by the wind farm through to December 2035

³ See clause 7.7.5B

⁴ See clause 3.21.2

calculation.

However, a GIA generator does not receive a Dispatch Instruction when its output is limited under the GIA solution (instead it receives an Operating Instruction) and clause 3.21.2A renders Constrained Access Facilities ineligible for Consequential Outages. Clause 3.21.2A states that "an outage does not occur in respect of a Constrained Access Facility [...] where the Constrained Access Facility is dispatched in accordance with a Network Control Service Contract and these Market Rules."

As a result, Constrained Access Facilities do not receive estimates for intervals where they were impacted by network outages. This will significantly decrease a Constrained Access Facility's RLM data and therefore its Certification of Reserve Capacity in future Reserve Capacity Cycles.

Alinta Energy considers that this was not the intent of clause 3.21.2A.

Principle: A Constrained Access Facility's Certification of Reserve Capacity should not be negatively impacted by a Western Power Planned Outage. All generators are exposed to the risk of network planned outages impacting their output and they cannot manage this risk.

Clause 3.21.2A formed part of the amending rules that implemented the GIA solution. The aim of the GIA solution was to connect generators on a constrained basis, despite the constrained access legislation being deferred.

Agreeing to be connected on a constrained basis means that generators accept a lower level of firm access due to there being insufficient network capacity for all generators to dispatch on an unconstrained basis. It does not mean that generators must accept a lower level of access due to network outages.

Western Power confirmed this point during consultation on the GIA solution. Western Power stated the GIA tool would "only operate in system normal",⁵ meaning the tool would only curtail Constrained Access Facilities where there was insufficient network capacity under system normal conditions. In abnormal conditions, e.g. where there is a network outage, the tool would not be applied. As a result, the constraint would be attributed to the network outage as opposed to the GIA tool and the facility would be eligible for a Consequential Outage.

Clause 3.21.2A is also inconsistent from a capacity valuation perspective and would cause AEMO to understate Constrained Access Facilities' availability. By prohibiting estimates for intervals impacted by network outages, clause 3.21.2A requires AEMO to assume that a network outage which impacted a facility in the past will also impact the facility's availability in the future. This is incorrect for two reasons:

- Firstly, Western Power does not schedule the same outages each year.
- Secondly, AEMO may defer planned network outages if the impacted facilities are required to maintain reliability.⁶ This means that even if planned network outages are scheduled to occur during peak LSG periods, the capacity that would be impacted is still available, if required.

Failing to correct this assumption will impact investment signals. Under-allocating Capacity Credits to Constrained Access Facilities will cause the Reserve Capacity Price to be higher than it should be. This could perversely incentivise excess investment in reserve capacity and would cause customers to pay higher capacity costs.

⁵ Western Power Generator Forum Presentation 3 May 2017 (slide 24).

⁶ Subject to the criteria outlined in clause 3.19.6.

The solution

Given that the reforms to implement Security Constrained Economic Dispatch (SCED) will likely remove Consequential Outages, Alinta Energy understands ETIU is planning to implement different triggers for intermittent generators to receive estimates under the RLM before SCED is implemented in October 2022. As a result, a solution to this issue is only likely to be required for the 2020 and 2021 Reserve Capacity Cycles.

Therefore, Alinta Energy considers that Appendix 9 (Relevant Level Determination) of the market rules should be amended to include a requirement for AEMO to estimate a facility's output under the RLM for intervals where an Operating Instruction to reduce output has been issued in accordance with a Network Control Service Contract.

Alinta Energy considers that this proposal provides a least cost, least intervention solution which meets the principle that no facility's Certification of Reserve Capacity should be negatively impacted by a Planned Outage on Western Power's network (including Constrained Access Facilities).

2. Explain the reason for the degree of urgency:

If this Rule Change Proposal is not implemented before the upcoming 2020 Reserve Capacity Cycle accreditation processes, Constrained Access Facilities will be significantly undervalued, and the Reserve Capacity Price will be higher than it should otherwise be. As a result, Alinta Energy considers this Rule Change Proposal is of 'high' urgency.

