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## 2012 Review of MAC Composition

### 1. BACKGROUND

Clause 2.3.9 of the Wholesale Electricity Market Rules (Market Rules) requires that the Independent Market Operator (IMO) annually review the composition of the Market Advisory Committee (MAC). The IMO may remove and appoint members following the review.

### 2. POSITIONS FOR RENEWAL

For the 2012 year the following discretionary class positions for MAC membership are up for renewal:

- Steve Gould – Market Customer; and
- Andrew Sutherland – Market Generator.<sup>1</sup>

In accordance with clause 2.3.10 the IMO will be undertaking a consultation period with industry on these two positions and will seek nominations from Rule Participants.

Additionally, the IMO will also be confirming the following:

- Compulsory class members:
  - Paul Biggs – Representing Small Consumers;
  - Ken Brown – System Management;
  - Peter Mattner – Electricity Networks Corporation;
  - Stephen MacLean – Electricity Retail Corporation; and
- Nominated Observer:
  - Nerea Ugarte – Appointed by the Minister.

Consistent with the MAC Appointment Guidelines and previous reviews, the IMO will take into account the background, skills and experience of the confirmed compulsory class members and nominated observers when determining the overall composition of the MAC following the nomination process.

The IMO notes the following changes in membership for Compulsory Class members and nominated Observers occurred since the inaugural review held in 2010.

- Andrew Everett – Electricity Generation Corporation – February 2013;
- Suzanne Frame – IMO – February 2013; and

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<sup>1</sup> Note that when appointing members to the MAC the IMO must use reasonable endeavours to ensure equal representation of Market Generators and Market Customers (Clause 2.3.5A).



- Wana Yang – Observer – Appointed by Economic Regulation Authority – February 2013.

For these members that have been appointed mid-term, the IMO is currently required to seek re-confirmation of their continued representation on the MAC in accordance with the dates presented above. The IMO however considers that this creates an unnecessary administrative burden and will be seeking to amend the MAC Constitution and Appointment Guidelines to allow for their appointment period to align better with the annual MAC review dates.

The IMO has also identified that re-confirmation of Compulsory Class and Observer members is unnecessary and is currently investigating options to no longer require these members to undertake a re-confirmation process each two years, but rather to simply provide an updated CV (if applicable) to allow the IMO to establish a balanced MAC when appointing Discretionary Class members.

The IMO will prepare proposed amendments to the MAC Constitution and Appointment Guidelines to address these two issues during early 2012. A public consultation period will be undertaken in accordance with clause 2.3.4 of the Market Rules.

### 3. IMO'S PROCESS AND TIMELINES FOR 2012 REVIEW

The following table outlines the process that the IMO will follow for the 2012 review, along with the associated timelines:

Step	Event	Date
1	IMO assess the positions up for renewal (see section 2 of this paper for the 2012 positions available).	Before November MAC meeting.
2	IMO inform the MAC that the annual review is about to commence.	November MAC meeting.
3	IMO issue a call for nominations for the available discretionary class membership positions and seeks reconfirmation of membership for compulsory class and nominated observers.	End of November, closing late December.
4	IMO establish an internal evaluation panel (comprising members from across the organisation <sup>2</sup> ) to assess all nominations received and ensure a high standard of probity is maintained.	Before close of call for nominations.
5	IMO prepare an Evaluation Panel handbook outlining what each panel member is required to do. This includes:	Before close of call for nominations.

<sup>2</sup> The Evaluation Panel will contain members from Market Development, Legal and Compliance, Finance and Administration and Market Operations teams from the IMO. Please note, Suzanne Frame will not be a member of the Evaluation Panel due to the potential conflict of interest arising due to her MAC membership status. Additionally, Allan Dawson is not a member of the Evaluation Panel. This is to allow for a separate assessment step (as MAC Chair) and to ensure a rigorous process.



Step	Event	Date
	<ul style="list-style-type: none"> <li>Assessment of the nominees against the pre-qualification<sup>3</sup> and compliance criteria<sup>4</sup>;</li> <li>Assessment of the nominees against the qualitative criteria using the information provided in the response to the call for nominations<sup>5</sup>; and</li> <li>Rating each nominee against the qualitative criteria using a pre-defined rating 0 – 9 point rating scale.</li> </ul>	
6	Panel members assess each nominee in accordance with the Evaluation Panel handbook.	Following close of call for nominations and before the end of January.
7	Evaluation Panel meeting to determine a consensus score for each of the nominees.	
8	Evaluation Panel create a shortlist of candidates for each class based on the consensus qualitative ranking.	
9	To ensure an appropriate balance of skills and experience the Evaluation Panel will undertake the second stage assessment including reviewing the relevant qualifications, years of experience and backgrounds of nominees to determine the best possible composition for the MAC (taking into account the relevant skills and experiences of the compulsory members).	
10	Draft a recommendation report to present to the MAC Chair for review.	
11	Evaluation panel to reassess its recommendations (if required).	
12	Prepare a recommendation report to present to the IMO Board for its review and approval.	February Board meeting.
13	The IMO Board to decide the MAC membership. Following the Board's decision, inform the nominees of the outcome of the assessment process.	End of February.
14	All MAC members (incoming and outgoing) to attend a handover MAC meeting.	March MAC meeting.

The following specific timelines for the 2012 review are expected:

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<sup>3</sup> These are: Nomination lodged on time and confirmation that the nominee is an employee or consultant employed by the Rule Participant.

<sup>4</sup> These are: Nomination form completed in full, contains the details of the class applying for, and meets the requirements to represent the class it has applied for.

<sup>5</sup> Demonstrated skills, experience and knowledge of energy sector issues (35%); Demonstrated skills and knowledge of the WEM (35%); Demonstrated ability to contribute actively to the MAC (10%); and Relevant background (20%).



- 21 November 2011 – Call for nominations;
- 21 December 2011 – Nominations closing date;
- 19 January 2012 – IMO convene the Evaluation Panel;
- 8 February 2012 – Current MAC members attend MAC meeting;
- 16 February 2012 – IMO Board ratify the new MAC membership;
- 17 February 2012 – Letters sent to existing MAC members and nominees outlining the IMO's decision; and
- 14 March 2012 – New and previous MAC members attend the March 2012 MAC meeting.

Further details of the process involved and requirements for applications are outlined in the MAC Constitution and MAC Appointment Guidelines which will be made available on the IMO website: <http://www.imowa.com.au/market-advisory-committee>

## 5. RECOMMENDATIONS

It is recommended that the MAC:

- **Note** the IMO's review and assessment process; and
- **Note** this timelines for the 2012 review.