



Meeting Agenda

Meeting Title: Market Advisory Committee

Date: Tuesday 10 August 2021

Time: 9:30 AM – 11:15 AM

Location: Level 1, 66 St. Georges Terrace
(MAC members and official observers only)

Observers who would like to attend the meeting are to seek approval from the Chair by COB Friday 6 August 2021 by email to energymarkets@energy.wa.gov.au.

Approved observers will be sent an invitation to attend the meeting online by COB Monday 9 August 2021.

Item	Item	Responsibility	Duration
1	Welcome and Agenda	Chair	5 min
2	Meeting Apologies/Attendance	Chair	3 min
3	Minutes of Meeting 2021_06_08	Chair	5 min
4	Action Items	Chair	5 min
5	Welcome from the Coordinator of Energy (no paper)	EPWA	5 min
6	Update on WA Government Reforms and the Transformation Design and Operation Working Group (no paper)	EPWA	10 min
7	Market Development Forward Work Program	Chair/Secretariat	40 min
8	Update on Working Groups		
	(a) AEMO Procedure Change Working Group	AEMO	5 min
9	Rule Changes		
	(a) Overview of Rule Change Proposals	Chair/Secretariat	5 min

Item	Item	Responsibility	Duration
10	Changes to the MAC Constitution	Chair/Secretariat	10 min
11	Approval of Changes to the Terms of Reference for the AEMO Procedure Change Working Group	Secretariat	5 min
12	MAC Schedule for 2021	Chair	2 min
13	General Business	Chair	5 min

Next meeting: The next scheduled MAC meeting is 21 September 2021.

Please note, this meeting will be recorded.

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



Agenda Item 4: MAC Action Items

Meeting 2021_08_10

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
5/2021	Sustainable Energy Now (SEN) to provide a description of its proposed emissions-related amendment to the WEM Rules for discussion by the MAC and potential inclusion on the Issues List.	SEN	2021_04_27	Open SEN has not yet provided an issue for inclusion in the Issues List.
6/2021	RCP Support to publish the minutes of the 27 April 2021 MAC meeting on the Rule Change Panel’s (Panel) website as final.	RCP Support	2021_06_08	Closed The minutes were published on the Panel’s website on 8 June 2021. All MAC documents that were previously published on the Panel’s website are now available on the Coordinator’s Website.



Agenda Item 7: Market Development Forward Work Program

10 August 2021

A proposed assessment of the Market Development Forward Work Program is available in Attachment 1 of this paper. Attachment 1 includes:

- Table 1 – Broader Issues;
- Table 2 – Issues on Hold;
- Table 3 – Potential Rule Change Proposals; and
- Table 4 – Proposed Market Evolution Reviews.

The Market Development Forward Work Program incorporates an assessment of the Market Advisory Committee's (**MAC**) Issues List (Tables 1-3), which contains issues that were identified by stakeholders. Each issue has been assessed against aspects of the implementation of the first stage of the Energy Transformation Strategy (**ETS**), and the relevant Wholesale Electricity Market (**WEM**) Rules already made or planned to be made as part of the ETS.

Table 4 is based on the assessment in Tables 1-3 and includes market evolution issues and related reviews that were identified during the ETS stage one implementation but were not addressed during that implementation.

The need for the following Market Evolution Reviews has been identified during the ETS stage one implementation work:

- Review of the Reserve Capacity Mechanism (**RCM**), including:
 - whether the mechanism is still fit for purpose, taking into account the rapid transformation of the energy sector;
 - the Planning Criterion (reliability criteria), including as part of the Energy Transformation Taskforce's end-to end security and reliability standard/framework;
 - the method(s) for assigning Certified Reserve Capacity to the different technology types in the WEM;
 - review of the "most efficient new entry" which sets the Benchmark Reserve Capacity Price; and
 - the requirements applicable to different technology types (including different types of generation facilities, Demand Side Programmes and storage).
- Review of the allocation of Market Fees (including, behind the meter (**BTM**) issues and Distributed Energy Resources (**DER**)).
- Review of the cost recovery allocation for Essential System Services.
- Review of the WEM Procedure Change Process.
- Assessment of the performance of the Network Access Quantities regime, including the policy related to replacement capacity.

- Review of the performance of the Short Term Energy Market.

The issues in Tables 1-3 have been grouped under specific Market Evolution Reviews and have been combined with issues identified during the ETS stage one implementation in Table 4. Timeframes for conducting each review have been proposed.

Recommendation:

The MAC Secretariat recommends that the MAC:

- reviews, discusses and agrees the priorities for the Market Development Forward Work Program;
- discusses and agrees whether existing Rule Change Proposals related to the RCM, including RC_2019_03, RC_2019_01 and RC_2018_03, should be put on hold and considered as part of an overall RCM Market Evolution Review (please refer to Table 4, Attachment 1);
- confirms whether it agrees with Energy Policy WA's recommendations on the items that should be closed; and
- indicates whether any additional issues or reviews should be included in the list.

Attachment 1 – MAC Market Development Issues List and Market Evolution Reviews

Table 1 – Broader Issues

Id	Submitter/Date	Issue	Current Status and Proposed Priority
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 BTM 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>	<p>Status: This issue has not been addressed by ETS.</p> <p>Proposed Priority: Include in Stage 1 of an RCM Review, 2021/22</p>
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>Status: This issue has not been addressed by ETS.</p> <p>Proposed Priority: Include in the Review of the allocation of Market Fees (including, BTM issues and DER), 2021/22</p>
3	Shane Cremin November 2017	Penalties for outages.	<p>Status: This issue has not been addressed by ETS.</p> <p>Proposed Priority: Include in Stage 2 of an RCM Review, 2022/23</p>
4	Shane Cremin	Incentives for maintaining appropriate generation mix.	<p>Status: This issue has not been addressed by ETS.</p>

Table 1 – Broader Issues

Id	Submitter/Date	Issue	Current Status and Proposed Priority
	November 2017		Proposed Priority: Include in Stage 1 of an RCM Review, 2021/22
9	Community Electricity November 2017	Improvement of AEMO forecasts of System Load; real-time and day-ahead	Status: This issue has not been addressed by ETS. Proposed Priority: Defer
16	Bluewaters November 2017	<p>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. 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 WEM 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</p>	Status: This issue has not been addressed by ETS. Proposed Priority: Include in the Review of the allocation of Market Fees (including, BTM issues and DER), 2021/22

Table 1 – Broader Issues

Id	Submitter/Date	Issue	Current Status and Proposed Priority
		mix in the WEM, hence compromising power system security and in turn not promoting the Wholesale Market Objectives.	
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>	<p>Status: This issue has not been addressed by ETS.</p> <p>Proposed Priority: Include in the Review of the allocation of Market Fees (including, BTM issues and DER), 2021/22</p>
30	Synergy November 2017	<p>Reserve Capacity Mechanism</p> <p>Synergy would like to propose a review of WEM 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; 	<p>Status: This issue has not been addressed by ETS.</p> <p>Proposed Priority: Include in stage 1 of an RCM Review, 2021/22</p>