3. Provide any proposed specific changes to particular Market Rules: *(for clarity, please use the current wording of the rules and place a ~~strikethrough~~ where words are deleted and underline words added)*

Insert a requirement in Appendix 9 for AEMO to estimate a facility's output under the RLM for intervals where an Operating Instruction issued in accordance with a Network Control Service applies.

Appendix 9: Relevant Level Determination:

Step 3: For each Candidate Facility, identify any Trading Intervals in the period identified in step 1(b) where:

- (a) the Facility, other than a Facility in the Balancing Portfolio, was directed to restrict its output under a Dispatch Instruction as provided in a schedule under clause 7.13.1(c); or
- (b) the Facility, if in the Balancing Portfolio, was instructed by System Management to deviate from its Dispatch Plan or change its commitment or output as provided in a schedule under clause 7.13.1C(d); or
- (c) was affected by a Consequential Outage as notified by System Management to AEMO under clause 7.13.1A.; or
- (d) the Facility was directed to restrict its output under an Operating Instruction, under clause 5.7.4 as provided in a schedule under clause 7.13.1(cC).

Step 6A: For each Candidate Facility and Trading Interval identified in step 3(d) use:

- (a) the schedule of Operating Instructions determined by System Management under clause 7.13.1(cC);
- (b) the quantity determined for the Facility and Trading Interval in step 2; and
- (c) the information recorded by System Management under clause 7.13.1C(a),

to estimate the maximum quantity of energy (in MWh) that would have been generated by the Facility had the Operating Instruction issued in accordance with clause 5.7.4 not been issued in the Trading Interval.

Consequential amendments:

- 7.7.5 A. System Management must develop a Power System Operation Procedure specifying:
 - (a) information that a Market Participant must provide to System Management, for each of the Market Participant's Non-Scheduled Generators, and for each Trading Interval, for the purposes of:
 - i. the estimate referred to in clause 7.7.5A(b);
 - ii. the revised estimate referred to in clause 7.7.5A(c); ~~or~~
 - iii. step 6 of Appendix 9; or
 - iv. step 6A of Appendix 9;

...

4. Describe how the proposed rule change would allow the Market Rules to better address the Wholesale Market Objectives:

Wholesale Market Objective (a)

The proposed rule change would allow the Market Rules to better address the Wholesale Market Objective in 1.2.1 (a) as it would improve the economic efficiency of the WEM.

If unaddressed, the manifest error in clause 3.21.2A would cause AEMO to under-allocate Capacity Credits to intermittent Constrained Access Facilities impacted by network outages. As a result, the Reserve Capacity Price would not reflect supply and be higher than it should be, incentivising excess investment in reserve capacity.

Implementing the proposed rule change would support price efficiency by preventing network outages from decreasing intermittent Constrained Access Facilities' Capacity Credits.

Wholesale Market Objective (b)

The proposed rule change would allow the Market Rules to better address the Wholesale Market Objective in 1.2.1 (b) as it would lower barriers to entry, supporting competition.

The manifest error in clause 3.21.2A presents a barrier to entry to Constrained Access Facilities as it requires them to accept a higher level of financial exposure to network outages compared to all other facilities. Addressing the manifest error would remove this additional financial exposure and the barrier to entry it presents.

5. Provide any identifiable costs and benefits of the change:

Alinta Energy does not anticipate that the proposed change would create additional costs considering AEMO already provides estimates for a number of other circumstances.

The proposed change would benefit customers by preventing an inefficient increase in capacity costs. If the manifest error is not corrected, the under-valuation of intermittent Constrained Access Facilities will decrease the quantity of Capacity Credits that would have otherwise been assigned and increase the Reserve Capacity Prices passed through to customers.

Agenda Item 9: Procedure Change Governance

Meeting 2020_05_05

1. Background

On 20 April 2020, Perth Energy sent the attached letter to the Market Advisory Committee (**MAC**) regarding the importance of oversight of Market Procedure changes. Perth Energy:

- notes that some Procedure Change Proposals are not just procedural in nature and often have broader market or policy implications;
- suggests that, given the Energy Transformation Strategy reforms, it may be appropriate for AEMO to postpone progressing some of the current Procedure Change Proposals;
- suggests that the MAC should provide further oversight of the Procedure Change Process; and
- suggests that the structure of the AEMO Procedure Change Working Group (**APCWG**) may no longer be fit for purpose..

