Meeting Agenda

Meeting Title:	Market Advisory Committee (MAC)
Date:	Wednesday 11 February 2026
Time:	2:00 PM – 4:00 PM
Location:	Online

Item	Item	Responsibility	Type	Duration
1	Welcome and Agenda • Conflicts of interest • Competition Law	Chair	Noting	2 min
2	Meeting Apologies/Attendance • Introduction of new MAC members (Jai Thomas will be present for this item)	Chair / Coordinator of Energy	Noting	15 min
3	Minutes of Meeting 2025_11_20 Approved out of session Published 23 December 2025	Chair	Noting	1 min
4	Action Items	Chair	Noting	10 min
5	Update on Working Groups			
	(a) AEMO Procedure Change Working Group	AEMO	Noting	2 min
	(b) AEMO Major Projects Working Group	AEMO	Noting	5 min
	(c) Power System Security and Reliability (PSSR) Standards Review	PSSRSWG Chair	Noting	5 min
	(d) Essential System Services (ESS) Framework Review Working Group	ESSFRWG Chair	Verbal Update	2 min
	(e) Capability Class 2 Technologies Review	CC2TRWG Chair	Discussion	50 min
6	Rule Change Proposal (RC_2025_01)	EPWA	Discussion	10 min
7	WEM Effectiveness Review – Progress Update	Chair/Secretariat	Noting	5 min
8	Market Development Forward Work Program	Chair/Secretariat	Noting	2 min
9	Overview of Rule Change Proposals	Chair/Secretariat	Noting	1 min
10	2026 MAC In Person Meeting Options	Chair	Discussion	2 min
11	General Business	Chair	Discussion	8 min

Please note, this meeting will be recorded.

Competition and Consumer Law Obligations

Members of the MAC (**Members**) note their obligations under the *Competition and Consumer Act 2010* (**CCA**).

If a Member has a concern regarding the competition law implications of any issue being discussed at any meeting, please bring the matter to the immediate attention of the Chairperson.

Part IV of the CCA (titled "Restrictive Trade Practices") contains several prohibitions (rules) targeting anti-competitive conduct. These include:

(a) **cartel conduct**: cartel conduct is an arrangement or understanding between competitors to fix prices; restrict the supply or acquisition of goods or services by parties to the arrangement; allocate customers or territories; and or rig bids.

(b) **concerted practices**: a concerted practice can be conceived of as involving cooperation between competitors which has the purpose, effect or likely effect of substantially lessening competition, in particular, sharing Competitively Sensitive Information with competitors such as future pricing intentions and this end:

- a concerted practice, according to the ACCC, involves a lower threshold between parties than a contract arrangement or understanding; and accordingly; and
- a forum like the MAC is capable being a place where such cooperation could occur.

(c) **anti-competitive contracts, arrangements understandings**: any contract, arrangement or understanding which has the purpose, effect or likely effect of substantially lessening competition.

(d) **anti-competitive conduct (market power)**: any conduct by a company with market power which has the purpose, effect or likely effect of substantially lessening competition.

(e) **collective boycotts**: where a group of competitors agree not to acquire goods or services from, or not to supply goods or services to, a business with whom the group is negotiating, unless the business accepts the terms and conditions offered by the group.

A contravention of the CCA could result in a significant fine (up to $500,000 for individuals and more than $10 million for companies). Cartel conduct may also result in criminal sanctions, including gaol terms for individuals.

Sensitive Information means and includes:

(a) commercially sensitive information belonging to a Member's organisation or business (in this document such bodies are referred to as an Industry Stakeholder); and

(b) information which, if disclosed, would breach an Industry Stakeholder's obligations of confidence to third parties, be against laws or regulations (including competition laws), would waive legal professional privilege, or cause unreasonable prejudice to the Coordinator of Energy or the State of Western Australia).

Guiding Principle – what not to discuss

In any circumstance in which Industry Stakeholders are or are likely to be in competition with one another a Member must not discuss or exchange with any of the other Members information that is not otherwise in the public domain about commercially sensitive matters, including without limitation the following:

(a) the rates or prices (including any discounts or rebates) for the goods produced or the services produced by the Industry Stakeholders that are paid by or offered to third parties;

(b) the confidential details regarding a customer or supplier of an Industry Stakeholder;

(c) any strategies employed by an Industry Stakeholder to further any business that is or is likely to be in competition with a business of another Industry Stakeholder, (including, without limitation, any strategy related to an Industry Stakeholder's approach to bilateral contracting or bidding in the energy or ancillary/essential system services markets);

(d) the prices paid or offered to be paid (including any aspects of a transaction) by an Industry Stakeholder to acquire goods or services from third parties; and

(e) the confidential particulars of a third party supplier of goods or services to an Industry Stakeholder, including any circumstances in which an Industry Stakeholder has refused to or would refuse to acquire goods or services from a third party supplier or class of third party supplier.

Compliance Procedures for Meetings

If any of the matters listed above is raised for discussion, or information is sought to be exchanged in relation to the matter, the relevant Member must object to the matter being discussed. If, despite the objection, discussion of the relevant matter continues, then the relevant Member should advise the Chairperson and cease participation in the meeting/discussion and the relevant events must be recorded in the minutes for the meeting, including the time at which the relevant Member ceased to participate.

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Agenda Item 4: MAC Action Items

Market Advisory Committee (MAC) Meeting 2026_02_11

Shaded	Shaded action items are actions that have been completed since the last MAC meeting. Updates from last MAC meeting provided for information in RED.
Unshaded	Unshaded action items are still being progressed.
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

Item	Action	Responsibility	Meeting Arising	Status
7/2025	ERA to advise the MAC about whether it is considering including assessment of meter data quality and accuracy in future Western Power Access Arrangements.	ERA	2025_11_20	**Closed** ERA's response to Action Item 7/2025 is below
The primary instrument regulating metering accuracy is the Electricity Industry (Metering) Code 2012. We note the Code has not been substantively reviewed since it was amended in 2012. Licensed distribution network operators are required to comply with the Metering Code obligations. The ERA periodically audits the performance of network operators against their licence obligations. Western Power's next audit will occur in the second half of 2026. In relation to the upcoming review of Western Power's access arrangement, the ERA is open to changes to the standard metering services and service standards specified in the access arrangement if needed. The issues paper on the framework and approach published on 1 December sought stakeholder views on changes that may be needed to metering services to reflect that most customers will have advanced meters when the next access arrangement commences and improvements that could be made to service standards to achieve effective and efficient business processes.				

Item	Action	Responsibility	Meeting Arising	Status
8/2025	Western Power to provide dates for the period during which meter data was affected by the anomalies to the MAC.	Western Power	2025_11_20	**Closed** Western Power's response to Action Item 8/2025 is below
Western Power completed the review of 30,489 connection points as part of the Meter Data Anomaly review. Western Power finished the review and data correction in December 2025 as committed, and 1.4% of NMIs were impacted by the anomaly. Data anomalies were found from July 2024 – November 2025 and each Market Participant is being notified of their specific NMIs impacted. Western Power has taken further steps to minimise further risk and have implemented an ongoing monitoring process for the issue that was identified. The Market Participants have already had their network bills adjusted and the AEMO and Market Participants have received the data updates. Western Power cannot guarantee that the AEMO will keep Market Participants financially whole, however, Western Power has kept Market Participants financially whole from a Network Billing perspective.				
9/2025	1. EPWA to seek clarification from AEMO about what is required from Facilities to demonstrate that they can ride through the increased RoCoF Safe Limit. 2. EPWA to seek clarification of the commencement date for the increased RoCoF Safe Limit from AEMO and advise the MAC.	EPWA	2025_11_20	**Closed** AEMO provided a response to item 1 in their submission on the Essential System Services Review Consultation Paper as outlined below. A response to item 2 is provided below.

Item	Action	Responsibility	Meeting Arising	Status
	Item 1: The accreditation process for Facilities under the amended RoCoF Safe Limit will continue in accordance with AEMO's Wholesale Electricity Market (WEM) Procedure: Frequency Co-optimised Essential System Services (FCESS) Accreditation as follows: • All existing Facilities that have not sought accreditation or commenced an Amendment Process are deemed to have a RoCoF Ride-Through Capability at the RoCoF Safe Limit. This scenario will be the same under the amended RoCoF Safe Limit. • All existing Facilities that have been accredited for RoCoF Ride-Through Capability will retain their accredited value, which will be converted from Hz over 500 milliseconds to Hz/s over 500 milliseconds. As RoCoF Ride-Through Capability values are reflected in Standing Data, AEMO will work with Market Participants to ensure the Standing Data for relevant Registered Facilities is appropriately updated. **Item 2:** The amending rules are set out in Schedule 1A of the Electricity System and Market Amendment (Tranche 9) Rules 2025 and come into operation at 8:00 AM (WST) on 26 February 2026.			

MARKET ADVISORY COMMITTEE MEETING, 11 February 2026

FOR DISCUSSION

SUBJECT: UPDATE ON AEMO'S WEM PROCEDURES

AGENDA ITEM: 5(A)

1. PURPOSE

Provide a status update on the activities of the AEMO Procedure Change Working Group and AEMO Procedure Change Proposals.

2. AEMO PROCEDURE CHANGE WORKING GROUP (APCWG)

	Most recent meetings	**Next meeting**
Date	04 December 2025	12 February 2026
WEM Procedures for discussion at APCWG	• Certification of Reserve Capacity • Declaration of Bilateral Trades • Supplementary Essential System Services Mechanism (SESSM) Processes • Credible Contingency Events (Notice of Extension)	• Credible Contingency Events (version 2) • Relevant Level Method • Frequency Co-optimised Essential System Services Accreditation

3. AEMO PROCEDURE CHANGE PROPOSALS

The status of AEMO Procedure Change Proposals is described below, current as of 2 February 2026. Changes since the previous MAC meeting are in red text. A procedure change is removed from this report after its commencement has been reported, or a decision has been taken not to proceed with a potential Procedure Change Proposal.

ID	Summary of changes	Status	Next steps	Indicative Date
Procedure Change Proposal AEPC_2025_12 Short Term PASA	AEMO has commenced the Procedure Change Process to propose the following new WEM Procedure: Short Term PASA. The Procedure outlines the processes AEMO follows in preparing and conducting the Short Term PASA, including: • the information to be included when publishing the Short Term PASA; • the information that AEMO requires from Rule Participants; • the process by which AEMO will use any information developed by AEMO in performing its functions to prepare the Short Term PASA; • the timing and frequency for which AEMO will conduct and publish the Short Term PASA; • the granularity of information to be included, and any additional demand forecast information to be published.	Commenced	N/A	26 November 2025

ID	Summary of changes	Status	Next steps	Indicative Date

Procedure Change Proposal
AEPC_2025_13
Low Reserve Conditions
	AEMO has commenced the Procedure Change Process to propose a new WEM Procedure: Low Reserve Conditions, required to be developed in accordance with the requirements of clause 3.17.11 of the ESM Rules.
	AEMO's proposed WEM Procedure documents:
	• the processes AEMO will follow to identify a potential Low Reserve Condition and make a Low Reserve Condition Declaration under the:
	  ○ Medium Term (MT) PASA horizon
	  ○ Short Term (ST) PASA horizon; or
	  ○ Real Time Operations Horizon.
	• the levels at which AEMO would make a Low Reserve Condition Declaration, being:
	  ○ LOR 1;
	  ○ LOR 2; and
	  ○ LOR 3.
	• the notification processes and timeframes AEMO will observe when making a Low Reserve Condition Declaration.
	• the process AEMO will follow to reassess a Low Reserve Condition associated with a Low Reserve Condition Declaration, made under the MT PASA or ST PASA, acknowledging increased uncertainty associated with longer-term forecasts.
	• the principles and processes associated with implementing an AEMO Intervention Event or actions required under clause 7.7.4 of the ESM Rules, to resolve a Low Reserve Condition.
		Consultation closure	Commencement	27 February 2026

ID	Summary of changes	Status	Next steps	Indicative Date
Procedure Change Proposal AEPC_2025_15 Supplementary Capacity	Note: This Procedure Change Process is unrelated to the current Supplementary Capacity tender process and will not affect the process or outcome. AEMO has now completed the Procedure Change Process for the WEM Procedure: Supplementary Capacity (Procedure) in accordance with AEMO's obligations under the Wholesale Electricity Market Amendment (RCM Sequencing) Rules 2025 (Amending Rules) which commence on 1 January 2026. The Amending Rules extend the requirements for Supplementary Capacity to include Flexible Capacity. AEMO included the following amendments to the Procedure to ensure consistency with the Amending Rules: • table 3 is amended to prescribe the information that must be provided to Western Power (unless agreed otherwise) when a Potential Provider seeks assistance or assessment from Western Power in relation to the provision of Supplementary Capacity for Flexible Capacity services; and • paragraph 3.2.1 and 3.2.2 are amended to extend section 3 to Flexible Capacity services.	Commenced	N/A	1 January 2026

ID	Summary of changes	Status	Next steps	Indicative Date
Procedure Change Proposal AEPC_2025_17 Dispatch of Demand Side Programmes	AEMO has commenced the Procedure Change Process in relation to the new WEM Procedure: Dispatch of Demand Side Programmes (the Procedure). This Procedure has been developed following amendments to the ESM Rules arising from Wholesale Electricity Market Amendment (Tranche 6 Amendments) Rules 2022, Schedule E, which were published in accordance with a notice in Gazette 2023/125. AEMO's proposed WEM Procedure: • Describes how AEMO determines that the dispatch of Demand Side Programmes (DSPs) may be required. • Details the processes that AEMO will use to select DSPs for dispatch, consistent with principles outline under the ESM Rules clause 7.6.5B.	Commenced	N/A	7 November 2025
Procedure Change Proposal AEPC_2025_19 Network Access Quantity Model	AEMO has commenced the Procedure Change Process to propose amendments to the WEM Procedure: Network Access Quantity Model to align with amendments to the ESM Rules under Schedules 1 and 2 of the Wholesale Electricity Market Amendment (Reserve Capacity Reviews Sequencing) Rules 2025 and Schedule 2 of the Electricity System and Market Amendment (Tranche 8) Rules 2025. The amendments incorporate changes that will apply from the 2026 Reserve Capacity Cycle.	Commenced	N/A	1 January 2026

ID	Summary of changes	Status	Next steps	Indicative Date
Procedure Change Proposal AEPC_2025_20 Credible Contingency Events	AEMO has commenced the Procedure Change Process to propose amendments to the WEM Procedure: Credible Contingency Events and to implement the outcomes of Schedule 4 of the Wholesale Electricity Market Amendment (Miscellaneous Amendments No 3) Rules 2024. These Amending Rules insert additional requirements on AEMO to document the method and factors AEMO takes into account when determining Facility Raise Contingencies, Facility Raise Contingency Risks; and Single Facility Raise Risks. AEMO extended the consultation period for AEPC_2025_20 under section 2.10 of the ESM Rules and has published updated versions of the Procedure Change Proposal (version 2) and draft WEM Procedures (v3.2). The updated consultation documents were published on 20 January 2026.	Out for consultation	Consultation closure	18 February 2026

ID	Summary of changes	Status	Next steps	Indicative Date
Procedure Change Proposal AEPC_2025_23 Supplementary Essential System Service Mechanism Processes	AEMO has commenced the Procedure Change Process to propose amendments to the WEM Procedure: Supplementary Essential System Service Mechanism (SESSM) Processes as required under clauses 3.11.3, 3.11.4, and 3.15A.46 of the Electricity System and Market (ESM) Rules. The WEM Procedure: SESSM Processes provides the number of Dispatch Intervals that, once reached, requires AEMO to trigger the SESSM in relation to a FCESS Participation Shortfall. The procedure also provides the framework for procuring SESSM in the event that it is triggered by either AEMO or the Economic Regulation Authority.	Commenced	N/A	30 January 2026
Procedure Change Proposal AEPC_2026_01 Frequency Co-Optimised Essential System Services (FCESS) Accreditation	AEMO has commenced the Procedure Change Process to propose amendments to the WEM Procedure: Frequency Co-optimised Essential System Services Accreditation to: • amend the RoCoF Ride-Through Cost Recovery Limit; • require any amendments to the RoCoF Ride-Through Cost Recovery Limit be consulted on via the Procedure Change Process; and • allow for multiple Droop Settings for Facilities providing Contingency Reserve.	Consultation closure	Commencement	24 February 2026

4. INDICATIVE SCHEDULE OF AEMO PROCEDURE CHANGE PROPOSALS

AEMO has prepared an indicative schedule of its Procedure Change Proposals expected to commence shortly. Changes since the previous MAC meeting are in red text. Procedure Change Proposals that have commenced since the previous MAC meeting have been moved from Table 4 into Table 3 above. While every effort has been made to ensure the quality of the information contained in the indicative schedule, the content (including timeframes) may be subject to change (e.g. due to availability of staffing resources, unforeseen competing priorities etc).

