Meeting Agenda

Meeting Title:	Market Advisory Committee (MAC)
Date:	Thursday 15 October 2026
Time:	1:30 PM – 3:30 PM
Location:	Online via TEAMS

Item	Item	Responsibility	Type	Duration
1	Welcome and Agenda • Conflicts of interest & Competition Law	Chair	Noting	2 min
2	Meeting Apologies/Attendance	Chair	Noting	1 min
3	Minutes of Meeting 2026_09_03 • Approved out of session – to be published	Chair	Noting	1 min
4	Action Items	Chair	Noting	2 min
5	2027 MAC Meeting Schedule	Chair	Discussion	2 min
6	Australian Energy Market Commission Update	Chair	Discussion	15 min
7	Update on Working Groups			
	(a) AEMO Procedure Change Working Group	AEMO	Noting	2 min
	(b) AEMO Major Projects Working Group	AEMO	Noting	2 min
	(c) Power System and Security and Reliability (PSSR) Standards Working Group	Working Group Chair	Noting	10 min
	(d) WEM Investment Certainty (WIC) Review Working Group	Working Group Chair	Discussion	75 min
8	WEM Effectiveness Review – Progress Update	Chair/Secretariat	Noting	1 min
9	Market Development Forward Work Program	Chair/Secretariat	Noting	2 min
10	Overview of Rule Change Proposals	Chair/Secretariat	Noting	1 min
11	General Business	Chair	Discussion	4 min
	Next meeting: 3 December 2026 (Hybrid)			

Please note, this meeting will be recorded.

Competition and Consumer Law Obligations

Members of the MAC (**Members**) note their obligations under the *Competition and Consumer Act 2010* (**CCA**).

If a Member has a concern regarding the competition law implications of any issue being discussed at any meeting, please bring the matter to the immediate attention of the Chairperson.

Part IV of the CCA (titled "Restrictive Trade Practices") contains several prohibitions (rules) targeting anti-competitive conduct. These include:

(a) **cartel conduct**: cartel conduct is an arrangement or understanding between competitors to fix prices; restrict the supply or acquisition of goods or services by parties to the arrangement; allocate customers or territories; and or rig bids.

(b) **concerted practices**: a concerted practice can be conceived of as involving cooperation between competitors which has the purpose, effect or likely effect of substantially lessening competition, in particular, sharing Competitively Sensitive Information with competitors such as future pricing intentions and this end:

- a concerted practice, according to the ACCC, involves a lower threshold between parties than a contract arrangement or understanding; and accordingly; and
- a forum like the MAC is capable being a place where such cooperation could occur.

(c) **anti-competitive contracts, arrangements understandings**: any contract, arrangement or understanding which has the purpose, effect or likely effect of substantially lessening competition.

(d) **anti-competitive conduct (market power)**: any conduct by a company with market power which has the purpose, effect or likely effect of substantially lessening competition.

(e) **collective boycotts**: where a group of competitors agree not to acquire goods or services from, or not to supply goods or services to, a business with whom the group is negotiating, unless the business accepts the terms and conditions offered by the group.

A contravention of the CCA could result in a significant fine (up to $500,000 for individuals and more than $10 million for companies). Cartel conduct may also result in criminal sanctions, including gaol terms for individuals.

Sensitive Information means and includes:

(a) commercially sensitive information belonging to a Member's organisation or business (in this document such bodies are referred to as an Industry Stakeholder); and

(b) information which, if disclosed, would breach an Industry Stakeholder's obligations of confidence to third parties, be against laws or regulations (including competition laws), would waive legal professional privilege, or cause unreasonable prejudice to the Coordinator of Energy or the State of Western Australia).

Guiding Principle – what not to discuss

In any circumstance in which Industry Stakeholders are or are likely to be in competition with one another a Member must not discuss or exchange with any of the other Members information that is not otherwise in the public domain about commercially sensitive matters, including without limitation the following:

(a) the rates or prices (including any discounts or rebates) for the goods produced or the services produced by the Industry Stakeholders that are paid by or offered to third parties;

(b) the confidential details regarding a customer or supplier of an Industry Stakeholder;

(c) any strategies employed by an Industry Stakeholder to further any business that is or is likely to be in competition with a business of another Industry Stakeholder, (including, without limitation, any strategy related to an Industry Stakeholder's approach to bilateral contracting or bidding in the energy or ancillary/essential system services markets);

(d) the prices paid or offered to be paid (including any aspects of a transaction) by an Industry Stakeholder to acquire goods or services from third parties; and

(e) the confidential particulars of a third party supplier of goods or services to an Industry Stakeholder, including any circumstances in which an Industry Stakeholder has refused to or would refuse to acquire goods or services from a third party supplier or class of third party supplier.

