

**Rule Change Panel
Activities Report 2018/19**

29 August 2019

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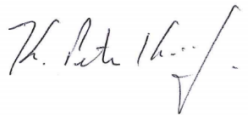
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Transmittal to the Minister

Hon Bill Johnston MLA
Minister for Energy

RULE CHANGE PANEL ACTIVITIES REPORT 2018/19

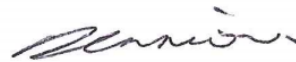
In accordance with regulation 28(1) of the *Energy Industry (Rule Change Panel) Regulations 2016*, we hereby submit for your information and presentation to Parliament the Activities Report for the Rule Change Panel for the year ending 30 June 2019.



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.

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.

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.¹

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 Independent Market Operator (**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 was until 14 August 2019 President of the Economic Society of Australia (WA Branch).

¹ See regulation 8 of the *Energy Industry (Rule Change Panel) Regulations 2016*.



Shaun Dennison

Shaun Dennison was appointed as a Member of the Rule Change Panel on 1 January 2017 for a period of one year.² 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 farrierswier, an advisory service that consults on policy development and implementation, 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 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.² Roland was a Director of the IMO until it was dissolved on 28 April 2018.

Roland has extensive experience in the oil and gas, utilities and infrastructure sectors, having held several 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.

² 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 based on Regulation 11(2).

2.2. The Executive Officer and Secretariat Support Services

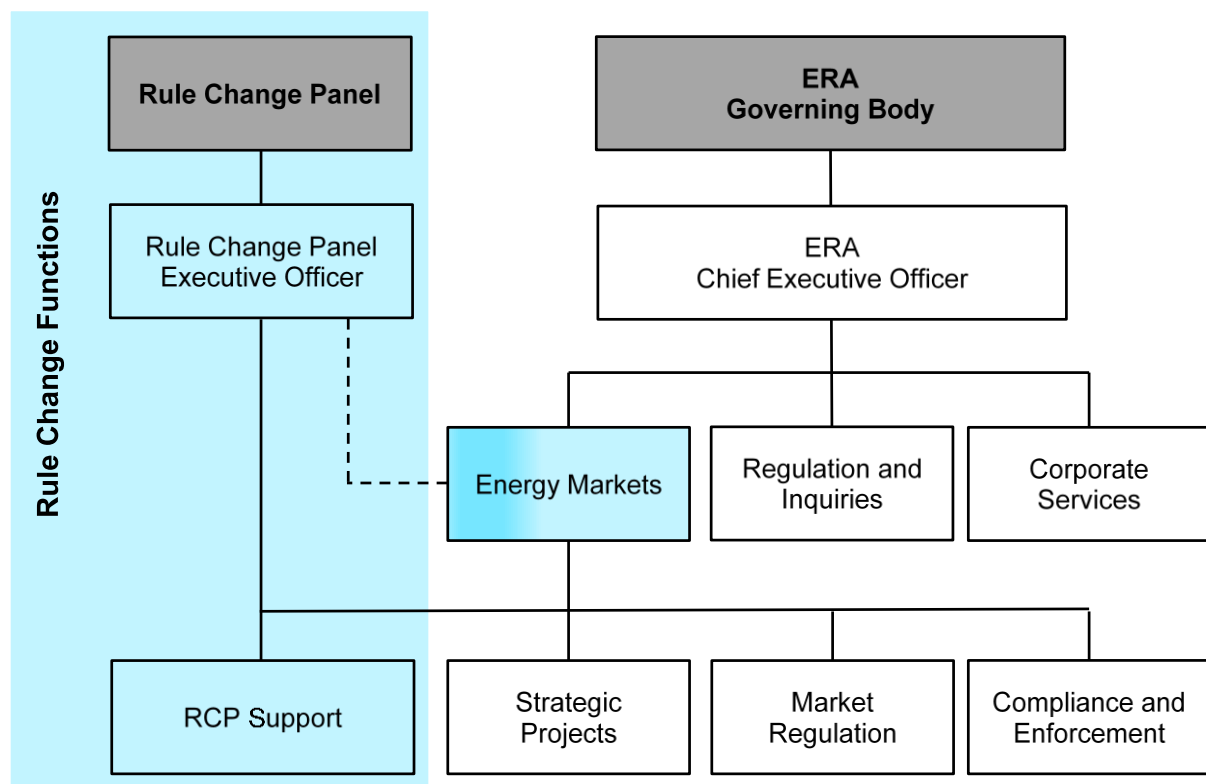
The Rule Change Panel is supported by an Executive Officer and supporting staff (referred to as RCP Support). The Executive Officer and RCP Support are responsible for administration of the rule change process and are the first point of contact for stakeholders.

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.³ 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. However, the Executive Officer reports to the Rule Change Panel, not to the Chief Executive Office of ERA. 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 bodies; and the Rule Change Panel and the Governing Body of the ERA are not involved in each other's decisions. The ERA's executive team and Governing Body are not involved in the assessment of Rule Change Proposals or the Executive Officer's recommendations to the Rule Change Panel.

³ 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 in the same way that 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 2018/19 will be presented in the ERA's Annual Report for 2018/19, which is to be tabled in Parliament by the end of September 2019.

The Regulator Fees are published annually on the AEMO website.

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.⁴

3.1. 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 after 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 Rule Change Proposal:

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

⁴ See sections 3.4 and 3.5 of this Activities Report for more information on the MAC and GAB.

- for Rule Change Proposals to amend the GSI Rules, 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.