Table 1 – Broader Issues

Id	Submitter/Date	Issue	Current Status and Proposed Priority
		<ul style="list-style-type: none"> • Relevant Level determination; and • assessment of thermal generation capacity. <p>The review will support Wholesale Market Objectives (a) and (d).</p>	
35	ERM Power November 2017	<p>BTM generation and apportionment of Market Fees, ancillary services, etc.</p> <p>The amount of solar PV generation on the system is increasing every year, to the point where solar PV generation is the single biggest unit of generation on the SWIS. This category of generation has a significant impact on the system and we have seen this in terms of the 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>Status: This issue has not been addressed by ETS.</p> <p>Proposed Priority: Include in the Review of the allocation of Market Fees (including, BTM issues and DER), 2021/22</p>
39	Alinta Energy November 2017	<p>Commissioning Test Process</p> <p>The commissioning process within the WEM Rules and PSOP works well for known events (i.e. the advance timings of tests). However, the WEM Rules and PSOP do not work for close to real time events. There is limited flexibility in the WEM Rules and PSOP to deal with the practical and operational realities of commissioning facilities.</p>	<p>Status: The changes to the WEM Rules allow Commissioning Test Plans to account for practical and operational realities. The circumstances in which a Commissioning Test Plan can be updated is to be outlined by AEMO in the WEM Procedure.</p>

Table 1 – Broader Issues

Id	Submitter/Date	Issue	Current Status and Proposed Priority
		<p>The WEM Rules and PSOP require System Management to approve a Commissioning Test Plan or a revised Commissioning Test Plan by 8:00 AM on the Scheduling Day on which the Commissioning Test Plan would apply.</p> <p>If a Market Participant cannot conform to its most recently approved Commissioning Test Plan, the Market Participant must notify System Management and either:</p> <ul style="list-style-type: none"> • withdraw the Commissioning Test Plan; or • if the conditions relate to the ability of the generating Facility to conform to a Commissioning Test Schedule, provide a revised Commissioning Test Plan to System Management as soon as practicable before 8:00 AM on the Scheduling Day prior to the commencement of the Trading Day to which the revised Commissioning Test Plan relates. <p>Specific Issues:</p> <p>This restriction to prior to 8:00 AM on the Scheduling Day means that managing changes to the day of the plan are difficult. Sometimes a participant is unaware at that time that it may not be able to conform to a plan. Amendments to Commissioning Tests and schedules need to be able to be dealt with closer to real time.</p> <p>Examples for improvements are:</p> <ul style="list-style-type: none"> • allowing participants to manage delays to the start of an approved plan; and • allowing participants to repeat tests and push the remainder of the Commissioning Test Plan out. 	<p>Proposed Priority:</p> <p>Put on hold pending AEMO development of the WEM Procedures and then consider whether a further review is necessary.</p>

Table 1 – Broader Issues

Id	Submitter/Date	Issue	Current Status and Proposed Priority
		<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 1 – Broader Issues

Id	Submitter/Date	Issue	Current Status and Proposed Priority
		<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. 	

Table 2 – 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.	<p>Status: This issue has been addressed by the ETS Tranche 2 and further Tranches of Amending Rules.</p> <p>Proposed Priority: Close</p>
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>Status: This issue has been addressed by the ETS Tranche 2 and further Tranches of Amending Rules.</p> <p>Proposed Priority: Close</p>

Table 2 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
11	AEMO November 2017	<p>Whole-of-system planning oversight:</p> <p>As explained in AEMO’s submission to the ERA’s review of the WEM, AEMO considers the necessity of the production of an annual, independent Integrated Grid Plan to identify emerging issues and opportunities for investment at different locations in the network to support power system security and reliability. This role would support AEMO’s responsibility for the maintenance of power system security and will be increasingly important as network congestion increases and the characteristics of the power system evolve in the course of transition to a predominantly non-synchronous future grid with distributed energy resources, highlighting new requirements (e.g. planning for credible contingency events, inertia, and fast frequency response).</p> <p>This function would support the achievement of power system security and reliability, in line with Wholesale Market Objective (a).</p>	<p>Status:</p> <p>This issue has been addressed by the ETS Tranche 3 and further Tranches of Amending Rules.</p> <p>Proposed Priority:</p> <p>Close</p>
12	AEMO November 2017	<p>Review of institutional responsibilities in the WEM 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>Status:</p> <p>This issue has been addressed by the ETS Amending Rules and the Governance Changes which came into effect on 1 July 2021.</p> <p>Proposed Priority:</p> <p>Close</p>

Table 2 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
14/36	Bluewaters and ERM Power November 2017	<p>Capacity Refund Arrangements:</p> <p>The current capacity refund arrangement is overly punitive as Market Participants face excessive capacity refund exposure. This refund exposure is well more than what is necessary to incentivise the Market Participants to meet their obligations for making capacity available. Practical impacts of such excessive refund exposure include:</p> <ul style="list-style-type: none"> • compromising the business viability of some capacity providers – the resulting business interruption can compromise reliability and security of the power system in the SWIS; and • excessive insurance premiums and cost for meeting prudential support requirements. <p>Bluewaters recommended imposing seasonal, monthly and/or daily caps on the capacity refund. Bluewaters considered that reviewing capacity refund arrangements and reducing the excessive refund exposure is likely to promote the Wholesale Market Objectives by minimising:</p> <ul style="list-style-type: none"> • unnecessary business interruption to capacity providers and in turn minimising disruption to supply availability; which is expected to promote power system reliability and security; and • unnecessary excessive insurance premium and prudential support costs, the saving of which can be passed on to consumers. 	<p>Status:</p> <p>This issue has not been addressed by ETS.</p> <p>Proposed Priority:</p> <p>Include in Stage 2 of an RCM Review, 2022/23</p>
17	Bluewaters November 2017	<p>Under clause 3.21.7 of the WEM 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 WEM Rules for not logging the Forced Outage on time.</p>	<p>Status:</p> <p>This issue has been addressed by the ETS Tranche 2 and further Tranches of Amending Rules.</p>

Table 2 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<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 WEM 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>	<p>Proposed Priority: Close</p>
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 WEM 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 to lead to a more efficient economic outcome and in turn promote the Wholesale Market Objectives.</p>	<p>Status: This issue has been addressed by the ETS Tranche 2 and further Tranches of Amending Rules.</p> <p>Proposed Priority: Close</p>
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: 	<p>Status: This issue has been addressed by the ETS Tranche 2 and further Tranches of Amending Rules.</p>

Table 2 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>(a) modelling was a “black box”;</p> <p>(b) confidential information limits stakeholders’ ability to query the results; and</p> <ul style="list-style-type: none"> • 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 • 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. 	<p>Proposed Priority: Close</p>
22	Bluwaters November 2017	<p>Prudential arrangement design issue: clause 2.37.2 of the WEM 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 WEM Rules and section 5.2 of the Prudential Procedure allow the</p>	<p>Status: This issue was on hold pending completion of AEMO’s ‘Reduction of Prudential Exposure 2’ project, which is now complete. AEMO believes that Market Participants can now manage their positions more closely with the implementation of the Outstanding Amount</p>

