

## **Scope of Work - WEM Procedure Content Review**

### **1. Introduction**

Clause 2.2D.1(h) of the Electricity System and Market (ESM) Rules confers the function on the Coordinator of Energy (Coordinator) to consider and, in consultation with the Market Advisory Committee (MAC), progress the evolution and development of the Wholesale Electricity Market (WEM) and the ESM Rules.

The Coordinator is commencing a review of the content of existing WEM Procedures as part of its functions under clause 2.2D.1(h) of the ESM Rules. This review will be supported by a Working Group established under the Market Advisory Committee.

This project aims to assess the content of selected existing WEM Procedures and their heads of power to determine, using the guiding principles outlined in section 3.2, whether any matters identified require changes to improve the effectiveness of WEM Procedures, including, but not limited to:

- changes to requirements related to WEM Procedures; and/or
- changes to a WEM Procedure heads of power.

### **2. Background**

#### **2.1 Purpose and use of WEM Procedures**

At the commencement of the WEM in 2006, the ESM Rules (formerly WEM Rules) were designed to cover governance matters and any matter that had a material policy, strategic or financial impact on consumers or Rule Participants. Procedural, administrative or specific technical details were delegated to Procedures to reduce the length and complexity of the ESM Rules and to enable a faster and more flexible change process for such matters.

Recently, the Energy Transformation Strategy work has driven significant changes to the WEM and requirements for several new WEM Procedures have been established by various sets of ESM Amending Rules.

## 2.2 WEM Procedures responsibilities

The ESM Rules assign responsibility for the development and maintenance of WEM Procedures to different market bodies. Those market bodies are:

- the Coordinator;
- the Australian Energy Market Operator (AEMO);
- Network Operators (Western Power); and
- the Economic Regulation Authority (ERA).

The number and nature of the WEM Procedures differs significantly across the market bodies.

## 2.3 Related projects

On 8 July 2025, the Coordinator published the first WEM Operation Effectiveness Report that covered matters outlined in clauses 2.16.13A, 2.16.13B and 2.16.13E of the ESM Rules<sup>1</sup>.

A key theme that emerged from this report is the need for greater transparency, including from the market bodies in performing their functions under the ESM Rules. Greater transparency will provide current and prospective participants with the complete information they require to make operational and investment decisions.

One of the proposals to address this theme was for WEM Procedures to be completed and published in a timely manner, and prompt updates made when required.

# 3. Project Scope

## 3.1 Objective

The Coordinator is aware that market bodies are already working to improve the WEM Procedures. To support this, the Coordinator is commencing this Review to provide guiding principles and address any deficiencies.

The objective is to assess the content of selected existing WEM Procedures to determine, using the guiding principles outlined in section 3.2, whether:

- the heads of power for the WEM Procedure are appropriate;
- there is incomplete information in the WEM Procedure;
- the WEM Procedure delegates matters to subordinate instruments not foreshadowed by the ESM Rules; and
- any content within the WEM Procedure is no longer consistent with the ESM Rules.

## 3.2 Guiding Principles

The guiding principles for the WEM Procedure Content Review are that WEM Procedures must:

- be consistent with the State Electricity Objective;
- provide clear and practical descriptions of technical and market processes;
- clearly explain Rule Participant obligations;
- not unnecessarily delegate responsibility to instruments that are not identified within the ESM Rules; and

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<sup>1</sup> [WEM Operation Effectiveness Report](#)

- ensure that information is presented in ways that are accessible and can be interpreted reliably by a wide variety of industry stakeholders.

### 3.3 Identified WEM Procedures

Energy Policy WA has identified the WEM Procedures for inclusion through ongoing work, such as the Essential System Services (ESS) Framework Review, and feedback from MAC members.

To assist with resourcing, an order of priority has been assigned to the identified WEM Procedures. Priority 1 WEM Procedures will be reviewed at the commencement of this Review, followed by Priority 2 WEM Procedures once Priority 1 is completed.

The identified WEM Procedures are:

<b>Priority One</b>
<b>Potentially delegate responsibilities to instruments not identified in the ESM Rules</b>
<u>Communications and Control Systems</u>
<u>Frequency Co-optimised Essential System Services Accreditation</u>
<u>WEM Submissions</u>
<b>May not provide clear practical explanation of processes and obligations</b>
<u>Minimum Eligibility Requirements for Flexible Certified Reserve Capacity</u>
<u>Direction of Registered Facilities in Scarcity Conditions</u>
<u>Dispatch Algorithm Formulation</u>
<b>Priority Two</b>
<b>May be incomplete</b>
<u>Low Reserve Conditions</u>
<u>Essential System Service Quantities</u>
<u>Identification of Affected Dispatch Intervals</u>
<b>May be inconsistent with the SEO and may not be presented in an accessible way can be interpreted reliably by a wide variety of industry stakeholders</b>
<u>Individual Reserve Capacity Requirements</u>
<u>Notices and Communications</u>

### **3.4 Stakeholder engagement**

The WEM Procedure Content Review will include stakeholder consultation through:

- one-to-one meetings with market bodies and interested parties;
- meetings with Working Group established under the MAC; and
- MAC meetings.

## 4. Project Schedule

The following is a preliminary high-level project schedule for the WEM Procedure Content Review.

Tasks/Milestones	Timing
<b>Preparation</b>	
Consult with the MAC on the scope of work for the WEM Procedure Content Review and Terms of reference for the WEM Procedure Content Review Working Group (PCRWG)	4 Sep 2025
<b>WEM Procedures' content assessment</b>	
Assess content of selected WEM Procedures against their heads of power and the guidelines, in consultation with Procedure Administrators and PCRWG members	1 Nov 2025 to 31 May 2026
EPWA, in consultation with Procedure Administrators, to develop draft recommendations for Priority One WEM Procedures	Feb 2026 to Mar 2026
Report proposed changes to the MAC	Mar 2026
EPWA, in consultation with Procedure Administrators, to develop draft recommendations for Priority Two WEM Procedures	Mar 2026 to Apr 2026
Report proposed changes to the MAC	Jun 2026
Consultation Paper on WEM Procedure Content Review	Jun 2026 – Jul 2026
<b>Amending Rules and Procedure Changes, if required</b>	
Develop Exposure Draft of Amending WEM Rules	Jul 2026
Publish Exposure Draft for consultation	Aug 2026
Consultation closes	Sep 2026
Final Amending ESM Rules to Minister	Sep 2026
Develop and progress WEM Procedure changes	TBD