Department of Energy and Economic Diversification

GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Market Advisory Committee (MAC) - Minutes

Date:	7 May 2026
Time:	1:30pm – 3:15pm
Location:	Microsoft Teams online

Attendees	Representing in MAC	Comment
Sally McMahon	independent Chair (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)	
Dora Guzeleva	Observer appointed by the Minister	Proxy for Noel Ryan Arrived 2:00pm
Adam Stephen	Market Participant	
Paul Arias	Market Participant	
Jacinda Papps	Market Participant	
Jake Flynn	Market Participant	
Lizzie O'Brien	Market Participant	Departed 2:20pm
Tom Frood	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 5
Sue Paul	Robinson, Bowmaker and Paul (RPB)	Presenter for Item 6(c)
Katrina Burns	Enel X	Observer
Laura Koziol	Energy Policy WA (EPWA)	MAC Secretariat
Shelley Worthington	EPWA	MAC Secretariat

Luke Commins	EPWA	MAC Secretariat
Apologies	**From**	**Comment**
Noel Ryan	EPWA	

1. WELCOME

The Chair opened the meeting with an Acknowledgement of Country.

The Chair noted that MAC observers were asked to raise any issues with their MAC representative, herself or EPWA outside of the meeting.

The Chair noted that she had no conflicts to declare and reminded members that advice the MAC provides to the Coordinator of Energy does not necessarily represent the views of the Chair.

The Chair noted the Competition and Consumer Law obligations of the MAC members, inviting members to bring to her attention any issues should they arise.

2. MEETING APOLOGIES AND ATTENDANCE

The Chair noted the attendance as listed above and informed members of Mr Alford's resignation from the MAC.

The Chair informed members that Ms Burns, from Enel X had been nominated to join the MAC as a Market Participant representing Demand Side Programmes (DSPs) and had been invited to attend the MAC meeting as an observer prior to her formal appointment. The Chair invited Ms Burns to introduce herself.

3. MINUTES OF MEETING 2026_03_19

The 19 March 2026 meeting minutes were approved out of session and published on 30 April 2026.

4. ACTION ITEMS

The Chair and Mr Schubert noted the following regarding closed Action Item 6/2026:

- Mr Schubert had circulated an additional draft paper to the Chair, Ms Guzeleva, the Expert Consumer Panel and one MAC member;
- the information included in the paper was all publicly available; and
- EPWA will circulate the paper to the MAC when its finalised and will schedule a meeting to discuss the final paper with interested MAC members.

MAC members agreed to close Action Item 7/2026.

5. WESTERN POWER UPDATE ON IMPLEMENTING NEW OBLIGATION, COMMENCING 1 MAY 2026, TO INFORM MARKET PARTICIPANTS ABOUT METER DATA CHANGES

Mr Bowling from Western Power advised that the new obligation to provide meter data submission notifications went live on 1 May 2026. He advised the following:

- As required under the Electricity System and Market (ESM) Rules content would include the date meter data submissions were issued, the National Metering Identifier, the Trading Interval and the adjusted kilowatt hour quantity.

- Western Power was continuing internal work to automate some manual processes.

6. UPDATE ON WORKING GROUPS

(a) AEMO Procedure Change Working Group (APCWG)

Ms Tait advised MAC members that the Wholesale Electricity Market (WEM) Procedure for Reserve Capacity Security was published on 30 April and not on 24 April 2026 as stated in the paper.

(b) AEMO's Major Projects Working Group (MPWG)

Ms Tait advised members that:

- the MPWG's April meeting is rescheduled to 22 May 2026, to align with the expected release of the Exposure Draft of the next tranche of ESM Amending Rules;
- a set of draft implementation assessments have been circulated to the MPWG members for comments; and
- the following has been published on AEMO's website:
  - draft implementation assessments on Short Term Project Assessment of System Adequacy (ST-PASA) project, Operational Forecasting requirements, and
  - final implementation assessments on DSP participation and the ST PASA project.

(c) Capability Class 2 Technologies Review Working Group (CC2TRWG)

Ms Koziol noted that the paper was taken as read.

Ms Paul noted that work had been undertaken to address the concerns raised by the MAC and the working group and presented slides 1 to 4. Ms Paul noted that the variations to option 1 for the DSP Availability Obligation Intervals presented on slide 3 are proposed to address concerns with:

- the implementation costs associated with an obligation that spans two Trading Days; and
- restart limitations associated with large loads which could require them to be offline for 14 to 16 hours if they were dispatched.

