

Meeting Agenda

Meeting Title: Market Advisory Committee

Date: Tuesday 20 October 2020

Time: 9:30 AM – 11:30 AM

Location: Online meeting

Persons who would like to attend the online MAC meeting are asked to register with RCP Support (Support@rcpwa.com.au) by close of business on Friday 16 October 2020.

RCP Support will then send an invite to all of the registered attendees on Monday 19 October 2020 with a link to allow attendees to log into the meeting.

Item	Item	Responsibility	Duration
1	Welcome	Chair	5 min
2	Meeting Apologies/Attendance	Chair	5 min
3	Minutes of Meeting 2020_09_08	Chair	5 min
4	Action Items	Chair	5 min
5	MAC Market Rules Issues List	Chair	5 min
6	Update on WA Government Reforms		
	(a) Update on Changes to the Rule Change Governance Structure (no paper)	EPWA	15 min
	(b) Update on the Energy Transformation Strategy (no paper)	ETIU	10 min
7	Update on Working Groups		
	(a) AEMO Procedure Change Working Group Update	AEMO	5 min
	(b) BRCP Working Group Update (no paper)	ERA	5 min

Item	Item	Responsibility	Duration
8	Rule Changes		
	(a) Overview of Rule Change Proposals	Chair	5 min
	(b) Capacity valuation method for intermittent generators – ERA's proposed method: Rule Change Proposal	ERA	30 min
9	2020 Review of Two Market Rules Intended to Incentivise the Availability of Generators	ERA	20 min
10	General Business	Chair	5 min

Next Meeting: 1 December 2020 (pending an additional meeting in November 2020 to further discuss RC_2019_03)

Please note, this meeting will be recorded.

Minutes

Meeting Title:	Market Advisory Committee (MAC)
Date:	8 September 2020
Time:	9:30 AM – 10:10 AM
Location:	Online via Microsoft Teams

Attendees	Class	Comment
Stephen Eliot	Chair	
Matthew Martin	Small-Use Consumer Representative	
Martin Maticka	Australian Energy Market Operator (AEMO)	Presenter
Dean Sharafi	System Management	
Sara O'Connor	Economic Regulation Authority (ERA) Observer	
Kate Ryan	Minister's Appointee – Observer	
Andrew Everett	Synergy	
Jacinda Papps	Market Generators	
Wendy Ng	Market Generators	
Daniel Kurz	Market Generators	
Patrick Peake	Market Customers	
Geoff Gaston	Market Customers	
Timothy Edwards	Market Customers	
Peter Huxtable	Contestable Customers	
Zahra Jabiri	Network Operator	

Also in Attendance	From	Comment
Jai Thomas	Energy Transformation Implementation Unit (ETIU)	Presenter
Matt Shanazari	ERA	Presenter
Laura Koziol	RCP Support	Minutes
Jenny Laidlaw	RCP Support	Observer
Adnan Hayat	RCP Support	Observer
Rebecca Herbener	RCP Support	Observer

Also in Attendance	From	Comment
Dimitri Lorenzo	Bluewaters Energy	Observer
Ian Porter	Sustainable Energy	Observer
Jo-Anne Chan	Synergy	Observer
Graham Pearson	Australian Energy Council (AEC)	Observer From 9:40
Kei Sukmadjaja	Network Operator	Observer

Apologies	From	Comment
Tom Frood	Bright Energy	

Item	Subject	Action
1	Welcome The Chair opened the meeting at 9:30 AM and welcomed members and observers to the 8 September 2020 MAC meeting.	
2	Meeting Apologies/Attendance The Chair noted the attendance as listed above.	
3	Minutes of Meeting 2020_07_28 Draft minutes of the MAC meeting held on 28 July 2020 were circulated on 11 August 2020. The Chair noted that a revised draft showing some minor corrections had been distributed in the meeting papers. The MAC accepted the minutes as a true and accurate record of the meeting. Action: RCP Support to publish the minutes of the 28 July 2020 MAC meeting on the Rule Change Panel's (Panel) website as final.	RCP Support
4	Action Items The paper was taken as read. Action 27/2019: The Chair noted the Energy Transformation Implementation Unit (ETIU) had confirmed that it will address who is to be assigned responsibility under the Market rules for setting document retention requirements and confidentiality statuses as part of the Energy Transformation Strategy (ETS) in the Tranche 5 Amending Rules.	

Item	Subject	Action
	The MAC agreed to close Action Item 27/2019.	
	Action 28/2019: The Chair noted ETIU had confirmed that it will address the development of principles for identifying which rules should be Protected Provisions as part of the ETS.	
	The MAC agreed to close Action Item 28/2019.	
	Action 17/2020: The Chair noted that RCP Support and AEMO will continue to discuss the issue and develop a Pre-Rule Change Proposal. RCP Support is targeting tabling the Pre-Rule Change Proposal for discussion at the 20 October 2020 MAC meeting, but this will depend on resource availability.	
5	MAC Market Rules Issues List (Issues List) Update	
	The Chair noted that no updates had been made to the Issues List since the 28 July 2020 MAC meeting. The Chair noted that many items were on hold pending the ETS reforms and would be reassessed after ETIU published the Amending Rules for Tranches 1 to 5.	
6	Update on the Energy Transformation Strategy (ETS)	
	Mr Jai Thomas provided the following updates on the ETS:	
	<ul style="list-style-type: none"> • Consultation on the Tranche 1 Amending Rules closed on 28 August 2020. ETIU received ten submissions and was currently reviewing the feedback. • A Transformation Design and Operation Working Group (TDOWG) to discuss the transitional arrangements for the Generator Performance Standards was scheduled for 9 September 2020. • The Tranche 2 Amending Rules were planned to be published for consultation in mid-October 2020 and would include: <ul style="list-style-type: none"> ○ proposed changes to the framework for market settlement for new Essential System Services as well as five-minute settlement; ○ the revision to the framework for managing planned Network and Facility Outages; ○ improvements to the framework for monitoring and compliance; and ○ the projected assessment of system adequacy. 	
	The changes in Tranche 2 are based on the policy positions outlined in the Taskforce papers published on the ETIU website and should not include any surprises.	

Item	Subject	Action
	<ul style="list-style-type: none"> • The Whole of System Plan (WOSP) had been delivered to the Minister in the week of 31 August 2020. The WOSP will next be taken through the Cabinet approval process and public release is targeted for the second week of October 2020. • The summary of the submissions that ETIU received regarding the proposed changes to the Electricity Network Access Code was released on 2 September 2020 and the updated Electricity Networks Access Code was expected to be taken through the Gazettal process. • Changes to the Renewable Energy Buyback Scheme (REBS) had been announced in the week of 31 August 2020, with the new arrangements to the Distributed Energy Buyback Scheme having commenced in the week of 7 September 2020. • An issues paper on the proposed roles and responsibilities and related issues pertaining to the Distribution System Operator, Distribution Market Operator and Distributed Energy Resources (DER) Aggregator functions outlined in the DER Roadmap had been published about three weeks ago. Consultation will close on 25 September 2020. • Mr Patrick Peake asked if customers would need a smart meter to participate in REBS. Mr Thomas answered that this was essentially the case and that the bulk of customers are part of Western Power's Advanced Metering Infrastructure (AMI) deployment, and thus, will have the required meter. However, some customers that were outside of the coverage for the AMI deployment may need to make some specific arrangements for manual meter readings to participate in the short term. 	
7(a)	<p>AEMO Procedure Change Working Group (APCWG) Update</p> <p>Mr Martin Maticka provided the following updates on AEMO's Market Procedures:</p> <ul style="list-style-type: none"> • There were no APCWG meetings since the last MAC meeting. • Three Market Procedures commenced since the last MAC meeting; two in regard to the Reduction of Prudential Exposure (RoPE) Project and the Market Procedure: Reserve Capacity Testing. • AEMO was currently consulting on the Market Procedure: Declaration of Bilateral Trades and Reserve Capacity Auction. The submission period will close on 18 September 2020. 	

