

Meeting Agenda

Meeting Title:	Market Advisory Committee (MAC)
Date:	Thursday 13 June 2024
Time:	9:30 AM – 11:00 AM
Location:	On-line

Item	Item	Responsibility	Type	Duration
1	Welcome and Agenda <ul style="list-style-type: none"> Conflicts of interest Competition Law 	Chair	Noting	2 min
2	Meeting Apologies/Attendance	Chair	Noting	1 min
3	Minutes of Meeting 2024_05_02 Approved out of session. Published 6 June 2024	Chair	Noting	2 min
4	Action Items	Chair	Noting	10 min
5	Update on Working Groups			
	(a) AEMO Procedure Change Working Group	AEMO	Noting	2 min
	(b) ERA BRCP WEM Procedure Review	BRCPPWG Review Chair	Noting	5 min
	(c) Power System Security and Reliability (PSSR) Standards Review	PSSRSWG Chair	Noting	2 min
	(d) WEM Investment Certainty (WIC) Review	WICRWG Chair	Discussion	30 min
6	2024 Supplementary Capacity Review	EPWA	Noting	10 min
7	Integration of small aggregation DSPs in the RCM	EPWA	Noting	10 min
8	Market Development Forward Work Program	Chair/Secretariat	Noting	5 min
9	General Business	Chair	Discussion	15 min
	Next meeting: 9:30am Thursday 25 July 2024			

Please note, this meeting will be recorded.

Competition and Consumer Law Obligations

Members of the MAC (**Members**) note their obligations under the *Competition and Consumer Act 2010 (CCA)*.

If a Member has a concern regarding the competition law implications of any issue being discussed at any meeting, please bring the matter to the immediate attention of the Chairperson.

Part IV of the CCA (titled “Restrictive Trade Practices”) contains several prohibitions (rules) targeting anti-competitive conduct. These include:

- (a) **cartel conduct**: cartel conduct is an arrangement or understanding between competitors to fix prices; restrict the supply or acquisition of goods or services by parties to the arrangement; allocate customers or territories; and or rig bids.
- (b) **concerted practices**: a concerted practice can be conceived of as involving cooperation between competitors which has the purpose, effect or likely effect of substantially lessening competition, in particular, sharing Competitively Sensitive Information with competitors such as future pricing intentions and this end:
 - a concerted practice, according to the ACCC, involves a lower threshold between parties than a contract arrangement or understanding; and accordingly; and
 - a forum like the MAC is capable being a place where such cooperation could occur.
- (c) **anti-competitive contracts, arrangements understandings**: any contract, arrangement or understanding which has the purpose, effect or likely effect of substantially lessening competition.
- (d) **anti-competitive conduct (market power)**: any conduct by a company with market power which has the purpose, effect or likely effect of substantially lessening competition.
- (e) **collective boycotts**: where a group of competitors agree not to acquire goods or services from, or not to supply goods or services to, a business with whom the group is negotiating, unless the business accepts the terms and conditions offered by the group.

A contravention of the CCA could result in a significant fine (up to \$500,000 for individuals and more than \$10 million for companies). Cartel conduct may also result in criminal sanctions, including gaol terms for individuals.

Sensitive Information means and includes:

- (a) commercially sensitive information belonging to a Member’s organisation or business (in this document such bodies are referred to as an Industry Stakeholder); and
- (b) information which, if disclosed, would breach an Industry Stakeholder’s obligations of confidence to third parties, be against laws or regulations (including competition laws), would waive legal professional privilege, or cause unreasonable prejudice to the Coordinator of Energy or the State of Western Australia).

Guiding Principle – what not to discuss

In any circumstance in which Industry Stakeholders are or are likely to be in competition with one another a Member must not discuss or exchange with any of the other Members information that is not otherwise in the public domain about commercially sensitive matters, including without limitation the following:

- (a) the rates or prices (including any discounts or rebates) for the goods produced or the services produced by the Industry Stakeholders that are paid by or offered to third parties;
- (b) the confidential details regarding a customer or supplier of an Industry Stakeholder;
- (c) any strategies employed by an Industry Stakeholder to further any business that is or is likely to be in competition with a business of another Industry Stakeholder, (including, without limitation, any strategy related to an Industry Stakeholder’s approach to bilateral contracting or bidding in the energy or ancillary/essential system services markets);
- (d) the prices paid or offered to be paid (including any aspects of a transaction) by an Industry Stakeholder to acquire goods or services from third parties; and
- (e) the confidential particulars of a third party supplier of goods or services to an Industry Stakeholder, including any circumstances in which an Industry Stakeholder has refused to or would refuse to acquire goods or services from a third party supplier or class of third party supplier.

Compliance Procedures for Meetings

If any of the matters listed above is raised for discussion, or information is sought to be exchanged in relation to the matter, the relevant Member must object to the matter being discussed. If, despite the objection, discussion of the relevant matter continues, then the relevant Member should advise the Chairperson and cease participation in the meeting/discussion and the relevant events must be recorded in the minutes for the meeting, including the time at which the relevant Member ceased to participate.

Agenda Item 4: MAC Action Items

Market Advisory Committee (**MAC**) Meeting 2024_06_13

Shaded	Shaded action items are actions that have been completed since the last MAC meeting. Updates from last MAC meeting provided for information in RED .
Unshaded	Unshaded action items are still being progressed.
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

Item	Action	Responsibility	Meeting Arising	Status
2/2024	EPWA and Mr Stephen to discuss how an agenda item on the operation of the new WEM can be structured in a way that provides a benefit to both the MAC and the WEM more generally.	EPWA	2024_02_08	Open EPWA plans to submit a paper on the Coordinator of Energy WEM Effectiveness Review for discussion at the 25 July MAC meeting. A separate action item was created for the FCESS cost review (see item 9/2024 below).
4/2024	Western Power to advise the MAC on: <ul style="list-style-type: none"> the reason for the discrepancy between the figures presented and the Transmissions System Plan (TSP); 	Western Power	2024_02_08	Open Western Power provided a response via email on 27 May 2024 explaining that: <ul style="list-style-type: none"> The MARNET Scheme (Mid-West Area Reinforcement Network Scheme) is an existing automated scheme which inter-trips the 330kV network north of Northern Terminal. The inter-

Item	Action	Responsibility	Meeting Arising	Status
	<ul style="list-style-type: none">the difference between transfer capacity and the quantum of generation that can connect;whether the current TSP will be updated; andthe MARNET Scheme.			<p>tripping logic monitors for faults along the northern 330kV lines and ensures the remaining segments of the line north of the fault are inter-tripped. This scheme ensures the parallel 132kV network in the Mid-West/North Country is not overloaded and avoids transient overvoltages. The MARNET scheme was a replacement for the old Fast Inter-tripping Scheme and Line Inter-tripping Schemes.</p> <ul style="list-style-type: none">The differing values in the NREP WPR and TSP are because the TSP does not consider the MARNET scheme as a contingency – this is a simplification to allow the TSP modelling to be automated using software scripts.The TSP is clear that the thermal transfer limits are thermal only. The MARNET scheme does have a material impact on the North Region and the transfers calculated as part of a detailed study, which does include the MARNET scheme and transient voltage assessment, are materially lower.Western Power does outline the limitations of the boundary transfer approach on page 13 of the TSP, extract below:<ul style="list-style-type: none">The thermal transfer boundaries presented within each of the Region chapters (sections 10 to 15) are indicative in nature. The boundary capacities and their expected power flows are sensitive to the demand forecast and generation dispatch assumptions used. They should only be used to provide a guide for existing or new