Table 2 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>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 WEM 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 economic inefficiency that is ultimately passed on the end consumers.</p> <p>Recommendation: amend the WEM 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>	<p>calculation and that this issue can likely be closed.</p> <p>Proposed Priority: Close</p>
27/54	<p>Kleenheat November 2017 MAC August 2018</p>	<p>Review what should constitute a Protected Provision of the WEM Rules, to provide greater clarity over the role of the Minister for Energy.</p> <p>A review of the Protected Provisions in the WEM 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>Status:</p> <p>This issue will be addressed by the review of the Protected Provisions as part of the ETS Implementation and further Tranches of Amending Rules scheduled for 2022.</p> <p>Proposed Priority:</p>

Table 2 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
			Close
28	Kleenheat November 2017	Appropriate rule changes to allow for battery storage. Consultation to decide how the batteries will be treated and classified as generators or not, whether batteries can apply for Capacity Credits and the availability status when the batteries are charging.	<p>Status: This issue has been addressed by the ETS Tranche 2 and Tranche 3, and further Tranches of Amending Rules.</p> <p>Proposed Priority: Close</p>
33	ERM Power November 2017	<p>Logging of Forced Outages</p> <p>The market systems do not currently allow Forced Outages to be amended once entered. This can have the distortionary effect of 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>	<p>Status: This issue has been addressed by the ETS Tranche 2 and Tranche 3, and further Tranches of Amending Rules.</p> <p>Proposed Priority: Close</p>
42	ERA November 2017	<p>Ancillary Services approvals process</p> <p>Clause 3.11.6 of the WEM 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>	<p>Status: This issue has been addressed by the ETS Tranche 2 and further Tranches of Amending Rules.</p> <p>Proposed Priority: Close</p>

Table 2 – Issues on Hold

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

Table 2 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
			This issue has been addressed by the ETS Tranche 2 removing Constrained off payments. Proposed Priority: Close
51	MAC November 2018	There is a need to provide Market Customers with timely advance notice of their upcoming constraint payment liabilities.	Status: The MAC agreed to place this issue on hold pending implementation of AEMO's proposed changes to the Outstanding Amount calculation in 2019. Now that the Outstanding Amount calculation is in place, AEMO believes that the Outstanding Amount calculation should give Market Participants timely notification of the constraint payment liabilities and that this issue can likely be closed. Proposed Priority: Close
53	MAC August 2018	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> : <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 	Status: This issue has been addressed by the ETS Generator Performance Standards rules. Proposed Priority: Close

Table 2 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>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.</p> <ul style="list-style-type: none"> 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 WEM Rules to tell the Network Operator what model information it needs or explain the details of its concerns to the Market Generator. 	
57	MAC October 2019	<p>Identification of services subject to outage scheduling</p> <p>The WEM 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 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 WEM 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</p>	<p>Status:</p> <p>This issue has been addressed by the ETS Tranche 2 and further Tranches of Amending Rules.</p> <p>Proposed Priority:</p> <p>Close</p>

Table 2 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		<p>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 WEM 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 WEM 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) should occur if these obligations are not met, and the implications for outage scheduling and Reserve Capacity Testing.</p> <p>(See section 7.2.2.5 of the Final Rule Change Report for RC_2013_15.)</p>	<p>Status:</p> <p>This issue has not been addressed by ETS.</p> <p>Proposed Priority:</p> <p>Include in Stage 2 of an RCM Review, 2022/23</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>	<p>Status:</p> <p>This issue has been addressed by the ETS Tranche 2 and further Tranches of Amending Rules.</p> <p>Proposed Priority:</p>

Table 2 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<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> <p>(See section 7.2.2.5 of the Final Rule Change Report for RC_2013_15.)</p>	Close
60	MAC October 2019	<p>Outage scheduling obligations for Interruptible Loads</p> <p>The WEM 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 WEM 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</p>	<p>This issue has been addressed by the ETS Tranche 2 and further Tranches of Amending Rules.</p> <p>Proposed Priority: Close</p>

Table 2 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		<p>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>	
61	MAC October 2019	<p>Direction of Self-Scheduling Outage Facilities</p> <p>An apparent conflict exists in the WEM 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 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>	<p>Status:</p> <p>This issue has been addressed by the ETS Tranche 2 and further Tranches of Amending Rules.</p> <p>Proposed Priority:</p> <p>Close</p>

Table 2 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
62	MAC October 2019	<p>Outage scheduling obligations for non-intermittent Non-Scheduled Generators</p> <p>Under the WEM 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. <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>Status:</p> <p>This issue has been addressed by the ETS Tranche 3 and further Tranches of Amending Rules.</p> <p>Proposed Priority:</p> <p>Close</p>

Table 2 – Issues on Hold			
Id	Submitter/Date	Issue	Urgency and Status
		<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 WEM Rules.</p> <p>(See section 7.2.3.4 of the Final Rule Change Report for RC_2013_15.)</p>	

Table 3 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Current Status and Proposed Priority
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 WEM 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>Status:</p> <p>The Energy Transformation Taskforce published an information paper on Market Information on 26 February 2021 (see Taskforce Publications). The Taskforce decisions will be implemented as part of the Tranche 5 Amending Rules for the ETS in December 2021.</p> <p>Proposed Priority:</p> <p>Close</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 WEM 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>Status:</p> <p>As above (issue 45)</p> <p>Proposed Priority:</p> <p>Close</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 WEM Rules.</p>	<p>Status:</p> <p>This issue has not been progressed.</p> <p>Proposed Priority:</p> <p>Include in Stage 2 of an RCM Review, 2022/23</p>

Table 3 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Current Status and Proposed Priority
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>Status:</p> <p>This issue has been addressed by the ETS Tranche 3 and further Tranches of Amending Rules.</p> <p>Proposed Priority:</p> <p>Close</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>Status:</p> <p>This issue has been partially addressed by the ETS Tranche 3 and further Tranches of Amending Rules.</p> <p>Proposed Priority:</p> <p>Include in Stage 2 of an RCM Review, 2022/23</p>

Table 4 – Proposed Market Evolution Reviews

Review	Issues, Proposal and Next Steps
(1) RCM Market Evolution Review (excluding the pricing mechanism)	<p>Issues: 1, 3, 4, 9, 14, 30 36, 47, 56 and 58</p> <p>Proposal: Review the RCM in two Stages, including: <u>Stage 1 – 2021/2022</u> Address Issues 1, 4 and 30, and the following high-level scope:</p> <ul style="list-style-type: none"> • whether the mechanism is still fit for purpose, taking into account the rapid transformation of the energy sector; • the Planning Criterion (reliability criteria), including as part of the Taskforce’s end-to end security and reliability standard/framework; • the method(s) for assigning Certified Reserve Capacity to the different technology types in the WEM; • review of the “most efficient new entry” which sets the Benchmark Reserve Capacity Price; and • the requirements applicable to different technology types (generation, Demand Side Programmes and storage). <p>For discussion by MAC members: whether existing Rule Change Proposals related to the RCM, including RC_2019_03, RC_2019_01 and RC_2018_03, should be put on hold and considered as part of the RCM Market Evolution Review.</p> <p><u>Stage 2 – 2022/23</u> Address Issues 3, 14, 36, 47, 56 and 58, and any other issues resulting from Stage 1.</p> <p>Next Steps: Develop a detailed scope for Stage 1 for consideration by MAC at its 21 September 2021 meeting</p>

