

**Rule Change Panel  
Activities Report 2017/18**

31 August 2018

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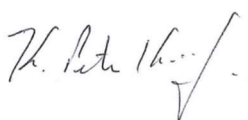
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## Transmittal to the Minister

Hon Ben Wyatt MLA  
Minister for Energy

### **RULE CHANGE PANEL ACTIVITIES REPORT 2017/18**

In accordance with regulation 28(1) of the *Energy Industry (Rule Change Panel) Regulations 2016*, we hereby submit for your information and presentation to Parliament the Activities Report for the Rule Change Panel for the year ending 30 June 2018.



K. Peter Kolf  
Chairman



Roland Sleeman  
Member



Shaun Dennison  
Member

## 1. Introduction

The Rule Change Panel was established on 24 November 2016 under the *Energy Industry (Rule Change Panel) Regulations 2016*. The Rule Change Panel is an independent body responsible for administering the rule change process and making decisions on Rule Change Proposals for the Wholesale Electricity Market Rules (**Market Rules**) and Gas Services Information Rules (**GSI Rules**).

### 1.1. The Wholesale Electricity Market and the Market Rules

The Market Rules govern the operation of the Wholesale Electricity Market (**WEM**) of the South West interconnected system (**SWIS**) of Western Australia. The SWIS is the largest electricity system in Western Australia, supplying Perth and most of the South West region from Albany in the South, to Kalgoorlie in the East, and Kalbarri in the North. The WEM commenced operation on 21 September 2006.

The Australian Energy Market Operator (**AEMO**) is responsible for operation of the WEM. Prior to November 2015, the Independent Market Operator (**IMO**) was responsible for operation of the WEM and for the rule-making functions that are now assigned to the Rule Change Panel.

Any changes made to the Market Rules must be consistent with the Wholesale Market Objectives, as set out in section 122(2) of the *Electricity Industry Act 2004*. These are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the SWIS;
- (b) to encourage competition among generators and retailers in the SWIS, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the SWIS; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

### 1.2. Gas Information Services and the GSI Rules

The GSI Rules govern the operation of three information services used to increase transparency, security, reliability and competitiveness in the Western Australian gas market. These services are provided by AEMO, and include:

- the Gas Bulletin Board (**GBB**) – a public website that tracks natural gas production, transmission, storage and usage across Western Australia;
- the Emergency Management Facility – an online information service that is part of the GBB, is activated by the Coordinator of Energy in the event of an emergency or gas supply disruption, and is accessible only by certain parties; and
- the Gas Statement of Opportunities (**GSOO**) – an annual report that projects natural gas reserves, supply and usage in Western Australia for the medium-to-long term.

The first GSOO was published in July 2013, and the GBB and Emergency Management Facility commenced operation on 1 August 2013.

Prior to November 2015, the IMO was responsible for operation of these three services, and for the rule-making functions that are now assigned to the Rule Change Panel.

Any changes made to the GSI Rules must be consistent with the objectives of the GBB and GSOO, as set out in section 6 of the *Gas Services Information Act 2012* (**GSI Objectives**), which are to promote the long term interests of consumers of natural gas in relation to:

- (a) the security, reliability and availability of the supply of natural gas in the State;
- (b) the efficient operation and use of natural gas services in the State;
- (c) the efficient investment in natural gas services in the State; and
- (d) the facilitation of competition in the use of natural gas services in the State.

### 1.3. Enabling Instruments

The key roles and functions of the Rule Change Panel are set out in the following instruments:

- *Energy Industry (Rule Change Panel) Regulations 2016*;
- *Electricity Industry (Wholesale Electricity Market) Regulations 2004*;
- Wholesale Electricity Market Rules (**Market Rules**);
- *Gas Services Information Regulations 2012*; and
- Gas Services Information Rules (**GSI Rules**).

## 2. Organisational Structure

The Rule Change Panel consists of three members appointed by the Minister for Energy. The Rule Change Panel is the decision-making body for changes to the Market Rules and GSI Rules, and is not permitted to delegate its functions.

### 2.1. Rule Change Panel Members

Rule Change Panel members are appointed for a fixed period of no more than four years, and are eligible for reappointment once after serving their initial term. Rule Change Panel members do not need to be appointed on a full-time basis.

The Minister for Energy designates one of the Rule Change Panel members to be the Chair of the Rule Change Panel. Meetings require a quorum of three Rule Change Panel members, and decisions are made by a majority vote.

The Minister for Energy determines the Rule Change Panel members' remuneration and allowances based on the recommendation of the Public Sector Commissioner.

The current members of the Rule Change Panel are Peter Kolf (Chair), Shaun Dennison and Roland Sleeman.



#### Peter Kolf (Chair)

Peter Kolf was appointed Chair of the Rule Change Panel on 1 January 2017 for a four year term. Peter was also a director on the Board of the IMO from July 2014, and served as Chair of the IMO from December 2015 until it was dissolved on 28 April 2018.

Peter has extensive experience in the energy industry and in economic regulation. His professional career commenced with the Gas and Fuel Corporation of Victoria and went on to energy (electricity, oil and gas) related senior management roles at both State and Commonwealth levels of government. In addition, Peter has held senior positions in telecommunications, the regulation of national air fares, and in the water industry covering areas including market management, pricing and corporate planning.

In 1998, Peter took on the role of Executive Director of Western Australia's Office of Gas Access Regulation which led to his appointment as Chief Executive Officer of the State's Economic Regulation Authority (**ERA**) until 2010. He is currently Director, KPK Specialist Advisory Services Pty Ltd.

Peter holds a Bachelor of Commerce (Hons.) and a Master of Economics. He is a Certified Practising Accountant, a Fellow of the Australian Institute of Energy and President of the Economic Society of Australia (WA Branch).



### Shaun Dennison

Shaun Dennison was appointed as a Member of the Rule Change Panel on 1 January 2017 for a period of one year.<sup>1</sup> Shaun was a Director of the IMO from 2006 until it was dissolved on 28 April 2018.

Shaun has a finance and accounting background. In 1999, Shaun co-founded Farrier Swier, an advisory service that consults on policy development, energy and water sector restructuring and reform, regulation, risk analysis, governance and accountability. Shaun has over 25 years' experience in advising governments, regulators and businesses on economic regulation, energy sector reform, strategic business and risk allocation issues, and in providing specialist project management services.

Shaun is also a specialist in Australian Indigenous art with a focus on sales in the auction market. Shaun headed up the Indigenous Art Department for the international auction house Christies during 2004 to 2006, and for Mossgreen Auction House from 2008 to mid-2017.

Shaun has a Bachelor of Commerce and is a Graduate Member of the Australian Institute of Company Directors.



### Roland Sleeman

Roland Sleeman was appointed as a Member of the Rule Change Panel on 1 January 2017 for a period of one year.<sup>1</sup> Roland was a Director of the IMO until it was dissolved on 28 April 2017.

Roland has extensive experience in the oil and gas, utilities and infrastructure sectors, having held a number of senior executive positions across these sectors, and has provided advice to both government and businesses involved in those sectors across Australia. Roland is presently a Director of Armour Energy Limited (Queensland) and CEO of Lakes Oil NL (Victoria), and provides advice to organisations including the Australian Energy Regulator and the Northern Territory Power and Water Corporation.

Roland has a Bachelor of Engineering (Mechanical), a Master of Business Administration and is a Graduate of the Australian Institute of Company Directors.

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<sup>1</sup> Regulation 11 of the *Energy Industry (Rule Change Panel) Regulations 2016* states that:

- (1) a member of the Rule Change Panel holds office for a period that is not to exceed 4 years; and
- (2) a member of the Rule Change Panel whose term expires without a person having been appointed to fill the vacancy continues in office until a person is appointed to fill the vacancy.

Mr. Dennison and Mr. Sleeman's terms on the Rule Change Panel expired on 1 January 2018, but they have continued in office since that date on the basis of Regulation 11(2).



