

Meeting Agenda

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| Meeting Title: | Market Advisory Committee (MAC) |
| Date: | Thursday 05 September 2024 |
| Time: | 9:30 AM – 10:30 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_07_25 | Chair | Noting | 2 min |
| 4 | Action Items | Chair | Noting | 2 min |
| 5 | Update on Working Groups | | | |
| | (a) AEMO Procedure Change Working Group | AEMO | Noting | 7 min |
| | (b) Power System Security and Reliability (PSSR) Standards Review | PSSRSWG Chair | Discussion | 5 min |
| 6 | Procedure Change Process Review | EPWA | Noting | 20 min |
| 7 | Market Development Forward Work Program | Chair/Secretariat | Noting | 5 min |
| 8 | Overview of Rule Change Proposals | Chair/Secretariat | Noting | 1 min |
| 9 | General Business | Chair | Discussion | 15 min |
| | Next meeting: 9:30am Thursday 17 October 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.



Minutes

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| Meeting Title: | Market Advisory Committee (MAC) |
| Date: | 25 July 2024 |
| Time: | 9:30am –11:25am |
| Location: | Microsoft Teams online meeting |

| Attendees | Representing in MAC | Comment |
|-----------------------|---|----------------------------|
| Sally McMahon | Chair | |
| Amy Tait | Australian Energy Market Operator | |
| Katie McKenzie | Australian Energy Market Operator | |
| Genevieve Teo | Synergy | |
| Noel Schubert | Small-Use Consumer Representative | |
| Christopher Alexander | Small-Use Consumer Representative | |
| Zahra Jabiri | Network Operator | |
| Jacinda Papps | Energy Producer | |
| Adam Stephen | Energy Producer | |
| Paul Arias | Energy Producer | |
| Patrick Peake | Energy Retailer | |
| Tim Edwards | Energy Retailer | |
| Geoff Gaston | Energy Retailer | |
| Peter Huxtable | Contestable Customer | |
| Rajat Sarawat | Economic Regulation Authority (observer) | |
| Noel Ryan | Minister (observer) | |
| Non-member attendees | From | Comment |
| Dora Guzeleva | EPWA | MAC Secretariat |
| Laura Koziol | EPWA | MAC Secretariat |
| Shelley Worthington | EPWA | MAC Secretariat |
| Sean McAvoy | EPWA | MAC Secretariat |
| Jenny Laidlaw | EPWA | Observer for Agenda Item 9 |

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| Wayne Trumble | Newmont Mining | Presenter for Agenda Item 5 |
| Aaron Walker | Chamber of Mines and Energy (CME) | Presenter for Agenda Item 5 |
| Kate Ryan | Australian Energy Market Operator | Presenter for Agenda Item 6 and 7 |
| Douglas Birse | Australian Energy Market Operator | Observer for Agenda Item 9 |
| Apologies | From | Comment |
| No apologies | | |

| Item | Subject | Action |
|-------------|---|---------------|
| 1 | Welcome | |
| | <p>The Chair opened the meeting with an Acknowledgement of Country.</p> <p>The Chair noted that she had no conflicts to declare.</p> <p>The Chair noted her role as Commissioner at the Australian Energy Market Commission and that the views or advice provided by the MAC to the Coordinator do not necessarily represent the views of the Chair.</p> <p>The Chair noted the Competition and Consumer Law obligations of the MAC, inviting members to bring to her attention any issues should they arise.</p> <p>The Chair noted that MAC operates for the good of the Wholesale Electricity Market (WEM) Objectives and members are to participate in the interests of the stakeholder group they represent. Any specific views pertaining to an organisation can be provided through the applicable consultation processes.</p> | |
| 2 | Meeting Apologies/Attendance | |
| | The Chair noted the attendance as listed above. | |
| 3 | Minutes of Meeting 2024_06_13 | |
| | The 13 June 2024 meeting minutes were approved out of session and published on the Coordinator's website on 23 July 2024. | |
| 4 | Action Items | |
| | <p>The Chair noted the open Action Items in the paper.</p> <p>The Chair noted that an update for item 2/2024 would be provided under Agenda Item 10 and any additional matters arising from that discussion would be recorded as a new item. Therefore, item 2/2024 could be closed.</p> | |

| Item | Subject | Action |
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| 5 | <p>Wholesale Electricity Market costs</p> <p>The Chair invited Mr Trumble¹ from Newmont Mining and Mr Walker² from CME³ to present.</p> <p>Mr Walker and Mr Trumble presented the slides provided in the MAC papers.</p> <p>Mr Walker noted that reducing emissions through electrification will require:</p> <ul style="list-style-type: none"> - decarbonisation of existing electricity generation; - conversion of non-electricity energy use to electricity; and - an expanded supply of low emission electricity to provide for new industries such as critical minerals processing. <p>Mr Walker noted that progress is being made on lowering emissions with the share of renewable generation growing from 15% to 35% since 2018. However, recent price and reliability developments are alarming. Wholesale electricity prices have doubled within three years and Essential System Services (ESS) and Non-Co-optimised Essential System Services (NCESS) costs have tripled since the new WEM market started in October 2023.</p> <p>Mr Walker noted that CME had difficulties assessing reliability developments because the Australian Energy Market Operator's (AEMO's) Quarterly Energy Dynamics did not provide consistent metrics on reliability. CME is engaging with AEMO to get better reliability data. However, with AEMO procuring supplementary reserve capacity and Demand Side Programmes starting to be dispatched more often, CME is concerned that reliability is decreasing.</p> <p>Mr Walker noted that CME:</p> <ul style="list-style-type: none"> - commissioned an independent analysis forecasting total electricity costs in the South West Interconnected System (SWIS) until 2042; - will not publicly release its results for at least another month; and - is willing to provide individual bilateral briefings. <p>Mr Walker provided the following high-level overview of the analysis.</p> <p>Three scenarios were modelled based on the following assumptions:</p> <ul style="list-style-type: none"> - demand grows as per the SWIS Demand Assessment's future ready demand scenario; - all coal plants exit by 2030; | |

¹ Mr Trumble oversees Newmont Mining's Australian energy supply which includes the supply of the Boddington gold mine. This mine consumes approximately 5% of the WEM's 18 terawatt hours (TWh), making Newmont Mining a major consumer.

² Mr Walker is CME's Head of Economics and Manager of the Industry Competitiveness and Economics portfolio. Mr Walker is leading CME's work regarding the decarbonisation of the WEM, the proposed Goldfield's regional network and the Pilbara energy transformation.

³ The CME is the peak representative body for the Western Australia (WA) mining and resource sector with its members, including Newmont Mining, accounting for approximately 60% of the WEM's industrial demand.

| Item | Subject | Action |
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| | <ul style="list-style-type: none"> - no nuclear, hydrogen or hydro generation in WA; and - any transmission, generation and storage are built on time and within budget. | |
| | Scenario 1 - unconstrained scenario: | |
| | <ul style="list-style-type: none"> - assesses the lowest cost to meet expected energy demand; - applies no constraints regarding emissions or renewable generation; and - allows the build of new gas generation. | |
| | Scenario 2 – aggressive decarbonisation | |
| | <ul style="list-style-type: none"> - 75% renewable generation by 2030; - 90% renewable generation by 2040; and - allows the build of new peaking gas generation. | |
| | Scenario 3 – no new gas scenario: | |
| | <ul style="list-style-type: none"> - 75% renewable generation by 2030; - 90% renewable generation by 2040; and - no new gas generation. | |
| | <p><u>Mr Walker shared some high-level outcomes from the different scenarios that will be published in an upcoming CME public report in September 2024.</u></p> | |
| | <p>Mr Walker noted that transitioning the SWIS to meet the forecasted demand over the next 20 years will be more expensive than historically and that prices are very unlikely to return to the levels seen in the 2010s.</p> | |
| | <p>Mr Walker considered that the forecasted increase in electricity prices over the medium term could impact the viability of existing and new resource projects. Therefore, as a next step, CME will attempt to compare the forecasted WEM prices to current prices in other jurisdictions to assess competitiveness. Mr Walker noted that AEMO's Q2 Quarterly Energy Dynamics report showed prices were already reaching, or perhaps exceeding levels forecasted by CME's analysis.</p> | |
| | <p>Mr Trumble presented a back-of-the-envelope analysis on the expected short term increase of the delivered cost of energy in the WEM from 2023 to 2025. Mr Trumble highlighted that, in his analysis, every cost component, except the costs for the Renewable Energy Target, was significantly increasing causing the delivered cost of energy to increase from approximately \$150 per MWh in 2023 to \$270 per MWh in 2025. Mr Trumble expressed his concern about the pace of the cost increase.</p> | |
| | <ul style="list-style-type: none"> • Mrs Papps highlighted that the current ESS costs are not comparable to the ESS costs before the start of the new WEM. Under the previous regimes, Synergy received a significant WA Government funded system security transition payment as a subsidy to compensate it for its role in maintaining security and reliability. Under the new WEM, the ESS are provided through the market and | |

| Item | Subject | Action |
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| | <p>costs are recovered through the WEM instead of taxpayers' money. Mrs Papps noted that the forward estimates show that the Synergy subsidy is reducing. Therefore, Mrs Papps recommended that any comparisons of ESS costs should be like-for-like as the new WEM could be reflecting the true market price.</p> <p>Mr Trumble stated that in any case, the direct costs to consumers have increased.</p> <ul style="list-style-type: none"> Mr Gaston noted that ESS costs are approximately \$2 per MWh in the NEM compared to \$15-\$30 per MWh in the WEM. Mr Gaston also considered that many small and medium businesses will be moving back to Synergy's standard tariff and that this will result in an increase in Synergy's subsidy. <p>The Chair considered that a discussion of each cost element would not be useful in the discussion today. She noted that her takeaway from the presentation was that industry is experiencing increases in electricity costs in the SWIS at a greater rate than in the past. So, the focus should be on the options to address this issue.</p> <ul style="list-style-type: none"> Mr Gaston noted that his experience with small customers aligned with Mr Trumble's analysis. Mr Gaston considered that the pace of the cost increase is not justified based on the existing generation fleet. Mr Gaston believed that, if the trend continues, WA will lose a lot of industry and will not maintain its mineral processing industry. Mr Alexander stated that the small-use consumer experience also aligns with Mr Trumble's analysis. Recent survey figures from Energy Consumer Australia showed that 40-50% of those earning over \$150 thousand a year report financial pressure. Even people supporting the energy transition are concerned about its affordability. Mr Schubert noted that he was also concerned about the recent increase in electricity costs. <p>The Chair concluded that the increasing electricity costs are concerning, and that the discussion was a good reminder that the MAC must consider electricity costs when making recommendations to the Coordinator of Energy.</p> | |

6 Draft Rule Change Proposal – Amendments to the framework for determination of AEMO's budget

Mrs Ryan presented AEMO's Draft Rule Change Proposal.

Mrs Ryan acknowledged that it may look like AEMO is trying to reduce regulatory oversight at a time of increasing costs. However, the costs of the current process are adding to the cost pressure on participants.

Mrs Ryan stated that:

- it costs AEMO around \$1 million to seek budget adjustments.
- AEMO found that independent system operators globally are generally governed via two methods:

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| | <ul style="list-style-type: none"> ○ for-profit making system operators are usually subject to incentive-based regulation or competitive procurement process; and ○ government-owned not-for-profit system operators for which costs are usually set via a government budget process; <p>however, AEMO does not fit in either category as it is a not-for-profit entity subject to independent regulation.</p> | |
| | <p>Mrs Ryan noted that some MAC members have already provided feedback since the circulation of the papers. Consequently, AEMO will make the following amendments to the Draft Rule Change Proposal:</p> <ul style="list-style-type: none"> - in the new proposed clause 2.22.3 add the principles of prudence and efficiency; and - expand the role of stakeholders by allowing Rule Participants to identify major projects that would trigger the process. | |
| | <p>Mrs Ryan advised that AEMO is asking the MAC for:</p> <ul style="list-style-type: none"> - suggestions for a more specific definition of a major project; and - feedback on whether AEMO is the right party to determine if something is a major project. | |
| | <p>Mrs Ryan noted that the goal of the proposal is to provide the MAC with greater visibility of the change agenda and the opportunity to influence it more proactively. Most of AEMO's projects link to AEMO's functions under the WEM Rules. However, there is always the opportunity to adjust the timing, prioritisation and in some cases scope of these projects in a way that is more beneficial for stakeholders.</p> | |
| | <ul style="list-style-type: none"> • Mr Alexander believed that the proposal provided good principles that should be considered in the budget development. However, he had a few concerns: <ul style="list-style-type: none"> ○ transparency and stakeholder confidence can only be achieved through the oversight of an entity like the ERA; ○ without the ERA asking AEMO the right questions stakeholders could not assess AEMO's budget; ○ the ERA's power requiring AEMO to provide greater detail, like AEMO's internal labour costs in AEMO's recent in-period adjustment of its budget (AR6), is crucial; ○ recent years have been turbulent for the WEM with AEMO's restructures, the Energy Transformation Strategy, and the recent economic shocks. Due to this, he considered that regulation in the WEM should not change hastily. • Mr Arias stated that he agreed with many of Mr Alexander's comments. Mr Arias expressed concern that the proposed new framework would not result in lower overall costs as it introduced several new processes and working groups. Mr Arias considered that the ERA's oversight of AEMO's processes is more important than the stakeholder's ability to influence AEMO's projects. | |

