

Minutes

Meeting Title:	Market Advisory Committee (MAC)
Date:	8 June 2021
Time:	9:30 AM – 10:00 AM
Location:	Online via Microsoft Teams

Attendees	Class	Comment
Stephen Eliot	Chair	
Matthew Martin	Small-Use Consumer Representative	
Martin Maticka	Australian Energy Market Operator (AEMO)	
Dean Sharafi	AEMO	
Sara O'Connor	Economic Regulation Authority (ERA) Observer	
Kate Ryan	Minister's Appointee – Observer	
Jacinda Papps	Market Generator	
Wendy Ng	Market Generator	From 9:45 AM
Daniel Kurz	Market Generator	
Tom Froad	Market Generator	
Patrick Peake	Market Customer	
Geoff Gaston	Market Customer	From 9:40 AM
Timothy Edwards	Market Customer	
Peter Huxtable	Contestable Customer	
Zahra Jabiri	Network Operator	

Also in Attendance	From	Comment
Jenny Laidlaw	RCP Support	Minutes
Adnan Hayat	RCP Support	Observer
Laura Koziol	RCP Support	Observer
Sandra Ng Wing Lit	RCP Support	Observer
Natalie Robins	RCP Support	Observer
Vijeshni Ashna Nand	RCP Support	Observer
Erdem Oz	ERA	Observer

Also in Attendance	From	Comment
Dora Guzeleva	Energy Policy WA (EPWA)	Observer
Aditi Varma	EPWA	Observer
Noel Schubert	Independent	Observer
Erin Stone	Point Global	Observer
Oscar Carlberg	Alinta Energy	Observer
Dimitri Lorenzo	Bluewaters Power	Observer From 9:50 AM
Hugh Webster	Infrastructure Capital Group	Observer From 9:55 AM

Apologies	From	Comment
Jo-Anne Chan	Synergy	

Item	Subject	Action
1	Welcome The Chair opened the meeting at 9:30 AM and welcomed members and observers to the 8 June 2021 MAC meeting.	
2	Meeting Apologies/Attendance The Chair noted the attendance as listed above.	
3	Minutes of Meeting 2021_04_27 Draft minutes of the MAC meeting held on 27 April 2021 were circulated on 11 May 2021. The MAC accepted the minutes as a true and accurate record of the meeting. The Chair noted that draft minutes for the MAC workshops that were held on 10 May 2021 and 11 May 2021 to discuss Rule Change Proposal RC_2019_03 (Method used for the assignment of Certified Reserve Capacity to Intermittent Generators) would be published in the near future.	RCP Support
	Action: RCP Support to publish the minutes of the 27 April 2021 MAC meeting on the Rule Change Panel's (Panel) website as final.	
4	Action Items The closed action items were taken as read. The Chair noted that action item 5/2021 was not yet completed.	

Item	Subject	Action
5	MAC Market Rules Issues List (Issues List)	
	<p>The Chair noted that the proposed review of the Issues List against the Energy Transformation Strategy (ETS) reforms would be deferred until after the transfer of rule change functions to the Coordinator of Energy on 1 July 2021.</p> <p>The MAC noted the Issues List update.</p>	
6	Update on WA Government Reforms	
	<p>Ms Kate Ryan provided the following updates:</p> <ul style="list-style-type: none"> • The Energy Transformation Taskforce (Taskforce) concluded on 19 May 2021, as planned. EPWA has published the last two information papers approved by the Taskforce, which deal with market power mitigation and Non-Co-optimised Essential System Services. • EPWA will continue to work with the Transformation Design and Operation Working Group on the detailed design and rule drafting required to implement the decisions presented in the Taskforce information papers. • The WEM Reform Implementation Group will continue to meet to work on details of the implementation for market start on 1 October 2022. 	
7	Update on AEMO Procedure Change Working Group	
	<p>Mr Martin Maticka provided the following updates:</p> <ul style="list-style-type: none"> • The Procedure Change Report for Procedure Change Proposal AEPC_2020_01 (Revisions to Balancing Merit Order tie-break methodology) was published on 30 April 2021. • AEMO was not currently progressing any Procedure Change Proposals because its focus was on WEM reform activities. 	
8(a)	Overview of Rule Change Proposals	
	<p>The MAC noted the overview of Rule Change Proposals.</p> <p>The Chair provided the following update on Rule Change Proposal RC_2019_03:</p> <ul style="list-style-type: none"> • The Draft Rule Change Report was published on 20 April 2021. • The Panel held two MAC workshops to facilitate stakeholder discussion of the draft decision: 	