## 2.2. The Executive Officer and Secretariat Support Services

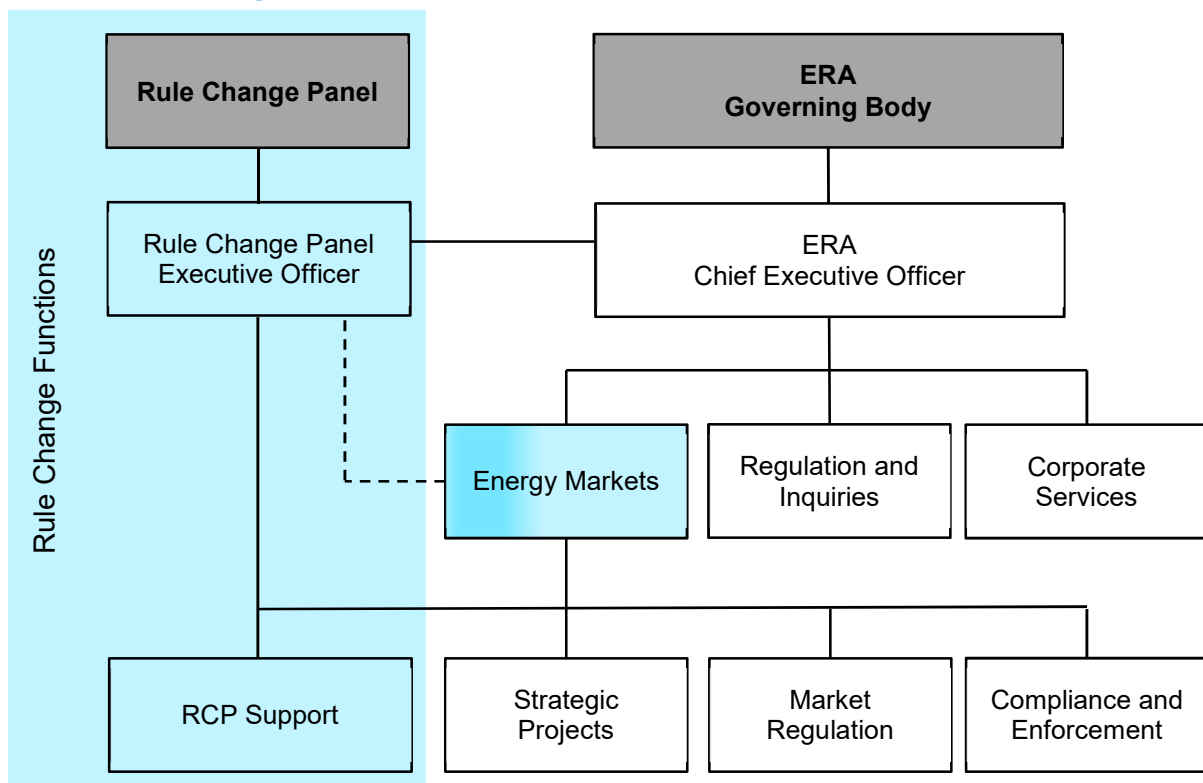
The Rule Change Panel is supported by an Executive Officer and supporting staff (referred to as RCP Support). The Executive Officer and RCP Support are responsible for administration of the rule change process, and are the first point of contact for stakeholders.

The ERA provides secretariat support to the Rule Change Panel – this includes provision of the Executive Officer, RCP Support, and any other services, facilities or assistance that the Rule Change Panel requires to meet its obligations.<sup>2</sup> This structure is designed to support the Rule Change Panel by providing a core team of dedicated staff as well as access to a broader team of resources when required.

The Executive Officer and RCP Support are employed by the ERA. The Executive Officer is accountable to the Chief Executive Officer of the ERA, but the Executive Officer’s primary focus is provision of support to the Rule Change Panel. While RCP Support staff are part of the Energy Markets Division within the ERA, their work for the Rule Change Panel is led by the Executive Officer.

Figure 1 shows the organisational structure and reporting relationships between the Rule Change Panel and the ERA.

**Figure 1: Organisational structure and reporting relationships between the Rule Change Panel and the ERA**



The Rule Change Panel and the ERA are separate entities; and the Rule Change Panel and the Governing Body of the ERA have no involvement in each other’s decisions. The ERA’s executive team and Governing Body have no involvement in the assessment of Rule Change Proposals or the Executive Officer’s recommendations to the Rule Change Panel.

<sup>2</sup> The arrangement for the ERA to provide an Executive Officer and secretariat support services to the Rule Change Panel is prescribed in regulation 23 of the *Energy Industry (Rule Change Panel) Regulations 2016*, and is detailed in a Terms of Agreement established by the Rule Change Panel and the ERA.

The corporate administrative functions of the Rule Change Panel and ERA are segregated, including separate financial cost centres.

The segregation arrangements do not prevent the Executive Officer and RCP Support from consulting with the ERA where necessary, as the Rule Change Panel may consult with any interested parties on rule change matters.



### **Stephen Eliot (Executive Officer)**

Stephen Eliot was appointed as the Executive Officer of the Rule Change Panel on 16 October 2017.

Stephen has over 20 years' experience in the energy industry in both Australia and Canada, and in both the private and public sector. Prior to his appointment as the Executive Officer of the Rule Change Panel, Stephen was the Chief Executive Officer of Retail Energy Market Company Limited, which was the gas retail market operator for Western Australia; and was the Director of Market and Regulatory Policy at the Office of Energy in Western Australia.

Stephen has a Bachelor of Arts (Economics) and Master of Arts (Economics) from the University of Calgary, and is a Graduate of the Australian Institute of Company Directors.

## **2.3. Funding Arrangements for the Rule Change Panel**

The costs of the Rule Change Panel and the support services provided by the ERA are recovered from:

- Market Generators and Market Customers, through Regulator Fees collected under the Market Rules; and
- Registered Shippers and Registered Production Facility Operators, through Regulator Fees collected under the GSI Rules.

Information on the Rule Change Panel's costs for 2017/18 will be presented in the ERA's Annual Report for 2017/18, which is to be tabled in Parliament by the end of September 2018.

### 3. Rule Change Panel Functions

The Rule Change Panel's main functions are to:

- administer the rule change process and make decisions on Rule Change Proposals for the Market Rules and GSI Rules;
- maintain the Market Procedures assigned to it under the Market Rules; and
- publish documents relating to the Rule Change Panel's functions under the Market Rules and GSI Rules.

The Rule Change Panel also has obligations to convene and make use of the Market Advisory Committee (**MAC**) and Gas Advisory Board (**GAB**). The MAC and GAB are established under the Market Rules and GSI Rules (respectively) to provide advice to the Rule Change Panel, AEMO and the ERA.

#### 3.1. The Rule Change Processes

The Rule Change Panel's primary function is to administer the rule change process and make decisions on Rule Change Proposals for the Market Rules and GSI Rules.

The Rule Change Panel may only develop Rule Change Proposals for changes that are either required to correct manifest errors in the Market Rules or GSI Rules, or are of a minor or procedural nature. Anyone else can propose any kind of change to the Market Rules or GSI Rules by submitting a Rule Change Proposal to the Rule Change Panel.

In processing a Rule Change Proposal, the Rule Change Panel consults with stakeholders by calling for submissions on the proposal or on any draft decisions. The consultation may include convening the MAC or GAB, meeting with relevant parties, procuring technical advisers, or establishing a technical working group.

While not mandatory, the Rule Change Panel recommends stakeholders engage with the Executive Officer before formally submitting a Rule Change Proposal, to discuss the issue to be addressed and arrange for consultation with the MAC or GAB where required.

Upon receiving a Rule Change Proposal, the Rule Change Panel must decide whether it considers that the proposal warrants progressing, and if so, whether it should be progressed under a standard or fast track rule change process.

The standard rule change process includes two rounds of public consultation and should take around 19 weeks to complete (unless the process is extended).

The fast track rule change process includes one round of stakeholder consultation and should take around five weeks (unless the process is extended). The fast track process can only be used when the proposal:

- is of a minor or procedural nature; or
- is required to correct a manifest error; or
- is urgently required and:
  - for WEM Rule Change Proposals, is essential for the safe, effective and reliable operation of the market or the SWIS; or
  - for GSI Rule Change Proposals, is essential for the effective operation of the GBB.

The standard and fast track rule change processes are outlined in Figure 2.

In making a decision on a Rule Change Proposal, the Rule Change Panel can:

- reject the Rule Change Proposal;
- accept the Rule Change Proposal; or
- accept the Rule Change Proposal in an amended form.

The Rule Change Panel must base its final decision on its assessment of the proposal against the Wholesale Market Objectives or GSI Objectives (as applicable) and other practical considerations, such as implementation costs and feasibility.

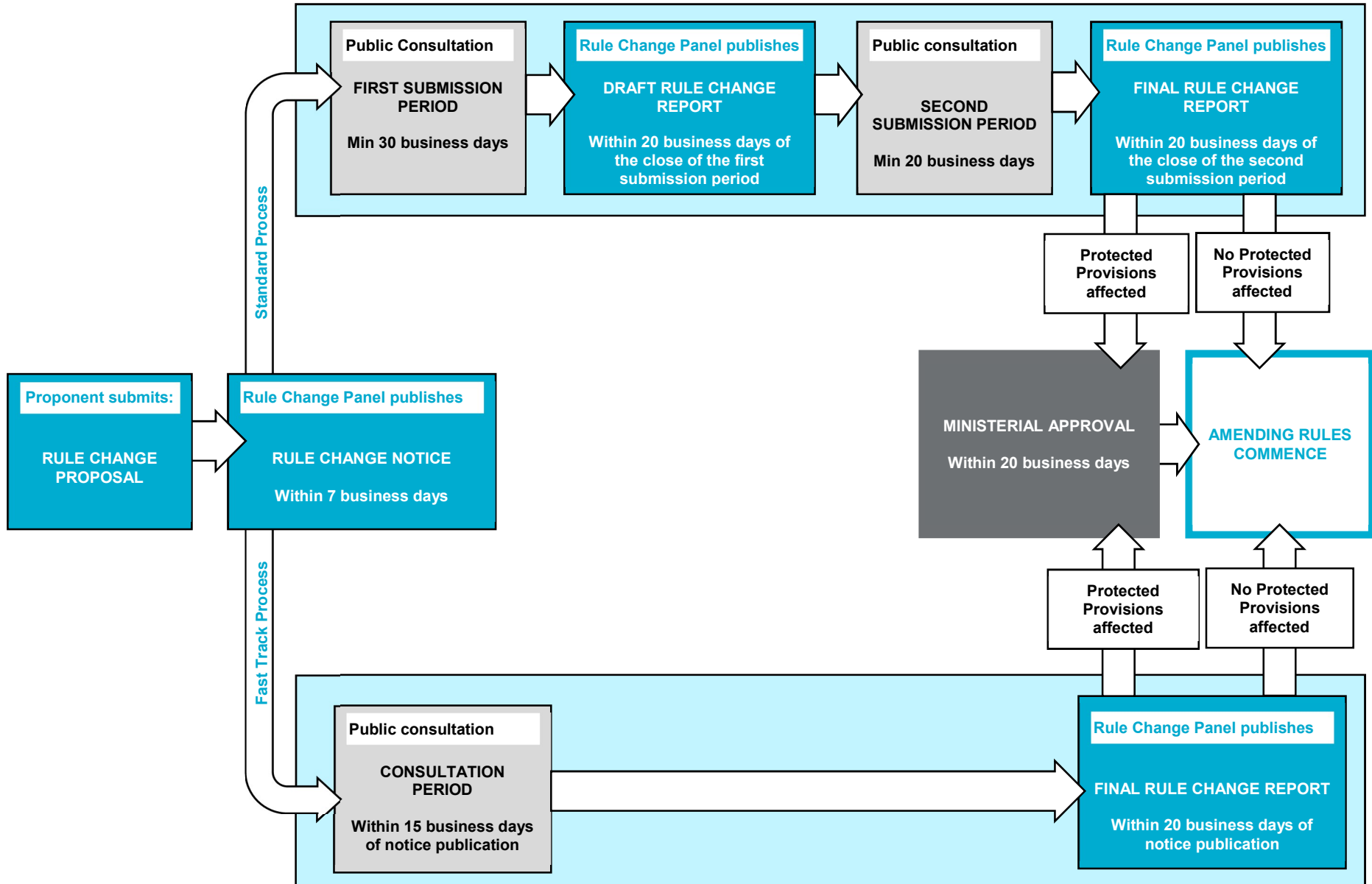
The Rule Change Panel's decision on whether to accept a Rule Change Proposal, and its reasons, are published in a Final Rule Change Report.

