

Meeting Agenda

Meeting Title: Market Advisory Committee

Date: Tuesday 16 June 2020

Time: 9:30 AM – 12:00 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 12 June 2020.

RCP Support will then send an invite to all of the registered attendees on Monday 15 June 2020 with 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_05_05	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) Prioritisation of Rule Change Proposals	AEMO	40 min

Item	Item	Responsibility	Duration
9	Potential Manifest Error – Loss Factor Adjustment of Ancillary Service Quantities in the Forecast BMO at the Price Caps (late paper)	AEMO	20 min
10	Update on the Whole of System Plan (presentation, no paper)	ETIU	20 min
11	Review of Market Procedure – the Benchmark Reserve Capacity Price	ERA	15 min
13	General Business (a) Meeting venue/videoconferencing (no paper) (b) Western Power’s 100 MW Challenge	Chair	5 min

Next Meeting: 28 July 2020

Please note, this meeting will be recorded.

Minutes

Meeting Title:	Market Advisory Committee (MAC)
Date:	5 May 2020
Time:	9:30 AM – 11:55 PM
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	
Andrew Everett	Synergy	To 11:30 AM
Zahra Jabiri	Network Operator	To 11:30 AM
Jacinda Papps	Market Generators	
Wendy Ng	Market Generators	
Daniel Kurz	Market Generators	From 10:10 AM
Tom Frod	Market Generators	
Patrick Peake	Market Customers	
Geoff Gaston	Market Customers	
Timothy Edwards	Market Customers	To 11:40 AM
Peter Huxtable	Contestable Customers	

Also in Attendance	From	Comment
Aden Barker	Energy Transformation Implementation Unit (ETIU)	Presenter to 11:50 AM
Richard Cheng	ERA	Presenter
Oscar Carlberg	Alinta	Presenter
Jenny Laidlaw	RCP Support	Minutes
Kei Sukmadjaja	Western Power	Observer
Dimitri Lorenzo	Bluewaters Power	Observer

Also in Attendance	From	Comment
Paul Arias	Bluewaters Power	Observer
Erin Stone	Point Global	Observer
Jo Anne Chan	Synergy	Observer
Laura Koziol	RCP Support	Observer
Natalie Robins	RCP Support	Observer
Sandra Ng Wing Lit	RCP Support	Observer
Adnan Hayat	RCP Support	Observer
Noel Schubert		Observer

Apologies	From	Comment
None		

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting at 9:30 AM and welcomed members and observers to the 5 May 2020 MAC meeting.</p> <p>The Chair welcomed Mr Timothy Edwards, who was recently appointed as a Market Customer representative to the MAC.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted the attendance as listed above.</p>	
3	<p>Minutes of Meeting 2020₁₉_03_24</p> <p>Draft minutes of the MAC meeting held on 24 March 2020 were circulated on 28 April 2020. The MAC accepted the minutes as a true and accurate record of the meeting.</p>	
	<p>Action: RCP Support to publish the minutes of the 24 March 2020 MAC meeting on the Rule Change Panel's (Panel) website as final.</p>	<p>RCP Support</p>
4	<p>Action Items</p> <p>The closed action items were taken as read.</p> <p>Action 27/2019: Open.</p> <p>Action 28/2019: Open.</p> <p>Action 2/2020: Ms Jenny Laidlaw advised that AEMO had clarified that its previous feedback, which related to situations where Western Power placed fixed constraints on a Generator Interim Access (GIA) generator in the GIA tool for a period</p>	

Item	Subject	Action
	<p>because of a network outage. As noted by Alinta in its Pre-Rule Change Proposal: Estimates for GIA Facilities (RC_2020_03), the GIA generator was not eligible for a Consequential Outage in these situations. Ms Laidlaw noted that because of the market impact of these events the intent was to manage them using the triggering outage processes proposed as part of Rule Change Proposal: Administrative Improvements to the Outage Process (RC_2014_03).</p> <p>Ms Laidlaw also noted Mr Martin Maticka's advice from the previous meeting that, based on AEMO's modelling, not providing estimates to Intermittent Generators for the ramp down period before a triggering outage and the ramp up period after a triggering outage would have a negligible impact on their Certified Reserve Capacity. AEMO had confirmed that it had used basic assumptions in its modelling which did not reflect that Intermittent Generators were not always dispatched down just before the start of a triggering outage and were not always dispatched at their maximum ramp rate.</p> <p>Ms Laidlaw agreed with Mr Maticka that there was no need for AEMO to undertake further modelling, noting that the Intermittent Generators would receive estimates if they were dispatched by System Management out of merit, regardless of the size of the lost generation.</p>	
	<p>Action 6/2020: The Chair noted that RCP Support and AEMO were scheduled to meet on 12 May 2020 to discuss the scope of a workshop for Rule Change Proposal: The Relevant Demand calculation (RC_2019_01); and would advise the MAC following that discussion.</p>	

5 **MAC Market Rules Issues List (Issues List) Update**

The MAC noted the recent updates to the Issues List.

The Chair sought the views of MAC members on whether issues 2, 16 and 35, and proposed review 1 (Behind-the-meter issues) had been addressed by the recently published Distributed Energy Resources (**DER**) Roadmap and could be closed.

Ms Wendy Ng considered that the issues should remain on the Issues List so the MAC could continue to monitor them. Ms Ng noted that while the DER Roadmap included some proposals relating to the issues, the outcomes were still uncertain.

The MAC agreed to leave issues 2, 16 and 35 and proposed review 1 on the Issues List pending the development of Energy Policy WA's (**EPWA's**) program to implement the relevant actions from the DER Roadmap.

Item	Subject	Action
6	Update on the Energy Transformation Strategy (ETS)	
	Mr Aden Barker provided the following updates on the ETS.	
	<ul style="list-style-type: none"> • The most recent meeting of the Energy Transformation Taskforce (Taskforce) was held on 24 April 2020. The Taskforce approved the release of information papers on generator performance standards monitoring and compliance, the broader Wholesale Electricity Market (WEM) monitoring and compliance framework, and the Essential System Services (ESS) Supplementary Mechanism; along with the final draft Amending Rules for the constraints governance information framework which would be released for a two-week period for comment before the Amending Rules were made by the Minister. • The Transformation Design and Operation Working Group (TDOWG) met on 29 April 2020 and discussed safe Rate of Change of Frequency limits in the context of the new ESS, and battery accreditation under the Reserve Capacity Mechanism (RCM). • ETIU intended to hold another TDOWG meeting on 26 May 2020 to discuss operational planning, further information relating to generator performance standards monitoring programs, and the Network Access Quantities (NAQ) framework. • The DER Roadmap, which was released on 4 April 2020, contained a number of outstanding actions for Government. ETIU held a special TDOWG meeting to discuss the DER Roadmap on 30 April 2020. • ETIU expected to release within the next two weeks a consultation paper on changes to the Network Access Code and proposed rule changes to allow cost recovery for AEMO to undertake actions under the DER Roadmap. The consultation paper would also speak to the issue of the Technical Rules change management process. • Modelling for the Whole of System Plan (WOSP) was still underway. ETIU intended to present the modelling outcomes to the MAC at its June 2020 meeting. The initial outcomes had been discussed with the Taskforce and ETIU intended to engage with individual Market Participants on a one-on-one basis over the following month. • The WEM Reform Implementation Group (WRIG) was scheduled to meet again on 7 May 2020. ETIU apologised for not having issued papers for the meeting but intended to send out an agenda within 1-2 days. 	

