Department of
Energy and Economic
Diversification

GOVERNMENT OF
WESTERN AUSTRALIA

Energy
Policy WA

WEM Investment Certainty Review (WIC Review) Minutes

Date:	6 August 2026
Time:	9:30 am – 11:30 am
Location:	Microsoft Teams

Attendees	Company	Comment
Dora Guzeleva	(Chair) Energy Policy WA	
Matthew Fairclough	AEMO	Proxy for Mena Gilchrist
Graham Pearson	Australian Energy Council	
Jack Mitchell	Alinta Energy	Proxy for Paul Arias
Jordan Prainito	AuzVolt	
Daniel Kurz	Bluewaters Power 1 Pty Ltd	
Francis Ip	BLT Energy Pty Ltd	
Tom Frood	Bright Energy Investments	
Michelle Gadellaa	Chamber of Minerals and Energy WA	Proxy for Aaron Walker
Jake Flynn	Collgar Renewables	
Liz Aitken	Empire Carbon and Energy	
Richard Cheng	ERA	
Noel Schubert	Expert Consumer Panel	
Luke Skinner	Expert Consumer Panel	
Adam Kiley	Frontier Energy Ltd	
Max Collins	Neoen	
Wayne Trumble	Newmont	
Patrick Peake	Perth Energy	
Paul Arias	Shell Energy	
Shane Cremin	Summit Southern Cross Power Pty Ltd	
Rhiannon Bedola	Synergy	
Ben Tan	Tesla Corp	
Peter Huxtable	Water Corporation	
Mark McKinnon	Western Power	
Lizzie O'Brien	APA Group	
Graeme Ross	Simcoa	

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Other attendees	From	Comment
Rohan Zauner	Jacobs	Presenter
Richard Bowmaker	RBP	Presenter
Shelley Worthington	EPWA	
Laura Koziol	EPWA	
Rory Hannon	EPWA	
Apologies	**From**	**Comment**
Mena Gilchrist	AEMO	
Neetika Kapani	AEMO	
Oscar Carlberg	Alinta Energy	
Timothy Edwards	Metro Power	

1. WELCOME

The Chair opened the meeting with an Acknowledgement of Country and welcomed members.

2. MEETING APOLOGIES AND ATTENDANCE

The Chair noted the meeting attendance as listed above.

3. CONFLICTS OF INTEREST AND COMPETITION LAW

The Chair noted the obligations of members under Australian Competition Law.

4. 2026 BENCHMARK TECHNOLOGY REVIEW

The Chair thanked members for views expressed out of session via email and assured members that their views would be reflected in DEED's Consultation Paper on the proposed Determination.

Mr Zauner presented slides 6 – 10, recapping the previous Working Group meeting related to the scope and approach of the review, the proposed configuration shortlist and the cost calculation methodology.

- Mr Tan sought to confirm EPWA's expectation that the indicative 0.55t CO_2 / MWh emissions threshold, arising from the WIC Review, won't apply in a timeframe relevant to this review. He asked if this expectation applies just for the upcoming Capacity Cycle or the life of the gas turbines being proposed.

The Chair noted that there is currently no indication that the thresholds will be established or implemented in the legal framework and therefore, DEED cannot take them into account. She added that whether they are implemented in future by government is uncertain.

- Mrs Bedola asked if those configurations certified on gas include fixed transport costs.
- Mr Tan asked what gas transport costs are included for the dual-fuel configurations certified on distillate.

Mr Zauner noted that fixed transport costs have been included for the gas-only configurations by including Dampier to Bunbury Natural Gas Pipeline capacity charges. He clarified that such a charge is not included in the configurations certified on distillate as this is not necessary for certification.

- Ms Aitken noted that, since the dual-fuel configuration's fuel is distillate for the purposes of certification, during the Peak and Flexible intervals when capacity service is called it runs on distillate, not gas. She enquired if DEED's Consultation Paper could state the emissions intensity assumed for those intervals.

The Chair stated that this was incorrect, with a number of dual-fuel facilities certified on distillate in the WEM frequently running on gas by making their own arrangements for gas supply. She noted that this is a variable cost for these facilities.

- Mr Collins noted that he has prior experience operating a distillate fuelled facility and that, to his knowledge, it needs some form of reservation at the terminal to ensure access to distillate whenever it is needed. He asked if any cost is included for reservation charges or if unlimited access to supply is assumed.

Mr Zauner clarified that distillate storage is included onsite for the dual-fuel configurations, which provides 36 hours worth of fuel, and no additional distillate reservation is assumed.

The Chair noted that existing facilities using this configuration are required to be tested running on distillate twice a year and to demonstrate sufficient storage of distillate for their certification.

- Mrs Bedola noted that the assumption of a gas portfolio that can be used by the distillate certified facility in peak periods may be a challenge going forward with gas supplies tightening.

The Chair noted that if this changes in the future and there are real constraints that impact gas supply, DEED will account for this in any future review.

Mr Zauner presented slides 11 – 13, covering the input assumptions used for estimating the BRCPs for each candidate configuration. He noted that land costs are based on the previous ERA BRCP determination and all locations assessed are within 20km of the DBNGP.

