

Market Advisory Committee (MAC) - Minutes

Date:	19 June 2025
Time:	1:30pm – 3:00pm
Location:	Microsoft Teams online

Attendees	Representing in MAC	Comment
Sally McMahon	Chair	
Amy Tait	AEMO	
Katie McKenzie	AEMO	
Genevieve Teo	Synergy	
Zahra Jabiri	Network Operator	
Luke Skinner	Small-Use Consumer Representative	
Noel Schubert	Small-Use Consumer Representative	
Adam Stephen	Energy Producer	Was not present for Item 5(c)
Paul Arias	Energy Producer	
Patrick Peake	Energy Retailer	
Tim Edwards	Energy Retailer	Joined at 1:53pm
Geoff Gaston	Energy Retailer	
Rajat Sarawat	Economic Regulation Authority (observer)	
Noel Ryan	Minister (observer)	
Peter Huxtable	Contestable Customer	
Graeme Ross	Contestable Customer	
Other attendees	From	Comment
Dora Guzeleva	EPWA	MAC Secretariat
Laura Koziol	EPWA	MAC Secretariat
Bronwyn Gunn	EPWA	Presenter for Item 5(b)
Luke Commings	EPWA	MAC Secretariat
Apologies	From	Comment
Jacinda Papps	Energy Producer	

1. WELCOME

The Chair opened the meeting with an Acknowledgement of Country.

The Chair noted that she had no conflicts to declare.

The Chair noted her role as Commissioner at the Australian Energy Market Commission and that the views or advice provided by the MAC to the Coordinator do not necessarily represent the views of the Chair.

The Chair noted the Competition and Consumer Law obligations of the MAC members, inviting members to bring to her attention any issues should they arise.

The Chair noted that the MAC operates for the good of the Wholesale Electricity Market (WEM) Objectives and that members are to participate in the interests of the stakeholder group they represent. Any specific views pertaining to an organisation can be provided through the applicable consultation processes.

2. MEETING APOLOGIES AND ATTENDANCE

The Chair noted the attendance as listed above.

3. MINUTES OF MEETING 2024_10_17

The 01 May 2025 meeting minutes were provided to MAC members for feedback on 12 June 2025. The Minutes with changes requested by members were provided to members in the meeting papers.

The MAC approved the Minutes with minor additional changes.

4. ACTION ITEMS

The Chair noted the Action Items and the paper was taken as read.

- Ms Jabiri requested that Item 01/2025 be addressed at the next MAC meeting.

5. UPDATE ON WORKING GROUPS

a) AEMO Procedure Change Working Group

The paper was taken as read.

b) Essential System Services (ESS) Framework Review Working Group

Ms Guzeleva noted that on 17 June 2025, updated slides for Item 5(b) were provided to MAC members and published on EPWA's website.

The Chair noted that the MAC was asked to note and provide feedback on the purpose of the review, key findings, the approach to the cost benefit analysis and update on the Supplementary ESS Mechanism (SESSM).

Ms Gunn presented slide 4, noting that:

- the assessment of frequency performance over the review period demonstrates that the frequency operating states in Appendix 13 of the Electricity System and Market (ESM) Rules have been maintained; and
- the focus of the review has been on the methods for assessing ESS quantities, to ensure that they are fit for purpose and not being over-procured leading to inefficient costs to the market.

Ms Gunn presented slide 5.

Ms Gunn presented slide 6 - 8 and provided an overview of the six issues identified that will be explored further in the review Consultation Paper.

In response to questions from Mr Stephen and Mr Gaston, Ms Guzeleva clarified that:

- changes to the Rate of Change of Frequency (RoCoF) Safe Limits may result in changes to the accreditation of the causers of the RoCoF service and how the cost of the service is distributed but not on the accreditation for providing RoCoF services.
- preliminary analysis suggests that relaxing the RoCoF Safe Limit may reduce the number of manual interventions by AEMO directing facilities to provide RoCoF. These interventions result in Energy Uplift Payments to customers.
- Mr Schubert noted that automatic mandatory droop response is not an input to the Dynamic Frequency Control Model (DFCM) and considered that this should also be considered as well as the existing inputs.

Ms Guzeleva clarified that, if further analysis indicates that it is appropriate to account for the mandatory frequency (droop) response, it will have to become an input into the DFCM so that it could be accounted for when AEMO is calculating the FCESS requirements.

- Mr Schubert noted that Mr Juergen Zimmermann from Hitachi had indicated to him that focus has moved on from virtual inertia to system strength. He noted that this suggests that keeping a narrow focus on synthetic inertia does not capture the whole opportunity that could be provided from inverter connected resources. Mr Schubert suggested that this should be reflected in the Issue - consideration of new technologies in the provision of FCESS.

Ms Gunn advised that across EPWA's broader work programme, consideration was given to the different services that inverter-based resources and grid forming inverters can provide to the system. However, under the relevant ESM Rules, the ESS Framework Review has quite a narrow scope regarding provision of FCESS.

