



Minutes

Meeting Title:	Market Advisory Committee (MAC)
Date:	1 March 2022
Time:	9:35am – 11:10am
Location:	Videoconference (Microsoft Teams)

Attendees	Class	Comment¹
Sally McMahon	Chair	
Martin Maticka	Australian Energy Market Operator (AEMO)	
Dean Sharafi	AEMO	
Zahra Jabiri	Network Operator	
Genevieve Teo	Synergy	
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	
Rebecca White	Market Generator	
Paul Arias	Market Customer	
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

Also in Attendance	From	Comment
Tom Frood	Outgoing MAC Member (Market Generator)	Observer
Dora Guzeleva	MAC Secretariat	Observer
Laura Koziol	MAC Secretariat	Observer

Also in Attendance	From	Comment
Richard Bowmaker	Robinson Bowmaker Paul (RBP)	Presenter
Ajith Sreenivasan	RBP	Observer
Apologies	From	Comment
Rajat Sarawat	ERA	

Item	Subject	Action
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1 Welcome

The Chair opened the meeting at 9:35am. She introduced herself as this was her first MAC meeting and noted that she would like to meet members individually.

The Chair continued with an Acknowledgement of Country.

The Chair thanked the outgoing interim Chair, Mr Peter Kolf.

The Chair noted that meetings should only be attended by members, statutory observers and observers with a role in that meeting to encourage effective discussion. Other stakeholders can raise any issues through the appropriate MAC representative or statutory observers.

The Chair reminded members and statutory observers that the MAC must consider the interest of the WEM. The Chair asked members to and relate their views to the interests of the WEM when providing advice.

The Chair welcomed the two newly appointed MAC members Rebecca White and Paul Arias (both representing Market Generators) and the reappointed MAC member Tim Edwards (representing Market Customers).

The Chair thanked the outgoing MAC members Tom Froud and Daniel Kurz for their service.

The Chair advised of two potential conflicts:

1. The Chair is currently the Head of Economic Regulation and Energy Policy at Spark Infrastructure. At this point Spark has no interest and is pursuing no interest in Western Australia. Therefore, the Chair considers that her involvement does not present a conflict of interest.
2. The Chair holds a position as expert panel member on the WA Electricity Review Board. There is a live proceeding between Synergy and the ERA which is yet to conclude. The Chair considered that if the MAC discusses any issues that may be relevant for that case it may present a conflict of interest. The Chair noted that, to manage such potential conflict of interest, she would excuse herself from any such discussion.

The Chair noted that, following the Coordinator's review of the MAC Constitution, the revised constitution has been approved and published on Energy Policy WA's website

Item	Subject	Action
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted the attendance as listed above.</p>	
3	<p>Minutes of Meeting 2021_12_14</p> <p>Draft minutes of the MAC meeting held on 14 December 2021 were circulated on 20 December 2021. The MAC accepted the minutes as a true and accurate record of the meeting.</p> <p>Action: MAC Secretariat to publish the minutes of the 14 December 2021 MAC meeting on the Coordinator’s Website as final.</p>	<p>MAC Secretariat</p>
4	<p>Action Items</p> <p>The Chair noted there are no open action items.</p>	
5	<p>Market Development Forward Work Program</p> <p>The paper was taken as read. The following issue was discussed:</p> <ul style="list-style-type: none"> Mr Martin Maticka suggested to close item 22 because most of the issue had been addressed through the changes to the relevant WEM Procedure: Prudential Requirements, that would be discussed under agenda item 6a. Mr Maticka noted that the market mechanisms will change substantially at the start of the new WEM next year. <p>Mr Geoff Gaston considered that item 22 should be left open and be revisited in six months. Mr Gaston noted that the procedure change only addressed part of the issue and that the new market was already delayed by another 12 months.</p> <p>The Chair asked Mr Gaston to specify his concerns. Mr Gaston replied, that addressing the remaining issue will require a complex rule change and that his concern is that such a change would take too long considering that the new market is to commence in about 18 months.</p> <p>The Chair suggested to meet with Mr Gaston and Mr Maticka offline to determine the outstanding issue and amend issue 22 accordingly.</p> <p>Action: The Chair, Mr Maticka and Mr Gaston to meet to discuss Id 22</p>	<p>Chair, AEMO and Mr Gaston</p>
6	<p>Update on Working Groups</p> <p>(a) AEMO Procedure Change Working Group (APCWG)</p> <p>Mr Martin Maticka noted that AEMO received one submission on its Procedure Change Proposal AEPC_2021_04, that sought changes to the WEM Procedure: Prudential Requirements. The procedure change commenced on 28 February 2022 and will apply to AEMO’s current biannual credit limit review.</p>	

