



Minutes

Meeting Title:	Market Advisory Committee (MAC)
Date:	13 December 2022
Time:	2:00pm –3:34pm
Location:	Videoconference (Microsoft Teams)

Attendees	Class	Comment
Sally McMahon	Chair	
Dean Sharafi	Australian Energy Market Operator (AEMO)	
Martin Maticka	AEMO	
Zahra Jabiri	Network Operator	
Genevieve Teo	Synergy	
Christopher Alexander	Small-Use Consumer Representative	
Noel Schubert	Small-Use Consumer Representative	
Patrick Peake	Market Customer	
Timothy Edwards	Market Customer	
Jacinda Papps	Market Generator	
Rebecca White	Market Generator	
Paul Arias	Market Generator	
Peter Huxtable	Contestable Customer	
Noel Ryan	Observer appointed by the Minister	
Rajat Sarawat	Observer appointed by the Economic Regulation Authority (ERA)	

Also in Attendance	From	Comment
Dora Guzeleva	MAC Secretariat	Observer
Shelley Worthington	MAC Secretariat	Observer
Tim Robinson	Robinson Bowmaker Paul (RBP)	Presenter
Grant Draper	Marsden Jacob Associates (MJA)	Presenter
Peter McKenzie	MJA	Observer

Apologies	From	Comment
Geoff Gaston	Change Energy	

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1	<p>Welcome</p> <p>The Chair opened the meeting at 2:00pm with an Acknowledgement of Country.</p> <p>The Chair advised that she has resigned from her position as a member of the expert panel on the Electricity Review Board (ERB) and no longer a sitting member on the ERA versus Synergy decision process.</p> <p>The Chair also noted any advice to the Coordinator from the MAC presents the views of the MAC and not necessarily represent the views of the Chair.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted the attendance and apologies as listed above.</p> <p>The Chair noted the competition law obligations of the MAC members, asked that members read the paper outlining these obligations and invited members to bring any matters they may identify to the attention of the Chair.</p>	
3	<p>Minutes of Meeting 2022_11_15</p> <p>The MAC accepted the minutes of the 11 November 2022 meeting as a true and accurate record of the meeting.</p> <p>Action: The MAC Secretariat to publish the minutes of the 15 November 2022 MAC meeting on the Coordinator’s Website as final.</p>	<p>MAC Secretariat</p>
4	<p>Action Items</p> <p>The Chair noted there were no open action items.</p>	
5	<p>Market Development Forward Work Program</p> <p>The paper was taken as read.</p>	
6	<p>Update on Working Groups</p> <p>(a) AEMO Procedure Change Working Group (APCWG)</p> <p>Mr Maticka noted there had been a number of submissions received on the AEPC_2022_01 procedure change proposal, which closed for consultation 9 December 2022. The concerns raised matched those that were discussed at the 15 November MAC meeting.</p> <p>Mr Maticka noted that AEMO would take into consideration the queries around the 36 month information requirement, but noted that this was likely to remain. AEMO anticipated publishing the final procedure on 15 December 2022.</p> <p>Mr Maticka noted that AEMO also expected to publish proposed changes to the procedure for the Distributed Energy Resource (DER) Register, which would have a longer consultation period given the Christmas period and that the changes related to incorporating aspects regarding electric vehicles.</p>	

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	<ul style="list-style-type: none"> Mr Arias asked, if the changes to the procedure for certification are finalised in the coming weeks, whether AEMO was planning any changes to the end date for certification applications or is there going to be generator interactions to manage that through. Mr Sharafi noted that he did not expect the date to change and would notify Mr Arias if it did. 	

RCM Review Working Group (RCMRWG)

The papers for agenda item 6(b) were taken as read.

The Chair noted that MAC members are being asked to:

- note the amended draft statement of policy principles, the minutes from the last RCMRWG meeting and an update from the meeting of 24 November;
- support the RCMRWG's assessment and shortlisting of Options 1 and 6 for the implementation of a penalty on high emission technologies;
- inform the Coordinator of preferences for Option 1 or 6 and why; and
- agree with the next steps for finalising the shortlisted options for presentation to the Minister.