Compliance Procedures for Meetings

If any of the matters listed above is raised for discussion, or information is sought to be exchanged in relation to the matter, the relevant Member must object to the matter being discussed. If, despite the objection, discussion of the relevant matter continues, then the relevant Member should advise the Chairperson and cease participation in the meeting/discussion and the relevant events must be recorded in the minutes for the meeting, including the time at which the relevant Member ceased to participate.

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Agenda Item 4: MAC Action Items

Market Advisory Committee (MAC) Meeting 2026_10_15

Shaded	Shaded action items are actions that have been completed since the last MAC meeting. Updates from last MAC meeting provided for information in RED.
Unshaded	Unshaded action items are still being progressed.
Missing	Action items missing in sequence have been completed from previous meetings and subsequently removed from log.

Item	Action	Responsibility	Meeting Arising	Status
1/2026	AEMO to provide regular updates on proposals 4 and 5 from the Essential System Services (ESS) Framework Review. **Proposal 4:** AEMO to implement a monitoring program over a twelve-month period to track the amount of headroom and footroom available from unaccredited Facilities or non-dispatched FCESS Facilities to better quantify mandatory Primary Frequency Response (MPFR) availability to assess the level of Contingency Reserve Raise and Lower that could be provided from the inclusion of MPFR.	AEMO	2026_02_11	**Open** Proposals 4 and 5 from ESS Review will be retained in the action log for AEMO to provide regular updates. AEMO provided a preliminary update to the MAC on Proposal 4 of the ESS Review at the 30 July 2026 MAC meeting. AEMO will provide the next update at the first MAC meeting to be scheduled in 2027. AEMO provided an update on Proposal 5 under Agenda Item 5(d) at the 18 June 2026 MAC meeting.

Item	Action	Responsibility	Meeting Arising	Status
	Proposal 5: AEMO to assess the suitability of Synthetic Inertia (RCS) from Battery Energy Storage Systems (BESS) in complementing synchronous Inertia from rotating machines and consider potential barriers and suitable incentivisation for grid-forming BESS to provide such services.			
10/2026	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.	EPWA	2026_06_18	**Open** Consultation with the Essential Systems Services Framework Review Working Group on the proposed Pre-Operational Deployment Synthetic inertia deployment has not yet commenced. It is, therefore, proposed to amend the action item to remove the reference to the December meeting. EPWA will provide a status update at the December meeting and will then provide a more fulsome update once further information is available.

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Agenda Item 5: Meeting Schedule for 2027

Market Advisory Committee (**MAC**) Meeting 2026_10_15

1. Purpose

MAC members to approve the schedule for the MAC's 2027 meetings.

2. Recommendation

That the MAC considers and approves the proposed MAC meeting dates for 2027.

3. Process

The MAC usually meets every six weeks, commencing in February of each year. The MAC Secretariat has developed, in consultation with the independent Chair, the proposed schedule for MAC meetings for 2027. Timing of these meetings avoids public holidays and school holidays.

Due to the limited availability of the independent Chair in the mornings, the 2027 MAC Meetings will be scheduled for 1:30pm on Thursdays.

The MAC is asked to consider and approve the proposed schedule for the 2027 MAC meetings.

Month	Proposed MAC Meetings
February 2027	MAC meeting 1 - Thursday 11 February 2027
March 2027	MAC meeting 2 – Thursday 18 March 2027
May 2027	MAC meeting 3 - Thursday 6 May 2027
June 2027	MAC meeting 4 - Thursday 17 June 2027
July 2027	MAC meeting 5 - Thursday 29 July 2027
September 2027	MAC meeting 6 - Thursday 16 September 2027
November 2027	MAC meeting 7 - Thursday 4 November 2027
December 2027	MAC meeting 8 – Thursday 16 December 2027

MARKET ADVISORY COMMITTEE MEETING, 15 October 2026

FOR DISCUSSION

SUBJECT: UPDATE ON AEMO'S WEM PROCEDURES

AGENDA ITEM: 7(A)

1. PURPOSE

Provide a status update on the activities of the AEMO Procedure Change Working Group and AEMO Procedure Change Proposals.