Item	Action	Responsibility	Meeting Arising	Status												
				<p>users prior to lodging a connection application, where more detailed connection studies will be performed to accurately assess the impact of a proposed connection.</p> <table border="1" data-bbox="1272 387 2013 652"> <thead> <tr> <th data-bbox="1272 387 1442 475">Transfer Boundary</th> <th data-bbox="1442 387 1686 475">Existing Network – NREP WPR</th> <th data-bbox="1686 387 2013 475">Existing Network – 2023 TSP</th> </tr> </thead> <tbody> <tr> <td data-bbox="1272 475 1442 536">TS-MW</td> <td data-bbox="1442 475 1686 536">80 MW</td> <td data-bbox="1686 475 2013 536">100 MW (ENT-TS 81)</td> </tr> <tr> <td data-bbox="1272 536 1442 596">MW-NB</td> <td data-bbox="1442 536 1686 596">250 MW</td> <td data-bbox="1686 536 2013 596">700 MW (MUC-MOR 81)</td> </tr> <tr> <td data-bbox="1272 596 1442 652">NB-MN</td> <td data-bbox="1442 596 1686 652">500 MW</td> <td data-bbox="1686 596 2013 652">1000 MW (HBK-MUC 81)</td> </tr> </tbody> </table> <p>Note: Due to existing networks limited capacity, N-0 transfer capacity figures have been provided in the 2023 TSP</p> <ul style="list-style-type: none"> Western Power is in the process of developing a more advanced modelling capability to understand and forecast the levels of congestion that the Western Power transmission network causes in the WEM. The TSP 24 there will no longer contain thermal boundary transfer information. 	Transfer Boundary	Existing Network – NREP WPR	Existing Network – 2023 TSP	TS-MW	80 MW	100 MW (ENT-TS 81)	MW-NB	250 MW	700 MW (MUC-MOR 81)	NB-MN	500 MW	1000 MW (HBK-MUC 81)
Transfer Boundary	Existing Network – NREP WPR	Existing Network – 2023 TSP														
TS-MW	80 MW	100 MW (ENT-TS 81)														
MW-NB	250 MW	700 MW (MUC-MOR 81)														
NB-MN	500 MW	1000 MW (HBK-MUC 81)														
6/2024	AEMO to provide an update on the next steps, if any, and indicative date for the Procedure Change Proposal AEPC_2023_03.	AEMO	2024_02_08	<p>Closed AEMO provided an update at the 2 May 2024 MAC meeting.</p>												
8/2024	MAC Secretariat to publish the minutes of the 2 May 2024 MAC meeting on the Coordinator’s Website as final	MAC Secretariat	2024_05_02	<p>Closed The minutes were approved out of session and published on the Coordinator’s Website on 6 June 2024.</p>												

Item	Action	Responsibility	Meeting Arising	Status
9/2024	EPWA and the ERA to discuss the review of the FCESS prices and provide an update at the next MAC meeting.	EPWA and ERA	2024_03_21	Closed The ERA and EPWA provided a verbal update at the 2 May 2024 MAC meeting.
10/2024	MAC members to contact AEMO directly regarding the prioritisation framework or specific procedures	MAC Members	2024_03_21	Open
11/2024	EPWA to include the Terms of Reference (TOR) for the Procedure Content Assessment Working Group (PCAWG) as an agenda item	EPWA	2024_03_21	Open EPWA is updating the TOR to reflect the MAC's and other stakeholder feedback and will provide it at a future MAC meeting
12/2024	Meet offline to discuss and align the schedule of the PCAWG to account for the review of the WEM Procedures against the State Electricity Objective.	EPWA and AEMO	2024_05_02	Open EPWA and AEMO have met and plan to have further ongoing meetings.
13/2024	Provide a one-page table with a high-level overview of MAC Working Groups	EPWA	2024_05_02	Open Provided at Agenda Item 8
14/2024	Update the ESS Framework Review TOR to log any issues regarding the WEM fundamental principles noted during this review	EPWA	2024_05_02	Open The TOR was incorrectly referenced as the document to update during the 2 May 2024 MAC Meeting.

Item	Action	Responsibility	Meeting Arising	Status
				EPWA updated the Scope of Work to reflect the MAC's feedback and it is provided at Agenda Item 8.
15/2024	AEMO to liaise with EPWA to circulate any future significant papers to the MAC	EPWA	2024_05_02	<p>Open</p> <p>AEMO will provide the MAC secretariat any significant publications and the MAC secretariat will circulate these to MAC members.</p>

MARKET ADVISORY COMMITTEE MEETING, 13 June 2024

FOR DISCUSSION

SUBJECT: UPDATE ON AEMO'S WEM PROCEDURES

AGENDA ITEM: 5(A)

1. PURPOSE

Provide a status update on the activities of the AEMO Procedure Change Working Group and AEMO Procedure Change Proposals.

2. AEMO PROCEDURE CHANGE WORKING GROUP (APCWG)

	Most recent meetings	Next meeting
Date	6 June 2024	As required
WEM Procedures for discussion	<ul style="list-style-type: none"> WEM Procedure: Mid Peak Electric Storage Resource Obligation Intervals <p>An APCWG was also held on 9 May 2024, which occurred after the last MAC meeting and was not reported as an upcoming APCWG under the "Next Meeting" table. The following WEM Procedures were discussed:</p> <ul style="list-style-type: none"> WEM Procedure: LT PASA WEM Procedure: RCM Constraint Formulation 	

3. AEMO PROCEDURE CHANGE PROPOSALS

The status of AEMO Procedure Change Proposals is described below, current as at 13 June 2024. Changes since the previous MAC meeting are in **red text**. A procedure change is removed from this report after its commencement has been reported or a decision has been taken not to proceed with a potential Procedure Change Proposal.

ID	Summary of changes	Status	Next steps	Indicative Date
Procedure Change Proposal AEPC_2024_03 WEM Procedure: Long Term Projected Assessment of System Adequacy	AEMO has initiated this Procedure Change Proposal to amend the Procedure to reflect amendments arising from the Wholesale Electricity Market Amendment (Reserve Capacity Reform) Rules 2023, gazetted on 13 December 2023. AEMO has proposed Procedure changes to incorporate: <ul style="list-style-type: none"> • Introduction of Availability Duration Gap metrics and Electric Storage Resources Duration Requirements for Electric Storage Resources (ESR) and Peak Demand Side Programme Dispatch Requirement for Demand Side Programmes (DSP). • Replacement of Availability Classes with Capability Classes. 	Consultation Closed	Commencement	6 June 2024
Procedure Change Proposal AEPC_2024_04 WEM Procedure: RCM Constraint Formulation	AEMO has initiated this Procedure Change Proposal to make administrative amendment to the Procedure arising from the Wholesale Electricity Market Amendment (Reserve Capacity Reform) Rules 2023, gazetted on 13 December 2023.	Consultation Closed	Commencement	14 June 2024

ID	Summary of changes	Status	Next steps	Indicative Date
<p>Procedure Change Proposal AEPC_2024_05 WEM Procedure: Mid Peak Electric Storage Resource Obligation Intervals</p>	<p>AEMO has initiated this Procedure Change Proposal following amendments to clause 4.11.3A and Chapter 11 (Glossary) of the WEM Rules.</p> <p>AEMO has proposed Procedure changes to:</p> <ul style="list-style-type: none"> • Amend the title of the procedure and section titles to reflect the new focus on the Mid Peak Electric Storage Resource Obligation Intervals (MPESROI). • Set out the processes AEMO must follow when determining changes to the Trading Intervals to be classified as MPESROI, and publishing the MPESROI. • Set out circumstances in which AEMO can determine changes to the MPESROI. • Remove the consultation process that applies to changes to published MPESROI, to comply with changes to clause 4.11.3A(c)(i) of the WEM Rules. 	Out for consultation	Consultation Closure	20 June 2024

MARKET ADVISORY COMMITTEE MEETING, 13 June 2024

FOR DISCUSSION

SUBJECT: UPDATE ON ERA'S BENCHMARK RESERVE CAPACITY
PRICE WEM PROCEDURE REVIEW

AGENDA ITEM: 5(B)

1. PURPOSE

Provide a status update on the activities of the ERA's Benchmark Reserve Capacity Price WEM Procedure Review Working Group.