In particular, Perth Energy's letter states that:

To ensure Procedure Change Proposals are fully considered by the MAC, we recommend that a Procedure Change Proposal initiated by a Responsible Procedure Administrator should first be subjected to consideration by the MAC and is endorsed by the Energy Transformation Taskforce as being consistent with the reform program.

2. The Role and Structure of the AEMO Procedure Change Working Group

RCP Support notes that it is the role of the MAC to advise AEMO on Procedure Change Proposals and that the MAC has established the APCWG and delegated to the APCWG its role to advise AEMO on Procedure Change Proposals. The role and administration of the APCWG are specified the APCWG Terms of Reference, which is attached and is available on the Rule Change Panel website.

If the MAC agrees that further MAC oversight of AEMO Procedure Change Proposals is required, then RCP Support notes that this could be achieved by:

- winding up the APCWG and having the MAC directly handle consultation on AEMO Procedure Change Proposals;
- requiring AEMO to consult with the MAC before commencing development of a Procedure Change Proposal (a change would need to be made to the Market Rules to place this requirement on AEMO or AEMO could agree to this step as a matter of policy); and/or
- making changes to the APCWG Terms of Reference, which could include:
 - requiring AEMO to seek advice from the MAC before commencing consultation on a Procedure Change Proposal via the APCWG;

- requiring AEMO to seek advice from the MAC or APCWG regarding the priority of Procedure Change Proposals;
- extending the matters that AEMO should discuss with either the MAC or APCWG on any Procedure Change Proposal, such as policy implications and implementation costs;
- providing further clarity on the requirements for content of APCWG minutes; and
- extending the APCWG's reporting requirements to the MAC.

RCP Support notes that neither the Rule Change Panel nor the MAC have authority to require the Energy Transformation Taskforce to review and provide policy advice regarding AEMO Procedure Change Proposals. However, Energy Policy WA has observers on the MAC and can provide policy advice on Procedure Change Proposals to the MAC or the APCWG.

RCP Support also notes that Perth Energy suggested that the informal membership structure of the APCWG may not have had the intended effect and that there are reduced checks and balances in place to influence and endorse procedure changes.

3. Discussion

The MAC is asked to note the letter from Perth Energy and the APCWG Terms of Reference and discuss whether:

- (1) the MAC should advise AEMO to defer consideration of any of its current Procedure Change Proposals;
- (2) the MAC should provide additional oversight of AEMO Procedure Change Proposals and, if so, how this should be achieved; and
- (3) the structure of the APCWG should be amended, and if so, how.

Attachments

1. Letter from Perth Energy dated 20 April 2020 re: Importance of oversight of Market Procedure Changes
2. APCWG Terms of Reference

20 April 2020

Market Advisory Committee
c/o- Rule Change Panel Support
PO Box 8469
Perth BC WA 6849

Sent to: support@rcpwa.com.au

Dear Market Advisory Committee members

Importance of oversight of Market Procedure changes

Perth Energy would like to urge the Market Advisory Committee (MAC) to carefully consider the need for closer oversight of Wholesale Electricity Market (WEM) Procedure Change Proposals during these critical times for our energy sector. As we reform the market, even the most seemingly insignificant procedure change can have significant consequences. We therefore request that any changes to Market Procedures, particularly those raised over the next 12-18 months be given high level consideration by the MAC to ensure the proposed changes are necessary, and to test that they do not contradict or confuse any parallel WEM Rule Change Proposals or WEM reform design and implementation decisions.

This is particularly important for any procedure changes raised by the Responsible Procedure Administrator, who has the ability to both raise and approve procedure changes. For example, under current arrangements, a procedure change raised by the Australian Energy Market Operator (AEMO) can be approved by AEMO with little or no effective oversight. While we are not suggesting AEMO would intentionally misapply its administration of the Procedure Change Process, but the current Procedure Change Working Group arrangements combined with the potential for unilateral decisions on changes to Market Procedures, means some important issues may not receive the level of scrutiny or challenge they merit.