2. AEMO PROCEDURE CHANGE WORKING GROUP (APCWG)

	Most recent meetings	**Next meeting**
Date	17 September 2026	TBC
WEM Procedures for discussion at APCWG	• Dispatch Compliance	

3. AEMO PROCEDURE CHANGE PROPOSALS

The status of AEMO Procedure Change Proposals is described below, current as of 29 September 2026. Changes since the previous MAC meeting are in red text. A procedure change is removed from this report after its commencement has been reported, or a decision has been taken not to proceed with a potential Procedure Change Proposal.

ID	**Summary of changes**	**Status**	**Next steps**	**Indicative Date**	**Required Commence-ment Date**
AEPC_2026_06 Network Access Quantity Model	The proposed changes to WEM Procedure: Network Access Quantity Model seek to resolve a potential issue with the methodology in paragraph 4.3 for the determination of the Possible Dispatch Range. Without this precautionary amendment, the methodology could potentially (in some edge cases) affect a reduction to the	Commenced	N/A	1 Sep 2026	1 Sep 2026

ID	Summary of changes	Status	Next steps	Indicative Date	Required Commence-ment Date
	Network Access Quantity (NAQ) of a Scheduled Facility or a Semi-Scheduled Facility when the (relevant) Facility is not contributing to network congestion. (Note the edge case causing potential issue did not occur in previous cycles).				
AEPC_2026_07 Dispatch Algorithm Formulation	AEMO commenced the Procedure Change Process to propose amendments to the WEM Procedure: Dispatch Algorithm Formulation to reflect changes made to the Dispatch Algorithm in accordance with clause 7.2.3 and to undertake process improvements. Proposed amendments have been made to reflect urgent changes undertaken under clause 7.2.3 to improve the operation of the Dispatch Algorithm, regarding the treatment of Facilities to respect relevant Frequency Co-optimised Essential System Services (FCESS) trapezia and address potential violations of safe limit and defined contingency constraints. Further proposed amendments have been informed by AEMO's operational experience and observed need for uplift to address emergent or potential issues in dispatch. During consultation, issues and further amendments were identified that were considered to require redrafting and further consultation. An initial tranche of additional matters, arising from the Coordinator's WEM Procedures Content Review, will also be addressed in version 2.	Redrafting	Re-consultation	October 2026	November 2026
AEPC_2026_08 Rule Participant Registration Processes	AEMO has commenced the Procedure Change Process to propose amendments to the WEM Procedure: Rule Participant Registration Processes to undertake improvements to the application processes.	Commenced	N/A	7 Sep 2026	N/A

ID	Summary of changes	Status	Next steps	Indicative Date	Required Commence-ment Date
AEPC_2026_09 Dispatch of Demand Side Programmes	AEMO has commenced the Procedure Change Process to propose amendments to the WEM Procedure: Dispatch of Demand Side Programmes as a result of updates to the ESM Rules as a result of the Reserve Capacity Mechanism Review. AEMO has proposed the following amendments to the Procedure to ensure consistency with the Amending Rules: • Updates to the process for determining dispatch of DSPs about how AEMO creates a DSP Dispatch Merit Order and determines whether a Demand Side Programme will be included. • Creating new defined terms 'DSP Dispatch Merit Order' and Eligible Demand Side Programme' to support implementation of the changes.	Commenced	N/A	1 Oct 2026	1 Oct 2026
AEPC_2026_10 Consumption Deviation Applications and Demand Excluded Days	AEMO has commenced the Procedure Change Process to propose amendments to the WEM Procedure: Consumption Deviation Applications and Relevant Demand Excluded Days as a result of amendments that have been made to the ESM Rules through the Electricity System and Market Amendment (Tranche 9) Rules 2025, Schedule 3. The proposed amendments arose by identifying the need to account for events such as maintenance or network outages affecting Relevant Demand that could lead to unintended consequences, such as the disincentive to participate in a DSP and / or the disincentive for a Market Participant to follow a Dispatch Instruction for a DSP. The amendments include: • Demand Side Programmes will no longer make Consumption Deviation Applications.	Consultation closure	Commencement	1 Oct 2026	1 Oct 2026

