



Minutes

Meeting Title:	Pilbara Advisory Committee (PAC)
Date:	29 February 2024
Time:	9:30 AM – 11:00 AM
Location:	Online, via TEAMS

Attendees	Class	Comment
Sally McMahon	Chair	
James Campbell-Everden	Independent System Operator (ISO)	
Anthony Ravi	Registered Network Service Provider (NSP)	
Sandy Morgan	Registered NSP	
Rebecca White	Excluded NSP Representative	
Neil Midolo	Excluded NSP	
Gabby Pracilio	Contestable Customer	
Rory Burn	Discretionary Rule Participant	
Bethwyn Cowcher	Discretionary Rule Participant	
Kristian Myhre	Discretionary Rule Participant	
Noel Ryan	Observer appointed by the Minister	
Frances Hobday	ERA (Observer)	

Also in Attendance	From	Comment
Dora Guzeleva	PAC Secretariat	Observer
Isadora Salviano	PAC Secretariat	Observer
Tom Coates	PAC Secretariat	Observer

Apologies	From	Comment
Analena Gilhome	Small-Use Consumer	
Sandra McInnes	Contestable Customer	
Momcilo Andric	Registered NSP	No apologies received
Anne Taylor	Excluded NSP Representative	No apologies received

Item	Subject	Action
1	<p>Welcome</p> <p>The Chair opened the meeting with an Acknowledgement of Country.</p> <p>The Chair disclosed to members her roles as Commissioner on the Australian Energy Market Commission (AEMC), Independent Chair of the Market Advisory Committee, Independent Chair of the Gas Advisory Board and part-time Counselor at the National Competition Council.</p> <p>The Chair noted that the views or advice provided by the PAC to the Coordinator do not necessarily represent the views of the independent Chair.</p> <p>The Chair advised that the PAC meeting was being recorded for the purposes of developing the minutes.</p>	
2	<p>Meeting Apologies/Attendance</p> <p>The Chair noted the attendance and apologies as listed above.</p> <p>The Chair welcomed new members appointed following the 2024 Biennial PAC Composition Review.</p>	
3	<p>Competition Law Statement</p> <p>The Chair noted the Competition Law Statement and reminded members of their obligations and encouraged them to bring any Competition Law issues to her attention as they may arise.</p>	
4	<p>Minutes</p> <p>(a) Minutes of Meeting 2023_09_21</p> <p>The PAC noted the minutes of the 21 September 2023 PAC meeting. The PAC had approved those minutes previously.</p>	
5	<p>Action Items</p> <p>The closed action items were taken as read.</p>	
6	<p>Evolution of the Pilbara Networks Rules (EPNR) Project</p> <p>The Chair opened the discussion on the agenda item regarding the PAC's consideration to form a working group to support the EPNR Project and the draft terms of reference for the working group.</p> <p>Ms Guzeleva introduced the EPNR Project and outlined that its purpose is for stakeholders and government to consider how the current PNR may need to evolve to enable the decarbonisation of the NWIS and the Pilbara, while ensuring the policy trilemma in the State Electricity Objective (security and reliability, cost to consumers and environmental impact) is met.</p> <p>Ms Guzeleva invited members to ask questions or provide feedback on the project scope (noting that the scope has been approved by the Coordinator). The following was discussed:</p>	

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	<ul style="list-style-type: none"> Ms Morgan questioned if outcomes of the EPNR, in regard to its cost-effectiveness objective, will be linked to the work of the Pilbara Networks Access Code (PNAC). <p>Ms Guzeleva explained that the EPNR and the work on the PNAC are expected to be progressed independently, but both will be guided by the overarching State Electricity Objective and will be discussed internally for alignment.</p> <ul style="list-style-type: none"> Ms Morgan noted that the EPNR Working Group includes a Harmonised Technical Rules (HTR) workstream. Ms Morgan questioned if the EPNR and the PNAC work related to the HTR will be aligned. <p>Ms Guzeleva acknowledged that the EPNR and the PNAC work should be aligned to avoid duplicated technical requirements. Ms Guzeleva explained that EPWA considered bringing the PNR and PNAC reviews together but did not select the option on the basis that the PAC is a statutory group established under the PNR, to address PNR matters.</p> <p>Ms Guzeleva introduced the draft terms of reference circulated to members and provided an overview of the working group's two distinct workstreams:</p> <ul style="list-style-type: none"> EPNR Project Delivery ('Workstream 1'), which will include scenario development and modelling to inform a detailed review and assessment of the PNR; and Evolution and Development of the HTR ('Workstream 2'), which will focus specifically on identifying issues and gaps in the HTR. <p>Ms Guzeleva noted that members of the proposed EPNRWG can choose to participate in one workstream or both. Ms Guzeleva advised that the HTR Workstream 2 will be technical and members should have the relevant technical knowledge.</p> <p>Ms Guzeleva advised members that EPWA has engaged Robinson Bowmarker Paul (RBP) to provide consultancy services to support the scenario modeling and analysis of the PNR.</p> <p>The Chair identified two threshold questions for the PAC to consider. Firstly, whether to approve the establishment of a working group and, if yes, secondly to review the draft terms of reference provided.</p> <ul style="list-style-type: none"> The PAC members supported the establishment of the Working Group and the Chair invited members to discuss and provide feedback on the draft terms of reference. Ms Cowcher noted that EPWA has previously modeled different scenarios and trajectories for the Pilbara Industry Roundtable. Ms Cowcher questioned: <ul style="list-style-type: none"> whether those scenarios would be used in the EPNR modelling; and 	

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- how can the EPNR working group be able to effectively progress the development of the HTR in a timely matter, and not be held up by the modelling work.

