Department of
Energy and Economic
Diversification

GOVERNMENT OF
WESTERN AUSTRALIA

Energy
Policy WA

# Market Advisory Committee (MAC) - Minutes

| | |
|---|---|
| **Date:** | 30 July 2026 |
| **Time:** | 1:30pm – 3:30pm |
| **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 | |
| Richard Cheng | Observer appointed by the Economic Regulation Authority (ERA) | Proxy for Rajat Sarawat |
| Noel Ryan | Observer appointed by the Minister | |
| 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** |
| Rohan Zauner | Jacobs | Presenter - Item 7 |
| Antonia Cornwall | Jacobs | Observer for Item 7 |
| Richard Bowmaker | Robinson, Bowmaker and Paul | Observer for Item 7 |
| Dora Guzeleva | Energy Policy WA (EPWA) | MAC Secretariat |
| Shelley Worthington | EPWA | MAC Secretariat |
| Luke Commins | EPWA | MAC Secretariat |

Department of
**Energy and Economic Diversification**

GOVERNMENT OF WESTERN AUSTRALIA

**Energy Policy WA**

| Apologies | From | |
|---|---|---|
| Rajat Sarawat | ERA | |
| Ben Tan | Telsa Corporation | |

## 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 and that Ben Tan had joined the MAC but would attend the next meeting on 3 September 2026.

## 3. MINUTES OF MEETING 2026_06_18

The 18 June 2026 meeting minutes were approved out of session and published on 14 July 2026.

## 4. ACTION ITEMS

The Chair summarised the Action Items as provided.

Ms Tait provided an update on Action Item 1/2026 noting the following:

- AEMO's preliminary analysis of unaccredited mandatory primary frequency response (MPFR) since 1 June 2025 indicates that there is headroom available. However, this has coincided with a significant increase in accredited Frequency Co-optimised Essential System Services due to increases in battery energy storage system (BESS) which has reduced costs accordingly.
- AEMO will continue to review frequency events to assess whether Contingency Reserve requirements are set at the appropriate level.
- AEMO is happy to provide additional information offline, if members require it, and will update the MAC again in early 2027.

## 5. UPDATE ON THE AUSTRALIAN ENERGY MARKET COMMISSION (AEMC) UPCOMING WORK PROGRAM

The Chair provided MAC members with a high-level overview of the current work programme of the AEMC which includes:

- The Wholesale Market Settings Review, looking at the challenges associated with investment in renewable energy in an energy-only market, which has led to the proposed Electricity Services Entry Mechanism.

- Completion of a network pricing review, that considered pricing across networks. It looked at tools for consumers to compare offers, clarity about retailer responsibility for managing pricing complexity and direction on more equitable cost recovery for fixed costs.
- A new requirement for electricity distribution network providers to develop a 20-year plan as part of their price determination process (this is also being considered for gas networks). This must include assumptions about future use of the network in the face of increasing consumer energy resources and electrification, and will improve visibility through a new data framework.
- Commencing a review of electricity network regulation, which will incorporate a review of the classification of services (i.e. what is a regulated service and what is not) and a review of the ring-fencing guidelines. EV chargers will be a test case for the definition of a regulated service.
- A regular review of the Integrated System Plan, addressing the challenges of accounting for varied jurisdictional emissions reduction targets;
- Considering a rule change to implement the reliability panel's recommendation that the reliability standard be relaxed for 2028-2032 from 0.002% to 0.003%;
- Requirements for new data centres to bring their own renewable energy, ensure appropriate firming, provide flexibility and to locate in the right place to ensure power system security and reliability is no worse off for their entry, following a request by the Energy and Climate Ministerial Council (ECMC). Relevant to this is work underway on access standards for inverter-based loads of different sizes.
  - Ms Mckenzie asked the Chair whether the changes recommended by the Reliability Panel would come with methodological changes to how the reliability standard is achieved, especially in a more weather dominated system.

The Chair answered that the report showed significant variability across jurisdictions. The Reliability Panel had decided several years ago that the form of the reliability standard was appropriate, but held some concern about the difficulty in measuring the tail risk and considered that this risk would be better addressed by AEMO directions rather than through an economic threshold.

The Chair noted the AEMC is working on several consumer protection projects including strengthening the information provided to consumers about better offers, clarifying the framework on de-energising consumers and a recent rule change on life support.

