



Minutes

Meeting Title:	Market Advisory Committee (MAC)
Date:	5 September 2024
Time:	9:30am – 10:30am
Location:	Microsoft Teams online meeting

Attendees	Representing in MAC	Comment
Sally McMahon	Chair	
Amy Tait	Australian Energy Market Operator	Joined 9:35am
Katie McKenzie	Australian Energy Market Operator	
Genevieve Teo	Synergy	
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	Joined 9:44am
Geoff Gaston	Energy Retailer	
Rajat Sarawat	Economic Regulation Authority (observer)	
Noel Ryan	Minister (observer)	Joined 9:40am Left 10:00am
Non-member attendees	From	Comment
Laura Koziol	EPWA	MAC Secretariat
Sean McAvoy	EPWA	MAC Secretariat
Bronwyn Gunn	EPWA	Observer for Agenda Item 5(b) and 6
Bruce Layman	Economic Regulation Authority (ERA)	Observer for the ERA's update in General Business

Apologies	From	Comment
Noel Schubert	Small-Use Consumer Representative	
Peter Huxtable	Contestable Customer	
Dora Guzeleva	EPWA	MAC Secretariat

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 <p>The Chair noted the attendance as listed above.</p>	
3	Minutes of Meeting 2024_07_25 <p>Ms Koziol advised that the previously circulated draft minutes has been revised after comments were received, and asked if the MAC had any further comments.</p> <p>The MAC had no further comments and approved the 25 July 2024 meeting minutes.</p>	
	ACTION: Publish the 25 July MAC Meeting Minutes on the Coordinator’s website	EPWA
4	Action Items <p>The Chair noted the Action Items in the paper.</p>	
5	Update on Working Groups <p>(a) AEMO procedure Change Working Group (APCWG)</p> <p>The paper was taken as read.</p> <p>Ms Tait advised that the APCWG met on 4 September 2024 requested feedback on the additional detail included in section 4 of the paper.</p> <p>MAC members supported the additional information included in section 4.</p>	

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(b) Power System Security and Reliability (PSSR) Standards Working Group (PSSRSWG)

Ms Koziol stated that since the beginning of stage 3, the Technical Working Group has met 11 times, which reflects how complex the issues being considered by the review are.

- Ms Jabiri asked what consultation process is planned and the expected timeline as there may be some interdependence between this work and Western Power’s Access Arrangement 6 submission.

Ms Gunn advised that there will be a public consultation paper that will be brought to the MAC for comment, likely the November meeting, before it is published in December. It will likely be a technically complex and long consultation paper, and the length of the consultation period will need to be considered in light of that. Additionally, the consultation period will likely be over the Christmas period so shutdown periods will need to be considered.

Ms Gunn noted that Sabina Roshan, the Western Power member on the PSSRSWG, is arranging a meeting between EPWA and Western Power to discuss the interdependencies raised by Ms Jabiri.

6 Procedure Change Process Review

Ms Koziol summarised the purpose of the Review as per the papers, and noted that the timing for commencement of the Rules set out in the paper would need to align with the timing of the Procedure Content Assessment to ensure avoid any inconsistency in the rules regarding the content of procedures.

Ms Koziol asked the MAC for feedback on the consultation paper.

- Mr Alexander requested that that the standard covering sheet require the Procedure Administrator to flag any direct customer impacts. He noted this would be uncommon, but gave the example of the DER Register Procedure, which gives AEMO a level of discretion about the content of the register (with regard to end-use customer information) and who that information is shared with.
- Mr Stephen stated it was unclear what a ‘third party’ was in the consultation paper and suggested it should be clarified.

Ms Koziol acknowledged the suggestions.

- Ms Tait stated AEMO had two concerns about the inclusion of criteria in the WEM Rules:
 - AEMO believes this change will result in the significant parts of procedures being elevated into the WEM Rules and that there are significant resourcing implications if that happens;
 - This may slow down the pace of reform if AEMO has to go through a rule change process for things that could previously be amended in a procedure.

She also noted that the drafting proposed for the Fast Track Rule Change Proposal will result in a longer process in practice.

Item	Subject	Action
	<p>Ms Koziol agreed that the reforms needed careful consideration to avoid any unintended consequences as outlined by Ms Tait, but that the governance of the content of Rules and Procedures was an important matter to address.</p> <ul style="list-style-type: none"> Ms Tait reiterated that there are significant legal risks associated with the proposed drafting. She added Recommendation 6 is the one area where the Coordinator has disagreed with the findings of the Independent Report and noted it would be useful to have more of an explanation for why this is. <p>Ms Gunn noted EPWA had made a point of not going back through all the stakeholder views in the Consultation Paper as these had been responded to, and agreed to meet to discuss AEMO's concerns in more detail.</p>	
	<p>ACTION: Discuss legal and drafting concerns with the draft Procedure Change Process Consultation Paper</p>	<p>AEMO and EPWA</p>
<p>7</p>	<p>Market Development Forward Work Program</p> <p>The paper was taken as read. No issues were raised.</p>	
<p>8</p>	<p>Overview of Rule Change Proposals</p> <p>The paper was taken as read.</p> <p>Ms Koziol advised that AEMO had submitted its Allowable Revenue Framework Rule Change Proposal that was discussed at the 25 July 2024 MAC meeting. The Coordinator was seeking clarification from AEMO on some issues and the MAC will be advised when the Coordinator decides to progress or not the proposal.</p>	
<p>9</p>	<p>General Business</p> <p>The Chair noted that Mr Sarawat had an item to raise but asked if any MAC member had anything to discuss. No other issues were raised.</p> <p>The Chair noted that the ERA was going to provide an outline of the proposed changes to its Monitoring Protocol and other Guidelines, and recognised that the ERA is obligated to inform the MAC of these changes.</p> <p>Mr Sarawat stated that the ongoing Frequency Co-optimised Essential System Services (FCESS) Review and the likely Rule amendments will require changes to be made to the ERA's guidelines and monitoring protocols.</p> <p>Mr Layman stated that the ERA will consult on five procedures/guidelines and had released three for public consultation to date, those being the:</p> <ul style="list-style-type: none"> - Offer Construction Guideline; - Trading Conduct Guideline; and - Monitoring Protocol. 	