WEM Procedure	Summary of changes	Status	Next steps	Indicative date of next step
WEM Procedure: Facility Registration Processes and NDL Association Processes	AEMO will be initiating this Procedure Change Proposal to accommodate changes resulting from WEM Reform and the Wholesale Electricity Market Amendment (Miscellaneous Amendments No. 3) Rules 2024.	Drafting in progress	Consultation	February 2026
WEM Procedure: MT PASA	AEMO will be initiating this Procedure Change Proposal to update the WEM Procedure arising from WEM Reform. This WEM Procedure outlines the information AEMO requires and the process it will follow in conducting the Medium-Term Projected Assessment of System Adequacy.	Delayed	Consultation	TBD
WEM Procedure: Reserve Capacity Security	AEMO will be initiating this Procedure Change Proposal to make changes to align with the Certification of Reserve Capacity Procedure and reflect Rule changes related to Market Participants submitting a new RCS.	Drafting in progress	Consultation	February 2026
WEM Procedure: Forecast Unscheduled Operational Demand	AEMO will be initiating this Procedure Change Proposal to accommodate the amendments to the ESM Rules from WEM Reform. This new WEM Procedure documents how AEMO will prepare the Forecast Unscheduled Operational Demand.	Drafting in progress	Consultation	February 2026
WEM Procedure: Settlements	AEMO will be initiating this Procedure Change Proposal to accommodate the amendments to the ESM Rules from Tranche 9 with changes to how AEMO distributes Civil Penalty Amounts.	Drafting in progress	Consultation	February 2026

WEM Procedure: Relevant Level Method	AEMO will be initiating this Procedure Change Proposal to develop a new Procedure to document the assumptions and processes for the Relevant Level Method.	Drafting in progress	Consultation	February 2026

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Agenda Item 5(b): Update on AEMO Major Projects Working Group

Market Advisory Committee (MAC) Meeting 2026_02_11

Responsibility	Type	Duration
AEMO	Noting	2 min

1. Purpose

This report to the Market Advisory Committee (MAC) sets out the latest activities of the AEMO Major Projects Working Group (MPWG) as required by 6.2 of the Terms of Reference for the MPWG.

2. Recommendation

That the MAC notes the latest activities of the MPWG:

- A MPWG meeting was hosted by AEMO on 1 December 2025. Topics presented and discussed at this meeting included updates to the WEM Implementation Roadmap, three implementation assessments and some proposed process-based changes to the Implementation Assessment process. The Implementation Assessments presented were for the following AEMO projects:
    - Market Surveillance Data Catalogue (MSDC) Phase Three.
    - Dispatch Training Simulator (DTS) and SCED Offline Tools.
    - DSP Participation & Peak Capacity Settlement.
- Highlights from the MPWG meeting included:
    - Kirsten Rose, AEMO's EGM WA and Strategy and the MPWG chair, introduced the meeting and acknowledged the value of member engagement and feedback which has already contributed to some changes.
    - Andrew Smith (Program Director – WA Reform Program, AEMO WA) presented on the updated WEM Implementation Roadmap, which reflects a three-year horizon with a focus on active projects. Version 2 of the Roadmap can be found on our website.
    - Members provided feedback on the Implementation Assessments including:
        - Suggesting that Implementation Assessments could acknowledge that each project will have a cost impact on stakeholders / Market Participants.
        - Asking if Market Participants could be run through the simulations developed for the DTS and SCED Offline Tools, or if it could even be utilised in the future to assess proposed market reforms. AEMO noted the

tool has been designed specifically for training controllers, but that extended use cases could be added to the backlog of future project ideas.

- Asking if AEMO would reach out to DSP Participants for early testing of the DSP Participation & Peak Capacity Settlement project to detect problems early, to which AEMO responded it will allow Participants to test during the normal pre-production window in March 2026.

- Draft Minutes from the 1 December meeting were emailed to MPWG Members on 19 December for review and comments.
- Final Minutes and Meeting Papers were published on AEMO's website on 14 January 2026.
- The Final Implementation Assessments for the DTS and SCED Offline Tools project was published on the same date. The Final Implementation Assessment for the DSP Participation project will be published in the coming weeks.

3. Background

- The MPWG was established by MAC under clause 2.3.17 of the Electricity System and Market (ESM) Rules and section 9 of the MAC Constitution.
- The objectives of the MPWG as set out in the MPWG final Terms of Reference, which were accepted by MAC on 1 May 2025, are to:
  - provide increased visibility, transparency and accountability for AEMO's Major Projects
  - encourage greater engagement between AEMO, government and industry, and
  - seek advice on the WEM implementation roadmap.
- Major Projects refer to projects of relative significance that deliver changes to AEMO's processes and systems.

4. Next Steps

- The next MPWG meeting is scheduled to take place in April 2026.

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Agenda Item 5(c): Update on the Power System Security and Reliability Standards Review

Market Advisory Committee (MAC) Meeting 2026_02_11

1. Purpose

The MAC Secretariat to provide an update on the Power System Security and Reliability (PSSR) Standards Review.

2. Recommendation

That the MAC notes the update on the PSSR Standards Review.

3. Update on PSSR Standards Review

Background

The purpose of the PSSR Standards Review (the Review) is to implement the Energy Transformation Taskforce's recommendation to develop a consistent, single end-to-end PSSR standard for the South West Interconnected System (SWIS) with a centralised governance framework under the Electricity System and Market (ESM) Rules.

Initial stages of the Review included:

1. Assessing the existing PSSR standards framework;
2. Identifying any gaps, duplications, and inconsistencies in the existing framework;
3. Developing and publishing a Consultation Paper with proposed review outcomes.

Stakeholder engagement

The MAC established the PSSR Standards Working Group (PSSRSWG) to support the Review in November 2023.

The Terms of Refence, papers and minutes for the PSSRSWG meetings are available on the PSSRSWG webpage. Further information on the PSSR Standards Review, including the Scope of Works are available on the PSSR Standards Review webpage.

A Technical Working Group consisting of EPWA, the Australian Energy Market Operator (AEMO) and Western Power was also established to provide technical input to the Review.

Work following publication of the Consultation Paper

After releasing the Consultation Paper on 19 June 2025 and reviewing feedback from stakeholders, EPWA has been progressing work on specific areas of the Review.

The primary focus has been on progressing a system strength framework for the SWIS, including:

- preparing draft Amending Rules prescribing the roles and responsibilities of AEMO, Western Power and the Coordinator of Energy to maintain system strength, including the forecasting of system strength shortfalls and procurement of services to address these;

- developing proposals to introduce a system strength incentive framework to minimise system strength shortfalls; and
- revising the proposed minimum interim standards for grid-forming (GFM) and grid-following (GFM) technical inverters (public consultation closing 6 February 2026).

SWIS System Strength framework

An Information Paper with the review outcomes prescribing the roles and responsibilities of the market bodies related to system strength and an Exposure Draft with ESM Amending Rules are expected to be published in first half of 2026.

EPWA considers that regulatory and/or financial incentives are required to minimise the system strength shortfalls, that would otherwise be forecast and would have to be addressed.

- EPWA, in consultation with AEMO and Western Power, is assessing options to propose a System Strength incentive framework, which will be discussed with the MAC Working Group and issued for stakeholder consultation, together with the above mentioned ESM Amending Rules.

Interim GFM and GFL technical inverter requirements

The recent developments in the National Electricity Market (NEM), including the AEMO publication approach paper and stakeholder feedback warranted further consideration of the proposals 6-11 in the Consultation Paper.

EPWA requested Western Power, in consultation with AEMO, to develop interim standards to support efficient connection of inverter-based resources in the SWIS and, where practicable, align these with ongoing developments in the NEM.

On 22 December 2025 a consultation paper developed by Western Power was published by EPWA that:

- proposed revised, interim Technical Requirements for GFM and GFL inverters; and
- addressed stakeholder feedback and explained the rationale for retaining certain more stringent requirements to capture GFM capabilities, relative to GFL inverters.

The consultation period closes on 6 February 2026.

- Western Power will address issues raised by stakeholders and propose refinements, as appropriate.
- Informed by this work, EPWA will publish an Information Paper and develop draft ESM Amending Rules for public consultation.

Other work

EPWA extended the consultation period to provide a further opportunity and time for stakeholders to review Proposal 20 - adopting certain PSSR related provisions from Western Power's September 2023 Proposed Technical Rules Amendments.

Submissions closed on 11 November 2025.

- Eight submissions were received and six published.
- EPWA is still considering feedback on the proposals and will discuss these with AEMO and Western Power before finalising the proposals.

4. Summary of next steps

Task/Milestones	Timing
Consult with the MAC Working Group on proposals for a System Strength incentive framework.	March 2026
Publish a Consultation Paper with proposed review outcomes for establishing a System Strength incentive framework.	April 2026
Publish an Information Paper outlining the review outcomes covering interim GFM and GFL technical requirements and prescribed roles and responsibilities for system strength, together with an Exposure Draft of ESM Amending Rules.	First half of 2026

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Agenda Item 5(e): Update on the Capability Class 2 Technologies Review

Market Advisory Committee (MAC) Meeting 2026_02_11

1. Purpose

The Chair of the Capability Class 2 Technologies (CC2T) Review Working Group (CC2TRWG) to provide an update on the CC2T Review (the Review) since the last MAC meeting.

2. Recommendation

That the MAC:

- notes the update provided in the paper;
- notes the summary slides of the 4 December 2025 and 5 February 2026 Working Group meetings (Attachment 1);
- notes the analysis and views of the Working Group; and
- provides feedback on the options and the preferred outcomes by the Working Group.

3. 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, that were originally introduced to the ESM Rules on 1 November 2021. On 15 January 2025, additional requirements for this review were introduced to implement the outcomes of the Reserve Capacity Mechanism (RCM) Review.

The Coordinator considers that it is appropriate to undertake a review of the provisions that have been in operation for five years at the completion of the review aligning with the intent of the relevant ESM Rules i.e. those introduced on 1 November 2021.

The MAC established the CC2TRWG at the 24 July 2025 MAC Meeting to support the Review.

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

The scope of this Review includes:

- Whether market design changes are required to maintain PSSR with the growing share of ESR in the South West Interconnected System;
- 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 Demand Side Programme 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.

4. Update

The CC2TRWG held its second meeting on 4 December 2025 and discussed options for:

- Energy Storage Resource (ESR) derating that could better achieve the SEO; and
- Reserve Capacity refunds to incentivise better ESR charging behaviour that helps to maintain PSSR.

ESR derating options

Capacity markets generally have three main approaches for derating ESR:

- Last-in Effective Firm Capacity (EFC);
- Last-in Effective Load Carrying Capability (ELCC); and
- Linear derating method (LDM).

The Western Australian RCM currently uses LDM for derating ESR but will implement ELCC on a fleet level for Capability Class 3 Technologies (CC3T). As the ELCC method is already implemented in the RCM, it was prioritised in the assessment of these options.

The options evaluated that could better achieve the SEO were to:

- Incorporate ESR into the existing ELCC method;
- Implement an individual ELCC instead of a fleet-based approach for ESR; and
- Incorporate ESR into the existing ELCC method but with amendments.

None of these options performed better than the status quo in the options assessment and the CC2TRWG agreed the status quo was preferred. However, some improvements to the status quo like recognising minimum charge levels and addressing difficulties to meet testing requirements could be considered.

Reserve capacity refunds

The CC2TRWG discussed whether ESR charging behaviour could be better incentivised through changing the refund calculation.

The CC2TRWG concluded that the status quo is preferred, as the alternative options are likely to increase market costs without providing a materially stronger incentive to change ESR charging behaviour.

Ongoing analysis will further determine when triggers should apply to ensure ESR charging behaviour that helps to maintain PSSR.

February 2026 Working Group Meeting

A CC2TRWG was held on 5 February 2026 to discuss Demand Side Programme (DSP) obligation periods and the historical analysis of system stress events.

Three options for the DSP availability obligation intervals were assessed to determine which is most consistent with the SEO:

- Two availability blocks (6am to 10am and 2pm to 10pm);
- Include DSP in the ESR Obligation Duration (ESROD) calculation; and
- Calculate the DSP availability requirement based on the peak DPS dispatch requirement.

The analysis showed that the two availability blocks performed the best against the assessment criteria, while the other two performed poorly.

Historical analysis was conducted to identify system stress events and inform future work. The historical analysis identified 39 system stress events, 41% of which occurred outside of summer, indicating that stress events are not limited to the hot season, even though 59% are triggered by extreme temperatures. Most events began before 4:30 pm and lasted 3–4 hours.

For over half of the events, the average ESR fleet charging level exceeded 70%, while charging levels fell below 50% in one-fifth of events.

Due to the timing of the CC2TRWG meeting (held on 5 February 2026), a written update on the CC2TRWG discussion was not possible. The Chair of the CC2TRWG will instead provide a verbal update.

The Terms of Refence, papers and minutes for the CC2TRWG meetings are available on the CC2TRWG webpage. Further information on the CC2T Review, including the Scope of Works are available on the CC2T Review webpage.

5. Next Steps

Further CC2TRWG meetings are expected in 2026 and updates to the MAC will be provided accordingly.

6. Attachment

(1) Agenda Item 5(e) – Attachment 1 – Summary slides

Capability Class 2 Technologies Review

Why we are conducting this Review

Review required by section 4.13B of the ESM Rules

The focus is on RCM parameters relevant to CC2 technologies and includes ESR impact on PSSR

- While ESR has delivered significant benefits to the WEM, the growing ESR capacity in the WEM may pose Power System Security and Reliability (PSSR) issues and changes to its operation may be required.
- Both ESR and DSPs are treated as duration/energy limited technologies in the ESM Rules:
  - Certification approach must reasonably estimate reliability benefits
  - Availability obligations must be aligned to power system need and times when non-CC2 capacity is currently insufficient to meet demand

Scope item	Presented today?
Issue 1: Review whether current ESR certification methodology (Linearly De-rating Method) is still aligned with SEO.	✓
Issue 2: Review Reserve Capacity Refunds regime and evaluate potential to sharpen availability incentives	✓
Issue 3: Review DSP availability obligations against SEO	✓
Technical Analysis – current-state analysis	✓
Technical Analysis – future state analysis	×
Issue 4: Identify policy options to improve ESR availability (based on Technical Analysis)	×
Issue 5: Assess whether existing Capability Class approach (under ESM Rule 4.5.12) is fit for purpose	×

Policy options developed to be reviewed against SEO

The SEO has three limbs: reliability, price and environment

- Different criteria developed for different policy issues
- Criteria are related to one or more SEO limbs and reflect potential market outcomes (which can affect the SEO adversely or beneficially or not at all)
- Policy options evaluated qualitatively and options measured based on how well criteria are met:

○	None of the criteria are met
◔	Some criteria met partially
◐	Some criteria met substantially or most met partially
◕	Most criteria met substantially
●	All criteria met substantially

See Appendix 1 for details on evaluation framework.

Example: criteria used to evaluate ESR derating approach

Outcome sought	Map to SEO
1. Provides value for money by reasonably approximating contribution of batteries to reliability	Over-estimating contribution can lead to under-procurement, adversely affecting the security & reliability limb Under-estimating contribution can lead to over-procurement, adversely affecting the pricing limb
2. Method is transparent and predictable	Complex opaque methods may deter investment in new batteries which could adversely affect the security & reliability, pricing and environment limbs of the SEO.
3. Method does not result in volatile allocation from year to year	Uncertainty and volatility of capacity revenue streams may deter investment in new batteries which could adversely affect the security & reliability, pricing and environment limbs of the SEO.
4. Approach does not distort RCM and RTM investment signals	The RCM and RTM provides scarcity pricing signals to investors. Policies involving frequent intervention or off-market procurement to provide the same service (e.g. getting energy/capacity through SC/NCESS) will erode investment signals in the WEM and could result in higher than otherwise long-term costs for the consumer therefore affecting the pricing limb of the SEO.
5. Cost and complexity of implementation is reasonable	Costly implementation will add to market participant costs (through increased market fees) which adversely affects the pricing limb of the SEO

Issue 1: Certification methods for ESR

Issue 1: ESR derating approach

Would a different ESR certification method better achieve the SEO?

- ESR derating approach needed to reflect duration limited nature of ESR
- Existing WEM approach is simple and transparent
- CC2TRWG reviewed the status quo and three variants of the Effective Load Carrying Capability (ELCC) approach:
  - Option 1: To be included into new RLM for CC3 technologies
  - Option 2: To measure marginal reliability impact
  - Option 3: To minimise the worse regret costs (teething issues in markets that have implemented this approach)

Option	Description
Status Quo	Linear Derating Methodology (degraded maximum charge capability by the relevant ESROD value) • Incumbent batteries retain the original ESROD for ten years; and • Over-allocation of capacity to incumbent batteries is added back into the Planning Criterion.
Option 1: Incorporate storage into amended RLM	Incorporate ESR into the amended Appendix 9 (Last-in Fleet ELCC) (adopting same approach as for CC3).
Option 2: Implement individual ELCCs	Per Option 1, however, implement individual ELCCs for both ESR and CC3. This would require replacing the amended Appendix 9 which uses Fleet ELCCs so that all intermittent generation and storage is allocated individual ELCCs
Option 3: Option 1 with least-worst regrets analysis	Same as Option 1 but replace demand scenarios with least worst regrets analysis. (This calculates ELCCs for multiple demand scenarios and capacity adequate portfolios and selecting the results of the demand scenario that minimises the worst regret cost)

SEO Evaluation Criteria

Capacity certification/derating approach

Outcome sought	Map to SEO
1. Provides value for money by reasonably approximating contribution of batteries to reliability	Over-estimating contribution can lead to under-procurement, adversely affecting the security & reliability limb. Under-estimating contribution can lead to over-procurement, adversely affecting the pricing limb.
2. Method is transparent and predictable	Complex opaque methods may deter investment in new batteries which could adversely affect the security & reliability, pricing and environment limbs of the SEO.
3. Method does not result in volatile allocation from year to year	Uncertainty and volatility of capacity revenue streams may deter investment in new batteries which could adversely affect the security & reliability, pricing and environment limbs of the SEO.
4. Approach does not distort RCM and RTM investment signals	The RCM and RTM provides scarcity pricing signals to investors. Policies involving frequent intervention or off-market procurement to provide the same service (e.g. getting energy/capacity through SC/NCESS) will erode investment signals in the WEM and could result in higher than otherwise long-term costs for the consumer therefore affecting the pricing limb of the SEO.
5. Cost and complexity of implementation is reasonable	Costly implementation will add to market participant costs (through increased market fees) which adversely affects the pricing limb of the SEO.