The Rule Change Panel can extend the default timeframes for progressing a Rule Change Proposal shown in Figure 2, but must publish a notice explaining the reason for the extension.

If the Rule Change Proposal relates to a protected provision, the proposal requires approval by the Minister for Energy. The Minister has a default 20 business days to make a decision, but can extend this period by issuing a notice to the Rule Change Panel.

Stakeholders can appeal against the Rule Change Panel's final decisions to the Electricity Review Board, but only in the case of procedural breaches by the Rule Change Panel.

Figure 2: Rule Change Process



## 3.2. The Minister's Rule-Making Powers

At any time, the Minister for Energy can repeal and replace the Market Rules or GSI Rules in their entirety under the relevant Regulations.<sup>3</sup> Additionally, until 1 July 2018 the Minister for Energy had the power to make Amending Rules for the Market Rules or the GSI Rules.<sup>4</sup>

## 3.3. Procedure Change Process

The Rule Change Panel develops and maintains Market Procedures that relate to its functions under the Market Rules. The Rule Change Panel is currently responsible for two Market Procedures:

- the Market Procedure: Procedure Administration – sets out the process for developing and amending Market Procedures for all administrators of Market Procedures including AEMO and the ERA; and
- the Market Procedure: Notices and Communications (Rule Change Panel) – sets out the method by which notices and communications required under the Market Rules are to be given to or by the Rule Change Panel.

Usually the Rule Change Panel consults with the MAC before initiating a Procedure Change Proposal. The formal procedure change process includes one round of public consultation.

Only the Rule Change Panel can initiate a Procedure Change Proposal regarding one of its Market Procedures. However, Rule Participants may suggest to the Rule Change Panel that it make changes to its Market Procedures at any time.

While the GSI Rules also allow for the Rule Change Panel to make procedures relating to its functions, in practice no such procedures exist or are contemplated.

## 3.4. Market Advisory Committee

The MAC is a non-voting committee of industry representatives convened by the Rule Change Panel to advise:

- the Rule Change Panel regarding Rule Change Proposals;
- the Rule Change Panel, AEMO, and the ERA regarding Procedure Change Proposals;
- AEMO and the ERA on development of Rule Change Proposals; and
- the Rule Change Panel on matters concerning evolution of the Market Rules.

The MAC consists of a mixture of compulsory class members and discretionary class members, as indicated in Table 6 (see section 5.1.3).

The Rule Change Panel is responsible for developing and publishing a Constitution for the MAC, which must be consistent with the Market Rules, and is available on the Rule Change Panel's website. The Executive Officer is responsible for provision of secretariat support for the MAC and must convene the MAC under certain conditions.

The MAC is able to establish Working Groups to assist it in advising the Rule Change Panel, AEMO and the ERA.

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<sup>3</sup> The Minister for Energy can repeal and replace the Market Rules under regulation 7(3) of the *Electricity Industry (Wholesale Electricity Market) Regulations 2004* and the GSI Rules under regulation 7(4) of the *Gas Services Information Regulations 2012*.

<sup>4</sup> Until 1 July 2018, the Minister could make Amending Rules under regulation 7(4) of the *Electricity Industry (Wholesale Electricity Market) Regulations 2004* and regulation 7(5) of the *Gas Services Information Regulations 2012*.

### 3.5. Gas Advisory Board

The GAB is a non-voting committee of industry representatives established by the Rule Change Panel to advise:

- the Rule Change Panel in relation to:
  - Rule Change Proposals; and
  - matters concerning the development of the GSI Rules.
- the Rule Change Panel, AEMO, and the ERA in relation to:
  - Procedure Change Proposals; and
  - matters concerning the development of Procedures.

The GAB consists of a mixture of compulsory class members and discretionary class members, as indicated in Table 7 (see section 5.2.3).

The Rule Change Panel is responsible for developing and publishing a Constitution for the GAB, which must be consistent with the GSI Rules, and is available on the Rule Change Panel's website. The Executive Officer is responsible for provision of secretariat support for the GAB, and must convene the GAB under certain conditions.

## 4. 2017/18 Activities

The Rule Change Panel commenced its rule-making functions on 3 April 2017, and was in operation for 15 months as of the end of 2017/18. The following sections provide an overview of the activities of the Rule Change Panel and RCP Support in 2017/18.

### 4.1. Changes to the Market Rules

#### 4.1.1. Market Rule Change Proposals Approved by the Rule Change Panel

The Rule Change Panel approved eight Rule Change Proposals relating to the Market Rules in 2017/18, as summarised in Table 1. Details of all approved Rule Change Proposals are available on the Rule Change Panel's website, and descriptions of the approved proposals are provided in Appendix A.

Table 1 – Market Rule Change Proposals Approved in 2017/18						
Reference	Title	Submitted By	Submitted	Final Rule Change Report	Ministerial Approval	Commencement
RC_2017_06	Reduction of the prudential exposure in the Reserve Capacity Mechanism	AEMO	17 July 2017	31 May 2018	27 June 2018	1 August 2018 and 1 June 2019
RC_2018_01	New Notional Wholesale Meter Manifest Error	Rule Change Panel	24 April 2018	21 May 2018	N/A	1 September 2018
RC_2018_02	K and U parameters in Relevant Level Methodology for 2018 Reserve Capacity Cycle	AEMO	19 February 2018	26 March 2018	N/A	27 March 2018
RC_2017_10	Correction of Gazettal Errors	Rule Change Panel	18 January 2018	16 February 2018	13 March 2018	20 March 2018



**Table 1 – Market Rule Change Proposals Approved in 2017/18**

Reference	Title	Submitted By	Submitted	Final Rule Change Report	Ministerial Approval	Commencement
RC_2017_05	AEMO Role in Market Development	AEMO	7 July 2017	20 December 2017	19 March 2018	23 March 2018
RC_2017_04	Reserve Capacity Mechanism – Minor Changes 2017	Public Utilities Office ( <b>PUO</b> )	15 August 2017	26 September 2017	N/A	1 October 2017
RC_2013_21	Limit to Early Entry Capacity Payments	IMO	10 January 2014	12 September 2017	10 October 2017	13 October 2017
RC_2017_07	Reserve Capacity Mechanism – Transitional Rules	AEMO	17 July 2017	23 August 2017	N/A	1 September 2017

#### 4.1.2. Market Rule Change Proposals Rejected by the Rule Change Panel

The Rule Change Panel rejected one Rule Change Proposal relating to the Market Rules in 2017/18, as summarised in Table 2. Details of the rejected Rule Change Proposal are available on the Rule Change Panel’s website, and a description of the proposal is provided in Appendix A.

**Table 2 – Market Rule Change Proposals Rejected in 2017/18**

Reference	Title	Submitted by	Submitted	Final Rule Change Report	Ministerial Approval	Commencement
RC_2014_10	Provision of Network Information to System Management	IMO	13 January 2015	28 June 2018	N/A	N/A

### 4.1.3. Market Rule Change Proposals under Consideration by the Rule Change Panel

The Rule Change Panel was considering ten Rule Change Proposals relating to the Market Rules as at the end of 2017/18, as summarised in Table 3.

- Two of these ten Rule Change Proposals were submitted after the Rule Change Panel’s rule-making powers came into effect on 3 April 2017.
- Eight of these ten Rule Change Proposals are legacy Rule Change Proposals.<sup>5</sup>

Details of the Rule Change Proposals that were under consideration by the Rule Change Panel at the end of 2017/18 are available on the Rule Change Panel’s website, and a description of these Rule Change Proposals is provided in Appendix A.