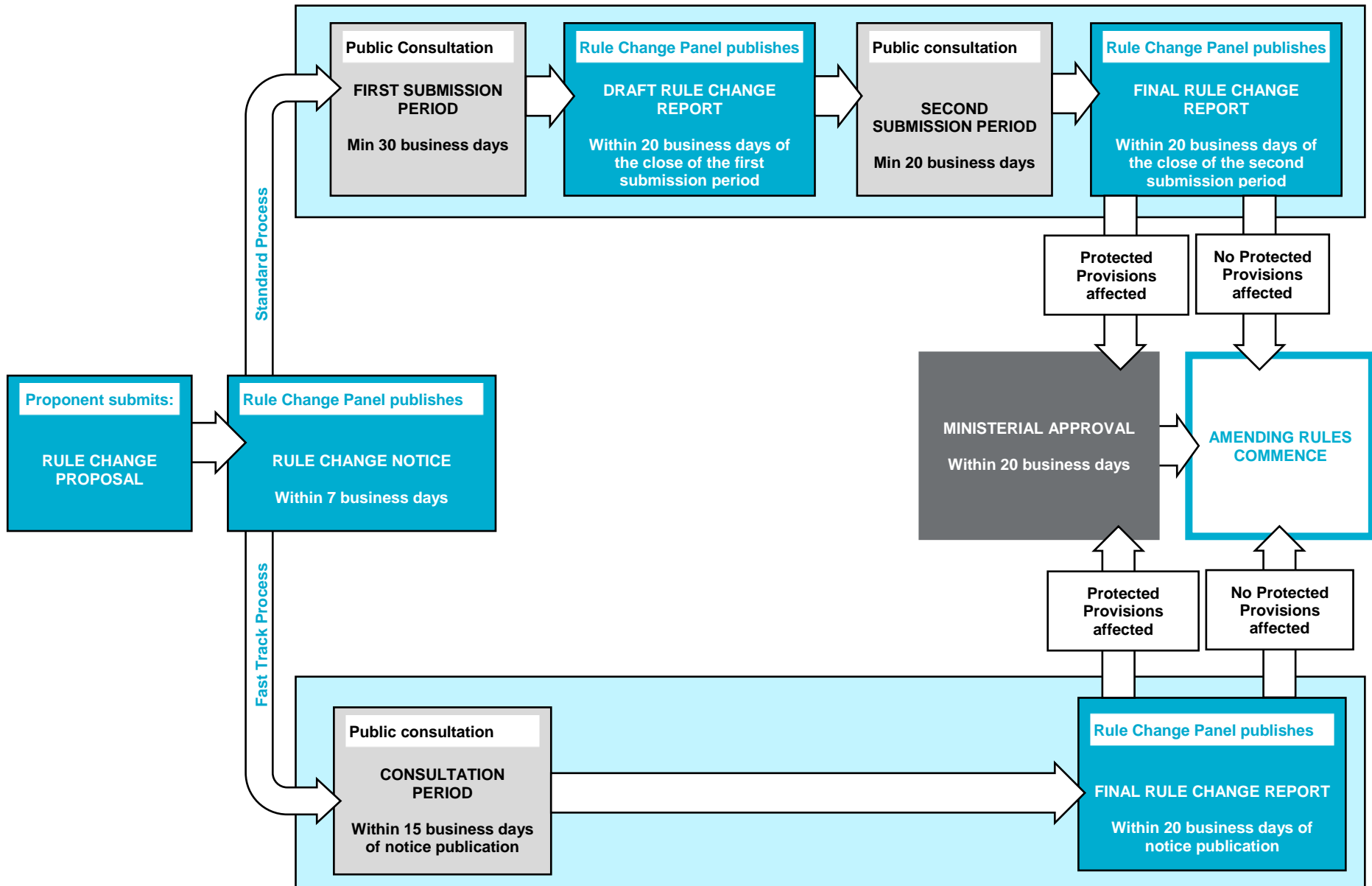
The Rule Change Panel can extend the default timeframes for progressing a Rule Change Proposal shown in Figure 2 but must publish a notice explaining the reason for the extension.

If the Rule Change Proposal relates to a Protected Provision,⁵ the Amending Rules must be approved by the Minister for Energy. The Minister has 20 Business Days from the publication of a Final Rule Change Report 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.

⁵ Amending Rules that modify Protected Provisions require approval by the Minister for Energy. The Protected Provisions are specified in clause 2.8.13 of the Market Rules and rule 142(2) of the GSI Rules.

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.⁶

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:⁷

- 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, no procedures currently 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 4 (see section 5.1.4).

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 Rule Change Panel reviewed the MAC Constitution and the MAC Appointment Guidelines in 2018/19 (see section 5.1.3 for more information).

⁶ 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*.

⁷ The Rule Change Panel's Market Procedures are available at <https://www.erawa.com.au/rule-change-panel/market-procedures>.

The Executive Officer is responsible for provision of secretariat support for the MAC and must convene the MAC under certain conditions, as indicated in the Market Rules and the MAC Constitution.

The MAC can establish Working Groups to assist it in advising the Rule Change Panel, AEMO and the ERA. The MAC has established three Working Groups:

- two temporary Working Groups to help support the WA Government's Energy Transformation Strategy (**ETS**) (see section 6.1 for more information); and
- a permanent AEMO Procedure Change Working Group to allow AEMO to consult on Procedure Change Proposals for Market Procedures that are administered by AEMO.

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 mix of compulsory class members and discretionary class members, as indicated in Table 5 (see section 5.2.4).

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 Rule Change Panel reviewed the GAB Constitution and the GAB Appointment Guidelines in 2018/19 (see section 5.2.3 for more information).

The Executive Officer is responsible for provision of secretariat support for the GAB and must convene the GAB under certain conditions.

The GAB can establish Working Groups to assist it in advising the Rule Change Panel, AEMO and the ERA.

4. 2018/19 Activities

Section 4 of this Activities Report provides an overview of the activities of the Rule Change Panel and RCP Support in 2018/19.

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 ten Rule Change Proposals relating to the Market Rules in 2018/19, 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 2018/19						
Reference	Title	Submitted By	Submitted	Final Rule Change Report	Ministerial Approval	Commencement
RC_2018_07	Removal of constrained off compensation for Outages of network equipment	Public Utilities Office (PUO)	14 December 2018	30 April 2019	N/A	1 July 2019
RC_2018_06	Full Runway Allocation of Spinning Reserve Costs	PUO	26 November 2018	30 April 2019	N/A	1 September 2019
RC_2018_05	ERA access to market information and SRMC investigation process	ERA	27 September 2018	28 June 2019	Due 26 July 2019	Proposed 1 August 2019

Table 1 – Market Rule Change Proposals Approved in 2018/19

Reference	Title	Submitted By	Submitted	Final Rule Change Report	Ministerial Approval	Commencement
RC_2018_04	Manifest Error in the Deferral of Dates for the 2018 Reserve Capacity Cycle	Rule Change Panel	20 August 2018	17 September 2018	10 October 2018	18 October 2018
RC_2018_01	New Notional Wholesale Meter Manifest Error	Rule Change Panel	24 April 2018	21 May 2018	N/A	1 September 2018
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_2015_03	Formalisation of the Process for Maintenance Applications	IMO	27 March 2015	25 June 2019	Due 23 July 2019	Proposed 1 October 2019
RC_2015_01	Removal of Market Operation Market Procedures	IMO	3 March 2015	15 May 2019	10 June 2019	1 August 2019
RC_2014_07	Omnibus Rule Change	IMO	22 December 2014	10 December 2018	8 January 2019	11 January 2019 and 1 July 2019

Table 1 – Market Rule Change Proposals Approved in 2018/19						
Reference	Title	Submitted By	Submitted	Final Rule Change Report	Ministerial Approval	Commencement
RC_2014_06	Removal of Resource Plans and Dispatchable Loads	IMO	28 January 2015	29 October 2018	26 November 2018	1 July 2019

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

The Rule Change Panel did not reject any Rule Change Proposal relating to the Market Rules in 2018/19.

