



Minutes

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| Meeting Title: | Market Advisory Committee (MAC) |
| Date: | 31 August 2023 |
| Time: | 9:30am –11:30am |
| Location: | Microsoft Teams and Energy Policy WA Office. |

| Attendees | Class | Comment |
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| Sally McMahon | Chair | |
| Martin Maticka | Australian Energy Market Operator (AEMO) | |
| Dean Sharafi | AEMO | |
| Kei Sukmadjaja | Network Operator | Proxy for Zahra Jabiri |
| Genevieve Teo | Synergy | |
| Noel Schubert | Small-Use Consumer Representative | |
| Christopher Alexander | Small-Use Consumer Representative | |
| Jacinda Papps | Market Generator | Left at 11am. |
| Adam Stephen | Market Generator | |
| Paul Arias | Market Generator | |
| Peter Huxtable | Contestable Customer | |
| Timothy Edwards | Market Customer | |
| Geoff Gaston | Market Customer | |
| Patrick Peake | Market Customer | |
| Noel Ryan | Observer appointed by the Minister | |
| Dr Matt Shahnazari | Observer appointed by the Economic Regulation Authority (ERA) | Proxy for Rajat Sarawat |

| Also in Attendance | From | Comment |
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| Dora Guzeleva | MAC Secretariat | Observer |
| Bronwyn Gunn | MAC Secretariat | Observer |
| Shelley Worthington | MAC Secretariat | Observer |
| Bobby Ditric | Lantau Group | Observer |
| Dave Carlson | Lantau Group | Observer |

| Apologies | From | Comment |
|---------------|---------------|---------|
| Zahra Jabiri | Western Power | |
| Rajat Sarawat | ERA | |

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1 Welcome

The Chair opened the meeting at 9.33 with an Acknowledgement of Country. She noted the Referendum happening on October 14 and the importance of being informed on the matter to be decided.

The Chair noted there was one major agenda item for the meeting, the Demand Response Review Consultation Paper.

The Chair noted the meeting protocols.

The Chair confirmed that she had no new conflicts of interest to report since the last meeting.

The Chair noted the Competition Law Statement and reminded members of their obligations.

The Chair noted that MAC members are to participate in the interests of the stakeholder group they represent.

The Chair noted that any advice to the Coordinator from the MAC represents the views of the MAC and not necessarily the views of the Chair.

The Chair noted that the meeting is being recorded for the purposes of Minutes.

2 Meeting Apologies/Attendance

The Chair noted the attendance and apologies as listed above.

3 Minutes of Meeting 2023_06_08

The Chair noted a mix-up in the Action Items paper – that it was 8 June 2023 minutes that had been published, not 20 July 2023 minutes. She invited feedback on the Minutes for 20 July 2023 meeting.

Mr Edwards noted that he is listed as a Market Generator Representative, and that he should be a Market Customer Representative.

The MAC accepted the minutes of the 20 July 2023 meeting as a true and accurate record of the meeting, subject to the above amendment.

Action: The MAC Secretariat to publish the minutes of the 20 July 2023 MAC meeting on the Coordinator’s Website as final. MAC Secretariat