2. ERA'S BENCHMARK RESERVE CAPACITY PRICE WEM PROCEDURE REVIEW WORKING GROUP (BRCPWPWG)

	Most recent meetings	Next meeting
Date	19 April 2024	-

3. ERA PROCEDURE CHANGE PROPOSALS

The status of ERA Procedure Change Proposals is described below, current as at 24 May 2024. Changes since the previous MAC meeting are in **red text**.

ID	Summary of changes	Status	Next steps	Indicative date
Procedure Change Proposal EEPC_2024_01 WEM Procedure: Benchmark Reserve Capacity Prices	<p>The ERA published its procedure change proposal and draft <i>WEM Procedure: BRCP</i> for consultation on 5 April 2024 and sought feedback by 6 May 2024 (online). The ERA received seven submissions.</p> <p>At the BRCP WEM Procedure Review Working Group's previous meeting on 19 April 2024, the Working Group Chair noted the ERA Secretariat will review the feedback received to identify if another meeting of the Working</p>	Closed for consultation	<p>The ERA is developing its procedure change report and considering stakeholder feedback.</p> <p>The ERA expects to publish its procedure change report and <i>WEM Procedure: BRCP</i> in June 2024.</p>	July 2024

ID	Summary of changes	Status	Next steps	Indicative date
	<p>Group should be convened to discuss any issues raised.</p> <p>On 20 May 2024, the Working Group Secretariat informed the Working Group that the Secretariat had reviewed the feedback and did not consider another meeting was required and sought the Working Group's advice by 23 May 2024. The Working Group did not provide any feedback.</p> <p>The Working Group Chair considers that the Working Group is no longer required to assist the MAC in advising the ERA on its review. The Working Group Chair recommends that the MAC disband the BRCP WEM Procedure Review Working Group (WEM Rule 2.3.17(b)).</p> <p>Meeting papers from all historical Working Group meetings are available online.</p>			

Agenda Item 5(c): Update on the PSSR Standards Working Group

Market Advisory Committee (MAC) Meeting 2024_06_13

1. Purpose

- The Chair of the Power System Security and Reliability (PSSR) Standards Working Group (PSSRSWG) to provide an update on the activities of the PSSRSWG since the last MAC meeting.

2. Recommendation

That the MAC notes:

- (1) the general update from the commencement of Stage 3 of the project - developing design proposals).

3. Background

- The MAC established the PSSRWG to support the Coordinator of Energy's review of the PSSR standards for the South West Interconnected System (SWIS).
- The purpose of this review is to implement the Energy Transformation Taskforce's recommendation to develop a consistent, single end-to-end PSSR standard for the SWIS governed by centralised governance framework that will be implemented in the Electricity System and Market Rules (ESMR).
- The project is being conducted in four stages, as follows:
 1. Assess the existing PSSR standards framework (inclusive of governance arrangements and compliance frameworks);
 2. Identify any gaps, duplications, and inconsistencies in the existing framework (including the governance arrangements);
 3. Develop proposals for a single end-to-end PSSR standard and framework governed by the Coordinator under the ESMR; and
 4. Draft rules to implement the recommended framework.
- Given that the roles and responsibilities for managing PSSR standards are largely managed by AEMO and Western Power through their planning and operation processes, a Technical Working Group consisting of EPWA, AEMO and Western Power was established to provide input at each stage of this review.
- The Technical Working Group meets frequently to discuss the framework for analysis and other material and provide input on proposals prior to these being circulated to the PSSRSWG.

- Stage 2 of the review was completed in late April 2024, with Stage 3 commencing in early May 2024.
- The Technical Working Group has met three times (1 May, 15 May, and 29 May) to discuss the content of stage 3, with discussion focusing on the suitability and feasibility of the proposed solutions to the issues identified during stage 2. The topics covered at each meeting were as follows.
 - The 1 May meeting focused on the approach for stage 3 and included initial discussions around options /solutions for compliance requirements across PSSR facility types, operational requirements for Electric Storage Resources and requirements for AEMO to consider liquid fuels, storage and renewables in determining the optimal reserve capacity requirements.
 - The 15 May meeting started discussions on the PSSR related definitions to be used by this review and began exploring options/solutions for the Generator Performance Standards requirements and the change management process for these.
 - The Meeting on 29 May focused on discussing options/solutions to System Strength and related issues.
- Given that some options and solutions require further revision by the Technical Working Group, there will be a longer time between PSSRSWG meetings than usual. The next PSSRSWG meeting is proposed for June 27. However, this date may be adjusted depending on the progress of Stage 3 with the Technical Working Group.
- Outputs from stage 3 to date include:
 - A Jurisdictional Comparison of PSSR standards across national and international electricity systems.
 - A Definitions List which consolidates the PSSR Related definitions to be used by this review.
- Papers and minutes for the PSSRSWG meetings are available on the PSSRSWG webpage at [Power System Security and Reliability \(PSSR\) Standards Working Group \(www.wa.gov.au\)](http://www.wa.gov.au)
- Further information on the PSSR Standards Review, including all Papers are available on the PSSR Standards Review webpage at [Power System Security and Reliability Standards Review \(www.wa.gov.au\)](http://www.wa.gov.au)

4. Next Steps

<u>Stage</u>	<u>Activity</u>	<u>Timing</u>
2 - Gap analysis	Consultant to provide EPWA with draft chapter detailing the findings for stage 2 (to be incorporated into the Consultation Paper under stage 3)	May 2024
	Chair to provide the MAC an update of the activities of the PSSRSWG	2 May 2024
	Chair to provide the MAC an update of the activities of the PSSRSWG	13 June 2024
3 - Develop design proposals	Chair to provide the MAC an update of the activities of the PSSRSWG	25 July 2024

	Consult with the MAC on draft Consultation Paper	5 September 2024
	Consult with the MAC on draft Information Paper	28 November 2024
4 - Develop amending rules	Exposure draft of Draft Amending WEM Rules	April 2025
	Amending WEM Rules submitted to Minister for Energy	August 2025



Agenda Item 5(d): Update on the WIC Review Working Group

Market Advisory Committee (MAC) Meeting 2024_06_13

1. Purpose

The Chair of the Wholesale Electricity Market (WEM) Investment Certainty (WIC) Review Working Group (WICRWG) to provide an update on the activities of the WICRWG since the last MAC meeting.

2. Recommendation

That the MAC notes:

- the update from the WICRWG meeting on 29 May 2024.

