



## Market Advisory Committee (MAC) - Minutes

<b>Date:</b>	11 February 2026
<b>Time:</b>	2:00pm – 4:00pm
<b>Location:</b>	Microsoft Teams online / In person

Attendees	Representing in MAC	Comment
Sally McMahon	Independent Chair	
Amy Tait	Australian Energy Market Operator (AEMO)	
Katie McKenzie	AEMO	
Rhiannon Bedola	Synergy	
Matthew Veryard	Network Operator	
Luke Skinner	Small-Use Consumer Representative	
Noel Schubert	Small-Use Consumer Representative	
Rajat Sarawat	Observer appointed by the Economic Regulation Authority (ERA)	
Noel Ryan	Observer (Minister)	
Alister Alford (new member)	Market Participant	
Adam Stephen	Market Participant	
Paul Arias	Market Participant	
Oscar Carlberg	Market Participant	Proxy for Jacinda Papps
Jake Flynn (new member)	Market Participant	
Lizzie O'Brien (new member)	Market Participant	
Tom Frod (new member)	Market Participant	
Geoff Gaston	Market Participant	
Patrick Peake	Market Participant	
Graeme Ross	Contestable Customer	
Peter Huxtable	Contestable Customer	
Other attendees	From	Comment
Aaron Bowling	Western Power	Presenter for Item 4
Sue Paul	Robinson, Bowmaker and Paul (RPB)	Presenter for Item 5(e)



Dora Guzeleva	Energy Policy WA (EPWA)	MAC Secretariat
Laura Koziol	EPWA	MAC Secretariat
Shelley Worthington	EPWA	MAC Secretariat
Luke Commins	EPWA	MAC Secretariat
<b>Apologies</b>	<b>From</b>	<b>Comment</b>
Jacinda Papps	Market Participant	

## 1. WELCOME

The Chair opened the meeting with an Acknowledgement of Country.

The Chair noted that:

- meetings were recorded for the purpose of minute taking; and
- MAC members are to note the Competition and Consumer Law obligations and to bring to her attention any issues should they arise.

The Chair noted her position as a Commissioner at the Australian Energy Market Commission (AEMC) and part time councillor at the National Competition Council and advised that she will declare conflicts if they arise.

The Chair noted that any advice the MAC provides to the Coordinator of Energy (Coordinator) does not necessarily represent the views of the Chair.

## 2. MEETING APOLOGIES AND ATTENDANCE

The Chair noted the changes to the composition of the MAC following the conclusion of the review of the MAC and welcomed reappointed and new MAC members.

The Chair invited the new MAC members to provide a brief introduction of themselves. She reminded all MAC members that their role was to represent the views of the class of membership they had nominated for and that any organisational views could be provided through the separate consultation processes.

The Chair noted that it was the role of MAC members to contribute to the discussions and that non-MAC members should raise their issues directly with the MAC members outside of MAC meetings, who would then bring those issues to the MAC.

The Chair noted that Jai Thomas was unable to attend as originally scheduled.

## 3. MINUTES OF MEETING 2025\_11\_20

The 20 November 2025 meeting minutes were approved out of session and published on 23 December 2025.

## 4. ACTION ITEMS

The Chair noted that responses to the Action Items were included in the paper and that all Action Items were now closed.

The MAC did not have any further comments.

## 5. UPDATE ON WORKING GROUPS

### (a) AEMO Procedure Change Working Group

Ms Tait advised that:

- the status of the Frequency Co-optimised Essential System Services (FCESS) Accreditation WEM Procedure (table 3) was incorrect – it is currently out for consultation until 24 February 2026; and
- the Relevant Level Method WEM Procedure (table 4) had moved from drafting to consultation until 9 March 2026 since the papers were circulated.

**(b) AEMO’s Major Projects Working Group (MPWG)**

The paper was taken as read.

Ms Tait advised that there was great engagement from the MPWG, which was useful to both AEMO and Market Participants, and noted that the next meeting was on 20 April 2026.

**(c) Power System Security and Reliability (PSSR) Standards Review Working Group**

The Chair noted that the paper was taken as read.

