



Minutes

Meeting Title:	Market Advisory Committee (MAC)
Date:	14 December 2021
Time:	9:35am – 10:20am
Location:	Level 1, 66 St Georges Terrace, Perth

Attendees	Class	Comment¹
Peter Kolf	Chair	
Martin Maticka	Australian Energy Market Operator (AEMO)	VC
Dean Sharafi	AEMO	
Zahra Jabiri	Network Operator	
Angelina Cox	Synergy, proxy for Jo-Anne Chan	VC
Paul Keay	Small-Use Consumer Representative	
Noel Schubert	Small-Use Consumer Representative	
Geoff Gaston	Market Customer	
Timothy Edwards	Market Customer	
Patrick Peake	Market Customer	
Wendy Ng	Market Generator	
Jacinda Papps	Market Generator	
Tom Frood	Market Generator	VC
Daniel Kurz	Market Generator	
Peter Huxtable	Contestable Customer	
Noel Ryan	Observer appointed by the Minister	
Sara O'Connor	Observer appointed by the Economic Regulation Authority (ERA)	Proxy for Rajat Sarawat, VC

Also in Attendance	From	Comment
Dora Guzeleva	MAC Secretariat	Observer
Stephen Eliot	MAC Secretariat	Observer VC
Jenny Laidlaw	MAC Secretariat	Observer VC

¹ 'VC' indicates attendance via videoconference

Also in Attendance	From	Comment
Isaac George	MAC Secretariat	Observer VC
Rebecca White	Collgar Wind Farm	Observer VC

Apologies	From	Comment
Rajat Sarawat	ERA	
Jo-Anne Chan	Synergy	

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting at 9:35am with an Acknowledgement of Country and welcomed members and observers to the 14 December 2021 MAC meeting.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted the attendance as listed above.</p>	
3	<p>Minutes of Meeting 2021_11_02</p> <p>Draft minutes of the MAC meeting held on 2 November 2021 were circulated on 24 November 2021. The Chair noted that a revised draft of the minutes showing some tracked changes was distributed in the meeting papers.</p> <p>The MAC accepted the revised minutes as a true and accurate record of the meeting.</p> <p>Action: MAC Secretariat to publish the minutes of the 2 November 2021 MAC meeting on the Coordinator's Website as final.</p>	<p>MAC Secretariat</p>
4	<p>Action Items</p> <p>The MAC noted that all action items were closed. The closed action items were taken as read.</p>	
5	<p>Market Development Forward Work Program</p> <p>The paper was taken as read.</p> <p>Ms Dora Guzeleva noted that the Energy Policy WA (EPWA) had appointed Robinson Bowmaker Paul (RBP) as consultants for the Reserve Capacity Mechanism (RCM) Review and started planning with RBP for the review. An RCM Review Working Group meeting would be scheduled for 20 January 2021.</p>	
6	<p>Update on Working Groups</p> <p>(a) AEMO Procedure Change Working Group (APCWG)</p> <p>Mr Martin Maticka advised that the APCWG met on 30 November 2021 to discuss changes to the WEM Procedure: Prudential Requirements and that consultation on the proposed procedure change would commence on 17 December 2021.</p>	

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7	<p>Rule Changes</p> <p>(a) Overview of Rule Change Proposals</p> <p>The Chair noted that the Coordinator would publish extension notices in December 2021 to extend the next deadline to 30 December 2022 for the following Rule Change Proposals:</p> <ul style="list-style-type: none"> • RC_2014_05 (Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price); • RC_2018_03 (Capacity Credit Allocation Methodology for Intermittent Generators), • RC_2019_01 (The Relevant Demand calculation); and • RC_2019_03 (Method used for the assignment of Certified Reserve Capacity to Intermittent Generators). 	
8	<p>Cost Allocation Review – Scope of Work and Working Group Formation</p> <p>The Chair noted the papers for this agenda item and asked the MAC to:</p> <ul style="list-style-type: none"> • provide comments on the revised Scope of Work for the Cost Allocation Review; and • approve the formation of, and the Terms of Reference for the Cost Allocation Review Working Group. <p>Ms Guzeleva noted that the revised Scope of Work provides additional detail on the timing and staging for the review.</p> <p>Mr Dean Sharafi noted that AEMO had proposed wording changes on page 8 of the Scope of Work from “RoCoF Safe Limit” to “RoCoF Ride-Through Cost Recovery Limit”; and that AEMO supported the Scope of Work and the proposed Terms of Reference. Ms Guzeleva agreed with the wording change.</p> <p>Mrs Jacinda Papps asked whether EPWA had considered mapping the timing for the EPWA and ERA work programs and for the MAC and other stakeholder forums to see how they fitted together, as significant overlaps and resourcing constraints may prevent the best outcomes from these processes. Ms Guzeleva agreed that resourcing was a problem and that EPWA had considered the work programs for the MAC, Gas Advisory Board and Pilbara Advisory Committee, but not the ERA work program. Ms Guzeleva indicated that the Procedure Change Review had been deferred due to time and resource constraints and that the Cost Allocation Review could be deferred if time and resource constraints became problematic.</p> <p>Mr Noel Schubert noted that the Expert Consumer Panel supported the causer pays principle but suggested that there should also be adequate mechanisms to reward Market Participants that help resolve problems. Ms Guzeleva suggested that this was addressed by guiding principle (3) – that the cost allocation methodology should “provide effective incentives to Market Participants to</p>	

