

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.	

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	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.	

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	<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) AEMO Procedure Change Working Group (APCWG) Update

Mr Martin Maticka provided the following updates on AEMO's Market Procedures:

- 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.

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	<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

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	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	

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	<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	