**(d) Essential System Services (ESS) Framework Review Working Group (ESSFRWG)**

Ms Guzeleva, the Chair of the ESSFRWG, provided a status update and noted that:

- Only the review outcome to increase the Rate of Change of Frequency (RoCoF) Safe Limit required a rule change.
- The Minister has made the ESM Amending Rules implementing this rule change and it will commence 26 February 2026.
- At the [10 February 2026 Real-Time Markets Forum](#), AEMO provided an overview of the anticipated impact of the change.

Ms Guzeleva noted that the next and final step of the review was to publish an information paper including metrics for AEMO to assess the performance of the FCESS against the Frequency Operating Standards. She suggested that the MAC may then wish to close the ESSFRWG .

In response to a question from Mrs Bedola, Ms Guzeleva advised that:

- AEMO is investigating Synthetic Inertia under its Engineering Roadmap and that EPWA would be reviewing the supplementary ESS mechanism (SESSM), which would also focus on Synthetic Inertia.
- The information paper will include an action for AEMO to conduct a study over the next 12 months of the mandatory primary frequency response and its impact on the procurement of ESS.

In response to a request from Mr Schubert, Ms Guzeleva agreed that Proposals 4 and 5 from Review could be retained in the MAC action log for AEMO to provide regular updates.

***Action Item: AEMO to provide regular updates on proposals 4 and 5 from the ESS Framework Review.***

**(e) Capability Class 2 Technologies Review Working Group (CC2TRWG)**

The Chair noted that the paper was taken as read, and that the MAC was asked to provide comment on the preferred approach and outcomes of the CC2TRWG.

Ms Guzeleva, the Chair of the CC2TRWG, provided a recap of the purpose of the review and noted that:



- an important aspect of the review is the operation of Electric Storage Resources (ESRs) and its impact on Power system Security and Reliability; and
- analysis is continuing to determine whether rule changes are needed to ensure that ESRs are operating in a manner that is consistent with PSSR requirements. This will be discussed at a future MAC meeting.

The following key items were discussed.

The MAC supported the proposed approach to retain the Linear Derating Methodology (LDM) for ESR.

Responding to a question from Ms O'Brien, Ms Guzeleva clarified that:

- as this is a regular statutory review, the LDM can be reviewed again if concerns arise in the future; and
- issues around ESR operation and obligations requirements are not linked to the derating method and are considered as part of the ongoing review analysis.
- Noting the increasing levels of ESR entering the system, Mr Schubert requested that the CC2TRWG discuss how much ESR is good for the system and whether the ten-year guarantee of future ESR facilities' Duration Obligations is still appropriate once the optimum total system ESR capacity is reached.

Ms Guzeleva replied that, how ESR operates in the system, will need to be continuously monitored within the context of its impact on PSSR.

Ms Guzeleva noted that there may be problems with how ESR currently operates in the WEM, as presented by AEMO at the [23 October 2025 CC2TRWG meeting](#). However, with its fast dispatch capabilities, ESR has contributed to lowering FCESS costs.

The Chair noted that the operational issues involving ESR, especially within different system configurations, was a global issue and that the issue is currently also being considered by AEMC's Reliability Panel.

Ms Paul presented Slide 9 about other ESR related issues and noted that Appendix 2 of the presentation contained a diagram of the ESR ramping issue.

Ms Guzeleva noted that slides 10 to 12 contained analysis on the process for Reserve Capacity refunds. She noted the CC2TRWG's recommendation is to keep the refund regime for ESR as is and instead focus on identifying other measures to implement charging obligations (slide 12).

In response to a query from Mr Stephen, Ms Guzeleva advised that, currently ESR does not incur refunds for low charge during the ESR Duration Obligation Intervals (ESROI) as long as it has sufficient charge for the next 5-minute Dispatch Interval. Only when an ESR runs out of charge for the next 5-minute Dispatch Interval during the ESR obligation intervals, would it start incurring refunds. Ms Guzeleva noted that the CC2TRWG considered that:

- there are times that ESR may not need to be fully charged at the beginning of the ESR obligation intervals, such as instances when the system may benefit more from these facilities providing FCESS during the Trading Intervals before the ESR obligation intervals; and
- there are times when ESR needs to be fully charged at the beginning of the ESR obligation intervals, which has to be addressed.



