

31 May 2024

Mr Ryan Buckland
Project Manager
ACIL Allen
Lodged by email to r.buckland@acilallen.com.au

Dear Mr Buckland

Review of the Market Advisory Committee

Change Energy welcomes the opportunity to contribute to the Coordinator of Energy's review of the purpose, role, membership and operation of the Market Advisory Committee (MAC).

Our overarching view is that the MAC is a valuable body and that it should be more proactively engaged in Western Australia's ongoing energy transition. Historically, the MAC has been a strategic advisory body, able to provide valuable industry input into energy sector reforms, helping shape incremental change in the Wholesale Electricity Market (WEM). However, in recent years the pace of change and the transitional arrangements whereby the Minister has the power to make Rule changes, means the MAC's level of engagement and influence has been eroded.

We support many of the recommendations outlined in the ACIL Allen paper, not least the formal addition of the MAC's role to include a strategic function. We believe this change would go a long way to restoring the MAC to its former leading role.

We also believe a few minor changes to MAC operations will be to the benefit of the Western Australian energy sector. Greater transparency and the ability for observers to observe (and not necessarily participate) will help build a greater collective understanding of the issues facing the sector, while also providing greater visibility of what the MAC is doing and whether it is effective. As is the case with these types of statutory bodies, it is the application and interpretation of the Rules that govern it that is the problem – not the Rules themselves. Therefore, we do not see the need for a prescriptive 'reason for being' in the Rules. Rather, we consider the MAC's purpose will be defined organically through greater participation and dialogue on all energy issues, which will allow the sector to determine how, when and where the MAC can be most effective.

Our comments on the matters raised in the ACIL Allen consultation paper are summarised below.

- **Purpose of the MAC** – we do not see the need for an overarching purpose to be defined. Such an exercise would be arduous, time consuming, and the likelihood of 'getting it right' is low, particularly if the new purpose tried to encompass the needs of the changing market. As noted by ACIL Allen, defining a purpose may provide less flexibility in the longer term, which may hinder outcomes. We do not believe the current drafting of the MAC's role prohibits the MAC from being a more strategic and proactive body. It is not the legislative framework that has diminished the MAC's role in recent times, rather it is the application and interpretation of that framework.
 - **Role of the MAC** – we support the addition of a strategic function to the MAC. The MAC comprises a range of industry representatives and a wealth of knowledge and ideas that should be an input into
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market reform, not simply a sounding board (or worse - an afterthought). Proactive engagement was a feature of the MAC historically and we would welcome its return. Again, we believe the current framework permits this. But if formalising the strategic role in the Rules means the MAC can have a more positive influence on reform, we support its inclusion. Similarly, if stating some of the MAC's 'unstated roles' in the Rules will help ensure the MAC is more actively engaged in strategic matters, we support this change.

One addition we believe should be made to the MAC is for it to be compelled to focus on cost outcomes for customers. Rising energy costs are placing pressure on all businesses and residents. If Western Australia is to continue to attract new industry to the state, then the cost of operating in the SWIS must be managed. The MAC has a major role in advising on energy costs and should therefore be expected – constitutionally – to place consumers and prices at the heart of its considerations.

With regard to removing the need for consensus, we are not certain that would be the right thing to do. The MAC should seek to provide advice that is in the best interest of the market as whole, and certainly not in the commercial interests of individual organisations or classes of participant. Perhaps this needs to be made clearer in the MAC's written constitution. Imposing the need for consensus compels the MAC to set aside differences and move forward with a recommendation in the best interests of the whole group (and therefore the sector). Removing the need for consensus seems to be a move in the wrong direction, and risks the MAC being used simply to push individual agendas or formally record grievances (although we concede there will always be an element of this).

- **MAC membership** – getting the right membership of the MAC is extremely challenging and entirely subjective. Rather than attempt to map membership against the SEO or create new subcategories of members, we believe the current approach, which requires the Coordinator to use its discretion to achieve balanced representation is more than adequate. What's more important is that the composition of the MAC is reviewed annually, and the Coordinator uses that annual review to achieve balance based on the preceding year's operation. Again, the current framework is fine, it just needs to be applied more diligently. We appreciate that the Coordinator's remit to achieve balance is bound by classes that are defined in the Rules and somewhat inflexible. Perhaps a solution is to move these class definitions to the MAC constitution rather than the Rules, giving the Coordinator greater scope to achieve equilibrium.

We do not believe aligning membership with the new SEO would be a significant benefit, nor would it be easily achievable. The new SEO introduces environmental/decarbonisation objectives, which we expect all current members have sufficient interest in and consensus on. Relevant experts on matters pertaining to aspects of the new SEO can be brought into the MAC at the Coordinator's discretion, but there is no need to change the MAC membership to reflect the well-understood decarbonisation effort.

We do not believe there should be a separation between gentailers and retailers. Granted, gentailers will often speak from the generation perspective first, as that is where the bulk of their costs are invested. However, it is down to the Coordinator and the MAC Chair to manage the influence of a particular group.

We also do not believe compulsory membership arrangements should be retained. Membership should remain at the discretion of the Coordinator. Though Synergy, Western Power, and AEMO will likely continue to be members, it does not need to be codified and therefore inflexible. This is especially important in the case of Synergy, whose market share has been changing and is likely to continue to change in the future.

- **MAC operations** – transparency is key. We support the recommendation to define the reporting process between the MAC and Working Groups, and that this process and subsequent reporting outcomes be

made visible. Working Groups are important to ensure the right people are involved in specific issues and that any advice provided by the MAC is suitably informed. The composition of Working Groups could be more targeted, but should remain at the discretion of the MAC.

We support the reinstatement of observers in MAC meetings. We understand the concern that observers may seek to participate and ultimately hold up matters, however, given MAC meetings are generally online, participants can be separated into observers and contributors via the meeting settings. Allowing observers is a valuable way of upskilling individuals, informing interested parties, and regulating the effectiveness of the MAC itself.

We do not believe material changes should be made to the frequency or length of meetings or papers. A meeting/paper should be as long as is required to satisfactorily address the matters at hand, and should remain at the discretion of the Chair.

Thank you again for the invitation to participate in the MAC Review. If you have any questions, or would like to arrange a meeting to discuss any aspect of this submission, please contact me on 0401 903 210 or at Geoff.Gaston@changeenergy.com.au.

Yours Sincerely

Geoff Gaston
CEO