

# Western Power Submission – Review of the Market Advisory Committee Consultation Paper

The tables below contain Western Power’s comments on the *Review of the Market Advisory Committee* Consultation Paper.

2.2 Purpose of the Market Advisory Committee (the MAC)			
High level issue statement	Proposed recommendation	Guiding questions	Western Power comment
<p>The role of the MAC, as contained in clause 2.3.1 of the WEM Rules, does not provide an overarching ‘reason for being’ for the MAC, leading to differences in stakeholder perceptions of what the MAC is intended to achieve.</p>	<p>To address the high-level problem statement, ACIL Allen is proposing to recommend P2 – Define the overarching purpose of the MAC to the Coordinator.</p>	<p>Do you believe there is a current clear ‘reason for being’ of the MAC?</p> <p>What do you consider the overarching purpose of the MAC?</p> <p>Do you believe there is a need to define an overarching purpose for the MAC? Why or why not?</p> <p>If so, what are some guiding principles for developing an overarching purpose?</p>	<p><b>Western Power supports option “P2 – Define the overarching purpose of the MAC to the Coordinator”.</b></p> <p>Western Power considers that establishing an overarching purpose of the MAC to the Coordinator, and redefining the role the MAC is critical in providing clarity to current and future members, as the new State Electricity Objective is introduced, and as the scope of the MAC is expected to be expanded to incorporate non-market subject matter that will be contained in the future state Electricity System Market Rules (ESMR).</p> <p>Western Power considers that there may also be some benefit in clarifying the purpose and role of the MAC, if any, with regard to other Committees that consult on regulatory change, or reform programs.</p> <p>Additionally, increased transparency in how advice provided by the MAC is considered by the Coordinator when making decisions would be beneficial to those bound by the new ESMR.</p> <p>Western Power notes that the MAC plays the role of an advisory body to:</p> <ul style="list-style-type: none"> <li>• the Coordinator for evolution, and rule changes for the WEM, and in monitoring the effectiveness of the WEM,</li> <li>• AEMO, the ERA and Coordinator in developing Rule Change Proposals, and,</li> <li>• AEMO, the ERA, the Coordinator and Network Operators for WEM Procedure Changes,</li> <li>• and that the Coordinator retains decision making powers for policy and WEM Rule changes.</li> </ul>

2.2 Purpose of the Market Advisory Committee (the MAC)			
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			<p>Western Power requests that Network Operators are included in the second bullet point (WEM Rules clause 2.3.1 (c)) as the option to consult with and receive advice from the MAC on the Rule Change Proposals that Western Power requests would be necessary as the scope of the MAC is expanded and as more Rules are applicable to the Network Operator.</p> <p>In addition, Western Power recommends a name change for the MAC as it expands its advisory scope to cover the ESMR and not just the market.</p>

2.3 MAC roles and responsibilities			
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<p>The MAC’s role in clause 2.3.1 is framed as reactive rather than proactive, meaning it does not currently have a set function to take a more proactive role in assisting in the development and delivery of policy.</p>	<p>To address the high-level problem statement, ACIL Allen is proposing to recommend R3 – Addition of a strategic function to the MAC.</p>	<p>Do you believe that the unstated roles (transparency, industry knowledge) of the MAC should be made explicit? Why or why not?</p> <p>Do you believe that the MAC should have an explicitly proactive and strategic role within the WEM? Why or why not?</p> <p>Do you believe that removing the need for the MAC to endeavour to reach a consensus will improve or decrease the quality of advice from the MAC? Why would this be the case?</p>	<p>Western Power supports making unstated roles explicit as this would increase transparency and accountability.</p> <p>Western Power disagrees that clause 2.3.1 is framed as reactive, rather than proactive, as the proactiveness of any advisory committee is dependent on its members. Noting that Western Power supports proactive and strategic consideration of matters at the MAC as this would provide a more holistic and complete consideration of the longer-term impacts and benefits of the change.</p> <p>Western Power notes that care should be taken by the Coordinator to appropriately balance strategic regulatory advice when considering technology, ideas, and theories which are unproven.</p> <p>Western Power considers that consensus is not preferable for the MAC, subject to all member’s recommendations, including dissenting views, being clearly documented in the meeting papers. This would provide a variety of advice for the Coordinator to consider rather than limiting consideration to the consensus advice. Additionally, the Coordinator’s decision should reflect consideration of the recommendations in a transparent manner. This could be provided back to MAC via the MAC meeting or meeting papers to “close the loop”. This would help to evidence the value of the MAC.</p>

