Department of Energy and Economic Diversification

GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Market Advisory Committee (MAC) - Minutes

Date:	18 June 2026
Time:	1:30pm – 3:00pm
Location:	Level 1, 66 St George's Terrace Perth WA, 6000 Microsoft Teams online

Attendees	Representing in MAC	Comment
Sally McMahon	independent Chair (Chair)	
Amy Tait	Australian Energy Market Operator (AEMO)	
Katie McKenzie	AEMO	Online
Rhiannon Bedola	Synergy	
Matthew Veryard	Network Operator	
Luke Skinner	Small-Use Consumer Representative	
Noel Schubert	Small-Use Consumer Representative	Online
Rajat Sarawat	Observer appointed by the Economic Regulation Authority (ERA)	Online
Noel Ryan	Observer appointed by the Minister	Online
Katrina Burns	Market Participant	
Adam Stephen	Market Participant	
Paul Arias	Market Participant	
Jake Flynn	Market Participant	
Lizzie O'Brien	Market Participant	
Tom Frood	Market Participant	
Geoff Gaston	Market Participant	
Patrick Peake	Market Participant	
Graeme Ross	Contestable Customer	
Peter Huxtable	Contestable Customer	
Other attendees	**From**	**Comment**
Leon Kwek	AEMO	Presenter Item 5(d)
Dora Guzeleva	Energy Policy WA (EPWA)	MAC Secretariat
Laura Koziol	EPWA	MAC Secretariat
Shelley Worthington	EPWA	MAC Secretariat
Luke Commins	EPWA	MAC Secretariat

1. WELCOME

The Chair opened the meeting with an Acknowledgement of Country.

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

The Chair noted the Competition and Consumer Law obligations of the MAC members and invited members to bring to her attention any issues that may arise.

2. MEETING APOLOGIES AND ATTENDANCE

The Chair noted the attendance as listed above.

3. MINUTES OF MEETING 2026_05_07

The 7 May 2026 meeting minutes were approved out of session and published on 11 June 2026.

4. ACTION ITEMS

The Chair summarised the Action Items.

5. UPDATE ON WORKING GROUPS

(a) AEMO Procedure Change Working Group

Ms Tait noted that of the procedures listed, several are due to commence in October 2026 and agreed that a list of upcoming procedures and their scheduled start dates would be provided to the MAC.

Action Item: AEMO to provide MAC members with a list of the Wholesale Electricity Market Procedures and the date by which they are scheduled to commence.

(b) AEMO's Major Projects Working Group

Ms Tait noted that the Minutes from the past meetings were available on the MPWG website.

Ms Tait noted that the MPWG had been in operation for almost 12 months, and that AEMO is considering a survey of stakeholders to assess if the Working Group is meeting its objectives. AEMO will update the MAC on this.

(c) Power System Security and Reliability Working Group

Ms Guzeleva emphasised that managing system strength is becoming increasingly important as the uptake of inverter-based resources (IBRs) continues to increase, including in regions of the network with low system strength. She noted that:

- the Information Paper addressing system strength roles and responsibilities and the technical requirements for grid-following (GFL) and grid-forming (GFM) IBRs would be published shortly;
- DEED, in consultation with AEMO and Western Power, is developing a Consultation Paper on the design of a system strength regulatory incentive framework; and
- the dates for publication are yet to be determined, but the intention is for both papers to be published at the same time, given the content of the two papers is closely linked.

(d) Essential System Service Framework Review Working Group (Working Group)

General update

Ms Guzeleva reminded the MAC that there had been a Consultation Paper published on the ESS Framework Review (ESS Review) which included several Review Outcomes and one Rule Change (the increase to the Rate of Change of Frequency (RoCoF) Safe Limit) which commenced 26 February 2026. She noted that the metrics for monitoring

Frequency Co-optimised Essential System Services would be published shortly once finalised in consultation with AEMO.

Ms Guzeleva noted that two of the Review Outcomes were being monitored by AEMO:

- synthetic inertia, which would be discussed further today; and
- the provision of mandatory primary frequency response and whether that has the potential to reduce the requirement in the procurement of Frequency Co-Optimised Essential System Services (FCESS).