Item	Subject	Action
	<p>Ms Ng asked if a decision had been made on whether generators would still need to pay network access charges under the new constrained network access regime. Mr Barker replied that he would take the question on notice, but considered it would be timely for Mr Ashwin Raj to discuss the broader scope of the Improving Access to the SWIS workstream, including how the workstream will address charges and the application and queueing policy, at the next TDOWG meeting.</p>	
	<p>Action: ETIU to provide an update to the MAC on whether Market Generators will still be required to pay network access charges under the new constrained network access regime.</p>	<p>ETIU</p>
7	<p>AEMO Procedure Change Working Group (APCWG) Update</p>	
	<p>Mr Dean Sharafi advised that the next APCWG meeting was scheduled for 7 May 2020 and would discuss the Market Procedure: Reserve Capacity Security. The proposed changes were a priority as a result of the Minister's RCM pricing rules.</p>	
	<p>Mr Sharafi advised that AEMO was likely to hold another APCWG meeting later in May 2020 because AEMO was proceeding with a Procedure Change Proposal for prudential changes required to improve the accuracy of the Outstanding Amount calculation under AEMO's Reduction of Prudential Exposure project. The new Outstanding Amount calculation would provide AEMO and Market Participants with a real-time estimate of their exposure to the market based on actual market data.</p>	
	<p>Mr Sharafi considered that this Procedure Change Proposal was a priority because it would provide more effective prudential monitoring, reduce the risk of Default Levies and allow AEMO to manage default risk more closely. Market Participants would receive a more accurate Outstanding Amount with an accurate daily financial estimate, which they may find useful for internal purposes such as cash flow management and billing their customers.</p>	
	<p>Mr Maticka provided an update on AEMO's current Procedure Change Proposal: Certification of Reserve Capacity Market Procedure (AEPC_2020_02). Mr Maticka noted that AEMO had proposed amendments to clarify the fuel requirements for applications for Certified Reserve Capacity. In response to queries from Market Participants, AEMO had decided to link the requirement to the existing 14-hour fuel requirement, rather than the 90% threshold originally proposed. AEMO had contacted each Market Participant who queried the 90% fuel requirement to advise them of the change.</p>	

Item	Subject	Action
	<p>Mr Maticka noted that the consultation period for AEPC_2020_02 had closed, and asked whether MAC members wished to see the additional changes before the publication of the Procedure Change Report. Mrs Jacinda Papps indicated that Alinta would prefer to see the drafting before it was finalised. Mr Maticka indicated that AEMO would circulate the revised draft Market Procedure for information, and depending on responses would consider a further short consultation period.</p>	
	<p>In response to a question from Ms Laidlaw, Mr Maticka advised that AEMO did not propose to make any changes to the arrangements for setting Credit Limits at the same time as its changes to the Outstanding Amount calculation, for reasons that would be detailed in the Procedure Change Proposal. In part, the delay was because AEMO wanted to see how the new Outstanding Amount calculations were working before reducing Credit Limits. There were also issues associated with some of the potential Default Levies that AEMO needed to explore.</p>	
	<p>Mr Edwards asked whether AEMO intended to release the daily indices that Market Participants would require to carry out their own independent checks and validations of the daily credit exposure estimates AEMO intended to provide. Mr Edwards suggested there were about six indices that Market Participants were unable to estimate themselves. Mr Maticka replied that he would ask one of his team to investigate how a Market Participant would be able to reconcile their Outstanding Amount and their own internal reports.</p>	
	<p>In response to a question from Ms Ng, Mr Maticka advised that AEMO expected to implement the new daily prudential exposure calculations in its production environment by the end of May 2020. AEMO intended that Market Participants would be able to monitor the values for about a month before the commencement of the associated Market Procedure changes.</p>	
	<p>In response to a question from Mr Geoff Gaston, Mr Maticka reiterated that AEMO did not intend to make changes to how Credit Limits were calculated or how Market Participants could manage their exposure (for example through pre-payments) as part of the upcoming Procedure Change Proposal. AEMO intended to cover the rationale for delaying these additional changes at the APCWG meeting to discuss the Procedure Change Proposal. Mr Maticka was unsure of the date of that meeting but agreed to email the meeting date to Mr Gaston.</p>	

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	Action: AEMO to investigate and report to the MAC on how a Market Participant will be able to reconcile the daily credit exposure estimates to be provided by AEMO with their own internal reports.	AEMO
	Action: AEMO to advise MAC members of the date of the APCWG meeting to discuss the Procedure Change Proposal to implement the new Outstanding Amount calculation.	AEMO

8(a) Overview of Rule Change Proposals

The paper for agenda item 8(a) was taken as read. The Chair provided the following updates:

- The Draft Rule Change Reports were well progressed for Rule Change Proposals: Administrative Improvements to the Outage Process (RC_2014_03) and Implementation of 30-Minute Balancing Gate Closure (RC_2017_02). RCP Support is waiting on AEMO for cost and time estimates and intends to publish the Draft Rule Change Reports by 28 May 2020, pending the estimates from AEMO.
- In response to a question from Ms Jo-Anne Chan, the Chair indicated that the dates in the first table in Agenda Item 8(a) are indicative timings that the Panel is targeting for the next step for the various Rule Change Proposals, whereas the dates in the subsequent tables are the official deadlines as per the rule change process in the Market Rules.

8(b) RC_2020_03: Estimates for GIA Facilities

Mr Oscar Carlberg provided an overview of Alinta's Pre-Rule Change Proposal: Estimates for GIA facilities (RC_2020_03). The Pre-Rule Change Proposal is available in the meeting papers and a copy of Alinta's presentation is available on the Panel's website.

The following points were discussed:

- Mr Sharafi noted that Alinta's solution would estimate a GIA generator's output for all Trading Intervals in which the Facility's output was constrained by the GIA tool, not just the ones related to a network outage. Mr Sharafi considered that this would cause the GIA generators to be treated no differently to other Non-Scheduled Generators, which would put the GIA generators in an advantageous position, because they paid less for their network connections and effectively have a sub-standard network connection.

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	<p>Mr Sharafi advised that if AEMO ignored the sub-standard connections and assigned a Relevant Level to a GIA generator in the same way as to other Non-Scheduled Generators, then Power System Security would be at risk, because the Relevant Level of each GIA generator would not reflect a reasonable expectation of their output on peak days.</p>	
	<p>Mr Sharafi advised that AEMO proposed an alternative method, which would be slightly more administratively burdensome for AEMO but from a system perspective would provide a better outcome. Under AEMO's proposed method, a Market Generator could advise AEMO of Trading Intervals where it considered its GIA generator's output was reduced by a network outage, and AEMO could assess the Trading Intervals and provide an estimate where AEMO considered it appropriate.</p>	
	<ul style="list-style-type: none"> • Mr Maticka added that the proposed changes may affect the independent experts' reports used in the Reserve Capacity certification process. • Mr Tom Froid considered that Alinta's proposal was very sensible. • Mrs Papps disagreed with Mr Sharafi's comments, noting that Western Power accounted for the effect of network constraints on GIA generators when determining the Constrained Access Entitlement (CAE) for a GIA generator. Alinta noted that the assignment of Capacity Credits was a two-step process and Alinta's intent was just to ensure that correct inputs were provided to the Relevant Level Methodology. A GIA generator's Capacity Credits would still be limited to reflect network constraints through the CAE methodology. 	
	<p>In response to a question from Mr Sharafi, Mrs Papps confirmed that the CAE process was already included in the Market Rules and provided an overview of its operation. Mrs Papps explained that if the CAE calculation for a GIA generator was lower than its Relevant Level, the GIA generator's Capacity Credits would be restricted to the CAE value.</p>	
	<p>Mr Maticka confirmed that Mrs Papps' comments were correct, and clarified that AEMO was suggesting a process that might be less labour intensive for AEMO as it would only be assessing Trading Intervals that were affected by a network outage.</p>	