| Item | Subject | Action |
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| | <ul style="list-style-type: none"> Mr Peake supported AEMO's proposal as he considered it provided a smooth pricing path going forward. Mr Trumble asked how the new proposal would address budget overspent, noting that AEMO spent its last three-year budget in the first two years. | |
| | <p>Mrs Ryan noted that the current framework does not prescribe how the three-year budget is spent over time and does allow for in-period budget adjustments. Mrs Ryan noted that in the original AR-6 proposal, AEMO did not receive everything it asked for and had advised the ERA that it would likely return seeking greater funding. AEMO had also signalled during its first in-period submission that more funding would likely be needed.</p> | |
| | <p>Mrs Ryan noted that AEMO was held accountable to an annual internal budget for the WEM and should be held accountable to the same budget externally by stakeholders. The proposed new framework would align the external budget with AEMO's internal process of an annual confirmed budget with a forward trajectory. Mrs Ryan considered that, in that trajectory, AEMO would be able to signal costs it was aware of that the ERA would not be able to approve under the current framework because of the degree of uncertainty.</p> | |
| | <ul style="list-style-type: none"> Mr Trumble asked how AEMO's cost compares to other market operators, noting that AEMO's NEM budget is \$200 million for 185 TWh while AEMO's WEM budget is \$100 million for 18 TWh. | |
| | <p>Mrs Ryan advised that AEMO compared its overall costs to its peers. In 2021, AEMO was one of the lowest cost system operators. However, as AEMO's costs increased due to new functions, AEMO's costs are now within the middle of its international peers. Mrs Ryan acknowledged that in the WEM the cost per MWh is higher than in other systems. However, that is inherent in a small system. Mrs Ryan considered that, as energy consumption increases in the SWIS because of the energy transition, the cost per MWh should decrease. Mrs Ryan stated that AEMO aims to keep its costs within the international benchmarks.</p> | |
| | <ul style="list-style-type: none"> Mr Trumble noted that the proposal did not include any key performance indicators (KPIs) for AEMO and asked if other system operators were held to KPIs. | |
| | <p>Mrs Ryan advised that she wasn't aware if other system operators have KPIs. Mrs Ryan considered that the Coordinator's three-yearly review of the WEM effectiveness would measure AEMO against KPIs</p> | |
| | <p>In response to a question from Mr Stephen, Mrs Ryan advised that for its NEM operations, AEMO sets its budget without any formal external governance.</p> | |
| | <p>Mrs Ryan noted that:</p> | |
| | <ul style="list-style-type: none"> AEMO would reflect the MAC's feedback in the proposal and take on board any further feedback MAC members would offer after the meeting; and | |

| Item | Subject | Action |
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| | <ul style="list-style-type: none"> - AEMO has requested that the due date for its AR7 budget submission be extended to 31 January 2025 to allow for the Rule Change Proposal to be processed. <p>The Chair asked if there was an opportunity to prevent duplication of budget information if the information used for AEMO’s internal decision-making processes could be shared to address the transparency issue. The Chair summarised that Mr Peake was supportive of increasing flexibility for smoothing the budget out over the years. However, other MAC members were concerned about effective oversight without the ERA and linking the budget to deliverables.</p> | |
| 7 | <p>Proposal to establish AEMO Major Projects (AMP) Working Group</p> <p>Mrs Ryan advised that this proposal is modelled on AEMO’s NEM Reform Delivery Committee and asked the MAC for feedback.</p> <ul style="list-style-type: none"> • Mrs Papps was supportive of the proposal and suggested that: <ul style="list-style-type: none"> ○ the priorities of the implementation of five-minute settlement and the implementation of the outcomes of the cost allocation review should be discussed first by this group. Mrs Papps noted that she was not convinced that the costs of these changes were justified by the benefits; and ○ the working group should be chaired independently and not by AEMO. • Mr Arias supported the proposal. However, he did not believe it should be linked to the proposed removal of the ERA’s oversight in the budget process. • Ms Jabiri supported the proposal and was looking forward to seeing the proposed terms of reference (ToR). <p>The Chair noted that the MAC was supportive of the proposal and suggested that AEMO should develop draft ToRs for discussion at a future MAC meeting.</p> | |
| | ACTION: Provide a Draft ToR for the AMP Working Group | AEMO |
| 8 | <p>Update on Working Groups</p> <p>(a) AEMO procedure Change Working Group (APCWG)</p> <p>The paper was taken as read.</p> <p>Ms Tait advised that AEMO was working on three procedure changes regarding dispatch compliance, supplementary capacity, and network access quantities. They are expected to be released for consultation in the next weeks.</p> <ul style="list-style-type: none"> • Mr Arias noted that feedback for the supplementary capacity provisions had been provided through different forums. However, the note for consultation was sent out without any updates on the procedure. Mr Arias suggested that the consultation should build on the previous feedback. | |

| Item | Subject | Action |
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| | The Chair asked if AEMO could include a section for upcoming procedure changes in its standing paper. | |
| | ACTION: AEMO to include a section for upcoming procedure changes in the APCWG update | AEMO |
| | <p>(b) Power System Security and Reliability (PSSR) Standards Working Group (PSSRSWG)</p> <p>Ms Guzeleva advised that there are two working groups for this project:</p> <ul style="list-style-type: none"> - the Power System Security and Reliability Standards Working Group (PSSRSWG), which is a MAC working group; and - a technical working group, consisting of AEMO, EPWA and Western Power, which generally meets weekly. <p>The PSSRSWG is meeting after this MAC meeting on 25 July 2024.</p> <p>The PSSRSWG has not met for a while because the issues, (including system trends, network planning arrangements, grid forming and how will everything be brought under the WEM Rules) the technical working group needed to resolve first had been more complex than expected. Therefore, the draft consultation paper will be discussed with the MAC in November 2024 and not September as originally planned.</p> | |
| 9 | <p>FCESS Cost Investigation</p> <p>Ms Guzeleva presented the summary of identified issues on slide 5 from the TDOWG meeting presentation and asked for further feedback.</p> <p>Mr Gaston asked if Frequency Co-optimised Essential System Services (FCESS) uplift payment for the Rate of Change of Frequency (RoCoF) could be removed immediately instead of waiting until November 2024.</p> <p>Mr Schubert supported the implementation of the proposed solutions as soon as possible to reduce the cost to consumers.</p> <p>Ms Guzeleva advised that all changes needed to allow for proper consultation and time for AEMO to implement the necessary system changes. Therefore, the proposed solutions could not apply until 20 November 2024.</p> <p>In response to a question from Mrs Papps, Ms Guzeleva advised that under the proposal, if someone is dispatched only for RoCoF then they will be entitled to uplift payments.</p> <p>Mr Birse further clarified that this uplift payment would not apply when a facility is dispatched because their RoCoF offer is priced at \$0 but when AEMO intervenes for the purposes of RoCoF control services only.</p> <p>Mr Schubert asked if there was consideration to reintroduce the previous second energy price cap that was based on gas.</p> <p>Ms Guzeleva considered that, with the proposed changes to the market power mitigation strategy where offers are based on the efficient variable cost, there is likely no need to reintroduce the Maximum STEM Price. However, if market behaviour does not improve the decision can be revisited.</p> | |

| Item | Subject | Action |
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| | <ul style="list-style-type: none"> Mr Edwards did not support reintroducing the previous cap based on gas due to economic reasons. <p>Ms Guzeleva reiterated that it was not planned to reintroduce a gas based energy price cap and invited Mr Edwards to discuss this topic offline.</p> <ul style="list-style-type: none"> Mr Arias considered that the offer construction is not a straightforward process, but it is a dynamic calculation that must consider many variables. Mr Arias noted that over the last three months, Newgen Neerabup had been dispatched to start more than twice a day and sometimes even up to nine times and that is not how the generator was designed to operate. Therefore, outages are brought forward, and this flows through to the variable costs that must be considered. <p>Ms Guzeleva agreed variable costs are not assumed to be static and that this was expected to be reflected in the ERA's amended offer construction guidelines. Ms Guzeleva noted that the fast start service was an already available option for participants to mitigate some of the issues around minimum generation.</p> <ul style="list-style-type: none"> Mr Stephen noted that Market Participants structure their bids to avoid dispatch under minimum generation but that AEMO's dispatch engine does not recognise minimum generation. This should be considered for future improvements. <p>Ms Guzeleva advised that this issue would be considered in stage 2.</p> | |
| 10 | <p>WEM Effectiveness Review</p> <p>The paper was taken as read.</p> <p>Ms Guzeleva advised MAC members that EPWA will start the WEM Effectiveness Review once the FCESS Cost Investigation is completed. Ms Guzeleva explained that EPWA intends to have individual conversations to discuss:</p> <ul style="list-style-type: none"> what stakeholders believe should be included in the WEM Effectiveness Report to the Minister; the effectiveness of the governance bodies: AEMO, Western Power and ERA and what criteria to use for the assessment; and how the market is operating. <p>Ms Guzeleva asked the MAC for feedback and the following was discussed:</p> <ul style="list-style-type: none"> Mrs Papps suggested to include the following: <ul style="list-style-type: none"> the effectiveness of the outage planning process and how the new reliability threshold in the new Planning Criterion is applied. Mrs Papps expressed concerns that the current outage planning process might be too conservative leading to outages being rejected. This may, over the long term, decrease reliability, increase costs, and increase technical issues; and the additional RoCoF cost which was intended to be deployed when it was more efficient than dispatching contingency raise. | |

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| | <p>However, generators are currently experiencing high additional RoCoF costs with no savings on the contingency reserve raise costs.</p> <p>Ms Guzeleva acknowledged Mrs Papps' concerns, noting that the additional RoCoF costs could also be the subject of the Coordinator's upcoming FCESS Review, depending on the timing.</p> <ul style="list-style-type: none"> • Mr Alexander suggested that cost transparency should be considered as for many stakeholders it is unclear what drives the costs they are facing. • Mr Stephen was uncertain if it was within the review's scope but considered that the WEM's overall impact on the WA economy should be assessed. <p>Ms Guzeleva acknowledged Mr Stephen's suggestion but considered that it might be too early to have an economic impact study, given that the new WEM commenced in October 2023. The focus of this report is to ensure that the WEM is operating effectively and efficiently. However, Ms Guzeleva noted that she would discuss options to address this issue with Mr Stephen in a one-on-one meeting.</p> | |
| 11 | <p>Market Development Forward Work Program</p> <p>The paper was taken as read. The Chair asked if any MAC member had anything to discuss, but no one raised any issues.</p> <p>The Chair asked if the Coordinator's response to the reports on the MAC Review and the Procedure Change Process Review would be presented to the MAC once available.</p> <p>Ms Guzeleva advised that the response to the report on the Procedure Change Process Review is due for publication at the end of July. Presently, there is no timeframe for the publication of the response to the report on the MAC Review.</p> | |
| 12 | <p>General Business</p> <p>The Chair asked if there was any issue having the 17 October 2024 meeting in-person or if 5 September 2024 was preferred for an in-person meeting.</p> <ul style="list-style-type: none"> • Mr Huxtable advised that he would not be available for the 5 September meeting and preferred the October meeting for the in-person meeting. • Mr Stephen advised he preferred September for the in-person meeting as he could only attend online in October. • Mr Peake noted he would be happy to have all MAC meetings in-person. <p>Ms Guzeleva advised that there was not a lot on the agenda for the September meeting.</p> <p>MAC members expressed support for an in-person October meeting.</p> | |

The meeting closed at 11:25am.



Agenda Item 4: MAC Action Items

Market Advisory Committee (MAC) Meeting 2024_09_05

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| 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 |
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| 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 | Closed Provided at the 25 July 2024 MAC Meeting |
| 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 |

| Item | Action | Responsibility | Meeting Arising | Status |
|---------|--|----------------|-----------------|--|
| 16/2024 | Provide an update on the ongoing ESS market investigation | EPWA | 2024_06_13 | Closed Provided at the 25 July MAC Meeting |
| 17/2024 | Provide a Draft Terms of Reference for the AEMO Major Projects Working Group | AEMO | 2024_07_25 | Open |
| 18/2024 | AEMO to include a section for upcoming procedure changes in the APCWG update | AEMO | 2024_07_25 | Closed Provided at Agenda Item 5(a) |

MARKET ADVISORY COMMITTEE MEETING, 5 September 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 | 4 September 2024 | As required |
| WEM Procedures for discussion | <ul style="list-style-type: none"> WEM Procedure: Dispatch Compliance WEM Procedure: Supplementary Capacity WEM Procedure: Network Access Quantity Model | |