Ms Guzeleva noted that the RCMRWG would be meeting the following Thursday to discuss a shortlist of options for the Certification of Intermittent Facilities and was hoping to reach a conclusion on that piece of work in order to move to the rest of the program under the RCM Review, noting many items are outstanding.

Regarding the implementation of the penalty for high emission technologies, Mr Robinson noted that four different options had been presented to the RCMRWG and feedback had been received on those options.

Mr Robinson noted that in each of the sessions, participants had called for clarity on exactly what the Minister would like to achieve with the policy, and that this feedback has been noted.

Mr Robinson also noted that there were also concerns raised about increasing the incentives for facilities to retire at a time when there was a possibility of a capacity shortfall for the first time in many years and stakeholders were keen to avoid unnecessary risks to system reliability.

In addition to the four options initially presented, two other options were raised in the discussions and the submissions. One was around using LGCs or ACCUs rather than a direct penalty through the market. This option (Option 5) was discussed but not favoured. The other option (Option 6) was based on the approach used in the UK, under which facilities with emissions exceeding a set threshold are not able to have their capacity certified in the RCM.

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	<p>Mr Robinson noted feedback was also received regarding the use of penalties to support new technologies. He indicated that, although this could play a part, it may not be the best way to provide incentives. This was because the revenue stream that would be provided from a set of penalties would not necessarily be sustainable or bankable. There was also concern that the penalties may affect the underlying economics of the existing Facilities that face them and, if those Facilities choose to exit, then the penalties will no longer be collected, potentially making it a less certain revenue stream for new Facilities.</p> <p>Mr Robinson provided a recap on the new Option 6 noting that the idea is that there would be two thresholds, one based on what you actually generated in the previous year and the other - on what your innate emissions intensity is.</p> <p>Mr Robinson noted that in the UK, new Facilities have to meet the innate emission rate threshold and the Facility total emissions threshold, but that existing Facilities do not need to meet the innate emission threshold and, as long their total annual emissions were below a threshold, they would be eligible for capacity payments.</p> <ul style="list-style-type: none"> • Mr Alexander asked, in relation to Option 6, how much room there was to move with where you set the threshold. • Mr Robinson replied that it was fair to say that under either option there were still some important choices to be made. For example, for Option 6 there is the choice of where to set the thresholds and which Facilities they are applied to, and for Option 1 what was the rate of the penalty and how would that be phased in over time. <p>Mr Robinson noted that both of these are important factors in the next steps because they will be quite important for those who are making those investment decisions. He noted that for both Option 1 and Option 6, the penalty rate and the threshold placement were of similar impact in terms of design choices.</p> <p>Mr Robinson noted that a qualitative and qualitative assessment was undertaken of each of the options (see slide pack appendix for brief discussion of assessment). He also noted that one of the feedbacks received was that, in order to prevent facilities from avoiding the penalty impact, there would need to be prohibition on passing through these additional charges to consumers, which will involve monitoring, some additional action and oversight, potentially from the Economic Regulation Authority (ERA).</p> <p>Mr Robinson noted that Option 6 scored a little higher on the cost impact on consumers and simplicity of implementation because it did not directly impact on operational decision making incentives for running plant in real time. He added that the other difference between Options 1 and 6 is that Option 6 would not collect any penalties for later distribution. However, under any option there needs to be a range of other revenue streams available to encourage the entry of new technology.</p>	

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Mr Robinson noted that both Option 1 and 6:

- have penalties relating to actual emissions;
- can be implemented through the Wholesale Energy Market (WEM);
- are relatively simple; and
- allow phasing in.

Mr Robinson noted that the UK limits were looked at and that the emissions data for the WEM may not be perfect, but that it was based on the National Greenhouse Office material.