3. Process

- The MAC established the WICRWG to support the Coordinator's WIC Review under clause 2.2D.1 of the WEM Rules.
- The WIC Review is addressing issues that were recognised in the Reserve Capacity Mechanism (RCM) Review and is considering the five specific reforms that were announced by the Minister for Energy on 9 May 2023.
 - A WIC Review Consultation Paper on four of the five was presented to the MAC at the 21 March 2024 MAC meeting.
- Approaches to support for renewable generators (the last initiative) and the interaction with the Commonwealth Capacity Investment Scheme (CIS) were discussed at the 24 April WICRWG meeting. It was agreed that specific support for renewable generation in the WEM should:
 - maintain incentives to produce energy, by maintaining exposure to Real-Time Market outcomes;
 - maintain incentive to participate in the CIS, and be compatible with CIS outcomes, by providing less support than is provided to CIS Agreement (CISA) holders; and
 - avoid free riders.
- At the 29 May WICRWG meeting options for using CIS outputs to determine revenue top-ups for renewables were discussed, including:
 - influencing the incentive to participate in the CIS by basing WEM renewable support on the lowest CIS payment, the average CIS payment multiplied by a discount factor, or a statistical benchmark;
 - the approach to WEM renewable support following the last CIS auctions in 2030;
 - eligibility requirements for WEM renewable support;
 - timeframes to complete the design of the WEM renewable support
 - the trigger for the commencement of WEM renewable support; and

- payment and cost allocation methods for WEM renewable support.
- The Terms of Reference, papers and minutes for the WICRWG meetings are available on the WICRWG webpage at [Wholesale Electricity Market Investment Certainty \(WIC\) Review Working Group \(www.wa.gov.au\)](http://www.wa.gov.au)
- Further information on the WIC Review, including the Scope of Works are available on the WIC Review webpage at [Wholesale Electricity Market Investment Certainty Review \(www.wa.gov.au\)](http://www.wa.gov.au)

4. Next Steps

5. Attachments

- Agenda Item 5(d) – Attachment 1 – WIC Review update – slide presentation



Government of Western Australia
Energy Policy WA

Market Advisory Committee

WICRWG Update – Support for Renewable Generation

13 June 2024

Working together for a
brighter energy future.

1. WEM renewable generation support

Initiative 3 - Rationale

The objective of Initiative 3 is to consider the need for a “top-up” of Wholesale Electricity Market (WEM) revenues for renewable generators to address the risk that the renewables may not recover enough revenue to justify investment.

The Reserve Capacity Mechanism (RCM) review forecast declining revenues for renewable generators after 2030 when conventional baseload retires:

- Meeting the Reserve Capacity Target means significant overbuild of renewables and storage is needed.
- Renewable projects need to recover some fixed costs in the energy market as their fixed costs per MW are higher than the technology used to set the Benchmark Reserve Capacity Price (BRCP), and they only get Capacity Credits for 15% - 30% of their nameplate capacity.
- As conventional generation retires, renewable generators with low variable costs will more frequently set the Real-Time Market energy price, driving prices to zero most of the time. As a result, renewable projects will no longer recover their long run marginal cost through the RCM, energy and Frequency Co-optimised Essential System Services.

At the same time, Commonwealth programmes are changing:

- The mandatory large-scale generation certificates (LGC) programme will end in 2030, and there is no clear successor mechanism to replace these revenues.
- The Commonwealth Capacity Investment Scheme (CIS) will provide additional revenue for some facilities but not for others.

Initiative 3 – Key Topics

Initiative 3 has seven components. Initially, we are focusing on topics 1 and 4.

1. **The overall approach to the WEM renewable support**
2. Trigger for WEM renewable support commencement and retirement including timing
3. Eligibility criteria for technologies to be considered and the firming requirement
4. **Calculation of the “top-up” (WEM renewable support)**
5. Method of recovery of the “top-up” from the WEM
6. Administration of the WEM renewable support
7. Design of the WEM Rules to amend the changes.

Last MAC Update

As at 2 May MAC meeting, the WIC Review Working Group (WICRWG) had agreed that:

- WA specific support for renewable generation should:
 - maintain incentives to produce energy, by maintaining exposure to Real-Time Market outcomes
 - maintain incentive to participate in the Capacity Investment Scheme (CIS), and be compatible with CIS outcomes. This could be achieved by providing less support than is provided to CIS Agreement (CISA) holders
 - avoid free riders – paying for something that would have happened anyway
- Option A is not suitable, as it would require replicating the Clean Energy Regulator just for WA (see Appendix for description of initial options A through D).
- Option D is not appropriate. Although renewable generation may become the marginal new entrant at some point, the Benchmark Capacity Provider should not be set to a renewable facility ahead of it becoming the marginal new entrant capacity provider.
- Merge options B and C. Option B is preferable, but using CIS outcomes as a benchmark will only be possible in years where the CIS operates. If there is no CIS outcome, then another benchmark will be required.

The MAC was comfortable with this approach. We have now further developed the preferred option (based on option B) and present it in the following slides.

Slides presented to WICRWG

The application of CIS in the WEM

The initial CIS auction is for Clean Dispatchable CISAs (storage), but the agreements we are primarily interested in are the Generation CISAs (non-firmed renewables), for which less detail is available.

The CIS will determine certain parameters for each successful Generation CISA:

- \$/MWh cap and floor
- \$/MW cap and floor.
- Total amount of annual top-up or recovery

The specific top-up provided to each CISA holder will depend on its actual generation and actual revenue (before the effect of any capacity refunds, and excluding any periods when energy prices are negative).

Options for using CIS outcomes to determine renewable generation revenue top up for non-CIS facilities

1. Apply the average CIS contracted floor and cap figures to non-CIS facilities.

This would require calculating revenue for each facility, including accounting for refunds, bilateral contracts, and periods with below zero prices – basically replicating the CIS settlement calculations in the WEM systems. This would account for differences in generation between years.

2. Calculate the average top-up paid to CISA facilities per MW of Capacity Credits, and pay that to non-CIS facilities.

This would be a simpler payment approach, but would not account for the difference in generation between facilities. If CIS facilities made money for energy generation, then a non-CIS facility with lower average generation than the CIS facilities would receive less.

3. Calculate the average top-up paid to CISA facilities per MWh generated, and pay that to non-CIS facilities based on their generation in periods with prices above zero.

Again, this would require only simple settlement calculations, but would result in relatively lower payments to facilities which did not generate much.

Options assessment

Option 1 would be more reflective of the specifics of individual facilities, and would account for changes in generation between years, but would require significantly more complex settlement arrangements.

Options 2 and 3 would be simpler to calculate and settle, but could be skewed if there is a significant difference between the costs and generation profiles of CIS vs non-CIS facilities, or if there is a significant change in renewable generation from one year to the next. They would provide a strong incentive to generate as much as possible.

Options 2 and 3 would not consider contracted volumes, so contracts may need to be updated to specify treatment of the WEM renewable support.

Proposal: Option 3. Eligible facilities paid per MWh, based on actual CIS payments.

This will keep the scheme simple, while retaining incentive for participants to generate as much as possible.

Using the CIS average or another metric to determine WEM renewable support payments

The CIS is a pay-as-bid mechanism. Successful applicants could receive different payments for the same service.

If WEM revenue support for renewable generation was based on the average CIS payment, each year some facilities would be paid less under their CISA than they would have received outside the CISA. This could give some project proponents incentive to inflate offers in the CIS tenders in order to gain access to the WEM renewable support payment.

Project proponents will still have a strong incentive to put their best foot forward in the CIS, as the CIS will provide revenue certainty for 15 years, while the WEM renewable support payment could change each year. Later CISAs will likely see lower floors as technology costs continue to improve.

Influence on CIS participation incentives could be addressed by basing WEM renewable support on:

- The lowest CIS payment
- The average CIS payment multiplied by a discount factor, e.g. 90%.

Post-CIS options

CIS auctions will only run until 2030. CISAs awarded in that year will apply until the mid 2040s. After that there will be no CIS outcomes to benchmark against.

WEM renewable support could be continued by determining alternative benchmarks, for example:

- Using the final year of CIS results in perpetuity
- Using final year of CIS results, adjusted by a deflator (for technology cost)
- Setting \$/MWh figures based on the difference between the prevailing renewable capture price and the CISA-adjusted renewable capture price achieved over one or more previous years.
- Setting \$/MW per Capacity Credit figures based on the difference between the prevailing Reserve Capacity Price (RCP) and a BRCP for renewable generation (essentially setting a second BRCP specific to renewables)

Proposal: Indicative approach to use final year CIS results with a deflator, but review once CIS has begun.