Table 4 – Proposed Market Evolution Reviews

Review	Issues, Proposal and Next Steps
(2) Review of the allocation of market fees and the cost recovery allocation for Essential System Services	<p>Issues: 2, 16, 23 and 35</p> <p>Proposal: Commence a Review of the allocation of Market Fees (including, BTM issues and DER) and the cost recovery allocation for Essential System Services in 2021/22</p> <p>Next Steps: Develop a detailed scope for the Review for consideration by the MAC at its 2 November 2021 meeting</p>
(3) Review of the WEM Procedure Change Process	<p>Issues: Identified through EPWA consultation on Governance Changes</p> <p>Proposal: Commence a Review in 2021/22</p> <p>Next Steps: Develop a detailed scope for the Review for consideration by MAC at its 2 November 2021 meeting</p>
(4) Forecast quality	<p>Issues: 9</p> <p>Proposal: Defer</p>
(5) Assessment of the performance of the Network Access Quantities regime, including policy related to replacement capacity	<p>Issues: Identified during the ETS implementation</p> <p>Proposal: Defer until after the completion of the RCM Review</p>
(6) Review the performance of the Short Term Energy Market	<p>Issues: Identified during the ETS implementation</p> <p>Proposal: Defer</p>
(7) Commissioning Tests	<p>Issues: 39</p> <p>Proposal: Defer, and if necessary, commence a Review following AEMO development of WEM Procedures to indicate the circumstances in which a Commissioning Test Plan can be updated</p>

MARKET ADVISORY COMMITTEE MEETING, 10 August 2021

FOR NOTING

SUBJECT: UPDATE ON AEMO'S MARKET PROCEDURES

AGENDA ITEM: 8(A)

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 meetings	Next meeting
Date	19 July and 2 August 2021	TBC
Market Procedures for discussion	Market Procedure: Reserve Capacity Testing Market Procedure: Capacity Credit Allocation Market Procedure: Settlements	TBC

3. AEMO PROCEDURE CHANGE PROPOSALS

The status of AEMO Procedure Change Proposals is described below, current as at 27 July 2021. 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_2021_01 Market Procedure: Reserve Capacity Testing	Consequential changes required in relation Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019.	Submissions Open from 27 July	Submissions Close	24 August

ID	Summary of changes	Status	Next steps	Date
AEPC_2021_02 Market Procedure: Capacity Credit Allocation	Consequential changes required in relation Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019.	Submissions Open from 9 August	Submissions Close	6 September
AEPC_2021_03 Market Procedure: Settlements	Consequential changes required in relation Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019.	Submissions Open from 9 August	Submissions Close	6 September



Agenda Item 9(a): Overview of Rule Change Proposals (as at 3 August 2021)

Meeting 2021_08_10

- Changes to the report since 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 Coordinator of Energy (**Coordinator**) or the Minister.

Indicative Rule Change Activity Until the Next MAC Meeting

Reference	Title	Events	Indicative Timing
	TBD		

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

Reference	Submitted	Proponent	Title	Commenced
RC_2014_03	27/11/2014	IMO	Administrative Improvements to the Outage Process	29/06/2021

Rule Change Proposals Awaiting Commencement

Reference	Submitted	Proponent	Title	Commencement
None				

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

Reference	Submitted	Proponent	Title	Rejected
None				

Rule Change Proposals Awaiting Approval by the Minister

Reference	Submitted	Proponent	Title	Approval Due Date
None				

Formally Submitted Rule Change Proposals

Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
Fast Track Rule Change Proposals with Consultation Period Closed						
None						
Fast Track Rule Change Proposals with Consultation Period Open						
None						
Standard Rule Change Proposals with Second Submission Period Closed						
RC_2019_03	17/12/2020	ERA	Method used for the assignment of Certified Reserve Capacity to Intermittent Generators	High	Publication of Final Rule Change Report	31/12/2021
Standard Rule Change Proposals with Second Submission Period Open						
None						

Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
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Standard Rule Change Proposals with First Submission Period Closed

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	31/12/2021
RC_2018_03	01/03/2018	Collgar Wind Farm	Capacity Credit Allocation Methodology for Intermittent Generators	Medium	Publication of Draft Rule Change Report	31/12/2021
RC_2019_01	21/06/2019	Enel X	The Relevant Demand calculation	Medium	Publication of Draft Rule Change Report	31/12/2021

Standard Rule Change Proposals with the First Submission Period Open

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Pre-Rule Change Proposals

Reference	Proponent	Description	Next Step	Date
RC_2020_04	Rule Change Panel	Balancing Facility Loss Factor Adjustment	Consult with the MAC on the priority for development of a Rule Change Proposal	TBD
TBD	Perth Energy	Issues with Reserve Capacity Testing	Submit Pre-Rule Change Proposal	TBD

Rule Changes Made by the Minister and Awaiting Commencement

Gazette	Date	Title	Commencement
2021/96	28/05/2021	Wholesale Electricity Market Amendment (Miscellaneous Amendments No. 1) Rules 2021	<ul style="list-style-type: none"> • Schedule C will commence immediately after the commencement of the Amending Rules in: <ul style="list-style-type: none"> ○ the <i>Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019</i>, that commence on 01/10/2021 ○ Schedule C of the <i>Wholesale Electricity Market Amendment (Tranche 1 Amendments) Rules 2020</i>, that commence on 01/10/2021 • Schedule D will commence immediately after the commencement of the <i>Wholesale Electricity Market Amendment (Tranches 2 and 3 Amendments) Rules 2020</i> specified in Part 4 of the commencement notice published on 28/05/2021 in Gazette 2021/96, that commence on 01/03/2022 • Schedule E will commence at times specified by the Minister in notices published in the Gazette
20201/17	18/01/2021	Wholesale Electricity Market Amendment (Governance) Rules 2021	<ul style="list-style-type: none"> • Schedule C will commence immediately after the commencement of the Amending Rules in clauses 50 and 62 of Schedule C of the <i>Wholesale Electricity Market Amendment (Tranches 2 and 3 Amendments) Rules 2020</i>
2020/214	24/12/2020	Wholesale Electricity Market Amendment (Tranches 2 and 3 Amendments) Rules 2020	<ul style="list-style-type: none"> • Amending Rules in Schedule C will commence at the times specified by the Minister in notices published in the Gazette: <ul style="list-style-type: none"> ○ The Amending Rules specified in Part 2 of the commencement notice published on 28/05/2021 in Gazette 2021/96 will commence immediately after commencement of the Amending Rules in the <i>Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019</i> that commence on 01/10/2021 ○ The Amending Rules specified in Part 3 of the commencement notice published on 28/05/2021 in Gazette 2021/96 will commence on 01/11/2021 ○ The Amending Rules specified in Part 4 of the commencement notice published on 28/05/2021 in Gazette 2021/96 will commence on 01/03/2022

Gazette	Date	Title	Commencement
2020/196	24/11/2020	Wholesale Electricity Market Amendment (Tranche 1 Amendments) Rules 2020	<ul style="list-style-type: none"> <li data-bbox="929 236 1534 268">• Schedule C will commence on 01/10/2021
2020/24	21/02/2020	Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019	<ul style="list-style-type: none"> <li data-bbox="929 379 1646 411">• The second tranche will commence on 01/10/2021



Agenda Item 10: Changes to the MAC Constitution

10 August 2021

Under clause 2.3.2 of the Wholesale Electricity Market (**WEM**) Rules, the Coordinator is required to develop and publish a constitution (**MAC Constitution**) for the Market Advisory Committee (**MAC**).