ID	Summary of changes	Status	Next steps	Indicative Date	Required Commence-ment Date
	• Demand Side Programmes may submit a request to exclude a day it deems to be non-representative of its usual operation for the purpose of determining the Selected Days for Relevant Demand.				
AEPC_2026_11 Capacity Credit Allocations	AEMO has commenced the Procedure Change Process to propose amendments to the WEM Procedure: Capacity Credit Allocation as a result of updates to the ESM Rules as a result of the Reserve Capacity Mechanism Review. AEMO has proposed the following amendments to the Procedure to ensure consistency with the Amending Rules: • Addition of further information on capacity credit allocation process. • Addition of peak and updates to the equation for where AEMO approves and rejects capacity credit allocation. • Addition of information on withdrawing capacity credit allocation submissions to align with updates to the ESM Rules. • Changes to the section regarding amendments to capacity credit allocations to provide information about how AEMO identifies Peak Capacity Credit Allocations including updates to the relevant equation. • General updates to the template and Procedure to improve readability and alignment with ESM Rules.	Commenced	N/A	1 Oct 2026	1 Oct 2026

ID	Summary of changes	Status	Next steps	Indicative Date	Required Commence-ment Date
AEPC_2026_12 Facility Registration Processes	Due to the inclusion of significant additional scope, AEMO proposes to replace the WEM Procedure: Facility Registration, De-Registration and Transfer with the WEM Procedure: Facility Registration Processes. The proposed new procedure includes the following additional scope: • Registration of Separate Facilities. • Granting and revoking exemptions from Facility registration. • Requesting further information from an exempted Facility. • Transferring Candidate Facilities between Rule Participants. • Transferring Associated Loads between Demand Side Programmes of the same Market Participant. • Applying for, and cancelling, Intermittent Load status. • Providing information on protection schemes. • Facility Class reassessments (both voluntary and involuntary). • Processes for determining a Facility Class.	Consultation closed	Commencement	October 2026	1 Oct 2023

ID	Summary of changes	Status	Next steps	Indicative Date	Required Commence-ment Date
	• Circumstances in which AEMO would require a Facility less than 5 MW in size to register. • Communication requirements regarding registration activities. • Processes for requesting further information from applicants, and processes for applicants to request additional time to provide information regarding registration-based applications and reassessments. • Processes for consulting with the Network Operator regarding registration-based applications and reassessments.				
AEPC_2026_13 WEM Submissions	AEMO has commenced the Procedure Change Process to propose amendments to the WEM Procedure: WEM Submissions as a result of amendments that have been made to the ESM Rules through the Wholesale Electricity Market Amendment (RCM Reviews Sequencing) Rules 2025. The proposed amendments were evaluated through broad consultation packages including the RCM Review reforms and the Demand Side Response review. These reforms were intended to facilitate the participation by DSP's that are aggregations of smaller loads or distributed energy resources. The removal of 'Withdrawal' from clauses 7.4A.12, 7.4A.20 and 7.4A.24 was to support the broader treatment of a Demand Side Programme as being capable of representing either demand (withdrawal), or export (injection). The amendments include: • Process explanations are clarified.	Consultation closed	Commencement	1 Oct 2026	1 Oct 2026

ID	Summary of changes	Status	Next steps	Indicative Date	Required Commence-ment Date
	• The RTM Submission Schema and the DSP Submission Schema will be incorporated in this Procedure in Appendix B. • The term 'Withdrawal' is removed from this Procedure.				
AEPC_2026_14 Reserve Capacity Testing	AEMO has commenced the Procedure Change Process to propose amendments to WEM Procedure: Reserve Capacity Testing to reflect changes to the Electricity System and Market Rules (ESM Rules) via various amending rules commencing 1 January 2026 and 1 October 2026. The proposed changes to the Procedure: • update the process for Reserve Capacity Testing and Re-testing for Demand Side Programmes (DSPs); • remove references to DSP Verification Tests and the requirement for DSPs to pass a Reserve Capacity Test; and • remove the Required Level calculation for DSPs as part of the Reserve Capacity Testing process.	Commenced	N/A	1 Oct 2026	1 Oct 2026
AEPC_2026_15 Reserve Capacity Security	AEMO has commenced the Procedure Change Process to propose amendments to WEM Procedure: Reserve Capacity Security to reflect changes to the Electricity System and Market Rules (ESM Rules) via various amending rules commencing 1 January 2026 and 1 October 2026. The proposed changes to the Procedure: • clarify the criteria by which AEMO must reject a request to waive or release the requirement for Reserve Capacity Security;	Commenced	N/A	1 Oct 2026	1 Oct 2026