Item	Subject	Action
	<ul style="list-style-type: none"> There are no currently scheduled APCWG meetings, but the next meeting will most likely cover further changes to the Market Procedure: Settlements to discuss changes resulting from the Rule Change Proposal: Administrative Improvements to Settlements. 	

7(b) **BRCP Working Group Update**

Mr Matt Shahnazari presented the following updates on the Benchmark Reserve Capacity Price (**BRCP**) Working Group:

- The first meeting was held on 18 August 2020 and the minutes will be published shortly.
- The working group discussed the changes proposed in the ERA's draft of the Procedure Change Proposal for the Market Procedure: Benchmark Reserve Capacity Price.
- The ERA's original plan had been to complete the review in February 2021, but stakeholders had raised concerns that, with this timing, the BRCP for the 2021 Reserve Capacity Cycle would be based on the existing Market Procedure, which contained a weighted average cost of capital (**WACC**) calculation with outdated parameters. Therefore, the ERA had suggested to expedite the review by limiting it to the update of the WACC parameters and the BRCP Working Group supported this approach.
- The ERA consulted on a draft Procedure Change Proposal with the BRCP Working Group and received submissions from attendees. These submissions are published on the BRCP Working Group page of the Panel's website.
- AEMO has started the process to determine the BRCP for the 2021 Reserve Capacity Year in July 2020. The ERA has engaged with AEMO to consider how this determination of the BRCP can be based on new WACC parameters.
- The ERA's timeline for progressing of the Procedure Change Proposal is provided in the slide pack for this Agenda Item.
- The ERA will undertake its next review of the Market Procedure after the completion of the Government's current reform programme and is planning to investigate the choice of reference technology and the identification and estimation of costs.
- Mr Peake noted that the Government would be publishing some information about WACC and asked if that would be taken into account. Mr Shahnazari indicated that he was not

Item	Subject	Action
	aware of any information from the Government about WACC and would take the information on notice.	
8(a)	Overview of Rule Change Proposals	
	The paper was taken as read. The Chair provided the following updates:	
	<ul style="list-style-type: none"> The timing for the publication of the Draft Rule Change Report for Administrative Improvements to the Outage Process (RC_2014_03) was expected to be delayed by a few weeks from the indicative date of 30 September 2020. 	
9	RCP Support and Rule Change Panel KPIs for 2019/20	
	The Chair provided a summary of the report: RCP Support and Rule Change Panel KPIs for 2019/2020 that had been circulated with the meeting papers.	
	<ul style="list-style-type: none"> The Panel is not required to maintain KPIs but has established KPIs for the Panel and RCP Support as a matter of best practice. The Panel had recently submitted its annual Activities Report to the Minister to be tabled in Parliament. The activities report included a report on the Panel's and RCP Support's KPIs. The results of the of the KPI Report, including the outcome of the stakeholder satisfaction survey, show a general improvement from the previous year. The Chair noted that the sample size for the survey was very small and that he hoped that the number of responses indicated that there were no significant concerns with the operation of the Panel and RCP Support. The Chair noted that stakeholder feedback about the Panel's reports was divided with some stakeholders commenting that there were too many references to other documents, such as previous reports, while other stakeholders complimented this approach. The Chair noted that the format of the reports was based on the content required under the Market Rules and that the approach to reference previous documents is intended to make the reports as short and reader-friendly as possible while meeting those requirements. 	
	Mr Daniel Kurz and Ms Jacinda Papps supported the current approach for the report structure.	
	Mr Peake, Mr Peter Huxtable, Ms Jo-Anne Chan and Mr Timothy Edwards supported the current approach of referring to previous reports but recommended to include	

Item	Subject	Action
	<p>summaries of the key elements of these reports if the report being referenced is very old or the material is complex.</p> <p>The Chair noted that RCP Support would take this feedback to the Panel for consideration.</p>	
10	MAC Meeting Schedule for 2021	
	<p>The MAC approved the proposed meeting schedule for 2021. The Chair noted that RCP Support would send out save the date invitations as in the previous year.</p>	
11	General Business	
	<u>Reforms to the Security of Critical Infrastructure Act</u>	
	<p>Ms Papps summarised that the Commonwealth Government is currently consulting on some reforms to the Critical Infrastructure Act.</p>	
	<ul style="list-style-type: none"> • The current Act only places obligations on operators of generators in WA that are greater than 600 MW or hold a system restart contracts. The current obligations include reporting of: <ul style="list-style-type: none"> ○ information about the generation unit; and ○ anyone who has direct or indirect interests in that entity. • The reform proposes to reduce the threshold to 10 MW and expand the reporting requirement. The proposed expansion includes an obligation to report on any cyber incidents associated with the identified assets. Ms Papps noted that the extent of required reporting will represent a significant change to the current regime and would depend on the definition of cyber incident. In addition, the reports would have to be signed off by the relevant Board of Directors. • The proposal is currently open for consultation. The submission period closes on 16 September 2020. • Ms Papps provided the MAC with the link to the consultation website. 	
	The meeting closed at 10:10 AM	

Agenda Item 4: MAC Action Items

Meeting 2020_10_20

Shaded	Shaded action items are actions that have been completed since the last Market Advisory Committee (MAC) meeting.
Unshaded	Unshaded action items are still being progressed.
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

Item	Action	Responsibility	Meeting Arising	Status
20/2020	RCP Support to publish the minutes of the 28 July 2020 MAC meeting on the Rule Change Panel's (Panel) website as final.	RCP Support	2020_09_08	Closed The Minutes were published on the Panel's website on 9 September 2020.

Agenda Item 5: MAC Market Rules Issues List Update

Meeting 2020_10_20

The latest version of the Market Advisory Committee (**MAC**) Market Rules Issues List (**Issues List**) is available in Attachment 1 of this paper.

The MAC maintains the Issues List to track and progress issues that have been identified by Wholesale Electricity Market (**WEM**) stakeholders. A stakeholder may raise a new issue for discussion by the MAC at any time by emailing a request to the MAC Chair.

Updates to the Issues List are indicated in red font, while issues that have been closed since the last publication are shaded in grey.

Recommendation:

RCP Support recommends that the MAC:

- note the updates to issues 22, 45 and 46 in the Issues List;
- provide any further updates to existing issues; and
- indicate whether there are any new issues to be raised.

At its meeting on 8 September 2020, the MAC agreed to review the Issues List against the Energy Transformation Strategy reforms in February 2020 to determine which issues have been addressed by the Energy Transformation Strategy and which remain outstanding.

Agenda Item 5 – Attachment 1 – MAC Market Rules Issues List

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
45	AEMO May 2018	<p>Transfer of responsibility for setting document retention requirements</p> <p>AEMO suggested that responsibility for setting document retention requirements (clauses 10.1.1 and 10.1.2 of the Market Rules) should move from AEMO to the ERA. AEMO considers that it is not the best entity to hold this responsibility as it no longer maintains the broader market development and compliance functions of the IMO.</p>	<p>Panel rating: Low</p> <p>MAC ratings: Low</p> <p>Status: <u>The Energy Transformation Implementation Unit will consider who is to be responsible for setting document retention requirements as part of the Tranche 5 Amending Rules for the Energy Transformation Strategy and will consult on these matters in early 2021.</u></p>
46	AEMO May 2018	<p>Transfer of responsibility for setting confidentiality statuses</p> <p>AEMO suggested that responsibility for setting confidentiality statuses (clauses 10.2.1 and 10.2.3 of the Market Rules) should move from AEMO to the ERA. AEMO considers that it is not the best entity to hold this responsibility as it no longer maintains the broader market development and compliance functions of the IMO.</p>	<p>Panel rating: Low</p> <p>MAC ratings: Low</p> <p>Status: <u>The Energy Transformation Implementation Unit will consider who is to be responsible for setting confidentiality statuses as part of the Tranche 5 Amending Rules for the Energy Transformation Strategy and will consult on these matters in early 2021.</u></p>
47	AEMO September 2018	<p>Market Procedure for conducting the Long Term PASA (clause 4.5.14)</p>	<p>Panel rating: Low</p> <p>MAC ratings: Low</p> <p>Status: This issue has not been progressed.</p>