- Mrs Bedola considered that the current tiebreak for FCESS chooses ESR over other Facilities and that this should be considered as this may cause periods when ESR is required to be fully charged for FCESS services.

Ms Guzeleva responded that:

- during the ESR obligation intervals it did not matter if ESRs were dispatched for energy or FCESS, either would fulfill their Reserve Capacity obligations;
  - the tiebreaker issue would need to be considered for intervals outside of the ESR obligation intervals;
  - FCESS accreditation as well as bidding into the FCESS market is not compulsory for ESR; and
  - further assessment is needed to identify appropriate obligations for ESR charge levels in the context of system stress events.
- Mr Arias supported the approach to the refunds regime, the need to address the state of charge at the start of the ESR Obligation Intervals and the importance of utilising ESR to provide services before the ESR obligation intervals. He considered that further work was required to incentivise the correct behaviour ahead of system stress events to ensure that ESRs were fully charged at the start of the ESR obligation intervals.

Ms Guzeleva responded that ongoing technical analysis will help determine when charging triggers should apply. The analysis of historic data has been provided in the slides and analysis of the future state was in progress. She further noted in its presentation at the 23 October 2025 CC2TRWG meeting AEMO had noted that in the 2025/26 Hot Season it was planning to impose a charging constraint on ESR to maintain PSSR. It is planned that a formalised process will be implemented in the ESM Rules to provide transparency around this requirement.

- Mr Stephen supported the position of the CC2TRWG but asked whether other options to resolve PSSR issues with the existing fleet rather than relying on ESRs had been explored.

Ms Guzeleva responded that the:

- PSSR issue is due to the growing capacity of ESR and that the future analysis will inform how this issue can be managed; and
  - ESM Rules are concerned with optimising the entire fleet and any deficiencies of this will be addressed.
- Mr Stephen suggested that, if there are emerging PSSR issues, the CC2TRWG should consider a whole of market approach rather than focusing on ESR only. He noted that AEMO would have previously managed system stress events, so queried if these methods could be used rather than mandatory charging obligations.
  - Mr Skinner clarified that the issue was how to manage system stress events caused by the growing capacity of ESR and how ESRs operate in the market.
  - Mr Schubert noted that there will be an increasing reliance on ESR during system stress events and capacity-critical days. This necessitated that ESR should be fully charged before a system stress event and that the ESM Rules must be reflective of this.

Ms Guzeleva noted the growing capacity of ESR in the SWIS was a new issue and events like the 25 August 2025 incident showed that the operational issues associated with ESR must be considered. The CC2TRWG considered that changing the refund mechanism will not incentivise the desired charging behaviour, therefore, other options will be considered.



Ms Guzeleva encouraged all MAC members to review AEMO's presentation from the 23 October CC2TRWG meeting.

**Action Item: EPWA to provide links to the meeting papers and minutes from the Capability Class 2 Technologies Review meeting held on 23 October 2025.**

- Mr Peake:
  - raised a concern that customers are paying for ESR and that there may be times that ESR is not available when required; and
  - suggested that consideration should be given to longer system stress events that last a few days as this was expected to be an issue in the future.

Ms Guzeleva responded that the future state analysis will consider duration and seasonal requirements.

- Ms McKenzie supported the position of the CC2TRWG and advised members to contact AEMO if they had questions.
- Mrs Bedola supported focusing on charging triggers but noted the importance of a balanced approach, which considers that ESR may need to be dispatched in the lead up to the ESR obligation intervals.

The MAC expressed support to maintaining the current refund mechanism and for identifying triggers to mandate charging obligations under certain conditions.

Ms Paul presented Slide 14 on the DSP availability obligation intervals.

- Mrs Bedola agreed with the policy problem presented. She cautioned that the characteristics of residential storage is completely different from Demand Side Programmes (DSPs). Therefore, another option should be considered for using residential storage.
- Mr Alford and Mr Carlberg supported Mrs Bedola's position.