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

The Rule Change Panel was considering seven Rule Change Proposals relating to the Market Rules as at the end of 2018/19, as summarised in Table 2.

- Three of these seven Rule Change Proposals were submitted after the Rule Change Panel’s rule-making powers came into effect on 3 April 2017.
- Four of these seven Rule Change Proposals are legacy Rule Change Proposals.⁸

Details of the Rule Change Proposals that were under consideration by the Rule Change Panel at the end of 2018/19 are available on the Rule Change Panel’s website, and a description of these Rule Change Proposals is provided in Appendix A.

⁸ Prior to November 2015, the IMO was responsible for the rule-making functions that are now assigned to the Rule Change Panel. 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 and was still to process eight of these legacy Rule Change Proposals as of the start of 2018/19. The Rule Change Panel:

- has made decisions on four of the eight legacy Rule Change Proposals: RC_2014_06, RC_2014_07, RC_2015_01 and RC_2015_03 (see Table 1); and
- is still considering four of the eight legacy Rule Change Proposals: RC_2013_15, RC_2014_03, RC_2014_05 and RC_2014_09 (see Table 2).

Table 2 – Market Rule Changes Proposals Under Consideration as at the end of 2018/19

Reference	Title	Submitted by	Submitted
RC_2019_01	The Relevant Demand calculation	Enel X	21 June 2019
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_2014_09	Managing Market Information	IMO	13 March 2015
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

Timeframes for the Rule Change Panel’s consideration of the current Rule Change Proposals are available on the Rule Change Panel’s website.

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 2018/19, as summarised in Table 3. This was the only GSI Rule Change Proposal submitted to the Rule Change Panel in 2018/19. 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 3 – GSI Rule Change Proposals Approved in 2018/19

Reference	Title	Submitted by	Submitted	Final Rule Change Report	Ministerial Approval	Commencement
GRC_2018_01	GBB Zones	AEMO	6 July 2018	22 February 2019	N/A	1 March 2019

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 2018/19.

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 2018/19.

4.3. Changes to the Market Procedures

4.3.1. Procedure Change Proposals Approved by the Rule Change Panel

The Rule Change Panel did not approve any Procedure Change Proposals in 2018/19.

4.3.2. Procedure Change Proposals Rejected by the Rule Change Panel

The Rule Change Panel did not reject any Procedure Change Proposals in 2018/19.

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 2018/19.

4.4. Rule Change Panel Meetings

The Rule Change Panel is scheduled to meet on a 6-weekly cycle. The Rule Change Panel met eight times in 2018/19, as follows:

- 15 August 2018;
- 19 September 2018;
- 18 October 2018;
- 28 November 2018;
- 21 February 2019;
- 21 March 2019;
- 9 May 2019; and
- 20 June 2019.

The Rule Change Panel also made 25 decisions out-of-session in 2018/19 by Resolutions without Meeting.

5. Consultation Processes in 2018/19

5.1. MAC Activities in 2018/19

5.1.1. MAC Meetings

The MAC is scheduled to meet on a 6-weekly cycle. The scheduled MAC meetings in July 2018, October 2018 and March 2019 were cancelled, so the MAC met six times in 2018/19, as follows:

- 8 August 2018;
- 12 September 2018;
- 20 November 2018;
- 5 February 2019;
- 30 April 2019; and
- 11 June 2019.

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 2018/19 were:

- consultation on the Rule Change Proposals listed in section 4.1;
- review of the MAC Constitution and the MAC Appointment Guidelines (see section 5.1.3);
- establishing MAC Working Groups to assist the PUO and AEMO with consultation on State Government's electricity market reforms (see section 6.1); and
- providing a forum for the WA Government to consult with industry representatives on changes to the Market Rules being developed by the Minister for Energy (see section 6.1).

5.1.3. Review of the MAC Constitution and the MAC Appointment Guidelines

The Rule Change Panel undertook a review of the MAC Constitution and the MAC Appointment Guidelines in 2018/19.

The Rule Change Panel developed proposed changes to the MAC Constitution and the MAC Appointment Guidelines and published an invitation for submission regarding the proposed changes on 13 November 2018. The submission period closed on 10 December 2018.

The Rule Change Panel received two submissions and approved amended versions of the MAC Constitution and the MAC Appointment Guidelines that accounted for these submissions. The revised versions of the MAC Constitution and the MAC Appointment Guidelines took effect on 3 January 2019 and are available on the Rule Change Panel's website.⁹

⁹ The amendments to the MAC Constitution and the MAC Appointment Guidelines included:

- evenly distributing the term for discretionary class MAC members so that an approximately even split of discretionary class members' terms expire annually;

5.1.4. MAC Membership

The Rule Change Panel commenced its 2019 review of the composition of the MAC in November 2018. The Rule Change Panel published a call for nominations on 30 November 2018 to replace seven discretionary class members whose tenure was due to expire. The nomination period closed on 31 December 2018 and the Rule Change Panel made appointments to six of seven positions on 22 February 2018 (one Market Customer representative position was left vacant due to insufficient nominations).

A Market Customer representative member of the MAC (Steve Gould) resigned from the MAC on 19 March 2019, which left two Market Customer representative positions vacant. As a result, on 1 April 2019 the Rule Change Panel commenced a process to fill these two MAC vacancies. Nominations for this process closed on 3 May 2019 and the Rule Change Panel made appointments for the two positions on 17 May 2019.

All documentation associated with the 2019 MAC composition review and 2019 MAC review of Market Customers vacant positions are available on the Rule Change Panel's website.

Table 4 lists the MAC structure and the MAC members as at the end of 2018/19.