This simple approach allows the rules to be complete, but allows revision before it will take effect.

WICRWG Discussion

Working Group discussion (1)

Discussion raised a number of considerations:

- There is a tradeoff between simplicity and effectiveness. Ideally the WEM renewable support should be simple, but should also avoid creating undesirable incentives.
- The CIS has a cap as well as a floor, with revenue sharing above the cap. It is not proposed to include this in the WEM renewable support, as it would require delving into detailed revenue calculations for each qualifying facility.
- In order to reliably run with high volumes of renewables, the system will need a lot of excess generation to manage in periods when weather conditions mean low output. At other times, a lot of excess potential generation will be curtailed. This curtailment should be recognised in any MWh assessment for renewable support, though curtailment based on network capacity may be treated differently.
- If periods with negative pricing are excluded, participants may respond by increasing their offer prices to avoid negative pricing. The CIS calculations use a zero price in these periods, so MWh based renewable support does not need to exclude generation in these periods.

Working Group discussion (2)

- Because the CIS operates on a per Capacity Credit basis, there is uncertainty for project proponents – for example, if a battery project loses Capacity Credits due to the Electric Storage Resource Obligation Intervals increasing, it will lose CISA payments. The final form of WEM renewable support needs to consider the flow on effects of CIS design, and where possible avoid issues.
- Paying the same WEM renewable support to all facilities may not be appropriate. WEM renewable support may need to distinguish between different technologies.
- If technology costs drop over time, CIS floors are likely to drop, renewable support payments will drop in turn, and older facilities may not cover their costs. WEM renewable support could consider the age of facilities.
- Members supported not using the average CIS result, with some members supporting using the lowest CIS payment, and other proposing to use a statistical benchmark such as the first standard deviation below the average.
- Members agreed that the post-CIS approach does not need to be determined yet and can wait until there is some experience with the CIS.

Does the MAC have any other considerations to raise?

2. Other topics

Initiative 3 – Key Topics

Now that the overall approach has been examined, we can explore other aspects of the scheme:

1. The overall approach to the WEM renewable support
2. **Trigger for WEM renewable support commencement and retirement including timing**
3. **Eligibility criteria for technologies to be considered and the firming requirement**
4. Calculation of the “top-up” (WEM renewable support)
5. **Method of recovery of the “top-up” from the WEM**
6. **Administration of the WEM renewable support (not discussed at the WICRWG)**
7. Design of the WEM Rules to amend the changes.

Slides Presented to WICRWG

Eligibility

Whatever approach is used to provide an additional revenue stream, the WEM Rules will need to clearly define eligibility. To be eligible, a facility will need to:

- Be fueled by renewable sources. The CIS requirements are probably suitable.
- Receive Peak Capacity Credits – Certified Reserve Capacity alone would not be sufficient
- Have applied to the CIS, been accepted in the first round, but not been successful in the second round. Facilities commissioned before the CIS would not be eligible.

Unlike the CIS, the WEM renewable support will not require an additional competitive process.

Support will only be provided in relation to facilities providing energy that actually flows through the WEM, i.e. not intermittent loads.

Payments and Cost Allocation

If renewables output is covered by a bilateral energy contract, then it is likely to already be receiving contributions to fixed costs from that revenue stream. Guarantee payments need to account for energy sold under bilateral contracts.

Costs of providing the guarantees could be recovered from:

- All consuming participants on a per MWh basis (effectively functioning as an adder to energy prices)
- All participants on an Individual Reserve Capacity Requirement basis (functioning as an adder to capacity prices)
- Only participants buying Capacity Credits from the specific facilities holding guarantees
- Only participants purchasing from the Real-Time Market, on a per MWh basis.

Proposal: Recover from all consuming participants on a per MWh basis.

The scheme is intended to remedy the revenue gap caused by falling energy prices. The Real-Time Market energy price will be lower, and the beneficiaries will be those purchasing energy. This proposal will recover the costs of the scheme from those same beneficiaries.

Discussion at the WICRWG

Working Group discussion (3)

Discussion of eligibility largely related to questions and clarifications. EPWA clarified that:

- WEM renewable support is aimed at renewable generation, pure storage projects would not be eligible. Storage is the reference technology for the BRCP, and so is projected to receive sufficient revenue to support investment.
- Requirements to participate would be minimal – if a renewable facility has Capacity Credits, and had participated in the CIS, it would receive payments.
- There would be no minimum size (unlike the CIS which has a minimum size of 30MW, presumably to avoid administrative costs of managing multiple small projects)
- After the final CIS auction, there would be no need to show that the facility had applied to the CIS.

Does the MAC have any further comments on eligibility?

Working Group discussion (4)

The key issue raised throughout the WICRWG meeting was the timing of the WEM renewable support – both finalizing design, and initiating payments.

- A top up may not be required while the CIS is operating, as the volume (6.5 TWh) to be procured may be sufficient to meet the capacity needs of the SWIS over that period.
- It is not desirable to incentivise more capacity entry than needed to meet the Reserve Capacity Target. It may be better to wait and see the effect of the CIS on new entry before commencing the additional WEM renewable support.
- The final shape of the CIS for renewable generation projects will not be known until 2025.
- If CISA holders earn sufficient revenue in normal market processes, they will not receive any CISA top-up payments. In this case the WEM renewable support payments would also be zero.

Timing for implementation

The WICRWG discussed options for timing the commencement of WEM renewable support payments:

- When prevailing energy prices fall below pre-existing energy prices
- When payments under CIS contracts for renewable generation are available
- If CIS does not sufficient capacity to meet WEM capacity requirements
- When CIS no longer attracts sufficient capacity to meet WEM capacity requirements
- After the last CIS auction has occurred.

The WICRWG agreed that the WEM renewable support needs to be in place if the CIS doesn't cover all the capacity needed to meet WEM requirements.

Therefore, the WEM renewable generation support must be live following the first CIS generation payments in Capacity Year 2027.

Proposal: Have renewable support in place for the Capacity Year 2028

Timing for design completion

The WICRWG discussed options for completing the WEM renewable support design:

- Now – in advance of the CIS generation auctions
- After the first CIS generation auction material is published
- After the first CIS generation auction results are announced
- After experience with CIS operations (i.e. CISA payments have been calculated)

The WICRWG agreed that it makes sense to wait at least until after the CIS renewable generation auction material is available, as that will identify the final design and volumes to be procured in the CIS.

Proposal: Wait to complete the WEM renewable support design until auction material is published (2025). This means pausing further work on WEM renewable generation support until that time and completing the design in advance of the 2026 Reserve Capacity Cycle.

Does the MAC agree with the proposed timing?

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Initial Options Identified

In its January meeting, the working group discussed four options:

- Approach A: An energy purchaser obligation (like the Renewable Energy Target [RET])
- Approach B: A capacity-based revenue top up, linked to CIS outcomes
- Approach C: A price guarantee linked to pricing in a trigger year (with a cap and floor)
- Approach D: Setting the BRCP based on renewable capital costs (accounting for expected capacity derating)

Options B and D had most support, but none could be ruled out until the CIS approach became clear.

Options B and D are mutually exclusive.

An up-front capital contribution from government is not an option

Agenda Item 6: 2024 Supplementary Capacity Review

Market Advisory Committee (MAC) Meeting 2024_06_13

1. Purpose

Energy Policy WA to provide an overview of the 2024 review of the supplementary capacity provisions (the review).

2. Recommendation

That the MAC notes the information provided about the review.

3. Review of the supplementary capacity provisions

3.1. Background

Clause 4.24.19 of the Wholesale Electricity Market (WEM) Rules requires that after each call for tenders for supplementary capacity or otherwise acquiring Eligible Services the Coordinator must review the supplementary capacity provisions set out in section 4.24 of the WEM Rules and undertake a public consultation process on the outcomes of the review.