Issue 1: ESR derating approach

Evaluation Summary

- Status quo performs the best due to simplicity and certainty of allocations
- Alternatives have more sophisticated approach to measuring marginal reliability impact but introduces uncertainty of capacity allocation and are complex to implement as evidenced by international experience

	Status Quo (LDM & ESROD)	Option 1: Fleet ELCC	Option 2: Individual ELCC	Option 3: Fleet ELCC with least worst regrets
Overall performance				
Provides value for money by reasonably approximating contribution of batteries to reliability	Met partially	Met substantially	Met partially	Fully met
Method is transparent and predictable	Met substantially	Not met	Not met	Not met
Method does not result in volatile allocation from year to year	Met substantially	Met partially	Not met	Met partially
Cost and complexity of implementation is reasonable	Fully met	Met partially	Not met	Not met

See Appendix 2 for detailed evaluation

Issue 1: ESR derating approach

CC2TRWG comments

- CC2TRWG preference was to retain status quo
- Concern expressed over uncertainty in allocations and complexity of implementation under ELCC/EFC approach
  - Move to such an approach would be contentious
- CC2TRWG also noted that the ELCC approach is appropriate for resources with uncertain output, whereas ESR have more predictable availability
- CC2TRWG preference was to retain nomination approach to allocating DSP capacity (instead of using ELCC approach)

Questions for MAC

1. Does the MAC have any concerns about retaining the Linearly Derating Method to certify ESR capacity?

Other ESR related issues

ESM Rule amendment needed to fix ESR Reserve Capacity Testing issue

Two further issues discussed:

- **Participants indicating 0% minimum charge levels will be over-allocated capacity:**
  - Rules already indicate that LDC must reflect what ESR is actually capable of delivering.
  - CC2TRWG agreed that rule changes are not required; AEMO can make changes to the WEM Certification Procedure to clarify the requirements.
- **Reserve Capacity Testing rules do not account for ESR ramping:**
  - ESR uses energy when ramping to its Required Level and then when ramping down to its minimum discharge depth.
  - Average performance during the testing intervals will therefore not deliver the ESR's Required Level and will result in failed test
  - CC2TRWG agreed that amendments to clause 4.25.2E are required to assess test performance using "area under curve" which includes energy produced during ramping.

See Appendix 2 for a more detailed description of these issues

Issue 2: Reserve Capacity refunds

Review of ESR refunds to assess potential to sharpen financial incentives for charging behaviour

Issue 2: Reserve Capacity Refunds

Reserve Capacity refunds are a key mechanism to ensuring compliance with Reserve Capacity obligations

Reserve Capacity refunds regime was reviewed to assess whether it could incentivise ESR charging behaviour that meets better the reliability objective.

Refunds are a function of a dynamic refund rate and the shortfall in a participant's offer obligations in the real-time market:

- The tighter the capacity margin, the higher the Dynamic Refund Factor (DRF) (capped at 6) and the higher the refund;
  - Cap binds at 750MW of Spare Capacity
  - DRF historically set to strike balance between providing strong availability incentives and mitigating overly punitive refunds
- ESR operators incur refunds if they have insufficient charge to meet their Dispatch Interval obligation
  - ESR does not start incurring refunds until it is out of charge. ESR can enter ESROIs with partial charge and only incur refunds after Mid-Peak ESROI when refunds would be lower than at the peak
  - ESRs could also charge during ESROD to reduce refund exposure
- Total annual refunds capped at total Reserve Capacity payments payable during the relevant Capacity Year
  - Incentive stronger for new entrants than incumbents who have recovered capital cost
  - Higher refund cap could result in annual refund cap being exceeded within Hot Season, reducing further incentives for availability.

Issue 2: Reserve Capacity Refunds

CC2TRWG agreed current refund regime is fit for purpose

- CC2TRWG preference is to retain existing refund regime.
  - Increasing DRF cap may result in participants inflating offers to manage financial exposure
  - Any changes to refund regime is likely to be contentious
- CC2TRWG noted that it was unreasonable for ESR to enter their ESROI with low State of Charge but not incur refunds until they are out of charge
  - CC2TRWG acknowledged that changing refund regime parameters is unlikely to affect charging behaviour
- Instead, focus should be on identifying system conditions in which triggers that can be used to mandate charge obligations on ESRs:
  - What are the characteristics of the power system when a stress event occurs?
  - Can these characteristics be framed as triggers which indicate the ESR fleet must be charged to a certain level by a certain time to maintain Power System Security and Reliability (PSSR)?
  - Subject of on-going technical analysis by RBP and AEMO.

Questions for MAC

1. Does the MAC agree that changes to the refund regime are unlikely to incentivise more efficient charging behaviour?
2. Does MAC agree with focus being shifted to identifying triggers to mandate charge obligations under certain circumstances?

Issue 3: Demand Side Programmes

Review of availability obligations

Issue 3: DSP availability

Two main issues that necessitate a review of DSP availability obligations

DSP availability period may not be able to cover the evening peak

- 2025 WEM ESOO forecasted EUE occurring between 8 pm and 10:30 pm during 2025/26 Hot Season – DSP obligations end at 8pm.
  - AEMO has indicated 50MW of Supplementary Capacity (SC) required
- Peak DSP Dispatch Requirement has decreased substantially to 23.75 hours (from 200 hours)
  - Requirement set to increase as more DSPs enter the market – however, expectation about repeated SC procurements may disincentivise DSP participation through RCM due to higher financial incentives in the former
- Review of DSP availability obligations needed to ensure these align with system need and that current settings do not result in increased non-market procurement

Residential Battery Scheme has resulted in large uptake of BTM batteries

- There is potential for these batteries to contribute to system reliability through RCM participation
- As batteries are duration limited (6.6kW/ 10-15kWh, 3kW/ 8.8kWh), they cannot meet the 12 hour requirement in clause 4.10.1(iii)
- How can the duration limited nature (requirement to charge) of BTM batteries be reflected in DSP availability obligations?

Questions for MAC

1. Does MAC agree with the characterisation of the policy problem above?

Issue 3: DSP availability

Review of historical DSP dispatch and Spare Capacity data indicates current time-frames are inappropriate

- Most DSP dispatch events occur between 16:00 – 20:00, however, later or earlier activations can occur with the latest one ending at 21:25
    - AEMO has called for SC in 2025 because existing DSPs are exhausted by 8pm
- Spare capacity intervals overlap with intervals in which DSPs have obligations (e.g. 10am to 2pm)
    - As with DSP activation, low spare capacity intervals have historically occurred mostly between 16:00-20:00
    - Evening low spare capacity events are likely in both summer and winter (DSPs not called in winter historically, but may be in the future)
    - Small number of low spare capacity intervals occurring in the early morning during winter and shoulder months
- ESROD/ESROIs also overlap intervals in which DSPs are called
    - ESROD extends beyond 8pm cut-off for DSPs
    - System stress events after 8pm may well become common in the future, particularly during winter months.
    - Potential merit in extending the availability period beyond 8pm

See Appendix 4 for detailed data analysis.

Issue 3: DSP availability obligation intervals

Would a different DSP availability obligation period better achieve the SEO?

- Three options evaluated include changes to the DSP availability obligation intervals, which have been made but not commenced
- Most capacity markets reviewed are using or considering an ELCC type approach to allocate DSP capacity
  - Availability is either required year-round 24/7 (with no minimum curtailment duration) or during specific windows of time (but with a lower capacity allocation due to the lesser impact on reliability)
  - Approach not suitable for WEM given CC2TRWG has indicated strong preference to retain nomination approach for DSPs
- Instead, two other options are evaluated:
  - Roll DSPs into ESROD calculation so that all CC2 technologies are treated the same (except DSPs are not grandfathered)
  - Model the Trading Intervals that form part of the Peak DSP Dispatch Requirement to identify windows of time when DSPs will be needed

Option	Description
Option 1: Split DSP availability into two blocks (Tranche 8)	DSPs must be available as follows: • Available between 6am – 10am and available to curtail up to 4 hours • Available between 2pm – 10pm and available to curtail up to 8 hours • DSPs have four-hour block to charge (10am – 2pm)
Option 2: Include DSPs in ESROD calculation	DSPs rolled into ESROD calculation: • AEMO calculates availability requirement based on which intervals have insufficient non-CC2 capacity to meet demand • No grandfathering for DSPs • DSPs must meet Peak DSP Dispatch Requirement
Option 3: DSP availability intervals based on Peak DSP dispatch requirement	DSP availability intervals determined annually by comparing the reference demand profile developed for CC3 ELCC calculations to the 50% POE/median growth load profile and identifying which Trading Intervals (or periods of time) DSPs should be available for.

SEO Evaluation Criteria

DSP availability obligations

Criteria	Map to SEO
Availability obligations are aligned with power system needs	Failing to make DSPs available during intervals of system stress will adversely affect the security & reliability limb
Availability obligations provide value for money	Diluted availability obligations for DSPs who receive the full Reserve Capacity Price for every MW of capacity would mean customers are paying the same amount for less reliability. This will adversely affect the pricing limb.
Availability obligations enable value to be extracted from BTM batteries	Aligning DSP obligations to enable BTM batteries to charge during peak solar hours contributes positively to the environmental limb by more efficiently using stored renewable energy instead of curtailment.
Approach is flexible enough to change as power system needs evolve and change	Power system characteristics are evolving rapidly with more uncertainty due to the Energy Transition. Approaches to setting duration and availability obligations must be flexible enough to adapt to such changes so that the alignment with system need is maintained. Failure to do so would adversely affect the security & reliability limb
Approach is transparent and predictable	Opaque approaches to setting dynamic duration and availability obligations could deter DSP entry (and less efficient use of the BTM batteries) if operators are unable to plan operations efficiently. This could adversely affect the security & reliability, pricing and environment limbs of the SEO.
Cost and complexity of implementation is reasonable	Costly implementation will add to market participant costs (through increased market fees) which adversely affects the pricing limb of the SEO

DSP availability obligation intervals evaluation

Summary

- Option 1 performs best against SEO:
  - Retains 12-hour requirement
  - Performs better against reliability limb if only split window option is available
  - Simple to implement.
  - Some concern from AEMO about how BTM batteries can charge to prepare for 6am-10am window.
- Option 2 and 3 will dilute value provided by DSPs.
- Options 1 and 2 likely reduces the need for SC/NCESS procurement

Option 1 requires changes to Relevant Demand related settlement rules to ensure DSPs with over-subscribed loads are not disadvantaged.

Questions for MAC

1. Does MAC have any comments on the options evaluated?
2. Does MAC have any concerns about Option 1?

	Option 1: Two availability blocks	Option 2: DSPs rolled into ESROD	Option 3: DSP availability based on Peak DSP Dispatch Req
Overall performance	●	◔	◔
Availability obligations aligned with power system needs	Fully met (Only substantially met if allow to choose between split window or continuous 12-hour option)	Not met	Not met
Availability obligations provide value for money	Fully met	Partially met	Not met
Approach is flexible enough to change as power system needs evolve and change	Substantially met	Substantially met	Partially met
Approach is transparent and predictable	Fully met	Partially met	Partially met
Cost and complexity of implementation is reasonable	Fully met	Partially met	Partially met

See Appendix 4 for detailed evaluation

Technical Analysis

Current state analysis

Preliminary technical analysis - this is an input to Issue 4

Analysis is ongoing to identify system conditions/triggers for mandating charge obligations

Issue 4 relates to identifying system conditions and triggers to mandate charge obligations so that ESRs enter their respective ESRODs with sufficient charge to deliver their RCOQ

Issue 5 relates to how Capability Class capacity requirements are determined and whether this will result in an appropriate mix of CC1/CC2/CC3 technologies (noting that ESR requires CC1 and CC3 technologies to charge).

Technical analysis required to inform policy:

1. Current state: When and why have historical system stress events occurred? What were the underlying conditions at the time?
2. Future state:
   - When will batteries be needed in the future to avoid unserved energy?
   - Will there be sufficient non-CC2 technologies to enable ESR to charge and meet the Planning Criterion?

Following slides are key observations from the preliminary current-state analysis (detail in appendix 5)

Questions for MAC

1. Does MAC have any comment on the scope of the Technical Analysis?

Analysis	Scope
Current state analysis (Ongoing)	Focused on historical System Stress Events (SSE): 1. When do system stress events occur in terms of seasonality, time of day, type of day (business/non-business)? 2. What are the contributing factors to system stress? 3. What are ESR charge levels like entering into system stress events?
Future state analysis (Ongoing, to be presented in future)	9 year look-ahead: 1. When are ESR likely to be needed in the future to avoid unserved energy? 2. What are the drivers of unserved energy and needing ESR in the future? 3. Is there sufficient non-CC2 technology to enable ESR to charge

Preliminary Current-state analysis

Key observations

- **39 SSEs identified between November 2023 and August 2025**
- **SSEs are not a "Hot Season" only phenomena**
  - 41% of events occurred in shoulder and winter months (mostly winter)
- **23 events (59% of total) were triggered by extreme temperatures**
  - Most of them (20) occurred in summer
  - Low wind availability tends to occur in winter – combination of scheduled outages and extreme (cold) temperatures can cause system stress
- **Most events started before grandfathered ESROIs (5:30pm)**
  - 6-hour ESROD captures events better, but there were still 23 of 39 events that occurred prior to 4:30pm
- **Most events are 3-4 hours in duration**
  - Longer duration events possible but most likely to occur in summer
- **Average ESR fleet charge level >=70% for over half the events**
  - Average fleet charge level <50% for 20% of events
  - Ongoing work to analyse events during which ESR have depleted charge prematurely

Appendix 1

Evaluation Framework

Evaluation Framework

The State Electricity Objective has three limbs that we want to capture in our framework

The State Electricity Objective is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity in relation to:

a) The quality, safety, security and reliability of supply of electricity

b) The price of electricity

c) The environment, including reducing greenhouse gas emissions.

Measuring performance against the criteria

Options are qualitatively evaluated against each criteria and scored as follows

- Provides value for money by reasonably approximating contribution of batteries to reliability
- Method is transparent and predictable
- Method does not result in volatile allocation from year to year
- Approach does not distort RCM and RTM investment signals
- Cost and complexity of implementation is reasonable

Evaluate how well design options perform against each criteria

○	Most criteria not met
◔	Some criteria met partially
◑	Some criteria met substantially or most met partially
◕	Most criteria met substantially
●	All criteria met substantially

Appendix 2

Detailed evaluation of ESR derating options

Storage derating option evaluation

Status quo

- CRC assigned equals maximum sustainable MW capacity, which could be delivered continuously across the Peak ESROD accounting for any charging limitations
- ESR can retain their ESROD for ten years.
- Misalignment between capacity requirement and allocation added into Limb A of the Planning Criterion.
- New ESRs receive ESROD based on ADG calculations which looks at whether non-ESR capacity can meet demand in intervals adjacent to the previous cycle's ESROD.

Criteria	Draft evaluation
Provides value for money by reasonably approximating contribution of batteries to reliability	Reasonable job approximating contribution to peak period reliability, but does not represent contribution to overall reliability. The contribution will be over-estimated if depth of discharge is assumed to be 0 at time of certification. *Criteria met partially*
Method is transparent and predictable	LDM component is very simple and transparent. By contrast, the approach used to determine the ESROD is somewhat complex (but less complex compared to implementing an ELCC approach). *Criteria met substantially*
Method does not result in uncertainty or volatile allocation from year to year	No uncertainty in the LDM component as the participant will know their degradation profile ahead of time. Element of uncertainty for investors where the ESROD – grandfathering arrangements address this concern. *Criteria met substantially*
Cost and complexity of implementation is reasonable	Already implemented. *Criteria met fully*
Overall Performance	 ***Most criteria met substantially***

Storage derating option evaluation

Option 1: Incorporate ESR into amended RLM (Last-in Fleet ELCC)

- Fleet ELCC calculated for CC3 and ESR.
- New storage performance estimated based on peak or unserved energy minimisation heuristic
- 10% POE peak and expected demand scenario:
  - Historical load shape from past 4/5 years
  - Corrected for DPV
- Fleet ELCC calculated as lower of whole period fleet ELCC and average of individual year fleet ELCC.
- Fleet ELCC allocated in proportion to performance in 12 Peak SWIS Intervals
  - New ESR output determined using perfect foresight heuristic to minimise UE or peak

Criteria	Draft evaluation
Provides value for money by reasonably approximating contribution of batteries to reliability	• Reliability contribution of ESR fleet estimated more accurately than LDM • Individual ESR RL will not reflect marginal impact of the resource, however, Fleet ELCC is a good approximation to marginal contribution of fleet. • Discourages charging and encourages high output during high demand periods *Criteria met substantially*
Method is transparent and predictable	• ELCC algorithms are complex; unlikely that participants can predict their ELCCs unless they create the required modelling infrastructure. • Issue could be mitigated somewhat in the ESOO through sensitivity analyses providing insights on what drives ELCC outcomes *Criteria not met*
Method does not result in uncertainty or volatile allocation from year to year	• Some risk of volatile allocations – mitigated through use of fleet ELCCs and use of multiple historical reference years. • ESR is not inherently volatile like CC3 resources, so will result in less volatile allocations than for intermittent resources. *Criteria met partially*
Cost and complexity of implementation is reasonable	Option being implemented for CC3T – this option would require further incorporating ESR into the new RLM calculations. *Criteria met partially*
Overall Performance	◐ ***Some criteria met substantially or most met partially***

Storage derating option evaluation

Option 2: Implement Individual (Last-in) ELCC)

- Individual ELCC calculated for CC3 and ESR.
- 10% POE peak and expected demand scenario:
  - Historical load shape from past 4/5 years
  - Corrected for DPV
- Individual ELCC calculated as lower of whole period individual ELCC and average of individual year ELCC.