Mr Robinson noted that it appeared that the WA fleet, at least on the numbers at hand, has significantly more emissions than the UK fleet. Therefore, it would not be appropriate to take the European thresholds and just apply them straight in the WEM, and further work was required to work out what the most appropriate thresholds would be.

- Mr Huxtable asked what was the relativity between the UK market and the WEM in the capacity payment versus the energy payment.
- Mr Robinson replied that he did not have an exact answer, but that in the UK the capacity payment, because it is set in an auction, is significantly lower and that in the WEM you should expect a larger contribution to fixed costs through the capacity price versus some of the other jurisdictions. He noted that in the WEM capacity payments are set by administered price, which is different to most of the other capacity regimes around the world.
- Mr Huxtable noted that under Option 6 the penalty would be harsher as you would lose your capacity payments.
- Mr Peake noted that there seemed to be no real scientific basis for setting the thresholds and that, presumably, they will be set to include some generators and exclude others and asked if there would be any legal issue with that.
- Mr Robinson replied that there were definitely scientific approaches that could be taken, noting that these have not yet been decided. For example, a threshold could be set for how many tons of carbon dioxide equivalent should be removed and then trend towards that figure, which makes it not so much about individual power stations, but more about the goal that was trying to be achieved.
- Mr Alexander queried the compatibility of Options 1 and 6 with a potential national capacity scheme, noting that there had been some pretty big announcements in the past week or two that might be relevant.
- Mr Robinson replied that he was not sure of the detail of the announcements. However, one of the things covered in some of the previous slides was that if there were a national scheme then it may be appropriate to revisit this policy. He added that he could

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	<p>not see either of the two options as not been able to adjust to tailor them to a national scheme.</p> <ul style="list-style-type: none"> • Mr Alexander noted that the collection of revenues could become less important in the context of a national scheme, which may elevate Option 6 from where it might be assessed now. • Ms Guzeleva noted that in the UK several mechanisms have existed simultaneously and could safely exist together, and noted that what the federal regime proposes is an additional incentive. She added that we would need to be very careful about how that incentive works with any other incentives introduced through the RCM Review, including any incentives for flexible capacity or capacity to cover the duration gap etc. and these would need to be examined in the light of that announcement. • Mr Robinson noted that this sounds like it goes towards providing support for new technologies rather than the regime for discouraging high emissions Facilities, but that they absolutely can work together. • Mr Sharafi noted that the purpose of this scheme is to be able to fund new firm capacity, but that none of these options will provide for this and so it appears to be a self-defeating objective. • Mr Robinson noted that it was important to recognise that the policy was twofold, it is providing a disincentive for high emitting plant and it is potentially providing a revenue stream to encourage new investment in new technology. One of the feedbacks that will go back to the Minister is that this may not be the best way to provide the second incentive. Mr Robinson noted that he was fairly confident that the Minister is keen on having the former goal as part of the suite of policy tools to facilitate the transition. • Ms Guzeleva reminded the MAC that the RCM Review was also proposing some new products, including the flexibility product, to help with the ramping issues between minimum and peak load and none of the Options was impacting on that new incentive. She added that the RCM Review was also going to have another look at the Benchmark Reserve Capacity Price (BRCP). • Ms Guzeleva noted that this was why it would be good to complete some of the stage one pieces of work, such as the Certification of Intermittent Generators, to be able to move the RCM Review on. Ms Guzeleva noted that there are other investment incentives that would need to be considered, noting that the RCM Review had not actually looked at incentives to close the duration gap which may emerge at some point. She noted that the conclusion was that whatever you collect through the penalties would very quickly dissipate if plant actually exits the market. <p>Mr Robinson noted that for the next steps, there were a few things to look at: firstly, to make sure there is that new capacity product for flexible capacity; secondly, to think about the incentives for longer</p>	

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term storage; and thirdly, while the capacity price has been out of scope for this review one of the things noted in the international scan was that the shape of the demand curve in the WEM is different from that in other places.