Ms Guzeleva advised that reviewing the Supplementary Essential System Service Mechanism (SESSM) had also been contemplated under the ESS Review but had been placed on hold. She noted that AEMO is proposing a joint initiative to undertake a pre-operational deployment of synthetic inertia and invited Mr Kwek to present the initiative.

AEMO update for proposed outcome 5 – assessment of the suitability of synthetic inertia for the SWIS

Mr Kwek noted that during the ESS Review, AEMO was frequently intervening in the WEM to secure sufficient RoCoF Control Service. Since then, market conditions have changed with more batteries coming online and an ESM Rules change increasing the RoCoF Safe Limit, removing some of the urgency regarding inertia. However, as synchronous plant retires replacement inertia services will be required in the future.

Mr Kwek presented the slides (pages 18 to 22 of the papers), including the below milestones for AEMO's proposal to undertake a pre-operational deployment of synthetic inertia in the SWIS:

- AEMO, in consultation with EPWA, to develop a paper for discussion with the Working Group to seek feedback ahead of progressing to the industry consultation phase of any prospective pre-operational deployment;
- if the decision is to go ahead with the pre-operational deployment, AEMO would seek expressions of interest (EOI) for Grid Forming Inverter (GFM) Electric Storage Resource (ESR) facilities to participate;
- the plan was that the pre-operational deployment would conclude within 18 months; and;
- the pre-operational deployment would conclude with the delivery of a final technical report and, if successful, recommendations for facility accreditation and market integration.

Mr Kwek noted that the pre-operational deployment would provide benefits in terms of providing alternatives for RoCoF Control Services. However, ultimately this was about the strategic positioning, as the pre-operational deployment will put Western Power and industry more generally in a much better position for utilising GFM capability in Western Australia.

- Mr Schubert provided his support for the proposal.
- Mr Peake sought clarity on the timing and, if the deployment was not successful, whether there was a deadline by when a decision would be required for the procurement of synchronous condensers.

Mr Kwek replied that these considerations would be required to run in parallel.

- Mr Stephen sought clarity on whether AEMO considered that there were currently facilities that would be suitable to be part of the pre-operational deployment, or if AEMO is relying on new facilities. Noting that an 18 months timeline was not sufficient for the construction of a new facility.

Mr Kwek replied that AEMO was consulting with ARENA to seek contacts of those who had been part of the ARENA trials in the NEM, noting that in the NEM some of the existing facilities had been converted to GFM. However, the overarching advice so far is that, while conversions of existing facilities work, it is not a simple exercise.

Mr Kwek noted that the EOI would be open to both new and existing facilities and agreed that the timeline was ambitious.

- Mr Frood asked if there is an intention to procure synchronous condensers during the 18-months period, or if that decision would wait until the outcome of the trial.

Ms Guzeleva noted that synchronous condensers can both improve system strength and provide inertia. System strength has been considered more broadly in the PSSR Review and presents a pressing issue for which synchronous condensers might be a solution in the near term. She noted that it was her understanding that inertia was not a pressing issue at this point, but the question was when additional inertia may be required on the system.

Ms Guzeleva noted that it was proposed to reconvene the ESS Review Working Group to discuss the proposals, once the relevant papers regarding system strength and standards were finalised and published.

Ms Guzeleva noted that, if there wasn't a pressing issue, the review of the SESSM could be delayed. However, if AEMO's proposed pre-operational deployment was successful, the review would be needed to ensure that the SESSM can be used by AEMO to procure synthetic inertia and to make sure facilities providing it can be compensated.

- Mrs Bedola asked if the Non-Co-Optimissed Essential System Services (NCESS) framework could be used to procure synthetic inertia.

Ms Guzeleva advised that synthetic inertia is a RoCoF service, which is one of the five co-optimised services that the SESSM was specifically created for.

The Chair asked members whether they supported commencing a review of the SESSM framework now or if they preferred waiting until the pre-operational deployment had commenced.

- Mr Ross, Mr Arias, Mr Stephen, Mr Peake and Mr Gaston supported waiting at least until draft findings are available before commencing the SESSM Review.
- Mr Gaston added that he was concerned of anything adding costs for customers in the market.
- Mrs Bedola agreed that the work was required but noted the large amount of work already underway and suggested delaying the review of the SESSM to next year.
- Ms O'Brien, Mr Frood, Mr Flynn, Mr Skinner supported commencing the review now.
- Ms Tait noted that AEMO would support either approach.