**Table 3 – Market Rule Changes Proposals Under Consideration as at the end of 2017/18**

Reference	Title	Submitted by	Submitted
RC_2018_03	Capacity Credit Allocation Methodology for Intermittent Generators	Collgar Wind Farm	1 March 2018
RC_2017_02	Implementation of 30-Minute Balancing Gate Closure	Perth Energy	4 April 2017
RC_2015_03	Formalisation of the Process for Maintenance Applications	IMO	27 March 2015
RC_2014_09	Managing Market Information	IMO	13 March 2015
RC_2015_01	Removal of Market Operation Market Procedures	IMO	3 March 2015

<sup>5</sup> In May 2015, the then Minister for Energy asked the IMO to suspend processing all Rule Change Proposals that were open at the time, until the new Rule Change Panel commenced operations. While the IMO’s work on Rule Change Proposals was suspended, the Minister made many changes to the Market Rules and announced plans for further material changes as part of his Electricity Market Review reforms.

The Rule Change Panel inherited responsibility for ten legacy Rule Change Proposals as a result of the suspension of the IMO’s rule-making powers. The Rule Change Panel:

- has made decisions on two of the ten legacy Rule Change Proposals: RC\_2013\_21 and 2014\_10 (see Tables 3 and 4, respectively); and
- is still considering eight of the ten legacy Rule Change Proposals (see table 5).

The Rule Change Panel has extended the timeframes for publication of decisions on the remaining legacy Rule Change Proposals until 31 December 2018 to allow sufficient time to consider the proposals against recent changes to the Market Rules and the Government’s WEM Reform Program. However, the Rule Change Panel’s intention is to progress these proposals as quickly as possible and the most urgent proposals have been identified for immediate attention.

**Table 3 – Market Rule Changes Proposals Under Consideration as at the end of 2017/18**

Reference	Title	Submitted by	Submitted
RC_2014_06	Removal of Resource Plans and Dispatchable Loads	IMO	28 January 2015
RC_2014_07	Omnibus Rule Change	IMO	22 December 2014
RC_2014_05	Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price	IMO	2 December 2014
RC_2014_03	Administrative Improvements to the Outage Process	IMO	27 November 2014
RC_2013_15	Outage Planning Phase 2 – Outage Process Refinements	IMO	24 December 2013

## 4.2. Changes to the GSI Rules

### 4.2.1. GSI Rule Change Proposals Approved by the Rule Change Panel

The Rule Change Panel approved one Rule Change Proposal relating to the GSI Rules in 2017/18, as summarised in Table 4. This was the only GSI Rule Change Proposal submitted to the Rule Change Panel in 2017/18. Details of all approved Rule Change Proposals are available on the Rule Change Panel’s website, and a description of the approved Rule Change Proposal is provided in Appendix A

**Table 4 – GSI Rule Change Proposals Approved in 2017/18**

Reference	Title	Submitted by	Submitted	Final Rule Change Report	Ministerial Approval	Commencement
GRC_2017_01	Amendments to Schedule 2 – GBB Zones	AEMO	23 November 2017	27 December 2017	N/A	3 January 2018

#### 4.2.2. GSI Rule Change Proposals Rejected by the Rule Change Panel

The Rule Change Panel did not reject any Rule Change Proposals relating to the GSI Rules in 2017/18.

#### 4.2.3. GSI Rule Change Proposals under Consideration by the Rule Change Panel

The Rule Change Panel was not considering any Rule Change Proposals relating to the GSI Rules as at the end of 2017/18.

### 4.3. Changes to the Market Procedures

#### 4.3.1. Procedure Change Proposals Approved by the Rule Change Panel

The Rule Change Panel approved one Procedure Change Proposal in 2017/18, as summarised in Table 5. Details of all approved Procedure Change Proposals are available on the Rule Change Panel's website, and a description of the approved Procedure Change Proposal is provided in Appendix A.

Table 5 – Procedure Change Proposals Approved by the Rule Change Panel in 2017/18					
Reference	Title	Submitted by	Proposal Published	Procedure Change Report	Commencement
REPC_2017_03	Changes to Working Group Obligations in the Market Procedure: Procedure Administration	Rule Change Panel	25 August 2017	23 October 2017	24 October 2017

#### 4.3.2. Procedure Change Proposals Rejected by the Rule Change Panel

The Rule Change Panel did not reject any Procedure Change Proposals in 2017/18.

#### 4.3.3. Procedure Change Proposals under Consideration by the Rule Change Panel

The Rule Change Panel was not considering any Procedure Change Proposals as at the end of 2017/18.

#### 4.4. Rule Change Panel Meetings

The Rule Change Panel is scheduled to meet monthly, typically on the third Thursday of each month, except in January. The Rule Change Panel met 12 times in 2017/18; with two meetings in September 2017, and no meetings in January 2018; as follows:

- 21 July 2017;
- 21 August 2017;
- 6 September 2017;
- 21 September 2017;
- 19 October 2017;
- 16 November 2017;
- 14 December 2017;
- 22 February 2018;
- 22 March 2018;
- 19 April 2018;
- 17 May 2018; and
- 21 June 2018.

The Rule Change Panel also made 24 decisions out-of-session in 2017/18 by Resolutions without Meeting.

#### 4.5. Internal Governance Framework

2017/18 was the Rule Change Panel's first full year of operations, so it devoted considerable time and effort to developing its internal governance framework. The internal governance framework is intended to ensure that:

- the relationship between the Rule Change Panel, the Executive Officer and RCP Support is clear and understood;
- the Rule Change Panel exercises independence and objectivity;
- statutory compliance is achieved;
- integrity and accountability are maintained;
- risk is identified and managed;
- communication with all parties is accessible, open and responsive; and
- management is accountable, with clearly defined responsibilities.

The Rule Change Panel finalised the following documents in 2017/18 to formalise its internal governance framework:

- the Rule Change Panel Corporate Governance Manual (**Governance Manual**);
- the Rule Change Panel Code of Conduct (**Code of Conduct**);
- the Rule Change Panel Meeting Rules (**Meeting Rules**);
- the Framework for Rule Change Proposal Prioritisation and Scheduling (**Prioritisation Framework**); and
- the Framework for Standing Instructions and Conditional Decisions.

The Rule Change Panel and ERA finalised a Terms of Agreement that sets out the terms for the ERA to make available the Executive Officer, RCP Support, and other facilities and assistance to the Rule Change Panel, as required by the *Energy Industry (Rule Change Panel) Regulations 2016*. The Terms of Agreement commenced on 19 October 2017.

## 5. Consultation Processes in 2017/18

### 5.1. MAC Activities in 2017/18

#### 5.1.1. MAC Meetings

The MAC is scheduled to meet monthly, typically on the second Wednesday of each month, except in January. The MAC met nine times in 2017/18; with no meetings in October 2017 or April 2018; as follows:

- 12 July 2017;
- 16 August 2017;
- 13 September 2017;
- 8 November 2017;
- 13 December 2017;
- 14 February 2018;
- 14 March 2018;
- 9 May 2018; and
- 13 June 2018.

Papers for all MAC meetings are available on the Rule Change Panel's website.

#### 5.1.2. Major Consultation Processes

The major consultation processes undertaken by the MAC in 2017/18 were:

- consultation on the Rule Change Proposals listed in section 4.1;
- consultation on Procedure Change Proposals, including establishment of the AEMO Procedure Change Working Group to provide advice to AEMO on changes to its Market Procedures and Power System Operation Procedures;
- providing a forum for the PUO to consult with industry representatives on changes to the Market Rules being developed by the Minister for Energy (see section 6.2);
- providing a forum for the PUO to consult with industry representatives on the WEM Reform Program (see section 6.3); and
- developing the MAC Market Rules Issues list as a mechanism to track broader market issues that may lead to development of Rule Change Proposals (see section 6.4).

#### 5.1.3. MAC Membership

The Rule Change Panel completed its 2017 review of the composition of the MAC and made appointments to eight discretionary class member positions on 24 July 2017.<sup>6</sup>

The Rule Change Panel commenced its 2018 review of the composition of the MAC in November 2017. The Rule Change Panel published a call for nominations on 30 November 2017 to replace two discretionary class members whose tenure was due to expire. The nomination period closed on 29 December 2017 and the Rule Change Panel made appointments to the two positions on 22 February 2018.

All documentation associated with the 2017 and 2018 MAC composition reviews is available on the Rule Change Panel's website.

Table 6 lists the MAC structure and the MAC members as at the end of 2017/18.

<sup>6</sup> The Rule Change Panel commenced the 2017 review of the MAC in May 2017, and the call for nominations for the open positions closed on 26 June 2017.