- Mrs Papps noted that the main difference in the papers that were sent to the RCMRWG and those that have come to the MAC is there was an extra slide in the RCMRWG slides for the shortlisted options that talked about both options would first apply in the 2030 capacity year, but this was not included in the papers to the MAC.
- Mr Robinson noted that the reason 2030 was in the previous pack that went to the RCMRWG was that a lot of those options were presented as being implemented through the RCM.
- Mrs Papps noted that this meant that the feedback she gave at that meeting was probably based on the 2030 implementation timeframe. She had not really thought about what it might mean if it was earlier or later and wanted to highlight to the group that there was a slight difference to what was been presented to the MAC today, and what was presented to the RCMRWG.
- Ms Guzeleva noted that Mrs Papps also made a good point at the last RCMRWG meeting, in that there might be a need to consider how any new capacity coming to meet the flexibility requirements would need to be treated and so there may need to be a bit of work determining whether capacity that helps with flexibility is treated a bit differently.
- Mrs Papps added that, if you can provide the flexible capacity product and if there is a shortfall in that space, you would want to make sure that any other policy does not drive you out earlier than need be.

Mr Robinson noted the next steps involved:

- trying to firm up the emissions intensity figures to get a better idea of what might happen;
- assess the starting level and/or transition profile for either the penalty rate or the thresholds;
- assess revenue sufficiency for new technologies; and
- present options for analysis to the Minister.
- Mrs Papps asked if an additional step could be included in between doing the analysis and presenting to the Minister, and if it was possible to come back to the MAC with the outcomes of the analysis noting that they had given a view that Option 1 or 6 may both be appropriate, but that was without too much detail.
- Ms Guzeleva noted that the RCM Review was behind on many items and her preference would be to test this with the Minister at the high level and only then spend a lot of time for further analysis.

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	<p>The Chair sought to clarify whether it was just the analysis on the shortlisted options that will go to the Minister or would a preference also go to the Minister.</p> <p>Ms Guzeleva noted that ideally a preference would go to the Minister, but if that is not forthcoming, then it would be stated that there was no preference for one option or the other.</p> <ul style="list-style-type: none"> • Mr Schubert supported further analysis on the two options and noted, as a consumer representative, that even though there was no certainty about the revenue stream from penalties in Option 1, at least there was some revenue while there are high emission generators in place, whereas in Option 6, there was no revenue at all. Mr Schubert noted that one of the criteria for choosing the option should be what the impact on consumers was in terms of cost and while he liked the simplicity of Option 6 in terms of application, he was concerned that it does not raise any revenue at all. • Mrs Papps noted that it was appropriate to shortlist the two options, but was unable to give a preference because that would depend on where the thresholds would sit and what the analysis says. Mrs Papps broadly agreed with the approach to the next steps, but noted that she would have preferred to have seen the analysis prior to it going to the Minister. • Mr Peake supported looking at the two options and noted his preference was for Option 6 because it seemed simpler and that he was happy to go ahead with the proposed next steps. Mr Peake noted that it was important to make sure that this did not drive too much plant out of the market or stop plant coming in, therefore compromising reliability. • Mr Alexander supported going ahead with Option 1 and 6 and agreed with Mr Schubert that customer cost needs to be a key consideration. Mr Alexander noted that, thinking about this in the context of a potential national scheme to generate revenue and the clarity that Option 6 might bring around the exit and the gap that is left, has him lean towards Option 6, but he was open minded about where it might land based on further analysis. • Mr Sharafi noted the announced retirement of coal and that he would like to raise the reliability risk if this policy affects some of these generators and they exit early. Mr Sharafi noted he did not have a preferred option but that he would like to keep all the required generation running until the time that they are not required anymore. • Mr Arias agreed with Mr Sharafi's comments that reliability was key. Mr Arias agreed to the shortlist and the proposed next steps and noted that he would also like to see the outcome of the analysis adding that it was hard to point to a preference without the analysis. However, the certainty of Option 6, in his mind, 	

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outweighs any revenues that might be available to new Facilities, keeping in mind that the policy was aiming for a net zero cost impact for customers.