In response to a question from Ms Tait, Ms Guzeleva advised that the ESS Review Working Group would be utilised to provide support to AEMO for the pre- operational deployment regardless of the timing of the review of the SESSM.

The Chair asked what the impact would be on deploying synthetic inertia, if required, if the review of the SESSM did not commence until next year.

Ms Guzeleva responded that this depends on how quickly synthetic inertia, and a mechanism to renumerate it, is needed. EPWA is currently engaging with AEMO to answer this question, and this will inform when to commence the review.

Ms Guzeleva proposed reconvening the Working Group to discuss AEMO's pre-operational deployment and then waiting for the results of the trial before deciding whether to commence a review of the SESSM.

The Chair summarised that there were mixed views from the MAC on when to commence the review of the SESSM on whether to allocate resources now or wait for further information and results that may better inform the work. Considering the impact of delaying the commencement of the review by 6 months was likely to be small, it was proposed to revisit the timing at the December 2026 MAC meeting.

Action Item: EPWA to schedule a discussion for the December MAC meeting about the timing of commencing a review of the SESSM, considering any new information from the pre- operational deployment.

- Mrs Bedola asked Mr Kwek whether the indicative cost of $670 million for the WEM (provided on page 30 of the papers) would be fully covered under a SESSM-type contract, and whether the facilities providing system strength would still be eligible for Capacity Credits.

Ms Guzeleva noted that, ideally, new technologies can stack value. System strength and inertia are two different services, but they can be provided by the same technology. She considered that batteries providing synthetic inertia would still be able to receive Capacity Credits, but she did not believe that synchronous condensers could receive Capacity Credits.

- Mr Schubert noted that some gas turbines in the South West Interconnected System have clutches that allow the alternators to run as synchronous condensers. He suggested that another solution may be to use existing fossil fuel generators as synchronous condensers and urged members not to overlook this possibility.

Ms Guzeleva observed that participation in the pre-operational deployment will be facilitated through an EOI, not through a competitive process. Any subsequent solutions will need to go through a competitive process i.e. NCESS for system strength and, most likely the SESSM, for synthetic inertia.

(e) Capability Class 2 Technologies Review Working Group

Ms Guzeleva noted that the draft consultation paper would likely come to the MAC out of session. She noted that:

- AEMO had provided the reasons why the implementation of an availability window for Demand Side Programmes (DSPs) spanning two Trading Days would be expensive under agenda item 4;
- since the papers were circulated, AEMO has suggested an alternative option to the proposed changes to allow zero-quantity offers;
- under this alternative option, when a Lack of Reserve–State of Charge (LOR-SOC) mandate applies, AEMO would use constraint equations to prevent Electric Storage Resources (ESRs) from being dispatched for energy;
- this alternative approach is intended to address security concerns associated with optimisation during unexpected contingency events requiring ESR dispatch before the ESR Obligation Intervals;
- the alternative would require a more complex rule change compared with the option of allowing zero-quantity offers during an LOR-SOC mandate; and
- both options are likely to be included in the consultation paper for stakeholder feedback.

In response to Mr Arias, Ms Guzeleva explained that stakeholders had raised concerns that, to comply with a LOR-SOC mandate, an ESR facility may need to offer at the market price cap to avoid dispatch, which is likely inconsistent with the ERA guidelines. To address these concerns, two options just outlined are proposed:

In response to Mrs Bedola, Ms Guzeleva explained that:

- the two options only apply to energy as it was not mandatory to make a submission for FCESS;
- allowing ESR facilities to submit zero-quantity offers would require greater manual intervention by AEMO following an unexpected contingency event, as it would be more difficult to determine which ESR facilities should be dispatched;
- AEMO can manually intervene to maintain system security so both options achieve the same outcome. The key consideration is which option is simpler to implement; and
- anything that requires AEMO manually intervening in the market, should be addressed within the ESM Rules rather than a WEM Procedure.

In response to Mr Arias, Ms Guzeleva explained that the proposed doubling of the standard refund rate for ESR during an LOR-SOC mandate was selected for its simplicity and ease of implementation.

- Mr Schubert noted that the change to the DSP morning availability obligation intervals would be complex to implement but queried whether the start of the Trading Day should shift to 6:00am to better capture the ramp-up in demand and remove the window between the Trading Days issue.

