



INDEPENDENT  
MARKET  
OPERATOR

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## MARKET ADVISORY COMMITTEE APPOINTMENT GUIDELINES

November 2013

### 1. Scope and Purpose

- 1.1 The purpose of these guidelines is to provide transparency as to the process to be followed for the appointment of members to the Market Advisory Committee (~~the~~ MAC). They have been developed to inform industry groups, Rule Participants and ~~their~~ ~~respective~~ nominees of the selection and appointment processes applied by the ~~Independent Market Operator (IMO)~~.
- 1.2 These guidelines set out the details of:
  - a) the background to the MAC;
  - b) the requisite skills, knowledge and experience of MAC members;
  - c) the requirements for representation of MAC members;
  - d) the terms of appointment for MAC members;
  - e) the steps involved in the appointment process; and
  - f) any other matters that the IMO considers will contribute to good governance and the effective operation of the MAC.
- 1.3 The IMO seeks a balanced representation and a diverse mix of knowledge and experience among members of the MAC. These guidelines set out how the IMO aims to achieve this.

### 2. Related Documents

- 2.1 This document has been developed in accordance with, and should be read in conjunction with the following:
  - a) clauses 2.3.1 to 2.3.17 of the Wholesale Electricity Market Rules (Market Rules); and
  - b) the MAC Constitution.

### 3. Background to the Market Advisory Committee

3.1 The MAC is established pursuant to section 2.3 of the Market Rules. The MAC is a committee of industry representatives convened by the IMO:

- a) to advise the IMO regarding Rule Change Proposals;
- b) to advise the IMO and System Management regarding Procedure Change Proposals;
- c) to advise the IMO regarding market operation and South West interconnected system operation matters; and
- d) to advise the IMO regarding matters concerning the evolution of the Market Rules.

3.2 In accordance with clause 2.3.5 of the Market Rules, the MAC must comprise ~~of~~:

- a) at least three and not more than four members representing Market Generators, ~~of whom one will represent Verve Energy~~;
- b) one member representing Contestable Customers;
- c) at least one and not more than two members representing Network Operators, of whom one will represent Western Power<sup>1</sup>;
- d) at least three and not more than four members representing Market Customers, ~~of whom one will represent Synergy~~;
- e) one member nominated by the Minister to represent small-use consumers;
- f) one member representing System Management;
- ~~g)~~ g) one member representing the IMO;
- ~~g)h)~~ h) one member representing Synergy; and
- ~~h)i)~~ i) a Chairperson, who will be a representative of the IMO.

The Minister and the Economic Regulation Authority (ERA) may also each appoint a representative to attend MAC meetings as an observers, as outlined in clauses 2.3.6 and 2.3.7 of the Market Rules.

3.3 The MAC is an advisory committee and does not vote on issues. The MAC may make recommendations to the IMO if a consensus is achieved. Any recommendations made by the MAC are based on the consensus decision of members, excluding the opinion of

<sup>1</sup> ~~Excluding System Management, which~~ Excluding System Management, which operates as a ring-fenced entity for market purposes.

observers. ~~However, for the avoidance of doubt, e~~Observers on the MAC otherwise have full speaking rights.

3.4 The MAC must have regard to the Wholesale Market Objectives in carrying out its functions.

#### 4. Skills, ~~K~~knowledge and ~~e~~Experience of ~~M~~members

4.1 The applicants for appointment to the MAC should collectively possess the skills, knowledge and experience specified in clause 4.2 ~~below of these guidelines~~. The IMO's ~~assessment-appointment~~ process will ensure that there is balanced representation of skills knowledge and experience across the MAC.

4.2 The IMO will take into account, but is not limited to, the following expected skills, knowledge and experience of the MAC (as a ~~body~~whole) when making appointment decisions:

- a) knowledge and/or demonstrated experience relating to energy sector issues;
- b) broad understanding of the technical, design and commercial aspects of the WEM;
- c) ability to contribute to the MAC, including;
  - i. ability to work as a member of a small team;
  - ii. ability to assess proposed rule and procedure changes against the Wholesale Market Objectives;
  - iii. ability to understand the subject matter ~~in~~ proposals made to the MAC; and
  - iv. ability to consider market design issues and options for the evolution of the Market Rules;
- d) ~~u~~Understanding of the Market Rules and other relevant legislation including the Electricity Industry Act 2004, Electricity Industry (Wholesale Electricity Market) Regulations, Metering Code, and Access Code and Technical Rules along with other relevant regulatory instruments; and
- e) ~~k~~knowledge of the powers and obligations of both the IMO and System Management and the frameworks in which they operate.