Item	Subject	Action
•	<p>Ms Laidlaw noted that RCP Support had sought advice from ETIU about its policy position on estimates for Intermittent Generators under the new market arrangements. ETIU had advised that while the Taskforce was yet to make any decisions on this issue, ETIU's current thinking was that the use of estimates would continue, and that the NAQ process would require 'unconstrained' inputs. This implied that estimates should be used for Trading Intervals where the output of the generator was constrained by the network.</p> <p>Ms Laidlaw agreed that the proposed amendments would also provide estimates for GIA generators when they were constrained down under system normal conditions, but suggested that this might be required in future to measure the unconstrained capacity of Intermittent Generators.</p>	
•	<p>Mr Daniel Kurz noted that, as a Market Generator, he supported the notion that there should not be an unfair allocation against any generator for something that is outside of its control.</p>	
•	<p>Mr Gaston agreed that a GIA generator's Capacity Credits should not be reduced because it was constrained due to a network outage. However, Mr Gaston questioned whether other GIA instructed constraints should be able to affect the Facility's Capacity Credits.</p> <p>Ms Laidlaw clarified that certain constraints were applied in the GIA tool to account for planned network outages. A blanket fixed constraint was usually applied to the Facility's output for the duration of the network outage because sophisticated constraint equations to handle network outage situations were not available.</p> <p>Mr Gaston asked if the situation was likely to get worse as more GIA generators connected to the SWIS. Ms Laidlaw considered the market transparency problems were likely to increase, and that if a GIA generator was subjected to a large constraint for a period then the market should have visibility of that event.</p>	
•	<p>The Chair suggested that AEMO and Alinta discuss their proposed solutions to see which one was likely to work the best, while noting that Alinta could submit its Rule Change Proposal whenever it chose. Mrs Papps advised that Alinta would contact AEMO after the MAC meeting, and would probably submit the Rule Change Proposal as soon as possible because of the associated timing constraints.</p>	
•	<p>The Chair noted if AEMO could provide feedback to Alinta regarding cost and practicality, then it would be helpful to</p>	

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	<p>include this in the Rule Change Proposal to allow stakeholders to see that information as early as possible.</p>	
	<ul style="list-style-type: none"> Ms Chan asked how RC_2020_03, if approved, would affect the 2020 Reserve Capacity Cycle. Mrs Papps replied that Alinta hoped the changes could be used for the upcoming accreditation process, to prevent the adverse impacts on Badgingarra's Capacity Credits predicted by Mr Carlberg. 	
	<p>In response to a question from Ms Chan, Mrs Papps considered that if RC_2020_03 was progressed using the Fast Track Rule Change Process there was a reasonable chance of commencing the changes in time for the 2020 Reserve Capacity Cycle, because the certification period had been delayed by about two months.</p>	
	<p>Mr Maticka advised that AEMO was scheduled to notify applicants of the Certified Reserve Capacity for their Facilities for the 2020 Reserve Capacity Cycle by 19 August 2020. Mr Maticka noted that AEMO would need the Amending Rules to be implemented some time before that date to allow the changes to be taken into account. AEMO could provide more information on the required timeframe in its submission on the Rule Change Proposal.</p>	
	<ul style="list-style-type: none"> Ms Zahra Jabiri noted that Western Power understood and appreciated the concern raised by Alinta, and asked Alinta and AEMO to include Western Power in their discussions of potential options before finalising the Rule Change Proposal. Mrs Papps and Mr Sharafi agreed to Ms Jabiri's request. 	
	<ul style="list-style-type: none"> The Chair sought the views of MAC members on whether RC_2020_03 addressed a manifest error in the Market Rules and so was eligible to be progressed using the Fast Track Rule Change Process. No attendee suggested that the proposal did not address a manifest error in the Market Rules. 	
	<p>Mr Andrew Everett observed that while one could argue about whether the proposal addressed a manifest error, the problem was really just one that was impacting financially on certain Market Participants. Mr Everett suggested that a degree of consistency should be applied, noting that Synergy's recent Rule Change Proposal: Amending the Minimum STEM Price definition and determination (RC_2019_05) addressed an issue with a significant financial impact on Synergy, but had not been deemed to be something that needed to be done in a hurry.</p>	

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	<p>In response to a question from the Chair, Mr Everett clarified that he had no firm view on whether RC_2020_03 met the fast track criteria, but did not consider that something was a manifest error just because it had an adverse impact on certain Market Participants.</p>	
	<ul style="list-style-type: none"> Ms Laidlaw asked whether EPWA or ETIU could provide any guidance on whether the current arrangements for GIA generator estimates constituted a manifest error. Ms Laidlaw also noted that the problem had existed for over a year and it was unfortunate that it had not been raised much earlier. 	
	<p>Mr Matthew Martin considered that the Public Utilities Office, when developing the Minister's Amending Rules to implement the GIA solution, was focussed on the situation during normal working operations rather than the issues identified in RC_2020_03. Mr Martin agreed that the withholding of estimates was an unintended consequence rather than an intended outcome.</p>	
	<p>Mrs Papps did not agree that the problem had existed for a year because there had been a previous internal interpretation at AEMO that Consequential Outages were to be granted for these instances. That interpretation changed when the rule was read in more detail early in 2020. Alinta had hoped the problem could be resolved through RC_2014_03, but acted as soon as it became aware that RC_2014_03 would not be implemented in time. Ms Laidlaw agreed that Alinta was not responsible for the delay.</p>	
	<ul style="list-style-type: none"> The Chair sought the views of the MAC on an urgency rating for RC_2020_03, noting that Alinta proposed a High urgency rating. 	
	<p>Mr Kurz supported the concept that it was an unintended consequence that GIA generators should be treated differently for network outages that are not a result of security constraints, and recommended a High urgency rating.</p>	
	<p>Mr Gaston, Ms Ng, Ms Jabiri and Mr Peter Huxtable also supported a High urgency rating. Mr Gaston considered that the proposal should be progressed using the Fast Track Rule Change Process.</p>	
	<ul style="list-style-type: none"> The Chair noted that if RC_2020_03 was given a High urgency rating then it would move to the top of the Panel's priority list (after RC_2014_03, RC_2019_04 and RC_2019_05) even if it was not progressed using the Fast Track Rule Change Process. If the proposal was 	

Item	Subject	Action
	<p>progressed using the Fast Track Rule Change Process, then RCP Support would require information on AEMO's implementation requirements to help it determine whether the Amending Rules could be commenced in time for the 2020 Reserve Capacity Cycle.</p> <ul style="list-style-type: none"> Ms Laidlaw sought clarification on the purpose of the proposed meeting between Alinta, AEMO and Western Power. Mrs Papps understood that the purpose of the meeting was to discuss the alternate methodology proposed by AEMO. Alinta proposed to report back on the outcomes of the meeting via email rather than wait until the next MAC meeting. 	
	<p>Action: Alinta, AEMO and Western Power to meet to discuss AEMO's alternative to the solution proposed in Pre-Rule Change Proposal: Estimates for GIA facilities (RC_2020_03).</p>	<p>Alinta/AEMO</p>
8(c)	<p>Prioritisation of Rule Change Proposals</p>	
	<p>Mr Sharafi indicated that AEMO wanted the MAC to discuss prioritisation of Rule Change Proposals because AEMO had been swamped over the last two months due to COVID-19 issues, and wanted to understand if other MAC members were similarly affected.</p> <p>Mr Sharafi acknowledged AEMO's obligation to support the Panel and that the Panel was waiting on AEMO to provide quotes for RC_2014_03 and RC_2017_02 to be able to progress the Draft Rule Change Reports, but indicated that AEMO had very little capacity to deal with these Rule Change Proposals because COVID-19 had created a new focus for AEMO and had consumed a lot of its resources.</p> <p>Mr Sharafi indicated that AEMO had a back-up control room that was almost ready as a back-up, but COVID-19 had forced AEMO to use the back-up as a co-primary control room with substandard equipment, so AEMO's controllers cannot carry on their normal duties. This had affected AEMO's capacity to respond to some Rule Change Proposals.</p> <p>Mr Sharafi also indicated that some Rule Change Proposals will have a limited life until the ETS reforms commence in October 2022 and that AEMO could not implement some of these proposals until after other projects were complete, such as the System Management System Transition (SMST) project.</p> <p>The Chair invited comments from MAC members, who responded as follows:</p>	