In response to a question from Ms O'Brien, Ms Guzeleva clarified that the CC2T Review is considering aggregations of behind-the-meter (BtM) storage and not that individual BtM storage becomes a DSP.

Ms Guzeleva noted that significant reforms had been made to the ESM Rules to accommodate Distributed Energy Resources aggregation and that residential BtM storage is not dissimilar to commercial BtM storage. She added that BtM storage should be utilised to benefit the South West Interconnected System either through reducing a Market Participant's Individual Reserve Capacity Requirements (IRCRs) or through participating in a DSP.

- Mr Skinner noted that:
  - with solar PVs, it is unlikely that DSPs are required between 11am and 4pm and, therefore, there is an opportunity to shift DSP obligations to when they are needed;
  - if aggregation is possible for commercial BtM storage to participate as a DSP he did not understand why it would not be possible for residential BtM storage to participate; and
  - on slide 14, the storage duration limits do not align with the real-world experience as average residential installations are closer to 30 kilowatt hours (kWh) with the upper limit being closer to 50 and 60 kWh under the current Western Australian program.
- Mr Gaston considered that:



- the ESM Rules should align DSP availability with when it is required to maximise the value to customers;
  - the aggregator assumes the risk when subscribing residential BtM storage for a DSP. Therefore, it is the role of aggregator to decide how best to manage the BtM storage to meet the availability requirements;
  - based on current residential storage technology it is possible for BtM storage to discharge back into the grid during peak periods;
  - the greater use of BtM storage would reduce the Reserve Capacity Target (RCT); and
  - DSPs are paid the same as generators to provide capacity. Consequently, they should provide the service and, maybe, they should no longer be treated as a last resort.
- While Mr Huxtable agreed that the splitting the availability window for DSPs was a pragmatic approach, he noted that DSPs have been dispatched during the middle of day previously due to weather conditions.
  - Mr Ross supported the characterisation of the policy problem. However, he questioned how the baseline or relevant demand would be calculated, if the availability window for DSPs was split, as most load profiles would be lower in the morning compared to the evening period.

Ms Guzeleva responded that:

- the baseline method will account for the lower load profile in the morning; and
  - an option is presented later in the slides to allow aggregators to choose which loads are used for the morning or evening periods.
- Mr Peake supported the characterisation of the policy problem. However, he recommended waiting to see the relationship between BtM storage and the uptake in electric vehicles as this may impact system demand.
  - Ms Tait supported the characterisation of the policy problem but noted that:
    - Project Jupiter is investigating methods to integrate residential storage into the system; and
    - AEMO is still investigating how to implement a split availability window for DSPs as it does not sit within a Trading Day which may cause issues within AEMO's settlement system.
  - Mr Stephen and Mr Froud supported the characterisation of the policy problem.

Responding to a question from Mr Carlberg, Ms Guzeleva noted that, while Synergy is responsible for non-contestable customers, it is possible for third party aggregators to work with residential customers and provide this DSP aggregation service for Synergy.

- Mrs Bedola noted that even if peak demand reduces it does not immediately cause overall costs to decrease due to the reserve margin within the RCT. Therefore, a Market Participant's IRCR reduction may increase IRCR costs for other Market Participants due to the IRCR multiplier.

The Chair summarised that the MAC is generally in agreement with the policy problem, but some nuances were raised that should be considered going forward.

## **6. RULE CHANGE PROPOSAL (RC\_2025\_01)**

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The Chair introduced the item and advised that the MAC was asked to note the Coordinator's draft decision on RC\_2025\_01 and share any views.