Criteria	Draft evaluation
Provides value for money by reasonably approximating contribution of batteries to reliability	• Reliability contribution of ESR fleet estimated more accurately than status quo but less so than Option 1. Individual last-in ELCC results in under-estimation of correlated resources so that the sum of the individual ELCCs does not accurately represent the fleet ELCC. • Discourages charging and encourages high output during high demand periods *Criteria met partially*
Method is transparent and predictable	See Option 1 *Criteria not met*
Method does not result in uncertainty or volatile allocation from year to year	Moderate to high risk of volatile allocations – as evidenced with PJM experience. *Criteria not met*
Cost and complexity of implementation is reasonable	Would need to replace previously consulted on RLM. Method is more computationally intensive and complex *Criteria not met*
Overall Performance	○ ***Most criteria not met***

Storage derating option evaluation

Option 4: Incorporate ESR into amended RLM with least worst regrets

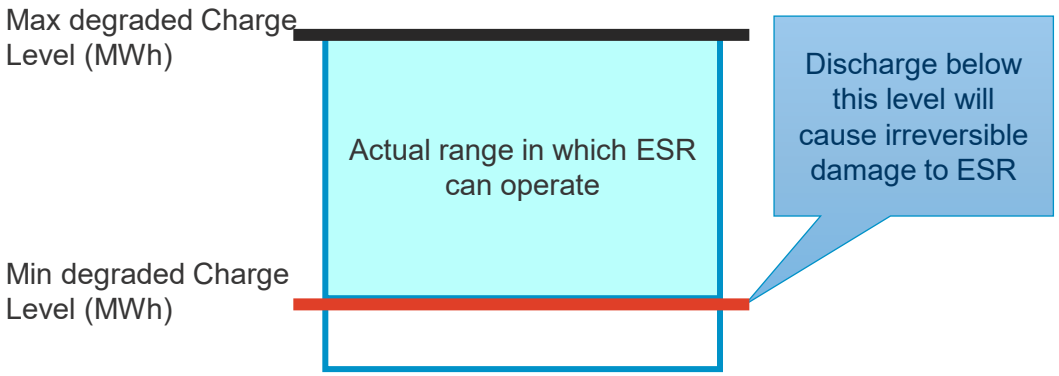
- Fleet ELCC calculated for CC3 and ESR.
- Multiple POE peak and expected demand assumptions combined with multiple historical load shapes used to create multiple scenarios.
- Fleet ELCC calculated for each demand scenario.
- Regret cost calculated for each demand scenario (if another scenario manifests).
- Choose ELCC of demand scenario with lowest regret cost.
- Fleet ELCC allocated in proportion to performance in 12 Peak SWIS Intervals.

Criteria	Draft evaluation
Provides value for money by reasonably approximating contribution of batteries to reliability	• Similar to Option 1, except ELCC calculated for many different demand scenarios, and fleet ELCCs selected from a single scenario to minimise regret cost. • Performs better than Option 1 as it considers a wider range of demand scenarios and models impact of other scenarios manifesting *Criteria met fully*
Method is transparent and predictable	Significantly more complex than Option 1 due to multiple demand scenarios and least-worst regrets analysis *Criteria not met*
Method does not result in uncertainty or volatile allocation from year to year	See Option 1 *Criteria met partially*
Cost and complexity of implementation is reasonable	Would need to replace previously consulted on RLM. Method is more computationally intensive and complex Misaligned with Planning Criterion and RCR definitions that are tied to 10% POE peak demand. *Criteria not met*
Overall Performance	◔ ***Some criteria met partially***

Other ESR related issues

Issue 1: Participants are not submitting correct min Charge Level data

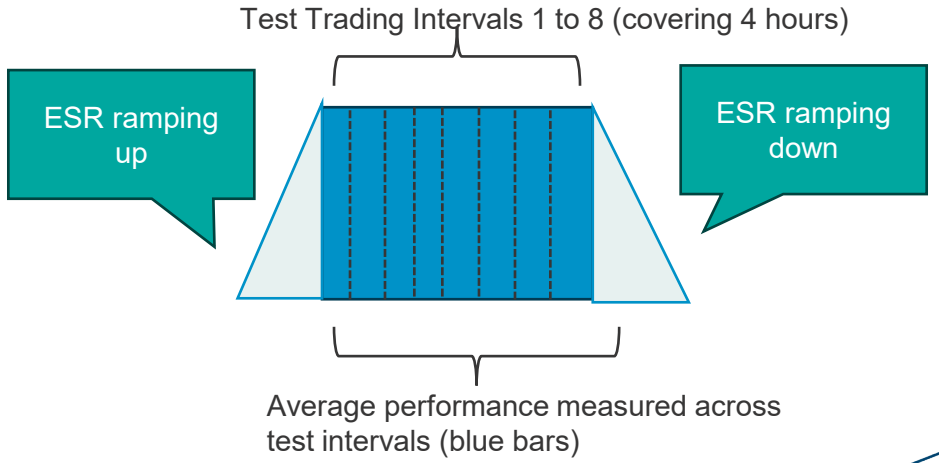
- Maximum discharge capability of the ESR is given by the blue area of the diagram
  - In practice, participants indicating minimum charge level capability of 0% during certification
  - Results in capacity over-allocation
  - Participant must indicate at time of certification their actual minimum Charge Level capability when operational.



- No rule changes needed – rules already require LDM to reflect maximum sustainable MW capacity that can delivered continuously across the Peak Electric Storage Resource Obligation Duration accounting for any charging limitations.
- Propose socialising requirement through WEM Procedure and internal process changes.

Issue 2: Reserve Capacity Testing rules do not account for ESR ramping

- Mismatch between how test performance is measured (clause 4.25.2E) and operational realities of ESR
- ESR uses energy when ramping to its Required Level and then when ramping down to its minimum discharge depth.
- Average performance during the testing intervals will therefore not deliver the ESR's Required Level.
- Area under trapezium does accurately reflect the ESR's performance capability.



- Propose amending clause 4.25.2E to assess test performance **using the area under the trapezium**.

Appendix 3

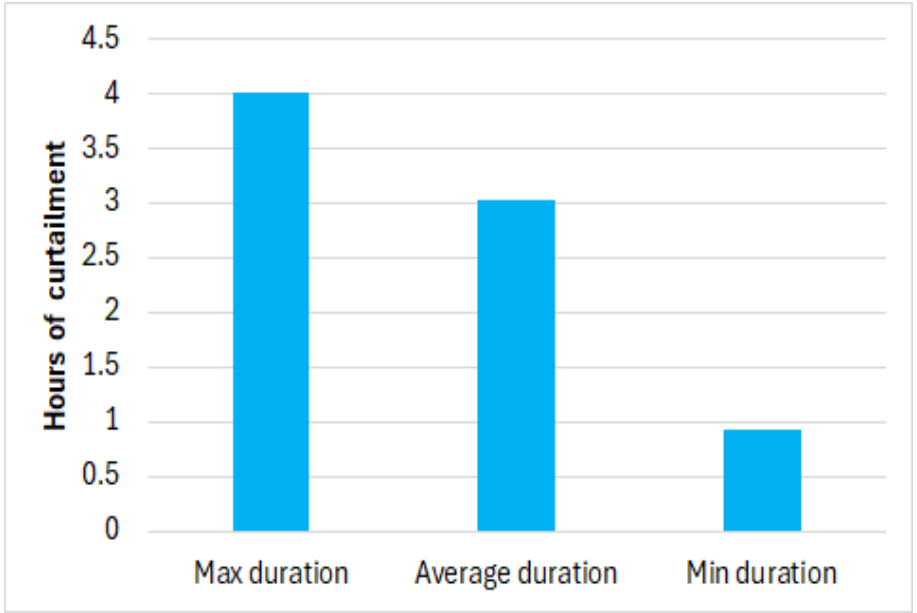
Historical analysis of DSP dispatch and Spare Capacity data

DSPs are treated as last resort

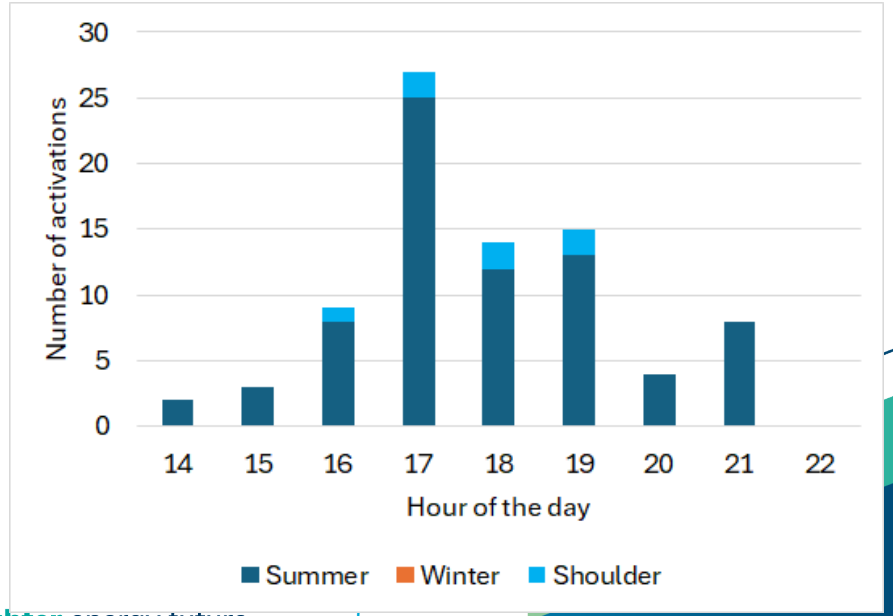
DSP are called during periods with high demand when all available facilities have already been dispatched

- Review DSP activation and NCESS activation of Enel-X load reduction service since 1 Oct 2023 to assess when DSP dispatch events are likely to occur (AEMO Market Data site).
- 31 DSP/NCESS activation events since 1 Oct 2023
  - 12 events pertain to Enel X's NCESS contract
  - Graph counts whether DSP was curtailing during a specific hour; e.g. Out of the 31 events, 27 spanned 17:00-18:00 (Hour 17).
- Most events occurring between 16:00 – 20:00; however, later or earlier activations can occur with the latest one ending at 21:25.

Maximum, average and minimum curtailment duration



DSP/ NCESS (Enel-X) activations by hour: 1 Oct 2023 to 17 Feb 2025

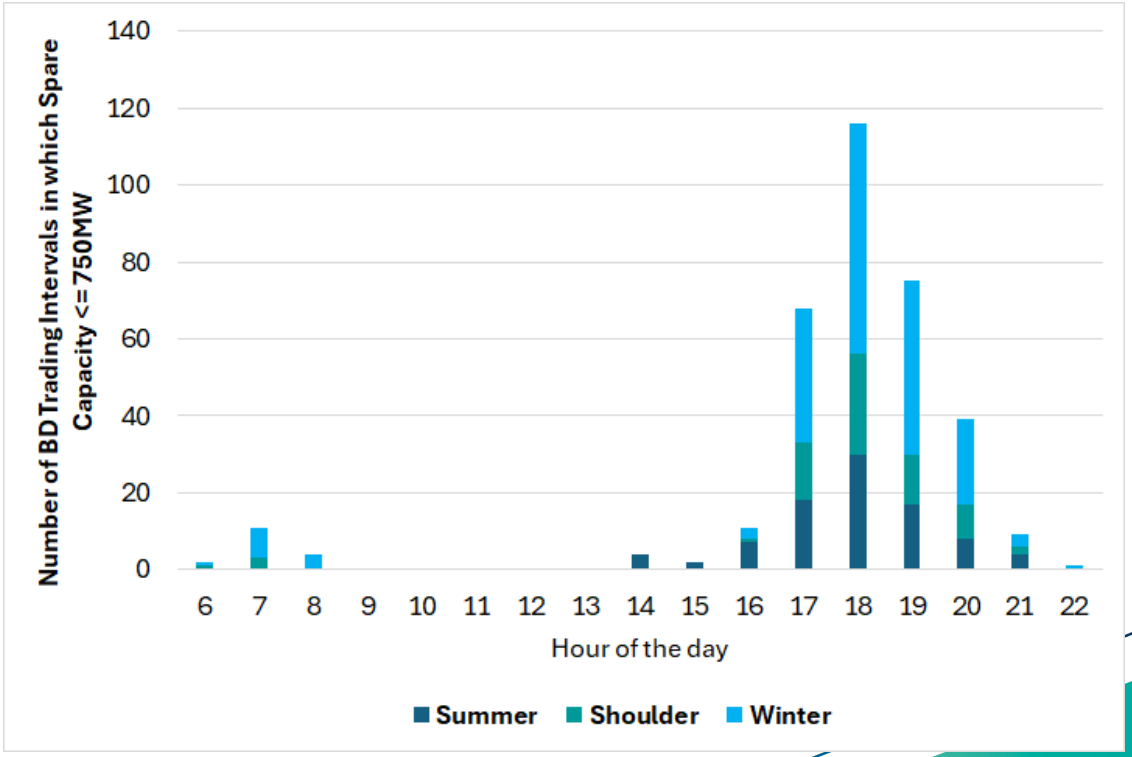


DSPs are treated as last resort

Historically called during afternoon/evening peak, but could be called when capacity margin is low

- Review when low spare capacity (clause 4.26.1(e)) falls below 750MW
  - Dynamic refund factor cap of 6 binds at 750MW – at this level LOR declarations likely
- Spare capacity intervals overlap with intervals in which DSPs are likely to be called (as expected)
  - Evening low spare capacity events are most likely in winter: note DSPs not called in winter historically
  - As with DSP activation, low spare capacity intervals occur mostly between 16:00-20:00.
  - Small number of low spare capacity intervals occurring in the early morning during winter and shoulder months.
- Spare capacity intervals unlikely between 9am – 2pm.

Number of Business Day Trading Intervals from 1 Jan 2021 to 11 Oct 2025 in which Spare Capacity has fallen below 750MW



Source: RBP analysis of AEMO provided spare capacity data

How does this compare to the ESROD?

ESROD/ESROIs also overlap intervals in which DSPs are called

- ESROD has recently increased to 6 hours (12 Trading Intervals)
- ESROD extends beyond 8pm cut-off for DSPs
  - System stress events after 8pm may well become common in the future, particularly during winter months.
    - AEMO has called for SC in 2026 because existing DSPs are exhausted too early.
  - Enel-X NCESS contract called on 20 & 21 Jan 2025 to curtail between 17:30 – 21:25.
  - Potential merit in extending the availability period beyond 8pm
- Spare Capacity data indicates potential of low-capacity margins occurring in the early morning:
  - AEMO Technical Analysis will show whether this is a valid trend

ESROD/ESROIs for 2027-28 Capacity Year

Season	Peak ESROD – BD	Peak ESROD – NBD
Summer (Dec – Mar)	16:30 – 22:00	15:30 – 21:00
Winter (June – Aug)	16:30 – 22:00	15:30 – 21:00
Shoulder (Apr, May, Sep-Nov)	16:30 – 22:00	16:00 – 21:30

Source: 2025 WEM ESOO

Appendix 4

Detailed evaluation of alternative DSP availability options

DSP availability evaluation

Option 1: Split DSP availability into two blocks

DSPs are available as below

Availability Block 1	Charging block	Availability Block 2
6am -10am (curtail up to 4 hours)	10am – 2pm (4 hours)	2pm – 10pm (curtail up to 8 hours)

- 12 hour availability maintained across two blocks (4 + 8)
- Allows sufficient time to charge during peak solar hours
- Window covers late evening (addressing recent SC procurement concerns)
- DSPs must still be able to meet the Peak DSP Dispatch Requirement
- 6am availability requires BTM batteries to be charged beforehand
- Requires changes to how Relevant Demand/settlement calculations are done to ensure DSPs with over-subscribed loads are not disadvantaged due to the behaviour of Associated Loads that are not activated during a particular event – covered in further detail later.