- Mr Gaston noted that it would be challenging to reflect the Capacity Credits with the derated price in retail contracts or to hedge against them. He asked why the Capacity Credits could not be derated instead, drawing analogies to the linear derating of Electric Storage Resource (ESR). He also considered that, DSP aggregators should be required to manage their portfolios of Associated Loads, so the DSP are available for both windows.
- Mr Ross noted that unlike aggregated DSPs, for DSPs with single large industrial load the period between the windows was not sufficient for the load to restart operations.

Ms Koziol clarified that derating the Reserve Capacity Price had been selected because derating Capacity Credits would add further complexity because:

- when Capacity Credits are assigned to other facilities with limited availability such as a gas fired generator with less than 14 hour fuel, the available generation can be spread over different times, whereas DSPs have fixed availability periods; and
- relevant demand is used for a DSP, which creates challenges in determining a counterfactual for the capacity before derating and makes it difficult to assess whether the DSP would have delivered the prescribed dispatch amount.

Ms Koziol noted that in previous years there were periods where DSP Capacity Credits had to be settled through AEMO and then charged to customers. She also noted that when there is an excess in Capacity Credits that the excess must go through AEMO and cannot be traded bilaterally.

- Mr Frood noted that he was not across all System Stress Events from the analysis but in AEMO's latest Quarterly Energy Dynamics, it was reported that ESR discharge has mostly finished by 8:00 am and questioned why the morning window did not begin earlier than 8:00 am.
- Mrs Bedola, noted that in the February 2026 CC2TRWG papers, low spare capacity events were occurring before 8:00 am. She questioned whether there was any value to the system from DSPs providing the proposed morning window.

Ms Paul noted that in the technical analysis, one System Stress Event commenced in the 11:00 am to 12:00 pm period, but the majority occur in the evening period.

Ms Guzeleva noted that the aim is to maintain the 12-hour requirement and allocate the DSP windows to periods when the system requires them while minimising implementation cost.

Responding to Mr Arias's request to specify the implementation complexity of the 6am to 10am window, Ms Tait advised that she could come back to the MAC with more detailed information. She explained that having a window spanning two Trading Days, created flow-on effects that would require significant, costly and time-consuming changes to AEMO's systems.

Action Item: AEMO to provide further information about why a DSP obligation period spanning two Trading Days is costly to implement.

Responding to a question from Mr Huxtable, Ms Guzeleva explained that references to the current transitional capacity pricing arrangement were intended to illustrate that there are presently two pricing regimes for Capacity Credits. She noted that the Capacity Credits assigned to DSPs that opt for only the evening window will not have the same contribution to reliability as Facilities that receive the transitional capacity price.

Ms Paul presented slides 5 to 6

- Mr Arias suggested that:
  - the term 'exit' be clearly defined so that it does not apply to loads that exit a DSP or shut down for a short period; and
  - noting that AEMO has raised that Network Access Quantities (NAQ) are impacted, then if these loads exit the grid AEMO should consider whether pricing outcomes dependent on NAQs would be reassessed.
- Mr Schubert considered that the cessation of the load could affect a generator's allowed output if they are both behind a generation constraint. Therefore, there may be an additional NAQ impact in scenarios where a load and a generator are behind a generator constraint.

Ms Guzeleva explained that:

- the loads ceasing operation would not be withdrawing energy from the system. However, evidence must be provided to demonstrate that this will really be the case. This will be clear in the consultation paper; and

- the NAQ impact related to a previous proposal of allowing a DSP to find a replacement load for its portfolio if a load above 5 megawatts (MW) in its portfolio ceased to operate, but this proposal is not progressing.

In response to Mr Arias, Ms Guzeleva explained that a load associated with a DSP ceasing operation differs from a generator ceasing operation, noting that:

- if a certified 20 MW generator is not available for the relevant Capacity Year, its security deposit is used to procure supplementary capacity to meet the Reserve Capacity Target for that Capacity Year as the demand must still be serviced; and
- if a 20 MW load that is part of a DSP ceases operation, that demand no longer needs to be served and there is no need to procure a replacement for the 20 MW of capacity lost. This is subject to the load cessation being reflected in the Electricity Statement of Opportunity, then the Reserve Capacity Target will reduce.