Item	Subject	Action
	<ul style="list-style-type: none"> • Mr Kurz indicated that COVID-19 had had far-reaching impacts on Bluewaters' and NewGen's operations. The focus on operations had made it more challenging for Bluewaters and NewGen to progress things, including rule change-related and general reform activities, and projects at the sites. Mr Kurz acknowledged that AEMO was highly involved in the rule change processes because it had to implement the changes and that he understood the issues that Mr Sharafi had raised. • Mrs Papps indicated that Alinta was facing resourcing constraints as a result of COVID-19, but that this was impacting its operations staff more than its regulatory staff. Mrs Papps indicated that Alinta had a FIFO workforce and had made some changes to its staffing to address issues with operations, and that the delay to the Reserve Capacity certification processes had eased pressure on its regulatory staff. • Ms Ng indicated that ERM Power had similar comments to Mr Kurz. Ms Ng indicated that COVID-19 was making it take longer to get things done and that there was a lot happening in the regulatory space. Ms Ng indicated that ERM Power appreciated that AEMO had delayed the Reserve Capacity certification process and that any other steps to alleviate the workload would also help. • Ms Jabiri indicated that Western Power had been impacted in a similar way to Alinta – Western Power's operational staff had been highly impacted, but its office staff had been less impacted. Ms Jabiri indicated that it understood AEMO's viewpoint and that it was willing to discuss priorities of Rule Change Proposals. • Mr Patrick Peake indicated that Perth Energy was experiencing significant pressure in dealing with regulatory matters and had looked at adding resources where possible. Mr Peake indicated that Perth Energy understood AEMO's viewpoint and wanted to ensure that there was no delay to the new dispatch engine because there would be serious problems if the dispatch engine was delayed beyond the summer of 2022/23. 	
	<p>The Chair summarised that COVID-19 had clearly impacted all Market Participants, but that several MAC members had suggested the impact was more on the operational side and less on the regulatory side, and asked AEMO to comment on this. Mr Sharafi indicated that AEMO:</p>	

Item	Subject	Action
	<ul style="list-style-type: none"> • had very low resources compared to the task that had been asked of it; • did not currently have many people to deal with the regulatory side of things, just one person and a few other people part-time; and • needed its operations staff to consider how any Rule Change Proposal would impact on its operations. <p>Mr Sharafi asked MAC members to comment on the cost-benefit of some of the Rule Change Proposals considering the short life span of some of the proposals before the ETS reforms commence.</p> <p>Ms Laidlaw indicated that RCP Support had already reduced the scope of RC_2014_03 to reduce cost because it was conscious of the delays in the proposal, the cost-benefit of the proposal, and the time remaining before the ETS reforms commence. The Panel would need to account for how long the changes would be in effect, but still needed to progress the proposal, even if the decision was to reject some parts of the proposal because it had been delayed for too long.</p> <p>Mr Sharafi noted that:</p> <ul style="list-style-type: none"> • AEMO had previously advised that it could start implementing RC_2014_03 in the second quarter of 2020, after SMST had been delivered, but it now looked like the SMST project would not be delivered until the end of 2020; and • with these delays from AEMO, the life of RC_2014_03 was going to be about a year and the implementation cost of the proposal was not trivial. <p>So Mr Sharafi suggested that MAC members should consider whether RC_2014_03 should proceed.</p> <p>The Chair indicated that he understood most of the changes from RC_2014_03 would outlive the ETS reforms. Ms Laidlaw clarified that some aspects of the proposal would continue after the ETS reforms, such as the changes relating to capacity-adjusted outage quantities, but others would not, such as the changes relating to Consequential Outages. Ms Laidlaw pointed out that the Panel needed cost and time estimates so that it could make a decision on RC_2014_03, but had been waiting on some of the estimates for two years.</p> <p>The Chair agreed that the Panel was interested in the MAC's views on the priority of Rule Change Proposals, but it could not assess the cost-benefit of proposals without cost and time estimates.</p>	

Item	Subject	Action
	<p>Mr Barker noted, in respect of Mr Peake's earlier comment, that the AEMO reform team, while functionally separate from the operations team and broader business-as-usual activities, was nonetheless highly reliant on input from those groups, and that this reliance was likely to increase as the ETS reforms move into detailed rule drafting and the development of procedures.</p> <p>The Chair asked MAC members for their view on where the current Rule Change Proposals should fit relative to other programs that AEMO was working on because AEMO would have to make a call on how it allocated its resources between the ETS reforms, supporting the Panel and AEMO's own discretionary projects. Mr Sharafi indicated that AEMO's priority was supporting the ETS reforms but it still wanted to support the rule change processes. AEMO would prioritise projects that relate to Power System Security but its other internal projects were on hold, including the proposed PASA process improvements.</p> <p>The Chair summarised the current situation for the Rule Change Proposals as follows:</p> <ul style="list-style-type: none"> • Two proposals – RC_2019_04 and RC_2019_05 – were nearing completion and were assigned high priorities by the MAC and the Panel, so it was probably worth continuing to process those proposals. • Alinta was about to submit RC_2020_03 and ask for it to be processed using the Fast Track Rule Change Process. The Panel would need to determine the priority of the proposal relative to the other proposals that were already in the queue and AEMO would need to make a call on whether to support the Panel in progressing RC_2020_03 despite its resource constraints. • RC_2014_03 had been under consideration for six years and had been repeatedly given a High urgency rating by the Panel and the MAC. RCP Support had been waiting on AEMO estimates for some time. • RC_2017_02 had been under consideration for three years and RCP Support was still waiting on AEMO estimates. <p>The Chair asked the MAC whether the Panel should consider deferring any of these proposals. Mr Kurz indicated that there was no desire to defer any Rule Change Proposals, but acknowledged that the Panel relies on AEMO to provide cost and time estimates and that AEMO cannot provide estimates if it does not have the resources to do so.</p> <p>The Chair asked for the MAC's view on whether the Panel should accept RC_2020_03 if AEMO was not going to be able to</p>	