4.3 Applicants are not required to be full time employees of an entity that is a participant in the class which membership is being sought.

#### 5. Representation of ~~MAC~~ ~~m~~Members

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5.1 MAC members are required to act in the best interests of the Wholesale Electricity Market.

5.2 Compulsory ~~c~~Glass members are individuals who represent a single entity. During their inaugural appointment ~~c~~Compulsory ~~c~~Glass members must demonstrate their eligibility against the criteria for membership and necessary skills, knowledge and experience. During ~~subsequent~~ ~~subsequent annual~~ reviews, details of updates to ~~c~~Compulsory ~~c~~Glass members' skills, knowledge and experience will be required to be provided to the IMO, where substantive changes have occurred. This is to allow the IMO to consider the skills and experience of the ~~c~~Compulsory ~~c~~Glass members when making discretionary appointment decisions to ensure that the ~~combined skills and experience of the~~ MAC is ~~a well-rounded well balanced committee~~.

5.3 Discretionary ~~c~~Glass members are individuals that represent a class of participants but are not ~~c~~Compulsory ~~c~~Glass members. Discretionary ~~c~~Glass members are expected to act in a way that properly reflects the interests of the group that they have been chosen to represent i.e. Market Generators, Market Customers or Contestable Customers. Discretionary ~~c~~Glass members must demonstrate their eligibility against the criteria for membership and necessary skills, knowledge and experience.

## 6. Term of ~~A~~ppointment

6.1 Membership on the MAC for the 2010 year for both ~~d~~Discretionary and ~~c~~Compulsory class members will be for either one or two years with the opportunity for reappointment after this time period has lapsed.

6.2 For the calendar year beginning 1 January 2010, the term of membership will be determined by the IMO conducting a ballot. Half of the then current members will be appointed for one year and the remainder will be appointed for a two-year term. The ballot will be designed so that no particular class of membership will be completely rotated out in a single year. For example all Market Generator representatives would not be up for renewal in a single year. Members chosen by ballot for a one year term will be eligible for reappointment to an additional two--year term if they meet the appointment criteria at the time.

6.3 Thereafter, the term of appointment of ~~d~~Discretionary ~~c~~Glass members will be two years. This is to ensure consistency in decision making and that all sections of the industry are adequately represented as the market matures.

6.4 Compulsory ~~c~~Glass membership, after inaugural membership has expired, is for two years to ensure consistency of representation. At the lapse of tenure, ~~c~~Compulsory ~~c~~Glass members will be able to reconfirm their nominated individual representative to serve on the MAC.

6.5 The IMO may appoint new members into ~~c~~Compulsory and ~~d~~Discretionary ~~c~~Glass positions, if necessary, when members are no longer representative of the class. This includes situations where the member's employment changes to being employed by an

entity outside of the member's class of representation or upon occurrence of any of the events listed clause 2.3.11 of the Market Rules.

6.6 There are no restrictions on the number of times a member can be reappointed to the MAC, but in making appointments the IMO's objective is to get the best representation of the industry over time to ensure a dynamic MAC that is representative of the market.

6.7 MAC members will be reappointed based on the IMO's assessment of individuals against the appointment criteria outlined in section 4 of this guideline to ensure that they conform to the requirements and are representative of their class.

## 7. The Nominations and Appointment Process

7.1 Each year the IMO will review the performance and attendance of MAC members. If any changes are required these will be addressed at the same time the IMO commences the annual appointment process for Discretionary and Compulsory Class members whose tenure has lapsed.