- Mr Huxtable agreed with the shortlisting options and next steps, noting that he would also like to see the analysis and that he prefers Option 1 because he finds Option 6 little arbitrary.
- Mr Maticka noted that Option 6 leads to higher capacity price, but he was not sure whether that increase would act as a suitable incentive and might not be long enough. Mr Maticka considered that moving forward with Options 1 and 6 was reasonable and reflects the working group's views but he had overarching concerns about whether this actually achieved the policy expectations. He also agreed with Mr Sharafi's comment that generation must not exit too early, because that will actually have an unintended consequence of having to procure much more expensive generation to fill the gap.
- Mr White and Ms Teo agreed with comments that were made about shortlisting the two options and that it would be useful to have more analysis before it goes to the Minister.
- Ms Jabiri supported the shortlisting of Options 1 and 6.

The Chair noted that the MAC agreed to shortlisting Options 1 and Options 6 with the majority of the MAC members indicating preference for Option 6, with some support for Option 1. She noted that there was some concern that it was difficult to actually state a preference without further analysis, particularly around the threshold and the impact of that threshold both on plant exiting early while it might be needed for the safe and secure operation of the system and also the extent to which any revenue from this scheme might be relied on.

The Chair also noted that the thresholds under Option 6 may change over time or through some sort of transition and asked if that was in the work program. The Chair noted that the next steps has been supported by the MAC.

Ms Guzeleva noted that the two things that are still to be examined are whether there is a differential threshold for existing and new plant, like there is in the UK, and whether is the thresholds are ratcheted down over time for existing plant. For new plant, the thresholds probably need to be kept at their initial level, so they may be different for an existing Facility and a new Facility. She added that consideration was been given to how this is phased in and the time frames, and that more analysis would be required.

The Chair noted there was general support for pursuing Option 1 and 6 as a shortlist. There was preference for Option 6 but further work needs to be done on the impact of the threshold, any transition arrangements, the impact on revenue and achieving policy objectives. She noted that most of those issues will be covered in the next steps that are proposed and agreed by the MAC.

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(c) CAR Working Group (CARWG)

The paper 6 (c) was taken as read.

The Chair noted that the cover paper summarises whether changes are proposed, what they are as well as the reasons and that the MAC members are being asked to:

- note the minutes from the CARWG from September and October meetings;
- review the proposals and questions in the Consultation Paper and provide views on both;
- note the assessment of the proposals against the guiding principles; and
- note that, although there may be editorial changes, it is scheduled for publication on 15 December 2022, with submissions due 9 February 2023.

Ms Guzeleva noted that there have been some good discussions in the CARWG and more recently there had been additional discussion on options for allocating costs for the frequency regulation services which is (to some extent) the most important item. This is because costs in this space were likely to grow quite significantly and so sending a good signal to change behaviour was really important.

Ms Guzeleva noted that the Consultation Paper had quite a bit of analysis for people to look at in their own time and that it was planned to be published on 15 December 2022.

Ms Guzeleva noted that Market Fees have been discussed at the MAC and there was general agreement (which is reflected in the Consultation Paper) that, despite all of the methods assessed and the analysis that has been done, there was no clear benefit of changing what was already in place. Ms Guzeleva noted that there would be some cost of changing the Market Fees allocation method that would impact both AEMO and Market Participants. Therefore, unless, through the consultation process, a clear benefit was identified, it was proposed to keep the Market Fees method as it currently exists, for the time being.

Ms Guzeleva noted that there was a bit of a glitch in the current system with respect to storage, in that it might be charged twice on both sides of the market, and noted that this would need to be changed to make sure it is charged Market Fees only once.