Item	Subject	Action
	<p>support assessment of the proposal? That is, should the Panel put the time and effort into processing a proposal if AEMO was unable to provide cost and time estimates, in which case the Panel would not be able to make a decision on the proposal?</p>	
	<ul style="list-style-type: none"> • Mr Sharafi indicated that he had not reviewed Alinta's proposal in detail or what it would mean for AEMO to implement the proposal. Mr Sharafi indicated that AEMO was only saying that some Rule Change Proposals would require a lot of work and a lot of cost, and would have a short lifetime, and that the MAC should look at the proposals from a cost-benefit perspective, in light of COVID-19, to consider how to proceed. • Ms Ng suggested that, if Alinta and AEMO discussed RC_2020_03 and find a methodology to implement the proposal that was not too difficult and costly, and it was deemed to be a manifest error, then there was no reason why the Panel should not accept it because it should not require a lot of work. • Ms Ng suggested that the priority was commencement of the ETS reforms on 1 October 2022 and that AEMO resources should be prioritised to achieving this. The lifecycle of the existing Rule Change Proposals should be considered and only the parts of those proposals that will continue past 1 October 2022 should be progressed. 	
	<p>Ms Laidlaw indicated that RCP Support was trying to get estimates from AEMO so that the Panel could assess the cost-benefit of the different components of the proposals to determine which parts should be progressed.</p>	
	<p>The Chair pointed out that that the existing Rule Change Proposals did not contain a large number of changes with lifecycles that were limited by the ETS reforms, as follows:</p>	
	<ul style="list-style-type: none"> • For RC_2014_03, some parts of the proposal would continue past commencement of the ETS reforms, and some parts would not. The Panel could decide on the parts of the proposal that should be progressed, accounting for the lifecycle of the changes, once it received cost and time estimates from AEMO. • For RC_2017_02, RCP Support had been informed that AEMO would only need to make parameter changes to implement the proposal, which could be done quickly and at low cost. This proposal would not apply past commencement of the ETS reforms, but may still be worth pursuing for two years of benefits given the low implementation costs. 	

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	<ul style="list-style-type: none"> • RC_2019_04 and RC_2019_05 had lifespans past commencement of the ETS reforms. <p>Mr Sharafi suggested that some parts of RC_2017_02 might not be simple to implement, such as changes to the LFAS gate closure. Dr Natalie Robins clarified that RCP Support was only waiting for AEMO to provide cost and time estimates for a change to shift the LFAS Horizon from six to four hours.</p> <p>Mr Martin Maticka provided further information regarding AEMO's resource constraints, as follows:</p> <ul style="list-style-type: none"> • while AEMO's resourcing constraints might not directly impact on the IT staff that were required to provide estimates to the Panel, the IT staff required input from subject matter experts to know what to provide quotes on, so there was a ripple effect; • AEMO was not currently undertaking much discretionary work; and • if resourcing constraints from COVID-19 were more of an issue for AEMO than other Market Participants, then AEMO could give further thought on how to support the Panel. 	

9 Procedure Change Governance

The Chair noted that Perth Energy had sent a letter to the MAC regarding the importance of oversight of Market Procedure changes. A copy of Perth Energy's letter is available in the meeting papers.

The Chair invited Mr Peake to comment on Perth Energy's letter. Mr Peake considered it was important to ensure that the Market Procedures support the Market Rules and that the Procedure Change Process looked at the full implications of any change. Perth Energy's concerns in part related to the amount of work that was happening at the time. Perth Energy was also concerned that two recent Procedure Change Proposals had set policy rather than just supported the Market Rules.

The Chair noted that RCP Support had prepared a cover paper listing some of the changes that could be discussed if the MAC agreed with the issues raised by Perth Energy. The Chair clarified that RCP Support was not recommending any of these changes.

The Chair invited AEMO to comment on the issues raised in Perth Energy's letter. Mr Sharafi noted that for AEMO a procedure change had priority if it either addressed a security issue or was required to support a rule change. Mr Sharafi considered that the recent tie-break Procedure Change Proposal (AEPC_2020_01) addressed a security issue for

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	<p>AEMO. When the Balancing Price first reached the Minimum STEM Price AEMO identified a system security risk, and Mr Sharafi was sure that MAC members would like the system operator to be proactively looking for such risks and trying to resolve them. AEPC_2020_01 addressed the situation where a generator could be decommitted due to low demand but was required for system security reasons straight after that time.</p>	
	<p>Mr Sharafi advised that System Management was close to decommitting a required generator during the relevant Trading Intervals, and decided the procedure change was needed to manage these situations going forward. Mr Sharafi thought that everyone appreciated that there must be a secure power system first to have an efficient market.</p>	
	<p>Mr Sharafi considered that the power system was rapidly changing and the way it was changing will bring new things, and that Perth Energy's suggestions regarding increased MAC involvement in the Procedure Change Process would put the intended flexibility of that process at risk.</p>	
	<p>Mr Sharafi considered that the current framework had worked for many procedure changes so far, and produced outcomes that have so far been acceptable to Market Participants. Mr Sharafi noted that AEMO had multiple internal approval layers for Procedure Change Proposals, and described the current consultation process for procedure changes. Mr Sharafi noted that to date none of AEMO's decisions on Procedure Change Proposals (which were Reviewable Decisions) had been required to be reviewed.</p>	
	<p>Mr Sharafi also noted that the two Procedure Change Proposals highlighted in Perth Energy's letter were still in progress and suggested that Perth Energy's comments may be premature.</p>	
	<p>Mr Maticka expressed disappointment that concerns had been raised about the governance of the Procedure Change Process. Mr Maticka considered that AEPC_2020_02 was progressed in accordance with the current process. AEMO had taken the feedback provided in the consultation period into account and made further amendments to the proposed Market Procedure. Mr Maticka also raised concerns about making the process to change a Market Procedure very long and convoluted, as this would add an unnecessary administrative overhead to the market and prevent AEMO from making effective changes to Market Procedures as quickly as it would like.</p>	
	<p>Mr Maticka noted that AEPC_2020_02 was initiated in response to requests from Market Participants to provide more clarity</p>	

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	<p>around the processes used by AEMO for the certification of Reserve Capacity.</p> <p>The following points were discussed.</p> <ul style="list-style-type: none"> • Mr Peake replied that he did not want to make the process more bureaucratic but was concerned that changes with unintended consequences could slip through the process unnoticed, given how much was happening at the time. • The Chair agreed that Procedure Change Proposals to address system security issues and support rule changes needed to proceed, but noted Perth Energy's concerns about the inclusion of policy matters in procedure changes, and whether there was enough preliminary discussion of those matters. The Chair noted that changes to the Market Procedure: Balancing Market Forecast to align the Market Procedure with the current tie-break process would be a straightforward Procedure Change Proposal. However, he understood that AEPC_2020_01 proposed to create new tie-break categories, and asked Mr Peake if this was an example of the sort of policy change that Perth Energy suggested should be discussed by the MAC before being included in a Procedure Change Proposal. Mr Peake agreed that this was such an example. • Mrs Papps noted that broadly speaking she always had some concerns with an agency being able to approve its own changes. However, this needed to be balanced against the need for timely changes and what was trying to be achieved with procedure changes. <p>Mrs Papps considered that the discussion of procedure changes earlier in the meeting (under agenda item 7) had been quite good and more detailed than in previous MAC meetings, and suggested that Perth Energy's concerns might be alleviated by changes to how this agenda item was addressed in future.</p> <p>Mrs Papps also noted that AEMO's procedure change decisions were only subject to procedural review, which provided less protection to Market Participants than a merits review process would provide.</p> <ul style="list-style-type: none"> • Mr Kurz noted that both Bluewaters and NewGen attended APCWG meetings and approached their participation in the APCWG processes with the same level of seriousness as their participation in the MAC and rule change processes. Mr Kurz acknowledged that there were times when procedure changes involved important decisions and agreed with Mrs Papps that more extensive discussions 	