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| 4 | <p>Action Items</p> <p>The Chair noted that there were 2 closed action items:</p> <ul style="list-style-type: none"> • 8 June 2023 minutes have been published • AEMO circulated email to MAC members on 22 August about how it dispatches Demand Side Programs (DSPs). <p>Ms Guzeleva noted there was a follow up email from Mr Stephen asking whether DSPs would be dispatched in the same way in the new market, to which Mr Sharafi has provided a response.</p> <ul style="list-style-type: none"> • Mr Sharafi confirmed that DSP dispatch would still be done manually in the new market, and be dependent on the forecast. • Mr Stephen stated that he considers it is worth reviewing the assumptions made in the DSM modelling as it assumes 86MW is dispatched in a scenario but, given the way AEMO dispatches DSPs, it is unlikely to be all dispatched (as much of it is held in reserve to provide essential system services). • Mr Sharafi reiterated that dispatch would depend on conditions on the day and the situation the power system is in, and that he was happy to discuss detail offline. • Mr Schubert noted that DSPs dispatched to provide contingency reserve services would reduce the demand that remaining generators have to meet and, therefore, the available spinning reserve will remain the same. | |
| 5 | <p>Market Development Forward Work Program</p> <p>The Chair noted the updates in the paper.</p> | |
| 6 | <p>Update on Working Groups</p> <p>(a) AEMO Procedure Change Working Group (APCWG)</p> <p>The Chair noted the updates in the Paper.</p> <p>Mr Maticka noted the updates to the WEM Procedure on Reserve Capacity Security – one administrative update and one update to allow security deposit deeds and guarantees to be submitted electronically. The changes are due to commence on 18 September.</p> | |
| | <p>(b) Reserve Capacity Mechanism Review Working Group (RCMRWG) Update</p> <p>Ms Guzeleva provided a verbal update, noting that:</p> <ul style="list-style-type: none"> • Energy Policy WA is in the final stage of the RCM Review, drafting amending rules and consulting on them. • The RCM Review Working Group met yesterday and will meet again on Monday. • Yesterday, the Working Group discussed the draft rules related to the new flexible capacity product and its certification, the rules | |

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| | <p>around IRCR for the peak and flexible capacity products, and the new capability classes. There was also a discussion about a new policy item about how separately certified components that were commissioned after 2018 should be priced. There was an agreement to draft rules to treat separately certified components as “new facilities” even if they are co-located with a Transitional Facility.</p> <ul style="list-style-type: none"> • On Monday, the Working Group will discuss changes related to DSPs, outages and refunds, and the new relevant level method. • The draft amending rules will be published in the next two weeks after comments from the Working Group have been incorporated. • Consultation will be open for four weeks, and then any necessary amendments will be made before submitting the relevant WEM Amending Rules to the Minister for Energy for his approval. • Energy Policy WA is yet to meet with the AEMO about the sequencing of the WEM Amending Rules implementation, as many will require systems development work by the AEMO. There may need to be another Working Group meeting about when the rules are implemented and commenced. <p>The Chair sought clarification on when this was coming back to the MAC.</p> <p>Ms Guzeleva noted that it had been agreed that discussion on detailed rules was not a good use of the MAC time and that this would be a matter for the Working Group.</p> <ul style="list-style-type: none"> • Mr Edwards sought clarification on the links with the WEM Investment Certainty Review. <p>Ms Guzeleva confirmed that the outcomes from the RCM Review are the starting point for the WEM Investment Certainty Review.</p> | |

(c) Cost allocation Review Working Group

Ms Guzeleva provided a verbal update, noting that:

- The Working Group met on Tuesday to go through a set of draft Rules in 3 parts as per the outcomes of the Review.
- The three areas were changes to the regulation raise and lower services cost allocation, changes to the contingency raise runway model and a new appendix to introduce a similar runway methodology for contingency lower.
- Next steps will be to take into account comments from the Working Group and publish an Exposure Draft of the relevant WEM Amending Rules.
- The Working Group requested not to publish these draft rules until 9 October, given that industry is busy with the commencement of the new market and the RCM draft rules that will come out for consultation during that time.

