



Terms of Reference

WEM Investment Certainty Review Working Group

6 July 2023

1. Background

The Coordinator of Energy (Coordinator) is conducting the Wholesale Electricity Market (WEM) Investment Certainty (WIC) Review under clause 2.2D.1 of the WEM Rules. Clause 2.2D.1(h) confers the function on the Coordinator to consider and, in consultation with the Market Advisory Committee (MAC), progress the evolution and development of the WEM and the WEM Rules.

The WIC Review aims to ensure that the WEM continues to provide incentives for new renewable capacity, while maintaining system security and reliability and without unduly increasing the cost to consumers.

Energy Policy WA developed a scope of works for the WIC Review in consultation with the MAC. The scope of works is available on the Coordinator's Website at: [Wholesale Electricity Market Investment Certainty Review \(www.wa.gov.au\)](http://www.wa.gov.au).

The scope of works for the WIC Review includes:

- objectives and guiding principles for the review;
- issues to be considered;
- stakeholder engagement; and
- the project schedule.

The MAC has established the WIC Review Working Group under clause 2.3.17(a) of the WEM Rules to assist the Coordinator with the WIC Review.

2. Scope of the Working Group

The WIC Review Working Group has been established to provide expert advice and analysis on issues that were recognised in the Reserve Capacity Mechanism Review and will consider the following five specific reforms that were announced by the Minister for Energy on 9 May 2023:

- (1) reviewing the Reserve Capacity Price (RCP) curve to determine if it needs to be adjusted to send sharper signals for investment when demand for new capacity is stronger;
- (2) a 10-year RCP guarantee for new technologies, such as long-duration storage;
- (3) a wholesale energy price guarantee for renewable generators, to top up their energy revenues as WEM prices start to decline, in return for them firming up their capacity;
- (4) emission thresholds for existing and new high emission technologies in the WEM; and
- (5) a 10-year exemption from the emission thresholds for existing flexible gas plants that qualify to provide the new flexibility service.

3. Membership

Energy Policy WA will Chair of the WIC Review Working Group.

Market Participants and other interested stakeholders may nominate a person for membership on the WIC Review Working Group for approval by the Chair of the WIC Review Working Group.

All members of the WIC Working Group are required to contribute their time and resources to complete specific analysis and other tasks as requested by the Chair.

There are no restrictions on the number of WIC Review Working Group members. However, the Chair of the WIC Review Working Group may only approve one member from each organisation.

The Chair of the WIC Review Working Group will have discretion to allow additional subject matter experts or consultants to attend specific meetings or workshops, either generally or on a case-by-case basis.

Energy Policy WA will provide administrative support to the WIC Review Working Group.

4. Documentation

Energy Policy WA will establish a WIC Review Working Group webpage on its website. Any discussion papers, meeting papers and meeting minutes will be posted to this page.

Market Participants and other stakeholders may register with Energy Policy WA to receive email communications regarding the WIC Review Working Group, including notices of publication of papers on the WIC Review Working Group webpage.

5. Responsibilities of Meeting Attendees

A person attending a WIC Review Working Group meeting is expected to:

- have suitable knowledge and experience to engage in and contribute to discussions relevant to the specific meeting;
- 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
- complete actions requested by the Chair, which may include undertaking of analysis or preparation of papers for discussion by the Working Group.

6. Administration

Energy Policy WA will provide secretariat support for the WIC Review Working Group.

Energy Policy WA will ensure contact details for the WIC Review Working Group are maintained on the WIC Review Working Group webpage.

The Working Group will meet at least monthly. The Chair of the WIC Review Working Group will convene meetings of the working group in accordance with the timelines in the scope of works for the WIC Review.

Energy Policy WA will prepare and distribute all meeting correspondence to the WIC Review Working Group via email. Energy Policy WA will endeavour to provide the following documentation by email to the WIC Review Working Group members:

- notices of meetings, agendas, and relevant meeting papers at least 5 Business Days prior to the meeting; and
- key outcomes and actions emerging from each meeting no more than 5 Business Days following the meeting.

All meeting documentation will be published on Energy Policy WA's website as soon as practicable after it has been sent to the WIC Review Working Group members.

Meetings will generally be held online via TEAMS but may sometimes be held in person. Meeting minutes are to record meeting attendance, main outcomes of discussion, agreed recommendations to the MAC and action items. Meetings will be recorded to assist with development of minutes.

7. Reporting Arrangements

The WIC Review Working Group Chair must provide a report to the MAC on the WIC Review Working Group's activities at each MAC meeting. The reports must include, at a minimum:

- details of all WIC Review Working Group meetings since the last report to the MAC, including the date of the meeting and the key outputs of each meeting;
- the date of the next meeting and the issues to be considered (if known); and
- any recommendations from the Working Group to the MAC.

8. Projected Timeline

Task/Milestone	Timing
(1) Preliminary Steps	
(a) MAC comments on the Scope of Work for the review	8 June 2023
(b) Coordinator approval and publication of the Scope of Work	30 June 2023
(c) MAC approval of the Terms of Reference for the WICWG	20 July 2023
(d) Appointment of consultants	28 July 2023
(e) First meeting of the WICWG	10 August 2023
(2) Initial Assessment	
(a) Working Group meetings to review and analyse initiatives (2), (4) and (5)	August 2023 – November 2023
(b) Working Group meetings to review and analyse initiative (1)	November 2023 – December 2023
(c) Working Group meetings to review and analyse initiative (3)	December 2023 – March 2024

(3) Consultation Paper	
(a) Consult with the MAC on a draft of the Consultation Paper	April 2024
(b) Publish the Consultation Paper	April 2024
(c) Submissions on the Consultation Paper	May 2024
(4) Further Assessment	
(a) Working Group meetings to further assess all Initiatives	May – June 2024
(5) Information Paper and Draft Amending Rules	
(a) Consult with the MAC on: <ul style="list-style-type: none"> • a draft of the Information Paper • draft WEM Amending Rules 	June 2024
(b) Publish the Information Paper and draft WEM Amending Rules	July 2024
(c) Submissions on the draft WEM Amending Rules	August 2024
(6) Finalisation and Commencement	
(a) Ministerial approval of the WEM Amending Rules	September 2024
(b) Commencement	Various

9. Contact Details

Rule Participants and other stakeholders may contact the WIC Review Working Group Secretariat at energymarkets@dmirs.wa.gov.au. Documentation and information related to the WIC Review Working Group will be published on Energy Policy WA's website.