**Table 6 – MAC Structure and Membership**

<b>Class</b>	<b>Members</b>	<b>Appointed by</b>	<b>Appointee</b>
Compulsory	<ul style="list-style-type: none"> <li>the Chair</li> </ul>	<ul style="list-style-type: none"> <li>the Chair of the Rule Change Panel</li> </ul>	<ul style="list-style-type: none"> <li>Stephen Eliot</li> </ul>
	<ul style="list-style-type: none"> <li>a member representing small-use consumers</li> </ul>	<ul style="list-style-type: none"> <li>the Minister for Energy</li> </ul>	<ul style="list-style-type: none"> <li>Matthew Martin</li> </ul>
	<ul style="list-style-type: none"> <li>2 members representing AEMO<sup>7</sup></li> </ul>	<ul style="list-style-type: none"> <li>AEMO</li> </ul>	<ul style="list-style-type: none"> <li>Martin Maticka</li> <li>Dean Sharafi</li> </ul>
	<ul style="list-style-type: none"> <li>a member representing Synergy</li> </ul>	<ul style="list-style-type: none"> <li>Synergy</li> </ul>	<ul style="list-style-type: none"> <li>Will Bargmann</li> </ul>
	<ul style="list-style-type: none"> <li>a member representing Western Power</li> </ul>	<ul style="list-style-type: none"> <li>Western Power</li> </ul>	<ul style="list-style-type: none"> <li>Margaret Pyrchla</li> </ul>
Discretionary <sup>8</sup>	<ul style="list-style-type: none"> <li>3-4 members representing Market Generators</li> </ul>	<ul style="list-style-type: none"> <li>the Rule Change Panel</li> </ul>	<ul style="list-style-type: none"> <li>Andrew Stevens</li> <li>Shane Cremin</li> <li>Wendy Ng</li> <li>Jacinda Papps</li> </ul>
	<ul style="list-style-type: none"> <li>3-4 members representing Market Customers</li> </ul>	<ul style="list-style-type: none"> <li>the Rule Change Panel</li> </ul>	<ul style="list-style-type: none"> <li>Geoff Gaston</li> <li>Steve Gould</li> <li>Simon Middleton</li> <li>Patrick Peake</li> </ul>
	<ul style="list-style-type: none"> <li>1 member representing Contestable Customers</li> </ul>	<ul style="list-style-type: none"> <li>the Rule Change Panel</li> </ul>	<ul style="list-style-type: none"> <li>Peter Huxtable</li> </ul>
Observers	<ul style="list-style-type: none"> <li>1 representative of the Minister for Energy</li> </ul>	<ul style="list-style-type: none"> <li>the Minister for Energy</li> </ul>	<ul style="list-style-type: none"> <li>Vacant</li> </ul>
	<ul style="list-style-type: none"> <li>a representative of the ERA</li> </ul>	<ul style="list-style-type: none"> <li>the ERA</li> </ul>	<ul style="list-style-type: none"> <li>Sara O'Connor</li> </ul>
	<ul style="list-style-type: none"> <li>others</li> </ul>	<ul style="list-style-type: none"> <li>at the discretion of the Chair of the MAC</li> </ul>	

<sup>7</sup> AEMO is represented on the MAC by two members, including one from System Management.

<sup>8</sup> The Market Rules allow for another discretionary class member representing Network Operators, but Western Power is the only Network Operator to register in the WEM to date.

## 5.2. GAB Activities in 2017/18

### 5.2.1. GAB Meetings

The GAB is currently scheduled to meet twice per year, with additional meetings convened as necessary. The GAB meets much less frequently than the MAC, mainly due to the lower frequency of GSI Rule Change Proposals. The GAB met three times in 2017/18, as follows:

- 20 September 2017;
- 28 March 2018; and
- 7 May 2018.

Papers for all GAB meetings are available on the Rule Change Panel's website.

### 5.2.2. Major Consultation Processes

The major consultation process undertaken by the GAB in 2017/18 were:

- consultation on the Rule Change Proposal listed in section 4.2; and
- assisting AEMO with consultation on its five-yearly review of the GSOO, and on the GSOO for 2017.

### 5.2.3. GAB Membership

Following completion of the 2017 GAB Composition Review in 2016/17, the Rule Change Panel made the following appointments to the GAB on 24 July 2017:

- John Jamieson to a pipeline owner and operator representative position;
- Chris Campbell to a gas shipper representative position; and
- Julie-Anne Simmons to a gas user representative position.

There was no nominee for the vacant gas producer representative position, but subsequent to the 2017 GAB Composition Review, Peter Di Bona offered to be reappointed to this position, and was confirmed by the Rule Change Panel on 7 August 2017.

Ian Mumford resigned from the GAB as a Gas User representative on 17 April 2018. Since the Rule Change Panel was to commence the 2018 GAB Composition Review in May 2018 and Mr Mumford's term was set to expire in July 2018, the Rule Change Panel decided to leave this position vacant until completion of the 2018 GAB Composition Review.

Four discretionary class member positions on the GAB expired in 2017/18, and the Rule Change Panel commenced a review of the composition of the GAB in May 2018 to fill these positions. The Rule Change Panel published a call for nominations on 21 May 2018, the nomination period closed on 15 June 2018 with the Rule Change Panel to make appointments to the four vacant positions on 31 July 2018. All documentation associated with the GAB composition review for 2017/18 is available on the Rule Change Panel's website.

Table 7 lists the members of the GAB as structure and membership as at the end of 2017/18.



**Table 7 – GAB Structure and Membership**

<b>Class</b>	<b>Members</b>	<b>Appointed by</b>	<b>Member</b>
Compulsory	<ul style="list-style-type: none"> <li>the Chair</li> </ul>	<ul style="list-style-type: none"> <li>the Chair of the Rule Change Panel</li> </ul>	<ul style="list-style-type: none"> <li>Stephen Eliot</li> </ul>
	<ul style="list-style-type: none"> <li>a member representing small end-use consumers</li> </ul>	<ul style="list-style-type: none"> <li>the Minister for Energy</li> </ul>	<ul style="list-style-type: none"> <li>Matthew Martin</li> </ul>
	<ul style="list-style-type: none"> <li>the Coordinator of Energy</li> </ul>	<ul style="list-style-type: none"> <li>the Minister for Energy</li> </ul>	<ul style="list-style-type: none"> <li>Zaeen Khan</li> </ul>
	<ul style="list-style-type: none"> <li>a member representing AEMO</li> </ul>	<ul style="list-style-type: none"> <li>AEMO</li> </ul>	<ul style="list-style-type: none"> <li>Martin Maticka</li> </ul>
Discretionary	<ul style="list-style-type: none"> <li>2 members representing pipeline owners and operators</li> </ul>	<ul style="list-style-type: none"> <li>the Rule Change Panel</li> </ul>	<ul style="list-style-type: none"> <li>Jon Cleary<sup>9</sup></li> <li>John Jamieson</li> </ul>
	<ul style="list-style-type: none"> <li>2 members representing gas producers</li> </ul>	<ul style="list-style-type: none"> <li>the Rule Change Panel</li> </ul>	<ul style="list-style-type: none"> <li>David Rafferty<sup>10</sup></li> <li>Peter Di Bona</li> </ul>
	<ul style="list-style-type: none"> <li>2 members representing gas shippers</li> </ul>	<ul style="list-style-type: none"> <li>the Rule Change Panel</li> </ul>	<ul style="list-style-type: none"> <li>Michael Lauer<sup>11</sup></li> <li>Chris Campbell</li> </ul>
	<ul style="list-style-type: none"> <li>2 members representing gas users</li> </ul>	<ul style="list-style-type: none"> <li>the Rule Change Panel</li> </ul>	<ul style="list-style-type: none"> <li>Julie-Anne Simmons</li> <li>Vacant<sup>12</sup></li> </ul>
Observers	<ul style="list-style-type: none"> <li>a representative of the Minister for Energy</li> </ul>	<ul style="list-style-type: none"> <li>the Minister for Energy</li> </ul>	<ul style="list-style-type: none"> <li>Vacant</li> </ul>
	<ul style="list-style-type: none"> <li>a representative of the ERA</li> </ul>	<ul style="list-style-type: none"> <li>the ERA</li> </ul>	<ul style="list-style-type: none"> <li>Natalie Robins</li> </ul>
	<ul style="list-style-type: none"> <li>others</li> </ul>	<ul style="list-style-type: none"> <li>at the discretion of the Chair of the GAB</li> </ul>	

<sup>9</sup> Jon Cleary's position on the GAB expired in 2017/18. This position was filled by Rachael Smith as of 31 July 2018.

<sup>10</sup> David Rafferty's position on the GAB expired in 2017/18, and Mr. Rafferty was reappointed to this position as of 31 July 2018.

<sup>11</sup> Michael Lauer's position on the GAB expired in 2017/18, and Mr. Lauer was reappointed to this position as of 31 July 2018.

<sup>12</sup> Ian Mumford was a GAB member representing gas users at the start of 2017/18, but resigned from the GAB on 17 April 2018 as he was no longer able to attend GAB meetings. This position on the GAB was vacant as at the end of 2017/18, and Hans Niklasson was appointed to the vacant position on the GAB as of 31 July 2018.

## 6. Other Activities Undertaken by the Rule Change Panel

The Rule Change Panel and RCP Support provided a number of other services during 2017/18, as set out below.

### 6.1. Rules Reconciliation

Until 1 July 2018, the Minister for Energy had the power to make changes to the Market Rules or GSI Rules by publishing Amending Rules in the Government Gazette (**Gazette**).<sup>4</sup> The previous and current Ministers for Energy used these powers to make changes to the Market Rules and GSI Rules on several occasions starting in 2015.

However, some of these changes were not accurately reflected in the consolidated versions of the Market Rules and GSI Rules that were published on the ERA website. RCP Support reviewed the Gazettes and updated the Market Rules and GSI Rules to ensure that they correctly reflect the Gazetted changes. Corrected versions of the Market Rules and GSI Rules were published on the Rule Change Panel's website on 24 April 2018.