Ms Paul presented slide 7

- Mrs Bedola considered that the WEM Procedure for the State of Charge (SOC) obligation should clearly specify how partial outages are reflected.
- Mr Stephen added that the WEM Procedure should also include consideration of Essential System Services (ESS) requirements.

Ms Paul presented slide 8 and 9.

In response to Mr Stephen, Ms Paul clarified that analysis found that despite the obligation for ESR to be available for their ESR Obligation Intervals (ESROIs) there are infrequent periods where they have insufficient SOC for the ESROIs due to discharging earlier.

- Noting the size of the ESR fleet, Mr Peake considered that AEMO should issue the SOC obligation with sufficient notice to ensure that charging by the ESR fleet does not create additional system issues.
- Mr Flynn suggested that the metering point be referenced to account for hybrid facilities that can charge their ESR from their own facility.
- Mr Stephen asked whether consideration had been given to implementing uplift payments to compensate ESRs that must charge during periods when they otherwise would not.
- Mr Skinner supported the proposal in principle, as it is expected to be a rare occurrence, and considered that:
  - it is important include the ability to withdraw the SOC obligation especially as there are some ESR with shorter storage duration;
  - ESR should already be available during these intervals and are already compensated for this, so uplift payments should not be considered;
  - the proposal is still generous for ESR.

Ms Paul confirmed that this obligation will apply only during ESROIs, for which ESRs are already being paid to be available.

- Mr Gaston agreed with the intent of the proposal but suggested to avoid gaming opportunities, that the Offer Construction Guideline be reviewed to account for ESR charging.

- Mr Arias supported reviewing the Offer Construction Guideline. He suggested that clarity should be provided in documentation so that facilities understand how to operate when an SOC obligation is declared.
- Mrs Bedola supported aligning the WEM Procedure and the Offer Construction Guideline, as ESRs may be required to withhold capacity for Energy and ESS to comply with the SOC obligation.
- Mr Schubert supported the proposal and was strongly supportive of reviewing the Offer Construction Guideline, noting that consumer representatives do not support including opportunity costs when an ESR is the price setter.

In response to concerns expressed by Mrs Bedola about the impact to Synergy's energy trading practices, Ms Tait requested that she reach out to AEMO to discuss the expected impact on Synergy so that AEMO can draft the WEM Procedure to account for this.

- Mr Schubert noted that ESRs are responsible for ensuring they are sufficiently charged each day to meet the ESROIs, and this responsibility should not be shifted to AEMO.
- Mr Frood noted that in a scenario where AEMO directs ESR charging but an ESR facility does not reach the expected SOC level, it would be unfair for the facility to be exposed to refunds and penalties when the outcome was outside its control.

Ms Guzeleva noted that, the proposal was to enable AEMO to direct ESR when they must be charged and when they charge. Based on the MAC's feedback, it will be re-examined how charging directions would be applied under the proposal. She clarified that the intent was not for ESRs to be required to be 100% charged every day before their ESROI, as ESRs provide valuable flexible services. Therefore, the SOC obligation is intended only for periods where it is crucial for ESRs to be available.

Ms Paul presented slide 10.

Ms Paul noted that in the analysis of the selected System Stress Events that information available to EPWA indicated that the revenue from high energy prices for ESR can exceed the refunds for low SOC during the relevant ESROI.

- Mrs Bedola noted that:
    - Other market dynamics may have been driving ESR behaviour, and the shortfalls may not relate to revenue maximisation, for example Synergy is always offering its ESR to avoid withholding;
    - the proposed additional refund should consider how facilities comply with other requirements, such as Synergy, which holds market power and is subject to specific obligations; and
    - there are other penalties that may apply if a Market Participant exceeds the cap under the existing refund regime, such as the loss of Capacity Credits.
- Mr Gaston noted that:
    - the Offer Construction Guideline could potentially address the issue raised by Mrs Bedola; and
    - tightening the current refund regime may be beneficial, as the loss of Capacity Credits could act as a deterrent to unwanted ESR behaviour.
- Mr Flynn did not support introducing different penalty regimes for different aspects of the market, as this would add unnecessary complexity to the market. He noted that inappropriate ESR behaviour can already be deterred through civil penalties. However, he

acknowledged that if, in the future, repeated non-compliance with the SOC obligation is demonstrated, then the proposed additional refund would make sense.