3. AEMO PROCEDURE CHANGE PROPOSALS

The status of AEMO Procedure Change Proposals is described below, current as at [20 August 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_08 WEM Procedure: Dispatch Compliance | <p>AEMO has initiated this Procedure Change Proposal to replace WEM Procedure: Tolerance Ranges following amendments to the WEM Rules arising from Wholesale Electricity Market Amendment (Tranches 2 and 3 Amendments) Rules 2020 and Wholesale Electricity Market Amendment (Tranche 6 Amendments) Rules 2022.</p> <p>In response to the Amending Rules, the replacement Procedure will:</p> <ul style="list-style-type: none"> • update provisions and specify new provisions around the processes for determining, consulting on and reviewing the Tolerance Range and any applicable Facility Tolerance Ranges. • describe the matters, events or circumstances that may trigger a review of the Tolerance Range or a Facility Tolerance Range, as applicable. • specify provisions for monitoring dispatch compliance before, during or after a Dispatch Instruction event, the processes where repeated non-compliance is observed. • describe the method for calculating an Electric Storage Resource's (ESR) contribution to a Semi-Scheduled Facility's deviation from its Dispatch Forecast. | Out for consultation | Consultation closure | 06 September 2024 |

| ID | Summary of changes | Status | Next steps | Indicative Date |
|--|--|----------------------------|----------------------|-------------------|
| <p>Procedure Change Proposal AEPC_2024_06 WEM Procedure: Supplementary Capacity</p> | <p>AEMO has initiated this Procedure Change Proposal to amend the Procedure following amendments to the WEM Rules arising from a review by the Coordinator into potential improvements in the procurement and activation of supplementary capacity.</p> <p>In response to the Amending Rules, gazetted on 26 July 2024, the amended Procedure will:</p> <ul style="list-style-type: none"> no longer specify the method for determining the maximum contract value per hour of availability for any Supplementary Capacity Contract. align provisions relating to assessment of tenders with the Amended Rules, which now includes a new clause 4.24.8A. | Out for consultation | Consultation closure | 06 September 2024 |
| <p>Procedure Change Proposal AEPC_2024_07 WEM Procedure: Network Access Quantity Model</p> | <p>AEMO is initiating this Procedure Change Proposal to accommodate changes resulting from RCM Review outcomes.</p> <p>The amendments will outline the approach AEMO will take when it is impossible to simultaneously satisfy all requirements during the solve of a Facility Dispatch Scenario, including how AEMO will adjust a NAQ Result where this has resulted in a NAQ Result below the NAQ Floor.</p> | Scheduled for consultation | Consultation | 26 August 2024 |

| 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. | Commenced | N/A | 13 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. | Commenced | N/A | 13 June 2024 |

| ID | Summary of changes | Status | Next steps | Indicative Date |
|---|--|-----------|------------|-----------------|
| Procedure Change Proposal AEPC_2024_05 WEM Procedure: Mid Peak Electric Storage Resource Obligation Intervals | AEMO has initiated this Procedure Change Proposal following amendments to clause 4.11.3A and Chapter 11 (Glossary) of the WEM Rules. AEMO has proposed Procedure changes to: <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. | Commenced | N/A | 1 July 2024 |

4. INDICATIVE SCHEDULE OF AEMO PROCEDURE CHANGE PROPOSALS

AEMO has prepared an indicative schedule of its Procedure Change Proposals expected to be progressed before [30 September 2024](#). Changes since the previous MAC meeting are in **red text**. While every effort has been made to ensure the quality of the information contained in the indicative schedule, the content (including timeframes) may be subject to change (e.g. due to availability of staffing resources, unforeseen competing priorities etc).

| Procedure Change Proposal and ID (if available) | Summary of changes | Status | Next steps | Indicative date of next step |
|---|---|---------------------------|--------------|------------------------------|
| Procedure Change Proposal AEPC_2024_10 WEM Procedure: Reserve Capacity Testing | AEMO will be initiating this Procedure Change Proposal to accommodate changes resulting from RCM Review outcomes. The proposed amendments provide: <ul style="list-style-type: none"> • Information about how AEMO will provide notification to Market Participants when conducting a Reserve Capacity Test. • Minor administrative amendments to improve alignment with the WEM Rules. | Scheduled for publication | Consultation | Early September 2024 |
| Procedure Change Proposal AEPC_2024_09 WEM Procedure: Direction of Registered Facilities in Scarcity Conditions | AEMO will be initiating this Procedure Change Proposal to develop a new procedure that is required as the result of WEM Reform. The proposed procedure will document the process AEMO will use to determine which Registered Facility to direct: <ul style="list-style-type: none"> • to make a Real-Time Market Submission where AEMO has issued a LRC Declaration relating to: <ul style="list-style-type: none"> ○ an actual or projected shortfall in the relevant Frequency Co-optimised ESS; ○ a projected energy shortfall that will occur within one week of the date of the LRC Declaration; or • to synchronise to provide the relevant ESS where AEMO has issued a LRC Declaration and the ST PASA or the Reference Scenario for the Pre-Dispatch Schedule projects the ESS will be needed. | Drafting in progress | Consultation | Early September 2024 |

| | | | | |
|--|---|----------------------|--------------|--------------------|
| WEM Procedure: IMS Interface for Network Operators | AEMO will be initiating these Procedure Change Proposals to accommodate changes to technical requirements resulting from WEM Reform. | Drafting in progress | Consultation | Mid-September 2024 |
| WEM Procedure: Network Modelling Data | | | | |
| WEM Procedure: Communications and Control Systems | AEMO will be initiating this Procedure Change Proposal to accommodate changes resulting from WEM Reform, and to support DER integration. | Drafting in progress | Consultation | Mid-September 2024 |
| WEM Procedure: Facility Registration Processes and NDL Association Processes | AEMO will be initiating this Procedure Change Proposal to accommodate changes resulting from WEM Reform and the Wholesale Electricity Market Amendment (Miscellaneous Amendments No. 3) Rules 2024. | Drafting in progress | Consultation | Mid-September 2024 |
| WEM Procedure: Demand Side Programmes | AEMO will be initiating these Procedure Change Proposals for new procedures that are required as the result of WEM Reform. | Drafting in progress | Consultation | Mid-September 2024 |
| WEM Procedure: Real-Time Market Suspension | | | | |
| WEM Procedure: FCESS Accreditation | AEMO will be initiating this Procedure Change Proposal to accommodate changes resulting from the Wholesale Electricity Market Amendment (Miscellaneous Amendments No. 3) Rules 2024 | Drafting in progress | Consultation | Mid-September 2024 |

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

Market Advisory Committee (MAC) Meeting 2024_09_05

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:

- (1) notes the update from the PSSRSWG meeting on 25 July 2024: and
- (2) notes the draft Minutes of the 25 July 2024 PSSRSWG meeting in Attachment 1 (yet to be reviewed by the PSSRSWG members).

3. Background

- The purpose of the PSSR 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;
 2. Identify any gaps, duplications, and inconsistencies in the existing framework;
 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.
- The MAC established the PSSRWG to support the Coordinator of Energy's review of the PSSR standards for the South West Interconnected System (SWIS).
- 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 also established to provide technical input at each stage of this review.
- The first PSSRSWG meeting for Stage 3 was held on 25 July 2024. The discussion focused on the following:
 - Issues previously identified under Stage 2 that are now proposed to be better addressed by other EPWA workstreams (such as the Access Framework Review). These issues included:
 - How the existing security standards consider future fuel supply limitations, renewable location diversity and storage duration. These issues will be considered as part of the ongoing RCM evolution work

- Guidance on the responsibilities for the procurement and operation of non-network solutions to provide locational services. Changes to remove the ‘alternative solutions’ pathway under the Electricity Networks Access Code will be the responsibility of the Access Framework Project
- The approach to financial penalties for network outages. This will be resolved in the Access Workstream
- Planning Standards for Networks. It was proposed the PSSR Standard for Western Power include both Deterministic and Outcome Based Standards such that:
 - The deterministic standards will be implemented in the rules and provide guidance to Western Power on the investments it should make.
 - The PSSR Standards that Western Power will need to meet will be outcomes based and will be set in the rules and reviewed by government on a regular basis (3-5 yearly) with the associated penalties set as part of the economic regulation process.
- Forecasting for PSSR and the key matters to be addressed to facilitate the collaboration between the parties responsible for this.
- The PSSRSWG were supportive of the proposals put forward as outlined above.
- The PSSRSWG is likely to meet three more times before the Consultation Paper is presented to the MAC at the November 28 meeting.
- The next (sixth) PSSRSWG meeting is yet to be scheduled.
- 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)

5. Next Steps

| <u>Stage</u> | <u>Activity</u> | <u>Timing</u> |
|------------------------------|---|-----------------------------|
| 3 - Develop design proposals | Chair to update the MAC on the PSSRSWG | 5 September 2024 |
| | Consult with the MAC on a draft Consultation Paper | 28 November 2024 |
| | Consult with the MAC on a draft Information Paper | TBC |
| | Exposure draft of Draft Amending WEM Rules | TBC |
| 4 - Develop amending rules | Amending WEM Rules submitted to Minister for Energy | TBC |

6. Attachment

- (1) Agenda Item 5(b) - Attachment 1 – Draft minutes from 25 July 2024 PSSRSWG meeting.



Minutes

| | |
|----------------------|---|
| Meeting title | Power System Security and Reliability Standards Working Group (PSSRSWG) |
| Date | 25 July 2024 |
| Time | 1:00pm – 2:00pm |
| Location | Online, via TEAMS |

| Attendees | Company | Comment |
|-------------------|-------------------------------------|---------------------------|
| Dora Guzeleva | Energy Policy WA (EPWA) | |
| James McIntosh | AEMO | Proxy for Mena Gilchrist |
| Toby Price | AEMO | |
| Hugh Ridgway | Alinta Energy | |
| Elizabeth Walters | Economic Regulation Authority (ERA) | |
| Bronwyn Gunn | EPWA | |
| Sanna Pember | EPWA | |
| Noel Schubert | Expert Consumer Panel | |
| Luke Skinner | Expert Consumer Panel | |
| Jaden Williamson | Mott MacDonald | |
| Geoff Glazier | Mott MacDonald | |
| Patrick Peake | Perth Energy | |
| Tessa Liddelow | Shell Energy | |
| Alex Garces | Synergy | Proxy for Rhiannon Bedola |
| Daniel Cassidy | Western Power | |
| Lizzie O'Brien | Western Power | Observer |
| Sabina Roshan | Western Power | |

| Item | Subject |
|----------|---|
| 1 | <p>Welcome and Agenda</p> <p>The Chair opened the meeting at 1pm with an Acknowledgement of Country and welcomed members.</p> |
| 2 | <p>Meeting Apologies and Attendance</p> <p>The Chair noted the attendance and the apologies as listed above.</p> |
| 3 | <p>Competition and Consumer Law Statement</p> <p>The Chair noted the Competition and Consumer Law Statement circulated with the meeting agenda.</p> |
| 4 | <p>Updates on the Technical Working Group</p> <p>The Chair noted that the Technical Working Group has met on several occasions to discuss the proposed solutions to the issues identified in stage 2. She clarified that the Consultation Paper, initially scheduled for presentation to the Market Advisory Committee (MAC) on 5 September 2024, is now anticipated to be presented at the 28 November 2024 MAC meeting.</p> <p>She added that this rescheduling is due to the issues, that would need to be solved, were not known during the initial planning stages, and the technical complexity of developing solutions to the identified issues was taking longer than anticipated. EPWA has therefore decided to allocate more time to ensure thorough and accurate resolutions.</p> |
| 5 | <p>Stage 3 – Development of proposals</p> <p>Scope of Stage 3</p> <p>Ms Pember presented slides 2 - 3 – Purpose of today’s session and Agenda. Ms Pember presented slide 4 – Stage 3 Overview. Ms Pember presented slides 5 - 6 – The Scope of Stage 3 - Overview. Ms Pember presented slides 8 – 9 – Issues allocated to other EPWA workstreams.</p> <p>Issues allocated to other EPWA workstreams</p> <p>Ms Pember made the following key points regarding Issue 7.</p> <ul style="list-style-type: none"> • This issue has been rephrased a bit since it was initially presented to the PSSRSWG, however it remains materially the same. • The PSSR Standards Review is primarily focused on the standards themselves, making issue 7 better suited to be addressed by the ongoing Reserve Capacity Mechanism (RCM) evolution work. • There are ongoing discussions between EPWA and AEMO on how to address this issue. <p>Ms Pember made the following key points regarding Issue 10.</p> <ul style="list-style-type: none"> • The Non-Cooptimised Essential System Services (NCESS) framework was designed as the primary procurement framework. • The other alternative solutions and pathways that are available, including their removal, are better addressed by the Access Framework Review. • Mr Schubert asked for clarification on the alternative solutions pathway. <p>Ms Gunn clarified that this entails the current parallel framework in the Electricity Networks Access Code (ENAC).</p> <ul style="list-style-type: none"> • Ms Roshan clarified that this is also referred to as the Alternate Options Services (AOS). |

The Chair noted that the approach has always been for all of these frameworks to be brought into the Electricity System and Market Rules (ESMR) as one procurement framework for alternative solutions. She clarified that alternative services are defined as services that are non-network solutions.

Mr Glazier added that this is a defined term in the ENAC that means non-network services.

Ms Pember presented Issue 11 – Distribution Outages Penalties.

Ms Pember presented Issue 14 – Publishing of Operating Margins.

Proposed Solutions to Identified Issues

Issue 1: It is not clear how each Planning Standard should be applied, and customer value is not considered in all cases

Ms Gunn presented slide 12 – Definitions.

Ms Gunn presented slides 13-15 – Operations of Existing Standards for Western Power. She clarified that slide 15 visualises how the different planning standards interact and overlap.

Ms Gunn presented slide 16 – Discussion – Deterministic Standards.

Ms Gunn presented slide 17 – Discussion – Value of Customer Reliability (VCR).

- Mr Schubert noted that the VCR is an average or calculated value but it varies for different customers depending on their location, experiences with reliability and business need. He clarified that VCR is a tool that can be used, but it needs to be qualified how it's applied to ensure the desired outcomes from a consumer perspective.

Ms Gunn agreed, noting that this may also change across the time of day/year, and noted that this will be added to the “cons list” on slide 17.

- Mr Skinner pointed out in the chat that individuals with disabilities who depend on energy for survival or comfort will place a significantly higher value on customer reliability compared to the average person.

Ms Gunn presented slide 18 – Discussion – Outcome Standards.

- Mr Schubert noted that outcome standards, such as SAIDI and SAIFI, are averages and may not reflect the felt experience of individual customers in poor reliability areas. He added that they are designed to measure the general felt experience but may not accurately capture the reliability experiences of smaller customer groups or individuals.

Ms Gunn responded that this issue largely depends on how granular the segmentation is when setting those standards.

Mr Glazier agreed, emphasising that applying standards differentially and on a segmented basis can help achieve more accurate outcomes.