Criteria	Draft evaluation
Availability obligations aligned with power system needs	DSP dispatch and spare capacity levels indicate that split windows are aligned with times of system stress. Current 8am – 8pm window does not include the early morning, or late evening events and fails to recognise that additional capacity is unnecessary during the middle of the day. *Criteria met fully (only substantially if allowed to choose between split window or continuous 12-hour option)*
Availability obligations provide value for money	DSPs selecting split window option must still curtail for a max of 12 hours per day. Availability obligations are not diluted. Requires DSPs to be available after 8pm, thereby reducing likelihood of costlier SC or NCESS procurement *Criteria met fully*
Availability obligations enable value to be extracted from BTM batteries	Option enables BTM batteries to charge in the middle of the day during peak solar output, thereby using renewable energy instead of curtailing it *Criteria met fully*
Approach is flexible enough to change as power system needs evolve and change	The split availability blocks are static, but span a large enough window likely to capture system stress events. The single block does not capture early morning or late evening peaks. *Criteria met substantially*
Approach is transparent and predictable	The availability blocks are static so participants will know ahead of time when they will be needed *Criteria met fully*
Cost and complexity of implementation is reasonable	Simple to implement and will only require minor rule, process and system changes. *Criteria met fully*
Overall Performance	***All criteria met substantially***

DSP availability evaluation

Option 2: Include DSPs in ESROD calcs

- DSP availability intervals are dynamic and rolled into the ESROD calculations
- Appendix 11 updated to calculate ADG and ESROD by assessing whether there is sufficient non-CC2 capacity during Peak Demand Period.
- DSPs not grandfathered (unlike ESR)
- Will result in lower availability requirement:
  - 2027-28 ESROD of 6 hours would halve the existing 12 hour requirement
  - ESRs have lower requirement but must be available for all ESROIs during the year
  - DSPs only must be available to meet the Peak DSP Dispatch Requirement (23.75 hours in 2027-28)
- In theory, this option could be implemented with DSPs assessed under ELCC – more complex implementation and may stall DSP entry into RCM

Criteria	Draft evaluation
Availability obligations aligned with power system needs	Approach identifies Trading Intervals where non-CC2 capacity <= demand during peak demand period. Given ESROIs cover late afternoon to evening, DSPs will not be available for winter morning peaks. *Criteria met partially*
Availability obligations provide value for money	ESR & DSPs get same duration requirement, likely less than the 12-hour requirement. ESRs must be available throughout the year but DSPs must only meet Peak DSP Dispatch Requirement. Hence consumers will pay the same for less. Option performs better if DSPs assessed under ELCC per US markets. DSPs will be available after 8pm thereby reducing likelihood of costlier SC or NCESS procurement *Criteria met partially*
Availability obligations enable value to be extracted from BTM batteries	See Option 1. ESROD starts after peak solar hours enabling batteries to charge. *Criteria met fully*
Approach is flexible enough to change as power system needs evolve and change	Availability obligations change annually based on AEMO's reliability modelling more accurately reflecting when CC2 technologies are likely to be required *Criteria met substantially*
Approach is transparent and predictable	Some uncertainty in availability requirements. Previous ESROD should give participants a starting off point for how long they may be required for. *Criteria met partially*
Cost and complexity of implementation is reasonable	Moderate changes to rules, processes and systems to incorporate DSPs into Appendix 11. *Criteria met partially*
Overall Performance	***Some criteria met partially***

DSP availability evaluation

Option 3: Calculate DSP availability requirements based on Peak DSP dispatch requirement

- DSP availability is dynamic and based on Peak DSP Dispatch Requirement.
- AEMO models which Trading Intervals the demand in the reference demand profile (used in ELCC calculations) is likely to be greater than the peak demand under a 50% POE peak/median growth scenario (adjusted for DSP dispatch and capacity). For example, winter mornings from 6am-9am and Hot Season from 3pm – 9pm.
- May result in smaller availability period than ESROD:
  - Could span smaller range of Trading Intervals than ESROD thereby diluting availability obligations further
  - Peak DSP Dispatch Requirement is 47.5 Trading Intervals for 2027-28.
- Similar approach is used in some US capacity markets, but these markets use ELCC to assign capacity to demand-side.

Criteria	Draft evaluation
Availability obligations aligned with power system needs	Approach incorrectly assumes DSPs only needed if reference demand profile peak > 50% POE peak (vs modelling ability of CC2 & non-CC2 capacity to meet peak demand). Unclear whether DSPs would be required to be available after 8pm as modelling is needed to assess which Trading Intervals are forecast to have demand greater than the 50% POE peak. *Criteria not met*
Availability obligations provide value for money	DSP availability obligations are likely to be significantly diluted under this approach – to make this option perform better, DSPs would need to be assessed under an ELCC like approach (per US capacity markets). Unclear whether DSPs would be required to be available after 8pm as modelling is needed to assess which Trading Intervals are forecast to have demand greater than the 50% POE peak *Criteria not met*
Availability obligations enable value to be extracted from BTM batteries	See Option 1. Peak solar hours unlikely to be included in Peak DSP dispatch requirement *Criteria met fully*
Approach is flexible enough to change as power system needs evolve and change	Availability obligations will change annually reflecting changes in demand shape and level of DSP participation. However, it will not pick up changes due to changing generation patterns. *Criteria met partially*
Approach is transparent and predictable	See Option 2 *Criteria met partially*
Cost and complexity of implementation is reasonable	Moderate changes to rules, processes and systems to incorporate DSPs into Appendix 11. *Criteria met partially*
Overall Performance	***Some criteria met partially***

Appendix 5

Current-State analysis - detail

What is a System Stress Event (SSE)?

Market Advisories and manual constraints used to identify SSEs occurring between November 2023 and August 2025

- Market advisories containing Low Reserve Condition declarations used to identify SSEs
- Manual constraints applied by AEMO to capture additional events not captured by advisories
- SSE start time based on the start-time specified in the most recent advisory relating to that event (so that any changes in event timing can be picked up)
- SSE end time based on the end-time specified in the most recent advisory relating to that event
- **Note:**
  - SSE duration (SSE end time – SSE start time) does not necessarily indicate durational requirement for ESR
  - Insufficient information to assess when ESR would have been needed for entire duration of event

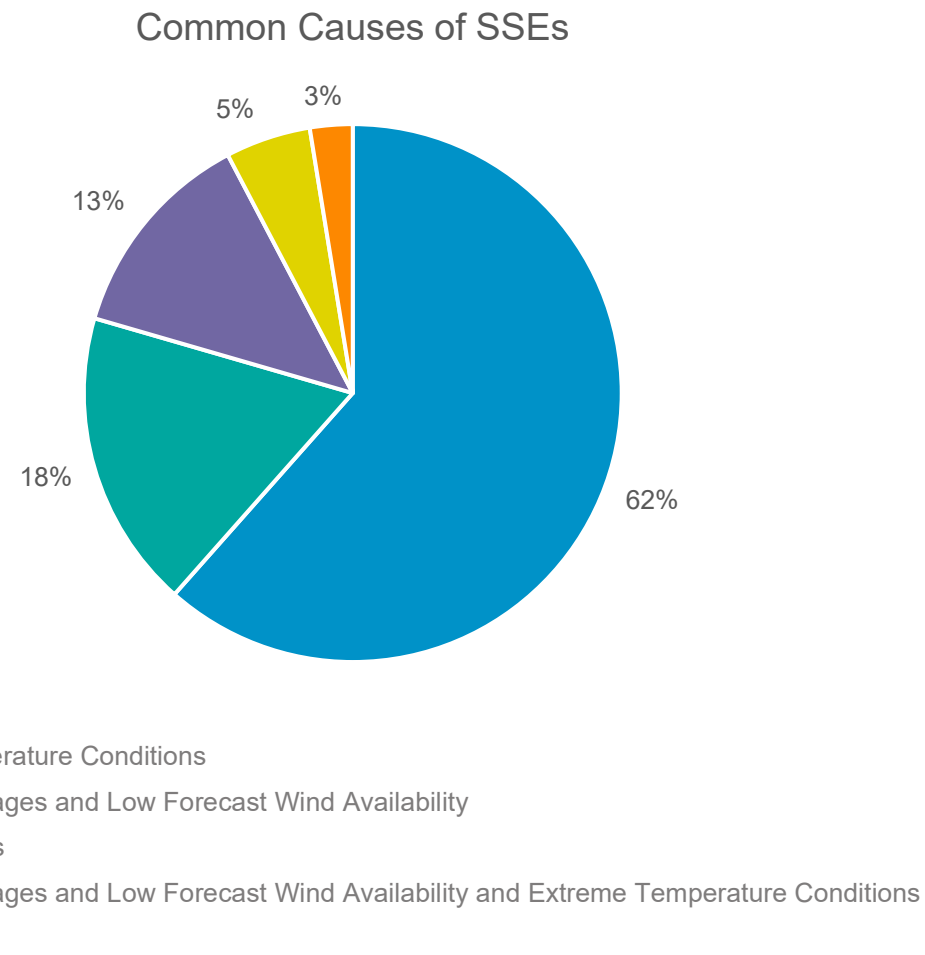
Dataset	Includes	Excludes
Market advisories 38 SSEs identified	Energy & ancillary services shortfalls	• Non-shortfall events (transmission or comms events) • Minor manual constraints • Ramp rate or RRS shortfalls • Emergency of High-Risk Operating State advisories due to system instability • Network and infrastructure failures
Manual constraints 1 SSE identified	Non-network constraints applied outside the above SSE durations	• Constraints relating to above SSEs • Network constraints • RoCoF shortfalls • Muja 6 reserve mode

Historical System Stress Events (SSEs)

During the CC2T Current State Technical Analysis we have identified 39 historical SSEs

This pie chart shows the percentage breakdown of the main causes of the 39 identified SSEs:

- 62% were driven by extreme temperature conditions (both high and low).
  - 21 events occurred in summer, 2 in the shoulder season, and 1 in winter (the 25 August 2025 event)
- 18% were driven by scheduled outages combined with low forecast wind availability
  - **Only** occurred **in winter** and represented 7 events.
- 13% were driven by forced outages.
  - 4 events occurred in the shoulder season, 1 in winter and none in summer.
- 5% driven by a combination of scheduled outages, low forecast wind availability, and extreme temperature conditions
  - 2 events, and **only** occurred **in summer**.
- The remaining 3% of events were classified as unspecified (1 event)

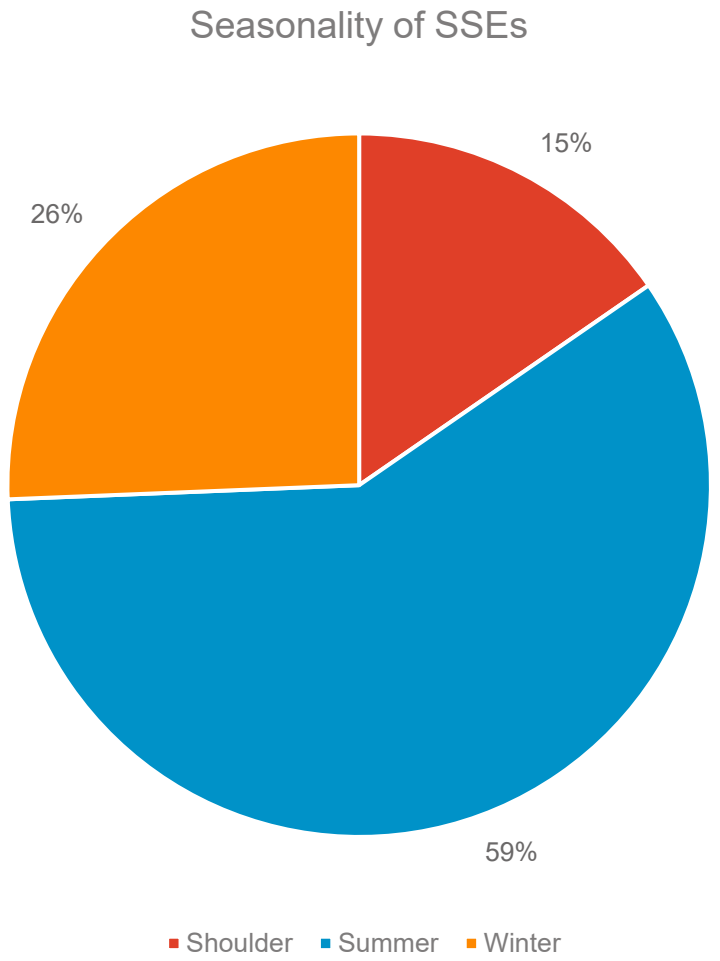


Historical System Stress Events (SSEs)

Seasonality of SSEs

This pie chart shows the percentage breakdown of the seasonality of the 39 identified SSEs:

- 15% of the SSEs (6 SSEs) occurred in the shoulder season (April, May, September)
- 59% of the SSEs (23 SSEs) occurred in summer (December – March)
- 26% of the SSEs (10 SSEs) occurred in winter (June – August)

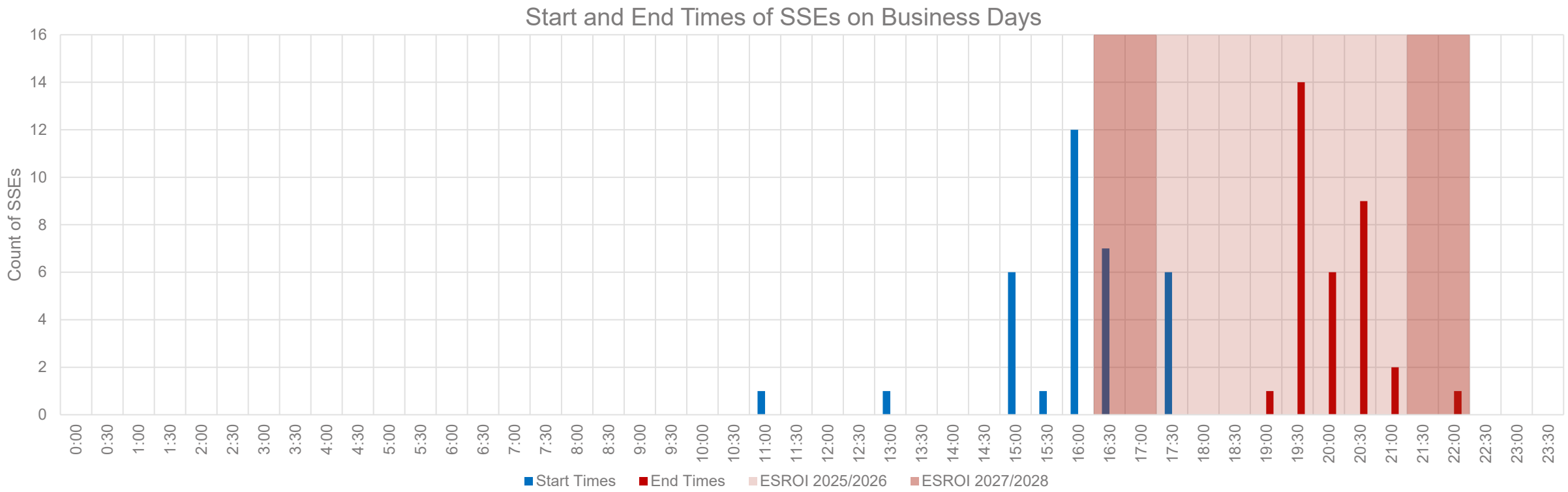


Historical System Stress Events (SSEs)

Timing of SSEs on Business Days

This chart shows the number of SSEs on business days by trading interval, comparing their start and end times with the current 2025-2026 ESROI and the future 2027-2028 ESROIs.

- 82% of business day SSEs started before the 2025-2026 ESROI, while 62% started before the 2027-2028 ESROI

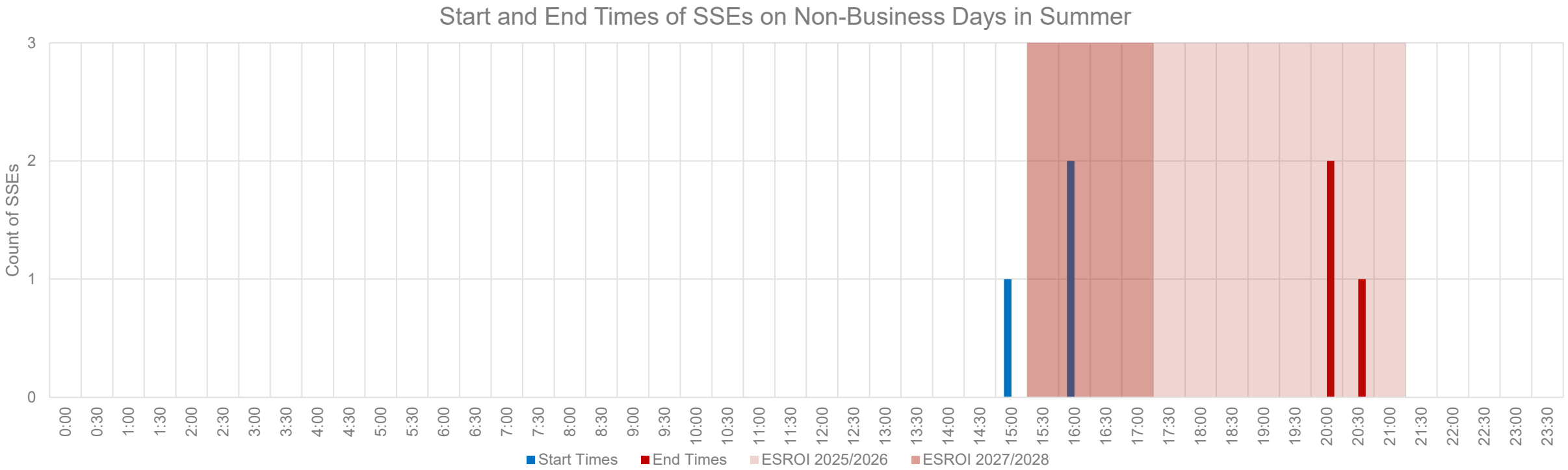


Historical System Stress Events (SSEs)

Timing of SSEs on Non-Business Days in Summer (Dec – Mar)

This chart shows the number of SSEs on non-business days in summer by trading interval, comparing their start and end times with the current 2025-2026 ESROI and the future 2027-2028 ESROIs.

All non-business day summer SSEs started before the 2025-2026 ESROI, while one started before the 2027-2028 ESROI. Note that there were no SSEs that occurred both on non-business days and shoulder season.