Item	Subject	Action
	<ul style="list-style-type: none"> • a workshop on 10 May 2021 to discuss the Draft Rule Change Report; and • a workshop on 11 May 2021 to discuss the proposed Amending Rules. • The second submission period closed on 19 May 2021 and the Panel received nine submissions and one late submission. 	
	<p>The submissions indicated continued support for the effective load carrying capability (ELCC) method to determine the capacity value of the intermittent fleet, with two submissions suggesting additional changes to the method proposed in the Draft Rule Change Report.</p>	
	<p>There was also some support and some opposition to the Panel's draft decision on the allocation method known as the Delta Method.</p>	
	<p>The primary concern raised in the submissions was the volatility of allocations from the Delta Method.</p>	
	<p>RCP Support had been analysing the volatility and agreed that it was a concern. However, RCP Support noted that this volatility reflected the peakiness of the SWIS and the volatility of the output of some Intermittent Generators, and was not inherent in the Delta Method itself. Further, this underlying volatility impacted the fleet ELCC as well as the allocations to individual Facilities under the Delta Method.</p>	
	<ul style="list-style-type: none"> • The Panel was further considering the volatility issue and would publish an extension notice in the near future, as it would not be able to finalise its decision by the current deadline for the Final Rule Change Report (17 June 2021). 	
	<p>The following points were discussed:</p>	
	<ul style="list-style-type: none"> • In response to a question from Mr Tim Edwards, the Chair agreed there was a risk that a final decision on RC_2019_03 may not be made in time for the 2021 Reserve Capacity Cycle. 	
	<ul style="list-style-type: none"> • Mrs Jacinda Papps considered that the outcomes expected under the proposed replacement method were for some facilities illogical and would continue to be highly volatile. Mrs Papps asked what changes the Panel planned to make ahead of the final decision to ensure the Relevant Level Method (RLM) would provide a consistent, effective price signal to make intermittent projects bankable. 	
	<p>The Chair reiterated that the Panel was aware of and was considering the volatility issue and noted that he could not yet provide details of any potential additional changes. The</p>	

Item	Subject	Action
	<p>Chair also questioned Mrs Papps' comment regarding outcomes being illogical for some facilities, because if one considered how the Delta Method actually works the results were entirely explicable.</p>	
	<ul style="list-style-type: none"> Mrs Papps suggested that, based on stakeholder feedback (including that of the ERA and AEMO), there were significant changes that needed to be made to the replacement method. Mrs Papps asked the Rule Change Panel and EPWA what the plan was for further consultation on the necessary changes to the draft decision replacement method and introduction of the new RLM. 	
	<p>The Chair replied that the upcoming extension notice for RC_2019_03 should provide further information on the next steps for the Rule Change Proposal.</p>	
	<ul style="list-style-type: none"> Mr Oscar Carlberg noted that Alinta Energy considered that the volatility is inherent in the Delta Method because of the small sample that drives the results, not the volatility of each generator. 	
	<p>The Chair replied that the Delta Method used the full seven-year Reference Period as input, and it was the ELCC calculation that selected the Trading Intervals of importance from that period. Both the fleet ELCC calculation and the Delta Method used the same Trading Intervals. RCP Support's analysis to date indicated that the underlying volatility in both the fleet ELCC and the Delta Method allocations was caused by the peakiness of the SWIS and the volatility of some Intermittent Generators. The Delta Method was not the cause of that volatility.</p>	
	<ul style="list-style-type: none"> Mrs Papps suggested that the ex-ante inclusion of a locational price signal for Intermittent Generators ahead of the Network Access Quantity (NAQ) process appeared to be inconsistent with the treatment of Scheduled Generators, whose rights under constrained access were being protected. Mrs Papps asked EPWA what the plan was to ensure existing Market Participants' capital investments were not unrecoverable, given that this was an unhedgeable risk. 	
	<p>Ms Ryan questioned Mrs Papps' suggestion, noting that the NAQ framework was designed to work alongside the methods for assigning Certified Reserve Capacity (CRC) to different facility types irrespective of what those methods are. RC_2019_03 related to how to allocate CRC to Intermittent Generators, and the Taskforce did not have a view on whether the method for allocating CRC to</p>	

Item	Subject	Action
	<p>Intermittent Generators was the right method when it designed the NAQ framework.</p> <p>Ms Ryan noted that the Taskforce delayed the introduction of the NAQ framework to allow for the completion of RC_2019_03, but that had obviously proved to be very difficult. However, the NAQ framework did provide the intended protection for Intermittent Generators in the same way that it does for Scheduled Generators, although not necessarily on the basis of a universally supported certification method.</p>	
9	<p>Update on the Transition of Rule Administration to the Coordinator of Energy</p>	
	<p>Ms Ryan gave a presentation on the transition of rule administration to the Coordinator of Energy, and the future of the ETS implementation and the MAC. A copy of the presentation is available on the Panel's website.</p>	
10	<p>General Business</p>	
	<p>The Chair noted that the next scheduled meeting of the MAC was set for 20 July 2021. However, as this was after the transition to the new governance arrangements, the new MAC Chair would determine next meeting date and advise the MAC if a different date was selected.</p> <p>The Chair noted that this was his last meeting as the MAC Chair, and thanked all MAC members, observers and stakeholders for their support over the previous three years.</p> <p>Mr Patrick Peake thanked the Chair for his work on the MAC, considering that the way in which he had drawn in a broad range of Market Participants into the MAC had been very helpful.</p>	

The meeting closed at 10:00 AM