- Mr Schubert discussed the importance of operational decisions that can directly affect customer reliability. He highlighted that factor such as vegetation management, response times, and the distance of depots can significantly impact reliability. He noted that, in the past, with more decentralised resources, reliability might have been better for some customers. He asked whether the current standards are intended to capture these operational aspects.

Ms Gunn clarified that the scope of this review is to establish a minimum power system security and reliability standard and this includes setting an outcome-based standard as outlined in the upcoming slides. She added that this project will not address the operational activities of Western Power to meet this standard.

- Mr Schubert noted that, early in the project, he suggested using outage data as a key indicator for prioritising the resolution of issues causing outages. He highlighted that the outage data reflects operational practices and noted improvements since the 2021 Christmas outages, including changes made by
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Western Power following the Shepherd review. He added that the recent service standard performance report shows significant reliability improvements in some areas. Mr Schubert expressed concern that if the project does not incorporate priorities from outage data, it might miss a crucial aspect of addressing and preventing outages.

Ms Gunn acknowledged that examining outage data to address the primary causes of outages is a reasonable approach. However, she noted that this is beyond the scope of the current project, which is already complex and focused on consolidating standards into a new framework. She added that incorporating detailed operational practices for each party to meet the standard would significantly extend the project timeline. She clarified that she recognised the validity of the suggestion but noted it cannot be part of this project.

The Chair acknowledged that outages occur more frequently in the country areas. She explained that the aim is to implement an outcome-based measure that ensures the network operator meets specific benchmarks and outcomes. She added that investigating the causes of these outages is not necessary for developing the standard and that, as long as the standard guarantees that the network operator meets consumer-focused benchmarks, the project has achieved its objective.

- Mr Schubert expressed concern that, despite a long history of focusing on reliability, some critical issues remain unaddressed and that important factors affecting consumers have not received sufficient attention. He supported the objectives of this review but emphasised that addressing these overlooked issues is crucial for meeting the standards and improving outcomes for consumers. He clarified that he is not suggesting these issues be included in this project but emphasised their significance for overall reliability improvements.

The Chair suggested that it would be useful to compile a list of issues that have not yet been addressed. She noted that, while understanding the reasons behind outages could be informative for Western Power and the regulator, the primary objective of the project should be to develop a standard that effectively serves consumers. The Chair emphasised that the focus should be on creating a consumer-centric standard, with the regulator then using incentive mechanisms to ensure that the desired outputs and benchmarks are achieved.

- Mr Schubert acknowledged the project's focus and expressed a desire to explore additional measures for implementing necessary improvements. He noted that the Shepherd review led to positive changes and enhanced reliability, indicating that there are still opportunities for further improvements. He pointed out specific issues, such as vegetation management and the absence of overhead earth wires, which affect reliability, particularly in lightning-prone areas. He recognised that these issues are not part of the current project but emphasised that practical solutions must be addressed in the future. He stressed that minimum reliability standards for individual customers must be considered, and practical solutions should not be dismissed due to perceived cost or complexity.

ACTION: Mr Schubert to provide a list of opportunities for network reliability improvements. EPWA to consider where these issues might fit in the overall work program.

Mr Glazier highlighted that probabilistic and outcome-based standards are crucial for guiding operational responses to reliability issues. He clarified that probabilistic standards help justify investments or changes aimed at improving outcomes, whereas outcome-based standards evaluate whether these measures have been effective.

Ms Gunn presented slide 19 – Options for application of standards for Western Power.

Ms Gunn presented slide 20 – Assessment of Options.

Ms Gunn presented slide 21 – Analysis.

Ms Gunn presented slide 22 – Proposed option – summary.

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- Mr Cassidy observed that the effectiveness of outcome-based standards hinges on how well they are set. He noted that, while these standards provide a good way to assess network performance, the challenge lies in determining the appropriate levels for each metric and setting these standards too tightly or too loosely could impact their efficiency compared to deterministic standards. He emphasised the importance of finding the correct balance in setting these metrics, including how granular they are, to ensure they are both effective and cost-efficient.

Ms Gunn noted that the Technical Working group discussed the need for further examination of the specific numbers for outcome-based standards. She mentioned that there will be a process to determine these numbers every three to five years, considering various inputs and consultations. While no final decision has been made regarding the exact measures and numbers, she acknowledged the importance of the discussion and that there will be continued conversations on this matter.

- Mr Schubert highlighted that setting outcome-based standards depends heavily on customer tolerance for outages. He noted that, if customers become intolerant, they may escalate their complaints to the Minister, which can lead to political interference. This, in turn, can force Western Power to make changes, as has occurred in several regional towns over the years.

Mr Glazier pointed out that existing settings in the Network Quality and Reliability of Supply (NQRS) Code and Access Arrangement 5 (AA5) should serve as a starting point. He agreed with Mr Cassidy's observation that a framework is needed to ensure these standards evolve appropriately and the goal is to address reliability issues without making electricity unaffordable. He emphasised the importance of balancing reliability improvements with cost considerations.

Mr Gunn agreed that the existing settings in the NQRS Code and AA5 are a good starting point. However, she noted that some of these settings have previously been discussed as potentially unfit for purpose or infeasible. She clarified that before incorporating them into the ESMR, there will need to be a review to determine if they are effective and what changes might be necessary.

- Mr Cassidy noted that the transmission standards are not currently integrated with distribution standards, and that detailed work will need to be done to consider this. He also pointed out that the discussion needs to take into account market costs.

The Chair emphasised that the aim is to meet the expectations of various consumer groups. She clarified that this is the essence of an outcome-based approach, which will be influenced by what the government considers the appropriate outcomes for customers are. The Chair acknowledged Mr Cassidy's point about the focus on distribution but reinforced that the purpose of the approach is to ensure alignment with consumer expectations.

- Mr Cassidy agreed with the Chair but noted that outcome-based standards are typically used for distribution settings, particularly residential ones. He pointed out that for transmission, where multiple layers of redundancy exist due to deterministic standards, market participants are more focused on market costs and congestion. He noted that SAIDI and SAIFI might not always align with this focus. Mr Cassidy acknowledged that while deterministic standards and planning tools are used to identify net benefit investments, the approach in transmission tends to differ from a SAIFI and SAIDI-focused approach.
 - Ms Roshan added that the consideration should extend beyond just transmission or distribution, as events can impact both. She emphasised the need for a comprehensive framework for outcome-based standards that integrates with minimum standards under the ESMR and incentive-based outcomes in the Access Arrangement. She acknowledged that this is a significant piece of work that needs to be developed carefully and not merely added for the sake of
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completeness.

- Mr Schubert noted that there are now many more solutions available at the customer level, such as standalone power systems, microgrids, and batteries. He pointed out that these additional tools provide more options for addressing reliability issues.

Mr Glazier added that the outcome-based standards will exclude outages related to Under Frequency Load Shedding (UFLS) operations or generation adequacy issues. He emphasised the need to specify which elements to exclude to ensure the framework's effectiveness.

Ms Gunn agreed with this.

Issue 9: When PSSR standards should over-ride economic efficiency tests.

Ms Gunn presented slide 24 – Discussion and proposed solutions.

- Mr Cassidy pointed out that deterministic standards are often effective as a screening tool and typically lead to good outcomes. He questioned whether an economic and efficient test should be applied to every instance where deterministic standards are used. If this is the case, he wondered if it undermines the purpose of having deterministic standards in the first place.

Ms Gunn clarified that the intention is not to require an economic and efficient test for every application of deterministic standards. Instead, the approach aims to maintain the current practice in which deterministic standards guide network design and planning, while probabilistic planning is used when deviations from these standards are planned. The focus will be on transparency regarding these deviations, rather than requiring specific exemptions from the regulator. She added that compliance will be measured against the outcome-based standards, not the deterministic ones.

- Mr Cassidy emphasised that deviations from deterministic standards should be by exception and that this will be important in the drafting of the rules.
- Ms Roshan welcomed the idea of incorporating economic efficiency where it is both efficient and prudent. She highlighted the need to consider environmental aspects, as noted in the State Electricity Objective (SEO). She emphasised the challenge of balancing economic efficiency with strong environmental considerations.

The Chair suggested rewording the framing of this slide to align/be consistent with the SEO instead of just focusing on economic efficiency.

Ms Gunn agreed with this.

Mr Glazier explained that, while Western Power is guided by technical standards, it must also develop business cases that go beyond merely following these standards. The process requires option analysis and decision-making to ensure that all factors are considered.

The Chair emphasised that the new SEO, which includes the three key areas of focus, must guide all actions and decisions, including those made by Western Power.

Mr Glazier agreed with the Chair's point and clarified that while Western Power must still develop business cases according to standard processes, these cases should not merely justify compliance with technical standards. Instead, they must demonstrate optionality, timing, and alignment with the SEO. If the standards lead Western Power in a direction that is not suitable, the business case should be able to justify alternative approaches in line with the SEO

Issue 2: There is not a coordinated approach to the assumptions and input used in forecasts required to apply the various PSSR standards.

Ms Gunn presented slide 26 – Discussion and proposed solutions.

Ms Gunn mentioned that an initial meeting between EPWA, AEMO and Western Power has taken place, and further discussions will continue to determine an

appropriate working arrangement. She clarified that EPWA wants to avoid creating a register, that would require ongoing maintenance and management.

- Mr Peake suggested that it might be appropriate for Western Power to consider different scenarios compared to generation planning. For instance, anticipating new developments like data centres could lead to varying analyses depending on the location that is assumed that may be relevant from a network perspective but not a generation adequacy perspective.
- Mr Schubert noted that past forecasters often used their initiative to gather valuable data that might not be routinely collected. He added that, for example, Mr Ross Bowden collected extensive data from ABS on appliance penetrations and other statistics from various sources. He clarified that effective forecasting relies on leveraging such detailed and unconventional data to enhance accuracy.

Ms Gunn agreed, emphasising the preference for a collaborative approach rather than a register. She explained that a working group or a similar collaborative body would be more effective than a prescriptive rule-based system, allowing for flexible and adaptive problem-solving.

The Chair noted that further work is needed from the Technical Working Group on key issues, such as system strength and equipment connections.

Ms Gunn clarified that while no PSSR Standards Working Group meetings have currently scheduled, EPWA will endeavour to schedule another meeting in the near future.

The Chair thanked the working group members for their contribution and closed the meeting at 2 pm.

Agenda Item 6: Procedure Change Process Review

Market Advisory Committee (MAC) Meeting 2024_09_05

1. Purpose

Energy Policy WA to provide an overview of the stages 2 and 3 of the review of the Procedure Change Process provisions and its draft consultation paper.

2. Recommendation

That the MAC:

- notes the progress of the Procedure Change Process Review (the Review); and
- provides feedback on the Review draft Consultation Paper (Attachment 1)

3. Background

- Clause 2.16.13F of the Wholesale Electricity Market (WEM) Rules provides that the Coordinator of Energy (Coordinator) must ensure that an independent person carries out an audit of the effectiveness of the Procedure Change Process no less than every three years.
- ACIL Allen was appointed by the Coordinator to complete the first audit, and its audit report was delivered on 28 June 2024. ACIL Allen made six recommendations:
 - **Recommendation 1:** A standard covering sheet should be developed, which would sit on top of Procedure Change Proposal reports. It would require a standardised summary of the proposal.
 - **Recommendation 2:** A minor amendment pathway should be developed for Procedure Changes that do not have an impact on Rule Participants, which would streamline the process and reduce administrative burden for these minor matters.
 - **Recommendation 3:** The WEM Rules should be amended to expand the class of entity which can initiate a Procedure Change Proposal from “Rule Participant” to “person”.
 - **Recommendation 4:** A timeframe should be introduced for progressing Procedure Change Proposals when they are initiated by a third party.
 - **Recommendation 5:** The publishing requirements imposed on AEMO under clause 2.9.2D of the WEM Rules should be extended to all Procedure Administrators.
 - **Recommendation 6:** A drafting philosophy would be developed and adopted to guide the drafting of the WEM Rules and provide guidance as to the appropriate instrument for different types of matters.
- The Independent audit is part of a broader project to review and, if necessary, amend the Procedure Change Process. This is being undertaken in three stages:
 - **Stage 1:** Independent Procedure Change Process audit
 - **Stage 2:** Procedure Change Process design

- **Stage 3:** WEM Amending Rules and procedure changes
- Stage 1 of the Review was completed on 9 August 2024, when the Coordinator published its response to the Independent Audit report in accordance with clause 2.16.13F(b) of the WEM Rules.
 - The Coordinator agreed with recommendations 1-5. With regard to recommendation six, the Coordinator considered that a more definitive set of criteria should be developed to guide the content that can be delegated to WEM Procedures.
- Further information on the Independent Audit final report and the Coordinator's response is available at [Wholesale Electricity Market Procedure Change Process Review \(www.wa.gov.au\)](http://www.wa.gov.au)
- Energy Policy WA has prepared a draft Consultation Paper on the proposed amendments to the WEM Rules and the WEM Procedure: Procedure Administration (Attachment 1). This paper:
 - addresses the six recommendations provided by ACIL Allen; and
 - outlines the Coordinator's proposed changes to the Procedure Change Process, including the proposed WEM Rule changes.

4. Next Steps

- Following MAC consideration, Energy Policy WA will release the draft Consultation Paper on the review of the Procedure Change Process.
- The consultation will be open for four weeks.
- Further information on the Procedure Change Process review is available at [Wholesale Electricity Market Procedure Change Process Review \(www.wa.gov.au\)](http://www.wa.gov.au)

5. Attachments

- (1) Agenda Item 6 - Attachment 1 - Procedure Change Process review – Draft Consultation Paper



Department of Energy, Mines,
Industry Regulation and Safety
Energy Policy WA

WEM Procedure Change Process Review

Consultation Paper
September 2024

Working together for a **brighter** energy future.