### 6.2. Processing Rule Changes Made by the Minister

During 2017/18 the Minister for Energy Gazetted changes to the Market Rules on three occasions and to the GSI Rules on one occasion, as indicated in Table 8. These changes all commenced during 2017/18, along with two other sets of Amending Rules that were made by the Minister prior to 2017/18.

Table 8 – Rule Changes made by the Minister for Energy in 2017/18			
Gazette	Gazettal Date	Name	Commencement
<b>Market Rule Changes</b>			
2018/101	29 June 2018	Wholesale Electricity Market Rules Amending Rules 2018 (No. 3)	29 June 2018 (1:00 PM)
2018/99	27 June 2018	Wholesale Electricity Market Rules Amending Rules 2018 (No. 2)	29 June 2018 (8:00 AM)
2018/60	27 April 2018	Wholesale Electricity Market Rules Amending Rules 2018	28 April 2018
2017/132	30 June 2017	Wholesale Electricity Market Rules Amending Rules 2017 (No. 3)	1 July 2017
2016/89	31 May 2016	Wholesale Electricity Market Rules Amending Rules 2016, Schedule B, Part 3	1 October 2017
<b>GSI Rule Changes</b>			
2018/60	27 April 2018	Gas Services Information Rules Amending Rules 2018	28 April 2018

Details of all changes to the Market Rules and GSI Rules made by the Minister are available on the Rule Change Panel's website, and descriptions of the changes are provided in Appendix A.

RCP Support provided support to the PUO by reviewing drafts of the 2018 changes to the Market Rules and GSI Rules listed in Table 8, and by assisting the PUO with consultation on drafts of the Amending Rules.

### 6.3. Involvement in the WEM Reform Program

The Minister for Energy has asked the PUO to undertake a comprehensive work program to improve the operation of the WEM to:

- enable efficient dispatch of energy and ancillary services, to deliver least cost electricity to customers;
- ensure system security and reliability arrangements are able to accommodate an increasing penetration of renewable energy generators and changes to the profile of electricity consumption;
- facilitate a more responsive capacity pricing regime, delivering clear signals for the efficient entry and exit of capacity to the market; and
- ensure an effective market power mitigation regime, limiting the potential for distortion of market outcomes to the detriment of electricity consumers.

A WEM Reform Coordination Committee is overseeing the work program for the WEM Reform Program. The PUO is managing the program, with AEMO leading certain technical and operational aspects of the reforms. Information on the WEM Reform Program is available on the PUO's website.

RCP Support is providing support to the WEM Reform Program in several ways:

- the MAC provides a venue for the PUO to consult with industry representatives on a monthly basis regarding the policy and high-level design aspects of the WEM Reform Program;
- the MAC is establishing two working groups to allow the PUO and AEMO to consult with industry representatives on the detailed design of the WEM Reform Program, including:
  - the Market Design and Operation Working Group (**MDOWG**); and
  - the Power System Operation Working Group (**PSOWG**); and
- the Executive Officer is a member of the WEM Reform Coordination Committee.<sup>13</sup>

In addition, the WEM Reform Program will result in numerous changes to the Market Rules, which may be implemented through the Rule Change Panel's rule change process; and/or by the Minister for Energy, using his authority to repeal and replace the Market Rules. In either case, RCP Support will provide support to the PUO on the drafting of changes to the Market Rules.

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<sup>13</sup> The WEM Reform Coordination Committee consists of:

- the Executive Director of the PUO;
- the Chief Executive Officer and Managing Director of AEMO;
- the Executive Officer of the Rule Change Panel; and
- a representative from the Office of the Minister for Energy.

## 6.4. MAC Market Rules Issues List

On 12 July 2017, the MAC endorsed a proposal for RCP Support to develop and maintain a MAC Market Rules Issues List (**Issues List**), which is a list of the ‘bigger ticket’ items that MAC members and observers consider should be addressed in the Market Rules.

The MAC supported the periodic scheduling of sessions to give MAC members an opportunity to discuss the items on the Issues List. The purpose of these sessions is to assist stakeholders, and in particular those who are likely to develop Rule Change Proposals, by providing a forum to:

- gauge the level of support for particular suggestions; and
- identify opportunities for parties to work together and coordinate the development of Rule Change Proposals.

The sessions have also provided input to assist the WEM Reform Program.

The initial Issues List was populated using suggestions provided by MAC members and observers. Stakeholders may raise new issues for discussion and potential inclusion in the Issues List at any time.

The Issues List is divided into three sections, as explained in Table 9.<sup>14</sup>

Table 9 – Content of the Issues List		
Category	Definition	Number of Issues
Potential Rule Change Proposals	These are well-defined issues that could be addressed through the development of a Rule Change Proposal.	Seven potential Rule Change Proposals are listed in the Issues List.
Broader issues	These are issues that require further discussion/review before specific changes to the Market Rules are progressed.	Six broader issues are listed on the Issue List, encompassing thirteen individual issues raised by stakeholders.
Issues on hold	These are issues that have been placed on hold pending some event, such as completion of a review by the ERA or completion of the WEM Reform Program.	Fifteen issues on hold.

The Issues List is available on the Rule Change Panel’s website.

<sup>14</sup> Note the number of issues listed in Table 9 is as at the end of 2017/18.

## 7. Rule Change Panel Key Performance Indicators

The Rule Change Panel established eight Key Performance Indicators (**KPIs**) to measure its performance on an annual basis. Table 10 presents the eight KPIs and the Rule Change Panel's performance against its KPIs for 2017/18.

Table 10 – Rule Change Panel KPIs for 2017/18		
Category	KPI	Results
Rule change efficiency	1. The Rule Change Panel is to manage rule changes in accordance with the Prioritisation Framework.	<p>✓ The Rule Change Panel managed the prioritisation and scheduling of all of the Rule Change Proposals for the Market Rules and GSI Rules in accordance with the Prioritisation Framework.</p> <p>✗ However, the Rule Change Panel did not achieve the timelines for progressing Rule Change Proposals that are set out in the Prioritisation Framework. Timeliness of the Panel's processes is considered in the discussion of the stakeholder satisfaction survey for 2017/18 (see below).</p>
	2. No breaches of any of the legislation, regulations, or rules that govern the Rule Change Panel.	<p>✓ The Rule Change Panel has not identified any breaches of its governing legislation or regulations in 2017/18.<sup>15</sup></p> <p>✓ The Rule Change Panel has not identified any breaches of the Market Rules in 2017/18.</p> <p>✗ The Rule Change Panel has identified one potential minor breach of the GSI Rules in 2017/18.<sup>16</sup></p>
	3. No rule change processes to correct for errors in previous rule changes made by the Rule Change Panel.	<p>✓ The Rule Change Panel did not need to run any rule change processes in 2017/18 to correct for errors made by the Rule Change Panel.</p>

<sup>15</sup> See section 1.3 for a list of the Rule Change Panel's governing legislation and regulations.

<sup>16</sup> RCP Support has reported the minor potential breach of the GSI Rules to the ERA to determine if there was a breach, and if so, to determine next steps. RCP Support will advise the Rule Change Panel and the GAB about the details of this matter in due course.

Table 10 – Rule Change Panel KPIs for 2017/18

Category	KPI	Results
	4. No procedural or legal reviews requested of the Rule Change Panel's decisions upheld.	✓ No legal reviews were sought of the Rule Change Panel's decisions in 2017/18.
Effective Governance	5. The Rule Change Panel is to review its Risk Register every 12 months.	✓ The Rule Change Panel commenced construction of its Risk Register in February 2018, conducted its first full review of the register in June 2018, and will finalise a first version of the register in August 2018.
	6. Fully comply with the Rule Change Panel's governance structure, including the: <ul style="list-style-type: none"> <li>• Governance Manual;</li> <li>• Code of Conduct; and</li> <li>• Meeting Rules.</li> </ul>	✓ The Rule Change Panel has not identified any breaches of its governance arrangements in 2017/18.
Stakeholder management	7. Over 60% of respondents are satisfied with the level of service being provided by the Panel. <sup>17</sup>	<p>Results of the Rule Change Panel's stakeholder satisfaction survey for 2017/18 are presented below.</p> <p>✓ The Rule Change Panel received satisfactory ratings from over 60% of survey respondents on seven of the eight aspects of its services.</p> <p>✗ The Rule Change Panel received a satisfactory rating from less than 60% of survey respondents for timeliness of the rule change processes.</p>
	8. The trend in stakeholder satisfaction with the level of service being provided by the Panel is not negative.	✓ A trend in stakeholder satisfaction cannot be reported at this time because the Rule Change Panel's stakeholder satisfaction survey for 2017/18 was the first such survey conducted.

<sup>17</sup> The Rule Change Panel defines a "satisfactory" response from the stakeholder satisfaction survey as a response of "meets expectations", "above expectations", or "excellent".

The Rule Change Panel distributed its stakeholder satisfaction survey for 2017/18 on 11 July 2018, and sought responses by 18 July 2018. The survey was an anonymous, online survey that asked eight questions; and sought ratings for stakeholder satisfaction on a scale of – poor, below expectations, meets expectations, above expectations, and excellent.