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
		<p>The scope of this procedure currently includes describing the process that the ERA must follow in conducting the five-yearly review of the Planning Criterion and demand forecasting process.</p> <p>AEMO considers that its Market Procedure should not cover the ERA’s review, and the ERA should be able to independently scope the review. As such, AEMO recommends removing this requirement from the head of power in clause 4.5.14 of the Market Rules.</p>	
55	MAC April 2019	<p>Conflict between Relevant Level Methodology and the early and conditional certification of Intermittent Generators</p> <p>There is a conflict between the current and proposed Relevant Level Methodologies and the early and conditional certification of new Intermittent Generators, because the methodologies depend on information that is not available before the normal certification time for a Reserve Capacity Cycle.</p>	<p>Panel rating: TBD</p> <p>MAC ratings: Low</p> <p>Status:</p> <p>On 15 August 2019, Mr Maticka advised RCP Support that AEMO has revised its position and is now of the view that there is an opportunity as part of RC_2019_03 to remove Clause 4.28C.7 that relates to Early Certification of Reserve Capacity (CRC).</p> <p>The draft proposal states that AEMO “must reject the early certification application if it has cause to believe that it cannot reliably set the Early CRC...”; otherwise, AEMO must set Early CRC within 90 days of receiving the application. It appears that it is almost certain that AEMO cannot reliably set the Early CRC for an early certification application if an intermittent Facility nominates to use clause 4.11.2(b) for the assessment. This is because:</p>

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
			<ul style="list-style-type: none"> • An early certification application may be submitted at any time before 1 January of Year 1 of the Reserve Capacity Cycle to which the application relates [clause 4.28C.2]. • This means that when AEMO receives an application under 4.11.2(b), it can't calculate a reliable Relevant Level value for the Facility, as it is not certain: <ul style="list-style-type: none"> ○ which Scheduled Generators, DSPs, and Non-Scheduled Generators would apply for certification; or ○ what level of CRC would be assigned to these Scheduled Generators and DSPs. <p>AEMO also stated that:</p> <ul style="list-style-type: none"> • Neither a complete set of system demand and Facility actual meter data is available nor are the expected capacity estimates of new Candidate Facilities. • It almost implies that in fact only Scheduled Generators can apply and be certified for Early Certification. Noting an application of this nature has not been provided in the past years, AEMO suggests removal of this clause completely.

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
			<p>The MAC discussed this issue at its meeting on 3 September 2019 where it was noted that the issue could be addressed as a standalone Rule Change Proposal or as part RC_2019_03. The ERA is considering whether it wants to address the issue as part of RC_2019_03, and if not, then RCP Support will bring the issue back to the MAC for further discussion.</p> <p>The Market Rules governing the early and conditional certification of intermittent generation may be addressed by the rule changes that ETIU is developing to assign Capacity Credits under the constrained network access model. The ERA will liaise with ETIU as it develops these rule changes. The ERA intends to base RC_2019_03 on the revised Market Rules developed by ETIU and approved by the Minister.</p>
56	Perth Energy July 2019	<p>Issues with Reserve Capacity Testing</p> <ul style="list-style-type: none"> Market Generators that fail a Reserve Capacity Test may prefer to accept a small shortfall in a test (and a corresponding reduction in their Capacity Credits) than to run a second test. There is a discrepancy between the number of Trading Intervals for self-testing vs. AEMO testing. 	<p>Panel rating: TBD</p> <p>MAC ratings: TBD</p> <p>Status:</p> <p>Perth Energy has indicated that it will develop a Pre-Rule Change Proposal for consideration by the MAC.</p>

Table 1 – Potential Rule Change Proposals

Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> • There is ambiguity in the timing requirements for a second test when the relevant generator is on an outage. • There is ambiguity on the number of Capacity Credits that AEMO is to assign when certain test results occur. 	

Notes:

- The Potential Rule Change Proposals are well-defined issues that could be addressed through development of a Rule Change Proposal.
- If the MAC decides to add an issue to the Potential Rule Change Proposals list, then RCP Support will seek a preliminary urgency rating from MAC members/observers and from the Rule Change Panel (**Panel**) and will include this information in the list.
- Potential Rule Change Proposals will be closed after a Pre-Rule Change Proposal is presented to the MAC or a Rule Change Proposal is submitted to the Panel.

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
1	Shane Cremin November 2017	<p>IRCR calculations and capacity allocation</p> <p>There is a need to look at how IRCR and the annual capacity requirement are calculated (i.e. not just the peak intervals in summer) along with recognising behind-the-meter solar plus storage. The incentive should be for retailers (or third-party providers) to reduce their dependence on grid supply during peak intervals, which will also better reflect the requirement for conventional ‘reserve capacity’ and reduce the cost per kWh to consumers of that conventional ‘reserve capacity’.</p>	To be considered in the preliminary review of the Reserve Capacity Mechanism.
2	Shane Cremin November 2017	Allocation of market costs – who bears Market Fees and who pays for grid support services with less grid generation and consumption?	<p>To be considered in the preliminary reviews of behind-the-meter issues and the basis for allocation of Market Fees.</p> <p>The WA Government published the DER Roadmap on 5 April 2020, but the MAC agreed to keep this issue on the list until further information is available on how EPWA intends to develop and implement the actions from the DER Roadmap.</p>
3	Shane Cremin November 2017	Penalties for outages.	To be considered in the preliminary review of the Reserve Capacity Mechanism.
4	Shane Cremin November 2017	Incentives for maintaining appropriate generation mix.	To be considered in the preliminary review of the Reserve Capacity Mechanism.

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
9	Community Electricity November 2017	Improvement of AEMO forecasts of System Load; real-time and day-ahead	To be considered in the preliminary review of forecast quality.
16	Bluewaters November 2017	<p>Behind the Meter (BTM) generation is treated as reduction in electricity demand rather than actual generation. Hence, the BTM generators are not paying their fair share of the network costs, Market Fees and ancillary services charges.</p> <p>Therefore, the non-BTM Market Participants are subsidizing the BTM generation in the WEM. Subsidy does not promote efficient economic outcome.</p> <p>Rapid growth of BTM generation will only exacerbate this inefficiency if not promptly addressed.</p> <p>Bluewaters recommends changes to the Market Rules to require BTM generators to pay their fair share of the network costs, Market Fees and ancillary services charges.</p> <p>This is an example of a regulatory arrangement becoming obsolete due to the emergence of new technologies. Regulatory design needs to keep up with changes in the industry landscape (including technological change) to ensure that the WEM continues to meet its objectives.</p> <p>If this BTM issue is not promptly addressed, there will be distortion in investment signals, which will lead to an inappropriate generation facility mix in the WEM, hence compromising power system security and in turn not promoting the Wholesale Market Objectives.</p>	<p>To be considered in the preliminary reviews of behind-the-meter issues and the basis for allocation of Market Fees.</p> <p>The WA Government published the DER Roadmap on 5 April 2020, but the MAC agreed to keep this issue on the list until further information is available on how EPWA intends to develop and implement the actions from the DER Roadmap.</p>

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
23	Bluewaters November 2017	<p>Allocation of Market Fees on a 50/50 basis between generators and retailers may be overly simplistic and not consider the impacts on economic efficiency.</p> <p>In particular, the costs associated with an electricity market reform program should be recovered from entities based on the benefit they receive from the reform. This is expected to increase the visibility of (and therefore incentivise) prudence and accountability when it comes to deciding the need and scope of the reform.</p> <p>Recommendations: to review the Market Fees structure including the cost recovery mechanism for a reform program.</p> <p>The cost saving from improved economic efficiency can be passed on to the end consumers, hence promoting the Wholesale Market Objectives.</p>	To be considered in the preliminary review of the basis for allocation of Market Fees.
30	Synergy November 2017	<p>Reserve Capacity Mechanism</p> <p>Synergy would like to propose a review of Market Rules related to reserve capacity requirements and reserve capacity capability criteria to ensure alignment and consistency in determination of certain criteria. For instance:</p> <ul style="list-style-type: none"> • assessment of reserve capacity requirement criteria, reserve capacity capability and reserve capacity obligations; • IRCR assessment; • Relevant Demand determination; • determination of NTDL status; • Relevant Level determination; and 	To be considered in the preliminary review of the Reserve Capacity Mechanism.