2.4 Membership of the MAC			
High level issue statement	Proposed recommendation	Guiding questions	Western Power comment
Stakeholders have suggested that the current composition of the MAC is not able to provide balanced advice, particularly with the introduction of the new SEO, given the dominance of generators on the MAC.	To address the high-level problem statement, ACIL Allen is proposing to recommend M4 – Representation based on the SEO or M6 – Minister’s discretion.	<p>Do you consider that changes to the composition of the MAC are required? Why or why not? Please consider the introduction of the SEO, the reform process, and any other matters that may be relevant.</p> <p>If the composition of the MAC should be changed, are any of the above proposals appropriate? Why or why not?</p> <p>Considering the draft recommendation, how should the 3 limbs be balanced? Is explicit alignment with the SEO in terms of membership appropriate? Is the suggested representation under each limb appropriate? Why or why not?</p> <p>Should compulsory class membership be retained? Why or why not? Are there any advantages or disadvantages to this?</p>	<p>WEM Rules clause 2.3.5 specifies that currently, the MAC should comprise of:</p> <ul style="list-style-type: none"> <li>a) at least six and not more than eight members representing Market Participants, excluding Synergy;</li> <li>b) at least one member and not more than two representing Contestable Customers;</li> <li>c) at least one and not more than two members representing Network Operators, of whom one must represent Western Power;</li> <li>d) [Blank]</li> <li>e) at least two independent members nominated by the Minister to represent small-use consumers;</li> <li>f) [Blank]</li> <li>g) two members representing AEMO;</li> <li>h) one member representing Synergy; and</li> <li>i) an independent Chair, to be appointed by the Minister under clause 2.3.8A.</li> <li>j) Western Power firmly agrees that the composition of the MAC, and the name of the MAC, need to change as the scope of the MAC expands to provide advice on the ESMR.</li> </ul> <p>The current composition of the MAC is weighted towards Market Participants on the transmission network, and understandably the WEM.</p> <p>As the ESMR will introduce matters that have not previously been considered by the MAC, such as technical and connection standards, network reliability standards and benchmarking, pricing and tariffs, and contribution policies, and as these matters will have a more direct impact on different customer segments, across the transmission, distribution, and low voltage networks, and as DER regulatory frameworks and role and responsibilities are introduced, <b>Western Power recommends that a more balanced</b></p>

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			<p>representation of these different network users and power system participants is required at the MAC.</p> <p>As a priority, Western Power requires increased membership for Western Power at the MAC as the new matters introduced by the ESMR are likely to impact Western Power's ability to provide a reliable and essential service and supply to our customers and will heavily influence Western Power's Access Arrangement. Western Power considers that through this increased membership challenges that impact the broader network and all of our customers will be better represented to the MAC.</p> <p>Western Power supports the proposal of a subordinate (to the MAC) Working Group to consider technical matters, and further recommends a Working Group to consider economic matters.</p> <p>Western Power supports the alignment of the MAC constitution with the SEO, subject to the above matters being addressed, however it does note that, if membership is aligned to the SEO, then:</p> <ul style="list-style-type: none"> <li>• the members must be committed to providing advice based on the SEO,</li> <li>• Western Power representation would be required under all limbs of the SEO.</li> </ul> <p>Western Power recommends that the compulsory class should remain to ensure a quorum, and continuity and consistency in discussion and advice.</p>

## 2.5 MAC Operations

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<p>The MAC is currently experiencing a high workload due to the market reform work program.</p> <p>Issues such as meeting length and volume of papers are a result of the level of work required through this process, which cannot be resolved through this Review except through changing the function of the MAC.</p> <p>However, in the context of the need to define an overarching purpose and ensure a strategic focus for the MAC, there is room to clarify the relationship between the MAC and its Working Groups.</p>	<p>To address the high-level problem statement, ACIL Allen is proposing to recommend O2 – Define the reporting process between the MAC and Working Groups.</p>	<p>Do you consider there to be any issues with current Working Group processes? Can you think of any examples of this?</p> <p>What do you think is the role of the Working Groups versus the role of the MAC? Is there a need to make this more distinct?</p> <p>Do you believe there needs to be a clearer reporting line between the MAC and the Working Groups? How could this work?</p>	<p>Western Power noted that the Terms of Reference for the PSSR Working Group refers to the Reporting Arrangements which includes interaction with the MAC. Additionally, the MAC Terms of Reference reflect the same Reporting requirements for the Working Groups. If all other Working Groups reflect this same approach, and the Terms of Reference are adhered to, then Western Power is unsure of the change required here.</p> <p>Western Power agrees that clarity should be provided to the Working Group members as to what will be recommended or updated to the MAC by their Working Group, ahead of the MAC papers being released.</p> <p>Western Power does not support Observers in the MAC if they are allowed to comment or are asked for opinion as this does decrease the value of representative membership.</p> <p>If Observer attendance is managed in accordance with the intent, then it could be considered appropriate, unless this requirement could be serviced by pre-read of papers.</p>