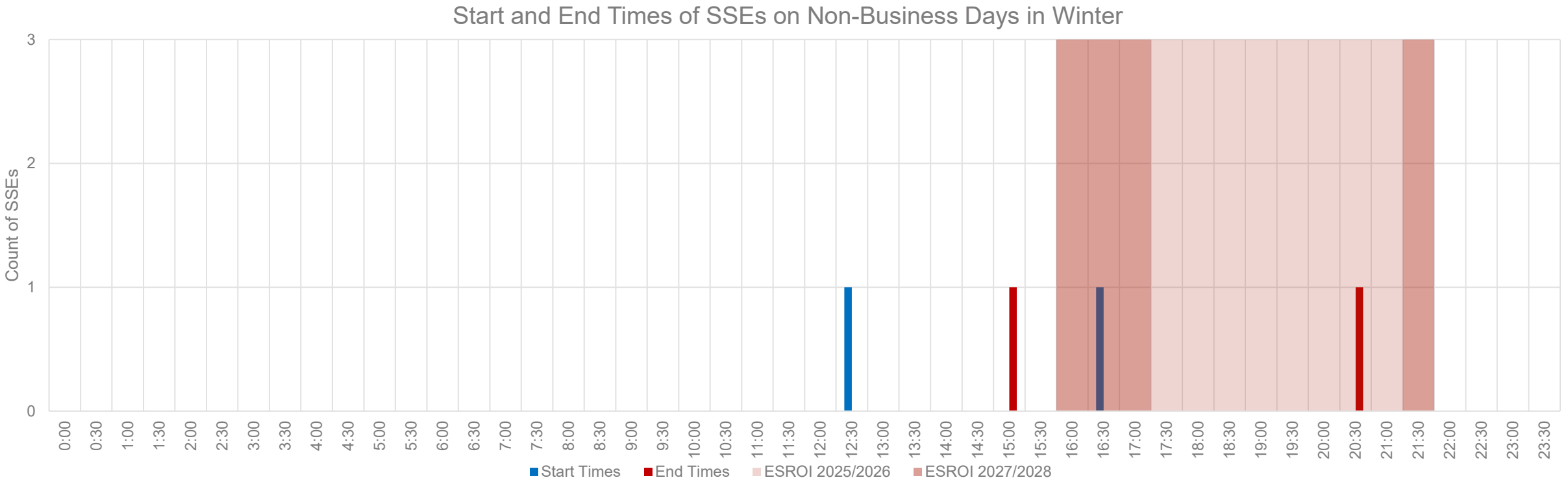


Historical System Stress Events (SSEs)

Timing of SSEs on Non-Business Days in Winter (Jun-Aug)

This chart shows the number of SSEs on non-business days in winter by trading interval, comparing their start and end times with the current 2025-2026 ESROI and the future 2027-2028 ESROIs.

All non-business day winter SSEs started before the 2025-2026 ESROI, while one started before the 2027-2028 ESROI.



Historical System Stress Events (SSEs)

SSEs Starting Before the 2025-2026 ESROIs

33 of the 39 historical SSEs identified started before the 2025-2026 ESROIs.

Common Characteristics of these 33 SSEs:

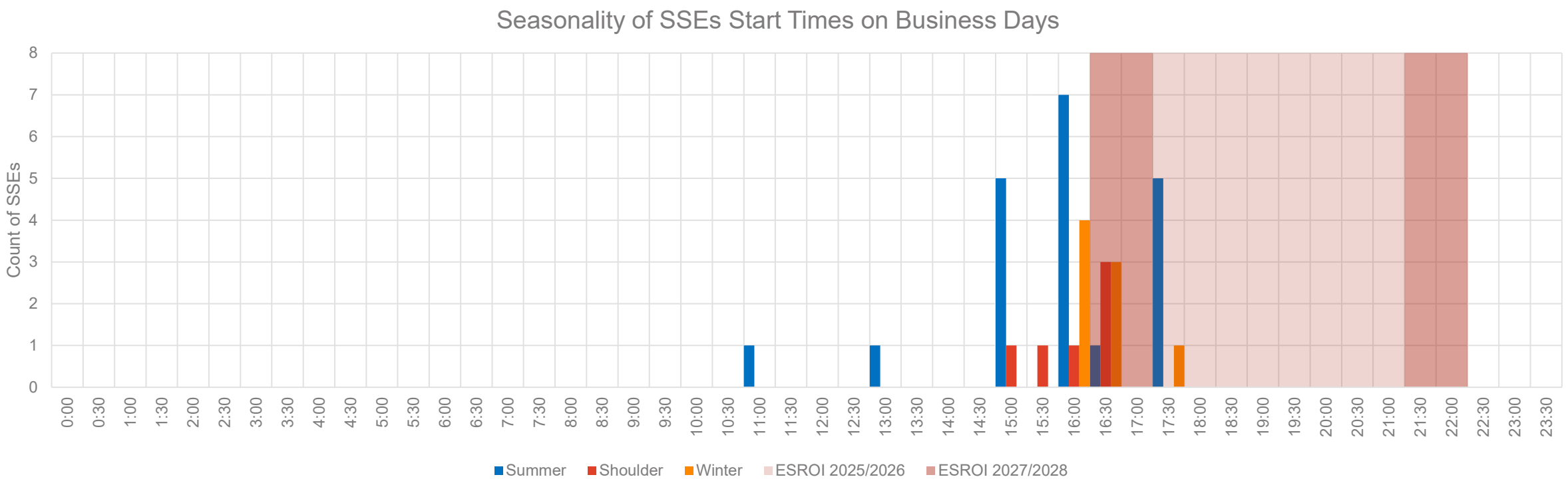
- **Timing:** The median start and end times were 16:00 and 20:00, with a median duration of 4 hours
- **Seasonality :** 18 events occurred in summer, 6 in the shoulder season and 9 in winter
- **Drivers:** Summer events were predominantly driven by heatwaves or higher than forecast temperatures, while winter events were driven by generation outages and low forecast wind availability
- **Severity:** Predominantly LOR1 or LOR2, with one event initially LOR2 and later upgraded to LOR3, and one event initially LOR1 and later upgraded to LOR2
- **Alignment with ESROIs:** Only one event extended beyond the end of the 2025-2026 ESROI
- **Day of the week:** Only 5 events were on Non-Business Days
- **ESRs Charge Levels:** Across all 39 SSEs, the median charge level at event start was 78%

Historical System Stress Events (SSEs)

Seasonality of SSEs Start Times on Business Days

This chart shows the number of SSEs on business days by trading interval in the summer, shoulder, and winter seasons, comparing their start times with the current 2025-2026 ESROI and the future 2027-2028 ESROIs.

As shown in the chart, SSEs tend to start earlier in summer and shoulder seasons.

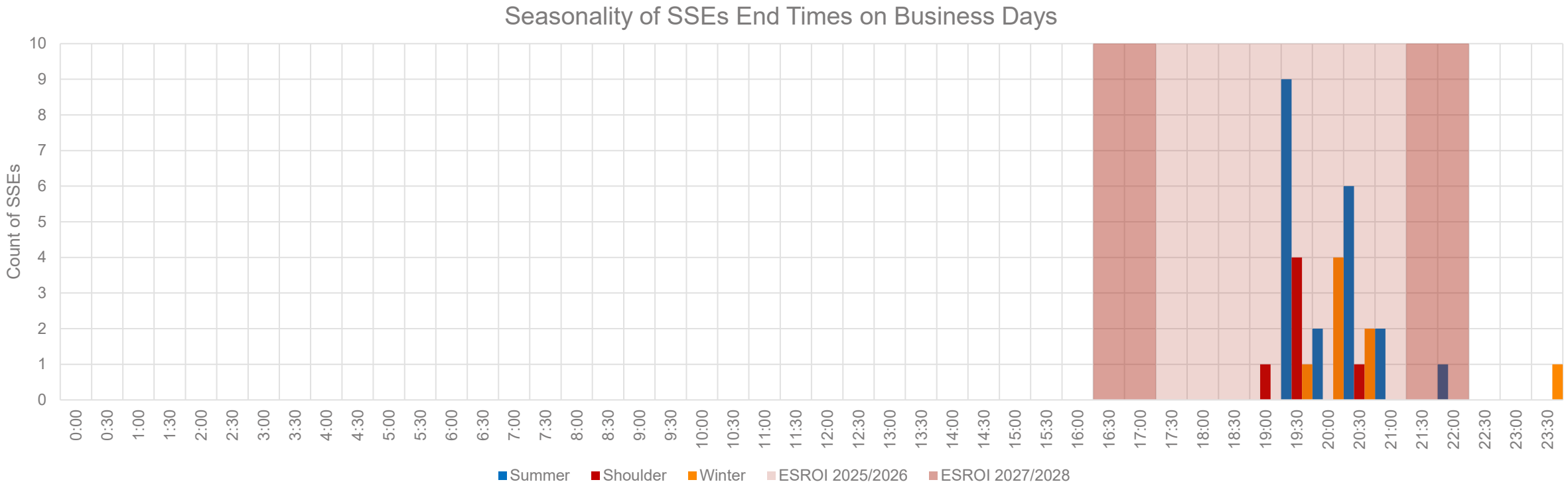


Historical System Stress Events (SSEs)

Seasonality of SSEs End Times on Business Days

This chart shows the number of SSEs on business days by trading interval in the summer, shoulder, and winter seasons, comparing their end times with the current 2025-2026 ESROI and the future 2027-2028 ESROIs.

As shown in the chart, only two SSEs ended after the 2025-2026 ESROI, one of which (the 25 August 2025 event) ended after the 2027-2028 ESROI.



Historical System Stress Event (SSEs)

Duration of SSEs by Season

The graph shows a scatter plot of SSEs durations across summer, shoulder and winter.

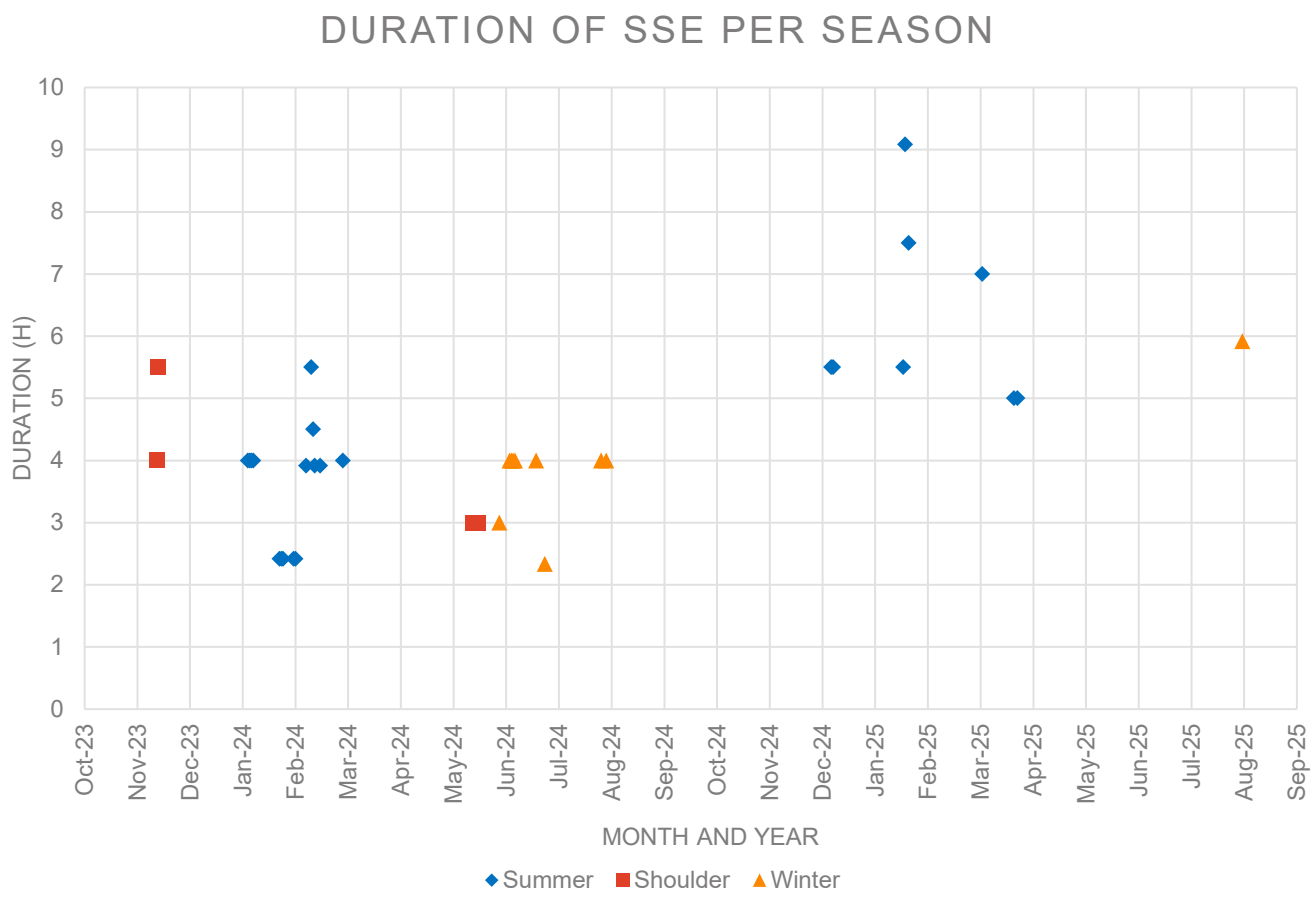
The three SSEs that had a duration greater than 6h occurred on:

- 21/01/2025 from 11:25 to 20:30
- 23/01/2025 from 13:00 to 20:30
- 6/03/2025 from 15:00 to 22:00

These SSEs had the following in common:

- They all occurred in Summer
- They started before the start of both the 2025-2026 ESROI and 2027-2028 ESROI
- They occurred on Business Days
- The 21/01/2025 and 6/03/2025 event had an average ESR charge level of 82% and 86% respectively, while the 23/01/2025 event had 54%.

As previously noted, SSE duration does <u>not</u> necessarily reflect durational requirement for ESR.

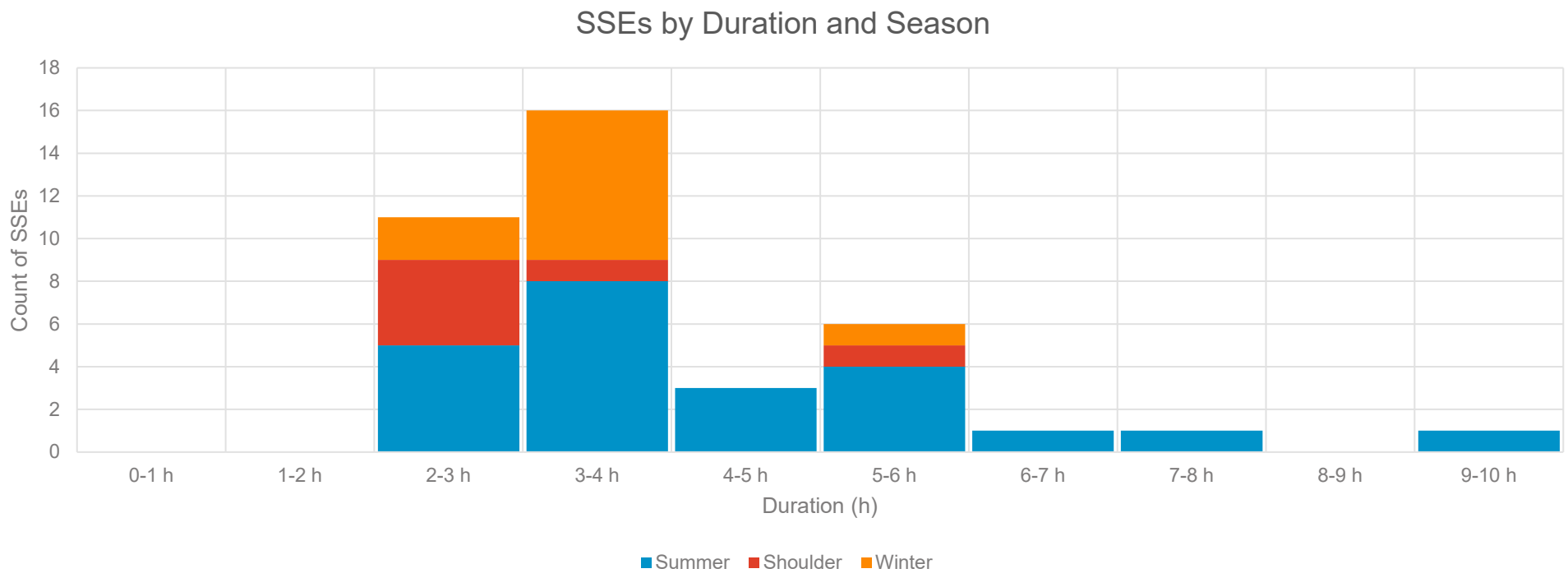


Historical System Stress Events (SSEs)

Number of SSEs by Duration and Season

This chart shows the number of SSEs by duration across summer, shoulder and winter.

- The charts indicates that SSEs most frequently have durations between 3 and 4 hours.
- Events in summer tend to have a greater duration than in winter and shoulder.