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| | <ul style="list-style-type: none"> The Cost Allocation changes will not commence until October 2025 in any case, so these are less urgent than the RCM Rules which need to commence soon. | |
| 7 | <p>Rule Changes</p> <p>(a) Overview of Rule Change Proposals</p> <p>The Chair noted the updates in the paper. She noted that this is a clean-up of rule change proposals that have been there for a while and have been picked up by other reviews.</p> <p>Ms Guzeleva noted that the two rule change reports will hopefully be published prior to 30 September. Most likely to be rejections as the subject matter is picked up by the various reviews underway.</p> | |
| 8 | <p>Update on the WEM Guideline: Non Co-Optimised Essential System Services and the WEM Procedure on dispute resolution</p> <p>The Chair confirmed that the MAC is being asked to note both documents.</p> <p>Ms Guzeleva noted the closing dates for consultation and encouraged members to review the draft documents and provide any comments. She noted that Mr Schubert has already provided feedback on some cross-referencing errors. The guideline and the WEM Procedure need to be in place on 1 October.</p> | |
| 9 | <p>Demand Side Response (DSR) Review Consultation Paper</p> <p>The Chair noted that the paper is in draft form and the purpose of today is to provide guidance to the Coordinator on each of the proposals. She invited Ms Guzeleva to take the MAC through the proposals.</p> <p>Ms Guzeleva noted that the minutes from the 2 August DSR Review Working Group meeting are now published and members can look at these for more detail on some of the proposals.</p> <p><u>Proposal 1</u></p> <p>Ms Guzeleva provided a summary of the proposal and the rationale.</p> <p>Ms Guzeleva noted that a comment was received from Western Power via email on the day before the MAC meeting and invited Ms Sukmadjaja to cover that.</p> <ul style="list-style-type: none"> Ms Sukmadjaja confirmed Western Power's view that the paper could be further refined to note that information is currently shared with AEMO despite the WEM Rules not requiring this. <p>Ms Guzeleva noted that the paper acknowledges this while also noting that more transparency for the rest of the market about what is shared and about how constrained access connections are integrated into the planning processes is desirable.</p> | |

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- Mr Schubert queried whether information is shared with AEMO in real time when loads are constrained.

Ms Guzeleva agreed that it is not clear in the WEM Rules how the information flows and that clarity would help. She noted that for simplicity it may be that the constraint equations and updates to thermal limits are used to communicate the situation on the network.

- Ms Sukmadjaja advised that she would take the question about what Western Power shares with AEMO about loads being constrained in real time on notice.
- Mr Alexander asked whether information going to AEMO should be provided to the broader market. For example, would details around terms and conditions of curtailment be made public under this proposal.

Ms Guzeleva clarified that this is a high-level proposal and that more thought would need to be given to the specific information to be made available to the market. She noted there is another body of work happening to improve connection processes.

Mr Guzeleva agreed that Western Power should be required to provide information to customers that connect on a constrained basis about how and when they would be curtailed, the activation notice that would be given and how being on a constrained access contract would affect the network tariffs they would pay. She agreed that this needs to be included in the paper.

Ms Guzeleva clarified that the proposal is to apply any new transparency provisions to all constrained connections but to not change the contractual arrangements of existing constrained connection contracts.

- Mr Maticka agreed that enshrining these matters in the WEM Rules is a good idea.

Mr Schubert noted that the MAC touched on providing more information to customers as part of the connection process and requested a further discussion about this under general business.

Proposal 2

Ms Guzeleva provided a summary of the proposal and rationale.

- Mr Sharafi noted that AEMO considers that it is important to retain the ability to decide, based on power system security and reliability requirements, that a hybrid facility comprising of a load and an ESR must register as a scheduled facility.

Ms Guzeleva agreed that this is reasonable, but that the WEM Rules need to be amended to provide clarity so participants know in advance how they will be required to register and how they can apply for capacity credits.

- Mr Alexander noted the difficulty in managing the balance between getting the obligations for DSPs right to ensure power system security and reliability can be maintained while not

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being overly onerous such that no one wants to provide the service.

Ms Guzeleva noted that the market objectives will be amended to talk about the energy trilemma, so there is a more general discussion about how the balance is struck in many policy areas.

- Mr Huxtable sought to clarify whether the consultation paper was seeking submissions on whether or how to make the arrangements for hybrid facilities clearer.

Ms Guzeleva clarified that stakeholders should be free to comment on either matter.

- Mr Schubert noted that the paper hasn't gone to the DSR Working Group and they haven't had a chance to comment on this draft.

Ms Guzeleva clarified that, as a general rule, the working groups have discussions about the subject matter and the draft consultation papers go to the MAC.

The Chair clarified that papers for the MAC go on the website the week before, and that MAC members could consult with their Working Group members ahead of the meeting.

- Mr Schubert noted that the Working Group has not seen the proposals in the paper before.

Ms Guzeleva noted that in the Working Group meetings the Chair summarises the discussion and notes the proposals to be put in the paper, and that those minutes are published.