We submit that the way the Procedure Change Process is currently being administered poses a risk in the present environment (though the motives for any procedure changes may be entirely well-meaning), and suggest it would be in the best interest of the market if the MAC were to consider procedure changes as a matter of course.



Background

In ordinary circumstances, changes to Market Procedures should be a relatively straightforward process. As envisaged by the MAC¹, the Procedure Change Working Group should be able to manage and administer procedure changes with limited input from committee members, not least because amendments to Market Procedures often have relatively minor and/or entirely operational consequences. However, these are not ordinary times.

The ongoing market reforms, of which we are a keen supporter, are bringing much-needed change to the energy market in WA. They are also bringing some uncertainty. For example, Market Participants and private sector investors are eagerly awaiting the new post-2022 market design, as well as seeking greater clarity on opportunities for independent power providers to enter the market. The market reforms will drive future investment decisions, and as such, there is a heightened level of diligence and anticipation surrounding the requirements for market entry and potential barriers to participation in the WEM.

The prevailing environment means that even the most innocuous change to Market Procedures can have an unintended impact on Market Participants. A good example of this is the recent Market Procedure Change put forward by AEMO.

Potential impact of minor procedure changes

In March 2020, AEMO proposed a change to the Market Procedure: Certification of Reserve Capacity (AEPD_2020_02). The change proposed a new requirement for all Facilities to be supported by 90% firm fuel contracts.²

On the face of it, this seems like a straightforward and minor change. In a Working Group meeting, AEMO indicated it was amending the procedure in order to clarify the areas of the WEM Rules under which it can apply discretion i.e. where AEMO makes an assessment of whether a Facility is likely to have adequate fuel resources in peak periods.

We appreciate AEMO may only be trying to tidy up an administrative process however, this procedure change brings an additional and unnecessary condition for Certification of Reserve Capacity. By specifying the 90% firm fuel requirement the procedure is defining a previously unstated threshold for participating in the Reserve Capacity Mechanism (RCM). Though AEMO is likely correct in its assertion that *[a] 90% firm fuel requirement was considered as an appropriate threshold that current Market Participants in the RCM can meet*,³ arbitrarily introducing the 90% condition gives existing and **new** participants another point of negotiation when securing fuel supply contracts and preparing for certification. This has potential to drive fuel costs higher and create a barrier to participation. This would achieve quite the opposite of what the current package of WEM reforms is trying to achieve.

¹ At its first meeting held on 28 February 2007, in accordance with clause 2.3.17 of the WEM Rules, the MAC chose to establish two Procedures Working Groups to assist it to provide advice on WEM Procedures – one advising each the former Independent Market Operator and System Management on their respective WEM Procedures. These Working Groups were formally administered, with a selection of permanent subject matter experts from within the industry and endorsed by MAC as their representatives in relation to operational issues .

² Available at: https://www.aemo.com.au/consultations/current-and-closed-consultations/aepd_2020_02-certification-of-reserve-capacity-market-procedure

³ See page 4 of the minutes of the 20 February 2020 meeting available at: https://aemo.com.au/-/media/files/stakeholder_consultation/working_groups/wa_meetings/wem-apcwg/2020/wem-apcwg-meeting-20-february-2020-meeting-outcomes.pdf?la=en



The risk posed by quantifying a firm fuel threshold is magnified in the current environment, where Market Participants and investors are already facing considerable uncertainty as to what role they will have to play in the reformed WA market. We acknowledge that AEMO proposed this procedure change quite innocently, and any impact on Market Participants is likely unintentional on AEMO's part. However, given the market has operated for well over a decade without a firm fuel specification, and any new market design (post-2022) is likely to change the conditions for market entry, we question the wisdom of proceeding with such a change right now, however minor it might initially have seemed.