Ms Guzeleva acknowledged the earlier modelling work undertaken in the Roundtable process and confirmed that EPWA intends to refresh that model in due course.

Ms Guzeleva indicated that the EPNR modelling will not repeat or refresh the previous modelling but will leverage the input assumptions and scenarios from that established model as a starting point.

Ms Guzeleva noted that, while that the roundtable modelling focused on the evolution of the generation, storage and transmission network requirements to accommodate the penetration of renewable generation, it was not a dispatch model. The modelling in the EPNR project will focus on providing insights relevant to an assessment of the PNR, such as whether the obligation to load follow and other existing mechanisms would remain fit for purpose at various levels of renewable energy penetration.

Ms Guzeleva confirmed that the project is structured to deliver the two workstreams in parallel, and that the HTR work will not be delayed by the modelling exercise. Ms Guzeleva noted that the HTR workstream will rely heavily on the industry to inform the HTR work program and provide technical expertise.

- Ms White sought clarification on the scope of the project and queried whether there has been a decision that the PNR will evolve.

Ms Guzeleva clarified that EPWA is not saying that anything needs to be done to evolve the existing market, at this stage.

Ms Guzeleva noted that there are clear gaps around the participation of renewables and the context of the project is to look into whether the current mechanisms efficiently support the Pilbara decarbonisation trajectory. For that reason, the first course of action is to develop scenario modelling to assess if the rules are fit for purpose.

- Ms White sought clarification whether stakeholders should expect as an outcome of this project that the existing market framework will remain the same or if it will evolve to a more robust market, such as the WEM.

Ms Guzeleva clarified that the modelling exercise will provide insights into how the existing PNR arrangements perform at various levels of renewable energy penetration and inform a review of the PNR and an assessment of its performance against the State Electricity Objective.

- Ms Morgan questioned whether a consultant will be engaged or if the HTR workstream is relying only on industry contributions.

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	<p>Ms Guzeleva clarified that the EPNR project consultant will provide support to the HTR workstream. However, industry members of the HTR workstream will be expected to identify HTR issues and gaps, and provide technical input to develop options to resolve these.</p> <ul style="list-style-type: none"> Ms Morgan acknowledged that industry will have the technical expertise for this, but queried whether stakeholders may have diverging views that may slow the process. <p>Ms Guzeleva recognised that stakeholders may not agree and consensus may not be achieved in the working group meetings. It will be EPWA's role, supported by the consultant, to collate these views and convey them to the PAC.</p> <ul style="list-style-type: none"> Mr Burn questioned whether the PAC will have a chance to review the demand assumptions to be used in the modelling before it is incorporated into the model. <p>Ms Guzeleva agreed that the demand assumptions are a key component of the scenarios development and agreed that demand assumptions used previously should be updated where new information is available.</p> <p>Ms Guzeleva observed that for this modelling, while demand assumptions will be important for the scenarios development, given the focus of this is on PNR insights, rather than transmission and generation build, an indicative level of renewable energy penetration will be more important to the assessment.</p> <ul style="list-style-type: none"> Ms Morgan questioned how critical land issues will be integrated into the modelling and in the market analysis. Ms Morgan expressed her concern that land issues are a barrier for renewables, and queried the relevance of the modelling if land issues prevent development. <p>Ms Guzeleva acknowledged Ms Morgan's concern and responded that the modelling will need to adopt assumptions around land access for renewables and transmission, but land use and social licence issues are out-of-scope for this project, which is focused on the PNR.</p> <p>Ms Guzeleva noted that those issues, and others from last year's Roundtable, are a focus of other EPWA workstreams.</p> <p>The Chair summarised Ms Morgan's feedback that the modelling assumptions should be realistic based on land use planning and other things in the region, as opposed to trying to resolve those land use issues.</p> <ul style="list-style-type: none"> Ms Morgan agreed. <p>The Chair summarised the discussion, including the questions on modelling, which will be addressed by the working group, and the role of EPWA to manage potentially differing views in the working group.</p>	