Item	Subject	Action
	<p>during the regular APCWG update to the MAC may be an answer.</p> <ul style="list-style-type: none"> <li data-bbox="320 360 1158 685"> <p>• The Chair asked whether other MAC members ensured that they were aware of the detail of APCWG activities. Mr Sharafi noted that AEMO notified the MAC about every Procedure Change Proposal and MAC members can request a MAC meeting to discuss any Procedure Change Proposal. Mr Sharafi reiterated his concerns about losing flexibility in the Procedure Change Process and offered to explain the technical reasons why AEPC_2020_01 was necessary at a future MAC meeting if required.</p> <p data-bbox="375 714 1158 846">Ms Chan, Mrs Papps and Ms Kei Sukmadjaja indicated that Synergy, Alinta and Western Power all approached their participation in APCWG processes in the same way as Bluewaters and NewGen.</p> <p data-bbox="320 875 1158 1088">The Chair suggested, and the MAC generally agreed, that some additional discussion during the regular MAC APCWG updates, like that provided earlier in the meeting, would be beneficial and should be sufficient to address MAC members' concerns. Mr Sharafi indicated that AEMO would be happy to provide more detail about its procedure changes to the MAC.</p>	
10	<p>ERA Review –2020 review of the incentives to improve the availability of generators</p>	
	<p>Mr Richard Cheng provided an overview of the ERA's 2020 review of incentives to improve generator availability. A copy of the ERA's presentation is available on the Panel's website.</p>	
11	<p>General Business</p>	
	<p><u>Suspension of methodology reviews</u></p>	
	<p>Ms Sara O'Connor noted that the ERA was required to undertake a periodic review of the methodologies used to set the Benchmark Reserve Capacity Price (BRCP) and the Energy Price Limits. The ERA began scoping work on the review at the end of 2019, and during this work became aware of multiple overlaps with the current ETS work program. The ERA discussed its concerns with ETIU and on 4 May 2020 received a letter from the Minister acknowledging the overlap.</p>	
	<p>The ERA had decided to suspend its review of the methodologies to avoid any potential overlap or conflict, and intended to publish a notice to this effect by the following day.</p>	
	<p>However, the ERA was cognisant of Market Participants' concerns that some of the parameters used to calculate the BRCP were out of date. The ERA therefore intended to proceed</p>	

Item	Subject	Action
	with its review of the BRCP Market Procedure, albeit with a potentially narrower scope that focussed on the identified weighted average cost of capital issues and any other issues that did not overlap with the ETS work program.	

The meeting closed at 11:55 PM.

Agenda Item 4: MAC Action Items

Meeting 2020_06_16

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 Energy Policy WA (EPWA) to develop principles for identifying which rules should be Protected Provisions for presentation and discussion by the MAC.	RCP Support/ EPWA	2019_11_26	Open RCP Support and EPWA are continuing to discuss 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	Closed RCP Support and AEMO provided a response on this matter at the MAC meeting on 5 May 2020 – see the minutes under Agenda Item 3.
6/2020	RCP Support and AEMO to prepare a MAC Workshop regarding RC_2019_01.	RCP Support/ AEMO	2020_03_24	Open RCP Support sent an email to stakeholders on 8 June 2020 regarding availability for a MAC workshop regarding RC_2019_01 at: <ul style="list-style-type: none"> • 1:00 PM to 3:30 PM on 20 July 2020; • 9:30 AM to 12:00 PM on 21 July 2020; or • 1:00 PM to 3:30 PM on 21 July 2020.
7/2020	RCP Support to publish the minutes of the 24 March 2020 MAC meeting on the Rule Change Panel's (Panel) website as final.	RCP Support	2020_05_05	Closed The MAC minutes were published on 6 May 2020.
8/2020	The Energy Transformation Implementation Unit (ETIU) to provide an update to the MAC on whether Market Generators will still be required to pay network access charges under the new constrained network access regime.	ETIU	2020_05_05	Open ETIU will provide a response on this action item at the MAC meeting on 16 June 2020.

Item	Action	Responsibility	Meeting Arising	Status
9/2020	AEMO to investigate and report to the MAC on how a Market Participant will be able to reconcile the daily credit exposure estimates to be provided by AEMO with their own internal reports.	AEMO	2020_05_05	<p>Closed</p> <p>The new prudential system will provide Market Participants with access to the data to reconcile their Outstanding Amount. This will be provided through a REST API service via a B2B interface and in human readable Excel formats. These files will align with the calculations and variables specified in the WEM Metering Settlement and Prudential Calculation Formulation. This matter was discussed at the WEM Rule Change Working Group on 24 October 2019 and more information and insight will be provided at the WEM Rule Change Working Group meeting on 12 June 2020. The presentations from the working group, sample files and the calculation formulation are all available on AEMO's website.¹</p>
10/2020	AEMO to advise MAC members of the date of the APCWG meeting to discuss the Procedure Change Proposal to implement the new Outstanding Amount calculation.	AEMO	2020_05_05	<p>Closed</p> <p>AEMO send a notice to the APCWG regarding this meeting on 14 May 2020 and held the meeting on 21 May 2020.</p>
11/2020	Alinta, AEMO and Western Power to meet to discuss AEMO's alternative to the solution proposed in Pre-Rule Change Proposal: Estimates for GIA facilities (RC_2020_03).	Alinta/AEMO	2020_05_05	<p>Closed</p> <p>Alinta met with AEMO, Western Power and Bright Energy Investments on 11 May 2020 and submitted RC_2020_03 on 13 May 2020.</p>

¹ <https://aemo.com.au/en/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/wem-rule-change-working-group>

Agenda Item 5: MAC Market Rules Issues List Update

Meeting 2020_06_16

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;
- 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
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 information that is not available before the normal certification time for a Reserve Capacity Cycle.</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 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

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
			<p>a reliable Relevant Level value for the Facility, as it is not certain:</p> <ul style="list-style-type: none"> ○ which Scheduled Generators, DSPs, and Non-Scheduled Generators would apply for certification; or ○ 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,</p>

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
			<p>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 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.</p>
56	Perth Energy July 2019	<p>Issues with Reserve Capacity Testing</p> <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. 	<p>Panel rating: TBD</p> <p>MAC ratings: TBD</p> <p>Status:</p> <p>Perth Energy has indicated that it will develop a Pre-Rule Change Proposal for consideration by the MAC.</p>

Notes:

- The Potential Rule Change Proposals are well-defined issues that could be addressed through development of a Rule Change Proposal.

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

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
1	Shane Cremin November 2017	<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, but the MAC agreed to keep this issue 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>The WA Government published the DER Roadmap on 5 April 2020, but the MAC agreed to keep this issue on the list until further information is available on how EPWA intends to develop and implement the actions from the DER Roadmap.</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, but the MAC agreed to keep this issue 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, but the MAC agreed to keep this review 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. 	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.

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	<p>Kleenheat November 2017 MAC August 2018</p>	<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	<p>Kleenheat November 2017</p>	<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	<p>ERM Power November 2017</p>	<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</p> <p>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, 16 June 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	21 May 2020	TBA
Market Procedures for discussion	Reduction of Prudential Exposure project procedure changes: <ul style="list-style-type: none"> Market Procedure: Prudential Requirements Market Procedure: Capacity Credit Allocation 	<ul style="list-style-type: none"> Market Procedure: Declaration of Bilateral Trades and the Reserve Capacity Auction (consequential changes as a result of the RCM Pricing rule amendments). Market Procedure: Settlements (consequential changes in relation to RC_2019_04: Administrative Improvements to Settlements)

3. AEMO PROCEDURE CHANGE PROPOSALS

The status of AEMO Procedure Change Proposals is described below, current as at 8 June 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_05 Market Procedure: Reserve Capacity Security	The proposed changes include amendments required to document DSM Reserve Capacity Security as a result of the RCM Pricing rule amendments and changes to reflect the Reserve Capacity Security Guideline (the guideline will be replaced by the amended Market Procedure).	Procedure Change Proposal	Consultation closes	16 June 2020
AEPC_2020_04 Market Procedure: Reserve Capacity Testing	The proposed amendments are intended to align the procedure with the current version of the WEM Rules, improve clarity and reflect AEMO's latest Market Procedure template.	Procedure Change Proposal	Consultation closes	17 June 2020
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 Further consultation closed 15 May 2020	Procedure Change Report	June 2020
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.	Consultation period closed 5 May 2020	Procedure Change Report	July 2020