Ms Guzeleva noted that frequency regulation was the area in which most attempts to look at various options have been made and noted that:

- there is currently a mechanism in place to allocate costs in the WEM;
- the National Energy Market (**NEM**) has a current mechanism that appears quite complex; and

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- the Australian Energy Market Commission (**AEMC**) has approved a rule change to move to a new mechanism in the NEM, which has sharper signals for people to do the right thing but was not due to commence until 2025.

Ms Guzeleva noted that several presentations were made on the new NEM mechanism, including by AEMO colleagues over east and that the new method does appear to be equally complex as the current NEM one. More recently, the CARWG examined another method conceived by AEMO, the Tolerance Ranges method.

Ms Guzeleva noted that method was new (not the one that applies in the NEM) and it was effectively trying to do a couple of things at the same time. It tries to provide an incentive for facilities to reduce their volatility or variability. It also tries to increase the certainty of forecasts and give AEMO some visibility of what the forecast uncertain ranges for individual Facilities. This would probably introduce complexity that was not required in the WEM.

Ms Guzeleva noted that the new NEM method would be implemented in 2025 and there would be a need to monitor it, to see how it works in practice. It was not considered a good idea to go to one complex method and then change to another complex method after 2025.

Ms Guzeleva noted that, with the help of MJA, they had arrived with some analysis of an alternative, simpler method, which is simply looking at two points in time and at variations between those two points. The current proposal in the Consultation Paper is to introduce that simpler method after the start of the new market on 1 October 2023, for potential implementation in the 2024-25 capacity year. It is then proposed to continue to assess the new NEM method after its implementation in 2025, and complete a cost benefit analysis before considering it for potential implementation in the WEM in about 2028-29.

Ms Guzeleva noted the improvements to the Contingency Reserve Raise methodology for the allocation of Spinning Reserve costs (Contingency Reserve Raise) costs and that these improvements, the Taskforce made to the current runway method, will commence at the start of the market.

Ms Guzeleva noted that one issue was identified during the drafting of Tranche 5 Amending Rules when some refinements to the Contingency Reserve Raise method were implemented. The issue arose where a Facility had separate units but is connected to the same electrical location on the network through separate connections. Under this arrangement, one of the network connections may be out, but the Facility may be able to continue to export through the second one and therefore the view was that the largest network contingency should be driving the risk for that Facility rather than just treating it as an aggregated Facility. Ms Guzeleva noted that a fix for this issue in the WEM Rules has been proposed.

- Mr Schubert noted that there was quite a bit of discussion of this in the paper and, while he understood the message that it was trying

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to get across, he believed that it comes down to what is the largest credible contingency that a Facility is likely to create and that was not based on the capacity of the generators that are behind the network connections. It is based on the network connections and their capacity, and what the maximum aggregated capacity of multiple units behind the network connections would cause if a network connection tripped.

- Mr Schubert believed the wording needed to be clearer because it refers to separate generation units, while it is not really the separate generation units that create the largest contingency. It is the loss of the largest network connection, if you have multiple network connections, that creates the largest contingency.
- Mr Schubert noted that, for example, if there is something that would cause the whole of Collgar Wind Farm to trip, like a control system or a protection scheme or something that could cause the whole wind farm to trip, then that would create the largest credible contingency. However, if there are separate network connections with separate control systems and protection systems and it is unlikely that they will all go off together, then it would be just one of them that creates the largest contingency for that Facility.

Ms Guzeleva noted that was exactly what the paper is supposed to say and would appreciate some drafting suggestions from Mr Schubert to make it clearer if that was not the case.

Ms Guzeleva noted that the Contingency Reserve Raise, or the current Spinning Reserve, cost allocation has worked on the basis of the runway method for a long time. However, for Loads this does not work in the same way and, although the cost is much lower than for Contingency Reserve Raise, there is a risk that in the future, as more storage comes into the system, contingency caused by Loads might become a driver of costs. She noted that there is some analysis in the Consultation Paper to illustrate that.

Ms Guzeleva noted that the suggestion was to introduce a similar runway method for Loads, whereby Loads above 120 MW are run through a runway methodology. Loads below 120 MW are aggregated as a single 120 MW Load and treated in that way.