In response to a question from Mr Stephen, Ms Guzeleva explained that the WEM Dispatch Engine considers all inertia on the system, including from facilities that are running but not accredited to provide RoCoF, when calculating how much additional inertia is needed.

Ms Guzeleva noted that:

- The ESS Framework Review is a statutory review specifically focused on the responsibilities of AEMO for the procurement of the five FCESS services;
- EPWA has just published a Consultation Paper on the Power System Security and Reliability (PSSR) Standards Review, which considers the responsibility of all the market bodies, including AEMO and Western Power. The paper includes a proposal to give Western Power the responsibility for estimating the system strength needs at network locations and procuring the needed services, for example from grid forming inverters.

Ms Gunn added that the PSSR Standards Review Consultation Paper contains information on inverter baser resources and includes revised technical requirements in Appendix 12 to make sure that they are fit for purpose for grid forming inverters.

Ms Gunn presented slide 9 and 10, noting that:

- section 3.15 of the ESM Rules requires an assessment of the relationship between the technical parameters for ESS and the overall costs;

- the initial regression analysis approach proved difficult when trying to establish those relationships and was impacted by the limited period since the new services commenced as well as the ongoing evolution of the relevant rules, including the temporary administered price caps and the 20 November 2024 rule changes;
- quantifying the sensitivities would have required full access to the DFCM;
- interdependencies between variables made assessing the true sensitivity of changing one factor particularly difficult; and
- slide 10 outlines the current approach to the scenario-based quantitative analysis.

Ms Gunn acknowledged that the accuracy of the outcomes based on only ten market intervals cannot be considered comprehensive or definitive. However, it does allow comparison to the counterfactual and will provide an indication of materiality to guide further work.

Ms Gunn noted that the analysis was not yet complete but close to be finished. The scenario-based analysis would be the basis for recommendations for further analysis over an appropriate timeframe. A possible example could be a recommendation to assess how that mandatory primary frequency response should be considered in the DCFM.

In response to a question from Mr Ross, Ms Gunn advised that for the RoCoF Safe Limit the recommendation will likely be to change rules immediately based on analysis AEMO is currently undertaking. However, it was unlikely that there will be any other recommendations to change the rules immediately. The objective of the scenario analysis is to establish whether there is a case for change and to guide further work.

The Chair noted that the SESSM would no longer be reviewed as noted on slide 11.

c) AEMO Major Projects Working Group Update

Mr Stephens left the meeting for the duration of this item to allow for an open discussion.

Ms Tait noted that 16 nominations for membership have been received.

Ms Tait proposed that MAC members endorse the nomination of Adam Stephen to join the group.

- Mr Arias supported the nomination of Mr Stephen to the Working Group, stating that he will provide great insights and value to the group.
- MAC members agreed with Mr Arias.

The MAC endorsed Mr Stephen's nomination for membership of the AEMO Major Projects Working Group.

6. WEM OPERATIONAL EFFECTIVENESS REVIEW

The paper was taken as read and the MAC discussed the draft proposals.

- Mr Peake expressed concern about the emphasis on the environmental limb of the State Electricity Objective and suggested that cost considerations should also be emphasised going forward.

Ms Guzeleva agreed with Mr Peake that there must be a focus on costs. She noted that recently and understandably there has been an emphasis on the reliability of supply and clarified that the WEM Operation Effectiveness Report proposes that all three limbs of the

State Electricity Objective, including the cost of electricity, must be balanced. She noted that this is outlined in more detail in the full report.

- Mr Arias noted that transparency should also include accessibility, so that existing and prospective participants and the public can understand the information. He acknowledged the resource and time constraints at the time of the new Real Time Market commencement, but noted that enough time has passed now and information should be transparent and accessible.

Ms Guzeleva noted that accessibility of Market Information has been a concern since the commencement of the new Real Time Market. The proposal outlined in the WEM Operation Effectiveness Report includes a recommendation that Market Information and market data be made available in easily accessible form.

- Mr Arias also noted that there should be greater transparency regarding off-market services, like the cost elements of contracts for Non-Co-optimised Essential System Services (NCESS). This would make sure that existing and prospective participants are aware of the costs.

Ms Guzeleva noted that recent Rule Changes require contracts information for NCESS and supplementary capacity to be published. While the requirement cannot be backdated, it allows for cost transparency about these services moving forward.

Ms Guzeleva noted that Mr Arias suggestions for improvements for greater transparency of settlement data that allows for it to be better understood are welcomed. However, there are confidentiality provisions that may limit full transparency. She noted that EPWA is progressing a separate project on Market Information transparency and confidentiality.

- Mr Schubert supported the draft proposal to transform the transmission system plan into a broader networks plan, including distribution. He noted that the outstanding Action Item for Western Power to assess how to provide information to better identify locations with available network capacity (Action Item 01/2025) should also be incorporated into the proposal.

Ms Guzeleva clarified that the WEM Operation Effectiveness Report outlines several recommendations for the proposed Network Plan, including considering the location of available network capacity to assist with evaluating investment opportunities.