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	<p>Mr Maticka advised that AEMO has appointed Mike Hales as the new Chair of the APCWG.</p>	
	<p>(b) RCM Review Working Group (RCMRWG)</p> <p>Ms Dora Guzeleva noted that the Reserve Capacity Mechanism Review Working Group that had been established on 2 November 2021, included 15 members and that the two meetings in January and February 2022 had been very effective.</p> <p>Ms Guzeleva advised that Energy Policy WA engaged Robinson Bowmaker Paul to support the RCM Review.</p> <p>Ms Guzeleva emphasised that the intent for the modelling is to test and inform RCM Review decisions and the RCM design and that it is not practical to duplicate the Whole of System Plan within the timeframe of the RCM Review.</p> <p>Mr Richard Bowmaker from RBP presented a summary of the proposed modelling methodology, assumptions and scenarios for the RCM Review. The following key issues were discussed:</p> <ul style="list-style-type: none"> • Mr Bowmaker noted that he would not present the appendices of the presentation, but would be available to answer any questions on those. • Mrs Jacinda Papps commented that the RCM should be reviewed in conjunction with the Energy Price Limits because she considered this is important for the overall revenue adequacy for generators. Ms White and Ms Wendy Ng supported Mrs Papps view. <p>Ms White asked how the modelling for the RCM Review will interact with Essential System Services (ESS) price limits that will be assessed as part of the market power mitigation workstream.</p> <p>Ms Guzeleva noted that Energy Policy WA was about to commence its work on the market power mitigation strategy that included a review of the Energy Price Limits. This project will run in parallel with the RCM Review and Energy Policy WA will ensure consistency between the modelling for both reviews. The RCM Review will be one step ahead allowing the modelling from the RCM Review to inform the market power mitigation work.</p> <p>Ms Guzeleva noted that the Energy Transformation Taskforce made some proposals in regards to price limits for ESS that would be taken into account and that the idea is to always have sufficient room below both the energy and the ESS price limits. Ms Guzeleva noted that Energy Policy WA will consult at least twice on the market power mitigation work through the Transformation Design and Operation Working Group (TDOWG) and that the MAC will be fully informed.</p>	

Item	Subject	Action
	<p>The Chair noted that she will discuss documenting the interaction between the RCM Review and the market power mitigation work with Ms Guzeleva offline.</p> <ul style="list-style-type: none"> Mr Dean Sharafi noted that system security issues other than generation adequacy should be addressed through the RCM. Mr Bowmaker noted that different types of system stress will be assessed as part of the RCM Review as per slide 11. Mr Patrick Peak asked whether other financial inputs such as renewable energy certificate costs or government subsidies are considered for the modelling. Mr Bowmaker confirmed that such inputs will be considered. Ms White asked whether regulatory costs such as market fees and network charges are considered in the modelling. Mr Bowmaker confirmed that these costs will be considered under fixed or variable costs. Ms Ng asked how the model will decide what type of plants to build and which plants retire. Mr Bowmaker clarified that the model will assess which of a variety of different technologies is the most likely to enter or exit at each point. Ms Guzeleva noted that, as per the scope of works, the review will not look at particular technologies but at the capabilities of technologies that would be required to fill any potential deficiencies. Therefore, any assumptions about retirement and build decisions will not be based on the technologies but on their capabilities. Mr Peake noted that if revenue is not considered adequate by an investor, plant could be moved to a different location. For example Perth Energy's gas turbines can be moved fairly easy if they are not getting the required revenue. Mr Bowmaker noted that from a modelling perspective such a scenario meant the plant would leave the market. Mrs Papps noted that the certification requirement for Scheduled Generators to demonstrate sufficient fuel contracts and transport arrangements to maintain 14 hours of continuous operation imposes high costs on Market Generators. Mrs Papps considered that it should be assessed whether the 14-hour fuel requirement was still appropriate. Ms Guzeleva noted that the 14-hour fuel requirement will be assessed as part of the development of the method(s) to assign Certified Reserve Capacity (CRC). She also noted that the ideal is to design one method to assign CRC for all technologies. 	

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	<ul style="list-style-type: none"> The Chair asked how the costs of pipeline transport are considered in the model. <p>Mr Bowmaker clarified that the gas prices considered are delivered prices and include the transport costs.</p> <p>The Chair considered that based on the discussion the following issues need to be addressed and documented:</p> <ul style="list-style-type: none"> clarification whether the modelling is based on the current, transitional or future state of the industry; the impact of the RCM Review on Energy Policy WA's market power mitigation work; and whether all relevant causes of system stress are covered by the RCM Review. <p>Ms Guzeleva noted that:</p> <ul style="list-style-type: none"> the modelling will include the current, the transitional and the future state of the industry; the outcome of the modelling for the RCM Review will feed into the market power mitigation work and the modelling will have to commence to inform a more fulsome discussion on how the two projects relate; and the RCM Review will assess the various types of system stress outlined in the scope of works and the presentation. <p>The MAC supported the proposed modelling methodology, assumptions and scenarios for the RCM Review.</p> <p>Action: The Chair and Ms Guzeleva to discuss documenting any interaction between the RCM Review and the market power mitigation work.</p>	<p>Chair and Ms Guzeleva</p>
7	Rule Changes	
	<p>(a) Overview of Rule Change Proposals</p> <p>The paper was taken as read.</p>	
8	<p>Revised Schedule of MAC Meetings for 2022</p> <p>The MAC approved the revised meeting schedule.</p>	
11	<p>General Business</p> <p>Mr Maticka advised that AEMO published the revised timeline for the 2022 Reserve Capacity Cycle and thanked stakeholders who made a submission during the related consultation.</p> <p>The Chair agreed to provide her email address to members and encouraged members to include her in relevant email correspondence with the MAC Secretariat. (Members, please note that the Chair e-mail address is included in the invites for the MAC meetings and published on EPWA's website as part of the MAC membership list here: https://www.wa.gov.au/government/document-collections/market-advisory-committee)</p>	

The meeting closed at 11:35 am.