- Mr Stephen considered that in events where an ESR has not provided the desired sent-out amount, that generators are required to fill the gap and may need to send out more than they are certified for. He suggested that, in such cases, the refund should be paid to generators.
- Mr Gaston disagreed with Mr Stephen, noting that in such an event the energy price is likely to be at the cap, which would compensate the generator sufficiently. He questioned what was meant by 'customers', as under the current refund mechanism it is Market Participants who are compensated and not end users.
- Mr Skinner noted that consumers would ultimately be paying for generators to fill the void, and that the penalty should at a minimum cover the cost caused by the ESR's lack of availability. He asked MAC members whether they had a view on what magnitude of penalty would help ensure ESR compliance.
- Responding to Mr Skinner, Mr Arias noted that the current magnitude is 6 times the Reserve Capacity Price for the peak intervals and cautioned against creating a secondary charging cap, though ESR operators are better placed to explain what drives behaviour. He suggested providing clearer definitions of what is meant by 'reliability shortfalls' as this may refer to load shedding or to an ESR not meeting its requirement.

The Chair summarised that generators would be paid market prices in a scenario where an ESR was not available, and that the issue is that consumers would already have paid for the ESR to be available through the Reserve Capacity Mechanism (RCM).

Ms Paul presented slide 11.

Ms Guzeleva noted that if MAC members were interested in receiving the email on these issues that was sent to the CC2TRWG, they could reach out to her.

7. WEM OPERATION EFFECTIVENESS REVIEW – PROGRESS UPDATE

The paper was taken as read.

8. MARKET DEVELOPMENT FORWARD WORK PROGRAM

The paper was taken as read.

9. OVERVIEW OF RULE CHANGE PROPOSALS

The paper was taken as read.

10. GENERAL BUSINESS

Mr Peake asked how industry participants, including AEMO, can ensure that all three strands of the State Electricity Objective (SEO) are accounted for in the RCM. He noted that he was concerned about the increased investment in battery storage for the following reasons:

- The increase in battery storage has been useful in eliminating the "duck curve", optimising the use of renewable generation and reducing Essential System Services costs. However, if storage utilises every bit of renewable energy produced from wind and solar and there are increases in demand, the system will have to revert to using

thermal generation, which is against the affordability and the sustainability limbs of the SEO.

- Power Purchase Agreements recently signed by Synergy and Water Corporation are underwriting new windfarms that are expected to cover the closure of the Collie and Muja coal plants. However, as demand grows, particularly if Bluewaters retires, there will be a point where substantially more wind generation is required, rather than storage, to minimise gas fired generation and therefore reduce costs and emissions.
- How can this new wind generation be given preference over storage when building wind generation is costing much more than building storage in terms of fixed costs.

- Ms Tait noted that the ESM Rules are extremely prescriptive about how AEMO runs the RCM. She noted that some provisions in the ESM Rules explicitly require AEMO to account for the SEO in its decisions, however, that is not the case for the RCM.

Ms Guzeleva stated that if AEMO determines there is a shortfall against limb B of the WEM Planning Criterion, then the capacity mix is assessed in terms of available energy to meet it. She noted that recently, EPWA has introduced rules that prioritised assigning Capacity Credits to Capability Class 1 and 3 facilities over Capability Class 2 facilities (storage and DSPs) when AEMO identifies such a shortfall.

Ms Guzeleva also noted that the duration requirements for storage will continue to increase, which partly addresses the concerns raised by Mr Peake, but agreed that more work needs to be done in this area.

Mr Peake considered that the system has plenty of energy to meet limb B of the Planning Criterion. However, that assumes that gas generation will be running nonstop. Storage will optimise the generation to avoid loss of load, but emissions and costs will be incredibly high.

- Mr Schubert agreed with Mr Peake's concerns and noted that he would like to see some modelling of the 'ideal' total quantity of battery storage in the system. He noted that the storage capacity was continuing to increase in the system, however it is currently treated all the same, despite providing different market services.
- Mr Stephen supported Mr Schubert's request for analysis.
- Mr Skinner noted his interest in the topic, and the need to consider how the market acquires enough new generation to charge all the storage.

The meeting closed at 3:15pm.

The Chair reminded members that the next meeting is scheduled for 18 June 2026 and is to be held in person at the DEED office. However, if any members are unable to attend in person, it will be held as a hybrid meeting.