An appropriate citation for this paper is: WEM Procedure Change Process Review Consultation Paper

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1. Introduction

Under clause 2.16.13F of the Wholesale Electricity Market (WEM) Rules, the Coordinator of Energy (Coordinator) must ensure that an independent person carries out an audit of the effectiveness of the Procedure Change Process no less than every three years.

ACIL Allen was appointed by the Coordinator to complete the first Independent Audit, and its report was submitted on 28 June 2024. In this report, ACIL Allen made six recommendations, as follows:

- **Recommendation 1:** A standard covering sheet should be developed, which would sit on top of Procedure Change Proposal reports. It would require a standardised summary of the proposal.
- **Recommendation 2:** A minor amendment pathway should be developed for Procedure Changes that do not have an impact on Rule Participants, which would streamline the process and reduce administrative burden for these minor matters.
- **Recommendation 3:** The WEM Rules should be amended to expand the class of entity which can initiate a Procedure Change Proposal from “Rule Participant” to “person”.
- **Recommendation 4:** A timeframe should be introduced for progressing Procedure Change Proposals when they are initiated by a third party.
- **Recommendation 5:** The publishing requirements imposed on AEMO under clause 2.9.2D of the WEM Rules should be extended to all Procedure Administrators.
- **Recommendation 6:** A drafting philosophy would be developed and adopted to guide the drafting of the WEM Rules and provide guidance as to the appropriate instrument for different types of matters.

On 9 August 2024, the Coordinator published its response to the Independent Audit report in accordance with clause 2.16.13F(b) of the WEM Rules. While the Coordinator agreed with recommendations 1-5, with regard to recommendation six the Coordinator considered that a more definitive set of criteria should be developed to guide the content that can be delegated to WEM Procedures.

The Independent audit is part of a broader project to review and, if necessary, amend the Procedure Change Process. This is being undertaken in three stages:

Stage 1: Independent Procedure Change Process audit

Stage 2: Procedure Change Process design

Stage 3: WEM Amending Rules and procedure changes

This Consultation Paper outlines proposed amendments to the WEM Rules and the WEM Procedure Administration Procedure as part of Stages 2 and 3 of the Review.

Further information on the Procedure Change Process review, including the Independent Audit papers and submissions, is available at [Wholesale Electricity Market Procedure Change Process Review \(www.wa.gov.au\)](http://www.wa.gov.au).

1.1 Stakeholder Engagement

Stakeholder engagement was conducted during Stage 1 of the review through a survey and one-on-one meetings with a select group of stakeholders, and submissions to the Independent Audit’s Consultation Paper.

Direct engagement and survey

ACIL Allen held 12 one-on-one meetings with MAC members and other targeted stakeholders to gather feedback on the potential issues with the current Procedure Change Process design. The

feedback was used to tailor a survey which was issued to these stakeholders. This survey sought feedback on the effectiveness of the Procedure Change Process.

ACIL Allen Consultation Paper

ACIL Allen's Consultation Paper was published on 6 May 2024, which set out the initial recommendation and observations on the effectiveness of the Procedure Change Process. The consultation was open for 3 weeks. ACIL Allen received written submissions from the Australian Energy Market Operator, the Expert Consumer Panel, Synergy and Western Power in response to Consultation Paper.

1.2 Purpose of this paper

This Consultation Paper seeks stakeholder feedback on the proposed amendments to the WEM Rules and the WEM Procedure Administration Procedure which aim to address the issues identified by ACIL Allen through the Independent Audit, as well as those outlined in the Coordinator's response to the Independent Audit.

1.3 Call for submissions

Stakeholder feedback is invited on the draft proposals outlined in this consultation paper.

Submissions can be emailed to energymarkets@demirs.wa.gov.au. The consultation period closes at **5:00pm (AWST) on XX October 2024**. Late submissions may not be considered.

Any submissions received will be published on www.energy.wa.gov.au, unless requested otherwise.

2. Proposed improvements to the Procedure Change Process

2.1.1 Presentation of Procedure Change Proposals

ACIL Allen recommended that a standard summary covering sheet should be developed, which would sit on top of Procedure Change Proposals (Recommendation 1). It noted that the absence of this means that the form and function of Procedure Change Proposals is inconsistent, and as a result it is not always clear to interested parties:

- what is proposed to be changed;
- why the change or changes are proposed to be made; and
- what the anticipated outcomes and impacts, and their relationship with the WEM Objectives are.

ACIL Allen considered that a standardised presentation may assist market participants to engage with the Procedure Change Proposal and would assist in summarising the proposal for the Market Advisory Committee.

The Coordinator of Energy agreed with this recommendation.

Proposal 1: Standardisation of Procedure Change Proposals

EPWA proposes to prescribe in the WEM Rules the content requirement of a Procedure Change Proposal to improve clarity on the Procedure Change Proposals.

A form is proposed to be required under the Rules containing the following details:

- the contact details of the person proposing the procedure change;
- the relevant WEM Procedure;
- the issue that will be addressed by the Procedure Change Proposal;
- the urgency of the proposed change;
- whether the proposed change will be progressed using the standard or fast track process;
- the consultation process and milestones; and
- expected outcomes and impact.

The Coordinator will be required to develop this form and publish it on its website. Other Procedure Administrators should be required to publish this on their website, and any Procedure Administrator initiating a Procedure Change Process will be required to use it.

2.1.2 Fast track pathway for Procedure Change Processes

ACIL Allen recommended that a Minor Amendment pathway should be developed for Procedure Changes that do not have an impact on Rule Participants, which would streamline the process and reduce administrative burden for minor matters (Recommendation 2).

ACIL Allen recommended that the Minor Amendments pathway should:

- be constrained to only allow changes to address 'minor' matters that do not have a material impact on any Rule Participant (for example, correcting typographical errors)
- utilise the form described in Proposal 1 to communicate expected outcomes and impact
- provide for a 5-10 Business Day response period for Rule Participants or any other person to disagree that the Procedure Change is 'minor', which would trigger the full Procedure Change Process.

The Coordinator of Energy agreed with this recommendation.

Proposal 2: Development of Procedure Change Fast Track Process

A new fast track Procedure Change Process is proposed, which will allow a Procedure Administrator¹ to expedite a Procedure Change Process if the changes do not have a material, negative impact on the WEM Objectives.

Energy Policy WA considers that the fast-track process should be allowed to:

- address matters of a minor or procedural nature, such as cross references, typographical errors, and changes to terms or abbreviations;
- correct a manifest error; or
- urgently address matters required for the safe, effective and reliable operation of the market or the SWIS.

While this extends beyond the minor matters identified by ACIL Allen, it aligns with the criteria for progressing WEM Rule changes through the fast-track process.

The Procedure Administrator will retain the ability to reclassify a Fast Track Procedure Change Proposal to the standard process if it decides to extend the timeframe.

2.1.3 Parties that can suggest procedure change amendments

ACIL Allen recommended that the WEM Rules should be amended to expand the class of entity which can initiate a Procedure Change Proposal from a “Rule Participant” to a “person” (Recommendation 3).

The Coordinator of Energy agreed with this recommendation.

Proposal 3: Any person should be allowed to submit a Procedure Change Proposal

EPWA proposes to amend clause 2.10.2 to allow any person to notify the relevant Procedure Administrator that an amendment to or replacement of a WEM Procedure may be required.

2.1.4 Timeframes for progressing third party Procedure Change Proposals

ACIL Allen recommended that a timeframe for progressing a Procedure Change Proposals should be introduced for Procedure Change Proposals initiated by a third party (Recommendation 4).

ACIL Allen noted that Rule Participants, under clause 2.10.2 may notify AEMO, the Economic Regulation Authority, the Coordinator or the relevant Network Operator, as applicable, where they consider an amendment to or replacement of a WEM Procedure would be appropriate. under clause 2.10.2. of the WEM Rules.

Clause 2.10.2A species that, within 20 business days of receiving notification under clause 2.10.2A., the relevant Procedure Administrator must determine whether it supports or does not support the suggested Procedure Change Proposal. The Procedure Administrator must also publish details stating what it intends to do about the Procedure Change Proposal.

However, the WEM Rules place no obligation on the Procedure Administrator to act upon its findings, but only to state that a change will be made in the future. As a result, subsequent obligations on Procedure Administrators to progress through the Procedure Change Process do not automatically apply.

¹ **Procedure Administrator** means the party that is responsible under the WEM Rules for the development and maintenance of the a WEM Procedure, being either AEMO, the ERA, the Coordinator or a Network Operator, as applicable

While ACIL Allen was unable to find instances in which a Procedure Administrator has not progressed a proposal it has supported, it noted that some stakeholders have raised concerns that the current WEM Rules provide no process or ability for the third-party to influence the timing of this process.

The Coordinator of Energy agreed with this recommendation.

Proposal 4: Timeframes for progressing third party procedure change proposals

EPWA agrees with the findings and recommendation to provide stakeholders with a clear expectation of the time frames, and considers that the proposal promotes good practice, accountability and transparency.

EPWA notes that the introduction of a timeframe regarding third-party Procedure Change Proposals that have been accepted by a Procedure Administrator should not constrain its flexibility to defer the start of a Procedure Change Process. Flexibility may be required due to resources availability to progress the Rule Change Proposal, or higher priority work that needs to be progressed.

The WEM Rules will require a Procedure Administrator to publish the timeframe for progressing the Procedure Change Proposal.

2.1.5 Publication of WEM Procedures

ACIL Allen recommended that the publishing requirements imposed on AEMO under clause 2.9.2D of the WEM Rules should be extended to all Procedure Administrators (Recommendation 5).

Under clause 2.9.2D of the WEM Rules, AEMO must develop and maintain a list of all Procedures that AEMO is required to develop and maintain, including a brief description of the Procedure and its head of power. Other Procedure Administrators are currently only required to publish their Procedures on their respective websites.

The Coordinator of Energy agreed with this recommendation.

Proposal 5: All Procedure Administrators to be required to publish WEM Procedures that they are responsible for

The Economic Regulatory Authority, each Network Operator and the Coordinator will be subject to the same requirements as AEMO to develop and maintain on their Website a list of all WEM Procedures they are responsible for.

2.1.6 Criteria for what content may be delegated to WEM Procedures

ACIL Allen was asked to provide a set of clear and appropriate criteria for when a matter should be addressed under the WEM Rules or devolved to WEM Procedures.

ACIL Allen noted that the WEM Rules are silent on matters that can be delegated to WEM Procedures. However, from their inception the WEM Rules appear to have provided for some of the administrative and procedural matters in the WEM Rules to be delegated to an appropriate authority – without the requirement for these delegated matters to be considered ‘minor’.

They stated that the rationale for the existence of Rules, Procedures and Guidelines could be understood as follows:

- Rules address issues that require certainty to ensure consistency regarding certain matters within the WEM, such as guiding principles, roles and responsibilities of various entities, and matters that affect investment certainty;
- Procedures provide for Procedure Administrators to create and implement specific processes or methodologies for carrying out functions under the WEM Rules; and

- Guidelines provide instructions or advice on handling certain matters.

It was noted that this is aligned with the Australian Energy Market Commission's Rule Drafting Philosophy, which includes consideration of how policy makers should determine the appropriate instrument to use when developing the NEM.

ACIL Allen cautioned against the adoption of strict criteria to avoid the risk of a significant program of work to review the current procedures regarding the applicability of the criteria to existing WEM Procedures. It recommended instead that the discretionary approach be retained, and that a drafting philosophy should be developed and adopted to guide the drafting of the WEM Rules and provide guidance as to the appropriate instrument for matters (Recommendation 6).

The Coordinator disagrees that this is the best approach and considers that a set of criteria in the Rules should provide clearer guidance to Rule Participants and other interested parties about the purpose of the different instruments.

Proposal 6: Introduction of criteria for the appropriate location of provisions

The Coordinator proposes to introduce criteria to guide stakeholders on what content should be devolved to procedures, as follows:

1. WEM Procedures should be primarily "administrative" in nature, in that it provides for an entity required to carry out a function to clearly document how it will carry out that function. Other material should be part of the WEM Rules.
2. WEM Procedures should be used if minor matters involving instructions or other aspects of the governance or decision-making are changed regularly. This is to ensure that market governance remains adaptable, while maintaining the stability of the WEM Rules.
3. WEM Procedures should not have a material impact on the WEM operation, beyond what is necessary for efficient and effective market administration. 'Material' impacts would include introducing changes to market behaviour, having a cost or price impact, and impacts to reliability and security.

2.1.7 Definition of Procedure Administrators

Proposal 7: Procedure Administrators definition

While not recommended by ACIL Allen, EPWA proposes to define the term Procedure Administrator in clause 2.9.2.

The term is widely used but not defined, it refers to the party that is responsible under the WEM Rules for the development and maintenance of the relevant WEM Procedures in accordance with the current clause 2.10.3 of the WEM Rules, being either AEMO, the ERA, the Coordinator or a Network Operator, as applicable.

Appendix A. Proposed WEM Rule changes

EPWA has drafted the following Amending Rules to implement the changes proposed in Section 2 of this Consultation Paper (~~deleted text~~, added text):

2.9. WEM Procedures

2.9.1. [Blank]

2.9.2. [Blank]

Explanatory Note

Amendments are made to streamline clauses 2.9.2A to 2.9.2E as a result of the defined term Procedure Administrator being introduced. Other minor changes are included to clarify obligations.

2.9.2A. ~~AEMO~~ A Procedure Administrator must manage the development of, amendment of, and replacement for WEM Procedures which these WEM Rules require to be developed by ~~AEMO~~ it.

