Department of Energy and Economic Diversification

GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Capability Class 2 Technologies (CC2T) Review Working Group - Minutes

Date:	23 April 2026
Time:	11:00 AM – 12:35 PM
Location:	Microsoft Teams online

Attendees	Representing	Comment
Dora Guzeleva	Chair	
Rebecca Pedlow-Collins	Australian Energy Market Operator (AEMO)	
Natalia Kostecki	AEMO	
Oscar Carlberg	Alinta	
Francis Ip	BLT Energy	
Siam Bhuiyan	Enel X	
Richard Cheng	Economic Regulation Authority (ERA)	
Noel Schubert	Expert Consumer Panel	
Warren King	Frontier Energy	
Max Collins	Neoen	
Bobby Ditric	NewGen Power Kwinana	
Patrick Peake	Perth Energy	
Darren Gladman	SMA	
Sumeet Kaur	Shell	
Rhiannon Bedola	Synergy	
Mark Mckinnon	Western Power	Proxy for Paul Jones
Other attendees	**From**	**Comment**
Richard Bowmaker	Robinson Bowmaker and Paul (RBP)	Consultant appointed to assist with this review
Sue Paul	RBP	
Eija Samson	RBP	
Jeremy Claudius	AEMO	Subject Matter Expert
Sean McAvoy	Energy Policy WA (EPWA)	Secretariat
Luke Commins	EPWA	Secretariat

Apologies		
Paul Jones	Western Power	
Peter Huxtable	Water Corporation	
Kaavya Jha	Tesla Motors	
Dale Waterson	Merredin Energy	
Clement Ng	IGO	
Jake Flynn	Collgar Renewables	

1. WELCOME

The Chair opened the meeting with an Acknowledgement of Country.

The Chair noted the Competition and Consumer Law Obligations of the Working Group members.

The Chair advised members that:

- it was expected that this would be the last meeting of the Working Group before the consultation paper is drafted and released for public consultation; and
- the issues discussed in this meeting will be presented at the Market Advisory Committee meeting on 7 May 2026.

2. MEETING APOLOGIES AND ATTENDANCE

The Chair noted the attendance as listed above.

3. MINUTES OF MEETING 2026_03_26

The Chair noted that the minutes had been approved out of session and published online.

4. MINUTES OF MEETING 2026_04_02

The Chair invited comments on the draft minutes, and no concerns were raised by members.

The Chair noted that the approved minutes will be published on the website.

5. ACTION ITEMS

The paper was taken as read.

6. POLICY POSITIONS

Ms Paul presented slides 4 to 11.

- Mr Collins noted that in systems with high solar capacity, solar output can drop rapidly before the Electric Storage Resource (ESR) Obligation Intervals (ESROIs). In such conditions, fast-responding Facilities are needed to maintain system stability. He asked whether the analysis had considered whether thermal generation can respond quickly enough to prevent ESRs from discharging prematurely and losing full charge.

In response to Ms Paul's question about Facilities certified for Flexible Capacity providing the response, Mr Collins noted that ESRs would likely also be certified for Flexible Capacity.

- In response to Mr Collins, Mr Claudius explained that:
    - 100% SOC would only happen if the system was severely under stress and it is likely that a SOC mandate of less than 100% will be issued; and
    - AEMO has observed that, during periods of system stress, the load is already relatively high, meaning the load is not ramping rapidly. As a result, the increase from the trough to peak is relatively modest, and significant ramping challenges are unlikely.

The Chair explained that:

- the proposed State of Charge (SOC) mandate is expected to occur infrequently and only when AEMO requires a certain SOC to meet the peak demand;
- there is no default SOC level, but it should not be assumed that it is always 100%; and
- it is proposed to allow an exception when an ESR is directed to discharge by AEMO.