The current MAC Constitution, which was developed by the former Rule Change Panel, requires amendment to reflect the changes to the WEM governance arrangements contained in Schedule B of the *Wholesale Electricity Market Amendment (Governance) Rules 2021*, which commenced on 1 July 2021.

The proposed amendments to the MAC Constitution are presented in Attachment 1 of this paper.

Under clause 2.3.4 of the WEM Rules, the Coordinator must invite public submissions when developing or amending the MAC Constitution.

Recommendation:

The MAC Secretariat recommends that the MAC:

- discusses the proposed amendments to the MAC Constitution; and
- notes that the Coordinator intends to publish an invitation for submissions on the proposed amendments in the near future.



Constitution of the Market Advisory Committee

~~3 January 2019~~ xx August 2021

1. Introduction

- 1.1. The Wholesale Electricity Market (WEM) Rules (~~Market Rules~~) are made under the *Electricity Industry (Wholesale Electricity Market) Regulations 2004* (**Regulations**) and in accordance with section 123 of the *Electricity Industry Act 2004* (**Act**).
- 1.2. The ~~Rule Change Panel's Coordinator of Energy's~~ (**Coordinator**) functions are specified in clause ~~2.2B.2~~ 2.2D.1 of the ~~Market-WEM~~ Rules and are to:
 - (a) administer the ~~Market-WEM~~ Rules;
 - (b) develop amendments to the ~~Market-WEM~~ Rules and replacements for them;
 - (c) consider and, in consultation with the Market Advisory Committee, progress the evolution and development of the WEM and the WEM Rules;
 - (d) undertake reviews and consultation as required under the WEM Rules;
 - (e) provide MAC Secretariat services to the Market Advisory Committee and support the independent Chair of the Market Advisory Committee (independent Chair);
 - (ef) develop ~~Market-WEM~~ Procedures, and amendments and replacements for them, where required by the ~~Market-WEM~~ Rules;
 - (eg) do anything that the ~~Rule Change Panel Coordinator~~ determines to be conducive or incidental to the performance of the functions set out in clause ~~2.2B.2~~ 2.2D.1 of the ~~Market-WEM~~ Rules; and
 - (eh) carry out any other functions conferred, and perform any obligations imposed, on ~~it-her or him~~ under the ~~Market-WEM~~ Rules.
- 1.3. The ~~Rule Change Panel Coordinator~~ must not make Amending Rules unless ~~it-she or he~~ is satisfied that the ~~Market-WEM~~ Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives.
- 1.4. The Wholesale Market Objectives are contained within section 122 of the Act and clause 1.2.1 of the ~~Market-WEM~~ Rules (see Appendix 1 of this Constitution).
- 1.5. This Constitution of the Market Advisory Committee is prepared in accordance with clause 2.3.2 of the ~~Market-WEM~~ Rules.
- 1.6. Terms used in this Constitution have the same meaning as defined in the ~~Market WEM~~ Rules.

- 1.7. If a provision of this Constitution is inconsistent with a higher order document (the Act, Regulations, Market-WEM Rules or a Market-WEM Procedure), then the provision in the higher order document prevails to the extent of the inconsistency.

2. Terms of Reference

- 2.1. The Market Advisory Committee is a committee of industry stakeholder representatives convened by the Rule Change Panel Coordinator to ~~advise~~:
- (a) advise the Rule Change Panel Coordinator regarding Rule Change Proposals;
 - (b) advise the Rule Change Panel, AEMO (including in its capacity as System Management) and the Economic Regulation Authority (ERA) the Australian Energy Market Operator (AEMO), the Economic Regulation Authority (ERA), the Coordinator and Network Operators regarding Procedure Change Proposals;
 - (c) AEMO on development of Rule Change Proposals, where requested by AEMO advise the Coordinator, AEMO and the ERA on the development of Rule Change Proposals where requested by the Coordinator, AEMO or the ERA in accordance with clauses 2.5.1A, 2.5.1B or 2.5.1C of the WEM Rules;
 - (d) ERA on development of Rule Change Proposals, where requested by ERA; and advise the Coordinator regarding matters concerning, and the Coordinator's plans for, the evolution and development of the WEM and the WEM Rules; and
 - (e) the Rule Change Panel regarding matters concerning the evolution of the Market Rules. provide assistance to the Coordinator in her or his monitoring role under clauses 2.16.13A and 2.16.13B of the WEM Rules.
- 2.2. In carrying out its functions, the Market Advisory Committee must have regard to the Wholesale Market Objectives as set out in clause 1.2.1 of the Market-WEM Rules and any recommendations made by the Market Advisory Committee must be consistent with the Wholesale Market Objectives.
- 2.3. Market Advisory Committee members or their proxies are required to act in the best interests of the Wholesale Electricity Market WEM.
- 2.4. Market Advisory Committee members do not vote on issues and must endeavour to reach a consensus on any issue before the committee. If, after allowing a reasonable time for discussion, the independent Chair of the Market Advisory Committee determines that a consensus position either will not be achieved, or is unlikely to be achieved within a time which is reasonable in the circumstances, then the independent Chair must provide advice to the Coordinator which reflects any majority view and which includes or is accompanied by the dissenting views. Any recommendations of the Market Advisory Committee are based on a consensus of the views expressed by the members, excluding observers.
- 2.5. The Market Advisory Committee may establish Working Groups comprised of representatives of Rule Participants and other interested stakeholders to assist it in advising the Rule Change Panel Coordinator, ERA, and AEMO and Network Operators.

3. Membership Terms

- 3.1. ~~The MAC must be comprised of what is specified in clause 2.3.5 of the Market Rules~~In accordance with clause 2.3.5 of the WEM Rules, the Market Advisory Committee must comprise:
- (a) at least ~~three~~six and not more than ~~four~~eight members representing Market ~~Generators~~Participants, excluding Synergy;
 - (b) at least one member and not more than two representing Contestable Customers;
 - (c) at least one and not more than two members representing Network Operators, of whom one must represent Western Power;
 - ~~(d) at least three and not more than four members representing Market Customers;~~
 - ~~(e) one member~~at least two independent members nominated by the Minister to represent small-use consumers;
 - ~~(f) one member representing System Management;~~
 - ~~(g) one member~~two members representing AEMO;
 - ~~(h) one member representing Synergy; and~~
 - ~~(i) a Chairperson~~an independent Chair, who must be a person appointed by the ~~chairperson of the Rule Change Panel~~Minister under clauses 2.3.8A or 2.3.8D of the WEM Rules.
- 3.2. The Minister may appoint a representative to attend Market Advisory Committee meetings as an observer, as outlined in clause 2.3.6 of the ~~Market~~WEM Rules.
- 3.3. The ERA may appoint a representative to attend Market Advisory Committee meetings as an observer, as outlined in clause 2.3.7 of the ~~Market~~WEM Rules.
- 3.4. ~~Observers are entitled to speak at Market Advisory Committee meetings but do not formally participate in making any recommendations.~~The Coordinator or the independent Chair may invite a person to attend Market Advisory Committee meetings as an observer, either for a specified meeting or meetings or until further notice.