Ms Guzeleva noted the reason for that is clear from the calculations in the paper, that as lots of storage comes in and that storage trips while charging, that will cause quite a big proportion of the Contingency Reserve Lower requirement and costs.

- Mr Sharafi noted that other than storage, new Loads proposed to come onto the grid, such as Hydrogen electrolysers, would also create a large amount of MW and the runway method will be an appropriate way of dealing with that.
- Ms Guzeleva replied that this was a good point and it could be added to the Consultation Paper, to note that it is not only storage that may cause this increase.

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	<p>Ms Guzeleva noted that for System Restart that there were no changes proposed, that the service is there to restore the system and therefore it is appropriate for customers to bear that cost.</p> <p>For NCESS, Ms Guzeleva noted the recommendation really was to watch this space. It is appropriate for when a network operator triggers the mechanism, with approval of the Coordinator, for those cost to be borne by network users. However for NCESS triggered by AEMO, there is a need to come back at some point (once we have some experience) to see if the current allocation of the NCESS costs to Loads should be looked at again.</p> <p>Ms Guzeleva welcomed any comments on the draft Consultation Paper, and asked that the MAC members provide any comments to be incorporated into the paper that they be received by the following evening at the latest.</p> <ul style="list-style-type: none"> Mr Alexander noted that this was very arcane stuff and as a consumer representative he tries to think through how it affects different customers. He wanted to say “thank you” to whoever has drafted the paper because there are numbers in here that show how things move around, which has helped him engage with some of these issues. Mr Alexander added that it was good to set up the paper in a way that shows the final impact to customers. 	<p>Action: MAC members to be provide any additional comment on the Consultation Paper within 24 hours.</p> <p>MAC members</p>
<p>7</p>	<p>Rule Changes</p> <p>(a) Overview of Rule Change Proposals</p> <p>The paper was taken as read. There were no updates.</p> <p>Ms Guzeleva noted that there are four Rule Change Proposals, one that has had a draft report published and the other three have not. Three of the proposals related very closely to the RCM review, two of those related to the certification of intermittent generators and one to the relevant demand calculation.</p> <p>Ms Guzeleva noted that all of those are covered by the RCM review and, therefore, those proposals were put on hold, but that the extensions for those proposals expired at the end of the month. It was therefore proposed to extend the timeframes for the two that have not had a draft report to June 2023 and for the third one that has had a draft report - to September 2023. By that time it was hoped that the major recommendations of the RCM Review would have been delivered and there will be more clarity on what to do with the three proposals.</p> <p>Ms Guzeleva noted that the fourth proposal was to do with the frequency with which energy price limits are calculated and that this was subject to the Market Power Mitigation Review. This Review proposed that the frequency is reduced from one to three years and that one of the energy price limits is removed with the higher one</p>	