Responding to a question from Mr Schubert, the Chair explained that the AEMC is not working on the consumer duty but have supported it. She noted that work is underway by the Department of Climate Change, Energy, the Environment and Water, who are considering how an overarching duty with a legislative basis will work with a whole range of consumer protections, through its Better Energy Customer Experiences work.

The Chair invited members to contact her if they had any further questions and noted that she could arrange a more comprehensive briefing if desired.

## 6. UPDATE ON WORKING GROUPS

### a) AEMO Procedure Change Working Group

Ms Tait noted several updates since the paper was circulated, including:

- Consumption Deviation Applications Procedure - consultation commenced on 20 July 2026 and closes on 17 August 2026;
- Rule Participant Registration Processes Procedure - consultation commenced on 17 July 2026 and closes on 17 August 2026; and
- Network Access Quantity Model Procedure - consultation was extended to 14 August 2026.

### b) AEMO's Major Projects Working Group

Ms Tait stated that the Working Group had not met since the last MAC meeting and noted:

- the final implementation assessment for the public data uplift had been published;
- the draft WEM Digital Environments Uplift project will be published shortly;
- a survey on whether the Working Group was meeting its objectives will be recirculated to the MAC, as only two responses had been received;
- the next Working Group meeting would be on 27 August 2026.

### c) Power System Security and Reliability Working Group

Ms Guzeleva informed members that upcoming milestones include publication of an Information Paper and an Exposure Draft outlining the review outcomes and proposed Electricity System and Market (ESM) Amending Rules to implement reforms to:

- clarify grid-following (GFL) and grid-forming (GFM) inverter technical requirements and refine the performance standards of modern inverter-based resources to better recognise their capabilities and operational characteristics; and
- establish a coordinated and centralised system strength framework for the South West Interconnected System, including clearer roles, responsibilities and processes for identifying and addressing current and forecast system strength shortfalls.

She added that a Consultation Paper with additional proposals required to complement the review outcomes in the Information Paper will be published for consultation including proposals for:

- a system strength regulatory incentives framework; and
- the treatment of hybrid systems combing GFL and GFM inverter technologies.

Ms Guzeleva noted that the next phase of the review will focus on finalising the User Facility Standards Framework to consolidate connection standards across the ESM Rules and Western Power's Technical Rules. This may include reviewing standards applicable to inverter-based loads, such as data centres.

### d) WEM Investment Certainty Review Working Group

The Chair noted that the Chair of the Working Group would provide a fulsome update to the MAC once potential proposals had been developed by the Working Group.

Ms Guzeleva noted that the Working Group consisted of 30 plus stakeholders and included most MAC members. She strongly encouraged those that were not members to join the Working Group, noting the challenges in conveying outcomes of a 3 hour meeting into a short update to the MAC.

Ms Guzeleva noted that, following an extensive discussion, the Working Group agreed that a Renewable Energy Mechanism is an important initiative to continue to progress.

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

The Chair noted that the Consultation Paper (Paper) would be published shortly, and members could provide submissions on behalf of their organisations through that process.

Ms Guzeleva noted that regular updates have been previously provided to the MAC on the review outcomes in the Paper as work was being developed. She asked members to focus their feedback on the proposals that have multiple options, starting with proposal 2A, in which there are two options for the Demand Side Programme (DSP) availability obligation intervals morning window - 8am to 12pm or 4am to 8am.

- Ms Burns asked whether any consideration has been given to extending the 12-hour window, i.e. from the current 8am to 8pm obligation to 8am to 10 pm.

Ms Guzeleva responded that this had been considered, but this would lead to a 14-hour requirement for DSPs and there has been opposition against extending the availability duration.

- Ms Burns suggested that Peak DSP Dispatch Requirement that a DSP can be called upon, which caps the volume of hours, would offer some protection to DSPs.

Ms Guzeleva responded that the two windows would also allow a DSP to assign different loads to each window, while a single window creates risks for DSP operators as they may assume the worst-case scenario, i.e. that they will be dispatched for the 14 hours.