- Mrs Bedola, Mr Alford, Mr Schubert, Mr Peake, Mr Huxtable, Mr Ross, Mr Skinner, Ms O'Brien, Mr Flood supported the Coordinator's draft decision.
- Mr Alford supported the draft decision, noting the importance of stability to make investment decisions that extend over the three-year timeframe.
- Mr Flynn supported the draft decision but considered that the potential gaming risks could be mitigated, for example through ensuring that there are lower returns for Facilities that missed out on Certified Reserve Capacity (CRC) but apply for supplementary capacity.
- Ms Tait noted that AEMO is supportive of the draft decision advising that, anything that inadvertently disincentivises participation in the Reserve Capacity Mechanism (RCM) and potentially drives people towards the emergency procurement processes, is not AEMO's preferred course of action.
- Mr Veryard agreed with Ms Tait.
- Mr Arias did not support the Coordinator's draft decision. He considered that:
  - the concern raised in the Draft Rule Change Report that the change proposed by Bluewaters would lead to higher prices would only hold true if gaming actually takes place;
  - allowing Facilities that missed out on CRC to tender for supplementary capacity could potentially lower prices through increasing competition; and
  - if supplementary capacity was needed, having access to additional Facilities would increase reliability of supply and therefore better addresses the State Electricity Objective.
- Mr Stephen supported Mr Arias's comments.
- Mr Skinner considered that a Facility failing the process of CRC, which has strict availability obligations, and moving to supplementary capacity, with lesser obligations, does not constitute improvements to reliability. Mr Skinner:
  - noted that a concern about gaming alone could already increase costs because of the needed monitoring; and
  - considered that the concerns raised in the Draft Rule Change Report regarding increased costs were linked to costs that have already been incurred because of past supplementary capacity processes.
- Mr Gaston considered that:
  - the gaming risks could be managed;
  - increasing the pool of potential suppliers could present an opportunity to decrease the cost of supplementary capacity; and
  - if Facilities were not awarded CRC because of Network Access Quantity allocations or due to fuel shortages, but could prove availability and capability for the Hot Season, presented an opportunity to decrease the costs of supplementary capacity.

The Chair summarised that there was general support from customer facing MAC members, while some members considered that the draft Rule Change Report had assumed that potential for gaming may increase the price to consumers. The Chair concluded that there was no consensus from the MAC on the draft decision.

## **7. WEM EFFECTIVE REVIEW – PROGRESS UPDATE**

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The paper was taken as read.



## 8. MARKET DEVELOPMENT FORWARD WORK PROGRAM

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The paper was taken as read.

## 9. OVERVIEW OF RULE CHANGE PROPOSALS

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The paper was taken as read.

- Mr Arias asked if an update could be provided on the status of the AEMO Allowable Revenue rule change.
- Ms Tait advised that an update will be provided to the MAC out of session.

***Action Item: An update on the AEMO Allowable Revenue Framework rule change should be provided out of session.***

## 10. 2026 MAC IN PERSON MEETING OPTIONS

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The Chair asked members whether they agreed with the proposed dates for in person meetings.

- Mr Peake supported the dates and requested more options to meet in-person.
- Mr Skinner supported the dates if they were capped at two in-person meetings for people that had to travel significant distances into the city.

MAC members approved the in-person meeting dates on 18 June 2026 and 3 December 2026, as listed. In response to the proposal to hold more in-person meetings, MAC members decided to revisit the option again at the 18 June 2026 MAC meeting.

***Action Item: MAC members to revisit the MAC schedule at the 18 June 2026 MAC meeting to decide whether an additional in person meeting will be held.***

## 11. GENERAL BUSINESS

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The Chair asked members to provide their comments regarding the Paper provided by Mr Schubert.

- Mr Schubert explained that he would like to hear views from the MAC on the Reserve Capacity Prices paid to existing and committed generators.
- Mrs Bedola noted that there were cost impacts for customers that need to be considered and suggested other potential items for discussion such as the 10-year ESR Duration Requirement guarantee for ESR.

The Chair noted that the MAC agreed to have this as an agenda item for discussion at the 19 March MAC meeting and to circulate any views to all MAC members.

***Action Item: MAC members to provide comments on the [11 February 2026 General Business Paper](#) to the MAC Secretariat and all MAC members and for this feedback to be incorporated into an agenda paper for discussion at the 19 March 2026 MAC meeting.***

The meeting closed at 4.05pm.

The next meeting is scheduled for 19 March 2026.