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	<p>operate efficiently to minimise the overall cost to consumers”.</p> <p>Mr Peter Huxtable suggested that principle (3) should be expanded to ensure that it covered Mr Schubert’s issue.</p> <p>Mr Tom Frood noted that Facilities were required to respond to frequency excursions outside a specified dead band and questioned how this requirement would interact with the upcoming Essential System Services (ESS) markets. Mr Frood considered that further clarity was needed, particularly if Facilities were using different dead bands so that some Facilities may try to respond to a frequency excursion, while others may not.</p> <p>Mr Schubert asked whether incentives existed to reward a Facility that was more responsive in addressing frequency excursions, compared to a Facility that fails to react.</p> <p>Mr Sharafi indicated that ESS providers will be rewarded if they react quickly. Ms Guzeleva indicated that this is a key question for the Review (i.e. whether an incentive can be provided for people to help the situation).</p> <p>Ms Wendy Ng indicated that all generators would have a dead band and are supposed to respond to frequency deviations within that dead band – the question was whether this was a free service or would generators be rewarded. Mr Sharafi indicated that droop response was mandated through the Technical Rules. Ms Guzeleva indicated that these minimum standards were outside the scope of the review.</p> <p>Mr Schubert noted that household inverters would be capable of assisting, but there was no mechanism for an aggregator of household response to participate. Ms Guzeleva indicated that this was part of the Distributed Energy Resources (DER) work that was underway.</p> <p>Mr Frood suggested that it would make sense to align the dead bands of Facilities, and for those that contribute to addressing frequency excursions to be paid but noted that this may not be possible given grandfathering arrangements.</p> <p>Ms Rebecca White asked whether the scope of the review included developing cost recovery methods that will apply from the start of 5-minute settlement in 2025, or if the scope was limited to apply from market start. Ms Guzeleva replied that the review has been staged and that the data requirements can be assessed after the policy matters have been considered.</p> <p>Ms Angelina Cox noted that peak demand was getting later, that residential customers’ PV was treated as reduced demand rather than generation, and that large customers were reducing their load, so there may be some gaming in the system. Ms Cox asked whether the Cost Allocation Review could consider the impact on residential customers. Ms Guzeleva indicated that the RCM Review, not the Cost Allocation Review, would consider the impact of load</p>	

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	<p>response during peak and whether changes need to be made to the Individual Reserve Capacity Requirement arrangements.</p> <p>Ms Cox noted that the schedule for the review was very aggressive and coincided with market readiness and the RCM Review, and asked whether the schedule was open to change. Ms Guzeleva indicated that the timeline was flexible depending on the MAC's priorities. Mr Huxtable and Mr Schubert suggested that the MAC needed to proceed with the Cost Allocation Review. Mr Daniel Kurz suggested that the timeline could be adjusted if the resourcing demands became too onerous.</p> <p>Ms Guzeleva indicated that the MAC Secretariat would commence procurement for a consultant to support the Cost Allocation Review and would seek nominations for the Cost Allocation Review Working Group in January 2022.</p> <p>The MAC approved:</p> <ul style="list-style-type: none"> the formation of the Cost Allocation Review Working Group; and the Terms of Reference for the Cost Allocation Review Working Group. 	
9	Update on the Amending Rules implementing the Energy Transformation Strategy	
	<p>Ms Guzeleva advised that the Minister had approved the Tranche 5 Amending Rules, which would be published in the Gazette on 17 December 2021. Ms Guzeleva provided an overview of the Tranche 5 Amending Rules and noted that some of the Amending Rules would commence immediately after Gazettal.</p>	
10	Schedule of MAC Meetings for 2022	
	<p>The MAC agreed to the proposed schedule of meetings for 2022.</p>	
11	General Business	
	<p>Ms Guzeleva noted that a call for nominations had been published for the MAC and that nominations would close on 19 January 2021.</p> <p>No other general business was raised.</p> <p>The next MAC meeting is scheduled for 8 February 2022.</p>	

The meeting closed at 10:20am.