Table 4 – MAC Structure and Membership			
Class	Members	Appointed by	Appointee
Compulsory	<ul style="list-style-type: none"> the Chair 	<ul style="list-style-type: none"> the Chair of the Rule Change Panel 	<ul style="list-style-type: none"> Stephen Eliot
	<ul style="list-style-type: none"> a member representing small-use consumers 	<ul style="list-style-type: none"> the Minister for Energy 	<ul style="list-style-type: none"> Matthew Martin
	<ul style="list-style-type: none"> a member representing AEMO 	<ul style="list-style-type: none"> AEMO 	<ul style="list-style-type: none"> Martin Maticka
	<ul style="list-style-type: none"> a member representing System Management (AEMO) 	<ul style="list-style-type: none"> AEMO 	<ul style="list-style-type: none"> Dean Sharafi

-
- removing duplication of clauses between the Market Rules, the MAC Constitution and the MAC Appointment Guidelines;
 - typographic changes to maintain consistent referencing, grammar and clarity of clauses;
 - clarifying how nominations are to be sought to fill vacancies on the MAC;
 - refining the terms of appointment when a MAC member resigns or is removed;
 - removing transitional clauses that are no longer applicable;
 - removing obsolete references, such as to the IMO;
 - clarifying how MAC members can resign;
 - clarifying when the RCP Support must and may convene MAC meetings;
 - clarifying contact information for RCP Support;
 - explicitly giving the MAC the power to delegate responsibilities to MAC Working Groups; and
 - removing appendices that are no longer relevant.

Table 4 – MAC Structure and Membership

Class	Members	Appointed by	Appointee
	<ul style="list-style-type: none"> a member representing Synergy 	<ul style="list-style-type: none"> Synergy 	<ul style="list-style-type: none"> Andrew Everett¹⁰
	<ul style="list-style-type: none"> a member representing Western Power 	<ul style="list-style-type: none"> Western Power 	<ul style="list-style-type: none"> Margaret Pырchla
Discretionary ¹¹	<ul style="list-style-type: none"> 3-4 members representing Market Generators 	<ul style="list-style-type: none"> the Rule Change Panel 	<ul style="list-style-type: none"> Daniel Kurz Wendy Ng Jacinda Papps Andrew Stevens
	<ul style="list-style-type: none"> 3-4 members representing Market Customers 	<ul style="list-style-type: none"> the Rule Change Panel 	<ul style="list-style-type: none"> Geoff Gaston Chayan Gunendran Tim McLeod Patrick Peake
	<ul style="list-style-type: none"> 1 member representing Contestable Customers 	<ul style="list-style-type: none"> the Rule Change Panel 	<ul style="list-style-type: none"> Peter Huxtable
Observers	<ul style="list-style-type: none"> 1 representative of the Minister for Energy 	<ul style="list-style-type: none"> the Minister for Energy 	<ul style="list-style-type: none"> Vacant
	<ul style="list-style-type: none"> a representative of the ERA 	<ul style="list-style-type: none"> the ERA 	<ul style="list-style-type: none"> Sara O'Connor
	<ul style="list-style-type: none"> others 	<ul style="list-style-type: none"> at the discretion of the Chair of the MAC 	<ul style="list-style-type: none"> Meeting dependent

5.2. GAB Activities in 2018/19

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 due to the lower frequency of GSI Rule Change Proposals. The GAB met once in 2018/19, on

¹⁰ Will Bargmann was Synergy's representative on the MAC at the start of 2018/19. On 9 April 2019, Mr Bargmann resigned from the MAC and Synergy nominated Andrew Everett to replace Mr Bargmann.

¹¹ 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.

27 September 2018. A GAB meeting was scheduled for 28 March 2019 and papers for the meeting were distributed, but the meeting was not convened.

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

5.2.2. Major Consultation Processes

The major consultation processes undertaken by the GAB in 2018/19 were:

- consultation on the Rule Change Proposal listed in section 4.2; and
- review of the GAB Constitution and GAB Appointment Guidelines (see section 5.2.3).

5.2.3. Review of the GAB Constitution and the GAB Appointment Guidelines

The Rule Change Panel commenced a review of the GAB Constitution and the GAB Appointment Guidelines in 2018/19.

The Rule Change Panel developed proposed changes to the GAB Constitution and the GAB Appointment Guidelines and published an invitation for submissions regarding the proposed changes on 13 May 2019. The submission period closed on 11 June 2019.

The Panel did not receive any submissions and approved the amended versions of the GAB Constitution and the GAB Appointment Guidelines. The revised versions of the GAB Constitution and the GAB Appointment Guidelines took effect on 1 July 2019 and are available on the Rule Change Panel’s website.¹²

5.2.4. GAB Membership

The Rule Change Panel commenced its 2019 review of the composition of the GAB in April 2019. The Rule Change Panel published a call for nominations on 10 May 2019 to replace five discretionary class members whose tenure was due to expire. The nomination period closed on 11 June 2019 and the Rule Change Panel made appointments to six of seven positions.

Table 5 lists the GAB structure and the GAB members as at the end of 2018/19.

Table 5 – GAB Structure and Membership			
Class	Members	Appointed by	Member
Compulsory	<ul style="list-style-type: none"> • the Chair 	<ul style="list-style-type: none"> • the Chair of the Rule Change Panel 	<ul style="list-style-type: none"> • Stephen Eliot

¹² The amendments to the GAB Constitution and the GAB Appointment Guidelines included:

- removing obsolete references, such as to the IMO;
- clarifying how nominations are to be sought to fill vacancies on the GAB;
- explicitly giving the GAB the power to delegate responsibilities to GAB Working Groups;
- clarifying contact information for RCP Support;
- removing duplication of clauses between the GSI Rules, the GAB Constitution and the GAB Appointment Guidelines; and
- typographic changes to maintain consistent referencing, grammar and clarity of clauses.