3.2. 2023 Call for supplementary capacity

- Following the 2023 WEM Electricity Statement of Opportunities, which presented AEMO's revised forecast maximum demand for the 2023/2024 Capacity Year Hot Season, AEMO identified a need for an additional 326 MW of supplementary capacity.
- On 11 August 2023, AEMO commenced a process to acquire supplementary capacity in accordance with section 4.24 of the WEM Rules by publishing a call for tender.
- The call for tender sought responses from Eligible Services (energy producing systems or load reduction) of 1MW or above that could be available between 3.30pm and 8.30pm in blocks of no less than two hours for the duration of the Hot Season.
- The request for tender closed on 8 September 2023.
- Following the tender process and subsequently a period of direct negotiation, a total of 160MW was contracted, as demonstrated in table 1 below.

Table 1: Providers of supplementary capacity

Service Provider	Eligible Service type	Quantity Contracted (MW)
Starling Energy	Energy Producing	1.5
AER Retail	Load Reduction	3
Water Corporation	Load Reduction	50
Synergy	Load Reduction & Energy Producing	17.1
Enel X	Load Reduction	60
Shell Energy	Load Reduction	10

Cockburn Cement Limited	Load Reduction	7
NewGen Neerabup Partnership	Energy Producing	11.4

3.3. The Coordinator's review of the supplementary capacity provision

- On 20 March 2024, the Coordinator initiated a review of the supplementary capacity provisions.
- The supplementary capacity review is assessing whether:
 - the supplementary capacity provisions require improvements; and
 - the improvements introduced by the 2023 supplementary capacity review have provided better outcomes for the latest supplementary capacity process.

3.4. Stakeholder Engagement

- On 26 March 2024, Energy Policy WA engaged with AEMO to discuss the effectiveness of the 2023/2024 supplementary capacity tender process and the service provided. The information provided by AEMO was used to design questionnaires to stakeholders and the Consultation Paper.
- On 29 April 2024, Energy Policy WA invited relevant stakeholders and 2023/2024 supplementary capacity providers to provide responses to questionnaires by 13 May 2024. All feedback provided by stakeholders will inform the Consultation Paper.

4. Next Steps

- Energy Policy WA will release the Consultation Paper on the 2024 review of the supplementary capacity provisions in June 2024. This consultation paper will include an Exposure Draft with any recommended Amending WEM Rules.
- Following public consultation, Energy Policy WA will propose Amending WEM Rules to the Minister in July 2024, and publish a summary of submissions and the Coordinator's response.
- Further information on the supplementary capacity review is available on at [2024 Supplementary Capacity Review \(www.wa.gov.au\)](#)

Agenda Item 7: Integration of small aggregation DSPs in the RCM

Market Advisory Committee (MAC) Meeting 2024_06_13

1. Purpose

- Energy Policy WA (EPWA) to provide an overview of the work it is undertaking to investigate and implement changes to allow small aggregations to participate in the Reserve Capacity Mechanism (RCM) as a Demand Side Programme (DSP).

2. Recommendation

That the MAC notes:

- (1) the project overview and status update; and
- (2) that other longer-term projects (outside the scope of this project) will examine more complex participation of aggregated Distributed Energy resources (DER) in other aspects of the Wholesale Electricity Market (WEM), including improvements in visibility of energy movements associated with DER aggregations to assist AEMO with forecasting and operations. Additional information will be provided to the MAC in the future as these projects progress.

3. Background

- The Western Australian Government, under the DER Roadmap, has committed to progressing changes that integrate DER, such as battery storage and flexible loads, into the power system to unlock unused capacity which can help to support the system, including during times of stress such as peak demand events.
- Aggregated DER as well as commercial and industrial load flexibility has demonstrated capability to provide value to the market through providing peak response services through Supplementary Capacity and Non-Cooptimised Essential System Services (NCESS).
- Participation in Supplementary Capacity and NCESS from aggregated DSPs and DER has moved participation forward demonstrating that it can technically deliver when called upon. However, these processes are not intended to be used on an ongoing basis to deliver capacity in the WEM outside of the normal RCM process. They also have significant variations from the DSPs participation in the RCM in terms of baselining requirements, measurement and settlement, activation obligations and dispatch processes.
- Existing rules around DSP participation were designed around larger industrial loads that have a single point of connection and provide capacity benefits through a net reduction of withdrawals.
- To support and encourage the ongoing participation of aggregated demand side participation and DER, including unlocking capability from distributed battery storage

(injection), it is important to ensure that aggregations of smaller resources can access existing value streams, such as those in the RCM.

- DSP and DER aggregators have previously informed EPWA about barriers to entry under the current RCM Rules. Subsequently, EPWA has identified areas of further examination such as:
 - allowing net injection of energy (i.e. export from storage at consumer premises);
 - appropriate baselining;
 - clarity and practicality of information requirements;
 - clarification of how to allow for uncertainty for aggregations that span multiple Transmission Node Identifier (TNIs) at time of certification, while providing certainty to AEMO at the time of service provision;
 - requirements for aggregations of small equipment that span multiple TNIs, including from National Meter Identifiers (NMIIs) that are usually co-located with highly variable and temperature dependant residential loads;
 - interaction with the Network Access Quantities (NAQ) process.
- These areas, along with other areas identified during the consultation on proposed draft WEM Rules, will be investigated over the course of this project.

3.1. Project scope

- This project will assess if there are any WEM Rule, or other, barriers to aggregated DSPs consisting of smaller user equipment participating in the RCM through the DSP facility class, and make any adjustments required to facilitate participation in the 2024 Reserve Capacity Cycle (short term changes) and later Reserve Capacity Cycles (the rest of the changes).
 - This work will leverage learning from existing participation in Supplementary Capacity and NCESS processes to date.
- This workstream will be undertaken in two phases to remove barriers to aggregated DSP and DER participation in the RCM in the DSP Facility Class;
 - Part 1 – investigate and implement short-term changes to allow for aggregated DSPs to register in the 2024 Reserve Capacity Cycle (draft rules have already been subject to consultation); and
 - Part 2 – investigate and implement longer-term changes to allow for aggregated DSPs to register in the 2025 Reserve Capacity Cycle and onwards.
- Aggregated DER participation in areas outside the DSP Facility Class (for example energy trading or provision of FCESS services) is out of scope for this project.

3.2. Summary of work to date

- EPWA has consulted with DSP and DER aggregators who participated in recent SRC and NCESS processes, as well as AEMO to understand what barriers to entry exist for participation in the RCM.

3.3. Part 1 - Transitional Exemption for DSPs

- EPWA developed a transitional rule to remove barriers for participation in the 2024 Reserve Capacity Cycle and consulted on this rule from 18 April to 2 May 2024.
- These amending rules provide for a transitional exemption for DSPs comprising associated loads smaller than 5 MW, from the requirement to provide AEMO with the single TNI for their DSPs when submitting an application for Certification of Reserve Capacity under clause 4.10.1.
 - This requirement was identified as being a significant barrier to entry for participation in the 2024 Reserve Capacity Cycle.
 - One submission in support was received by Enel X.
- It is noted that the rules will be amended in the future, to require the aggregator to provide the TNI for each of its DSPs prior to the 2026 Reserve Capacity Year and at the start of each year of capacity provision for future cycles.

3.4. Part 2 – Longer-term changes

- EPWA has met with DER aggregators and AEMO to understand barriers to participation in the RCM, including pathways to allow for net injection from aggregations that include behind-the-meter battery storage and controllable loads.
- While the volume of capacity provided by aggregated DSPs and DER is currently small, there is significant potential for the future. Unlocking pathways for participation now is expected to incentivise aggregators to improve and grow the size of their capability, reducing pressure on new reserve capacity build.
- Further refinements of the rules are anticipated in the future as capability improves and learning from early participation is gained. This will be considered as part of future work programs associated with aggregation of small resources beyond the scope of this project.