- Ms Burns noted that:
  - there is a risk with the two windows because DSP aggregation is based at the Transmission Node Identifier (TNI) level and it is difficult to find loads available during the morning and other loads for the evening behind the same TNI; and
  - the benefit of a large portfolio is that it provides ability for aggregators of DSPs to find loads and meet their obligations, as it is difficult to have blanket obligations for every end user.

Ms Guzeleva noted that the DSP proposal was selected in discussion with the Working Group which included Ms Burns organisation. It was preferred as the split window option provided aggregators flexibility in assigning loads in the morning and evening rather than a continuous 14 hours.

- Ms Burns stated that these points would be part of her organisation's submission but suggested that, perhaps, an alternative option of extending the availability to 14 hours should be considered for inclusion to reduce complexity.
- Mr Ross noted that:

  - a 14 hour duration would be difficult for larger loads to achieve and the longer the load is offline the higher the risks; and
  - he supported a 4am to 8am morning window as it would provide a longer period between the obligation intervals. While it may be difficult to find other loads operating at this time, it is likely to be a better option for larger loads.
- Mr Huxtable supported Mr Ross' comments.

Ms Guzeleva acknowledged the difficulty of balancing stakeholder interests. While the DSP obligations were considered during the Demand Side Response Review, the obligation intervals were being considered again due to the issue raised by AEMO with the new DSP obligation intervals, that are yet commence, spanning two Trading Days.

- Ms Burns stated that there are knock on effects from the proposed split window option as those who opt for only the evening window would only receive 8/12ths of the Reserve Capacity Price, but this period is when the system mostly requires DSPs. She had concerns that the reduced revenue opportunity may discourage DSP participation.

Ms Guzeleva noted that the analysis showed that DSPs are not required during the middle of the day and with a 14-hour obligation it is likely that DSP aggregators would take the risk of not being called during part of the obligation period that they are remunerated for. Also, the split window allows for a charging period for behind-the-meter storage in the middle of the day.

The Chair suggested that, to enable stakeholders to provide submissions on this, the Paper should indicate that discussion had been held on an option to extend the DSP availability obligation intervals window to 14 hours but the option was not progressed.

The Chair noted that it is important for MAC members to check in with their representatives on Working Groups to address any issues ahead of time.

In response to Mrs Bedola, Ms Guzeleva confirmed that the Paper would be open for feedback for a four-week period.

Ms Guzeleva drew the MAC's attention to proposal 4B, which is seeking feedback on the best option for Electric Storage Resource (ESR) operators to comply with a Lack of Reserve – State of Charge (LOR-SOC) obligation, either through:

1. AEMO applying constraint equations; or
2. an exemption from market submission obligations to include ESR capability when an LOR-SOC is in effect.
   - Mrs Bedola noted that option 1 gives AEMO greater control and visibility, while the second is simpler to implement but leaves AEMO with less visibility. She noted that it would be useful to know the impact materiality of one option over another.
   - Ms Tait noted that AEMO preferred option 1 as dispatch will likely be more straightforward, although training and process updates must occur and these are not immaterial. Under option 2, the loss of visibility could add considerable implementation and operational complexity. She noted that AEMO could provide a comparison of implementing the two options for the paper, if required.

Ms Guzeleva advised that the two options will be clarified and AEMO's preferred option will be indicated in the Paper.

- Mr Frood asked how the constraint equations under proposal 4B would apply to a hybrid facility, i.e. if an ESR is co-located with a renewable generator.

Ms Guzeleva clarified that the LOR-SOC applies to ESR's State of Charge with ESR Obligation Intervals.

- Mrs Bedola noted that it was not clear that the DSP reduction must align with a specific load regarding the proposed security deposit refund.

Ms Guzeleva responded that this proposal is intended to apply an individual load and that this will be made clearer in the Paper.

- Ms Burns queried whether the five-megawatt limit for the proposed security deposit refund was necessary, as the logic of this proposal would apply to other loads, and asked why there was a deadline of 1 April.

Ms Guzeleva explained that the threshold had been discussed in Working Group meetings and that the threshold was necessary to ensure that there is a material impact to AEMO's demand forecast modelling and that the 1 April deadline was required so that AEMO can factor the change into the upcoming Electricity Statement of Opportunity. She stated that she would provide the minutes of the Working Group meeting when this matter was discussed to Ms Burns.

| ***Action Item: EPWA to provide Ms Burns with the relevant Working Group minutes*** |
|---|

- Mrs Bedola noted that the draft paper suggested that Market Participants should seek advice from the ERA regarding market offer compliance with the LOR-SOC obligation. She suggested that the ESM Rules require the ERA Offer Construction Guidelines to specify how Market Participants comply with the LOR-SOC.