Table 5 – GAB Structure and Membership

Class	Members	Appointed by	Member
	<ul style="list-style-type: none"> a member representing small end use consumers 	<ul style="list-style-type: none"> the Minister for Energy 	<ul style="list-style-type: none"> Matthew Martin
	<ul style="list-style-type: none"> the Coordinator of Energy 	<ul style="list-style-type: none"> the Minister for Energy 	<ul style="list-style-type: none"> Zaeen Khan
	<ul style="list-style-type: none"> a member representing AEMO 	<ul style="list-style-type: none"> AEMO 	<ul style="list-style-type: none"> Martin Maticka
Discretionary	<ul style="list-style-type: none"> 2 members representing pipeline owners and operators 	<ul style="list-style-type: none"> the Rule Change Panel 	<ul style="list-style-type: none"> John Jamieson Rachael Smith
	<ul style="list-style-type: none"> 2 members representing gas producers 	<ul style="list-style-type: none"> the Rule Change Panel 	<ul style="list-style-type: none"> Claire McArdle Alexandra Willis
	<ul style="list-style-type: none"> 2 members representing gas shippers 	<ul style="list-style-type: none"> the Rule Change Panel 	<ul style="list-style-type: none"> Michael Lauer Kathryn Sydney-Smith
	<ul style="list-style-type: none"> 2 members representing gas users 	<ul style="list-style-type: none"> the Rule Change Panel 	<ul style="list-style-type: none"> Hans Niklasson Chris Campbell
Observers	<ul style="list-style-type: none"> a representative of the Minister for Energy 	<ul style="list-style-type: none"> the Minister for Energy 	<ul style="list-style-type: none"> Vacant
	<ul style="list-style-type: none"> a representative of the ERA 	<ul style="list-style-type: none"> the ERA 	<ul style="list-style-type: none"> Steven Kane¹³
	<ul style="list-style-type: none"> others 	<ul style="list-style-type: none"> at the discretion of the Chair of the GAB 	<ul style="list-style-type: none"> Meeting dependent

¹³ Natalie Robins was the ERA's observer on the GAB at the start of 2018/19. On 18 June 2019, the ERA nominated Steven Kane to replace Dr Robins.

6. Other Activities Undertaken by the Rule Change Panel

The Rule Change Panel and RCP Support provided several other services during 2018/19, as set out below.

6.1. The Government's Electricity Market Reform Programs

The former Minister for Energy, the Hon Ben Wyatt MLA commenced the WEM Reform Program in early 2018. The WEM Reform Program was a substantial 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 that system security and reliability arrangements can 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 was formed to oversee the work program for the WEM Reform Program. The PUO managed the program and AEMO led certain technical and operational aspects of the reforms. RCP Support provided support to the WEM Reform Program in several ways:

- the MAC provided a forum for the PUO to consult with industry representatives on a six-weekly basis regarding the policy and high-level design aspects of the WEM Reform Program;
- the MAC established 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 was a member of the WEM Reform Coordination Committee.

As part of the WEM Reform Program, the PUO developed some changes to the Reserve Capacity Mechanism pricing arrangements and is developing some replacement Market Rules to implement these arrangements.¹⁴ RCP Support provided support to the PUO by reviewing the draft replacement Market Rules.

On 6 March 2019, the new Minister for Energy, the Hon Bill Johnston MLA announced the development of the ETS, and the establishment of an Energy Transformation Taskforce and an Energy Transformation Implementation Unit (**ETIU**) to support the ETS. The ETS subsumed the WEM Reform Program and expanded the program so that it will also deliver a Whole of System Plan and a Distributed Energy Resources Roadmap.

¹⁴ The Minister has the authority to repeal and replace the Market Rules under regulation 7 of the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*.

The Panel provided support to the ETS by:

- continuing to make the MDOWG and PSOWG available to allow the ETIU to consult with stakeholders on the reform program;¹⁵ and
- providing support to ETIU as requested.

The WA Government also commenced the Pilbara Electricity Reform Program in 2018/19 that will:

- implement a new regulatory regime to facilitate third party access to the Pilbara electricity networks;
- establish an independent system operator for the Pilbara electricity networks; and
- establish a set of Pilbara Rules to govern operation of the Pilbara networks.

The PUO has indicated that it intends to implement the Pilbara electricity reforms in early 2020 and that the Panel may be given responsibility for managing and approving changes to the Pilbara Rules. The Panel has engaged with the PUO on development of the new regulatory arrangements for the Pilbara electricity networks.

6.2. MAC Market Rules Issues List

RCP Support maintains a MAC Market Rules Issues List (**Issues List**) that lists the ‘big ticket’ items that MAC members and observers consider should be addressed in the Market Rules. The MAC reviews the Issues List at each MAC meeting to provide 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.

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 6.¹⁶

Table 6 – 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.	Six potential Rule Change Proposals are listed in the Issues List.

¹⁵ The MAC closed the MDOWG and PSOWG on 29 July 2019 and ETIU will commence consultation on the ETS outside of the MAC, via a new Transformation Design and Operation Working Group (**TDOWG**) from August 2019.

¹⁶ The number of issues listed in Table 6 is as at the end of 2018/19.

Table 6 – Content of the Issues List

Category	Definition	Number of Issues
Broader issues	These are issues that require further discussion/review before specific changes to the Market Rules are progressed.	Ten broader issues are listed on the Issue List.
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 ETS.	There are nineteen issues on hold.

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

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 7 presents the eight KPIs and the Rule Change Panel's performance against its KPIs for 2018/19.

Table 7 – Rule Change Panel KPIs for 2018/19		
Category	KPI	Results
Rule change efficiency	1. The Rule Change Panel is to manage rule changes in accordance with the Framework for Rule Change Proposal Prioritisation and Scheduling (Prioritisation Framework).	<p>✓ RCP Support managed the prioritisation and scheduling of all Rule Change Proposals for the Market Rules and GSI Rules in accordance with the Prioritisation Framework.</p> <p>✗ However, RCP Support did not achieve the timelines for progressing Rule Change Proposals that are set out in the Framework. Timeliness of the Rule Change Panel's processes is considered in the discussion of the 2018/19 stakeholder satisfaction survey (see below).</p>
	2. No breaches of any of the legislation, regulations, or rules that govern the Rule Change Panel.	<p>✓ RCP Support has not identified any breaches of the Rule Change Panel's governing legislation or regulations in 2018/19.</p> <p>✓ RCP Support has not identified any breaches of the Market Rules in 2018/19.</p> <p>✗ RCP Support has identified one minor breach of the GSI Rules in 2018/19.¹⁷</p>

¹⁷ On 16 July 2018, RCP Support published a Rule Change Notice on behalf of the Rule Change Panel for Rule Change Proposal GRC_2018_01: GBB Zones. AEMO submitted GRC_2018_01 on 6 July 2018 and the proposal was progressed under the Standard Rule Change Process.

Subrule 135(1) of the GSI Rules requires the Rule Change Panel to, within one Business Day after publication of a Rule Change Notice being progressed using the Standard Rule Change Process, to notify GAB members whether the Rule Change Panel considers that a GAB meeting should be convened to discuss the proposal, and the reasons why.