7.2 On completion of the annual review the IMO will:

a) a. —for Discretionary Class members whose tenure has lapsed, seek nominations from industry groups and Rule Participants with respect to the position (i.e. Market Customer or Market Generator representative). Industry consultation includes, but is not limited to:

i. i. —Chamber of Commerce and Industry of Western Australia;

ii. ii. —Chamber of Minerals and Energy of Western Australia; and

iii. iii. —Western Australian Sustainable Energy Association; and

b) b. —for Compulsory Class members whose tenure has lapsed, seek reconfirmation from a senior executive of the applicable entity that the member will continue to represent that entity. An updated resume must be provided to the IMO, where the individual's skills, knowledge or experience have changed substantively since the last review. Reconfirmation may be provided to the IMO via email to: [market.development@imowa.com.au](mailto:market.development@imowa.com.au).

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7.3 The IMO will advertise for nominations for discretionary Class positions on its public website the Market Web Site and via direct contact with appropriate industry groups. The IMO will also send an email notification to people stakeholders and /entities on its market advisory mailing list maintained by the Market Development team.

- 7.4 Any company or individual can ~~make~~ nomination onse themselves or someone else. Nominations must:
- a) be in writing;
  - b) address the eligibility criteria for appointment to the MAC as set out in the Market Rules, MAC Constitution and ~~these~~ is document guidelines;
  - c) have attached a completed MAC application form, available on the ~~IMO webpage~~ public website Market Web Site, outlining the skills set of applicants with respect to the class(es) of nomination;
  - d) include contact details of the nominee (to demonstrate evidence of the persons willingness for appointment); and
  - e) be received by the IMO by the published due date.
- 7.5 Nominee details provided to the IMO will be kept private. A high-level assessment of all the nominees against the appointment criteria may be made ~~publically~~ available by the IMO if requested by an interested party.
- 7.6 An individual may be nominated for as many categories relevant to the entity to which they belong and for which the nominee meets the eligibility criteria. For example an entity which is both a Market Generator and Market Customer may nominate individuals for both of these categories.
- 7.7 With the exception of the IMO and Western Power<sup>2</sup>, the IMO can only appoint one individual from any one entity to serve on the MAC at any one time.
- 7.8 The IMO will consider nominations received, determine the appropriate composition of the MAC (taking into account the skills, experience and knowledge of any existing or reconfirmed ~~Compulsory~~ compulsory class members and ~~o~~bservers appointed by the Minister or Economic Regulation Authority), and finalise appointment arrangements by March of every year, using the following assessment steps:

Step	Event	Date
1	IMO assess the positions up for renewal.	Before November MAC meeting.
2	IMO inform the MAC that the annual review is about to commence.	November MAC meeting.
3	IMO prepare a call for nominations for the available <del>d</del> iscretionary <u>c</u> lass membership positions and seek reconfirmation from <u>c</u> ompulsory <u>c</u> lass entities of their members.	End of November, closing late December.

<sup>2</sup> Noting that System Management is a ring-fenced entity within Western Power.

Step	Event	Date
4	IMO establish an internal evaluation panel (comprising members from across the organisation <sup>3</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: <ul style="list-style-type: none"> <li>Assessment of the nominees against the pre-qualification<sup>4</sup> and compliance criteria<sup>5</sup>;</li> <li>Assessment of the nominees against the qualitative criteria using the information provided in the response to the call for nominations<sup>6</sup>; and</li> <li>Rating each nominee against the qualitative criteria using a pre-defined rating 0 – 9 point rating scale.</li> </ul>	Before close of call for nominations.
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 and appointed observers).	
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.

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<sup>3</sup> ~~The Evaluation Panel will contain members from the IMO. Please note, the IMO member will not be a member of the Evaluation Panel due to the potential conflict of interest arising from the requirement for the panel to assess his application. Additionally, MAC Chair 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.~~

<sup>4</sup> ~~These are that the: Nomination is lodged on time and confirmation that the nominee is an employee or consultant employed by the Rule Participant.~~

<sup>5</sup> ~~These are that the: 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>6</sup> ~~Demonstrated knowledge and experience of energy sector issues (20%); Demonstrated understanding of technical, design and commercial aspects of the WEM (20%); Demonstrated ability to contribute actively to the MAC (40%); and Demonstrated understanding of the governance arrangements under which the IMO and System Management operate (20%).~~

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Step	Event	Date
14	All MAC members (incoming and outgoing) to attend a handover MAC meeting.	March MAC meeting.

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