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> assessment of thermal generation capacity. <p>The review will support Wholesale Market Objectives (a) and (d).</p>	
35	ERM Power November 2017	<p>BTM generation and apportionment of Market Fees, ancillary services, etc.</p> <p>The amount of solar PV generation on the system is increasing every year, to the point where solar PV generation is the single biggest unit of generation on the SWIS. This category of generation has a significant impact on the system and we have seen this in terms of the daytime trough that is observed on the SWIS when the sun is shining. The issue is that generators that are on are moving around to meet the needs of this generation facility but this generation facility, which could impact system stability, does not pay its fair share of the costs of maintaining the system in a stable manner. That is, they are not the generators that receive its fair apportionment of Market Fees and pay any ancillary service costs but yet they have absolute freedom to generate into the SWIS when the fuel source is available. There needs to be equity in this equation.</p>	<p>To be considered in the preliminary reviews of behind-the-meter issues and the basis for allocation of Market Fees.</p> <p>The MAC recognised that the Minister has commenced work on BTM issues and flagged that issue 35 should be considered as part of the Energy Transformation Strategy.</p> <p>The WA Government published the DER Roadmap on 5 April 2020, but the MAC agreed to keep this issue on the list until further information is available on how EPWA intends to develop and implement the actions from the DER Roadmap.</p>
39	Alinta Energy November 2017	<p>Commissioning Test Process</p> <p>The commissioning process within the Market Rules and PSOP works well for known events (i.e. the advance timings of tests). However, the Market Rules and PSOP do not work for close to real time events. There is limited flexibility in the Market Rules and PSOP to deal with the practical and operational realities of commissioning facilities.</p> <p>The Market Rules and PSOP require System Management to approve a Commissioning Test Plan or a revised Commissioning Test Plan by</p>	<p>To be considered in the preliminary review of the Commissioning Tests.</p>

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<p>8:00 AM on the Scheduling Day on which the Commissioning Test Plan would apply.</p> <p>If a Market Participant cannot conform to its most recently approved Commissioning Test Plan, the Market Participant must notify System Management; and either:</p> <ul style="list-style-type: none"> • withdraw the Commissioning Test Plan; or • if the conditions relate to the ability of the generating Facility to conform to a Commissioning Test Schedule, provide a revised Commissioning Test Plan to System Management as soon as practicable before 8:00 AM on the Scheduling Day prior to the commencement of the Trading Day to which the revised Commissioning Test Plan relates. <p>Specific Issues:</p> <p>This restriction to prior to 8:00 AM on the Scheduling Day means that managing changes to the day of the plan are difficult. Sometimes a participant is unaware at that time that it may not be able to conform to a plan. Amendments to Commissioning Tests and schedules need to be able to be dealt with closer to real time.</p> <p>Examples for improvements are:</p> <ul style="list-style-type: none"> • allowing participants to manage delays to the start of an approved plan; and • allowing participants to repeat tests and push the remainder of the Commissioning Test Plan out. <p>Greater certainty is needed for on the day changes (i.e. there is uncertainty as to what movements/timing changes acceptable within the “Test Window” i.e. on the day).</p>	

Wholesale Market Objective Assessment:

A review of the Commissioning Test process, with a view to allowing greater flexibility to allow for the technical realities of commissioning, will better achieve:

- Wholesale Market Objective (a):
 - Allowing generators greater flexibility in undertaking commissioning activities will allow the required tests to be conducted in a more efficient and timely manner, which should result in the earlier availability of approved generating facilities. This contributes to the efficient, safe and reliable production of energy in the SWIS.
 - Productive efficiency requires that demand be served by the least-cost sources of supply, and that there be incentives for producers to achieve least-cost supply through a better management of cost drivers. Allowing for a more efficient management of commissioning processes, timeframes and costs in turn promotes the economically efficient production and supply of electricity.
- Wholesale Market Objective (b): improvements to the efficiency of the Commissioning Test process may assist in the facilitation of efficient entry of new competitors.
- Wholesale Market Objective (d):
 - Balancing appropriate flexibility for generators with appropriate oversight and control for System Management should ensure that the complex task of commissioning is not subject to unnecessary red tape, adding to the cost of projects. This contributes to the achievement of Wholesale Market Objective (d) relating to the long-term cost of electricity supply.

Table 2 – Broader Issues

Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> ○ Impacts on economic efficiency and efficient entry of new competitors (as outlined above) will potentially lead to the minimisation of the long-term cost of electricity supplied. 	

Notes:

- Some issues require further discussion/review before specific Rule Change Proposals can be developed. For these issues, the MAC will:
 - group the issues together where appropriate;
 - determine the order of priority for the grouped Broader Issues;
 - conduct preliminary reviews to scope out the Broader Issues; and
 - refer the Broader Issues to the appropriate body for consideration/development.
- RCP Support will aim to schedule preliminary reviews at the rate of one per MAC meeting, unless competing priorities prevent this.
- Broader Issues will be closed (or moved onto another sub-list) following the completion of the relevant preliminary review and any agreed follow-up discussions on the issue.
- The current list of preliminary reviews is shown in Table 3.

