



Government of Western Australia
Energy Policy WA

Proposed changes to the governance of the Western Australian energy sector

Presentation for the **Market Advisory
Committee**

Kate Ryan
Energy Policy WA
17 November 2020

Recap...

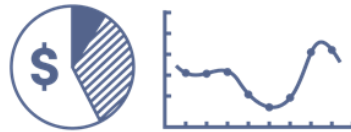
Taking charge of **our energy future** beyond the Energy Transformation Taskforce

Transferring and allocating functions to the Coordinator of Energy



Administration of rules

WEM Rules and Gas Services Information Rules from the Rule Change Panel, and the new rules for the North West Interconnected System



Market development functions

Including some policy or technical reviews from the ERA and exploring other opportunities to rationalise the reviews under the market rules



Future Whole of System Plans

Development of future Whole of System Plans with support from Western Power and AEMO

What problems are we seeking to address?

Overall, the changes seek to address gaps and reduce overlaps in current governance arrangements, to improve their effectiveness and ease pressure on the costs of WEM administration

In particular, they seek to:

- allocate clear responsibility for ongoing market development to a single governance body
 - and in doing so, provide for industry and consumer input, transparency and accountability in the rule change process
- explicitly acknowledge that Government has an ongoing role in leading WA's energy transformation
- reduce duplication in reviews and ensure reviews are undertaken when required and to deliver outcomes



Proposed rule amendments – the rule change process (Appendix A)

Current Rule Change Panel functions

Decisions on rule change proposals
Administration of the rule change process, associated procedures, MAC and the rule book
Recovery of costs via fees on WEM participant via existing processes



The Coordinator of Energy

Proposed changes to support transfer

Chair of MAC to be independent of rule change body
MAC to advise Coordinator on rule change proposals and evolution, requirement for MAC to try to achieve consensus
Additional consumer representative of MAC
Coordinator and Chair of MAC may propose rule changes
Rule changes proposed by Coordinator, can only be approved by Minister
Market information arrangements expanded to include Coordinator

Proposed rule amendments – reviews (Appendix C)

ERA reviews

Monitoring market behaviour – when required (no longer annual requirement)

Essential System Services procurement (including the Supplementary ESS Mechanism)

Network Operator Outages (at least once every 5 years)

Energy Price Limits and Benchmark Reserve Capacity Price – annual price setting (AEMO no longer required to propose) and 5 year methodology reviews

Relevant Level Methodology (every 3 years)

Note: no amendments to Electricity Industry Act (3 year 'effectiveness' review)

Economic/price setting

Coordinator reviews

Monitoring of market to inform market development (at least once every three years)

ESS standards and requirements (at least once every three years)

Outage Planning process and Planning Criterion (at least once every 5 years)

Policy and technical

Proposed regulation amendments (Appendix D)

WEM Regulations

Already enable functions to be placed on the Coordinator and for recovery of fees by Coordinator

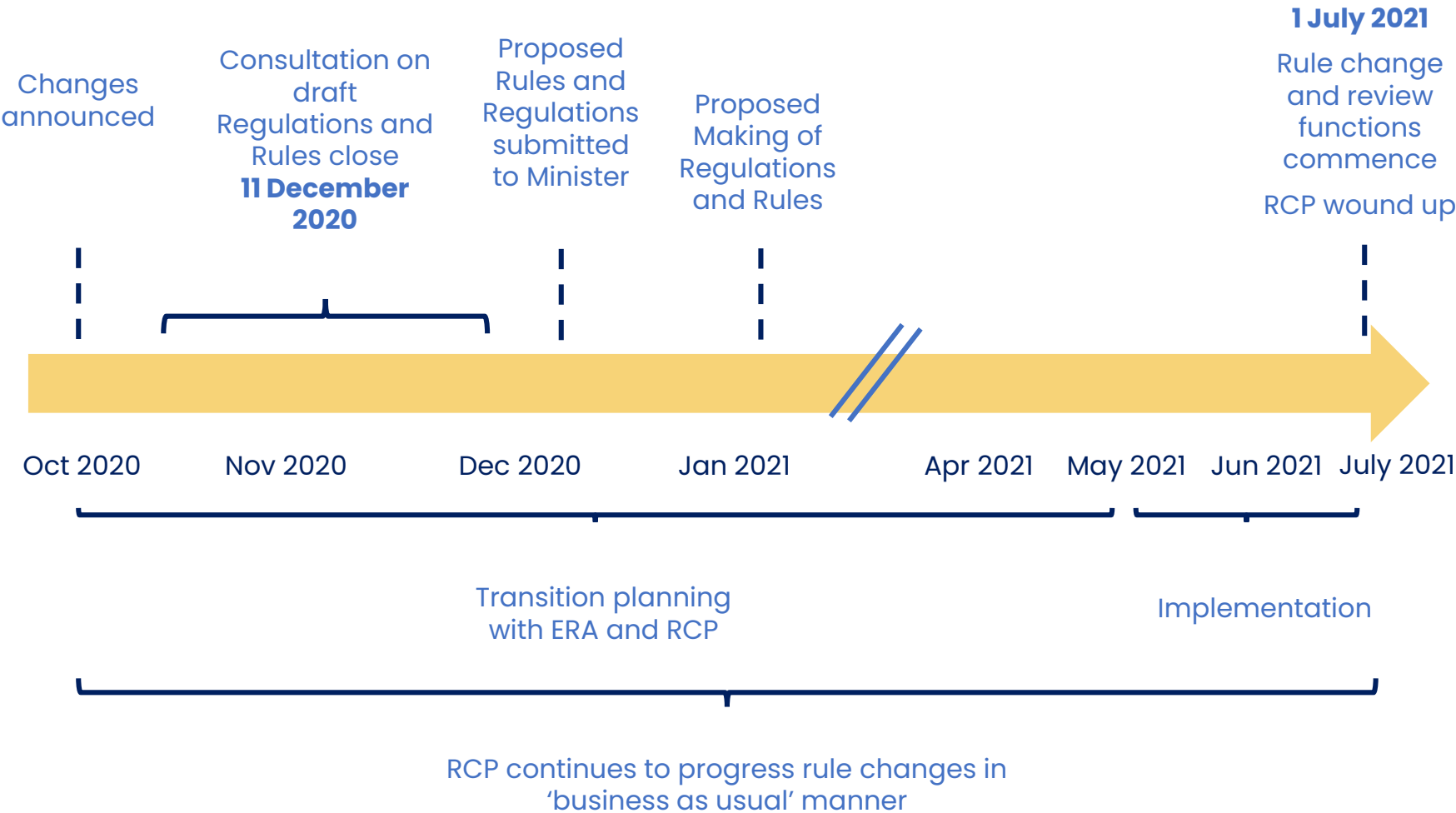
Consequential amendments to support wind-up of Rule Change Panel
Extension to Minister's transitional rule making power and administrative amendments consistent with Energy Transformation Strategy changes (i.e. to terminology)

Rule Change Panel Regulations

Wind up of Rule Change Panel with effect from 1 July 2021

Note, EPWA liaising with RCP and ERA regarding any additional transitional rules or regulations required to facilitate orderly transition and wind-up.

Next steps



Thank you

Questions?

The consultation paper and draft amendments are available on the Energy Policy WA [website](#)

Consultation closes 11 December 2020

Kate Ryan
kate.ryan@energy.wa.gov.au

Working together for a
brighter energy future