3.5. Next Steps

- EPWA anticipates publishing draft rules for public consultation on part 2 changes in early June 2024 with implementation proposed by December 2024 to facilitate wider participation of aggregated facilities from the 2025 capacity year.
- Where possible, these changes will be incorporated with the outcomes of other reviews which are underway.

Agenda Item 8: Market Development Forward Work Program

Market Advisory Committee (MAC) Meeting 2024_06_13

1. Purpose

- To provide an update on the Market Development Forward Work Program and an overview of the status of MAC working groups.
- Changes to the Market Development Forward Work Program since the previous MAC meeting are shown in red in the Tables below.

2. Recommendation

- The MAC Secretariat recommends that the MAC notes the updates to the Market Development Forward Work Program provided in Tables 1-4, including that:
 - the Chair of the Power System Security and Reliability (PSSR) Standards Review Working Group (PSSRSWG) will provide an update to the MAC on the progress of the PSSR Review - see Agenda Item 5(c);
 - the Chair of the WEM Investment Certainty Review Working Group (WICRWG) will provide an update to the MAC on the progress of the WEM Investment Certainty (WIC) Review - see Agenda Item 5(d); and
 - The scope of work for the Essential Systems Services Framework Review was updated to reflect MAC's feedback.

3. Process

Stakeholders may raise issues for consideration by the MAC at any time by sending an email to the MAC Secretariat at energymarkets@dmirs.wa.gov.au.

Stakeholders should submit issues for consideration by the MAC two weeks before a MAC meeting so that the MAC Secretariat can include the issue in the papers for the MAC meeting, which are circulated one week before the meeting.

Table 1 – Current MAC Working Groups

Working Group	Established	Status	Next steps
WEM Procedures Content Assessment	2 May 2024 MAC Meeting	Delayed	Project to commence following the publication of the Coordinator's response to the independent audit. Membership composition
Essential Systems Services Framework Review	2 May 2024 MAC Meeting	Starting	Membership composition
AEMO Procedure Change	1 May 2017 MAC Meeting	Open	Ongoing process
Power System Security and Reliability Standards	23 November 2023 MAC Meeting	Open	Four stages of work Stage 1 and 2 – completed. Stage 3 – commenced May 2024
Wholesale Electricity Market Investment Certainty Review	20 July 2023 MAC Meeting	Open	Publication of the Consultation Paper on four out of five initiatives. Further meetings in 2024
Benchmark Reserve Capacity Price WEM Procedure Review	23 November 2023 MAC Meeting	Potentially finishing	Proposal out for public consultation To convene if needed to address stakeholder feedback
Reserve Capacity Mechanism Review	21 September 2021 MAC Meeting	Finishing No further meetings	AEMO to determine the sequencing of implementing the RCM Reform Rules
Cost Allocation Review	14 December 2021 MAC Meeting	Finishing No further meetings	Minister to make the WEM Amending Rules. Implementation plan discussed with AEMO
Demand Side Response Review	16 March 2023 MAC Meeting	Finishing No further meetings	Minister to make the WEM Amending Rules. Implementation plan discussed with AEMO

Table 2 – Market Development Forward Work Program

Review	Issues	Status and Next Steps
Reserve Capacity Mechanism (RCM) Review	A review of the RCM, including a review of the Planning Criterion.	<ul style="list-style-type: none"> • The MAC established the RCM Review Working Group (RCMRWG). Information on the Working Group is available at https://www.wa.gov.au/government/document-collections/reserve-capacity-mechanism-review-working-group, including: <ul style="list-style-type: none"> • the Terms of RCMRWG, as approved by the MAC; • the list of RCMRWG members; • meeting papers and minutes from the RCMRWG meeting on 20 January 2022, 17 February 2022, 17 March 2022, 5 May 2022, 2 June 2022, 16 June 2022, 14 July 2022, 2 July 2022, 13 October 2022, 24 November 2022; 15 December 2022, 1 February 2023, 16 February 2023, 2 March 2023, 22 March 2023, 6 July 2023, 13 July, 30 August 2023. • The following papers have been released and are available on the RCM Review webpage at https://www.wa.gov.au/government/document-collections/reserve-capacity-mechanism-review: <ul style="list-style-type: none"> • the Scope of Works for the review, as approved by the Coordinator; • the Stage 1 Consultation Paper; • the Paper on the Review of International Capacity Mechanisms; • submissions on the Stage 1 Consultation Paper; • the RCM Review Information Paper (Stage 1) and Consultation Paper (Stage 2); • submissions on the RCM Review Consultation Paper (Stage 2); • the RCM Review Information Paper (Stage 2); • the RCM – WEM Amending Rules Exposure Draft; • submissions on the RCM – WEM Amending Rules Exposure Draft;

Table 2 – Market Development Forward Work Program

Review	Issues	Status and Next Steps
		<ul style="list-style-type: none"> • responses to stakeholder submissions on the Exposure Draft of the RCM Review WEM Amending Rules; and • the Wholesale Electricity Market Amendment (Reserve Capacity Reform) Rules 2023 available at Wholesale Electricity Market Amendment (Reserve Capacity Reform) Rules 2023 (www.wa.gov.au) • The RCMRWG will remain open until AEMO determines the sequencing of the implementation of the RCM Reform Rules, which were made by the then Minister for Energy in early December 2023.

Table 2 – Market Development Forward Work Program

Review	Issues	Status and Next Steps
Cost Allocation Review (CAR)	<p>A review of:</p> <ul style="list-style-type: none"> the allocation of Market Fees, including behind the meter (BTM) and Distributed Energy Resources (DER) issues; cost allocation for Essential System Services; and <ul style="list-style-type: none"> Issues 2, 16, 23 and 35 from the MAC Issues List (see Table 3). 	<ul style="list-style-type: none"> The MAC established the Cost Allocation Review Working Group (CARWG). Information on the CARWG is available at https://www.wa.gov.au/government/document-collections/cost-allocation-review-working-group, including: <ul style="list-style-type: none"> the Scope of Work for the review, as approved by the Coordinator; the Terms of Reference for the CARWG, as approved by the MAC; the list of CARWG members; meeting papers and minutes from the CARWG meetings on 9 May 2022, 7 June 2022, 30 August 2022, 27 September 2022, 25 October 2022, 29 November 2022, 21 March 2023, 2 May 2023 and 29 August 2023. <p>The following papers have been released and are available on the CAR webpage at Cost Allocation Review (www.wa.gov.au)</p> <ul style="list-style-type: none"> the Consultation Paper; the International Review; submissions on the Consultation Paper; the CAR Information Paper; the Exposure Draft of the WEM Amending Rules implementing the outcomes of the CAR; and submissions on the CAR WEM Amending Rules Exposure Draft <ul style="list-style-type: none"> The CARWG will remain open until the CAR WEM Amending Rules are made by the Minister and their implementation timeframe is agreed with AEMO.