Table 3 – Preliminary Reviews

Review	Status
(1) Behind-the-meter issues	<p>Issues: 2, 16, 35.</p> <p>Status: Preliminary discussion is not yet scheduled.</p> <p>EPWA is working on its DER Roadmap, which will address behind-the-meter issues (amongst other things). A preliminary discussion of behind-the-meter issues is to be deferred until the DER Roadmap is published and then the MAC will consider whether a discussion is still required.</p> <p>The WA Government published the DER Roadmap on 5 April 2020, but the MAC agreed to keep this review on the list until further information is available on how EPWA intends to develop and implement the actions from the DER Roadmap.</p>
(2) Forecast quality	<p>Issues: 9.</p> <p>Status: Preliminary discussion is not yet scheduled.</p>
(3) Commissioning Tests	<p>Issues: 39.</p> <p>Status: Preliminary discussion is not yet scheduled.</p>
(4) The basis of allocation of Market Fees	<p>Issues: 2, 16, 23 and 35.</p> <p>Status: Preliminary discussion is not yet scheduled.</p>
(5) The Reserve Capacity Mechanism (excluding the pricing mechanism)	<p>Issues: 1, 3, 4, and 30.</p> <p>Status: Preliminary discussion is not yet scheduled. The preliminary discussion should address outstanding customer-side issues.</p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
7	Community Electricity November 2017	Improved definition of the quantity of LFAS (a) required and (b) dispatched.	On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020), with potential input from work on RC_2017_02: Implementation of 30-Minute Balancing Gate Closure.
10	AEMO November 2017	<p>Review of participant and facility classes to address current and looming issues, such as:</p> <ul style="list-style-type: none"> • incorporation of storage facilities; • distinction between non-scheduled and semi-scheduled generating units; • reconsideration of potential for Dispatchable Loads in the future (which were proposed for removal in RC_2014_06); • whether to retain Interruptible Loads or to move to an aggregated facility approach (like Demand Side Programmes); and • whether to retain Intermittent Loads as a registration construct or to convert to a settlement construct. <p>Would support new entry, competition and market efficiency; particularly supporting the achievement of Wholesale Market Objectives (a) and (b).</p>	<p>On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p> <p>Treatment of storage facilities was considered under the preliminary review of the treatment of storage facilities in the market.</p>
11	AEMO November 2017	<p>Whole-of-system planning oversight:</p> <p>As explained in AEMO’s submission to the ERA’s review of the WEM, AEMO considers the necessity of the production of an annual, independent Integrated Grid Plan to identify emerging issues and opportunities for investment at different</p>	<p>This issue was initially flagged for consideration as part of the preliminary review of roles in the market.</p> <p>However, ETIU has advised that the issue will be covered as part of the Energy Transformation Strategy, so the issue has been put on hold until the regulatory</p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>locations in the network to support power system security and reliability. This role would support AEMO's responsibility for the maintenance of power system security and will be increasingly important as network congestion increases and the characteristics of the power system evolve in the course of transition to a predominantly non-synchronous future grid with distributed energy resources, highlighting new requirements (e.g. planning for credible contingency events, inertia, and fast frequency response).</p> <p>This function would support the achievement of power system security and reliability, in line with Wholesale Market Objective (a).</p>	<p>changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p> <p>ETIU is currently developing a Whole of System Plan (WOSP) to be delivered to Government and published in mid-2020. ETIU has indicated that the intent is to develop and publish updated Whole of System Plans on an ongoing, regular basis. The MAC agreed to keep issue 11 open pending publication of the WOSP.</p>
12	AEMO November 2017	<p>Review of institutional responsibilities in the Market Rules.</p> <p>Following the major changes to institutional arrangements made by the Electricity Market Review, a secondary review is required to ensure that tasks remain with the right organisations, e.g. responsibility for setting confidentiality status (clause 10.2.1), document retention (clause 10.1.1), updating the contents of the market surveillance data catalogue (clause 2.16.2), content of the market procedure under clause 4.5.14, order of precedence of market documents (clause 1.5.2). This will promote efficiency in market administration, supporting Wholesale Market Objectives (a) and (d).</p>	<p>Potential changes to responsibilities for setting document retention requirements and confidentiality statuses have been listed as Potential Rule Change Proposals (issues 45 and 46). Potential changes to clause 4.5.14 have also been listed as a Potential Rule Change Proposal (issue 47).</p> <p>EPWA has advised that the remaining issues will be covered as part of the Energy Transformation Strategy, so the remaining issues have been put on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
14/36	Bluewaters and ERM Power November 2017	<p>Capacity Refund Arrangements:</p> <p>The current capacity refund arrangement is overly punitive as Market Participants face excessive capacity refund exposure. This refund exposure is well more than what is necessary to incentivise the Market Participants to meet their obligations for making capacity available. Practical impacts of such excessive refund exposure include:</p> <ul style="list-style-type: none"> • compromising the business viability of some capacity providers - the resulting business interruption can compromise reliability and security of the power system in the SWIS; and • excessive insurance premiums and cost for meeting prudential support requirements. <p>Bluewaters recommended imposing seasonal, monthly and/or daily caps on the capacity refund. Bluewaters considered that reviewing capacity refund arrangements and reducing the excessive refund exposure is likely to promote the Wholesale Market Objectives by minimising:</p> <ul style="list-style-type: none"> • unnecessary business interruption to capacity providers and in turn minimising disruption to supply availability; which is expected to promote power system reliability and security; and • unnecessary excessive insurance premium and prudential support costs, the saving of which can be passed on to consumers. 	<p>On 29 May 2018, the MAC agreed to place this issue on hold for 12 months (until June 2019) to allow time for historical data on dynamic refund rates to accumulate. On 29 July 2019, the MAC agreed that this issue has a low priority and should remain on hold for another 12 months.</p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
17	Bluewaters November 2017	<p>Under clause 3.21.7 of the Market Rules, a Market Participant is not allowed to retrospectively log a Forced Outage after the 15-day deadline; even if the Market Participant is subsequently found to be in breach of the Market Rules for not logging the Forced Outage on time.</p> <p>This can result in under reporting of Forced Outages, and as a consequence, use of incorrect information used in WEM settlements.</p> <p>Bluewaters recommend a rule change to enable Market Participants to retrospectively log a Forced Outage after the 15-day deadline. If a Market Participant is found to be in breach of the Market Rules by not logging the Forced Outage by the deadline, it should be required to log the outage.</p> <p>Accurately reporting outages will enable the WEM to function as intended and will help meet the Wholesale Market Objectives.</p>	On hold pending a final decision on RC_2014_03: Administrative Improvements to the Outage Process.
18	Bluewaters November 2017	<p>The Spinning Reserve procurement process does not allow Market Participants to respond to the draft margin values determination by altering its Spinning Reserve offer.</p> <p>Bluewaters recommended amending the Market Rules to allow Market Participants to respond to the draft margin values determination by altering its Spinning Reserve offer.</p> <p>Allowing a Market Participant to respond to the draft margin values determination, can serve as a price signal to enable a price discovery process for Spinning Reserve capacity. This</p>	On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		is expected to lead to a more efficient economic outcome and in turn promote the Wholesale Market Objectives.	
19	Bluewaters November 2017	<p>The Spinning Reserve margin values evaluation process is deficient for the following reasons:</p> <ul style="list-style-type: none"> • shortcomings in the process for reviewing assumptions; • inability to shape load profile; • lack of transparency: <ul style="list-style-type: none"> (a) modelling was a “black box”; (b) confidential information limits stakeholders’ ability to query the results; and • lack to retrospective evaluation of spinning reserve margin values. <p>As a result, the margin values have been volatile, potentially inaccurate and not verifiable.</p> <p>Recommendation: conduct a review on the margin values evaluation process and propose rule changes to address any identified deficiencies.</p> <p>Addressing the deficiencies in the margin values evaluation process can promote the Wholesale Market Objectives by enhancing economic efficiency in the WEM. This can be achieved through:</p> <ul style="list-style-type: none"> • promoting transparency – better informed Market Participants would be able to better respond to Spinning Reserve requirement in the WEM; and 	<p>On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p> <p>Also, AEMO and the ERA to consider whether any options exist to improve transparency of the current margin values process.</p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<ul style="list-style-type: none"> allowing a better-informed margin values determination process, which is likely to give a more accurately priced margin values to promote an efficient economic outcome. 	
22	Bluewaters November 2017	<p>Prudential arrangement design issue: clause 2.37.2 of the Market Rules enables AEMO to review and revise a Market Participant's Credit Limit at any time. It is expected that AEMO will review and increase Credit Limit of a Market Participant if AEMO considers its credit exposure has increased (for example, due to an extended plant outage event).</p> <p>In response to the increase in its credit exposure, clause 2.40.1 of the Market Rules and section 5.2 of the Prudential Procedure allow the Market Participant to make a voluntary prepayment to reduce its Outstanding Amount to a level below its Trading Limit (87% of the Credit Limit).</p> <p>Under the current Market Rules and Prudential Procedure, AEMO can increase the Market Participant's Credit Limit (hence increasing its prudential support requirement) despite that a prepayment has already been paid (it is understood that this is AEMO's current practice).</p> <p>The prepayment would have already served as an effective means to reduce the Market Participant's credit exposure to an acceptable level. Increasing the Credit Limit in addition to this prepayment would be an unnecessary duplication of prudential requirement in the WEM.</p>	<p><u>This issue was on hold pending completion of AEMO's 'Reduction of Prudential Exposure 2' project, which is now complete.</u></p> <p><u>AEMO noted that Credit Support and prepayment are important, but different prudential instruments:</u></p> <ul style="list-style-type: none"> <u>Credit Support must be provided to the level of the determined Credit Limit. Credit Support is a secured instrument and is held for use in a suspension or default event. A Market Participant's Trading Limit is set at 87% of the Credit Support provided.</u> <u>Prepayments are voluntary and may be provided by a Market Participant at any time. They are applied to reduce the Market Participant's Outstanding Amount, and thereby increasing its Trading Margin; and are applied to amounts payable by the Market Participant to AEMO for the next Settlement Statement. Prepayments are exhausted or consumed as a Market Participant receives STEM and NSTEM payable invoices. The direction is irrevocable.</u> <p><u>AEMO agrees that it is possible that a Market Participant could be in a situation where their Credit Limit is increased, requiring additional Credit Support, when they already have a prepayment balance vested with AEMO.</u></p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>This unnecessary duplication is likely to give rise to higher-than-necessary prudential cost burden in the WEM; which creates economic inefficiency that is ultimately passed on the end consumers.</p> <p>Recommendation: amend the Market Rules and/or procedures to eliminate the duplication of prudential burden on Market Participants.</p> <p>The resulting saving from eliminating this unnecessary prudential burden can be passed on to end consumers. This promotes economic efficiency and therefore the Wholesale Market Objectives.</p>	<p><u>If this were to occur, it would be economically inefficient. AEMO expects that prepayments would be exhausted over time as a Market Participant receives STEM and NSTEM payable invoices. However, there may be circumstances where a prepayment is not exhausted in a timely fashion.</u></p> <p><u>An earlier version of the Prudential Requirements Market Procedure (v5.0) suggested that there may be a 'reconciliation of accounts' and that a prepayment may be returned. This was removed in APEC 2019_03 when this section was updated to reflect new prudential instrument templates.</u></p> <p><u>MAC Discussion – to address this potential economic inefficiency, the Prepayment Direction and/or Market Procedure could be changed to allow for an on request 'reconciliation of accounts' and return of a Market Participant's prepayment if this does not create a Trading Margin breach. An initial investigation would need to occur if a Rule Change is needed or if this could be done in a Market Procedure.</u></p> <p><u>AEMO has not observed this to be a frequent issue and would like guidance from the MAC on the priority of this matter. AEMO suggest this is a lower priority issue compared with other reform activities currently underway.</u></p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
27/54	Kleenheat November 2017 MAC August 2018	<p>Review what should constitute a Protected Provision of the Market Rules, to provide greater clarity over the role of the Minister for Energy.</p> <p>A review of the Protected Provisions in the Market Rules is required to identify any that they no longer need to be Protected Provisions. This is because shifting the rule change function to the Panel has removed some of the potential conflicts of interest that led to the original classification of some Protected Provisions.</p>	<p>On hold pending the outcome of an EPWA review of the current Protected Provisions in the Market Rules, with timing dependent on Energy Transformation Strategy.</p> <p>EPWA and RCP Support are to develop principles for identifying which rules should be Protected Provisions for presentation and discussion by the MAC.</p>
28	Kleenheat November 2017	<p>Appropriate rule changes to allow for battery storage. Consultation to decide how the batteries will be treated and classified as generators or not, whether batteries can apply for Capacity Credits and the availability status when the batteries are charging.</p>	<p>On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p>
33	ERM Power November 2017	<p>Logging of Forced Outages</p> <p>The market systems do not currently allow Forced Outages to be amended once entered. This can have the distortionary effect of participants not logging an Outage until it has absolute certainty that the Forced Outage is correct, hence participants could take up to 15 days to submit its Forced Outages.</p> <p>If a participant could cancel or amend its Forced Outage information, it will likely provide more accurate and transparent signals to the market of what capacity is really</p>	<p>On hold pending a final decision on RC_2014_03: Administrative Improvements to the Outage Process.</p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		available to the system. This should also assist System Management in generation planning for the system.	
42	ERA November 2017	<p>Ancillary Services approvals process</p> <p>Clause 3.11.6 of the Market Rules requires System Management to submit the Ancillary Services Requirements in a report to the ERA for audit and approval by 1 June each year, and System Management must publish the report by 1 July each year. The ERA conducted this process for the first time in 2016/17. In carrying out the process it became apparent that:</p> <ul style="list-style-type: none"> • there is no guidance in the rules on what the ERA's audit should cover, or what factors the ERA should consider in making its determination on the requirements; • there are no documented Market Procedures setting out the methodology for System Management to determine the ancillary service requirements (the preferable approach would be for the methodologies to be documented in a Market Procedure, and for the ERA to audit whether System Management has followed the procedure); • the timeframe for the ERA's audit and approval process (less than 1 month) limits the scope of what it can achieve in its audit; • the levels determined by System Management are a function of the Ancillary Service standards, but the 	On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>standards themselves are not subject to approval in this process; and</p> <ul style="list-style-type: none"> the value of the audit and approval process is limited because System Management has discretion in real time to vary the levels from the set requirements. <p>The question is whether the market thinks this approvals process is necessary/will continue to be necessary (particularly in light of co-optimised energy and ancillary services). If so, then the issues above will need to be addressed, to reduce administrative inefficiencies and, if more rigour is added to the process, provide economic benefits (Wholesale Market Objectives (a) and (d)).</p>	
49	MAC November 2018	Should the method used to calculate constrained off compensation be amended to better reflect the actual costs incurred by Market Generators?	The Amending Rules from RC_2018_07 commenced on 1 July 2019. The MAC agreed to keep this issue on hold until 1 July 2020 to see if the issue requires further consideration.
51	MAC November 2018	There is a need to provide Market Customers with timely advance notice of their upcoming constraint payment liabilities.	The MAC agreed to place this issue on hold pending implementation of AEMO's proposed changes to the Outstanding Amount calculation in 2019.
53	MAC August 2018	<p>MAC members have identified the following issues with the provisions relating to generator models that were Gazetted by the Minister on 30 June 2017 in the <i>Wholesale Electricity Market Rules Amending Rules 2017 (No. 3)</i>:</p> <ul style="list-style-type: none"> The provisions allow for System Management, where it deems that the performance of a Generator does not 	<p>On hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).</p> <p>AEMO agreed to provide an update to the MAC on the proposed arrangements for generator performance</p>