- Mr Sharafi noted that ideally all matters should be discussed at the Working Group before going in a paper. Mr Sharafi noted that he did not consider they had been discussed to the level of detail seen in the paper. He also noted that AEMO does not have time in the next 6 weeks before market start to review and discuss these important matters.

Ms Guzeleva encouraged members to look at the minutes of the Working Group as these proposals have all been discussed and minuted. She reiterated the Chair's point that Working Group members should feed discussion and concerns back to MAC members.

Chair asked whether the MAC papers should include working group meeting minutes, or whether there is an understanding that they are available on the website to be reviewed. She noted that this will be discussed in general business.

Proposal 3

Ms Guzeleva provided a summary of the proposal and.

- Mr Gaston asked whether it would have to be a Western Power meter to allow separate settlement of components.

Ms Guzeleva confirmed that national legislation requires a meter to be installed by the meter data agent if it is used for settlement

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purposes, noting that there were alternatives available if meters were being used for certification or testing in the RCM.

- Mr Maticka asked whether there are issues with Western Power installing meters on a private network, and how this would apply to aggregators/smaller customers with DER. He considered that the proposal has merit generally, but may need to be explored further.

Ms Guzeleva noted that this issue has not been raised by Western Power in Working Group meetings, and that this proposal is relevant to contestable loads not smaller DER customers. She noted that as long as the notional meter remains the issue of how this applies to non-contestable customers shouldn't emerge.

- Mr Maticka reiterated that detailed design is needed to ensure that there are no unintended consequences and to ensure the proposal is future proofed in the case the notional wholesale meter disappears.
- Mr Gaston sought to clarify if there would be a separate NMI for each submeter, or whether it was just more visibility around each submeter. If the former, Mr Gaston agreed with Mr Maticka that there would need to be a way to account for overs and unders and netting.

Ms Guzeleva clarified that this is about a separate NMI as this is the only way the calculations can work for settlement.

- Mr Gaston noted that the proposal should not be about having to create a new connection as this can take 12-18 months.

Ms Guzeleva noted that the proposal is to provide flexibility and that she appreciates that this may not be suitable for many customers. This situation is already present for the town of Kambalda and there is no reason not to change the Rules to clarify that customers can access this type of arrangement if they so wish.

- Mr Edwards noted that there are large customers that are being approached by AEMO for services like NCESS and SRC but there is not real framework to separate the components to quantify what they are offering to the market. He noted that an administrative framework is needed that deals with metering accuracy e.g. like the framework for metering for the purposes of LGCs.
- Mr Edwards noted that large loads may have batteries to service their own load, and that AEMO may want to use these components but there is no framework to recognise the behind the meter contributions so they can be used in the market.

Ms Guzeleva noted that there is a procedure on the AEMO website about submetering under section 2.27 of the WEM Rules that is used for purposes other than settlement. However, this proposal is dealing with separation of components to allow for separate settlement.

Proposal 4

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| | <p>Ms Guzeleva provided a summary of the proposal and rationale.</p> <ul style="list-style-type: none"> Mr Sharafi noted AEMO's support. <p><u>Proposal 5</u></p> <p>Ms Guzeleva provided a summary of the proposal and rationale.</p> <p>No comments received.</p> <p><u>Proposal 6</u></p> <p>Ms Guzeleva provided a summary of the proposal and rationale.</p> <ul style="list-style-type: none"> She noted feedback from Western Power via email stating that Western Power should not be compelled to share information with AEMO but rather permitted to. Ms Sukmadjaja noted support for the proposal but that Western Power considered that the wording needed to be refined to clarify that Western Power are supportive of sharing the necessary information with AEMO but that they currently cannot do so because it would mean they are in breach of the metering code. <p>Ms Guzeleva confirmed that EPWA would consider Ms Sukmadjaja's comments and refine the wording in accordance with these.</p> <ul style="list-style-type: none"> Mr Sharafi noted that AEMO supports the proposal, but that there needs to be clarity about the obligations for Western Power to provide specifically what AEMO needs, and that there should be alignment in the WEM Rules and the Metering Code on confidentiality provisions. <p>The Chair noted that AEMC released a report on metering on 30 August, which made recommendations in relation to increasing access to metering data by various parties.</p> <p><u>Proposal 7</u></p> <p>Ms Guzeleva provided a summary of the proposal and rationale.</p> <p>No comments received.</p> <p><u>Proposal 8 and 9</u></p> <p>Ms Guzeleva provided a summary of the proposal and rationale.</p> <p>Ms Guzeleva noted that the Appendix to the paper will include some of the AEMC's recent findings on demand side participation in the real time market.</p> <ul style="list-style-type: none"> Mr Schubert noted that DSR is capable of participating in the real-time market. <p>Ms Guzeleva agreed, and noted that at some point the WEM Rules relevant for this participation should be renewed.</p> <ul style="list-style-type: none"> Mr Sharafi noted AEMO's support for these recommendations. <p><u>Proposal 10</u></p> | |