Classes of Members

- 3.5. Members who represent a single entity (~~System Management~~, AEMO, Synergy and Western Power) and the members s nominated by the Minister to represent small-use consumers are compulsory class members.
- 3.6. Members who represent a class of participants but are not compulsory class members (Market ~~Generators, Market Customers~~Participants, Network Operators and Contestable Customers) are discretionary class members.

Proxies

- 3.7. Compulsory class members who are unable to attend a meeting can send an appropriate proxy with similar skills and experience to attend meetings in their place.

- 3.8. Discretionary class members who are unable to attend a meeting can request the attendance of an appropriate proxy (from any organisation which belongs to the same class as the member) who must have similar skills and experience. Discretionary class members cannot send a proxy by right. Permission for the attendance by proxies will be at the ~~Chairperson's independent Chair's~~ discretion.
- 3.9. Observers appointed by the Minister or the ERA can send proxies to attend meetings in their place.

Meeting Attendance

- 3.10. The Market Advisory Committee may continue to perform its functions under section 2.3 of the Market WEM Rules despite any vacancy, provided that a quorum is met (see clauses 6.3 and 6.4 of this Constitution).
- 3.11. Each member is required to make ~~him or~~ himself or himself reasonably available for all meetings. Members who have not been reasonably available for all meetings may be removed by the Rule Change Panel Coordinator under clause ~~4.11~~ 4.12 of this Constitution. Proxies sent by compulsory class members count towards attendance by the compulsory class members. Proxies sent by discretionary class members do not count towards attendance by the discretionary class members.
- 3.12. Each member and observer is required to:
- be prepared for all Market Advisory Committee meetings, to read the papers and to actively contribute to discussions; and
 - not use their position or information gained as a member or observer improperly to gain an advantage for themselves or anyone else, or to cause detriment to the Rule Change Panel Coordinator or the market.
- 3.13. Each member and observer must pay their own expenses associated with participating in the Market Advisory Committee.
- ~~3.14. At the discretion of the Chairperson, other persons may be allowed to attend Market Advisory Committee meetings as observers from time to time.~~

4. Appointing and Replacing Members

- 4.1. The Rule Change Panel Coordinator may appoint members and terminate membership of the Market Advisory Committee in accordance with clauses 2.3.8 and 2.3.11 of the Market WEM Rules; section 4 of this Constitution; and the Market Advisory Committee Appointment Guidelines (if one is published by the Rule Change Panel Coordinator).
- 4.2. In accordance with clause 2.3.5A of the Market WEM Rules, the Rule Change Panel Coordinator must use its-her or his reasonable endeavours to ensure equal representation of Market ~~Generators and Market Customers when appointing or removing members.~~ Participants that:
- own, control or operate an Energy Producing System or Energy Producing Systems within the South West Interconnected System and
 - sell electricity to customers in the South West Interconnected System, when appointing or removing members.

- 4.3. Compulsory class members who represent AEMO, Synergy or Western Power must be nominated to the Coordinator by the represented entity.
- ~~4.34.~~ The Rule Change Panel Coordinator will advertise for nominations for discretionary class members of the Market Advisory Committee on the Rule Change Panel's website Coordinator's Website, by email ~~via the Market Advisory Committee distribution list to recipients of Energy Policy WA's weekly RulesWatch newsletter~~, and via direct contact with appropriate industry groups or any other means the Coordinator considers appropriate. Any company or individual can make nominations.
- ~~4.4. An individual may be nominated for the Market Advisory Committee in as many categories as are relevant to the entity they represent and for which the nominee meets the eligibility criteria.~~
- ~~4.5. Of the discretionary class members whose terms expire in February 2019, the Rule Change Panel may appoint one Market Generator representative and one Market Customer Representative for a one-year term; and the remaining appointments for a two-year term.~~
- ~~4.65.~~ Thereafter, eEach member appointed following an annual composition review will usually be appointed for ~~has~~ a term of two years, subject to any earlier termination.
- 4.6. The Coordinator may appoint members following an annual composition review for a term shorter or longer than two years, including to ensure that the terms of half of the members in each class of discretionary members expire each year.
- 4.7. Where a member is appointed to a vacated position on the Market Advisory Committee that is not vacated due to the expiration of the position's term, the term of the replacement member is for the duration of the previous member's remaining length of tenure.
- ~~4.8. There are no restrictions on the number of times a member can be reappointed to the Market Advisory Committee~~A member may be reappointed to the Market Advisory Committee unless she or he has been a member for six or more years of the period that begins on 1 January 2021 and ends at the time the proposed reappointment period begins.
- 4.9. With the exception of AEMO, no more than one individual from the same employing organisation can be a member of the Market Advisory Committee at any one time.
- 4.10. When appointing and removing members of the Market Advisory Committee, the Rule Change Panel Coordinator will consult with the independent Chair, and take nominations from Rule Participants and industry groups, that it considers relevant to the Wholesale Electricity Market WEM.
- 4.11. If practicable, and taking into account the requirements of the Market WEM Rules regarding the Market Advisory Committee composition, the Rule Change Panel Coordinator will choose members from among those persons nominated. ~~Details of the nomination process are provided in the Market Advisory Committee Appointment Guidelines published on the Rule Change Panel's website.~~
- ~~4.142.~~ Each year the Rule Change Panel Coordinator will review the performance and attendance of all Market Advisory Committee members in consultation with the independent Chair. Following the review, if the Rule Change Panel Coordinator determines that a member has not met the requirements of members as set out in this

Constitution or the Market Advisory Committee Appointment Guidelines (if one is published by the Coordinator), then the Rule Change Panel Coordinator may:

- (a) for a compulsory class member, request the party that has appointed the member to nominate another member; or
- (b) for a discretionary class member, terminate the membership of, or decide to not reappoint the member, and must then follow the process to fill the vacancy as set out in clauses 4.10 and 4.11 of this Constitution.

4.123. The Rule Change Panel Coordinator may also remove a member of the Market Advisory Committee at any time in the circumstances described in clause 2.3.11 of the Market WEM Rules.

4.134. A member of the Market Advisory Committee may resign by giving notice to the Rule Change Panel Coordinator in writing ~~or by email~~. The Rule Change Panel Coordinator, subject to clause 2.3.13 of the Market WEM Rules, may appoint a replacement member for the duration of the previous member's remaining length of tenure.

