

# **Terms of Reference**

## **Capability Class 2 Technologies Review Working Group**

07 August 2025

### **1. Background**

The Coordinator of Energy (Coordinator) must review several Electricity System and Market (ESM) Rules provisions related to energy and availability limited resources in accordance with section 4.13B of the ESM Rules. Under clause 4.13B.2 of the ESM Rules, the first review must be completed by 1 October 2026.

Section 4.13B of the ESM Rules outlines the requirements for this review. These requirements were originally introduced in the ESM Rules on 1 November 2021. Additional requirements were introduced on 15 January 2025 by ESM Amending Rules implementing the outcomes of the Reserve Capacity Mechanism (RCM) Review.

Several review items introduced in section 4.13B on 15 January 2025 require the review of provisions implemented within the last three years. As the intent of the rules was to review methods and frameworks after 5 years of operation, the Coordinator is only reviewing items implemented before or for the 2021 Reserve Capacity Cycle.

The significant growth of Electric Storage Resource (ESR) capacity may require appropriate solutions to mitigate Power System Security and Reliability (PSSR) issues, and this has also been included in the scope of this review. This was also identified by AEMO in its Engineering Roadmap FY2026 Priority Actions.<sup>1</sup>

The scope of this Capability Class 2 Technologies (CC2T) Review includes:

- Whether market design changes are required to maintain PSSR with the growing share of ESR in the SWIS;
- Whether the methodology for rating the capacity of ESR for the purposes of setting Certified Reserve Capacity remains consistent with the State Electricity Objective (SEO);
- Whether the DSP Obligation Duration remains consistent with the SEO; and
- Whether the ESR obligation intervals (ESROI), including the effectiveness of the method used by AEMO to determine the ESROI, is consistent with the SEO.

The Market Advisory Committee (MAC) has established the Capability Class 2 Technologies Review Working Group (CC2TRWG) under clause 2.3.17(a) of the WEM Rules to assist the Coordinator with the CC2T Review.

### **2. Scope of the Working Group**

The CC2TRWG has been established to provide expert advice, consistent with the SEO.

Key areas of focus for the CC2TRWG include providing advice on:

- the development and assessment of design options to maintain PSSR with the growing share of ESR in the SWIS;

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<sup>1</sup> [engineering-roadmap-fy2026-priority-actions-report.pdf](#)

- the assessment of alternative methods for the certification of ESR used in other capacity markets and the WEM linear derating method against the SEO;
- how effective is the linear derating method for ESR in the WEM;
- the effectiveness of the current and the new (gazetted in Electricity System and Market Amendment (Tranche 8) Rules 2025) DSP reserve capacity obligation duration;
- the effectiveness of the ESR obligation intervals and the methodology for determining the ESR obligation intervals;
- the assessment of proposed review outcomes against the SEO, including with consideration of the costs of their implementation.

### **3. Membership**

Energy Policy WA will Chair of CC2TRWG.

Market Participants and other interested stakeholders may nominate a person for membership on the CC2TRWG for approval by the Chair of the CC2TRWG.

All members of the CC2TRWG Working Group are required to contribute their time and resources to complete specific analysis and other tasks as requested by the Chair.

There are no restrictions on the number of CC2TRWG members. However, the Chair of the CC2TRWG may only approve one member from each organisation.

The Chair of the CC2TRWG will have discretion to allow additional members from an organisation if they represent distinct areas of operation.

The Chair of the CC2TRWG will have discretion to allow additional subject matter experts or consultants to attend specific meetings or workshops, either generally or on a case-by-case basis.

AEMO will provide technical analysis and data assistance to the CC2TRWG.

### **4. Documentation**

Energy Policy WA will establish a CC2TRWG webpage on its website. Any discussion papers, meeting papers and meeting minutes will be posted to this page.

Market Participants and other stakeholders may register with Energy Policy WA to receive email communications regarding the CC2TRWG, including notices of publication of papers on the CC2TRWG webpage.

### **5. Responsibilities of Meeting Attendees**

A person attending a CC2TRWG meeting is expected to:

- have suitable knowledge and experience to engage in and contribute to discussions relevant to the specific meeting;
- prepare for the meetings, including by reading any meeting papers distributed before the meeting;
- participate as a general industry representative rather than representing their company's interests; and
- complete actions requested by the Chair, which may include undertaking of analysis or preparation of papers for discussion by the CC2TRWG.

## **6. Administration**

Energy Policy WA will provide secretariat support for the CC2TRWG.

Energy Policy WA will ensure contact details for the CC2TRWG are maintained on the CC2TRWG webpage.

The CC2TRWG will meet monthly. The Chair of the CC2TRWG will convene meetings of the working group in accordance with the timelines in the scope of works for the Review.

Energy Policy WA will prepare and distribute all meeting correspondence to the CC2TRWG via email. Energy Policy WA will endeavour to provide the following documentation by email to the CC2TRWG members:

- notices of meetings, agendas, and relevant meeting papers at least 5 Business Days prior to the meeting; and
- key outcomes and actions emerging from each meeting no more than 5 Business Days following the meeting.

All meeting documentation will be published on Energy Policy WA's website as soon as practicable after it has been sent to the CC2TRWG members.

Meetings will generally be held online via TEAMS. Meeting minutes are to record meeting attendance, main outcomes of discussion, agreed recommendations to the MAC and action items. Meetings will be recorded to assist with development of minutes.

## **7. Reporting Arrangements**

The CC2TRWG Chair must provide a report to the MAC on the CC2TRWG activities at every MAC meeting. The reports must include, at a minimum:

- details of all CC2TRWG meetings since the last report to the MAC, including the date of the meeting and the key outputs of each meeting;
- the date of the next meeting and the issues to be considered (if known); and
- any recommendations from the CC2TRWG to the MAC.

## 8. Projected Timeline

Task/Milestone	Timing
<b>(1) Preliminary Steps</b>	
(a) MAC comments on the Scope of Work for the review	24 July 2025
(b) MAC approval of the Terms of Reference for the Working Group	24 July 2025
(c) Coordinator approval and publication of the Scope of Work	July 2025
(d) Appointment of consultants	August 2025
<b>(2) Assessment</b>	
(a) CC2TRWG meeting to review and analyse the inter-jurisdiction review and analyse the different methods to certify capacity of ESR	October 2025
(b) CC2TRWG meeting to review and analyse the <ul style="list-style-type: none"> <li>i. technical analysis of DSP duration obligations;</li> <li>ii. proposed design options to maintain PSSR with the growing share of ESR in the SWIS; and</li> <li>iii. ESR interval obligations.</li> </ul>	October 2025
(c) CC2TRWG meeting to review and analyse final outcomes	November 2025
<b>(3) Consultation Paper</b>	
(a) CC2TRWG meeting for input on the Consultation Paper	December 2025
(b) Consult with the MAC on a draft of the Consultation Paper	December 2025
(c) Publish the Consultation Paper	December 2025
(d) Submissions on the Consultation Paper	February 2026

## 9. Contact Details

Rule Participants and other stakeholders may contact the CC2TRWG Secretariat at [energymarkets@deed.wa.gov.au](mailto:energymarkets@deed.wa.gov.au).

Documentation and information related to the CC2TRWG will be published on Energy Policy WA's website.