Agenda Item 8(a): Overview of Rule Change Proposals (as at 9 June 2020)

Meeting 2020_06_16

- 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_2017_02	Implementation of 30-Minute Balancing Gate Closure	Second submission period closes	23/06/2020
RC_2017_02	Implementation of 30-Minute Balancing Gate Closure	Publication of the Final Rule Change Report	21/07/2020
RC_2018_05	ERA access to market information and SRMC investigation process	Commencement	21/07/2020
RC_2019_01	The Relevant Demand calculation	MAC workshop	TBD ¹
RC_2019_05	Amending the Minimum STEM Price definition and determination	Further submission period closes	16/06/2020
RC_2020_03	Estimates for GIA facilities	Consultation period closes	09/06/2020
RC_2020_03	Estimates for GIA facilities	Publication of the Final Rule Change Report	23/06/2020

¹ RCP Support sent an email to stakeholders on 08/06/2020 regarding availability for a MAC workshop regarding RC_2019_01 at 1:00 PM to 3:30 PM on 20/07/2020, 9:30 AM to 12:00 PM on 21/07/2020 or 1:00 PM to 3:30 PM on 21/07/2020.

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

Reference	Submitted	Proponent	Title	Commenced
None				

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
RC_2019_04	18/11/2019	AEMO	Administrative Improvements to Settlement	18/06/2020

Formally Submitted Rule Change Proposals

Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
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Fast Track Rule Change Proposals with Consultation Period Closed

None						
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Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
Fast Track Rule Change Proposals with Consultation Period Open						
RC_2020_03	13/05/2020	Alinta	Estimates for GIA facilities	High	Submissions due on Rule Change Notice and Proposal	09/06/2020
Standard Rule Change Proposals with Second Submission Period Closed						
RC_2019_05	25/10/2019	Synergy	Amending the Minimum STEM Price definition and determination	High	Further submission period closes	16/06/2020
Standard Rule Change Proposals with Second Submission Period Open						
RC_2017_02	04/04/2017	Perth Energy	Implementation of 30-Minute Balancing Gate Closure	Medium	Second submission period closes	23/06/2020
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	30/06/2020
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_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
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
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): Prioritisation of Rule Change Proposals

Meeting 2020_06_16

1. Background

AEMO has submitted the attached paper titled 'Prioritisation of Rule Change Proposals' for discussion by the Market Advisory Committee.

Attachments

1. Prioritisation of Rule Change Proposals



Prioritisation of Rule Change Proposals

1. Background

At the 5 May 2020 Market Advisory Committee (MAC) meeting AEMO initiated a discussion concerning its resource constraints to process the existing Rule Change Proposals. This discussion considered:

- the impacts of COVID-19 on Rule Participants' operations.
- the capacity of Rule Participants' regulatory personnel.
- the cost-benefit and short lifespan of some Rule Change Proposals, including parts thereof, in light of the Energy Transformation Strategy (ETS) reforms.

Since that meeting, representatives from ETIU, RCP and AEMO have held further discussions on rule change priorities. As outlined below, AEMO's resources are particularly stretched presently and this is impacting the support that AEMO can provide for current rule change proposals. It was therefore agreed that AEMO would articulate its position on the priority of individual Rule Change Proposals to the MAC, including the criteria that AEMO has considered to form its position on its own resource prioritisation.

AEMO is cognisant that it is only one participant in the WEM. Rule changes generally affect other market participants too and therefore AEMO is keen to ensure its own prioritisation matches that of the importance deemed by the wider industry to the extent possible, noting that other parties' own commercial interests are likely to have different requirements and considerations.

Existing activities that are impacting AEMO's resource availability include:

- Business as usual (BAU) activities for the market and power system operations, including upcoming commissioning of new Facilities and interactions with GIA processes, and regulatory activities such as audits and regulatory approvals (e.g. ancillary services determinations).
- WA Government reforms (e.g. ETS and Pilbara reforms).
- Current Rule Change Proposals being progressed that require subject matter expertise and technology expertise within AEMO. Personnel that provide this expertise also provide expertise for WA Reform.
- Current Procedure Change Proposals. At the time of this paper, there are three proposals currently in the formal procedure change process. This includes a proposal that implements changes required to be in place by 1 July 2020 concerning DSM Reserve Capacity Security, a proposal that seeks to provide clarification for participants concerning Reserve Capacity testing and a proposal which is currently on hold, concerning revisions to the BMO tie-break methodology.
- Project activities required to enable AEMO to continue to deliver its system operation and market operation functions in a changing industry.¹
- Less optimum COVID-19 working arrangements to reduce contagion risk and thus risk to BAU functions, when compared to normal circumstances and needing to respond to the impacts of COVID-19 (e.g. reduced/changed demand patterns).

AEMO's functions under the WEM Rules include preparing and facilitating the implementation of the Wholesale Electricity Market and Constrained Network Access

¹ For existing projects, refer to AEMO Project Status Update here: https://aemo.com.au/-/media/files/stakeholder_consultation/working_groups/wa_meetings/waecf/2020/waecf-25-meeting-papers-15-april-2020.zip?a=en

Reform. AEMO is also required to support the RCP. These are mandatory obligations, however with limited resources it is not possible for AEMO to provide the level of support required to progress all the rule changes currently under development while continuing with the Reform priorities and AEMO's other activities.

AEMO is therefore seeking a further discussion with MAC members on their priorities for individual rule changes to assist AEMO with its resource allocation decisions.

This paper:

- presents to MAC members the criteria that in AEMO's opinion should be considered when determining the priority of existing Rule Change Proposals in the context of the allocation of AEMO's resources (Appendix 1).
- AEMO's draft assessment of the priority of existing Rule Change Proposals (Appendix 2).

2. Assessing Rule Change priorities

The Rule Change Panel (Panel) has established a [Framework for Rule Change Proposal Prioritisation and Scheduling](#). The framework states that its purpose is to:

- allocate resources to the Panel, including the options to acquire additional resources on a short- or long-term basis if the available resources are insufficient to progress a proposal within the default timeframes.
- prioritise each proposal in a way that offers the greatest benefits in terms of the Wholesale Market Objectives and GSI Objectives.
- manage the Panel's work program based on its resource availability and priorities, including deciding when additional resources are required to support the Panel.

AEMO's understanding is this framework is focused on the Panel's resource decisions. However, AEMO is not suggesting that this framework has not worked well to date. Rather the deadline for reforms is getting nearer and the less than optimum COVID-19 conditions is adversely impacting AEMO's resources. AEMO considers that the priority of the current rule changes requires re-assessment as provided for under the framework.

When assessing this, AEMO recommends that the criteria outlined in Appendix 1 be considered. These criteria are posed as questions and broadly relate to three considerations – the urgency of the proposal, the extent to which resources may be diverted away from Reform activities and the cost-benefit of the proposal (taking into consideration the lifespan of the proposed changes).

Some of the criteria AEMO is now proposing are similar to matters mentioned in the Panel's framework. Appendix 1 provides these criteria in the context of assisting AEMO's resource allocation decisions, rather than the Panel's resource decisions.

Following the consideration of these criteria, a Rule Change Proposal can be prioritised according to the categories in Appendix 1 step 2. This will then provide guidance for AEMO on what rule changes it should allocate its resources to, which in turn would flow through to other participants resource requirements.