Another example of a seemingly minor change having unintended consequences, is AEMO's proposed revisions to the Balancing Merit Order tie-break methodology (AEPC_2020_01).⁴ This procedure change enables Market Participants to offer multiple tranches of energy at the price caps to allow AEMO to distinguish a Facility's minimum generation from the remainder of its available generation to help it determine the dispatch order where energy is bid at the same price. While this may appear reasonable, it is a significant departure from the current random number generator. Moreover, it is unclear whether this is consistent with the policy principle contained in the WEM Rules, whereby energy production efficiency is determined by transport losses as is intended by a loss factor adjusted merit order (and which is unlikely to result in many Facilities being "tied"). It appears that a point of policy is being driven via what should be an entirely operationally focussed Procedure Change Process.

Again, given the potential impact of this procedure change, combined with the broader ongoing reform package, we suggest it would be wise to either postpone this change or at least make certain this issue is carefully considered by the MAC, the Energy Transformation Taskforce and other key parties before progressing.

Value of MAC oversight

The key point of this letter is not necessarily any opposition to the above procedure changes themselves. Rather we are more concerned that these issues (and others in the future) are not benefitting from the expert advice and scrutiny the MAC provides.

The value the MAC adds to the Procedure Change Process should not be understated. The MAC brings together a cross-section of experienced industry representatives that meet on a regular basis to help direct the evolution of the WA energy market. While procedure changes are not necessarily the primary focus for the MAC, under clause 2.3.1(b) of the WEM Rules, the MAC can *advise the Rule Change Panel, AEMO (including in its capacity as System Management) and the Economic Regulation Authority regarding Procedure Change Proposals*. We suggest this responsibility for governance and oversight is currently more important than ever, for a number of reasons.

Firstly, the current environment of change means the MAC's role is vital. As discussed, there is a heightened level of uncertainty and anticipation in the WA energy sector for which the MAC is in the prime position to manage.

Secondly, changes to the terms of reference for AEMO's Procedure Change Working Group in October 2017 have inadvertently made the procedure change process less robust. The new terms of reference⁵

⁴ Available at: https://www.aemo.com.au/consultations/current-and-closed-consultations/aepc_2020_01

⁵ Available at: https://www.aemo.com.au/-/media/files/stakeholder_consultation/working_groups/wa_meetings/wem-apcwg/2017/apcwg-terms-of-reference-19-jun-2017.pdf?la=en&hash=628C2D25885D494F35B1F2E6CF4DF978



removed the formality and permanency of Working Group membership⁶, allowing Rule Participants to simply nominate a non-permanent representative instead. The purpose of this change was to allow Working Group membership to be more fluid and better accommodate a broader range of subject matter.

While this was designed to help enhance the change process by making attendance at Working Groups less formal (and thereby allowing different people to attend), it has also reduced the checks and balances in place to influence and endorse procedure changes. We note that the level of justification and analysis provided in support of a number of proposed changes is significantly below that which has gone before, and matters are not necessarily being brought before MAC members. This is likely due in part to the relaxed formality of the Working Group. As a result there is a risk that procedure changes (such as those discussed above) are not being sufficiently tested, and issues raised not being robustly discussed or resolved.

Potential resolution

To ensure Procedure Change Proposals are fully considered by the MAC, we recommend that a Procedure Change Proposal initiated by a Responsible Procedure Administrator should first be subjected to consideration by the MAC and is endorsed by the Energy Transformation Taskforce as being consistent with the reform program.

Regardless of what formal or informal action is taken to improve the rigour of the Procedure Change Process, our primary aim is to ensure all WEM Rule and Procedure changes (however small) are carefully considered during these uncertain times. More importantly, we hope to prevent future situations such as those arising from the recent firm fuel and tie-break methodology changes, whereby matters of energy policy appear to have been inadvertently driven via what should be operationally-focused process.

Should you have any questions please contact me on 0437 209 972 or at p.peake@perthenergy.com.au.

Regards,

Patrick Peake

General Manager EMR, Regulation

⁶ See page 9 of the minutes of the 1 May 2017 meeting available at: https://www.erawa.com.au/cproot/18001/2/mac_minutes_Final--1_2017--2017-06-28.pdf

AEMO Procedure Change Working Group Terms of Reference

19 June 2017

1. Background

The AEMO Procedure Change Working Group (APCWG) has been established, in accordance with clause 2.3.17 of the Market Rules and section 9 of the Constitution of the Market Advisory Committee (MAC). The APCWG has been established to assist the MAC in fulfilling its obligation under clause 2.3.1(b) of the Market Rules to provide advice to AEMO (including in its capacity as System Management) regarding Procedure Change Proposals.