- Mr Frood asked if any allowance has been made for cyber security management costs.

Mr Zauner clarified that no specific allowance has been made for such costs and the Chair confirmed that this hasn't been accounted for previously.

- Mr Trumble asked if the battery configurations are required to secure energy for charging in the same fashion gas and distillate plants are required to secure their fuel.

The Chair confirmed that batteries have a requirement to be available for the Electric Storage Resource Obligations Intervals (ESROI), with refunds being applied if they're not. They have different obligations than other facilities as they are typically able to charge from the grid.

- Ms Aitken noted that locating all configurations within 20km of the DBNGP at 330kV nodes on the Clean Energy Link North suits the thermal plants. She asked if the same location is suitable for batteries.

Mr Zauner replied that batteries would have more flexibility in theory but, in reality, they would be looking at the same 330kV nodes as these are the available unconstrained locations.

- Mr Arias asked if the 'fat lateral' for the gas only configurations is a suitable alternative to firm gas contracts for the purpose of AEMO certification.

The Chair noted that, as far as she is aware, such facilities already exist and have been certified in the SWIS.

Mr Zauner presented slides 14 & 15, noting that multiple unit configurations are assessed for many of the gas turbines, as this is industry standard in Australia due to favourable projects economics. These plants have two connection points, reducing their maximum contingency.

Mr Zauner presented slide 16, noting that the E-class Simple Cycle Gas Turbines in a dual-fuel configuration, certified on distillate but predominantly operating on natural gas, represent the lowest cost facilities. This is, in part, due to the removal of the indicative 0.55t CO_2 / MWh emissions threshold from consideration in this review.

Mr Zauner presented slide 17.

- Mr Frood noted that the fixed operations costs appeared focused on connections and asked if fixed O&M costs should be included as the offer construction guideline doesn't permit those costs.

Mr Zauner clarified that fixed O&M costs have been included in the calculations. He shared his calculations with the group noting that:

- plant FOM is derived from the AEMO Inputs, Assumptions and Scenarios Report
- allowances are also made for
  - transmission asset maintenance
  - gas connection FOM
  - transmission NUOS
  - DBNGP pipeline capacity for the gas only options
  - working capital
  - corporate overheads
  - site security and rates

The Chair, in response to Ms Aitken asking about the impact of NAQ, clarified that DEED is working with Western Power but that an unconstrained location has been identified and so this has informed the current assumption of an unconstrained 330kV node.

- Mrs Bedola noted that she understood the preference for a lower cost technology from a cost perspective but wondered how the change might impact investor confidence.

The Chair noted that cost to customers is a major concern for Government and that it's inappropriate to apply a hypothetical emissions threshold that has not been formalised and derive a higher cost Benchmark Technology.

The Chair, in response to a question from Mr Tan, clarified that AEMO runs NAQ calculations, but it is the Coordinator's responsibility to assess network locations when determining the Benchmark Technology. If there are no unconstrained locations DEED will adjust the calculations accordingly, but an unconstrained location has been identified.

- Ms Aitken asked if this location would be unconstrained in 2029.

The Chair confirmed that it would be and that the Government is investing in further transmission capacity expansion.

Mr Zauner further clarified that it only needs to be unconstrained in the Peak and Flex Capacity intervals.

- Ms Gadellaa thanked DEED for sharing the technology assessment, noting her support for least cost Reserve Capacity based on current policy. She agreed a different approach could be taken if Government policy changes in the future.

Mr Bowmaker presented slides 18 – 21.

- Mrs Bedola asked why in 2027 the SCGT's Short Run Marginal Cost (SRMC) is above the plants captured price, seeking to clarify if it isn't assumed to run in 2027.

Mr Bowmaker explained that this meant that there were periods when the facility is forced on out-of-merit to provide ancillary services, i.e. it's running despite the fact it's captured price is lower than its costs and it will be made whole by uplift payments during settlement.

- Mrs Bedola sought to clarify if this meant a diesel facility will be running to provide ancillary services, noting this wasn't an outcome the market would want.

Mr Bowmaker noted that:

- the facility is assumed to be running predominantly on gas, while certified on distillate with distillate backup storage onsite
- this plant is an SCGT and so has a lower heat rate
- this is part of the market design, with plants occasionally running out-of-merit to provide ancillary services, but it is desirable to avoid this where possible
    - Mrs Bedola questioned the assumption of such a facility providing FCESS without having locked in gas transport or a firm gas contract.
    - Mrs Bedola further clarified her view that if the facility is running often to provide FCESS it needs a firm gas supply contract which is contrary to the assumptions being made.

The Chair noted that the assumptions are based on current market observations that there are facilities certified on distillate that secure gas through the spot market or through other means, including as part of a portfolio, with these costs captured as variable costs.

The Chair noted that there was an ESM Rule change being progressed that would see these facilities forced to run on distillate if the DBNGP is at stress.