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>conform to its models, to request updated models from Western Power and constrain the output of the Generator until these were provided, placing the Generator on a new type of Forced Outage and making it liable for Capacity Cost Refunds.</p> <ul style="list-style-type: none"> • Western Power is only required to comply with a request from System Management for updated models “as soon as reasonably practicable”, leaving a Market Generator potentially subject to a Forced Outage for an extended period with no control over the situation. • The generator model information is assigned a confidentiality status of System Management Confidential, so that System Management is not permitted under the Market Rules to tell the Network Operator what model information it needs or explain the details of its concerns to the Market Generator. 	models proposed as part of the Energy Transformation Strategy.
57	MAC October 2019	<p>Identification of services subject to outage scheduling</p> <p>The Market Rules do not clearly define the ‘services’ that should be subject to outage scheduling (e.g. what services are provided by different items of network equipment, Intermittent Load facilities, dual-fuel Scheduled Generators, etc), and how the ‘availability’ of these services should be measured for each Outage Facility. This can lead to ambiguity about what constitutes an Outage for certain Outage Facilities.</p>	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>Additionally, if a Facility or item of network equipment can provide multiple services that require outage scheduling, then this concept should be clearly reflected in the Market Rules. The Amending Rules for RC_2013_15 clarified that a Scheduled Generator or Non-Scheduled Generator that is subject to an Ancillary Service Contract is required to schedule outages in respect of both sent out energy and each contracted Ancillary Service but did not seek to address the broader issue.</p> <p>(See section 7.2.2.5 of the Final Rule Change Report for RC_2013_15.)</p>	
58	MAC October 2019	<p>Outage scheduling for dual-fuel Scheduled Generators</p> <p>'0 MW' outages are currently used to notify System Management when a dual-fuel Scheduled Generator is unable to operate on one of its nominated fuels. There is no explicit obligation in the Market Rules or the Power System Operation Procedure: Facility Outages to request/report outages that limit the ability of a Scheduled Generator to operate using one of its fuels. In terms of the provision of sent out energy (the service used to determine Capacity Cost Refunds), it is questionable whether this situation qualifies as an outage at all.</p> <p>More generally, the Market Rules lack clarity on the nature and extent of a Market Generator's obligations to ensure that its Facility can operate on the fuel used for its certification, what (if anything) should occur if these obligations are not</p>	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>met, and the implications for outage scheduling and Reserve Capacity Testing.</p> <p>(See section 7.2.2.5 of the Final Rule Change Report for RC_2013_15.)</p>	
59	MAC October 2019	<p>Ancillary Service outage scheduling anomalies</p> <p>Currently Registered Facilities that provide Ancillary Services under an Ancillary Service Contract must be included on the Equipment List. This creates the following potential anomalies:</p> <ul style="list-style-type: none"> • some Ancillary Service Contracts may include outage reporting provisions that are specific to the service and may differ from the standard outage scheduling provisions for Equipment List Facilities; • Market Participants are not required to schedule outages in relation to the availability of their LFAS Facilities to provide LFAS; • Synergy is not required to schedule outages in relation to the availability of its Facilities to provide uncontracted Ancillary Services; and • a contracted Ancillary Service may not always be provided by a Registered Facility. <p>A review of the outage scheduling requirements relating to Ancillary Services may be warranted to resolve any anomalies and ensure that the obligations on Rule Participants to schedule outages for Ancillary Services are appropriate and consistent.</p>	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		(See section 7.2.2.5 of the Final Rule Change Report for RC_2013_15.)	
60	MAC October 2019	<p>Outage scheduling obligations for Interruptible Loads</p> <p>The Market Rules require all Registered Facilities that are subject to an Ancillary Service Contract to be included on the Equipment List. This includes the Interruptible Loads that are used to provide Spinning Reserve Service. However, the Market Rules do not explicitly state who is responsible for outage scheduling for Interruptible Loads.</p> <p>This is a problem because the counterparty to an Interruptible Load Ancillary Service Contract may be an Ancillary Service Provider, and not the Market Customer (usually a retailer) to whom the Interruptible Load is registered. An Ancillary Service Provider is not subject to obligations placed on a 'Market Participant or Network Operator', while the retailer for an Interruptible Load may not have any involvement with the Interruptible Load arrangement or the management of outages for that Load.</p> <p>(See section 7.2.3.1 of the Final Rule Change Report for RC_2013_15.)</p>	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).
61	MAC October 2019	<p>Direction of Self-Scheduling Outage Facilities</p> <p>An apparent conflict exists in the Market Rules between clauses that appear to allow System Management to reject or recall Planned Outages of Self-Scheduling Outage Facilities (e.g. clauses 3.4.3(a), 3.4.3(b), 3.4.4 and 3.5.5(c)) and</p>	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>clauses that appear to exempt Planned Outages of Self-Scheduling Outage Facilities from rejection or recall, such as:</p> <ul style="list-style-type: none"> • clause 3.18.2A, which explicitly exempts Self-Scheduling Outage Facilities from obligations under section 3.20; • clause 3.19.5, which allows System Management to reject an approved Scheduled Outage or Opportunistic Maintenance but fails to mention Planned Outages of Self-Scheduling Outage Facilities (which are neither Scheduled Outages nor Opportunistic Maintenance); and • clause 3.19.6(d), which sets out a priority order for System Management to consider when it determines which previously approved Planned Outage to reject but does not include any reference to Planned Outages of Self-Scheduling Outage Facilities. <p>(See section 7.2.3.2 of the Final Rule Change Report for RC_2013_15.)</p>	
62	MAC October 2019	<p>Outage scheduling obligations for non-intermittent Non-Scheduled Generators</p> <p>Under the Market Rules:</p> <ul style="list-style-type: none"> • a non-intermittent generation system with a rated capacity between 0.2 MW and 10 MW may be registered as a Non-Scheduled Generator; and • a non-intermittent generation system with a rated capacity less than 0.2 MW can only be registered as a Non-Scheduled Generator. 	The MAC agreed that this issue should be placed on hold until the regulatory changes for the Foundation Regulatory Frameworks workstream are known (mid-2020).