The eight questions in the survey were:

1. please rate the quality of the Rule Change Panel's decisions;
2. please rate the quality of the Rule Change Panel's reports;
3. please indicate your satisfaction with the timeliness of the Rule Change Panel's rule change processes;
4. please indicate your satisfaction with the timeliness of the Rule Change Panel's consultation processes;
5. please indicate your satisfaction with how the Rule Change Panel has set the priorities of Rule Change Proposals;
6. please rate the quality of the Rule Change Panel's communications;
7. please rate the quality of the Rule Change Panel's administration of MAC meetings; and
8. please rate the quality of the Rule Change Panel's administration of GAB meetings.

The Rule Change Panel received 19 responses to the survey, which are summarised in Table 11 and Figures 3 to 10.<sup>18</sup>

Based on the responses to questions 7 and 8, it appears that 12 of the respondents were electricity market participants, and 5 were gas market participants, and 2 were participants in both markets. However, since the survey was anonymous, the Rule Change Panel cannot attribute any particular concerns to any particular type of stakeholder.

The results of the stakeholder satisfaction survey suggest that

- The Rule Change Panel is generally meeting or exceeding stakeholder expectations in terms of:
  - quality of its decisions and reports;
  - timeliness of its consultation processes;
  - setting of its priorities; and
  - administration of the MAC and GAB.
- However, stakeholders are concerned with the timeliness of rule change processes.

The Rule Change Panel acknowledges stakeholder concerns with the timeliness of its rule change processes. Delays in progressing Rule Change Proposals are related to:

- devotion of a significant proportion of RCP Support's resources to establishing the Rule Change Panel's internal processes and procedures in its first year of operation;
- inheritance of a significant backlog of complex legacy Rule Change Proposals;
- under-resourcing of RCP Support; and
- diversion of RCP Support resources to support the WEM Reform Program.

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<sup>18</sup> The Survey was sent to 124 people that are on the RulesWatch, MAC and GAB distribution lists. The Rule Change Panel received 19 responses to the survey, which represents a 15% response rate.

The Rule Change Panel is near finalising its internal processes and procedures, and has started processing its current Rule Change Proposals (including the backlog of legacy Rule Change Proposals) in order of priority, but it will take some time for the Rule Change Panel to work through the backlog of Rule Change Proposals.

The Rule Change Panel will work with the ERA to ensure that RCP Support has the necessary resources to better achieve the target Rule Change Proposal progression rates.

Stakeholders also provided a number of specific comments in responses to the survey. The Rule Change Panel is reviewing these comments and will make amendments to its processes and procedures so that it can improve its services. The Panel will table a full analysis of the stakeholder satisfaction survey with the MAC and GAB, including responses to stakeholder comments.



**Table 11 – Results of the 2017/18 Stakeholder Satisfaction Survey<sup>19</sup>**

Question	Poor	Below Expectations	Meets Expectations	Above Expectations	Excellent	Total
1. Quality of the Rule Change Panel decisions	1 (6%)	3 (18%)	10 (59%)	2 (12%)	1 (6%)	17 (100%)
2. Quality of the Rule Change Panel reports	0 (0%)	1 (6%)	13 (76%)	2 (12%)	1 (6%)	17 (100%)
3. Satisfaction with timeliness of the rule change processes	3 (16%)	7 (37%)	7 (39%)	1 (5%)	1 (5%)	19 (100%)
4. Satisfaction with timeliness of the Rule Change Panel's consultation processes	0 (0%)	3 (17%)	13 (72%)	0 (0%)	2 (11%)	18 (100%)
5. Satisfaction with Rule Change Panel setting of priorities of Rule Change Proposals	1 (6%)	4 (22%)	10 (56%)	2 (11%)	1 (6%)	18 (100%)
6. Quality of the Rule Change Panel communications	0 (0%)	1 (5%)	13 (68%)	4 (21%)	1 (5%)	19 (100%)
7. Quality of the Rule Change Panel administration of the MAC meetings	0 (0%)	2 (14%)	6 (44%)	4 (29%)	2 (14%)	14 (100%)
8. Quality of the Rule Change Panel administration of the GAB meetings	0 (0%)	1 (14%)	4 (57%)	1 (14%)	1 (14%)	7 (100%)

<sup>19</sup> The stakeholder satisfaction survey allowed respondents to provide a N/A response because WEM participants would not necessarily have an interest in the GAB, and gas market participants would not necessarily have an interest in the MAC. However, the N/A responses obscure the survey results to some extent, so the results in Table 11 and Figures 3 to 10 exclude the N/A responses.

Figure 3: Quality of Panel Decisions

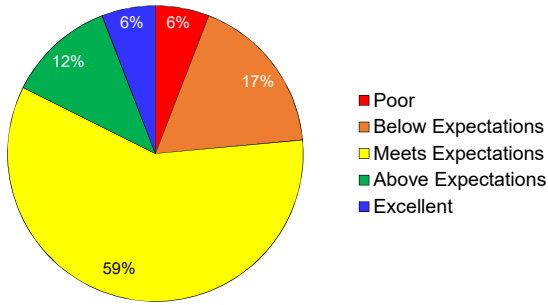


Figure 4: Quality of Panel Reports

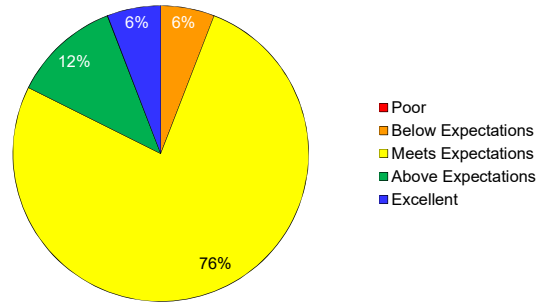


Figure 5: Satisfaction with Timeliness of the Rule Change Processes

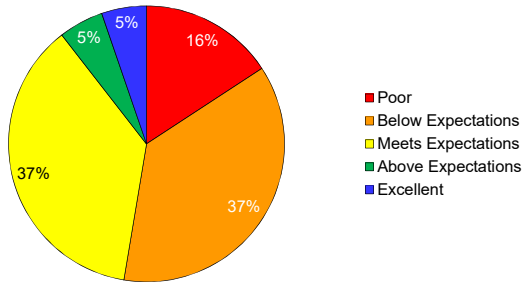


Figure 6: Satisfaction with Timeliness of Panel Consultation Processes

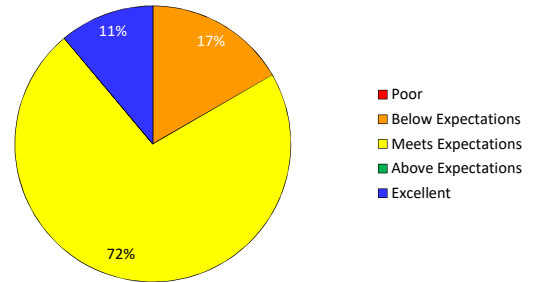


Figure 7: Satisfaction with Panel setting of Priorities of Rule Change Proposals

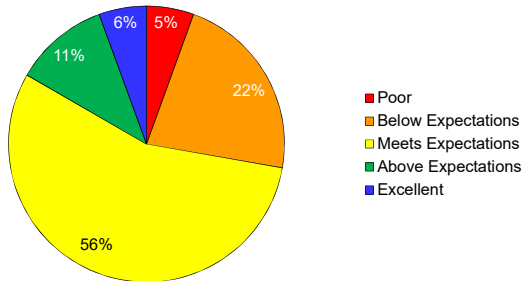


Figure 8: Quality of Panel Communications

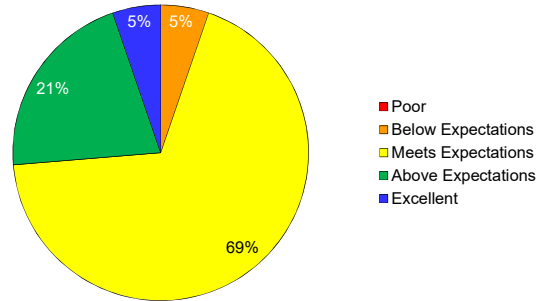


Figure 9: Quality of Panel Administration of MAC Meetings

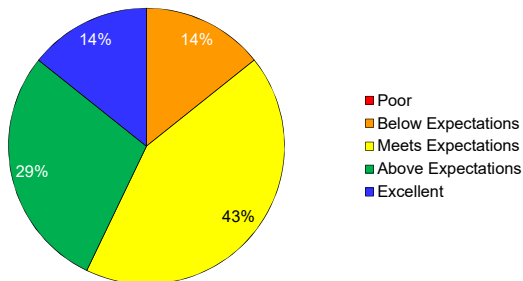
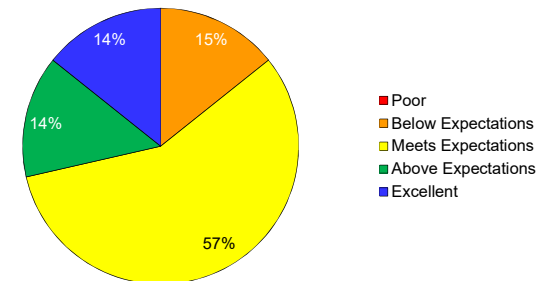


Figure 10: Quality of Panel Administration of GAB Meetings



## Appendix A: Summary of Rule Change Proposals and Procedure Change Proposals

Table A1 summarises all:

- Market Rule Change Proposals approved in 2017/18;
- Market Rule Change Proposals rejected in 2017/18;
- Market Rule Change Proposals under consideration as at the end of 2017/18;
- GSI Rule Change Proposals approved in 2017/18; and
- Procedure Change Proposals approved in 2017/18.