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	<p>The Chair asked members whether the discussion required changes to the draft terms of reference.</p> <ul style="list-style-type: none"> Ms Morgan questioned if the terms of reference should address how subject matter experts, the consultant and the Government will make decisions, particularly when there is no consensus, given the short timeframe for completing the review. Ms Cowcher agreed with Ms Morgan and commented that the role of the independent consultant as a mediator enabling SMEs to present their independent views, including dissenting views, and support the government objectives, should be clarified. <p>Ms Guzeleva acknowledged that members of the working group will have a unique interest in the HTR but noted that all interested parties should aim at the same goal, that is to foster a secure and reliable system at the most efficient cost and facilitating decarbonisation in the Pilbara.</p> <p>Ms Guzeleva explained that EPWA, as the working group's Chair, will make sure that discussions are carried in a timely manner, supported by evidence and without deviating from the objectives. Ms Guzeleva explained that in the event there are insurmountable difficulties or conflicts that cannot be resolved in the working group, the Chair will escalate this to the PAC for resolution.</p> <ul style="list-style-type: none"> Ms Morgan suggested that the terms of reference should specify that when papers are presented to the PAC, all different views should be clearly described, providing they are aligned with the objectives. <p>Ms Guzeleva agreed that the terms of reference could be amended to reflect that the working group is not a decision-making body, and that consensus is desirable but not required. Minutes and reports to the PAC will capture consensus and differing views as appropriate.</p> <p>The Chair noted that, while the working group is not required to reach consensus, it is important to not overlook the responsibility of working group members to work constructively in considering and seeking to understand diverse views and to establish consensus where possible.</p> <p>The Chair asked Ms Guzeleva to outline the nominations process and timeframes for the working group.</p> <p>Ms Guzeleva explained that EPWA will release a call for nomination on the Coordinator's website and invited PAC members to provide nominations by email to the Energy Markets mailbox, by 8 March 2024.</p> <p>Action: EPWA to amend the EPNR Working Group's terms of reference to reflect the PAC discussion.</p>	

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	Action: EPWA to circulate email seeking nominations to the EPNR Working Group.	EPWA
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7 Concept Paper – Essential System Services (ESS) Cost Allocation

The Chair noted that the PAC was asked to note the issues identified with the cost allocation of ESS, and the ISO’s proposed plan to consult and address these issues.

Mr Campbell-Everden provided a summary of the ESS Cost Allocation Concept Paper, including the ISO’s intention to facilitate stakeholder workshops.

- Mr Burn indicated support for this work being done as urgently as possible and asked if there will be a call for nomination for the ISO workshops and, if so, when.

Mr Campbell-Everden explained that the ISO will put a call for nomination forward, which will be circulated broadly by email to ISO stakeholders and published on the ISO website.

- Ms White expressed support for the ISO providing the PAC with early notice of the ISO work program that may result in rule changes, which the PAC will subsequently consider, and noted that this could help bring all stakeholders to a common understanding of how the PNR is evolving.
- Ms White asked if there will be a consultant involved in this work and, if so, does the ISO already have a consultant assigned.

Mr Campbell-Everden confirmed that a consultant will be engaged but that who they are, and the scope of their engagement has not been determined.

Mr Campbell-Everden noted that the ISO has no intention to engage a consultant to draft rules and indicated that rule drafting will need to be discussed further with EPWA.

- Ms White queried if, in developing the ESS cost allocation in the NWIS, the ISO would consider the recent cost allocation work completed for the WEM.

Mr Campbell-Everden noted that the ISO will consider lessons learned in other jurisdictions. Mr Campbell-Everden indicated that the ISO has not formed a view on how relevant the work developed in the WEM is, given that the Pilbara Networks Rules are different from the WEM Rules.

Ms Guzeleva noted that the level of complexity in the cost allocation provisions for the WEM may not be needed in the PNR in its current state. However, Ms Guzeleva considered that the WEM cost allocation review will be relevant and can help guide the PNR work.

The Chair thanked Mr Campbell-Everden and echoed the sentiment that it is beneficial for the PAC’s collective understanding to receive these updates from the ISO and invited the ISO to continue to use the PAC in this manner.

Item	Subject	Action
8	<p data-bbox="300 277 552 309">General Business</p> <p data-bbox="300 329 1131 394">The Chair noted that the next meeting will be held at 9:30am on Thursday, 18 April 2024.</p> <p data-bbox="300 412 1190 510">The Chair asked participants whether they would like to raise any additional issues or general business. The following comments were made:</p> <ul data-bbox="300 530 1171 983" style="list-style-type: none"> <li data-bbox="300 530 1171 629">• Mr Myhre reflected that, as the reform work progresses, it will be important to consider the unique differences of the Pilbara Networks, relative to other electricity markets. <li data-bbox="300 649 1171 748">• Mr Ravi supported this sentiment, and the importance of the reform proposals reflecting an understanding of why the system was developed in the manner it has. <li data-bbox="300 768 1171 833">• Mr Midolo expressed his interest in getting more clarity on how ESS costs are allocated. <li data-bbox="300 853 1171 983">• Ms Pracilio expressed her interest in the PAC receiving updates around broader policy and regulatory developments in relation to the decarbonisation of the Pilbara, which are important for the PAC context. <p data-bbox="300 1003 1203 1068">The Chair encouraged participants to add items to the agenda for the next meeting.</p> <p data-bbox="300 1086 692 1120">The Chair closed the meeting.</p>	

The meeting closed at 10:57am.