Members were not supportive of this idea due to the complexity and the significant changes it would require as outlined by AEMO.

In response to Mr Frood's question about shortening the duration of the morning window for DSPs, Ms Guzeleva explained that currently DSPs must be available for 12 hours on a business day. The intent is to maintain this level of availability, noting concerns previously raised by stakeholders that DSPs may be overcompensated based on their obligations. Accordingly, any reduction in the morning window would need to be offset by an equivalent extension of the evening window. She added that stakeholders will be invited to provide feedback on potential options in their submissions on the consultation paper.

- Mrs Bedola sought clarification on how ESR facilities will charge now that AEMO will not coordinate charging.

Ms Guzeleva explained that stakeholders had raised concerns that ESR facilities could become non-compliant through no fault of their own, if AEMO were responsible for coordinating charging. Therefore, responsibility is now proposed to rest with each ESR facility to achieve the required charge level when an LOR-SOC mandate applies.

In response to Mr Gaston's question about potential price spikes if ESR facilities are responsible for charging, Ms Guzeleva noted that:

- the proposal for AEMO to coordinate charging had not been intended to manage price spikes, but rather to address potential system security issues;
- LOR-SOC mandates are expected to occur on days when the ESR fleet is critical to maintaining system reliability, for example when multiple other facilities are on forced outages; and
- current price volatility reflects differing charging strategies, with ESR facilities sometimes charging from each other, and she acknowledged that volatility could increase if all facilities were to charge simultaneously.

- Mr Gaston noted that ESR are paid to provide capacity during the ESR Obligation Intervals. Therefore, the SOC mandate should always apply.

Ms Guzeleva noted that:

- if the SOC mandate were to apply daily, there is a risk that prices in the FCESS markets could return to the high price levels experienced in 2023-24, given that the participation of ESRs is keeping the FCESS prices low; and
- an LOR-SOC is expected to be declared when AEMO's short-term planning indicates an energy shortfall in an upcoming peak period and at the latest, by 8am on the day it applies to.

- Mr Schubert considered that:
  - there is a "chicken-and-egg" problem in determining whether an LOR-SOC mandate is needed. To decide whether a shortfall is likely to occur on the next day, AEMO must estimate the expected SOC of the ESR fleet. However, that estimate itself depends on how the fleet would operate in the absence of a mandate; and
  - if AEMO is unsure whether a shortfall will occur it may choose not to issue a SOC mandate yet making that decision still requires assumptions about future SOC levels. It remains unclear what assumptions or methodology AEMO would use to forecast SOC and assess whether a shortfall is likely.

Ms Guzeleva responded that the LOR-SOC is expected to be linked to an LOR-2 condition. If an energy shortfall is anticipated, for example due to forced outages or low renewable availability, AEMO would calculate the required SOC across the ESR fleet to avoid the shortfall. Therefore, AEMO does not need to know what charge levels are expected without the mandate. She noted that the consultation paper proposes that AEMO sets out the SOC methodology in a WEM Procedure.

In response to Mrs Bedola, Ms Guzeleva clarified that AEMO would determine the appropriate level based on prevailing system conditions.

6. WEM OPERATION EFFECTIVENESS REVIEW – PROGRESS UPDATE

The paper was taken as read.

7. MARKET DEVELOPMENT FORWARD WORK PROGRAM

Ms Guzeleva advised that a meeting of the WEM Investment Certainty Review Working Group (Working Group) was scheduled for 25 June 2026. She apologised for not providing the usual two weeks' notice.

Ms Guzeleva noted that the Working Group was reconvened to commence development of a Renewable Energy Mechanism to provide revenue certainty for renewable generation projects. She provided a recap on where the Working Group had left this off 24 months prior, noting that:

- work had been paused on the proposal to introduce a wholesale energy price guarantee for renewable generators to understand whether the Commonwealth's Capacity Investment Scheme (CIS) would resolve the potential issues;
- two CIS tenders have been held, and it is now clear that the CIS will not provide the needed investment certainty;
- engagement with industry has informed the understanding that renewable generation projects require Power Purchase Agreement (PPAs) or revenue certainty through the market to reach a final investment decision;

   - the Water Corporation and Synergy have recently signed PPAs with renewable generation projects, but Government Trading Enterprises cannot be expected to continue to do so for every conceivable project;
   - bringing new renewable generation projects into the WEM is important to reduce the energy component of the increasing electricity costs, through their low marginal costs;
   - in particular, more renewable generation is needed to charge the ESR facilities as these are currently charging too often from gas or coal generation and, sometimes, even other ESR facilities; and
   - Additionally, the National Electricity Market (NEM) is developing an Electricity Services Entry Mechanism and the WEM needs its own mechanism to stay competitive.