For GRC_2018_01, this notice should have been sent to the GAB by the end of 17 July 2018 but was not sent until 23 July 2018 (four business days late) due to flooding at the RCP Support's offices and the consequential closure of the offices.

RCP Support reported this breach to the ERA on 23 July 2018 and the ERA determined on 20 August 2019 that the Rule Change Panel breached subrule 135(1). The ERA confirmed that the RCP Support has internal procedures in place to comply with subrule 135(1) and recommended that consideration be given to

Table 7 – Rule Change Panel KPIs for 2018/19

Category	KPI	Results
	3. No rule change processes to correct for errors in previous rule changes made by the Rule Change Panel.	✓ There was no need to propose any rule changes to correct for errors made by the Rule Change Panel in 2018/19.
	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 2018/19.
Effective Governance	5. The Rule Change Panel is to review its Risk Register every 12 months.	✓ The Rule Change Panel finalised its first version of the register in August 2018, and reviewed the register in November 2018 and August 2019.
	6. Fully comply with the Rule Change Panel's governance structure, including the: <ul style="list-style-type: none"> • Governance Manual; • Code of Conduct; and • Meeting Rules. 	✓ The Rule Change Panel has not identified any breaches of its governance arrangements in 2018/19.
Stakeholder management	7. Over 60% of respondents are satisfied with the level of service being provided by the Panel. ¹⁸	<p>✓ The Rule Change Panel received satisfactory ratings from over 60% of survey respondents on six 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 two of the eight aspects of its services.¹⁹</p>

internal education on these procedures to mitigate the risk of process failures if similar circumstances arise in the future.

¹⁸ A 'satisfactory' response from the stakeholder satisfaction survey is defined as a response of 'meets expectations', 'above expectations' or 'excellent'.

¹⁹ For more information, see the discussion of the stakeholder satisfaction survey presented below.

Table 7 – Rule Change Panel KPIs for 2018/19

Category	KPI	Results
	8. The trend in stakeholder satisfaction with the level of service being provided by the Panel is not negative.	<p>There was no substantive change in stakeholder satisfaction from 2017/18 to 2018/19 in most aspects of the Rule Change Panel's services. However:</p> <ul style="list-style-type: none"> ✓ There was an improving trend in stakeholder satisfaction with timeliness of rule change processes. ✗ There was a declining trend in stakeholder satisfaction with the quality of administration of MAC meetings.

The Rule Change Panel distributed its stakeholder satisfaction survey for 2018/19 on 28 June 2019 and sought responses by 12 July 2019. 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 17 responses to the survey, which are summarised in Table 8 and Figures 3 to 10.²⁰

²⁰ The Survey was sent to 214 people that are on the RulesWatch, MAC and GAB distribution lists. The Rule Change Panel received 17 responses to the survey, which represents an 8% response rate.

The stakeholder satisfaction survey allowed respondents to provide a N/A response because WEM participants would not necessarily have an interest in the gas market, and gas market participants would not necessarily have an interest in the WEM. However, the N/A responses obscure the survey results to some extent, so the results in Table 8 and Figures 3 to 10 exclude the N/A responses. This means that the total number of non-N/A responses differs for each question in Table 8.

Table 8 – Comparison of Results of the 2017/18 and 2018/19 Stakeholder Satisfaction Surveys

Question	Poor		Below Expectations		Meets Expectations		Above Expectations		Excellent		Total	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Number of responses												
Quality of decisions	1	1	3	2	10	11	2	0	1	0	17	14
Quality of reports	0	0	1	4	13	8	2	3	1	0	17	15
Timeliness of rule change processes	3	4	7	4	7	6	1	0	1	2	19	16
Timeliness of consultation processes	0	0	3	3	13	8	0	2	2	2	18	15
Setting of priorities	1	1	4	2	10	8	2	3	1	2	18	16
Quality of communications	0	0	1	2	13	8	4	1	1	4	19	15
Quality of administration of MAC meetings	0	1	2	4	6	4	4	1	2	0	14	10
Quality of administration of GAB meetings	0	0	1	3	4	3	1	2	1	0	7	8
Percentage of Responses												
Quality of decisions	6%	7%	18%	14%	59%	79%	12%	0%	6%	0%	100%	100%
Quality of reports	0%	0%	6%	27%	76%	53%	12%	20%	6%	0%	100%	100%
Timeliness of rule change processes	16%	25%	37%	25%	37%	37%	5%	0%	5%	13%	100%	100%
Timeliness of consultation processes	0%	0%	17%	20%	72%	54%	0%	13%	11%	13%	100%	100%
Setting of priorities	6%	6%	22%	12%	56%	50%	11%	19%	6%	13%	100%	100%
Quality of communications	0%	0%	5%	13%	68%	53%	21%	7%	5%	27%	100%	100%
Quality of administration of MAC meetings	0%	10%	14%	40%	43%	40%	29%	10%	14%	0%	100%	100%
Quality of administration of GAB meetings	0%	0%	14%	37%	57%	38%	14%	25%	14%	0%	100%	100%