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| | <p>Ms Guzeleva provided a summary of the proposal and rationale.</p> <p>She noted that there has been extensive discussion on the issue of a minimum demand product in the Working Group and that it's a question that has been asked in other working groups.</p> <ul style="list-style-type: none"> Mr Sharafi noted that the paper only focuses on ESR for minimum demand, but that there is opportunity to use DER for this purpose. <p>Ms Guzeleva agreed but noted that the work on the DER roadmap is looking at these matters.</p> <ul style="list-style-type: none"> Mr Schubert noted that there need to be more incentives for customers to shift load. <p>Ms Guzeleva noted that new products are emerging in the retail market to encourage customers to do this, but that the Working Group has concluded that there does not need to be a specific service.</p> <ul style="list-style-type: none"> Mr Alexander noted that he was concerned about the optimism that the minimum demand issue will sort itself out and that there is a risk that it won't, and that this will result in system security and reliability issues. | |
| | <p><u>Proposal 11</u></p> <p>Ms Guzeleva provided a summary of the proposal and rationale.</p> <ul style="list-style-type: none"> Mr Sharafi noted that AEMO agrees that updates may be required to ensure full participation of DSR and that the WEM Rules need to be reviewed to ensure there no barriers. However, requirements for participation in ESS should continue to be in procedures to ensure AEMO has control over the requirements. Mr Sharafi expressed the view that these are engineering matters and flexibility is needed for AEMO to accommodate emerging capabilities. The WEM Rules should not contain standards such as telemetry requirements or cyber security as these are effectively engineering matters. <p>Ms Guzeleva stated that there is a need to consider all WEM Procedures and the appropriateness of what is currently in the rules and what is in the procedures. Ms Guzeleva did not consider, for example, that MW thresholds for ESS accreditation should be in procedures under the control of AEMO.</p> | |
| | <p><u>Proposal 12</u></p> <p>Ms Guzeleva provided a summary of the proposal and rationale, and noted that there have been extensive discussions on this matter in the Working Group.</p> <ul style="list-style-type: none"> Mr Stephen agreed that the rules need to provide for rotation of DSPs that are dispatched by AEMO. Mr Schubert noted that AEMO would prefer that Interruptible Loads remain enabled even if not dispatched as you would | |