ID	Summary of changes	Status	Next steps	Indicative Date	Required Commence-ment Date
	• clarify that a payment obligation can be satisfied by AEMO drawing upon DSP Reserve Capacity Security while removing redundant prescription; and • removing references and processes related to DSP Verification Tests, to reflect the new RCM arrangements.				
AEPC_2026_16 Dispatch Compliance	AEMO has commenced the Procedure Change Process to propose amendments to the WEM Procedure: Dispatch Compliance (the Procedure) in accordance with Schedule 4 of the Electricity System and Market Amendment (Tranche 8) Rules 2025 (Amending Rules), which will commence from 1 October 2026. Clause 2.13.7(b) of the Amending Rules obliges AEMO to monitor compliance with clause 7.10.6B of the ESM Rules, and clause 2.15.4(a) obliges AEMO to specify how it will carry out its monitoring obligations under clause 2.13.7 in a WEM Procedure. Clause 4.11.1(c)(v), which commences from 1 October 2026, specifies that AEMO must not assign Certified Reserve Capacity to a Facility that is non-compliant with clause 7.10.6B. AEMO will undertake its responsibilities under clause 4.11.1(c)(v) where the Economic Regulation Authority has determined that a non-compliance has occurred. AEMO has proposed new paragraph 3.4 within the Procedure to ensure consistency with the Amending Rules, and has used this opportunity to make several other improvements, including reducing duplication, and improving clarity.	Consultation closed	Commencement	1 Oct 2026	1 Oct 2026

4. INDICATIVE SCHEDULE OF AEMO PROCEDURE CHANGE PROPOSALS

AEMO has prepared an indicative schedule of its Procedure Change Proposals expected to commence shortly. Changes since the previous MAC meeting are in red text. Procedure Change Proposals that have commenced since the previous MAC meeting have been moved from Table 4 into Table 3 above. While every effort has been made to ensure the quality of the information contained in the indicative schedule, the content (including timeframes) may be subject to change (e.g. due to availability of staffing resources, unforeseen competing priorities etc).

WEM Procedure	Summary of changes	Status	Next steps	Indicative date of next step	Required Commence-ment Date
WEM Procedure: MT PASA	AEMO will be initiating this Procedure Change Proposal to update the WEM Procedure arising from WEM Reform. This WEM Procedure outlines the information AEMO requires and the process it will follow in conducting the Medium-Term Projected Assessment of System Adequacy.	Delayed	Consultation	TBD	1 Oct 2023
WEM Procedure: Forecast Unscheduled Operational Demand	AEMO will be initiating this Procedure Change Proposal to accommodate the amendments to the ESM Rules from WEM Reform. This new WEM Procedure documents how AEMO will prepare the Forecast Unscheduled Operational Demand. AEMO has completed drafting and provided this to EPWA for review. AEMO is currently responding to EPWA's feedback.	Drafting in progress	Consultation	Oct 2026	1 Oct 2023
WEM Procedure: Commissioning Tests	AEMO will be initiating this Procedure Change Proposal to update the process AEMO uses to assess a Commissioning Test Plan (CTP). The changes will enable AEMO to seek advice from the Network Operator on whether the Network Operator endorses a Commissioning Test Plan, to inform AEMO's assessment of whether to approve or reject a CTP or a revised CTP against the (relevant) risk factors.	Drafting in progress	Consultation	Oct 2026	1 Nov 2026

Agenda Item 7(b): Update on AEMO Major Projects Working Group

Market Advisory Committee (MAC) Meeting 2026_10_15

Responsibility	Type	Duration
AEMO	Noting	5 min

1. Purpose

This report to the Market Advisory Committee (MAC) sets out the latest activities of the AEMO Major Projects Working Group (MPWG) as required by 6.2 of the Terms of Reference for the MPWG.