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	<p data-bbox="292 248 831 282">Submissions are due on 3 October 2024.</p> <p data-bbox="292 297 1187 365">He noted that amendments to the Portfolio Determination Procedure and Triggering the SESSM Procedure would be released soon.</p> <p data-bbox="292 380 1187 683">Mr Layman noted that the updates are based on the Exposure Draft of the FCESS Rules, and that the process to change the procedures/guidelines is being commenced ahead of the Rules being finalised, with the intent that the final publications can be released a week or two ahead of the Amending Rules (anticipated 20 November) so that participants can have time to form their offers under the new rules. He clarified that the new guidelines and protocol would only apply after the new Rules are implemented and noted that the ERA plans to hold a stakeholder workshop during the consultation period.</p> <p data-bbox="292 698 1187 766">With regard to the amended guidelines that have been published, he highlighted:</p> <ul data-bbox="292 781 1240 1487" style="list-style-type: none"> <li data-bbox="292 781 1187 983">- The deletion of reference to WEM Rule 2.16A.1 (as this has been deleted in the Exposure Draft). He noted that this means there is no need for a market participant to have market power for a breach of 2.16.C.5 (which prohibits a participant from making an irregular price offer that leads to an inefficient market outcome) to occur; and <li data-bbox="292 999 1187 1200">- The need to examine whether runway allocation for contingency reserve raise cost is a component of efficient variable cost (EVC). Mr Layman stated that the ERA wants to examine this issue and the position put forward in the Draft Guideline was preliminary and for the purpose of receiving feedback at this stage. <li data-bbox="292 1216 1240 1487">• Mrs Papps asked why the ERA was consulting on these matters as the FCESS Rules were not finalised. She noted that it was concerning from a procedural perspective that market participants were still making submissions on the Exposure Draft but that subsidiary documents were being amended on the basis of the Exposure Draft. She also noted it's not a full 20 days for submissions as market participants are still working on submissions to the Exposure Draft. <p data-bbox="292 1503 1240 1839">Mr Sarawat answered that while the publications are based on the FCESS Review exposure draft, it does not suggest anything in the publications is fixed. The ERA is required to follow the WEM Rules, therefore, the publications will reflect the Final Rules. Accordingly, the ERA may need to change the guidelines again if the final FCESS Rules differ from the Exposure Draft. However, the ERA had to weigh up the risk of the Final Rules being different to the Exposure Draft and the need to provide guidance to market participants ahead of the rules commencing, and decided this was the most appropriate way to move forward.</p> <ul data-bbox="292 1854 1198 2004" style="list-style-type: none"> <li data-bbox="292 1854 1198 2004">• Mrs Papps also asked for the reasoning behind the ERA's draft position about the runway allocation for contingency reserve raise cost not being a component of EVC and how this will improve market efficiency. 	

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	<ul style="list-style-type: none"> Mr Arias agreed that the ERA's position about the runway allocation for contingency reserve raise cost not being a component of EVC lacks justification. <p>Mr Layman noted it is a complex issue that affects dispatch and the profitability of market participants. Mr Layman noted that the WEM Dispatch Engine (WEMDE) may already be accounting for this cost regardless of whether it is in the offer, so there needs to be consideration of whether those costs are being double counted. He noted that greater detail and the ERA's reasoning could be provided at the stakeholder workshop.</p> <ul style="list-style-type: none"> Mr Arias also asked if the draft guidelines address other issues within the offer construction guideline or if it just in response to the FCESS Rules. <p>Mr Layman answered that there were some general fixes in the publications. However, if there were issues not covered within the publications then it would be appreciated if stakeholders submitted them for the ERA to consider.</p> <ul style="list-style-type: none"> Mrs Papps noted that section 3.1 requires independent expert advice to support some aspects of offers, and that some lead time for market participants would be required for that. <p>The Chair noted the MAC request for further explanation of how market efficiency is improved and that this would be provided at the workshop and asked the ERA to send information about its stakeholder workshop to MAC members.</p> <p>The Chair noted that the next MAC meeting would be held on 17 October 2024 and encouraged MAC members to attend in person and to let EPWA know if they can't so hybrid facilities can be made available.</p>	
	<p>ACTION: Provide details of the stakeholder workshop to the MAC members</p>	<p>ERA</p>

The meeting closed at 10:30am.