- Mr Schubert noted that an area may be considered congested by Western Power, but that this may only apply during peak times. Outside of peak times, there is spare capacity that could be better used to reduce network augmentation costs.

Ms Guzeleva noted that due to the Reserve Capacity Mechanism and the Network Access Quantity process, it is important to indicate to investors network capacity during the peak periods. The Network Plan should provide greater transparency by providing information on where network capacity is available.

Ms Guzeleva noted that she would discuss with Western Power whether it is practical to provide information about network areas that are congested during peak periods but have spare capacity at other times.

- Mr Schubert suggested that it would be useful if Western Power published the average load factors of its circuits, as this would provide an indication of annual average utilisation.
- Mr Edwards noted that, in the NEM, a network diagram and five-minute values for all network nodes are published. This provides participants with valuable information, and it would be beneficial if a similar approach were adopted in the WEM.

Ms Guzeleva noted that the WEM Operation Effectiveness Report includes an assessment of peer practices from Network Operators in the NEM and includes examples of advanced practices that aid transparency.

The Chair noted that the AEMC introduced a Rule Change last year requiring distribution networks to provide more detailed information for the AEMO Integrated System Plan. She noted that the AEMC is about to commence a review about the role of distributed network planning to support integrating Consumer Energy Resources and reduce network pressure.

- Ms Jabiri thanked stakeholders for their feedback on how Western Power can improve the information provided in the proposed Network Plan. Western Power will work to enhance the information it publishes to better meet stakeholder expectations. She noted that Western Power would discuss with EPWA how to provide better information about network availability outside of peak demand.

Action: Western Power to discuss with EPWA and report to the MAC how Western Power can provide useful information about available network capacity, including outside of peak demand times.

7. MARKET DEVELOPMENT FORWARD WORK PROGRAM

The Chair noted that the MAC is asked to close the Reserve Capacity Mechanism Working Group and the Demand Side Response Working Group.

In response to a question from Mr Huxtable, Ms Guzeleva clarified that Review Outcome 4 of the review of the Participation of Demand Side in the Wholesale Electricity Market had been closed. The rules implementing the dynamic baseline were gazetted on 15 January 2025 with a commencement date of 1 October 2026.

MAC members agreed to close the Reserve Capacity Mechanism Working Group and the Demand Side Response Working Group.

Ms Guzeleva informed members that EPWA would commence a review of the Benchmark Capacity Providers if the ESR Duration Requirement was extended in the upcoming Electricity Statement of Opportunities, as expected. EPWA would use the WEM Investment Certainty (WIC) Review Working Group to consult on that review.

- Mr Arias and Mr Skinner asked whether there are any indicative timelines for discussion on initiatives 3, 4 and 5 of the WIC Review to be recommenced.

Ms Guzeleva clarified that:

- Regarding Initiative 3 (wholesale energy price guarantee for renewable generators, to top up their energy revenues as WEM prices start to decline, in return for them firming up their capacity), the WIC Working Group concluded that the review should wait for the outcome of the upcoming tender under the Capacity Investment Scheme (CIS) for renewable energy; and
- Initiative 4 (emission thresholds for existing and new high emission technologies in the WEM) and 5 (Introducing a 10-year exemption from the emission thresholds for existing flexible gas plants that qualify to provide the new flexibility service) are currently on hold awaiting reconsideration.
- Mr Arias noted his concern that the outcome of the next CIS tender might not be announced until next year. Waiting for the results of the tender might leave it too late to implement a wholesale price guarantee for renewables, if needed.

Ms Guzeleva suggested that discussions about the price guarantee for renewable generators must wait for the outcome of the Capacity Investment Scheme (CIS) tender process, because implementing a wholesale price guarantee might disincentivise participation in the tender. However, the initiative will need to be revisited if the CIS tender does not attract sufficient renewable energy projects.

- Regarding the Cost Allocation Review in Table 1, Mr Schubert noted that the new Frequency Performance Payments for the recovery of Regulation services costs have been recently implemented in the National Electricity Market (NEM). He suggested to monitor this mechanism and, if it is successful, the WEM Deviation Method to allocate Regulation services costs in the WEM should be revisited.

Ms Guzeleva noted that the rules implementing the outcome of the Cost Allocation Review had already been made by the Minister. However, the relevant Amending Rules implementing the WEM Deviation Method don't have a commencement date yet. She agreed that the performance of the new methodology in the NEM should be monitored and its application in the WEM should be considered.

Ms Guzeleva and Mr Schubert agreed to further discuss this issue offline.

8. OVERVIEW OF RULE CHANGE PROPOSALS

The paper was taken as read.

9. GENERAL BUSINESS

- Ms Guzeleva noted the publication of the PSSR consultation paper on 19 June 2025, as discussed in Item 5(b).

The Chair suggested to hold a face-to-face MAC meeting with the option to join via Microsoft Teams on 16 October 2025.

The meeting closed at 3:00pm.