- Mr Gaston sought to clarify if the intent was to replace the real-time market price with a guaranteed payment for renewable generators.

Ms Guzeleva clarified that the intent was to provide revenue certainty. She noted that there was a disconnect where:

   - project financiers are concerned that prices will collapse as more renewable generation enters the market;
   - those who want to buy renewable energy are not entering into PPAs because they expect market prices to collapse.

Ms Guzeleva noted that there was no intent to cover the full cost of a project but to provide a backstop, to ensure that, if the prices go below a floor, renewable projects do not become unviable.

Responding to a question from Mr Gaston about how costs will be passed on to retailers and consumers, Ms Guzeleva advised that cost allocation was in scope for the review and invited participation from MAC members on the Working Group.

Ms Guzeleva agreed to re-circulate links to the WEM Investment Certainty Review webpages for MAC members to refresh where things left off.

- Mr Skinner noted his strong support for recommencing the work, noting that he has repeatedly raised the need for it, including with the Minister. He considered that the delay in reaching this point has probably been detrimental.

In response to a question about membership of the Working Group, Ms Guzeleva said interested parties were welcome to contact EPWA and request to become a member.

In response to a question on timeframes, Ms Guzeleva replied that the mechanism would need to be in place by 2027 for the 2028 Reserve Capacity Cycle and the 2030/31 Capacity Year.

Action Item: EPWA to re-circulate to MAC members the links to the WEM Investment Certainty Review Working Group webpage and provide the meeting papers for the meeting scheduled for 25 June 2026.

8. OVERVIEW OF RULE CHANGE PROPOSALS

The paper was taken as read.

9. GENERAL BUSINESS

List of upcoming publications

- Mrs Bedola asked about the timeline for the papers EPWA expects to publish for the rest of 2026, noting that several papers for different projects were expected.

Ms Guzeleva stated that EPWA's intent was to stagger consultation but that this was not always possible. She noted that the CC2T Review was a statutory review and that the consultation paper would be published as soon as possible. The PSSR Review has been quite complex and delayed by several rounds of discussion. Therefore, its consultation may overlap with the CC2T Review consultation but EPWA would aim to, at least, stagger the closing dates of the two consultations.

Responding to a question from the Chair, Ms Guzeleva agreed to provide a list of upcoming publications and timelines as guidance, noting that the schedule may change.

Action Item: EPWA to provide a list of upcoming planned consultations to MAC members.

Upcoming MAC meetings

Speaking to Action Item 5/2026, the Chair noted that the 10 September 2026 MAC meeting clashes with the Energy WA Conference, which MAC members may wish to attend. The Chair noted that she would be available to reschedule the meeting to 3 September.

A majority of MAC members supported another in-person meeting. The Chair noted that the in-person meeting could be held either on 22 October or 3 December 2026.

Ms Guzeleva agreed to consult MAC members via email on the preferred date for the next in-person meeting and whether they preferred to reschedule the September meeting.

Action Item: EPWA to circulate an email asking for MAC members' availability for a meeting on 3 September 2026, and whether their preferred in-person meeting is on 22 October 2026 or 3 December 2026.

Interest in Australian Energy Market Commission (AEMC) updates

The Chair asked MAC members whether they would like to hear more about the AEMC work program relevant to the WEM at future MAC meetings.

Members expressed their interest in the Chair's offer.

The Chair agreed to a proposal from Ms Guzeleva to include a standing agenda item, starting with an overview of upcoming AEMC publications at the next MAC meeting. MAC members could then suggest any areas of interest for the future.

Action Item: Chair to present the AEMC's upcoming work program at the next MAC meeting on 30 July 2026.

The meeting closed at 3:00 pm.

The next meeting is scheduled for 30 July 2026.