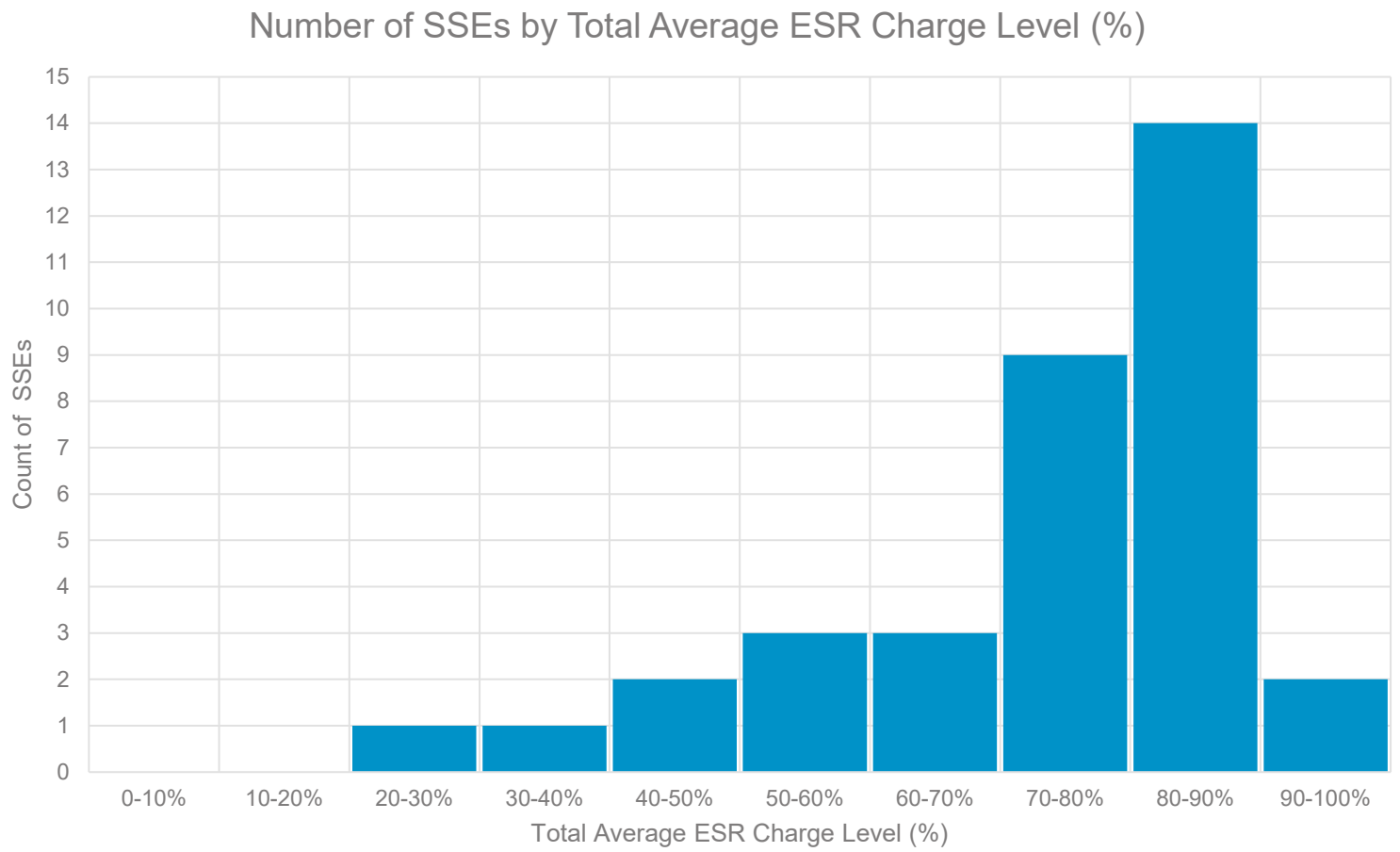


Historical System Stress Events (SSEs)

Number of SSEs by Average ESR Fleet Charge Level (%)*

This chart shows the number of SSEs by the average charge level (%) of the entire ESR fleet at the event start.

- 66% of SSEs had an average ESR charge level between 70% and 90%
- ESRs on outage (forced or planned) excluded from charge level calculation



*

1. Sourced from SCADA Case data.
2. Draft results – subject to change

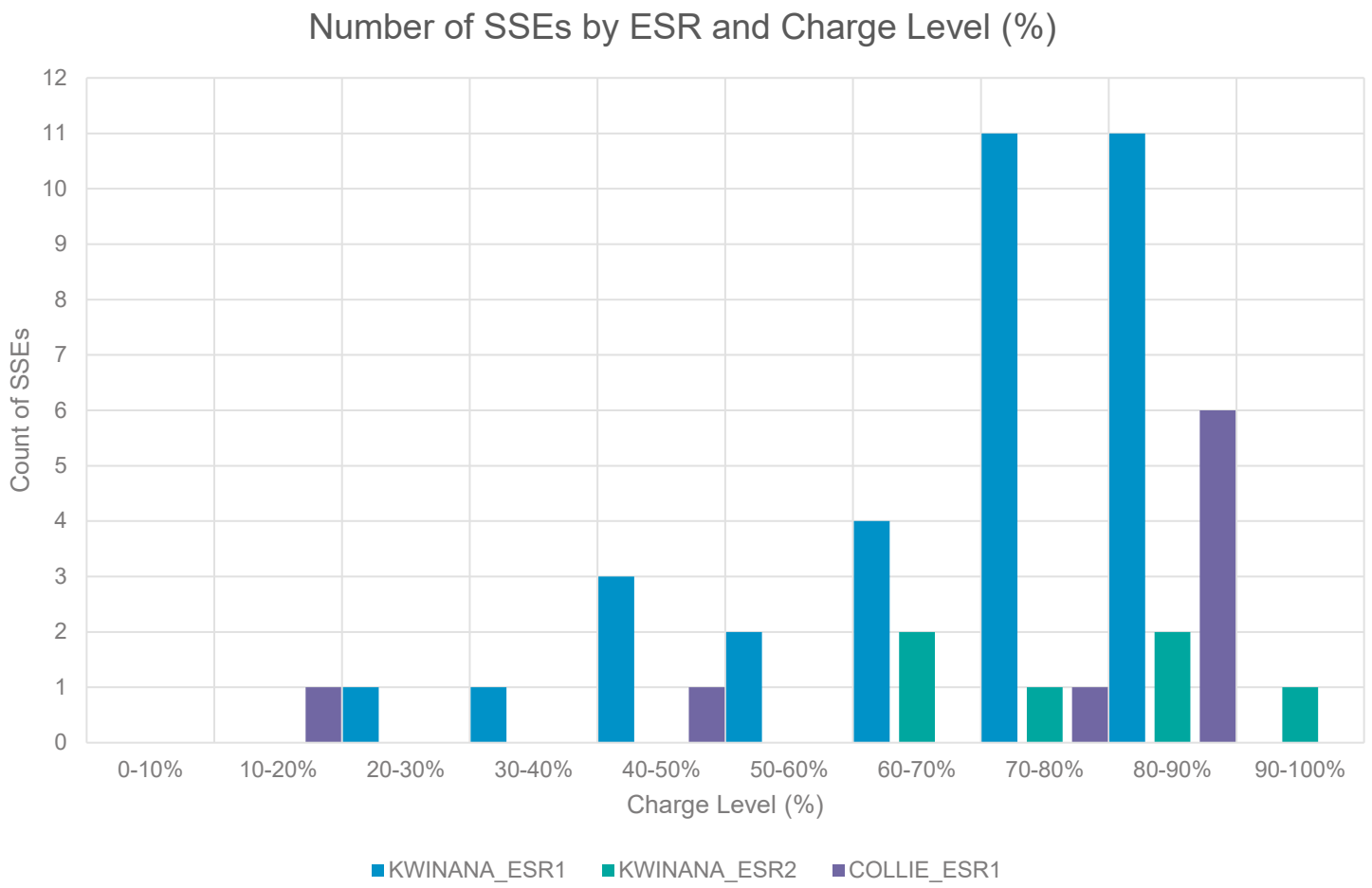
Historical System Stress Events (SSEs)

Number of SSEs by Average ESR Charge Level (%) of each ESR*

This chart shows the number of SSEs by the average charge level (%) of each ESR at event start.

- When available, COLLIE_ESR1 had charge levels of 80-90% for 67% of the events
- KWINANA_ESR2 maintained a minimum charge level of 60-70% across all events

* One KWINANA_ESR1's data point was excluded in this draft result pending further data validation analysis.



Department of Energy and Economic Diversification
GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Agenda Item 6: Rule Change Proposal (RC_2025_01)

Market Advisory Committee (MAC) Meeting 2026_02_11

1. Purpose

MAC members to discuss the Coordinator of Energy's (Coordinator) draft decision on Bluewaters Power's Rule Change Proposal - Supplementary Reserve Capacity Amendments (RC_2025_01), which is currently open for consultation.

2. Recommendation

That MAC members note the Coordinator's draft decision on RC_2025_01, outlined in the Draft Rule Change Report and provide any additional views.

3. Background

On 15 October 2025, Bluewaters Power submitted a Rule Change Proposal titled Supplementary Reserve Capacity Amendments (RC_2025_01) that seeks to change the eligible sources of supplementary capacity that are Eligible Services under clause 4.24.3 of the Electricity System and Market (ESM) Rules.

RC_2025_01 seeks to allow the production of electricity by Energy Producing Systems that are Registered Facilities, and for which the relevant Market Participant applied for certification in the current Reserve Capacity Cycle but were not awarded Capacity Credits, to participate in the supplementary capacity process in the Capacity Year for which they did not receive Capacity Credits.

The Coordinator progressed RC_2025_01 under the Standard Rule Change Process. The first submission period closed 16 December 2025, and six stakeholder submissions were received.

The MAC discussed the Rule Change Proposal at the 20 November 2025 meeting.

4. Update

Taking into account stakeholder feedback, received during the first submission period, and the views of the Market Advisory Committee (MAC), the Coordinator has made its draft decision to reject RC_2025_01 on the basis that it is inconsistent with the State Electricity Objective (SEO).

The reasons for the Coordinators draft decision are outlined in the Draft Rule Change Report and include the following:

- The design of the Reserve Capacity Mechanism (RCM) is critical in incentivising sufficient Reserve Capacity to enter the market by participants applying for certification in order to receive Capacity Credits. RC_2025_01 opens opportunities for capacity to exit

the RCM and earn higher revenues through the supplementary capacity process, which was intended as an emergency mechanism.

- RC_2025_01 presents potential risks to system reliability, and the integrity and operation of the Wholesale Electricity Market (WEM), including those raised in stakeholder submissions and by MAC members:
    - While the Australian Electricity Market Operator's (AEMO) Reserve Capacity certification process is robust in assessing the ability of facilities to reliably meet their Reserve Capacity obligations, RC_2025_01 presents a potential risk to reliability by:
        - Allowing Facilities that failed the Reserve Capacity certification process to apply for supplementary capacity in the same year for which they failed the certification process;
        - The potential for gaming, with some Market Participants purposefully failing certification and withholding capacity from the RCM; and
        - The potential for undermining the RCM incentives structures and creating reliability issues at other times of the year, outside of the Hot Season.
- RC_2025_01 presents a potential risk to the effectiveness of the supplementary capacity process as an emergency mechanism:
    - The current supplementary capacity settings have allowed AEMO to procure sufficient additional capacity to meet peak demand, while preventing gaming;
    - The difference in obligations between the RCM and Supplementary Capacity Contracts, and the overall transparency of each process, present a potential risk of market distortion; and
    - While the Reserve Capacity certification process requires AEMO to undertake an assessment of the Facility's capability to reliably meet its Reserve Capacity obligation, if RC_2025_01 is accepted a Facility could offer supplementary capacity despite failing this assessment by AEMO. This has the potential to erode the reliability contribution of supplementary capacity.
- RC_2025_01 has the potential to increase the costs to consumers:
    - The overall costs of supplementary capacity are higher than the cost of capacity with Capacity Credits for the level of reliability they deliver for consumers:
        - Supplementary capacity costs consumers more than Reserve Capacity as it has higher availability and activation payments, while it is limited only to the Hot Season.
    - RC_2025_01 may create an incentive for Market Participants to move away from a Transitional Reserve Capacity Price to more lucrative Supplementary Capacity Contracts, which will increase costs to consumers; and
    - The potential for gaming the RCM would increase both the overall cost of Capacity Credits and the need for supplementary capacity, which will affect both the overall cost in the WEM and system reliability.
- Bringing back high emission technologies once they exit the market through the supplementary capacity mechanism is contrary to the SEO.

- The reviews of the supplementary capacity mechanism, undertaken in 2023 and 2024, and stakeholder feedback received during the reviews, indicated a clear preference to not change further the definition of Eligible Services.

The Draft Rule Change Report was published 15 January 2026. The second submission period closes 16 February 2026.

RC_2025_01 Rule Change Notice, Proposal, Draft Rule Change Report and stakeholder submissions are available here

4. Next Steps

The table below shows the proposed next steps:

Activity	Timing
End of second submission period	16 February 2026
Publication of Final Rule Change Report	17 March 2026

Department of Energy and Economic Diversification
GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Agenda Item 7: WEM Operation Effectiveness Report – Progress Update

Market Advisory Committee (MAC) Meeting 2026_02_11

1. Purpose

Energy Policy WA (EPWA) to update the MAC on the progress of implementing the recommendations from the Coordinator of Energy's (Coordinator's) inaugural Wholesale Electricity Market (WEM) Operation Effectiveness Report.

2. Recommendation

That the MAC notes the update on the progress of implementing the recommendations from the first WEM Operation Effectiveness Report.

3. Background

Under clause 2.16.13D of the Electricity System and Market (ESM) Rules, the Coordinator must provide the Minister of Energy (Minister) with a report dealing with the matters identified through its market monitoring activities at least once every three years, with the first such report due by 1 July 2025.

The Coordinator provided the first WEM Operation Effectiveness Report (the Report), that covered matters outlined in clauses 2.16.13A, 2.16.13B and 2.16.13E of the ESM Rules, to the Minister on 25 June 2025.

- After consultation with the Minister, the Coordinator published a version of the Report on 8 July 2025 on the Coordinator's website.
    - Any confidential and/or sensitive data was either aggregated or removed.
- The published report is to serve as a point of reference of further work required by AEMO, the ERA, EPWA and Western Power to improve market effectiveness, including through future ESM Amending Rules.

Table 1 – Recommendations relevant to all Market Bodies

Recommendation	Status	Update
Proactive reporting of Market Bodies on WEM design flaws and areas for improvement	Ongoing	EPWA, AEMO and the ERA have established fortnightly Market Surveillance meetings to discuss WEM design flaws and areas for improvement. Updates, as appropriate, will be provided to the MAC by EPWA or the AEMO at its relevant forums. Additionally, AEMO and EPWA have established regular meetings at Executive level, and are working together to establish a new 'Market Issues Log' that will enable improved information sharing and tracking of solutions between the two agencies.
Improvement of accessibility across all market bodies' websites and published materials	Starting	To commence On 17 September 2025, the ERA implemented a new website design, moving to a function-based structure and restructured its WEM section.

Table 2 – Recommendations relevant to AEMO

Recommendation	Status	Update
Provision of further detail on the cause of any direction/intervention by AEMO.	Ongoing	The ongoing Frequency Co-optimised Essential System Services (FCESS) Cost Review (Stage 2) is addressing this proposal.
Improvements in relation to operational forecasting.	Ongoing	The ongoing Operational Forecasting Review is addressing this proposal. In parallel to the Review, AEMO has initiated an internal Project to uplift AEMO's operational forecasting capabilities, which includes several initiatives aligned with EPWA's proposals.
Completion and publication of WEM Procedures in a timely manner, including prompt updates when required.	Ongoing	The WEM Procedure Content Review will address some of the issues highlighted in the Report. As highlighted in the Report, there were still nine WEM Procedures outstanding from the date of the new WEM commencement. AEMO has since finalised and commenced five, one is being finalised post-consultation, and the remaining three have had drafts completed and are expected to be published for consultation in the coming weeks (noting that MT PASA is currently being

Recommendation	Status	Update
		amended to reflect the interim process being developed as explained to industry at the July 2025 AEMO Procedure Change Working Group and notified to MAC). AEMO has also implemented new internal processes to support the timely development of Procedures, including uplifted Procedure tracking and reporting tools that will enhance monitoring by Managers and the Senior Leadership Team, and highlight resourcing requirements and risks early.
Making complete and verified market data available through the publicly accessible web portal in easily accessed data formats.	Starting	AEMO's Data Dashboard uplift project is a priority initiative for FY26 and will help address the findings from the Report around the availability of data through AEMO's website. The feasibility stage commenced in November 2025 and is almost complete. AEMO conducted a WEM Data Dashboard survey and held workshops in mid-2025, the findings of were considered when defining the scope of the uplift project. Currently the project is scheduled for completion in late 2027 (noting this is subject to change).

Table 3 – Recommendations relevant to the ERA

Recommendation	Status	Update
Provision of clearer information to Market Participants regarding the current priorities and focus of the ERA's surveillance and compliance activities, noting that confidential information must be protected.	Ongoing	Jurisdictional Review has been conducted.

Table 4 – Recommendations relevant to Western Power

Recommendation	Status	Update
Transformation of the Transmission System Plan, in the medium term, into a broader Networks Plan that includes a complete transmission and distribution development roadmap, to provide an informed view of investment opportunities. Supporting information should include constraint data, cost-benefit analyses and improved distribution level heat maps.	Starting	To be commenced.

Table 5 – Recommendations relevant to EPWA

Recommendation	Status	Update
The Coordinator will work with the Market Bodies and other stakeholders on how to integrate the State Electricity Objective more broadly within the ESM Rules, and will monitor this in the next WEM Operation Effectiveness Report.	Starting	To be commenced.

Department of Energy and Economic Diversification
GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Agenda Item 8: Market Development Forward Work Program

Market Advisory Committee (MAC) Meeting 2026_02_11

1. Purpose

- To update the MAC on changes to the Market Development Forward Work Program since the previous MAC meeting, which are shown in red in the Tables below.
- Rows that are shaded grey are complete and will be removed for the next MAC meeting.

2. Recommendation

The MAC Secretariat recommends that the MAC notes the updates in the paper.

3. Process

Stakeholders may raise issues for consideration by the MAC at any time by sending an email to the MAC Secretariat at energymarkets@deed.wa.gov.au.

Stakeholders should submit issues for consideration by the MAC two weeks before a MAC meeting so that the MAC Secretariat can include the issue in the papers for the MAC meeting, which are circulated one week before the meeting.