- Mr Collins asked whether:
    - enough time would be provided to allow ESRs to charge beforehand;
    - the direction would require an ESR to bid at the Energy Offer Price Ceiling to ensure it is not discharged prematurely; and
    - the Electricity System and Market (ESM) Rules already provide this ability to AEMO.
- Mr Claudius stated that AEMO aims to provide as much notice as possible for ESR to achieve the required SOC, but this is dependent on system stress conditions.

The Chair responded that:

- the declaration applies only to an ESR's upcoming ESROIs;
- it is proposed that AEMO must provide the declaration by 8:00am on the Trading Day;
- bidding issues are for the ERA to consider; and
- in her view, the current ESM Rules do not provide AEMO with explicit power to direct. She noted that AEMO encountered some pushback during the recent hot season when intervening to maintain an appropriate ESR SOC. Consequently, the proposal seeks to formalise AEMO's ability to issue SOC mandates and provide greater transparency for Market Participants.

- Mr Collins noted that the event described in Action Item 2/2026 caused the Neoen ESR to suffer a loss, and these events and further ESM Rule changes increase the risk of operating in the WEM, which already has a higher risk relative to the National Electricity Market (NEM).

The Chair stated that previous analysis undertaken showed that an ESR can recover all of its fixed costs in the Reserve Capacity Mechanism (RCM). However, she acknowledged that this may not happen if the Reserve Capacity Price is lower due to capacity oversupply.

- Mr Schubert agreed that the SOC mandate should apply in Lack of Reserve (LOR) circumstances, but noted that with coal retiring, growing ESR capacity and gas limited by pipeline constraints, regular system stress is likely. This increases reliance on the ESR fleet, to the point where a fleet-level SOC may be needed just to support normal operations. Therefore:

  - ESR certification may need to be based on deliverable energy, i.e., megawatt-hours, rather than duration; and
  - operationally AEMO requires flexibility to dispatch ESR as there may be periods outside of the ESR Obligation Intervals (ESROIs) when ESR is required for system reliability;

- Ms Pedlow-Collins responded that there are two limbs of the linear derating method for certifying ESR capacity, which looks at the maximum charge capability divided by the applicable duration.

The Chair noted that:

  - the RCM is based on the one-in-ten peak event, and changing that is not under discussion;
  - AEMO reviews the ESR Duration Requirement yearly to determine what is required to achieve the Reserve Capacity Target;
  - in the event of forecasted shortfall, AEMO can manually intervene, but the aim is to avoid frequent manual interventions; and
  - significant flexible gas capacity exists within the WEM that is available when coal retires.

In response to Mr Collins, the Chair stated that the Significant Incident Report for the 25 August 2025 event has yet to be published. However, when pipeline line pack is consumed unexpectedly it cannot be replaced quickly. So, there is a physical constraint for the pipeline to keep line pack at an adequate level in a system stress event without sufficient pre-warning.

Ms Paul presented slides 12 to 19 and noted that:

  - the analysis on slide 12 used Monte Carlo simulation. With nine reference years and 20 iterations, each trading interval is simulated 180 times. As a result, when the charts show light blue, it reflects only a very small number of occurrences and cannot be used to infer a credible trend; and
  - on slide 13, after 2030 the model assumes capacity stays flat while demand keeps rising, which artificially creates large amounts of unserved energy. It is likely that the RCM would drive new capacity, so this outcome is not realistic.

The Chair clarified that the obligation on slide 19 is for Business Days and the question is about whether the Demand Side Programme (DSP) must nominate all the loads it plans to use on all days, or whether it can nominate different loads for different days.

- Ms Pedlow-Collins explained that AEMO raised this question to better understand the potential implementation costs, as it is difficult to estimate these without first knowing what AEMO would be required to deliver.
- Mrs Bedola noted that to nominate different loads for different days likely adds complexity and, with the requirement that a DSP is behind the same Transmission Node Identifier (TNI), it likely restricts load flexibility.

The Chair noted that it is better to align the proposal with the current ESM Rules, where a DSP can nominate all the loads, and if it wants to change the associated loads, it can make another submission up to the proposed deadline.

Ms Paul presented slide 20.