Ms Guzeleva responded that proposal 4B is intended to provide Market Participants with the ability to comply with the LOR-SOC obligation. As a result, the Paper will be edited before publication to remove the reference to Market Participants seeking advice from the ERA.

- Mr Schubert noted that it was not an issue for this Paper but that the ERA's Offer Construction Guideline should consider providing a method for ESR facilities to preserve their charge on non-LOR-SOC days rather than rely on the "opportunity cost" concept.

Ms Guzeleva responded that it was her understanding that the ERA is going to consult on the Offer Construction Guideline and agreed that this is separate to this review.

In response to MAC member comments about the typographical errors, Ms Guzeleva advised that they would be fixed before publication.

## 7. COORDINATOR'S REVIEW OF THE BENCHMARK TECHNOLOGIES

Ms Guzeleva noted that Jacobs and RBP are the technical consultants assisting with the Benchmark Technology Review (Review) and that DEED is also working closely with the ERA during this Review.

Department of
**Energy and Economic Diversification**

GOVERNMENT OF WESTERN AUSTRALIA

**Energy Policy WA**

Ms Guzeleva asked for any comments from the MAC related to the cost assessment methodology and shortlist of technology candidates. She advised that the next Working Group meeting will cover cost estimates and assumptions for each of the technologies, preliminary modelling for net versus gross cost of new entry (CONE) and an indicative Benchmark Technology for Flexible and Peak Capacity.

- Mrs Bedola:
  - asked if it was possible for the Review timetable to be presented together with the ERAs timetable for determining the Benchmark Reserve Capacity Price (BRCP) for stakeholders to see the timing for both; and
  - noted that she was still unsure of the underlying driver of the decision to remove the emissions intensity threshold as a criterion for the Benchmark Technology long/short list and how this impacts Western Australia's position on net zero.

Ms Guzeleva responded that:

- The former Minister for Energy (Minister) directed the Coordinator of Energy (Coordinator) to consider five initiatives, including penalties for high emissions, which became the basis of the WEM Investment Certainty Review.
- Over a period of approximately 18 months the Working Group considered how to implement penalties for high emissions and an outcome of this work included the 0.55t $CO_2$ / MWh threshold.
- This work was undertaken with the expectation that the threshold would be implemented, but the threshold was never publicly consulted on.
- DEED is required to balance the State Electricity Objective (SEO) and currently there are a lot of concerns about costs. DEED is not comfortable proceeding with a threshold that was not consulted on or progressed further.
- Questions were also raised by some Working Group members on the suitability of diesel only facilities for the long /short list. However, the environmental limb of the SEO cannot be completely disregarded, and a reasonable balance must be struck. This is why there is no proposal to focus on diesel only technology.
  - Mr Skinner noted that the emissions threshold was never put formally in place, but the SEO does require that emissions be acknowledged in determining the Benchmark Technologies. On this basis he agrees with excluding diesel-only plants from consideration.
  - Responding to Mrs Bedola's request to align timelines, Mr Cheng advised that once the Coordinator has made his determination, the ERA will begin reviewing its BRCP WEM Procedure and the BRCP Determination will follow. He noted that the timeline for this BRCP Determination is expected to be extended to March 2027 in the ESM Rules, giving the ERA time to complete the determination given the change to the technology.
  - Mr Peake noted that, while diesel plants may emit more on a per MWh basis, the capacity factor is typically low for these plants. Currently the lowest emission plant on the system are the Mungurra diesel fired gas turbines. It would be helpful to have some direction from Government in considering plant that has high emissions, but only for a

very short period, against the lower cost objective, because a higher BRCP increases costs across the whole market and means higher costs for consumers.

Ms Guzeleva acknowledged that this was a good point, which had been raised at the Working Group, and noted that diesel plants also add significantly to the cost of energy in the market and can lead to reliability issues. She noted that if stakeholders think this is an appropriate balance it can be included for consultation, but it appears inconsistent with all three limbs of the SEO.