AEMO's draft assessment using these criteria is provided in Appendix 2.

3. Questions for MAC members

- *Do any MAC members object to the proposed prioritisation criteria in Appendix 1?*
- *Are there any other criteria that MAC members consider should be assessed?*

- *Do MAC members agree with AEMO's draft assessment of rule change priorities in Appendix 2?*

Appendix 1 – Proposed criteria for prioritisation of rule change proposals (DRAFT)

APPROACH STEP	DESCRIPTION
1. RECOMMENDED CRITERIA	<p>C1. Is the rule change required to address a manifest error?</p> <p>C2. Is the rule change required to resolve an urgent Power System Security risk or urgent market risk (e.g. to avoid unintended significant adverse commercial outcomes)?</p> <p>C3. Does the rule change development/assessment/implementation require a low level of effort from Rule Participants? (e.g. will resources be able to continue with ETS reforms as well as the rule change?)</p> <p>C4. Does the rule change, wholly or partly, have a life beyond ETS reforms?</p> <p>C5. Does the rule change provide more benefits, than costs/efforts, considering the initial assessment?</p> <p>As an example, if the above criteria were applied to a rule change, and were all answered in the negative, then progression of the rule change would be a low priority. However, it is likely that there will be a combination of positive and negative answers for any given rule change. Despite this, the application of the above criteria should provide a reasonable indication of the priority of the rule change in the context of AEMO's allocation of resources.</p>
2. CATEGORISATION	<p>Based on the application of the above criteria, categorise each rule change according to the following:</p> <ul style="list-style-type: none"> - Progress as planned - Progress as part of ETS reforms - Defer (i.e. put on hold)

Appendix 2 - AEMO's draft assessment

RULE CHANGE	AEMO DRAFT ASSESSMENT APPLYING APPENDIX 1 CRITERIA
RC_2014_03 Administrative improvements to the Outage Process	<ul style="list-style-type: none"> - C1: Proposed changes may address some manifest error type issues. - C2: While the proposal seeks to address transparency and other issues, the urgency of these matters is not clear, also noting the age of some of these matters. - C3: Significant SME effort across AEMO business where those same SMEs also provide support for Reform work and competing rule changes. For AEMO, 6-month (approximate) implementation effort at an estimated cost range of \$470 to \$670k, albeit this cost is not yet final and will depend on final drafting. For participants, there are likely to be some process changes and possibly system changes. - C4: Consequential outage and Triggering Outage rules have very limited lifespan. Other aspects will survive reforms. An option could be to defer these aspects and progress as part of reforms. - C5: Benefits not currently quantified. <p>Priority categorisation: Progress (lasting changes) as part of ETS reforms?</p>
RC_2014_05 Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price	<ul style="list-style-type: none"> - Rule Change already on hold - AEMO agrees with current status
RC_2017_02 Implementation of 30-Minute Balancing Gate Closure	<p>Based on 90-minute gate closure as specified in Draft Rule Change Report:</p> <ul style="list-style-type: none"> - C1: Proposed changes do not address any manifest errors - C2: Proposed changes do not materially address any urgent issues. - C3: Requires some SME effort across AEMO business where those same SMEs also provide support for reform work and competing rule changes. For AEMO, low implementation effort (time and cost). For participants, may require small scale process changes and possibly system changes. - C4: No lifespan after Reform. - C5: Low benefit – low cost <p>Priority categorisation: Progress as planned?</p>
RC_2018_03: Capacity Credit Allocation Methodology for Intermittent Generators	<ul style="list-style-type: none"> - On hold pending progression of RC_2019_03. - AEMO agrees with the current status.
RC_2018_05: ERA Access to market information and SRMC investigation process	<ul style="list-style-type: none"> - Proposal already approved and will commence 21 July 2020 - No assessment required.
RC_2019_01: The Relevant Demand calculations	<ul style="list-style-type: none"> - C1 and C2: Proposed changes do not address any manifest errors or urgent issues. - C3: Requires significant SME effort across AEMO business where those same SMEs also provide support for Reform work and competing rule changes. Material implementation effort likely required. AEMO's first submission estimated costs between \$150k and \$500k, albeit no draft rules were available. For some participants, there are likely to be some process changes and possibly system changes. - C4: Does have a lifespan beyond reforms but does not currently fit into any reform package. - C5: Too early to assess benefits <p>Priority categorisation: Defer or Progress as part of ETS reforms?</p>
RC_2019_03: Method used for the assignment of Certified Reserve Capacity to Intermittent Generators	<ul style="list-style-type: none"> - C1 and C2: ERA is required to submit a rule change, albeit proposal not yet submitted. - C3: Will require SME effort where those same SMEs also provide support for reform work and competing rule changes. Implementation effort not currently clear.

RULE CHANGE

AEMO DRAFT ASSESSMENT APPLYING APPENDIX 1 CRITERIA

	<ul style="list-style-type: none"> - C4: It does have a lifespan beyond reforms but AEMO believes could also benefit in being aligned to reform considerations/timelines. - C5: Too early to assess benefits <p>Priority categorisation: Progress as part of ETS reforms?</p>
RC_2019_04: Administrative Improvements to Settlement	<ul style="list-style-type: none"> - Rule change awaiting approval by Minister – Target commencement date 22 June 2020. - No assessment required.
RC_2019_05: Amending the Minimum STEM Price definition and determination	<ul style="list-style-type: none"> - C1 and C2: Does not address a manifest error and urgency of this rule change is not clear. - C3: Requires SME effort where those same SMEs also provide support for reform work and competing rule changes. Could result in high annual operational costs (up to \$300k) to review the Min STEM price. - C4: Will have a lifespan beyond reforms. However, there is a broader question of which organisation should be responsible for these reviews and this is better considered as part of reforms. - C5: Potential cost may outweigh benefits depending on outcome of review. <p>Priority categorisation: Defer or Progress as part of ETS reforms?</p>
RC_2020_03: Estimates for GIA facilities	<ul style="list-style-type: none"> - C1: Addresses manifest error (although goes beyond just the error) and possible commercial risks and therefore has urgency. - C2: Addresses a market risk. - C3: No significant diversion of resources. Under proposed drafting, has low implementation effort and low BAU implementation costs. - C4: Limited lifespan until reforms - C5: Has commercial benefit – low implementation cost <p>Priority categorisation: Progress as planned?</p>

Review of market procedure:

The benchmark reserve capacity price (BRCP)

Presentation to the Market Advisory Committee
16 June 2020



Economic Regulation Authority
WESTERN AUSTRALIA

Agenda Item 11

Review of BRCP and EPL methodology

- Clause 2.26.3: methodology review for setting the BRCP and EPLs.
- Clause 4.16.9: review of BRCP market procedures
- Concurrent review began in 2019
- ERA suspended method review in May 2020
 - Overlaps in scope of reviews and reform program

Purpose of this presentation

- The ERA intends to continue with its review of the market procedure for setting the BRCP (clause 4.16.9).
- Does the Market Advisory Committee consider that a working group of the MAC is needed to advise the Committee on the procedure change?
- If yes, the ERA will prepare a terms of reference and schedule meetings to consult with the working group.
- If not, the ERA will publish a discussion paper to consult with the public and advise the market of the timeline for the review.

Market procedure review scope

- Some aspects of the market procedure are out of date.
 - Calculation of cost of capital (WACC): this includes its underlying variables such as inflation rate, cost of equity, cost of debt, etc.
 - Choice of reference technology.
 - Review of cost components (e.g. insurance cost and network connection cost).

Thank you

Ask any questions



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