2.9.2B. ~~[Blank] The Economic Regulation Authority must manage the development of, amendment of, and replacement for WEM Procedures which these WEM Rules require to be developed by the Economic Regulation Authority.~~

2.9.2C. [Blank]

2.9.2CA. ~~[Blank] Each Network Operator must manage the development of, amendment of, and replacement for WEM Procedures which these WEM Rules require be developed by a Network Operator.~~

2.9.2CB. ~~[Blank] The Coordinator must manage the development, amendment and replacement of any WEM Procedures which these WEM Rules require be developed and maintained by the Coordinator.~~

2.9.2D. ~~AEMO~~ A Procedure Administrator must develop and maintain on ~~the WEM~~ its Website a list of all WEM Procedures that ~~AEMO is~~ it is required to develop or maintain under the WEM Rules. For each WEM Procedure the list must:

- (a) state the name of the WEM Procedure;
- (b) give a brief description of the WEM Procedure; ~~and~~
- (bA) provide a link to the WEM Procedure; and
- (c) specify:
 - i. each head of power clause in the WEM Rules pursuant to which the WEM Procedure has been developed; and
 - ii. if not already covered under clause 2.9.2D(c)(i), each clause in the WEM Rules which requires that an obligation, process or requirement be documented in a WEM Procedure, that has been documented in that WEM Procedure.

- 2.9.2E. ~~AEMO A Procedure Administrator~~ must maintain and keep up to date the list referred to in clause 2.9.2D.
- 2.9.2F. ~~[Blank] The Economic Regulation Authority, the Coordinator and each Network Operator must publish any WEM Procedures they are required to document or develop under these WEM Rules on their respective websites.~~

Explanatory Note

Clause 2.9.3 is amended to include the criteria to govern the content of WEM Procedures. Other minor/stylistic changes are included for clarity.

- 2.9.3. WEM Procedures:
- (a) must:
- i. be developed, amended or replaced in accordance with the process in these WEM Rules;
 - ii. be consistent with the Wholesale Market Objectives; and
 - iii. be consistent with these WEM Rules, the Electricity Industry Act and Regulations; ~~and~~
 - iv. be primarily administrative in nature; and
 - vi. not have a material impact on the WEM operation, beyond what is necessary for efficient and effective market administration;
- (aA) may be used:
- i. for minor matters;
 - ii. to document how an entity required to carry out a function will carry out that function;
 - iii. to provide instructions or other aspects of the governance or decision-making that are changed regularly;
- (b) may be amended or replaced in accordance with section 2.10; ~~and must be amended or replaced in accordance with section 2.10 where a change is required to maintain consistency with Amending Rules.~~
- (c) must be amended or replaced in accordance with section 2.10 if a change is required to maintain consistency with Amending Rules.

Explanatory Note

Clause 2.9.4 is amended to require the Coordinator to publish a standard form for to be used by a Procedure Administrator making a Procedure Change Proposal.

Clause 2.9.4A sets out the requirement for the contents of that form.

- 2.9.4. ~~The Coordinator must maintain on the Coordinator's Website a Procedure Change Submission form.~~ The Coordinator must maintain on the Coordinator's Website:
- (a) a Procedure Change Proposal form to be used by each Procedure Administrator to initiate the Procedure Change Process; and

(b) a Procedure Change Submission form to be used by any person to make a submission relating to a Procedure Change Proposal, during the period indicated for public submissions under clause 2.10.7(a).

2.9.4A. A Procedure Change Proposal form published under clause 2.9.4(a) must include:

(a) the contact details of the person proposing the procedure change;

(b) the relevant WEM Procedure to be changed;

(c) the issue that the proposed change is aimed at addressing;

(d) the urgency of the proposed change;

(e) any proposed drafting of specific changes;

(f) any identifiable costs and benefits of the change;

(g) expected outcomes and impact of the proposed change;

(e) whether the proposed change will be, or is proposed to be, progressed using the standard or fast track process; and

(f) the proposed work program and engagement activities.

2.9.5. The Coordinator must develop a WEM Procedure setting out the procedure for developing and amending WEM Procedures.

2.9.6. [Blank]

2.9.7. [Blank]

Explanatory Note

Amendments are made to streamline clauses 2.9.7A to 2.9.7B as a result of the defined term Procedure Administrator being introduced.

2.9.7A. ~~AEMO~~ A Procedure Administrator must comply with WEM Procedures applicable to it.

2.9.7B. ~~[Blank] The Economic Regulation Authority must comply with WEM Procedures applicable to it.~~

2.9.7C. ~~[Blank] The Coordinator must comply with WEM Procedures applicable to it.~~

2.9.7D. ~~[Blank] A Network Operator must comply with WEM Procedures applicable to it.~~

2.9.8. A Rule Participant, other than AEMO or a Network Operator, must comply with WEM Procedures applicable to it.

2.10. Procedure Change Process

Explanatory Note

Amendments are made to streamline clause 2.10.1 as a result of the defined term Procedure Administrator being introduced. Other minor changes are included for clarity.

- 2.10.1. ~~AEMO, the Economic Regulation Authority, the Coordinator or a Network Operator, as applicable, A Procedure Administrator~~ may initiate the Procedure Change Process for a WEM Procedure it is responsible for by developing and publishing a Procedure Change Proposal using the form prescribed by clause 2.9.4(a).

Explanatory Note

Amendments are made to clause 2.10.2 to allow any person to notify a Procedure Administrator if they consider an amendment to or replacement of a WEM Procedure would be appropriate.

- 2.10.2. ~~Rule Participants~~ Any person may notify ~~AEMO, the Economic Regulation Authority, the Coordinator or the relevant Network Operator, as applicable, a Procedure Administrator~~ where if they consider an amendment to or replacement of a WEM Procedure would be appropriate.

Explanatory Note

Changes are made to clause 2.10.2A, and clauses 2.10.2A to 2.10.2C set out what must happen when a notification is made under clause 2.10.2.

- ~~2.10.2A Within 20 Business Days of receipt of a notification under clause 2.10.2, AEMO, the Economic Regulation Authority, the Coordinator or the Network Operator, as applicable, must:~~

- ~~(a) determine whether the suggested amendment to or replacement of a WEM Procedure is appropriate; and~~
- ~~(b) publish details of whether a Procedure Change Proposal will be progressed with respect to the suggested amendment to or replacement of a WEM Procedure and the reasons for that decision on AEMO's, the Economic Regulation Authority's, the Coordinator's or the Network Operator's website, as applicable.~~

- 2.10.2A Where necessary, and before publishing a notice of the Procedure Change Proposal under clause 2.10.2B, the relevant Procedure Administrator may contact the person who has submitted a notification under clause 2.10.2 and request clarifications regarding the requested change.

- 2.10.2B. Within 20 Business Days of receipt of the later of

- (a) a notification under clause 2.10.2; or
- (b) a clarification under 2.10.2A,

the relevant Procedure Administrator must:

- (c) determine whether the suggested amendment to or replacement of a WEM Procedure is appropriate; and
- (d) publish details of whether a Procedure Change Proposal will be progressed with respect to the suggested amendment to or replacement of a WEM Procedure and the reasons for that decision on its website.

2.10.2C If the Procedure Change Proposal will be progressed in accordance with clause 2.10.2B, the relevant Procedure Administrator must also:

- (a) publish a Procedure Change Proposal form to initiate the Procedure Change Process; or
- (b) specify a date by which a Procedure Change Proposal form to initiate the Procedure Change Process will be published, and the reason for the specified date.

Explanatory Note

Clause 2.10.2D has been added to set out the criteria under which a Procedure Administrator may progress a Procedure Change Proposal under the fast track process.

2.10.2D A Procedure Administrator may subject a Procedure Change Proposal to the Fast Track Procedure Change Process if, in its opinion, the Procedure Change Proposal:

- (a) is of a minor or administrative nature; or
 - (b) is required to correct a manifest error; or
 - (c) is urgently required and is essential for either:
 - i. the safe operation; or
 - ii. the effective operation; or
 - iii. the reliable operation,
- of the market or the SWIS.

Explanatory Note

Clauses 2.10.2E, 2.10.2G and 2.10.2H regarding the extension of timeframes have been relocated from clauses 2.10.17, 2.10.18 and 2.10.19 respectively to improve the flow of drafting in this section, and minor amendments have been made for clarity. Clause 2.10.2F has been added to clarify the circumstances under which the timeframes for a procedure change proposal subject to the fast-track process may be extended

2.10.2E Subject to clause 2.10.2F, if the relevant Procedure Administrator considers, at any time after publishing a Procedure Change Proposal, that it is necessary to extend the timeframes for processing the Procedure Change Proposal because:

- (a) issues of sufficient complexity or difficulty have been identified relating to the Procedure Change Proposal;
- (b) further public consultation on an issue associated with the Procedure Change Proposal is required; or
- (c) the Procedure Change Proposal cannot be dealt with adequately without an extension because of any other special circumstance,

then the relevant Procedure Administrator may modify the times and time periods previously published as part of the Procedure Change Proposal form and publish details of the modified times and time periods.

2.10.2F. If a Procedure Change Proposal was subject to the Fast Track Rule Change Process, and the relevant Procedure Administrator decides to extend the timeframe, it must either:

- (a) extend the timeframe by no more than 15 Business Days; or
- (b) reclassify the Procedure Change Proposal as not being subject to the Fast Track Rule Change Process, and must progress it in accordance with clauses 2.10.7-2.10.10.

2.10.2G. The relevant Procedure Administrator must publish a notice of an extension determined in accordance with clause 2.10.2E and must update any information already published in the Procedure Change Proposal form.

2.10.2H A notice of extension must include:

- (a) the reasons for the proposed extension;
- (b) the views of any Rule Participants consulted on the extension;
- (c) the proposed length of any extension; and
- (d) the proposed work program.

2.10.2H A Procedure Change Proposal that the relevant Procedure Administrator decides is subject to the Fast Track Procedure Change Process is to be progressed in accordance with clauses 2.10.4 to 2.10.4C and clauses 2.10.7 to 2.10.10 do not apply.

2.10.2I A Procedure Change Proposal that the relevant Procedure Administrator decides is not subject to the Fast Track Procedure Change Process must be progressed in accordance with clauses 2.10.7 to 2.10.10 and clauses 2.10.4 to 2.10.4C do not apply

Explanatory Note

The requirements of clause 2.10.3 are already captured under clause 2.9.3(c).

~~2.10.3. If an Amending Rule requires AEMO, the Economic Regulation Authority, the Coordinator or a Network Operator to develop new WEM Procedures or to amend or replace existing WEM Procedures, then AEMO, the Economic Regulation Authority, the Coordinator or a Network Operator, as applicable, is responsible for the development of, amendment of or replacement for, WEM Procedures so as to comply with the Amending Rule.~~

Explanatory Note

Clauses 2.10.4-2.10.4C set out the steps for the fast-track procedure change process.

2.10.4. [Blank] Within five Business Days of publishing a Procedure Change Proposal form under 2.10.1 or 2.10.2C(a), the Procedure Administrator must notify relevant stakeholders, including any members of the Market Advisory Committee, that the Procedure Administrator considers have an interest in the Procedure Change Proposal of its intention to consult with them regarding the Procedure Change Proposal.

2.10.4A. Within five Business Days of a Procedure Change Proposal form under 2.10.1 or 2.10.2C(a), any person may notify the relevant Procedure Administrator that they wish to be consulted concerning the Procedure Change Proposal.

2.10.4B Within 15 Business Days of publishing a Procedure Change Proposal form under 2.10.1 or 2.10.2C(a), the relevant Procedure Administrator must have completed such consultation, as the relevant Procedure Administrator considers appropriate in the circumstances, with stakeholders referred to in clauses 2.10.4 and 2.10.4A.

2.10.4C Within 20 Business Days of publishing a Procedure Change Proposal form under 2.10.1 or 2.10.2C(a), the relevant Procedure Administrator must prepare and publish a Final Procedure Change Report on the Procedure Change Proposal in accordance with clause 2.10.13.

2.10.5. [Blank]

Explanatory Note

Clauses 2.10.5A – 2.10.5E are now covered by the requirement to publish in 2.10.1.

2.10.5A. ~~[Blank] AEMO must publish Procedure Change Proposals that AEMO develops.~~

2.10.5B. ~~[Blank] The Economic Regulation Authority must publish Procedure Change Proposals that the Economic Regulation Authority develops.~~

2.10.5C. [Blank]

2.10.5D. ~~[Blank] A Network Operator must publish Procedure Change Proposals that the Network Operator develops.~~

2.10.5E. ~~[Blank] The Coordinator must publish Procedure Change Proposals that the Coordinator develops.~~

Explanatory Note

Clause 2.10.6 is no longer required given the new standardised procedure change process template that the Coordinator is required to publish.

2.10.6. ~~[Blank] A Procedure Change Proposal must include:~~

~~(a) a proposed WEM Procedure or an amendment to or replacement for a WEM Procedure, indicating the proposed amended words, or a proposed WEM Procedure; and~~

~~(b) the reason for the proposed WEM Procedure or an amendment to or replacement for a WEM Procedure or proposed WEM Procedure.~~

Explanatory Note

Clauses 2.10.7 – 2.10.10 set out the standard procedure change process.

Clause 2.10.7 has been broken down into parts for clarity. A requirement to notify members of the MAC, as already outlined in the WEM Procedure Administration Procedure, has also been included.

~~2.10.7 — At the same time as it publishes a Procedure Change Proposal notice, AEMO, the Economic Regulation Authority, the Coordinator or the Network Operator, as applicable, must publish a call for submissions on that proposal. The due date for submissions must be 20 Business Days from the date the call for submissions is published. Any person may make a submission to AEMO, the Economic Regulation Authority, the Coordinator or the Network Operator, as applicable, relating to a Procedure Change Proposal. A Procedure Change Submission may be made using the Procedure Change Submission form maintained on the Coordinator's Website in accordance with clause 2.9.4.~~

2.10.7. At the same time as it publishes a Procedure Change Proposal notice, a Procedure Administrator must publish a call for submissions on that proposal. The due date for submissions must be 20 Business Days from the date the call for submissions is published.