4.145. When a position on the Market Advisory Committee is vacant at any time for any reason, the Rule Change Panel Coordinator must, in accordance with ~~comply~~ with clause 2.3.13 of the Market WEM Rules, ~~and~~ use reasonable endeavours to appoint a suitable person to fill the position. For the avoidance of doubt, the MAC Market Advisory Committee can continue to perform its functions despite any vacancy.

- (a) For compulsory class members, the Rule Change Panel Coordinator will request that a suitably qualified replacement nominee is provided to attend meetings.
- (b) For discretionary class members, the Rule Change Panel Coordinator will appoint a suitable representative, as per clauses 4.10 and 4.11 of this Constitution, and in accordance with the requirements of the Market WEM Rules ~~and the Market Advisory Committee Appointment Guidelines~~. ~~The term of the replacement member is for the duration of the previous member's remaining length of tenure.~~

5. Convening the Market Advisory Committee

5.1. The RGP Secretariat ~~(as the secretariat of the Market Advisory Committee)~~ independent Chair must convene the Market Advisory Committee ~~on behalf of the Rule Change Panel~~:

- (a) in relation to a Rule Change Proposal, where the Rule Change Panel independent Chair or the Coordinator considers that advice is required from the Market Advisory Committee, in which case the meeting will be called before the due date for submissions on the proposed changes;
- (b) in relation to a Procedure Change Proposal, where the Rule Change Panel, independent Chair, the Coordinator, AEMO or the ERA considers that advice is required from the Market Advisory Committee or a Network Operator considers that advice is required from the Market Advisory Committee on a Procedure Change Proposal it has prepared, in which case the meeting will be called before the due date for submissions on the proposed changes;

- (c) in relation to a Rule Change Proposal or Procedure Change Proposal, where two or more members of the Market Advisory Committee have informed the Rule Change Panel independent Chair in writing ~~or by email~~ that they consider that advice is required from the Market Advisory Committee;
- (d) on any occasion when two or more members of the Market Advisory Committee have informed the RCP Secretariat independent Chair in writing ~~or by email~~ that they wish to bring a matter regarding the evolution or the development of the WEM or the WEM Rules before the Market Advisory Committee for discussion; ~~and~~
- (e) on any occasion the Coordinator has informed the independent Chair that she or he wishes to bring a matter regarding the evolution or the development of the WEM or the WEM Rules before the Market Advisory Committee for discussion; and
- ~~(ef)~~ where possible practicable, consistent with the provisional schedule of Market Advisory Committee meetings issued annually by the RCP Secretariat ~~MAC Secretariat~~.

6. Conduct of Meetings

- 6.1. The Chairperson independent Chair may determine procedures for meetings of the Market Advisory Committee.
- 6.2. The Market Advisory Committee may provide advice or make recommendations to the Coordinator on an issue ~~if consensus is achieved~~. Any advice or recommendations made by the Market Advisory Committee must be based on the consensus ~~decision of achieved by~~ members, excluding the opinion of observers. Where a consensus cannot be achieved after allowing reasonable time for discussion, the independent Chair must provide advice to the Coordinator which reflects any majority view, and which includes or is accompanied by the dissenting views.
- 6.3. The Market Advisory Committee can only make a recommendation to the Rule Change Panel Coordinator if a quorum of members is present at the time relevant discussion.
- 6.4. A quorum requires at least:
 - (a) 50% percent of total current members ~~to be present at the meeting~~;
 - (b) one member representing Market Generators; and one member representing small-use consumers;
 - ~~(c) one member representing Market Customers.~~
 - (c) two discretionary class members representing Market Participants that own, control or operate an Energy Producing System or Energy Producing Systems in the South West Interconnected System; and
 - (d) two discretionary class members representing Market Participants that sell electricity to customers in the South West Interconnected System, to be present at the meeting.

~~6.5. The Chairperson may, in relation to any matter under consideration by the Market Advisory Committee, require all members and observers to treat the matter as confidential until advised otherwise. All members and observers must comply with that requirement.~~

6.65. Meetings of the Market Advisory Committee may be called or held using any technology determined by the Chairperson-independent Chair and at a location nominated by the Chairperson-independent Chair.

6.76. Meetings of the Market Advisory Committee are recorded for the purpose of ensuring the accuracy of meeting minutes. These recordings are therefore considered temporary and once the minutes of a meeting are confirmed the recordings from that meeting are no longer considered necessary and will be periodically deleted ~~by the RCP Secretariat~~.

6.87. The Chairperson-independent Chair may, at ~~his or her~~ or his discretion, approve late papers for a Market Advisory Committee meeting.

7. Role of the Market Advisory Committee MAC Secretariat and independent Chair

7.1. The ~~RCP MAC~~ Secretariat will provide secretariat services to the Market Advisory Committee and support the independent Chair, including in performing the functions in sections 7.2 and 7.3 of this Constitution.

7.2. The ~~RCP Secretariat-MAC Secretariat~~ will:

- (a) develop and issue a provisional schedule of meetings ~~annually~~ (under the direction of the independent Chair) and maintain the diary of the Market Advisory Committee;
- (b) compile the meeting papers and send them by email to all members and observers of the Market Advisory Committee and publish the papers on the ~~Rule Change Panel's website~~ Coordinator's Website. The ~~RCP Secretariat MAC Secretariat~~ will endeavour to issue papers to all members and observers, at least five Business Days before each meeting, except for any ~~approved~~ late papers approved by the independent Chair;
- (c) prepare the minutes of each Market Advisory Committee meeting and endeavour to send them by email to all members and observers of the Market Advisory Committee within ten Business Days of the meeting; and
- (d) ~~subject to the confidentiality status of the matters in meeting minutes (in accordance with section 10.2 of the Market Rules)~~, publish the minutes on the ~~Rule Change Panel's website~~ Coordinator's Website.

7.3. The independent Chair may develop and submit Rule Change Proposals based on advice received from the Market Advisory Committee regarding the development of the WEM and the WEM Rules.

8. Interaction between the Market Advisory Committee and the ~~Rule Change Panel and RCP Secretariat~~, the Coordinator and the independent Chair