Figure 3: Quality of Decisions

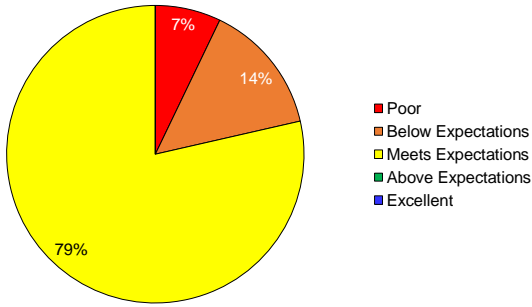


Figure 4: Quality of Reports

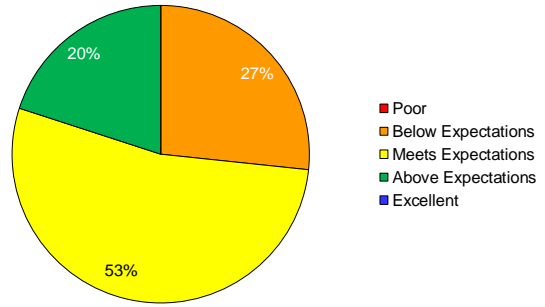


Figure 5: Timeliness of Rule Change Processes

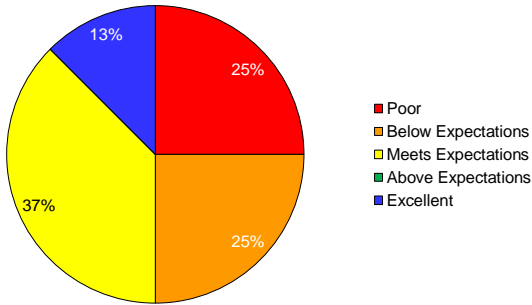


Figure 6: Timeliness of Consultation Processes

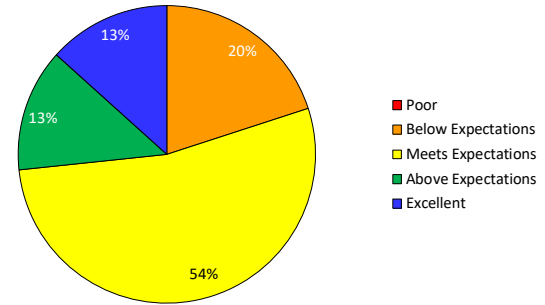


Figure 7: Setting of Priorities

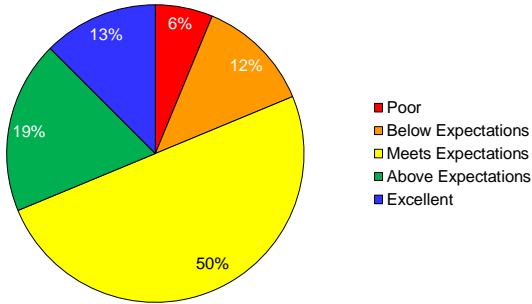


Figure 8: Quality of Communications

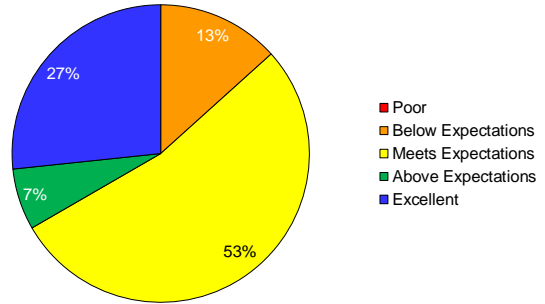


Figure 9: Quality of Administration of MAC Meetings

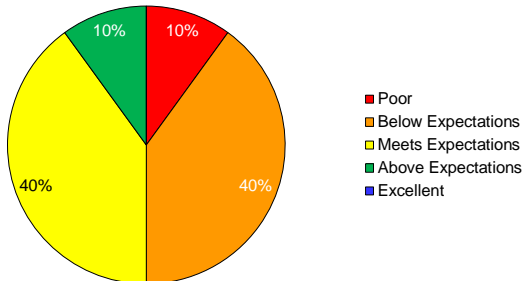
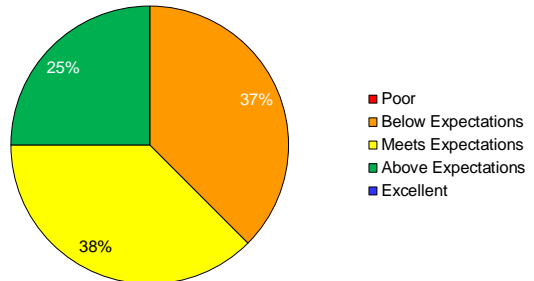


Figure 10: Quality of Administration of GAB Meetings



As per KPI 7, the stakeholder satisfaction survey indicates that the Rule Change Panel is generally meeting or exceeding stakeholder expectations in terms of the:

- quality of decisions;
- quality of reports;
- timeliness of consultation processes;
- setting of priorities of Rule Change Proposals;
- quality of communications; and
- quality of administration of GAB meetings.

Stakeholders expressed concern with the timeliness of rule change processes and with the administration of MAC meetings.

The Rule Change Panel acknowledges stakeholders' concerns with timeliness of its rule change processes and is working to further improve timeliness of its processes as follows:

- the ERA has commenced procuring additional resources for RCP Support;
- the Rule Change Panel is looking to streamline how it handles complex legacy Rule Change Proposals;²¹ and
- the Rule Change Panel has worked with AEMO to facilitate timelier support for Rule Change Proposals, in line with priorities agreed with the MAC and GAB, noting that AEMO now has clarity on cost recovery for this support.

Despite this, the Rule Change Panel also notes that the more recent Rule Change Proposals, such as those submitted in 2018, have been processed in a much timelier manner.²²

Based on comments provided in the stakeholder survey, concerns with the administration of MAC meetings appear to relate to:

- digression of MAC discussions; and
- lack of accountability for delivery in response to MAC decisions.

The Chair of the MAC will discuss with the MAC about how meetings can be better managed to keep discussions concise and on topic.

Additionally, the Rule Change Panel notes that the MAC is an advisory body, not a decision-making body; and that the Rule Change Panel and the Chair of the MAC do not have any authority to require Market Participants, AEMO or the Public Utilities Office to take any action to develop/submit Rule Change Proposals in response to MAC discussions. Further, the Rule Change Panel only has authority to develop Rule Change Proposals in

²¹ The legacy Rule Change Proposals (see footnote 8) have taken up a significant amount of RCP Support resources because:

- some of the legacy proposals are large and very complex;
- the Minister for Energy has made numerous changes to the Market Rules since the legacy proposals were submitted, leading to significant challenges in processing proposals to change Market Rules that are no longer consistent with the rules that were in place at the time the proposal was submitted; and
- a significant amount of time has elapsed since the legacy proposals were submitted, which has driven the need for additional consultation.

²² In 2018/19, the Rule Change Panel approved Rule Change Proposals GRC_2018_01, RC_2018_01, RC_2018_04, RC_2018_05, RC_2018_06 and RC_2018_07 (see section 4 of this report for more information).

response to MAC discussions in the limited circumstances specified in clause 2.5.4 of the Market Rules (its legislated role is not analogous to that of the Australian Energy Market Commission in the National Energy Market).

As per KPI 8, the stakeholder satisfaction survey indicates that there was no substantive change in stakeholder satisfaction from 2017/18 to 2018/19 in most aspects of the Rule Change Panel's services. Of note was:

- an improving trend in stakeholder satisfaction with the timeliness of rule change processes; and
- a declining trend in stakeholder satisfaction with the quality of administration of MAC meetings.

The Rule Change Panel determined the trend for each of the eight aspects of its services based on the median score (out of five) for each survey question in 2017/18 and 2018/19, as indicated in Table 9.