In response to Mrs Bedola, the Chair clarified that:

- this proposal only applies to loads that have been through the certification process, and it is not proposed to extend this to an aggregated DSP certified under clause 4.10.1B of the ESM Rules;
- if a DSP aggregator under clause 4.10.1B cannot fulfil its obligation, this imposes a need to replace that capacity; and
- the ESM Rules can be drafted to require evidence of a genuine load exit from the system.

- Mr Bhuiyan questioned why a load less than five megawatts that has gone through the Certified Reserve Capacity (CRC) process (and is not under clause 4.10.1B) is not included within the proposal.
- Ms Pedlow-Collins responded that if smaller loads in aggregation were considered, then it would likely be administratively costly for AEMO.

The Chair explained that:

- the threshold was chosen to reflect a material impact on system demand;
- threshold changes can be considered when drafting the ESM Rules; and
- applicants can choose to include a single TNI in the certification process rather than seek an exemption under clause 4.10.1B. However, the applicant will not receive capacity credits if that TNI is constrained in the Network Access Quantity (NAQ) model. Constrained TNIs are only relevant in the applicable capacity year for DSP aggregations certified under clause 4.10.1B.

- Mr Carlberg noted that the proposal:
  - undermines the purpose of the security and he saw no reason why DSPs should be treated differently to other capacity when managing external risk factors; and
  - may impact capacity investment signals, as DSPs may go through the certification process with loads only to then exit in the Capacity Year.

The Chair explained that:

- the exit of supply capacity impacts the market differently than the exit of demand. When a certified supplier exits the market, AEMO uses the security deposit to procure Supplementary Capacity (SC) to replace the lost supply to service market demand. Conversely, when a load exits the market, that demand ceases to exist and no longer needs to be served; and
- the certification process is based on what a load was withdrawing in the previous summer, providing visibility.

- Mrs Bedola noted that:
  - the proposal should only apply to existing loads and not prospective loads; and
  - if a load exits the market after the Reserve Capacity Target has already been set, the remaining consumers will face higher costs to cover the shortfall.

The Chair noted that barriers exist for loads participating in a DSP and that further feedback can be provided after the publication of the consultation paper.

Ms Paul assumed that the remaining slides had been read and asked for comments on the proposed SOC obligation.

- Mrs Bedola noted that Market Participants require clarity across the ESM Rules, WEM Procedures and ERA guidelines to comply with the new requirements.
- Mr Peake queried whether the LOR-SOC would apply for periods where there are days of low renewable energy generation, which would likely impact the ability of ESRs to charge. In this scenario, there may be periods outside of the ESROIs when ESRs discharge is required to service the demand.
- Mr Schubert suggested that AEMO could have a real-time online indication of the ESR fleet SOC and provide a forecast of the SOC and the target of what it requires, drawing an analogy to what AEMO currently does with system demand.

The Chair noted that the focus of this review is on ensuring ESR capacity with capacity credits is available for its ESROIs and not for other potential energy market issues. However, the Short-Term Projected Assessment of System Adequacy (ST-PASA) covers seven days, and AEMO will likely have difficulty in accurately forecasting SOC over this entire period.

- Mr Claudius noted that:
    - AEMO's current modelling indicates there is no need for 14-hours or greater ESR duration in the short term.
    - the current proposal is to provide market transparency about AEMO's interventions regarding SOC levels.

In response to Mr Carlberg, the Chair clarified that the proposed LOR-SOC would not apply to intervals outside of the ESROIs.

7. GENERAL BUSINESS

The Chair thanked members for their contributions and stated that the Working Group may convene again following the close of the submission period for the Consultation Paper.

In response to a request for another Working Group meeting, the Chair stated that the Working Group may need to convene if there continue to be issues in preparing the Consultation Paper. However, her concern was that if a Consultation Paper is not released soon, the review will not meet its statutory deadline. The Chair noted that the consultation process will allow members to submit feedback on the proposals.

The Chair closed the meeting.

The meeting closed at 12:35pm.