- 8.1. All written communications related to the activities of the Market Advisory Committee from the members and observers of the Market Advisory Committee must be sent to the ~~RCP Secretariat~~ MAC Secretariat.
- 8.2. Communications between the members and observers of the Market Advisory Committee and the ~~RCP Secretariat~~ MAC Secretariat will be via email to the email address published on the ~~Rule Change Panel's website~~ Coordinator's Website.
- 8.3. The ~~Rule Change Panel~~ Coordinator will provide the independent Chair, members and observers of the Market Advisory Committee with information in her or his possession that is directly relevant to the issues being addressed (subject to clause 10.2.4 of the ~~Market~~ WEM Rules).
- 8.4. After the publication of a notice of a Rule Change Proposal, the ~~Rule Change Panel~~ Coordinator will notify the independent Chair, and members and observers of the Market Advisory Committee (in accordance with clause 2.7.4 of the ~~Market~~ WEM Rules) via email, as to whether the ~~Rule Change Panel~~ Coordinator considers that advice on the proposal is required from the Market Advisory Committee and the reasons why.
- 8.5. The ~~Rule Change Panel~~ Coordinator will include in ~~its~~ her or his Draft Rule Change Reports (in accordance with clauses ~~2.7.7 and 2.7.8~~ of the ~~Market~~ WEM Rules) a summary of the views expressed by the members of the Market Advisory Committee (or Market Advisory Committee Working Group), where the Market Advisory Committee (or Market Advisory Committee Working Group) has met to consider a Rule Change Proposal.
- 8.6. The Coordinator will include reasons in her or his Final Rule Change Reports (in accordance with clause 2.7.8(bA) of the WEM Rules) if she or he has decided not to follow partially or fully the advice received from the Market Advisory Committee.
- 8.6.7. The ~~Rule Change Panel~~Coordinator, ERA, Network Operators and AEMO (including in its capacity as System Management) will include in their Procedure Change Reports (in accordance with clause 2.10.13 of the MarketWEM Rules) a summary of the views expressed by the members of the Market Advisory Committee (or Market Advisory Committee Working Group), where the Market Advisory Committee (or Market Advisory Committee Working Group) has met to consider a Procedure Change Proposal.

9. Governance Arrangements Between the Market Advisory Committee and ~~Delegated~~ Working Groups

- 9.1. The Market Advisory Committee may establish and disband Working Groups as per clause 2.3.17 of the ~~Market~~ WEM Rules.
- 9.2. The Market Advisory Committee must determine the scope of work and terms of reference for each Working Group. The Market Advisory Committee may approve any

amendments to the Terms of Reference or membership of any Working Group at any time.

- 9.3. The terms of reference for a Working Group will be tailored to the specific requirements of each Working Group and typically include the:
- (a) background (reason for the establishment of the Working Group);
 - (b) purpose and scope of work of the Working Group;
 - (c) roles and responsibilities of members of the Working Group;
 - (d) membership of the Working Group;
 - (e) administration, secretariat and meeting arrangements for the Working Group; and
 - (f) reporting arrangements to the Market Advisory Committee.
- 9.4. Working Groups must report to the Market Advisory Committee at least once every two months, unless otherwise specified in the terms of reference for the Working Group. Reporting will be via the Working Group secretariat. The Working Group will report to the Market Advisory Committee at other times requested by the Market Advisory Committee. Day-to-day interaction between the Market Advisory Committee and the Working Group will be via the RCP-MAC Secretariat.
- 9.5. Working Groups must refer issues outside the scope of the Working Group's terms of reference back to the Market Advisory Committee for consideration.
- 9.6. Once a Working Group has been established, the Market Advisory Committee delegates to the Working Group the ability to discuss the matters within the scope of the Working Group's terms of reference. The Working Group must report back to the Market Advisory Committee with any recommendations that it determines.
- 9.7. The ~~Market Advisory Committee Secretariat independent Chair~~ must, through the MAC Secretariat, inform the ~~Rule Change Panel Coordinator~~ if the Market Advisory Committee establishes a Working Group, and must provide the ~~Rule Change Panel Coordinator~~ with a copy of the terms of reference for each Working Group.

Appendix 1 Wholesale Market Objectives

The Wholesale Market Objectives, as outlined in section 122 of the Act and clause 1.2.1 of the Market-WEM Rules are:

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



Agenda Item 11: Approval of Changes to the Terms of Reference for the AEMO Procedure Change Working Group

10 August 2021

The AEMO Procedure Change Working Group (**APCWG**) was established by the Market Advisory Committee (**MAC**) under clause 2.3.17(a) of the Wholesale Electricity Market (**WEM**) Rules to assist the MAC in fulfilling its obligation under clause 2.3.1(b) of the WEM Rules to provide advice to the Australian Energy Market Operator (**AEMO**) regarding Procedure Change Proposals.

The APCWG's scope of work includes consideration, assessment and development of changes to WEM Procedures that the WEM Rules require AEMO to develop.

Under clause 9.2 of the MAC Constitution, the MAC must determine the scope of work and terms of reference for each Working Group. The MAC may approve any amendments to the terms of reference or membership of any Working Group at any time.

The terms of reference for the APCWG (**Terms of Reference**) require amendments to reflect:

- the commencement of the Amending Rules in Schedule B, Part 2 of the *Wholesale Electricity Market Amendment (Tranche 1 Amendments) Rules 2021* on 1 February 2021, which replaced the defined terms 'Market Rules', 'Market Procedure', 'Power System Operation Procedure' and 'Market Web Site' with 'WEM Rules', 'WEM Procedure', and 'WEM Website'; and
- the commencement of the Amending Rules in Schedule B of the *Wholesale Electricity Market Amendment (Governance) Rules 2021* on 1 July 2021, which made several relevant changes to the WEM governance arrangements.

The proposed amendments to the Terms of Reference are presented in Attachment 1 of this paper.

Recommendation:

The MAC Secretariat recommends that the MAC approves the proposed amendments to the Terms of Reference presented in Attachment 1 of this paper.



AEMO Procedure Change Working Group Terms of Reference

Version 2: ~~19 July 2017~~xx August 2021

1. Background

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

2. Scope of Work

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

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

3. Membership

The APCWG has a Chair appointed by AEMO. AEMO may replace the Chair at any time and must promptly advise the MAC via the [RCPMAC](#) Secretariat.

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

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

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



4. Responsibilities of Meeting Attendees

A person attending an APCWG meeting is expected to:

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

5. Administration

The secretariat for the APCWG will be provided by AEMO.

AEMO must maintain contact details for the APCWG on the [Market Web Site](#) [WEM Website](#).

The APCWG Chair will convene the APCWG upon request from AEMO or the [independent Chair of the MAC](#) ~~Chair~~.

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

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

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

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

Attendees will be expected to:

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

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

Where AEMO considers that a meeting is unnecessary or impractical in respect of a particular [Market](#) [WEM](#) Procedure issue or proposal, AEMO may choose to distribute [Market](#) [WEM](#)



Procedure documentation to the APCWG out of session¹. In this case, AEMO must provide stakeholders with at least 10 Business Days to provide feedback (by email) on the issue or proposal.

6. Reporting Arrangements

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

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

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

7. Contact Details

Market Participants and other stakeholders may contact the APCWG Secretariat at wem.apcwg@aemo.com.au. Documentation and information related to the APCWG will be published on the [Market Web Site](#) ~~WEM Website~~.

¹ For example, this option may be preferred where minor changes to a single ~~WEM~~ [Market](#) Procedure are being proposed,



Agenda Item 12: MAC Meeting Schedule for 2021

10 August 2021

The independent Chair, in consultation with the Coordinator, has decided that the Market Advisory Committee (**MAC**) will continue to meet every six weeks except over the Christmas and New Year period.

The proposed meeting dates for the remainder of 2021 are:

- Tuesday 21 September 2021;
- Tuesday 2 November 2021; and
- Tuesday 14 December 2021.

Recommendation:

The independent Chair recommends that the MAC considers and agrees with the proposed MAC meeting dates for the remainder of 2021.