2. Scope of Work

The APCWG's scope of work includes consideration, assessment and development of changes to Market Procedures (including Power System Operation Procedures and the Monitoring and Reporting Protocol) which the Market Rules require AEMO to develop.

Either the MAC or AEMO may directly refer an issue to the APCWG. Generally, issues referred to the APCWG will relate to Procedure Change Proposals.

3. Membership

The APCWG has a Chair appointed by AEMO. AEMO may replace the Chair at any time and must promptly advise the MAC via the RCP Secretariat.

To accommodate the broad range of subject matter to be covered, the APCWG has no permanent members apart from the Chair. Instead the Minister for Energy, the Economic Regulation Authority, the Rule Change Panel and each Rule Participant may:

- nominate a representative to attend an APCWG meeting by advising the APCWG Secretariat in advance of that meeting, which may be a standing nomination that applies until the APCWG Secretariat is advised to the contrary;
- with the permission of the APCWG Chair (which will not be unreasonably withheld), send additional representatives to an APCWG meeting; and
- register to receive information relating to the activities of the APCWG, including notification of upcoming meetings, meeting papers and documents distributed out-of-session, by providing an email address for such correspondence to the APCWG Chair.

Other stakeholders may attend APCWG meetings or register to receive information relating to the activities of the APCWG following approval of the APCWG Chair.

4. Responsibilities of Meeting Attendees

A person attending an APCWG meeting is expected to:

- prepare for the meeting, including by reading any meeting papers distributed before the meeting;
- participate as a general industry representative rather than representing their company's interests; and
- have sufficient expertise to discuss the subject matter to be covered.

5. Administration

The secretariat for the APCWG will be provided by AEMO.

AEMO must maintain contact details for the APCWG on the Market Web Site.

The APCWG Chair will convene the APCWG upon request from AEMO or the MAC Chair.

AEMO will prepare and distribute all meeting correspondence via email to the APCWG. At least once per year, AEMO will contact MAC members and its WA Electricity Consultative Forum stakeholder group to invite interested stakeholders to subscribe to APCWG notifications.

AEMO will provide the following documentation by email to its APCWG stakeholder list in respect of an APCWG meeting:

- notice of meeting and agenda at least 10 Business Days prior to the meeting;
- relevant meeting papers at least 5 Business Days prior to the meeting;
- draft minutes no more than 5 Business Days following the meeting; and
- final minutes no more than 11 Business Days following the meeting.

Except for draft minutes (which will only be emailed to attendees for comment), meeting documentation will be published on the Market Web Site as soon as practicable after issuance to the APCWG stakeholder list.

Attendees will be expected to:

- advise the APCWG Secretariat of intended attendance at an APCWG meeting at least 5 Business Days prior to the meeting; and
- provide any feedback or endorsement to the draft minutes no more than 5 Business Days following distribution of the draft minutes.

Meeting minutes are to record meeting attendance, main points of discussion, agreed recommendations and action items.

Where AEMO considers that a meeting is unnecessary or impractical in respect of a particular Market Procedure issue or proposal, AEMO may choose to distribute Market Procedure documentation to the APCWG out of session¹. In this case, AEMO must provide stakeholders with at least 10 Business Days to provide feedback (by email) on the issue or proposal.

¹ For example, this option may be preferred where minor changes to a single Market Procedure are being proposed,

6. Reporting Arrangements

The APCWG must provide a report to the MAC on the activities of the APCWG at each MAC meeting. The APCWG must also report back at other times requested by the MAC on issues referred to the APCWG by the MAC.

The periodic report to MAC must include, at a minimum:

- details of the most recent meeting, including the date of the meeting and a list of the issues or proposals considered;
- the date of the next meeting and the issues or proposals to be considered (if known); and
- to the extent known, the future schedule of meetings and matters to be considered.

7. Contact Details

Market Participants and other stakeholders may contact the APCWG Secretariat at wem.apcwg@aemo.com.au. Documentation and information related to the APCWG will be published on the Market Web Site.