Table 2 – Market Development Forward Work Program

Review	Issues	Status and Next Steps
Procedure Change Process (PCP) Review	A review of the PCP to address issues identified through Energy Policy WA's consultation on governance changes.	<ul style="list-style-type: none"> The MAC discussed a draft Scope of Work for this review at its meeting on 11 October 2022. EPWA has updated the Scope of Works to reflect the MAC discussions. The Scope of Work for the review, as approved by the Coordinator is available here Wholesale Electricity Market Procedure Change Process Review (www.wa.gov.au) ACIL Allen has been appointed to assist with the PCP Review. ACIL Allen engaged with MAC members through a survey and one-on-one consultations between 12 March and 18 April 2024. There were 11 respondents to the PCP survey, out of 19 requests. On 6 May 2024, the Consultation Paper was released for public consultation. Submissions closed 31 May 2024 with stakeholder feedback under review.
Review of the Participation of Demand Side in the Wholesale Electricity Market (WEM)	<p>The scope of this review is to:</p> <ul style="list-style-type: none"> identify the different ways that Loads/Demand Side Response can participate across the different WEM components; identify and remove any disincentives or barriers for Loads/Demand Side Response participating across the different WEM components; and identify any potential for over- or under-compensation of Loads/Demand Side Response (including as part of 'hybrid' facilities") as a result of their 	<ul style="list-style-type: none"> The MAC established the Demand Side Response Review Working Group (DSRRWG). Information on the DSRRWG is available at Demand Side Response Review Working Group (www.wa.gov.au), including: <ul style="list-style-type: none"> the Terms of Reference for the DSRRWG, as approved by the MAC; the list of DSRRWG members; meeting papers and minutes from the DSRRWG meeting on 10 May 2023, 7 June 2023, 5 July 2023, 2 August 2023 and 29 November 2023, 7 February 2024 and 15 February 2024. The following papers have been released and are available on the DSR Review webpage at Demand Side Response Review (www.wa.gov.au) <ul style="list-style-type: none"> the Scope of Work for the review, as approved by the Coordinator; the Demand Side Response Review Consultation paper;

Table 2 – Market Development Forward Work Program

Review	Issues	Status and Next Steps
	participation in the various market mechanisms.	<ul style="list-style-type: none"> • the submissions received on the Demand Side Response Review Consultation paper; • the Demand Side Response Review Information Paper; • the Demand Side Response Review – WEM Amending Rules Exposure Draft, and • the submissions received on the Demand Side Response Review – WEM Amending Rules Exposure Draft. • The DSRRWG will remain open until the DSR WEM Amending Rules are made by the Minister and their implementation timeframe is agreed with AEMO.

Table 2 – Market Development Forward Work Program

Review	Issues	Status and Next Steps
WEM Investment Certainty (WIC) Review	<p>The WIC Review will consider, design and implement the following five reforms that have been announced by the Minister for Energy, which are aimed at providing further investment certainty to assist the decarbonisation of the WEM:</p> <ol style="list-style-type: none"> (1) changing the Reserve Capacity Price (RCP) curve so it sends 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 emissions thresholds for existing flexible gas plants that qualify to provide the new flexibility service. 	<ul style="list-style-type: none"> • The MAC established the WIC Review Working Group (WICRWG). Information on the WICRWG is available at Wholesale Electricity Market Investment Certainty (WIC) Review Working Group (www.wa.gov.au) including: <ul style="list-style-type: none"> • the Terms of Reference for the WICRWG, as approved by the MAC; • the list of WICRWG members; • meeting papers and minutes from the 31 August 2023, 11 October, 8 November, the 6 December 2023, 24 January and 24 April 2024 WICRWG meeting. • meeting papers from the 29 May 2024 WICRWG meeting. • The following papers have been released and are available on the WIC Review webpage at https://www.wa.gov.au/government/document-collections/wholesale-electricity-market-investment-certainty-review, including: <ul style="list-style-type: none"> • the Scope of Work for the review, as approved by the Coordinator.

Table 2 – Market Development Forward Work Program

Review	Issues	Status and Next Steps
Review of the Market Advisory Committee (MAC)	<p>The scope of this review is to ensure that the purpose, representation, process and operations of the MAC are fit for purpose, and in particular, that it operates efficiently and provides balanced, timely and useful advice to the Coordinator.</p>	<ul style="list-style-type: none"> • The MAC supported a Scope of Works for this review at its meeting on 8 June 2023, and advised EPWA to further consider the timing of the review. EPWA has updated the Scope of Works to reflect the MAC discussions. • The Scope of Work for the review, as approved by the Coordinator is available here Market Advisory Committee Review (www.wa.gov.au) • ACIL Allen has been appointed to assist with the MAC Review. • On 7 May 2024, the Consultation paper was released for public consultation. Submissions closed 31 May 2024 with stakeholder feedback under review.
Review of the Power System Security and Reliability (PSSR) Standards	<p>The scope of this review is to:</p> <ul style="list-style-type: none"> • review the various PSSR related provisions in the instruments governing power system security and reliability in the SWIS; • assess whether the combination of existing standards is effective to ensure power system security and reliability can be maintained; • develop proposals for a single end-to-end PSSR standard and a centralised governance framework; and • draft amending Rules and other regulatory changes, as necessary. 	<ul style="list-style-type: none"> • The MAC established the PSSR Standards Working Group (PSSRSWG). Information on the PSSRWG is available at Power System Security and Reliability (PSSR) Standards Working Group (www.wa.gov.au) including: <ul style="list-style-type: none"> • the Terms of Reference for the PSSRSWG, as approved by the MAC; • the Scope of Work • the list of PSSRSWG members; • meeting papers and minutes from the 14 December 2023 PSSRSWG meeting; • meeting papers and minutes for the 1 February 2024 and 29 February 2024 PSSRSWG meeting; and • meeting papers for the 18 April 2024 PSSRSWG meeting.

Table 2 – Market Development Forward Work Program

Review	Issues	Status and Next Steps
WEM Procedure Content Assessment project	<p>The scope of this project is to:</p> <ul style="list-style-type: none"> Review current WEM Procedures against a criterion developed by the Procedure Change Process Review and determine if a matter should be addressed in the WEM Rules or WEM Procedures. 	<ul style="list-style-type: none"> At the 2 May 2024 MAC meeting, the MAC established the WEM Procedure Content Assessment Working Group and: <ul style="list-style-type: none"> supported the Scope of Work; and requested that the project schedule be revised. Following feedback at the 2 May 2024 MAC meeting and other discussions, the Terms of Reference is being revised.
Review of the Essential Systems Services (ESS) Framework	<p>The Coordinator of Energy (Coordinator) is conducting a review of the ESS Framework (the Review), incorporating:</p> <ul style="list-style-type: none"> a review of the ESS Process and Standards under Section 3.15 of the WEM Rules; and a review of the Supplementary Essential Systems Services Procurement Mechanism (SESSM) under clause 2.2D.1(h). <p>The purpose of this Review is to assess whether the FCESS framework in the WEM Rules is operating efficiently to ensure power system security and reliability can be maintained at the lowest cost to consumer.</p>	<ul style="list-style-type: none"> At the 2 May 2024 MAC meeting, the MAC supported the Scope of Work for this Review pending an update to note that any issues regarding the WEM foundation principles were out of scope but would be captured. EPWA updated the Scope of Work to reflect the MAC feedback. The MAC approved the establishment of a MAC Working Group to support the Review. <ul style="list-style-type: none"> The Scope of Work for the Review, as approved by the Coordinator is available here
Forecast quality	Review of Issue 9 from the MAC Issues List (see Table 2).	<ul style="list-style-type: none"> This review has been deferred.

Table 2 – Market Development Forward Work Program

Review	Issues	Status and Next Steps
Network Access Quantity (NAQ) Review	Assess the performance of the NAQ regime, including policy related to replacement capacity, and address issues identified during implementation of the Energy Transformation Strategy (ETS).	<ul style="list-style-type: none"> The timing for this review is to be determined.
Short Term Energy Market (STEM) Review	Review the performance of the STEM to address issues identified during implementation of the ETS.	<ul style="list-style-type: none"> This review has been deferred.

Table 3 – Other Issues

Id	Submitter/Date	Issue	Status
9	Community Electricity November 2017	Improvement of AEMO forecasts of System Load; real-time and day-ahead.	Consideration of this issue has been deferred.