2.10.7A. Within one Business Day of publishing the Procedure Change Proposal a Procedure Administrator must notify, by email, all members of the MAC and advise them whether it considers that the MAC should be convened in relation to the Procedure Change Proposal, providing reasons why.

2.10.7B A Procedure Change Submission may be made using the Procedure Change Submission form maintained on the Coordinator's Website in accordance with clause 2.9.4(b).

2.10.8. [Blank]

2.10.9. The independent Chair of the Market Advisory Committee must convene a meeting of the Market Advisory Committee concerning any Procedure Change Proposal before the due date for submissions in relation to the Procedure Change Proposal if:

- (a) the independent Chair, the Coordinator, AEMO or the Economic Regulation Authority considers that advice on the Procedure Change Proposal is required from the Market Advisory Committee;
- (aA) a Network Operator considers that advice on the Procedure Change Proposal prepared by a Network Operator is required from the Market Advisory Committee; or
- (b) two or more members of the Market Advisory Committee have informed the independent Chair in writing that they consider that advice on the Procedure Change Proposal is required from the Market Advisory Committee.

Explanatory Note

Amendments are made to streamline clauses 2.10.10-2.10.12E as a result of the defined term Procedure Administrator being introduced. A timeframe for publishing a Procedure Change Report is also introduced.

2.10.10. ~~Following the~~ Within 20 Business days of the closing date for submissions, the ~~relevant procedure Administrator Coordinator, AEMO, the Economic Regulation Authority or the Network Operator, as applicable,~~ must prepare and publish on its Website a Procedure Change Report on the Procedure Change Proposal in accordance with clause 2.10.13.

2.10.11. [Blank]

2.10.12. [Blank]

2.10.12A. ~~[Blank] AEMO must publish Procedure Change Reports that AEMO prepares.~~

2.10.12B. ~~[Blank] The Economic Regulation Authority must publish Procedure Change Reports that the Economic Regulation Authority prepares.~~

2.10.12C. [Blank]

2.10.12D. ~~[Blank] A Network Operator must publish Procedure Change Reports that the Network Operator prepares.~~

2.10.12E. ~~[Blank] The Coordinator must publish Procedure Change Reports that the Coordinator prepares.~~

Explanatory Note

Amendments are made to streamline clauses 2.10.13 as a result of the defined term Procedure Administrator being introduced. Other minor changes are included for clarity.

2.10.13. The Procedure Change Report prepared under clause 2.10.10 or 2.10.4C must contain:

- (a) the wording of the proposed WEM Procedure or amendment to or replacement for the WEM Procedure;
- (b) the reason for the proposed WEM Procedure or amendment to or replacement for the WEM Procedure;
- (c) all submissions received before the due date for submissions, a summary of those submissions, and the response of the relevant Procedure Administrator Coordinator, AEMO, the Economic Regulation Authority or the Network Operator, as applicable, to the issues raised in those submissions;
- (d) a summary of the views expressed by the Market Advisory Committee and, if the Market Advisory Committee has delegated its role to consider the Procedure Change Proposal to a Working Group under clause 2.3.17(a), a summary of the views expressed by that Working Group;
- (dA) whether any advice from the Market Advisory Committee regarding the Procedure Change Proposal reflects a consensus view or a majority view, and, if the latter, any dissenting views included in or accompanying the advice and how these views have been taken into account by the Coordinator; and
- (e) ~~[Blank] The proposed commencement date and time for the WEM Procedure or amendment or replacement, which must, in the relevant Procedure Administrator's opinion, allow sufficient time after the date of publication of the Procedure Change Report for Rule Participants to implement required changes.~~
- (f) [Blank]
- (g) ~~[Blank] in the case of a Procedure Change Proposal developed by AEMO, a proposed date and time for the WEM Procedure or amendment or replacement to commence, which must, in AEMO's opinion, allow sufficient time after the date of~~

~~publication of the Procedure Change Report for Rule Participants to implement changes required by it;~~

- ~~(h) [Blank] in the case of a Procedure Change Proposal developed by the Economic Regulation Authority, a proposed date and time for the WEM Procedure or amendment or replacement to commence, which must, in the Economic Regulation Authority's opinion, allow sufficient time after the date of publication of the Procedure Change Report for Rule Participants to implement changes required by it;~~
- ~~(i) [Blank] in the case of a Procedure Change Proposal developed by a Network Operator, a proposed date and time for the WEM Procedure or amendment or replacement to commence, which must, in the Network Operator's opinion, allow sufficient time after the date of publication of the Procedure Change Report for Rule Participants to implement changes required by it; and~~
- ~~(j) [Blank] in the case of a Procedure Change Proposal developed by the Coordinator, a proposed date and time for the WEM Procedure or amendment or replacement to commence, which must, in the Coordinator's opinion, allow sufficient time after the date of publication of the Procedure Change Report for Rule Participants to implement changes required by it.~~

2.10.14. [Blank]

2.10.15. [Blank]

2.10.16. [Blank]

Explanatory Note

Clauses 2.10.17, 2.10.18 and 2.10.19 have been relocated to earlier in this section (see 2.10.2E, 2.10.2G and 2.10.2H)

2.10.17. ~~[Blank] If AEMO, the Economic Regulation Authority, the Coordinator or a Network Operator, as applicable, considers, at any time after publishing a Procedure Change Proposal, that it is necessary to extend the normal timeframes for processing the Procedure Change Proposal because:~~

- ~~(a) — issues of sufficient complexity or difficulty have been identified relating to the Procedure Change Proposal;~~
- ~~(b) — further public consultation on an issue associated with the Procedure Change Proposal is required; or~~
- ~~(c) — the Procedure Change Proposal cannot be dealt with adequately without an extension because of any other special circumstance,~~

~~then AEMO, the Economic Regulation Authority, the Coordinator or the Network Operator, as applicable, may modify the times and time periods under clause 2.10.7 in respect of the Procedure Change Proposal and publish details of the modified times and time periods.~~

2.10.18. ~~[Blank] AEMO, the Economic Regulation Authority, the Coordinator or a Network Operator, as applicable, must publish a notice of an extension determined in accordance~~

~~with clause 2.10.17 and must update any information already published in accordance with clause 2.10.7.~~

2.10.19. ~~[Blank] A notice of extension under clause 2.10.18 must include:~~

- ~~(a) — the reasons for the proposed extension;~~
- ~~(b) — the views of any Rule Participant consulted on the extension;~~
- ~~(c) — the proposed length of any extension; and~~
- ~~(d) — the proposed work program.~~

2.11. Coming into Force of Procedure Amendments

Explanatory Note

Amendments are made to streamline section 2.11 as a result of the defined term Procedure Administrator being introduced. Other minor changes are included for clarity.

- 2.11.1. A Rule Participant may apply to the Electricity Review Board for a Procedural Review of a decision by ~~the relevant Procedure Administrator AEMO, the Economic Regulation Authority, the Coordinator or a Network Operator, as applicable,~~ contemplated by clauses ~~2.10.2A(b)(i) 2.10.2A(a)~~ or 2.10.13 within the time specified in regulation 44 of the WEM Regulations, on the grounds ~~the relevant Procedure Administrator,~~ has not followed the process set out in section 2.10 or the WEM Procedure specified in clause 2.9.5.
- 2.11.2. Following an application for a Procedural Review under clause 2.11.1, if the Electricity Review Board finds that ~~the Procedure Administrator AEMO, the Economic Regulation Authority, the Coordinator or a Network Operator~~ has not followed the process set out in section 2.10 or the WEM Procedure specified in clause 2.9.5, the Electricity Review Board may set aside AEMO's decision, the Economic Regulation Authority's decision, the Coordinator's decision or the Network Operator's decision and direct AEMO, the Economic Regulation Authority, the Coordinator or the Network Operator to reconsider the relevant Procedure Change Proposal in accordance with section 2.10 and the WEM Procedure specified in clause 2.9.5.
- 2.11.3. Subject to clauses 2.11.2 and 2.11.4, a WEM Procedure or an amendment of or replacement for a WEM Procedure commences at the time and date specified under clauses 2.10.13(g), 2.10.13(h), 2.10.13(i) or 2.10.13(j) (as applicable).
- 2.11.4. If at any time, ~~the Procedure Administrator AEMO, the Economic Regulation Authority, the Coordinator or a Network Operator~~ considers that Rule Participants will not have sufficient time to implement any necessary changes required by the WEM Procedure that ~~the Procedure Administrator AEMO, the Economic Regulation Authority, the Coordinator or the Network Operator, as applicable,~~ are required to publish, or amendment or replacement of the WEM Procedure, then ~~the Procedure Administrator AEMO, the Economic Regulation Authority, the Coordinator or the Network Operator, as applicable,~~ may extend the time and date when that WEM Procedure, amendment or replacement commences by publishing notice of the revised time and date when the amendment of or replacement for that WEM Procedure commences.

...

3.24. Distributed Energy Resources Register

...

Explanatory Note

The latter part of clause 3.24.10 has been removed as there is now a fast-track process that can be used to make amendments to the Procedure under 3.24.10

3.24.10. AEMO is not required to comply with the Procedure Change Process when making the first WEM Procedure referred to in clause 3.24.8 ~~or making minor or administrative amendments to that WEM Procedure.~~

...

11. Glossary

...

Procedure Administrator: Means an entity responsible for developing and maintaining WEM Procedures under these WEM Rules.



Appendix B. Proposed Procedure Administration changes

EPWA proposes the following amendments to the WEM Procedure Administration to implement the changes proposed in Section 3 of this Consultation Paper (~~deleted text~~, added text):

1. PROCEDURE OVERVIEW

1.1 Relationship with the WEM Rules

- 1.1.1 This WEM Procedure has been developed in accordance with, and should be read in conjunction with, clause 2.9.5 of the WEM Rules.
- 1.1.2 Reference to particular WEM Rules within the WEM Procedure in bold and square brackets **[WR XX]** are current as of ~~1 February 2021~~ [date]. These references are included for convenience only, and are not part of this WEM Procedure.

1.2 Purpose of this WEM Procedure

- 1.2.1 This WEM Procedure outlines the process by which all WEM Procedures are to be developed and amended.
- 1.2.2 This WEM Procedure provides the processes to be followed by:
- (a) ~~Procedure Administrators AEMO, the Economic Regulation Authority (ERA), the Coordinator and the Network Operator~~ in developing Procedure Change Proposals; and
 - (b) ~~Rule Participants~~ any person participating in the Procedure Change Process.

1.3 Application of this WEM Procedure

- 1.3.1 This WEM Procedure applies to:
- (a) ~~Procedure Administrators AEMO, the Economic Regulation Authority (ERA), the Coordinator and the Network Operator~~ in developing Procedure Change Proposals; and
 - (b) ~~Rule Participants~~ any person participating in the Procedure Change Process.
- ~~to the AEMO, the ERA, the Coordinator, the Network Operator and Rule Participants.~~

1.4 Associated WEM Procedures

- 1.4.1 The following WEM Procedures are associated with this WEM Procedure:
- (a) Notices and Communications (AEMO); and
 - (b) Notices and Communications (the Coordinator).

1.5 Conventions Used

- 1.5.1 In this WEM Procedure, the conventions specified in clauses 1.3 to 1.5 of the WEM Rules apply.

1.6 Terminologies and Definitions

- 1.6.1 A word or phrase defined in the WEM Rules, the Electricity Industry Act or the Regulations has the same meaning when used in this WEM Procedure.
- ~~1.6.2 Responsible Procedure Administrator means the party that is responsible under the WEM Rules for the development and maintenance of the relevant WEM Procedure, being either AEMO, the ERA, the Coordinator or a Network Operator, as applicable.~~

2 THE PROCEDURE CHANGE PROCESS

This section outlines the procedure steps associated with the Procedure Change Process.

2.1 Initiating the Procedure Change Process

- 2.1.1 The Procedure Change Process is initiated by ~~one of the Responsible a~~ Procedure Administrators drafting a Procedure Change Proposal ~~[WR 2.10.1 or 2.10.2A(a)(ii)]~~ using the ~~form available on the Coordinator's website [2.10.1A]~~.
- 2.1.2 A Procedure Change ~~Proposal Process~~ can be initiated only by ~~the Responsible a~~ Procedure Administrator and will be in response to:
- (a) the ~~Responsible~~ Procedure Administrator determining that an existing WEM Procedure requires amending or replacing; or
 - (b) the ~~Responsible~~ Procedure Administrator developing new WEM Procedures, or amending or replacing existing WEM Procedures following an amendment to the WEM Rules ~~[WR 2.10.5 2.10.3]~~; or
 - (c) a notification from ~~a any person Rule Participant, where they if the Procedure Administrator~~ considers an amendment or replacement of a WEM Procedure would be appropriate ~~[WR 2.10.2]~~. Any such notification must be sent by email to the email address indicated on the ~~Responsible~~ Procedure Administrator's website.

~~2.1.3. Within 20 Business Days of receipt of a Rule Participant's notification under clause 2.10.2 the Responsible Procedure Administrator must:~~

- ~~(d) determine whether an amendment to or replacement of a WEM Procedure is appropriate; and~~
- ~~(e) publish on the WEM Website details of whether a Procedure Change Proposal will be progressed and the reasons for that decision [WR 2.10.2A].~~

2.1.3 The Procedure Change Proposal must include the details outlined in clause ~~2.10.1B 2.10.6~~ of the WEM Rules. Amendments to the WEM Procedure should be clearly identified using tracked changes, where possible ~~[WR 2.10.1B 2.10.6]~~.