Table 1 – Current MAC Working Groups			
Working Group	**Established**	**Status**	**Next steps**
WEM Procedures Content Review	2 May 2024 MAC Meeting	Open	EPWA is currently reviewing Priority 1 WEM Procedures
Capability Class 2 Technologies Review	24 July 2025 MAC Meeting	Open	Future Working Group meetings
Essential Systems Services Framework Review	2 May 2024 MAC Meeting	Open	Schedule 1A of the *Electricity System and Market Amendment (Tranche 9) Rules 2025* to commence on 26 February 2026.
AEMO Procedure Change	1 May 2017 MAC Meeting	Open	Ongoing Process
AEMO Major Projects	1 May 2025 MAC Meeting	Open	Ongoing Process
Power System Security and Reliability Standards	23 November 2023 MAC Meeting	Open	Western Power Consultation Paper – User Facility Standards for grid-forming and grid-following inverters paper public consultation closes on 6 February 2026
Wholesale Electricity Market Investment Certainty Review	20 July 2023 MAC Meeting	Open	Ongoing Process
Cost Allocation Review	14 December 2021 MAC Meeting	Finishing	Schedule 3 is the last schedule of the of the Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024 for which a commencement date is yet to be specified by the Minister.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**

Cost Allocation Review (CAR)	A review of:
	• the allocation of Market Fees, including behind the meter (BTM) and Distributed Energy Resources (DER) issues;
	• cost allocation for Essential System Services; and
	• Issues 2, 16, 23 and 35 from the MAC Issues List.
		• The MAC established the Cost Allocation Review Working Group (CARWG). Information on the CARWG is available at Cost Allocation Review Working Group, including:
		  • the Scope of Work for the review, as approved by the Coordinator;
		  • the Terms of Reference for the CARWG, as approved by the MAC;
		  • the list of CARWG members;
		  • meeting papers and minutes from the CARWG meetings on 9 May 2022, 7 June 2022, 30 August 2022, 27 September 2022, 25 October 2022, 29 November 2022, 21 March 2023, 2 May 2023 and 29 August 2023.
		• The following papers have been released and are available on the CAR webpage at Cost Allocation Review:
		  • the Consultation Paper;
		  • the International Review;
		  • submissions on the Consultation Paper;
		  • the CAR Information Paper;
		  • the Exposure Draft of the ESM Amending Rules implementing the outcomes of the CAR;
		  • submissions on the CAR ESM Amending Rules Exposure Draft; and
		  • response to submissions on the CAR ESM Amending Rules Exposure Draft.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**

		• the Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024 available at Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024.
		• Further changes to refine the cost allocation method for the Contingency Reserve Raise Service were presented at the 18 June 2024 TDOWG and consulted on within the Miscellaneous Amendments No. 3 Exposure Draft.
		• The last set of changes (to Contingency Reserve Raise cost allocation) implementing the outcomes of this Review were included in the Amending Rules made by the Minister on 2 October 2024.
		• AEMO to confirm implementation dates.
		• An Exposure Draft was released on 19 August 2025 on changes to Contingency Reserve Lower that affects Schedule 4 of the *Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024*.
		  • Consultation closed 2 September 2025.
		  • One stakeholder submission was received, which was published on 26 September 2025.
		• By gazettal on 26 September 2025, Schedules 2 and 4 of the *Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024* will commence on 30 October 2025.
		• Schedule 3 is the last schedule of the of the Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024 for which a commencement date is yet to be specified by the Minister.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**

Review of the Power System Security and Reliability (PSSR) Standards	The scope of this review is to:
	• review the various PSSR related provisions in the instruments governing power system security and reliability in the SWIS;
	• assess whether the combination of existing standards is effective to ensure power system security and reliability can be maintained;
	• develop proposals for a single end-to-end PSSR standard and a centralised governance framework; and
	draft amending Rules and other regulatory changes, as necessary.
		• The MAC established the PSSR Standards Working Group (PSSRSWG). Information on the PSSRWG is available at Power System Security and Reliability (PSSR) Standards Working Group including:
		  • the Terms of Reference for the PSSRSWG, as approved by the MAC;
		  • the Scope of Work
		  • the list of PSSRSWG members; and
		  • meeting papers and minutes for the 14 December 2023, 1 February 2024, 29 February 2024, 18 April 2024, 25 July 2024, 10 October 2024 and 31 October 2024 PSSRSWG meetings.
		• The PSSR Consultation Paper was published on 19 June 2025 on the PSSR Standards Review webpage.
		  • The consultation period for the Consultation Paper closed on 7 August 2025.
		  • Stakeholder submissions were published on 14 November 2025 on the PSSR Standards Review webpage.
		• The consultation period for Proposal 20 included in the PSSR Consultation Paper - Adopting Western Power September 2023 Proposed Technical Rules Amendments was extended on 30 September 2025.
		  • The consultation period closed on 11 November 2025.
		  • Stakeholder submissions were published on 13 August 2025.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**

		• A Western Power Consultation Paper – User Facility Standards for grid-forming and grid-following inverters was published on 22 December 2025 on the PSSR Standards Review webpage.
		  ◦ The consultation period for the Consultation Paper closes on 6 February 2026.
		• EPWA is currently progressing work on the following items, anticipated for publication in the first half of 2026:
		  ◦ assessing options to propose a System Strength incentive framework, to be issued for stakeholder consultation.
		  ◦ an Information Paper outlining the review outcomes covering interim GFM and GFL technical requirements and prescribed roles and responsibilities for system strength, together with an Exposure Draft of ESM Amending Rules.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
WEM Procedure Content Review	The scope of this review is to assess the content of selected existing WEM Procedures and their heads of power to determine, using the guiding principles, whether any matters identified require changes to improve the effectiveness of WEM Procedures, including, but not limited to: • the potential elevation of certain content to the ESM Rules; and/or • changes to a WEM Procedure heads of power.	• A revised Scope of Works and Terms of Reference was presented to the MAC at the 4 September 2025 Meeting to reflect the proposals from the 2025 WEM Operation Effectiveness Report. • On 11 September 2025, a MAC member provided EPWA with WEM Procedures that should be included in the review. • EPWA is currently reviewing Priority 1 WEM Procedures, as outlined in the Scope of Works.

Review of the Market Advisory Committee (MAC)	The scope of this review is to ensure that the purpose, representation, process and operations of the MAC are fit for purpose, and in particular, that it operates efficiently and provides balanced, timely and useful advice to the Coordinator.	• The MAC supported a Scope of Works for this review at its meeting on 8 June 2023.
		• ACIL Allen was engaged by the Coordinator to undertake Stage 1 of the MAC Review, and recommend any changes necessary.
		• The following papers have been released and are available on the MAC Review webpage at Market Advisory Committee Review the:
		  • Scope of Work for the review, as approved by the Coordinator;
		  • Market Advisory Committee Review: Stage 1 - ACIL Allen's Consultation Paper;
		  • Submissions received on the Market Advisory Committee Review: Stage 1 - ACIL Allen's Consultation Paper;
		  • Market Advisory Committee Review - Coordinator of Energy's Consultation Paper;

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
		• Submissions received on the Market Advisory Committee Review - Coordinator of Energy's Consultation Paper. • Market Advisory Committee Review - Coordinator of Energy's Information Paper and Exposure Draft of ESM Amending Rules resulting from the Review; and • A submission received on the Coordinator of Energy's Information Paper and Exposure Draft of ESM Amending Rules. The Amending Rules to implement the outcomes of the Review were included in the Electricity System and Market Amendment (Tranche 9) Rules 2025 which were approved by the Minister for Energy on 19 December 2025, published in the Government Gazette on 23 December 2025 and commenced on 1 January 2026.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
Procedure Change Process (PCP) Review	A review of the PCP to address issues identified through Energy Policy WA's consultation on governance changes.	• The MAC discussed a draft Scope of Work for this review at its meeting on 11 October 2022. EPWA has updated the Scope of Works to reflect the MAC discussions. • The Scope of Work for the review, as approved by the Coordinator is available here Wholesale Electricity Market Procedure Change Process Review (www.wa.gov.au) • ACIL Allen has been appointed to assist with the PCP review. • ACIL Allen engaged with MAC members through a survey and one-on-one consultations between 12 March and 18 April 2024. There were 11 respondents to the PCP survey, out of 19 requests. • On 6 May 2024, the Consultation Paper was released for public consultation. Submissions closed 31 May 2024 with stakeholder submissions published on the Coordinator's website. • On 9 August 2024, the Coordinator finished stage 1 by publishing the ACIL Allen report and his response on the Coordinator's website. • EPWA is progressing stages 2 and 3 of the review and is revising a draft consultation paper to reflect the MAC's feedback from the 5 September 2024 MAC meeting.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
Review of the Essential Systems Services (ESS) Framework	The Coordinator of Energy (Coordinator) is conducting a review of the ESS Framework (the Review), incorporating: • a review of the ESS Process and Standards under Section 3.15 of the ESM Rules; and • a review of the Supplementary Essential Systems Services Procurement Mechanism (SESSM) under clause 2.2D.1(h). The purpose of this Review is to assess whether the FCESS framework in the ESM Rules is operating efficiently to ensure power system security and reliability can be maintained at the lowest cost to consumer.	• The MAC approved the establishment of the ESS Framework Working Group (ESSFRWG) to support the ESS Framework Review. Information on the ESSFRWG is available at Essential System Services Framework Review Working Group including: • The Terms of Reference for the ESSFRWG, as approved by the MAC; • The list of ESSFRWG members; • Meeting papers and minutes for 6 November 2024, 26 February, 26 March and 24 July 2025 meetings. The following papers have been released and are available on the ESS Framework Review webpage: • The Scope of Work for the Review. • The Essential System Services Framework Review Consultation Paper. • An addendum (of proposed ESM Amending Rules) to the Essential System Services Framework Review – Consultation Paper • Stakeholder submissions to the Essential System Services Framework Review Consultation Paper and addendum. • The Amending Rules to relax the RoCoF Safe Limit were included in the Electricity System and Market Amendment (Tranche 9) Rules 2025 which were approved by the Minister for Energy on 19 December 2025, published in the Government Gazette on 23 December 2025 and will commence on 26 February 2026.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
		Next Step: EPWA to draft Information Paper.

WEM Investment Certainty (WIC) Review	The WIC Review will consider, design and implement the following five reforms that have been announced by the Minister for Energy, which are aimed at providing further investment certainty to assist the decarbonisation of the WEM:
	(1) changing the Reserve Capacity Price (RCP) curve so it sends sharper signals for investment when demand for new capacity is stronger;
	(2) a 10-year RCP guarantee for new technologies, such as long-duration storage;
	(3) a 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;
	(4) emission thresholds for existing and new high emission technologies in the WEM; and
	(5) a 10-year exemption from the emissions thresholds for existing flexible gas plants that qualify to provide the new flexibility service.
		• The MAC established the WIC Review Working Group (WICRWG). Information on the WICRWG is available at Wholesale Electricity Market Investment Certainty (WIC) Review Working Group including:
		  • the Terms of Reference for the WICRWG, as approved by the MAC;
		  • the list of WICRWG members;
		  • meeting papers and minutes from the 31 August 2023, 11 October, 8 November, the 6 December 2023, 24 January, the 24 April and 29 May 2024 WICRWG meeting.
		• The following papers have been released and are available on the WIC Review webpage, including:
		  • the Scope of Work for the review, as approved by the Coordinator;
		  • the WIC Review (Initiatives 1 and 2) Consultation Paper;
		  • the submissions received on the WIC Review (Initiatives 1 and 2) Consultation Paper;
		  • the WIC Review (Initiatives 1 and 2) Information Paper;
		  • The Exposure Draft of ESM Amending Rules to implement Initiatives 1 and 2;
		  • Submissions for the Exposure Draft of WEM Investment Certainty and RCM Review Amending Rules; and
		  • Response to Submissions for the Exposure Draft of WEM Investment Certainty and RCM Review Amending Rules.
		• The ESM Rules implementing the Review Outcomes for Initiatives 1 and 2 of the WIC Review are in Wholesale Electricity Market Amendment (RCM Reviews Sequencing) Rules 2025. The Rules were approved by the Minister for

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**

		Energy and published in the Government Gazette on 14 January 2025.
		• The WICRWG convened on 14 August 2025 to discuss the Coordinator's review of the Benchmark Capacity Providers.
		  • meeting papers and minutes for this meeting are available at Wholesale Electricity Market Investment Certainty (WIC) Review Working Group page.
		• The following papers for the 2025 Benchmark Capacity Provider Review have been released and are available on the webpage:
		  • Scope of Work
		  • Consultation Paper
		  • Stakeholder submissions
		  • The Coordinator's Determination, including responses to submissions

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**

Capability Class 2 Technologies Review (CC2TR)	The Review will consider:
	• whether market design changes are required to maintain Power System Security and Reliability (PSSR) with the growing share of Electric Storage Resource (ESR) in the South West Interconnected System (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 Demand Side Programme (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 MAC established the Capability Class 2 Technologies Review Working Group (CC2TRWG). Information on the CC2TRWG is available at Capability Class 2 Technologies Review Working Group, including:
		  • the Terms of Reference for the CC2TRWG, as approved by the MAC;
		  • the list of CC2TRWG members;
		  • Meeting papers and minutes for the 23 October 2025 and 4 December 2025 CC2TRWG meeting; and
		  • Meeting papers for the 5 February 2025 CC2TRWG meeting.
		• The following papers have been released and are available on the CC2TR webpage:
		  • the Scope of Works.

Forecast quality	Review of Issue 9 from the MAC Issues List.	• This review has been incorporated in the Operational Forecasting Review.
Network Access Quantity (NAQ) Review	Assess the performance of the NAQ regime, including policy related to replacement capacity, and address issues identified during implementation of the Energy Transformation Strategy (ETS).	• The timing for this review is to be determined.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
Short Term Energy Market (STEM) Review	Review the performance of the STEM to address issues identified during implementation of the ETS.	• This review has been deferred.

Table 3 – Other Issues			
Id	**Submitter/Date**	**Issue**	**Status**
9	Community Electricity November 2017	Improvement of AEMO forecasts of System Load; real-time and day-ahead.	EPWA has commenced work to improve AEMO's operational forecasting that will consider this issue. The following papers have been released and are available on the Operational Forecasting Review webpage: • The Scope of Works • The Operation Forecasting Review Consultation Paper • Stakeholder submissions EPWA is considering stakeholder feedback on the Consultation Paper and is preparing to release an Exposure Draft on proposed Amending Rules.

Department of Energy and Economic Diversification
GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Agenda Item 9: Overview of Rule Change Proposals (as of 4 February 2026)

Market Advisory Committee (MAC) Meeting 2026_02_11

- Changes to the report since the previous MAC meeting are shown in red font.
- The next steps and the timing for the next steps are provided for Rule Change Proposals that are currently being actively progressed by the Coordinator of Energy (**Coordinator**) or the Minister.

Rule Change Proposals Commenced since the Report presented at the last MAC Meeting

None

Rule Change Proposals Awaiting Commencement

None

Rule Change Proposals Rejected since Report presented at the last MAC Meeting

None

Rule Change Proposals Awaiting Approval by the Minister

None

Formally Submitted Rule Change Proposal

Reference	Submitted	Proponent	Title and Description	Urgency	Next Step	Commencement
RC_2025_01	15 October 2025	Bluewaters Power	Supplementary Reserve Capacity Amendments		Second submission period closes 5:00pm (AWST) 16 February 2026	

Pre-Rule Change Proposals

None

Rule Changes Made by the Minister since Report presented at the 20 November 2025 MAC Meeting

Gazette	Date	Title	Commencement

Rule Change Made by the Minister and Awaiting Commencement

Gazette	Date	Title	Commencement
2024/66	7/06/2024	Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024	• Schedule 3 will commence at a time specified by the Minister in a notice published in the Gazette.
2025/113	26/09/2025	Wholesale Electricity Market Amendment (Supplementary Capacity No. 3) Rules 2024	• Schedule 2 will commence on 1 October 2026.
2024/120	4/10/2024	Wholesale Electricity Market Amendment (Miscellaneous Amendments No 3) Rules 2024	• Schedule 4 will commence on 26 February 2026.
2025/3	14/01/2025	Wholesale Electricity Market Amendment (RCM Reviews Sequencing) Rules 2025	• Schedule 3 will commence 1 October 2026. • Schedule 4 will commence 1 October 2027. • 7 will commence at a time specified by the Minister in a notice published in the Gazette.
2025/64	3/06/2025	Electricity System and Market Amendment (Tranche 8) Rules 2025	• Schedule 4 will commence 1 October 2026. • Schedule 5 will commence 1 October 2027. • Schedule 7 will commence on 26 February 2026. • Schedule 8 will commence

			immediately after the commencement of the amending rules in Schedule 2 of the Wholesale Electricity Market Amendment (Supplementary Capacity No. 3) Rules 2024. • Schedule 9 will commence at a time specified by the Minister in a notice published in the Gazette.
2025/155	23/12/2025	Electricity System and Market Amendment (Tranche 9) Rules 2025	• Schedule 1A will commence on 26 February 2026 • Schedule 2 will commence on 1 April 2026 • Schedule 2A will commence on 1 July 2026 • Schedule 3 will commence on 1 October 2026 • Schedule 4 will commence on 1 October 2027 • Schedule 5 will commence on 1 May 2026

Department of Energy and Economic Diversification
GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Agenda Item 10: In Person Meeting Schedule for 2026

Market Advisory Committee (MAC) Meeting 2026_02_11

1. Purpose

MAC members to approve the MAC meetings in 2026 that will be held in person.

2. Recommendation

That the MAC considers and approves the proposed in person MAC meeting dates for 2026.

3. Process

At the 20 November 2025 MAC meeting, members agreed that some meetings should be held in person in 2026, subject to other commitments.

Month	MAC Meetings	Proposed Online / In person
January 2026		
February 2026	1:30pm on Wednesday, 11 February 2026	Online
March 2026	1:30pm on Thursday, 19 March 2026	Online
April 2026		
May 2026	1:30pm on Thursday, 7 May 2026	Online
June 2026	1:30pm on Thursday, 18 June 2026	In person
July 2026	1:30pm on Thursday, 30 July 2026	Online
August 2026		
September 2026	1:30pm on Thursday, 10 September 2026	Online
October 2026	1:30pm on Thursday, 22 October 2026	Online
November 2026		
December 2026	1:30pm on Thursday, 3 December 2026	In person