Table 4 – Issues on Hold

Id	Submitter/Date	Issue	Urgency and Status
		<p>To date, no non-intermittent generation systems have been registered as Non-Scheduled Generators. However, if a non-intermittent Non-Scheduled Generator was registered it would be able to apply for Capacity Credits, and if assigned Capacity Credits would also be assigned a non-zero Reserve Capacity Obligation Quantity (RCOQ).</p> <p>While this would make the Non-Scheduled Generator subject to the same RCOQ-related Scheduling Day obligations as a Scheduled Generator, the Non-Scheduled Generator's Balancing Market obligations are more uncertain and were not considered in the development of RC_2013_15. The Balancing Submissions for a Non-Scheduled Generator comprise a single Balancing Price-Quantity Pair with a MW quantity equal to the Market Generator's "best estimate of the Facility's output at the end of the Trading Interval". There is no clear obligation to make the Facility's RCOQ available for dispatch or to report an outage for capacity not made available, because new section 7A.2A, which will clarify these obligations for Scheduled Generators, does not apply to Non-Scheduled Generators.</p> <p>The need to cater for non-intermittent, Non-Scheduled Generators also affects the determination of capacity-adjusted outage quantities and outage rates and is likely to increase IT costs and the complexity of the Market Rules.</p> <p>(See section 7.2.3.4 of the Final Rule Change Report for RC_2013_15.)</p>	

Notes:

- These are issues that the MAC will consider following some identified event. Issues on Hold will be reviewed by the MAC once the identified event has occurred, and then closed or moved to another sub-list.

MARKET ADVISORY COMMITTEE MEETING, 20 October 2020

FOR NOTING

SUBJECT: UPDATE ON AEMO'S MARKET PROCEDURES

AGENDA ITEM: 7

1. PURPOSE

Provide a status update on the activities of the AEMO Procedure Change Working Group and AEMO Procedure Change Proposals.

2. AEMO PROCEDURE CHANGE WORKING GROUP (APCWG)

	Most recent meeting	Next meeting
Date	23 July 2020	Expected in November 2020
Market Procedures for discussion	Market Procedure: Declaration of Bilateral Trades and the Reserve Capacity Auction (consequential changes as a result of the RCM Pricing rule amendments together with revisions to align with the latest version of the WEM Rules and improve the structure and flow of the Procedure).	Market Procedure: Settlements (consequential changes required in relation to RC_2019_04: Administrative Improvements to Settlement). Market Procedure: Facility Registration, De-registration and Transfer (minor administrative changes and formatting improvements).

3. AEMO PROCEDURE CHANGE PROPOSALS

The status of AEMO Procedure Change Proposals is described below, current as at 12 October 2020. Changes since the previous MAC meeting are in **red text**. A procedure change is removed from this report after its commencement has been reported or a decision has been taken not to proceed with a potential Procedure Change Proposal.

ID	Summary of changes	Status	Next steps	Date
AEPC_2020_01 Revisions to BMO tie-break methodology: <ul style="list-style-type: none"> • Market Procedure: Balancing Facility Requirements • Market Procedure: Balancing Market Forecast 	The proposed amendments to the BMO tie-break methodology will assist AEMO manage the security of the power system during periods of low demand by enabling Facilities to offer minimum generation quantities as a separate tranche at the Minimum STEM Price.	On hold (Refer to paper for 16 June 2020 MAC meeting agenda item 9)	Procedure Change Report	TBA
AEPC_2020_10 Market Procedure: Declaration of Bilateral Trades and the Reserve Capacity Auction	The amendments include consequential changes as a result of the RCM Pricing rule amendments together with revisions to align with the latest version of the WEM Rules and improve the structure and flow of the Procedure.	Procedure Change Report published 8 Oct 2020	Commencement	16 Oct 2020

Agenda Item 8(a): Overview of Rule Change Proposals (as at 13 October 2020)

Meeting 2020_10_20

- Changes to the report provided at the previous Market Advisory Committee (**MAC**) meeting are shown in **red font**.
- The next steps and the timing for the next steps are provided for Rule Change Proposals that are currently being actively progressed by the Rule Change Panel (**Panel**) or the Minister.