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	<p>retained. The other component, the Benchmark Reserve Capacity Price, was subject to the RCM Review. It was therefore proposed to extend that proposal to the end of June 2023.</p> <p>Ms Guzeleva noted the extension notices for those proposals would be published before the end of December.</p>	
<p>8</p>	<p>Supplementary Reserve Capacity Provisions</p> <p>The Chair noted that the purpose of this item was to inform the MAC that the Coordinator of Energy will commence a review of the Supplementary Reserve Capacity (SRC) Provisions in early 2023 in accordance with the WEM Rules.</p> <p>The MAC members are being asked to note the Scope of Works that is attached.</p> <p>Ms Guzeleva noted that at the previous MAC meeting Kate Ryan from AEMO went through the changes to the certification procedure. There was a question of how the learnings from the current Supplementary Reserve Capacity will be factored in. As EPWA was working on the SRC Review scope of works, it was considered a good practice to bring it to the MAC for any comment before commencing the Review in earnest in January 2023.</p> <ul style="list-style-type: none"> ○ Mrs Papps noted that the Scope of Works refers to using the Minister’s rule change powers. While Mrs Papps knows that there is going to be a time restriction, she would prefer to try to use the normal process (the fast track rule process under the Rules). She noted that this could be fast tracked because it would be urgently required. ○ Mrs Papps believed that there was a need to transition back into using normal rule change processes over the Minister making the rules at some stage and this might be an appropriate time to do so. ○ Mrs Papps also noted that the recent governance changes changed how the fast track rule change criteria were set to allow for more scope. <p>Ms Guzeleva noted that there was a need to decide when the time has come to move back to the normal process. Rules for 5 minutes settlement were yet to be developed. Further, while it would be optimistic to say that there will not be a Tranche 7 Amending Rules, those MAC members that were there at the commencement of the market would be aware that it did result in a flurry of changes because the systems implementation and first months of market operation led to that and that could happen again.</p> <p>Ms Guzeleva did not know if a transition can happen immediately, but noted that they could use the two sets of arrangements in various circumstances and that there will be consultation on both stages of the SRC Review. It was Ms Guzeleva opinion that the fast track process should be used very sparingly.</p>	

Item	Subject	Action
	<ul style="list-style-type: none"> ○ Mrs Papps noted that there was good consultation, but that in going through the normal rule change process, there will also be fulsome assessment against the wholesale market objectives. ○ Mrs Papps noted her comments were based on the experience back in 2008 to 2010 and the attempt to do a rule change on allocating SRC on a causer-pays basis. She noted that this was a very difficult and fraught time, and she wanted to make sure that some of the extra governance in the normal rule change process would be applied. <p>Ms Guzeleva acknowledged that Mrs Papps made a good point about assessment against the market objectives and noted that they would consult in the same way regardless of the process being used. She added that there will be two sets of rules because there are two stages to this SRC review process. This means that two sets of rules would go through the formal process, which would probably lead to the need for ministerial approval at the end of the day.</p> <p>Ms Guzeleva was not certain (as she had not looked at the rules recently), but was concerned that the changes may need the Ministerial approval because there were protected provisions involved.</p> <p>The Chair noted that Mrs Papps thought the consultation processes worked well, but would like an opportunity to weave the WEM objectives into the scope the transition to moving to a full rule change process.</p> <p>Ms Guzeleva agreed to include this in the Scope of Works for the review.</p>	

9 General Business

The Chair noted the upcoming call for nominations for members of the MAC.

Ms Guzeleva noted that half of the MAC (discretionary) memberships expire every year, on rotational basis. The rules prescribe that there shall be 6 Market Participant members and no more than eight, and require the Coordinator to keep the balance between market generators and market customers (excluding Synergy).

Ms Guzeleva noted that several membership terms were expiring and that Ms White was resigning. It was not proposed to advertise the additional vacant generator and market customer positions due to the fact EPWA had not been able to fill the vacant Market Customer spot in two consecutive rounds, even with a standing call for nomination. There was a need to be consistent with the rule which requires the right balance between Market Generators and Market Customers.

Ms Guzeleva noted the plan to also advertise for an additional contestable customer position (of which there could be two on the MAC). She welcomed existing members to nominate again. She noted that the intent was for the process to be completed by the next MAC meeting which was scheduled for 2 February 2023.

Item	Subject	Action
	<p>The Chair encouraged those members who are still interested in being active on the MAC to reapply, if their terms were expiring, and for members to encourage others to put an application for membership in.</p> <p>The Chair thanked Ms White for her valuable contribution to the MAC.</p> <ul style="list-style-type: none"> • Mr Peake asked to consider the possibility of holding a MAC meeting in person at some stage in 2023. • The Chair noted that an expression of interest would be circulated to see how many people would be able to attend the next meeting in person. <p>The Chair thanked the members for their attendance and positive contributions and wished everybody a very good holiday break.</p> <p>The next MAC meeting is scheduled for 2 February 2023.</p>	

The meeting closed at 3:34pm.