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| | <p>want them to go off first in an under-frequency load shedding (UFLS) event.</p> <p>Ms Guzeleva noted that the procedure states that they would be disabled if they are not in merit.</p> <ul style="list-style-type: none"> Mr Schubert agreed but noted that it would still be desirable for them to trip off first. He clarified that he supported the proposal as drafted. <p><u>Summary of discussion on the DSR Consultation Paper</u></p> <ul style="list-style-type: none"> Mr Peake noted that that was a good discussion paper. <p>The Chair summarised the feedback on the proposals as follows:</p> <ul style="list-style-type: none"> 1: the feedback focused on providing clarity and transparency, and having a requirement in the rules rather than following a practice. 2: feedback was received on providing clarity about whether the paper was asking if something should happen or how something should happen, and that stakeholders should feel free to make submissions on both matters. 3: there was general support but there are details that need to be explored around metering practices and potential restrictions. 4 and 5: there was reasonable levels of support. 6: there were some issues raised by Western Power and AEMO and the drafting will be amended to address these. 7, 8, 9 and 10: there was reasonable levels of support, noting some comments on proposal 10 about DER issues. 11, 12: there was reasonable support with some issues raised about whether certain matters should be in rules or procedures. <p>Chair called for any final comments.</p> <p>Chair noted that this is a consultation paper and submissions should be made when it is released.</p> <p>Action: Western Power to provide advice about the information that it shares with AEMO in real time when loads are constrained.</p> | <p>Western Power (31 August 2023)</p> |
| 10 | <p>MAC meeting schedule for 2024</p> <p>The MAC approved the schedule as proposed.</p> <p>Mr Peake asked whether meetings would be in person or via teams. Chair requested that this be raised in general business.</p> | |
| 11 | <p>General Business</p> <p>Chair noted two matters outstanding from the meeting for discussion:</p> | |

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| | <ol style="list-style-type: none"> 1. Governance: how minutes/outcomes of the working groups are communicated to MAC members. 2. The framework for submetering under section 2.27 of the WEM Rules. <ul style="list-style-type: none"> • Mr Schubert noted that the ESOO projection that there will be 900MW shortfall of capacity, much of it due to electrification, hydrogen production and EV growth. • Mr Schubert considered that it would be valuable to think about how new loads connecting to the SWIS can have flexibility embedded in their design from the beginning. This is important for both small and large customers. • Mr Schubert questioned whether the problem should be communicated to customers to ensure that loads can be used flexibly. He considered that this much capacity will not be needed if those flexible loads shift their consumption. • Mr Sharafi supported this, noting that load flexibility is one of the missing pieces of the puzzle in the transition. He noted that Western Power doesn't know where new EVs will locate and there will be a difficult situation if there is no flexibility in the loads. <p>Ms Guzeleva noted that the NSW government turns down government buildings when AEMO is about to issue lack of reserves advisory. EPWA is doing some internal thinking about that.</p> <p>Ms Guzeleva added that Western Power should be using the NCESS process to procure flexibility services to avoid network augmentation. The new guidance on the NCESS framework should help AEMO and Western Power to identify if NCESS can be used.</p> <ul style="list-style-type: none"> • Mr Peake noted that new storage systems that are installed should be capable of orchestration. <p>Ms Guzeleva confirmed that the DER Roles and Responsibilities project is looking into this.</p> <ul style="list-style-type: none"> • Mr Huxtable noted that the certainty for loads who want to participate in the wholesale market is not there due to the changing requirements and that this makes a business case challenging. NCESS might help a business case in the short term but is not reliable in the long term. <p>Ms Guzeleva noted that the framework for DSPs has been reviewed, the number of hours has been reduced through the RCM Review and there is progress towards making it more attractive to participate. It may seem slow but there is a need to bring all stakeholders along in the reform process.</p> <p>The Chair confirmed that progress is being made and that further work could look at the gaps.</p> | |

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| | <ul style="list-style-type: none"> Mr Schubert noted that retrofitting is expensive and that it is a shame if things are being installed now without the flexibility that will be required in the future in mind. <p>Ms Guzeleva noted that as per proposal 1 more and more constrained access connections are expected, and that their lifecycle starts before loads connect. There needs to be absolute clarity on the conditions that will apply so they can be built into the business case. This may have to become a reference service.</p> <p>The Chair expressed a preference for face-to-face meetings every second meeting, to be nominated in advance. She noted that hybrid meetings are difficult. She proposed that members might like to come half an hour earlier for a cup of tea or coffee before the meeting.</p> <ul style="list-style-type: none"> Next meeting (12 October 2023) will be online. The meeting on 23 November 2023 will be in person. She encouraged members to advise well in advance if they are unable to attend in person or send a proxy. <p>On the matter of governance, the Chair noted that members should note that they should discuss agenda items with members of the relevant working group from their organisation ahead of MAC meetings.</p> | |

The meeting closed at 11:26am.