Indicative Rule Change Panel Activity Until the Next MAC Meeting

Reference	Title	Events	Indicative Timing
RC_2014_03	Administrative Improvements to the Outage Process	Publication of the Draft Rule Change Report	30/10/2020

Rule Change Proposals Commenced since the Report presented at the last MAC Meeting

Reference	Submitted	Proponent	Title	Commenced
None				

Rule Change Proposals Awaiting Commencement

Reference	Submitted	Proponent	Title	Commencement
RC_2017_02	04/04/2017	Perth Energy	Implementation of 30-Minute Balancing Gate Closure	01/12/2020

Rule Change Proposals Rejected since Report presented at the last MAC Meeting

Reference	Submitted	Proponent	Title	Rejected
None				

Rule Change Proposals Awaiting Approval by the Minister

Reference	Submitted	Proponent	Title	Approval Due Date
None				

Formally Submitted Rule Change Proposals

Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
Fast Track Rule Change Proposals with Consultation Period Closed						
None						
Fast Track Rule Change Proposals with Consultation Period Open						
None						
Standard Rule Change Proposals with Second Submission Period Closed						
None						
Standard Rule Change Proposals with Second Submission Period Open						
None						
Standard Rule Change Proposals with First Submission Period Closed						
RC_2014_03	27/11/2014	IMO	Administrative Improvements to the Outage Process	High	Publication of Draft Rule Change Report	30/10/2020
RC_2014_05	02/12/2014	IMO	Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price	Medium	Publication of Draft Rule Change Report	31/12/2020
RC_2018_03	01/03/2018	Collgar Wind Farm	Capacity Credit Allocation Methodology for Intermittent Generators	Medium	Publication of Draft Rule Change Report	31/12/2020

Reference	Submitted	Proponent	Title	Urgency	Next Step	Date
RC_2019_01	21/06/2019	Enel X	The Relevant Demand calculation	Medium	Publication of Draft Rule Change Report	31/12/2020

Standard Rule Change Proposals with the First Submission Period Open

None						
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Pre-Rule Change Proposals

Reference	Proponent	Description	Next Step	Date
RC_2019_03	ERA	Method used for the assignment of Certified Reserve Capacity to Intermittent Generators	Submit Rule Change Proposal ¹	TBD
RC_2020_04	Panel	Balancing Facility Loss Factor Adjustment	Consult with the MAC on the Pre-Rule Change Proposal	TBD
RC_2020_05	Perth Energy	Incentivising Generator Performance	Submit Rule Change Proposal	TBD
TBD	Perth Energy	Issues with Reserve Capacity Testing	Submit Pre-Rule Change Proposal	TBD

Rule Changes Made by the Minister

Gazette	Date	Title	Commencement
2020/108	26/06/2020	Wholesale Electricity Market Amendment (Technical Rules Change Management) Rules 2020	01/01/2021
2020/24	21/02/2020	Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019	22/02/2020 01/10/2021 ²

¹ RC_2019_03 will be discussed under Agenda Item 9(b). An additional MAC meeting may need to be scheduled in November 2020 to further consider the Pre-Rule Change Proposal so that the ERA can formally submit its Rule Change Proposal to the Panel as soon as possible.

² The *Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019* will commence in two tranches – the first commenced on 22 February 2020 and the second will commence on 1 October 2021.

Capacity valuation method for intermittent generators

ERA's proposed method: rule
change proposal

Update to the Market Advisory Committee
20 October 2020



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Agenda Item 8(b)

- Relevant level method (RLM): capacity valuation method for IGs
- ERA is responsible for reviewing the RLM
- March 2019, ERA completed its review of RLM
- ERA proposed a new method
 - Basis: measuring contribution to meeting the system adequacy target, while taking into account the evolving capacity resource mix.
 - Best international practice: IEA, IEEE, MISO, California ISO, PJM, UK, Ireland

- July 2019, the ERA presented a pre-rule change proposal to the MAC
- The MAC recommended a “high-priority” for the assessment of the rule change proposal.
- There was likely interaction with Government reforms to assign capacity credits in a constrained network access environment that were still in development.
- After consultation with RCP Support, EPWA and AEMO, the ERA decided to delay its submission of the rule change proposal until there was clarity about the reforms.

- EPWA is developing the details of changes to the WEM rules:
 - Changes to the RCM, facility registration, energy storage resources capacity valuation, etc.
- Since late Sep 2020, ERA has received some draft amending rules from EPWA
- EPWA's changes do not conflict with the calculation principles in the proposed RLM.
 - Some logistical changes are required: hybrid facilities, storage resources, other refinements.

- Increased application of detailed capacity valuation methods based on probabilistic assessment:
 - PJM Interconnection (IGs and storage) – [ELCC method](#)
 - Previously used rule of thumb method: average output during system stress periods.
 - Ireland (all technologies) – [Probabilistic method](#) drawing on system adequacy analysis – similar to ELCC
 - UK (storage): [Equivalent firm capacity \(EFC\) method](#) (similar to ELCC)

- Energy storage resources to be included in the capacity mix
- NAQ assignment process takes the outputs of the RLM
 - The RLM is to be run based on expected resource mix in the target capacity year.
- Other refinements:
 - Minor improvement in assigning the IG fleet capacity value to individual facilities (already presented to stakeholders in Dec 2019).
 - Calculation of LOLE at the target reliability level

- Presentation of the updated pre-rule change proposal to the MAC, ideally in November (format to be discussed)
- Submission to the RCP: December 2020

Thank you

Ask any questions



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2020 review on two market rules intended to incentivise availability of generators

Draft report findings – MAC Meeting

20 October 2020

Agenda Item 9



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Agenda

01
Background

02
Availability findings

03
Draft report recommendations

04
Issues identified

05
Next steps

Background

The ERA is required to review:

- The reserve capacity reduction clause (4.11.1(h)) and the outage thresholds (4.11.1D).
- The Refund Exempt Planned Outage clause (4.26.1C) limit.

Conducted in consultation with AEMO.

No direct overlap with the Energy Transformation Strategy or reforms. Acknowledge that there is potential interaction with the proposed Network Access Quantity regime.

Availability findings

- No generator has been reduced Certified Reserve Capacity under clause 4.11.1(h).
- The REPO clause (4.26.1C) was introduced in 2017, limited data is inconclusive regarding availability.
- No noticeable change to the availability of the WEM's Scheduled Generator fleet with the changes to these clauses.
- Availability in the WEM has improved and compares favourably to other jurisdictions.
 - Commercial considerations likely incentivise generator availability.
- The minimum requirements of the review are in the draft report.

Draft Report Recommendations

1. No change to the REPO count calculation or limit.
2. No change to the operation of clause 4.11.1(h).
3. Change the thresholds associated with clause 4.11.1(h) to zero.
4. Provide guidance to AEMO on how to use its discretion under clause 4.11.1(h).

Rationale for the recommended change:

- To provide AEMO with greater flexibility.
- Allows AEMO to consider any generators.

Other issues identified

- Reducing a generator's CRC under clause 4.11.1(h) risks a 'double count' of outages already in the Reserve Margin.
- Inconsistency between certifying Reserve Capacity and the Capacity Cost Refund mechanism.
 - If a generator is reduced CRC (and thus Capacity Credits) under 4.11.1(h), the refund mechanism requires refunds for any forced outage or planned outage above REPO, even if the outages are already accounted for in the CRC reduction.

The resolution of these issues are out of scope of the current reviews.

Next steps

Consultation period closes at 4pm WST, Friday 13 November 2020.

Final report due before 31 December 2020.

Will consider:

- submissions on the draft report
- other relevant issues including the cost and practicality of the draft report recommendations.

Thank you

Ask any questions



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