- Mrs Bedola agreed that Synergy's and Alinta's facilities could operate as described due to the size of their gas portfolios but that other operators would struggle to operate in the manner described.
- Mrs Bedola noted that operators are reviewing their costs and how much gas they require given the marginal cost of operating on gas and that she still questioned the viability of a single facility, not one in a larger portfolio, operating in such a way.
- Mrs Bedola noted that as this review is considering a facility for 2029, with the retirements of Collie and Muja power stations, it's unlikely there will be spare gas capacity as Synergy will likely be directing spare gas capacity to Cockburn to operate those units as baseload units.

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The Chair replied that this was Mrs Bedola's assumption but that, equally, the State Government was working under the DomGas policy to ensure there is sufficient gas supply for the market. She noted that this review is conducted under current assumptions and DEED has no reason to assume large gas constraints in 2029.

Mr Bowmaker noted that if the net vs gross CONE modelling was conducted on the assumption that the SGT5-2000E was running partially on distillate, that would produce results even more strongly slanted towards gross CONE. A facility running predominantly on distillate would become one of the most expensive plants in the market, running infrequently and setting the price when it does.

- Mr Cremin agreed that historically plants certified on distillate have often run on gas. However, he noted that, if the emissions threshold has been removed and this review seeks the least cost technology, it seems inconsistent to include the "skinny" lateral for the dual-fuel option as a compulsory cost, as this is a commercial decision.
- Mr Zauner noted that the impact of excluding the cost of the skinny lateral from the dual-fuel option is only 4% of capex, so excluding it will not change the conclusion. It will only slightly lower the cost of the dual-fuel option.
- Mr Collins noted that WACC can be differentiated by emissions intensity as financial institutions are willing to offer lower rates for less emissions intensive technologies. Therefore, it may be worthwhile including the "skinny" lateral, if it means better loan terms can be negotiated.
- Mr Zauner noted that the same WACC is used for all configurations assessed by DEED.
- Following a question by the Chair, Mr Skinner noted that the WACC is an "average" and a single figure has been used to date.
- Mr Schubert noted that the ERA has not varied WACC by emissions intensity in the past.

The Chair responded that she'll check with the ERA.

The Chair noted that she has not observed investor plans for a diesel facility with no dual-fuel capability or no lateral and assumed that companies did not want to be seen to be contributing to emissions.

The Chair noted that the two main positions of this Working Group, retaining the emissions threshold and considering a diesel only plant, were in conflict but both would be included in DEED's Consultation Paper for public feedback.

- Mr Skinner noted that this Working Group has not moved away from considering emissions intensity. It has moved away from a proposal for a threshold but that the SEO requires consideration of emissions.

The Chair noted that the SEO limbs being adequately balanced is a consideration of this review. She noted that reliability and security of supply had been and continues to be the focus of Government but that, more recently, cost to consumers has also become a strong focus. She added that DEED could not recommend a Benchmark Technology that increases BRCP costs without sufficient evidence substantiating the parameters used for the calculation.

Mr Bowmaker presented slide 22.

- Mr Schubert noted that FCESS revenue is extra revenue for a facility and a cost to the market as well as consumers so it should be included alongside energy revenue. He noted, however, that FCESS revenue for a SCGT is likely to be small due to ESR dominating these markets, and its total cost decreasing substantially due to strong competition from, and between, ESRs.

Mr Bowmaker noted that including FCESS revenues would make little difference to the results on slide 22.

Mr Bowmaker presented slide 23.

- Mr Frood asked if the net CONE analysis of other technologies, BESS for example, would bring the cost assessment results down to similar levels as the SCGT.

Mr Bowmaker explained that:

- A similar analysis was conducted last year when the Benchmark Technology was determined to be a 200 MW / 1200 MWh BESS.
- That analysis found that net revenue for the BESS was lower than that for a SCGT due to the high levels of BESS capacity entering the market and competing against each other.

The Chair noted that conversations around net vs gross CONE have been ongoing through the RCM review and the WIC Review, with stakeholders hesitant to adopt a net CONE approach. She asked members, if based on the analysis, they remained of the same opinion.

- Mr Schubert asked how much revenue the dual-fuel facility is generating when running mainly on gas during the year.

Mr Bowmaker clarified that this modelling assumed it was always running on gas.

- Mr Schubert noted that he agreed with the gross CONE approach, noting the facility's high marginal costs and the simplicity of gross CONE.
- Mr Arias, Mrs Bedola, Mr Flynn, Ms O'Brien and Mr Trumble noted that they support retaining a gross CONE approach.

The Chair summarised that the group had reached a consensus on this point.

5. NEXT STEPS

The Chair presented slide 25, noting that:

- the review was proceeding swiftly to give the ERA sufficient time to review the BRCP WEM Procedure and determine the BRCPs for the 2029/30 Capacity Year.
- DEED and the ERA have been meeting regularly to discuss the review.
- DEED is going to be increasing transparency around the review by providing the cost assessment building blocks, so that stakeholders may inspect the calculations.
- DEED's Consultation Paper will be published soon for a four-week consultation period.

6. GENERAL BUSINESS

The Chair

The meeting closed at 10:58 am