Table 9 – Trend in Median Stakeholder Satisfaction Scores			
	2017/18	2018/19	Trend
Quality of decisions	3.0	3.0	Same
Quality of reports	3.0	3.0	Same
Timeliness of rule change processes	2.0	2.5	Improving
Timeliness of consultation processes	3.0	3.0	Same
Setting of priorities	3.0	3.0	Same
Quality of communications	3.0	3.0	Same
Quality of administration of MAC meetings	3.0	2.5	Declining
Quality of administration of GAB meetings	3.0	3.0	Same

The Rule Change Panel cautions reliance on the above results given that only two stakeholder surveys have been completed to date and the response rate to the surveys has been low.

Stakeholders also provided specific comments in responses to the survey. The Rule Change Panel will:

- review the Panel's KPIs, including the results of the stakeholder satisfaction survey with the MAC and the GAB; and
- make amendments to its processes and procedures to improve its services.

Appendix: Summary of Rule Change Proposals and Procedure Change Proposals

Table 10 summarises all:

- Market Rule Change Proposals approved in 2018/19;
- Market Rule Change Proposals under consideration as at the end of 2018/19;²³ and
- GSI Rule Change Proposals approved in 2018/19.

Table 10 – Summary of Rule Change Proposals and Procedure Change Proposals		
Reference	Description	Status as at 30 June 2019
Market Rule Change Proposals		
RC_2019_01	<p>The Relevant Demand calculation</p> <p>Enel X proposed to:</p> <ul style="list-style-type: none"> • define Relevant Demand; • implement a dynamic baseline methodology for determining Relevant Demand; and • remove availability monitoring. 	Submitted 21 June 2019.
RC_2018_07	<p>Removal of constrained off compensation for Outages of network equipment</p> <p>The PUO proposed to remove payment of compensation to generators for Outages of network equipment.</p>	To commence 1 July 2019.

²³ Table 10 provides the status of each Rule Change Proposal as at 30 June 2019. The current status of all Rule Change Proposals is available on the Rule Change Panel's website – for the Market Rules at <https://www.erawa.com.au/rule-change-panel/market-rule-changes> and for the GSI Rules at <https://www.erawa.com.au/rule-change-panel/gsi-rule-changes>.

Table 10 – Summary of Rule Change Proposals and Procedure Change Proposals

Reference	Description	Status as at 30 June 2019
RC_2018_06	<p>Full Runway Allocation of Spinning Reserve Costs</p> <p>The PUO proposed to replace the current modified runway approach to allocate spinning reserve costs with a full runway approach.</p>	To commence 1 September 2019.
RC_2018_05	<p>ERA access to market information and SRMC investigation process</p> <p>The ERA proposed changes to:</p> <ul style="list-style-type: none"> • give it access to additional information; • remove restrictions on its use of information; and • provide it with authority to bring proceedings to the Energy Review Board following an investigation under clause 2.16.9B. 	<p>The Final Rule Change Report was published 28 June 2019, and awaiting Ministerial approval of the Amending Rules, which is due by 26 July 2019.</p> <p>This is currently set to commence on 1 August 2019, pending approval by the Minister.</p>
RC_2018_04	<p>Manifest Error in the Deferral of Dates for the 2018 Reserve Capacity Cycle</p> <p>The Rule Change Panel proposed to correct minor and manifest errors in clause 1.27.1 of the Market Rules that were introduced by the <i>Wholesale Electricity Market Rules Amending Rules 2018 (No. 2)</i>.</p>	Commenced 18 October 2018.
RC_2018_03	<p>Capacity Credit Allocation Methodology for Intermittent Generators</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.

Table 10 – Summary of Rule Change Proposals and Procedure Change Proposals

Reference	Description	Status as at 30 June 2019
RC_2018_01	<p>New Notional Wholesale Meter Manifest Error</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>	Commenced 1 September 2018.
RC_2017_06	<p>Reduction of the prudential exposure in the Reserve Capacity Mechanism</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>	Transitional provisions commenced 1 August 2018, with the rest to commence 1 July 2019.
RC_2017_02	<p>Implementation of a 30-Minute Balancing Gate Closure</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.

Table 10 – Summary of Rule Change Proposals and Procedure Change Proposals

Reference	Description	Status as at 30 June 2019
RC_2015_03	<p>Formalisation of the Process for Maintenance Applications</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>	<p>The Final Rule Change Report was published 25 June 2019, and is awaiting Ministerial approval of the Amending Rules, which is due by 23 July 2019.</p> <p>This is currently set to commence on 1 October 2019, pending approval by the Minister.</p>
RC_2015_01	<p>Removal of Market Operation Market Procedures</p> <p>The IMO proposed to update several market operations Market Procedures to reflect the current market arrangements and to consolidate some Market Procedures to streamline the documentation with respect to particular processes.</p>	<p>To commence 1 August 2019.</p>
RC_2014_09	<p>Managing Market Information</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>	<p>Submitted 13 March 2015.</p>
RC_2014_07	<p>Omnibus Rule Change</p> <p>The IMO proposed to correct language and punctuation, update and delete redundant references and titles, and correct several incorrect clauses in the Market Rules.</p>	<p>Most of the provisions commenced on 11 January 2019, with the rest to commence on 1 July 2019.</p>

Table 10 – Summary of Rule Change Proposals and Procedure Change Proposals

Reference	Description	Status as at 30 June 2019
RC_2014_06	<p>Removal of Resource Plans and Dispatchable Loads</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 several other minor amendments to improve the clarity and integrity of the Market Rules.</p>	To commence 1 July 2019.
RC_2014_05	<p>Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price</p> <p>The IMO proposed to move to a five-yearly review of the Energy Price Limits and Maximum Reserve Capacity Price²⁴; 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>Administrative Improvements to the Outage Process</p> <p>The IMO proposed to streamline the Consequential Outage process and make several 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.

²⁴ Note that the Maximum Reserve Capacity Price is now known as the Benchmark Reserve Capacity Price.

Table 10 – Summary of Rule Change Proposals and Procedure Change Proposals

Reference	Description	Status as at 30 June 2019
RC_2013_15	<p>Outage Planning Phase 2 – Outage Process Refinements</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>	<p>The Draft Rule Change Report was published on 16 May 2019. The second submission period closed on 28 June 2019.</p>
GSI Rule Change Proposals		
GRC_2018_01	<p>GBB Zones</p> <p>AEMO proposed to remove Zones from the GSI Rules and instead specify them in Procedures, and to develop a guideline on the allocation of GBB Pipelines to Zones.</p>	<p>Commenced 1 March 2019.</p>