- Mr Skinner pointed to the current liquid fuel crisis and issues with diesel reliability over the long term. He stated that the impact on cost matters but emissions matter too. He noted that:
  - Emissions matter for the future but they also matter now as evident by the impacts of extreme heatwave days (events made worse by emissions) on peoples' livelihoods.
  - Every kilogram of emissions matters. The MAC should do everything it can do to reduce emissions.
  - Adding more diesel does not pass the "pub test" for anyone who holds concern for the environment.

The Chair requested any further views from members on the cost assessment methodology and long/short list of candidates

- Mr Frood noted his agreement with Mr Skinner. However, he did not consider that setting the Benchmark Technology as a plant which is unlikely to ever get used represents the least cost to consumers. If consumers are going to pay for a piece of equipment it should contribute to the system. Such a plant would do little other than provide an insurance policy and, therefore, would not contribute to system reliability.
- Mr Arias noted that the Benchmark Technology for Peak Capacity is to cover 1 in 10-year demand events and provides social insurance against blackouts during extreme demand events, and acknowledged the points made on wanting "useful" generation sources. He pointed to the impact of batteries on the system and noted there was a wave of increased costs ahead, once Facilities roll off their transitional Reserve Capacity Pricing arrangements.
- Mr Schubert noted this is a notional facility that sets a capacity price and sets the price for all other generators. He noted that the ESM Rules specify least cost and if a diesel generator is selected but no Facility of this kind ever gets built, he would view this positively as a balance between low prices and low emissions. He clarified that he is not advocating for high emission technologies, but that he has strong concerns with prices increasing.

The Chair noted the comments on the importance of gross versus net CONE and adequately assessing the cost calculation methodology and asked Ms Guzeleva if there was any further information that might be useful.

Ms Guzeleva noted that the MAC comments echoed the key discussions of the Working Group, notably regarding those related to the removal of an emissions threshold from consideration. She noted that gross vs net CONE will be discussed at the 6 August Working Group meeting.

- Mr Zauner noted that the long list and cost assessment methodology are substantially the same as the last review in 2025. He acknowledged that the removal of the emissions threshold changes the consideration of technologies, and noted the focus on further increasing transparency during this review by using publicly available or reproducible data and working in collaboration with the ERA.

The Chair noted that it would be helpful to stakeholders to be clear about which parameters have been adjusted from the last review.

Ms Guzeleva responded that this would be clear in the Paper and clarified that this Review is using the ERA's WACC value from the last year's determination of the BRCP by the ERA but ultimately the ERA will determine the WACC when making its 2027 BRCP Determination.

- Mr Cheng agreed, noting that the ERA will reassess the WACC at the point in making its BRCP Determination to ensure it represents an accurate financing situation at that point.

Ms Guzeleva noted that, when the MAC next meets on 3 September, this will be close to the end of the consultation period for the Coordinator's draft determination. There will be no opportunity for the MAC to make additional comment at that point as DEED has committed to the ERA for a determination by the end of September.

The Chair noted that she would provide links to the Reliability Panel reports for MAC members.

## 8. WEM OPERATION EFFECTIVENESS REVIEW – PROGRESS UPDATE

The paper was taken as read.

## 9. MARKET DEVELOPMENT FORWARD WORK PROGRAM

The paper was taken as read.

- Mr Schubert, noting the previous discussions about windfall gains at an opt in session for MAC members, requested that the issue be added to the Market Development Forward Work Program.
- Mr Skinner stated that, at the time, members who attended voiced their desire to follow up on this issue early next year, when more information is available about the state of supply and demand as well as the results of the impacts of the home battery scheme.

The Chair asked whether this was an issue best added as an Action Item for the MAC.

- Mr Schubert answered that the intent of the Forward Work Program was to record and track issues raised by the MAC members to be addressed.

The Chair, noting Mr Schubert's point, asked that this issue be added to the Forward Work Program.

## 10. OVERVIEW OF RULE CHANGE PROPOSALS

Responding to a question, Ms Guzeleva advised that she could not provide an exact date for gazettal but noted that some of the Tranche 10 ESM Amending Rules must commence by 1 October 2026.

## 11. GENERAL BUSINESS

The meeting closed at 3:30pm.

The next meeting is scheduled for 3 September 2026.