2.1.4 The ~~Responsible~~ Procedure Administrator may commence the Procedure Change Process at any time it considers appropriate, including before the commencement of the Amending Rule, or a proposed Amending Rule, to which that Procedure Change Proposal relates. However, a Procedure Change Process in respect to an Amending Rule that has not yet commenced, or in respect to a proposed Amending Rule, must be conditional upon the Amending Rule commencing.

2.2 Consideration by a Market Advisory Committee Working Group

- 2.2.1 The Market Advisory Committee (MAC) is an advisory body comprised of industry representatives and convened by the Coordinator. The MAC is established pursuant to clause 2.3.1 of the WEM Rules and one of its roles is to advise ~~Responsible~~ Procedure Administrators regarding Procedure Change Proposals.
- 2.2.2 The MAC may establish Working Groups comprising representatives of Rule Participants and interested stakeholders, to assist it in providing advice to ~~Responsible~~ Procedure Administrators on Procedure Change Proposals ~~[WR 2.3.17]~~.

- 2.2.3 The MAC has established the AEMO Procedure Change Working Group to consider proposed amendments to WEM Procedures (including the Monitoring and Reporting Protocol) for which AEMO is the ~~Responsible~~ Procedure Administrator.
- 2.2.4 In addition to the AEMO Procedure Change Working Group, the MAC can initiate Working Groups to consider amendments to a specific WEM Procedure. Further details of the active Working Groups, including those associated with advising the ~~Responsible~~ Procedure Administrators on potential Procedure Change Proposals are available on the Coordinator's Website at www.energy.wa.gov.au.
- 2.2.5 The ~~Responsible~~ Procedure Administrators may convene an existing active Working Group established by the MAC to discuss a Procedure Change Proposal either before submitting it into the formal Procedure Change Process or during the formal Procedure Change Process.
- 2.2.6 ~~Responsible~~ Procedure Administrators may seek advice on a Procedure Change Proposal directly from the MAC if no Working Group has been established to consider amendments to the relevant WEM Procedure.
- 2.2.7 Prior to formal submission of a Procedure Change Proposal, the ~~Responsible~~ Procedure Administrator must notify members of the appropriate active Working Group (if one exists) as to whether any proposed amendments to the WEM Procedure require discussion by the Working Group and the reasons why.

2.3 Publication of Procedure Change Proposals

- 2.3.1 Once a Procedure Change Proposal has been formally submitted into the Procedure Change Process, the ~~Responsible~~ Procedure Administrator must publish that Procedure Change Proposal on its website. The ~~Responsible~~ Procedure Administrator must publish all of its Procedure Change Proposals that are open for public comment on its website.
- 2.3.2 ~~The Responsible Procedure Administrator must call for submissions on the Procedure Change Proposal by publishing the Procedure Change Proposal on its website and provide a due date for the submissions, being at least 20 Business Days following the publication of the call for submissions [WR 2.10.7].~~ The ~~Responsible~~ Procedure Administrator **will must** assign the proposal a reference number to be quoted on submissions related to its Procedure Change Proposal. This will be in the following format:
- (a) for AEMO: AEPC_YYYY_ID;
 - (b) for the Coordinator: CEPC_YYYY_ID;
 - (c) for the ERA: EEPC_YYYY_ID; and
 - (d) for Network Operator: NEPC_YYYY_ID.

2.4 Extensions to timeframes for processing Procedure Change Proposals

- 2.4.1 At any time after publishing a Procedure Change Proposal, if the ~~Responsible~~ Procedure Administrator considers that it is necessary to extend the normal timeframes for processing the Procedure Change Proposal because of any of the reasons specified in clause ~~2.40.17-2.10.2E~~ of the WEM Rules, then the Responsible Procedure Administrator may modify the times and time periods under clause ~~2.10.7 2.10.2A~~ of the WEM Rules in respect of the Procedure Change Proposal **[WR 2.10.17]**.
- 2.4.2 Where the ~~Responsible~~ Procedure Administrator has extended the time and time periods associated with a Procedure Change Proposal under step 2.4.1 it must publish a notice of extension which includes the information outlined in clause 2.10.19 of the WEM Rules and must update any information already published under clause 2.10.7 of the WEM Rules **[WR 2.10.18]**

and WR 2.10.19].

2.5 ~~Procedure Change Process Notification to Market Advisory Committee~~

~~2.5.1 Once it has published a Procedure Change Proposal under step 2.3, the Responsible Procedure Administrator must notify all members of the MAC and advise them whether it considers that the MAC should be convened in relation to the Procedure Change Proposal, giving reasons why. This notification must be made by email, within one Business Day of publishing the Procedure Change Proposal. The standard Procedure Change Process is set out in clauses 2.10.4 to 2.10.4C of the WEM Rules.~~

~~2.5.2 The independent Chair of the MAC must convene a meeting of the MAC, prior to the close of submissions, in relation to the Procedure Change Proposal if:~~

- ~~(a) the independent Chair, the Coordinator, AEMO, or the ERA considers that advice on the Procedure Change Proposal is required from the MAC; or~~
- ~~(b) a Network Operator considers that advice on the Procedure Change Proposal prepared by a Network Operator is required from the MAC; or~~
- ~~(c) two or more members of the MAC have written to the independent Chair indicating they consider that advice on the Procedure Change Proposal is required from the MAC [WR 2.10.9].~~

~~This must be done with sufficient time to allow the independent Chair to convene a meeting of the MAC prior to the close of submissions, in relation to the Procedure Change Proposal. The fast-track Procedure Change Process is set out in clauses 2.10.7-2.10.10 of the WEM Rules.~~

2.6 Submissions on Procedure Change Proposals

2.6.1 Any person may make a submission on a Procedure Change Proposal using the Procedure Change Submission form [WR 2.10.7]. A copy of this form is available on the Coordinator's Website at www.energy.wa.gov.au.

2.6.2 A submission on a Procedure Change Proposal must be made to the ~~Responsible~~ Procedure Administrator by email, by the due date published.

2.7 Procedure Change Report

2.7.1 Following the closing date of submissions, the ~~Responsible~~ Procedure Administrator must prepare a Procedure Change Report [WR 2.10.10~~13~~].

2.7.2 Prior to preparing a Procedure Change Report, the ~~Responsible~~ Procedure Administrator must conduct an assessment of the proposed changes to ensure consistency with:

- (a) the Wholesale Market Objectives; and
- (b) the WEM Rules, Electricity Industry Act and Regulations [WR 2.9.3].

2.7.3 The ~~Responsible~~ Procedure Administrator must publish the Procedure Change Report it prepared [WR 2.10.12A, 2.10.12B, 2.10.12.D and 2.10.12.E]. The Procedure Change Report must contain all of the information outlined in clause 2.10.13 of the WEM Rules.

2.7.4 In proposing a date and time for procedure changes to commence, the ~~Responsible~~ Procedure Administrator must be of the view that Rule Participants will have sufficient time between publication of the Procedure Change Report and commencement of the WEM Procedure to implement any changes required [WR 2.10.13].

2.8 Commencement of WEM Procedures

- 2.8.1** A procedure change will commence on the date set by the **Responsible** Procedure Administrator in the relevant Procedure Change Report **[WR 2.11.3]**.
- 2.8.2** The Responsible Procedure Administrator may extend the time and date for commencement of procedure changes and must publish a notice of extension, including a revised time and date for commencement of the WEM Procedure [WR 2.11.4].

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Agenda Item 7: Market Development Forward Work Program

Market Advisory Committee (MAC) Meeting 2024_09_05

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 1-3.

3. Process

Stakeholders may raise issues for consideration by the MAC at any time by sending an email to the MAC Secretariat at energymarkets@demirs.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 | The project has been rescheduled for 2025 because of resource constraints and to better align with other projects |
| Essential Systems Services Framework Review | 2 May 2024 MAC Meeting | Starting | EPWA is engaging a Consultant to assist with analysis |
| 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 – continuing, commenced May 2024 |
| Wholesale Electricity Market Investment Certainty Review | 20 July 2023 MAC Meeting | Open | Drafting an Exposure Draft of WEM Amending Rules, considering Stakeholder submissions to the Consultation Paper |
| Reserve Capacity Mechanism Review | 21 September 2021 MAC Meeting | Finishing No further meetings | AEMO presented a proposal for the sequencing implementation of all WEM Amending Rules at the 20 August 2024 TDOWG meeting and is now considering, with EPWA, TDOWG's feedback |
| Cost Allocation Review | 14 December 2021 MAC Meeting | Finishing No further meetings | AEMO presented a proposal for the sequencing implementation of all WEM Amending Rules at the 20 August 2024 TDOWG meeting and is now considering, with EPWA, TDOWG's feedback |
| Demand Side Response Review | 16 March 2023 MAC Meeting | Finishing No further meetings | Minister to make the WEM Amending Rules. AEMO presented a proposal for the sequencing implementation of all WEM Amending Rules at the 20 August 2024 TDOWG meeting and is now considering, with EPWA, TDOWG's feedback |

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) • AEMO presented a proposal for the sequencing implementation of all WEM Amending Rules at the 20 August 2024 TDOWG meeting and is now considering, with EPWA, TDOWG's feedback. |

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. | <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 Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024 available at Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024. |

Table 2 – Market Development Forward Work Program

| Review | Issues | Status and Next Steps |
|--|---|--|
| | | <ul style="list-style-type: none"> AEMO presented a proposal for the sequencing implementation of all WEM Amending Rules at the 20 August 2024 TDOWG meeting and is now considering, with EPWA, TDOWG’s feedback. |
| 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 participation in the various market mechanisms. | <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; 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 |
|---------------------------------------|---|---|
| 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 submissions published on the Coordinator's website. • On 9 August 2024, the Coordinator finished stage 1 by publishing the ACIL Allen report and his response on the Coordinator's website. • EPWA is progressing stages 2 and 3 of the review and presenting a draft consultation paper at the 5 September 2024 MAC meeting. |

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, the 24 April and 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; and • The WIC Review (Initiatives 1 and 2) Consultation Paper. • Drafting an Exposure Draft of WEM Amending Rules, considering Stakeholder submissions to the Consultation Paper. |

Table 2 – Market Development Forward Work Program

| Review | Issues | Status and Next Steps |
|---|--|---|
| Review of the Market Advisory Committee (MAC) | 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. | <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 was 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 submissions published on the Coordinator’s website. • The Coordinator received the ACIL Allen report on 28 June 2024 and will publish a response in due course. |
| WEM Procedure Content Assessment project | The scope of this project is to: 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. |

Table 2 – Market Development Forward Work Program

| Review | Issues | Status and Next Steps |
|--|---|---|
| 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 for the 14 December 2023, 1 February 2024, 29 February 2024, and 18 April 2024 PSSRSWG meetings; and meeting papers for the 25 July 2024 PSSRSWG meeting. |
| 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 |

Table 2 – Market Development Forward Work Program

| Review | Issues | Status and Next Steps |
|--|--|---|
| Forecast quality | Review of Issue 9 from the MAC Issues List. | <ul style="list-style-type: none"> This review has been deferred. |
| 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. |

Agenda Item 8: Overview of Rule Change Proposals (as of 23 August 2024)

Market Advisory Committee (**MAC**) Meeting 2024_09_05

- Changes to the report since the previous MAC meeting are shown in **red font**.
- The next steps and the timing for the next steps are provided for Rule Change Proposals that are currently being actively progressed by the Coordinator of Energy (**Coordinator**) or the Minister.

Indicative Rule Change Activity Until the Next MAC Meeting

None

Rule Change Proposals Commenced since the Report presented at the last MAC Meeting

None

Rule Change Proposals Awaiting Commencement

None

Rule Change Proposals Rejected since Report presented at the last MAC Meeting

None

Rule Change Proposals Awaiting Approval by the Minister

None

Formally Submitted Rule Change Proposal

None

Pre-Rule Change Proposals

| Reference | Proponent | Description | Next Step | Date |
|------------|-----------|-----------------------------|---------------------------------|------------|
| RC_2024_01 | AEMO | Allowable Revenue Framework | Submit the Rule Change Proposal | 26/08/2024 |

Rule Changes Made by the Minister since Report presented at the 8 February MAC Meeting

| Gazette | Date | Title | Commencement |
|---------|------------|--|--------------|
| 2023/96 | 18/07/2023 | Wholesale Electricity Market Amendment (Supplementary Capacity No.2) Rules 2023 – Schedule B | 1/04/2024 |
| 2024/57 | 17/05/2024 | Wholesale Electricity Market Amendment (Price Ceiling) Rules 2024 | 22/05/2024 |
| 2024/66 | 7/06/2024 | Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024 | 8/06/2024 |
| 2024/89 | 26/07/2024 | Wholesale Electricity Market Amendment (Supplementary Capacity No. 3) Rules 2024 | 27/06/2024 |

Rule Change Made by the Minister and Awaiting Commencement

| Gazette | Date | Title | Commencement |
|----------|------------|--|---|
| 2023/165 | 12/12/2023 | Wholesale Electricity Market Amendment (Reserve Capacity Reform) Rules 2023 | <ul style="list-style-type: none"> Schedules 2, 3 and 4 will commence at a time specified by the Minister in a notice published in the Gazette |
| 2024/66 | 7/06/2024 | Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024 | <ul style="list-style-type: none"> Schedule 2 will commence at a time specified by the Minister in a notice published in the Gazette |
| 2024/89 | 26/07/2024 | Wholesale Electricity Market Amendment (Supplementary Capacity No. 3) Rules 2024 | <ul style="list-style-type: none"> Schedule 2 will commence at a time specified by the Minister in a notice published in the Gazette |