Table A1 – Summary of Rule Change Proposals and Procedure Change Proposals		
Reference	Description	Current Status
<b>Market Rule Change Proposals</b>		
RC_2018_03	<p><b>Capacity Credit Allocation Methodology for Intermittent Generators</b></p> <p>Collgar Wind Farm proposed to replace the use of peak Load for Scheduled Generation Trading Intervals in the Relevant Level Methodology (which AEMO uses to determine the level of Certified Reserve Capacity assigned to Intermittent Generators) with the use of actual system peak Trading Intervals.</p>	Submitted 1 March 2018
RC_2018_02	<p><b>K and U parameters in Relevant Level Methodology for 2018 Reserve Capacity Cycle</b></p> <p>AEMO proposed to correct an oversight in the Market Rules by specifying the K and U values to be used in the Relevant Level Methodology for the 2018 Reserve Capacity Cycle. AEMO also sought to address a number of other, related manifest errors in the Market Rules.</p>	Commenced 27 March 2018
RC_2018_01	<p><b>New Notional Wholesale Meter Manifest Error</b></p> <p>The Panel proposed to correct a manifest error in the method used to estimate non-interval meter growth when determining Individual Reserve Capacity Requirements for Market Customers.</p>	To commence 1 September 2018

Table A1 – Summary of Rule Change Proposals and Procedure Change Proposals

Reference	Description	Current Status
RC_2017_10	<p><b>Correction of Gazettal Errors</b></p> <p>The Panel proposed to correct various manifest, minor and typographical errors arising from Ministerial changes to the Market Rules that were made over the period from 25 November 2015 to 30 June 2017.</p>	Commenced 20 March 2018
RC_2017_07	<p><b>Reserve Capacity Mechanism – Transitional Rules</b></p> <p>AEMO proposed to introduce transitional provisions to facilitate the changes to the Reserve Capacity Mechanism on 1 October 2017 resulting from the Amending Rules in Schedule B, Part 3 of the <i>Wholesale Electricity Market Rules Amending Rules 2016</i>.</p>	Commenced 1 September 2017
RC_2017_06	<p><b>Reduction of the prudential exposure in the Reserve Capacity Mechanism</b></p> <p>AEMO determined that it likely holds insufficient Credit Support from Market Customers to cover their outstanding liabilities to AEMO in the event of a Market Customer default. AEMO proposed changes to reduce the actual prudential exposure of Market Customers, which would mitigate the need for Market Customers to provide increased Credit Support to remove the identified credit risk.</p>	To commence 1 August 2018 and 1 June 2019
RC_2017_05	<p><b>AEMO Role in Market Development</b></p> <p>AEMO proposed to clarify and extend its functions in relation to developing Rule Change Proposals and providing support to the Rule Change Panel and ERA.</p>	Commenced 23 March 2018
RC_2017_04	<p><b>Reserve Capacity Mechanism – Minor Changes 2017</b></p> <p>The PUO proposed to correct various minor, administrative and typographical errors arising from the <i>Wholesale Electricity Market Rules Amending Rules 2016</i>.</p>	Commenced 1 October 2017

Table A1 – Summary of Rule Change Proposals and Procedure Change Proposals

Reference	Description	Current Status
RC_2017_02	<p><b>Implementation of a 30-Minute Balancing Gate Closure</b></p> <p>Perth Energy proposed to reduce the length of the Balancing Gate Closure period from two hours to no more than 30 minutes, to allow Market Participants to better react to forecast changes and bid as accurately as possible.</p>	Submitted 4 April 2017
RC_2015_03	<p><b>Formalisation of the Process for Maintenance Applications</b></p> <p>The IMO proposed to formalise the process for a Market Customer to apply to the IMO (now AEMO) to replace or disregard a period that is unrepresentative of the consumption of a Load for the purposes of determining the Relevant Demand for a Demand Side Programme, or assessing a Load's status as a Non-Temperature Dependent Load. The IMO also proposed to introduce an Application Fee for these applications.</p>	Submitted 27 March 2015
RC_2015_01	<p><b>Removal of Market Operation Market Procedures</b></p> <p>The IMO proposed to update a number of market operations Market Procedures to reflect the current market arrangements, and consolidate some Market Procedures to streamline the documentation with respect to particular processes.</p>	Submitted 3 March 2015
RC_2014_10	<p><b>Provision of Network Information to System Management</b></p> <p>The IMO proposed to change the processes prescribed in the Market Rules relating to the provision of Network information to System Management. The IMO also proposed to amend the definition of Network and align the wording of a number of clauses in section 2.28 of the Market Rules with the proposed new definition.</p>	Rejected 28 June 2018
RC_2014_09	<p><b>Managing Market Information</b></p> <p>The IMO proposed to introduce a more practical approach to managing market information with a focus on maximising the number of parties to which information is available.</p>	Submitted 13 March 2015

Table A1 – Summary of Rule Change Proposals and Procedure Change Proposals

Reference	Description	Current Status
RC_2014_07	<p><b>Omnibus Rule Change</b></p> <p>The IMO proposed to correct language and punctuation, update and delete redundant references and titles, and correct a number of incorrect clauses in the Market Rules.</p>	Draft Rule Change Report published 16 March 2015”
RC_2014_06	<p><b>Removal of Resource Plans and Dispatchable Loads</b></p> <p>The IMO proposed to remove Resource Plans, the Dispatchable Load Facility Class and several other unnecessary concepts and obligations in the Market Rules. The IMO also proposed to extend the STEM Submission window by one hour, allow forecast output quantities in Non-Scheduled Generator Balancing Submissions to be updated after Balancing Gate Closure and make a number of other minor amendments to improve the clarity and integrity of the Market Rules.</p>	Submitted 28 January 2015
RC_2014_05	<p><b>Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price</b></p> <p>The IMO proposed to move to a five-yearly review of the Energy Price Limits and Maximum Reserve Capacity Price<sup>20</sup>; and to index the Energy Price Limits monthly and quarterly as applicable and the Maximum Reserve Capacity Price annually between the reviews.</p>	Submitted 2 December 2014
RC_2014_03	<p><b>Administrative Improvements to the Outage Process</b></p> <p>The IMO proposed to streamline the Consequential Outage process and make a number of administrative amendments to the outage process to provide greater outage transparency to the market as well as greater certainty to Market Participants with respect to their existing obligations.</p>	Submitted 27 November 2014

<sup>20</sup> Note that the Maximum Reserve Capacity Price is now known as the Benchmark Reserve Capacity Price.

Table A1 – Summary of Rule Change Proposals and Procedure Change Proposals

Reference	Description	Current Status
RC_2013_21	<p><b>Limit to Early Entry Capacity Payments</b></p> <p>The IMO proposed to remove early entry capacity payments for new capacity in times of excess capacity on the basis that, in times of excess capacity, the market receives little benefit from the incentive for Facilities to be available early.</p>	Commenced 13 October 2017
RC_2013_15	<p><b>Outage Planning Phase 2 – Outage Process Refinements</b></p> <p>The IMO proposed to clarify the obligations of Rule Participants around the outage planning process, provide greater flexibility for Rule Participants in outage planning, and improve the transparency and consistency of processes in the Market Rules.</p>	Submitted 24 December 2013
<b>GSI Rule Change Proposals</b>		
GRC_2017_01	<p><b>Amendments to Schedule 2 – GBB Zones</b></p> <p>AEMO proposed to amend the GBB Zones in the GSI Rules to include the Wheatstone Ashburton West Pipeline in the Dampier Zone.</p>	Commenced 3 January 2018
<b>Procedure Change Proposals</b>		
REPC_2017_03	<p><b>Changes to Working Group Obligations in the Market Procedure: Procedure Administration</b></p> <p>The Panel proposed changes to the Market Procedure: Procedure Administration to reflect the replacement of the IMO Procedure Change and Development Working Group and the System Management Procedure Change and Development Working Group with the new AEMO Procedure Change Working Group.</p>	Commenced 24 October 2017

Table A2 summarises the changes made by the Minister for Energy to the Market Rules and GSI Rules in 2017/18.”

Table A2 – Summary of Rule Change Made By the Minister for Energy		
Description	Description	Description
<b>Market Rule Changes Made by the Minister for Energy</b>		
Gazette No. 2018/101	<b>Wholesale Electricity Market Rules Amending Rules 2018 (No. 3)</b> The Minister made changes to allow cost recovery for AEMO for activities against the current WEM and Network Access Reform Program.	Commenced 29 June 2018 (1:00 PM)
Gazette No. 2018/99	<b>Wholesale Electricity Market Rules Amending Rules 2018 (No. 2)</b> The Minister made changes to extend the timeframes for the 2018 Reserve Capacity Cycle.	Commenced 29 June 2018 (8:00 AM)
Gazette No. 2018/60	<b>Wholesale Electricity Market Amending Rules 2018</b> The Minister made changes to reflect the abolition of the IMO.	Commenced 28 April 2018
<b>GSI Rule Change Made by the Minister for Energy</b>		
Gazette No. 2018/60	<b>Gas Services Information Amending Rules 2018</b> The Minister made changes to reflect the abolition of the IMO.	Commenced 28 April 2018