2. Recommendation

That the MAC notes the latest activities of the MPWG:

- AEMO held a meeting of the MPWG on 27 August 2026. Topics presented and discussed at the meeting included feedback from the survey of MPWG Stakeholders, updates to the WEM Implementation Roadmap, and two Implementation Assessments: WEM MT PASA and WEM Digital Environments Uplift.
- Highlights from the MPWG meeting included:
    - Kirsten Rose (AEMO's EGM, WA and the MPWG chair) introduced the meeting and outlined the focus for MPWG meetings which is to support program optimisation, visibility and implementation.
    - Mike Reid (AEMO's Manager, WA Market Readiness) presented updates to Version 4 of the WEM Implementation Roadmap, with the following key messages:
        - Annual capital allocation for the Portfolio remains steady ($35m p.a.).
        - Overall, delivery across the WA Reform Portfolio is progressing well with no significant concerns.
        - Some adjustments to scope, budget and/or timing of several projects, mostly limited to FY27.
    - Andrew Smith (AEMO Program Director, WA Reform Program) presented the results of the stakeholder survey. The survey indicated that the MPWG is generally viewed as an effective and appropriate forum for discussing major projects with stakeholders considering transparency, accountability and advice on major projects to be particularly important.
- The Implementation Assessments presented were for the following AEMO projects:
    - WEM MT PASA.
    - WEM Digital Environments Uplift.
- A full summary of the meeting, including any feedback from members, is available in the meeting minutes, which can be viewed on AEMO's website.

3. Background

- The MPWG was established by MAC under clause 2.3.17 of the ESM Rules and section 9 of the MAC Constitution.
- The objectives of the MPWG are to:
    - provide increased visibility, transparency and accountability for AEMO's Major Projects
    - encourage greater engagement between AEMO, government and industry, and
    - seek advice on the WEM implementation roadmap.
- Major Projects refer to projects of relative significance that deliver changes to AEMO's processes and systems.

4. Next Steps

- The Final Implementation Assessment for the WEM Digital Environments Uplift will be published on AEMO's website in the coming weeks.
- The next MPWG meeting is scheduled to take place in November 2026.

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Agenda Item 7(c): Update on the Power System Security and Reliability Standards Review

Market Advisory Committee (MAC) Meeting 2026_10_15

1. Purpose

The MAC Secretariat to provide an update on the Power System Security and Reliability (PSSR) Standards Review (the Review).

2. Recommendation

That the MAC notes the update on the Review.

3. Background

The purpose of the Review is to implement the Energy Transformation Taskforce's recommendation to develop a consistent, single end-to-end PSSR standard for the South West Interconnected System (SWIS) with a centralised governance framework under the Electricity System and Market (ESM) Rules.

The MAC established the PSSR Standards Working Group to support the Review in November 2023. The Terms of Reference, papers and minutes for the PSSR Standards Working Group meetings are available on the relevant webpage. Further information on the Review, including the Scope of Work are available on the Review webpage.

A Technical Working Group consisting of the Department of Energy and Economic Diversification (DEED), AEMO and Western Power was also established to provide technical input to the Review.

DEED has been progressing the Review, in consultation with the Australian Energy Market Operator (AEMO) and Western Power as well as through public consultation.

4. Review process

At the MAC meeting on 18 June 2026, DEED outlined the review process to date and the planned next steps and further work required to progress the review.

Since then, on 20 August 2026 an Information Paper was published, and an Exposure Draft of ESM Amending Rules and a further Consultation Paper were published for stakeholder consultation.

The Information Paper took into account stakeholder submissions provided during earlier public consultations and outlined the relevant Review Outcomes, and the Exposure Draft contained draft Electricity System and Market Amending Rules to implement those outcomes.

Key Review Outcomes included:

- establishment of a system strength framework for the SWIS, including clear roles and responsibilities to address existing and forecast system strength shortfalls;

- reducing barriers to connection for new technologies by clarifying grid-following (GFL) and grid-forming (GFM) inverter technical requirements; and
- updating performance standards to better recognise and realise the benefits of GFM capability.

A further Consultation Paper, building on the above Review Outcomes, sought stakeholder views on additional, targeted measures to complement them, including:

- A proposed regulatory incentives framework to minimise system strength shortfalls and reduce the requirement and cost of any procurement of solutions by Western Power.
- Guidance on the approach to assessing hybrid systems (inverter-based resources comprising GFM and GFL inverter technologies behind the same connection).
- Requirements for existing participants to provide electromagnetic transient (EMT) models to support whole-of-system modelling and planning, along with a provision for Western Power to reimburse existing facilities for reasonable model development costs.
- Provisions, enhancing the scope of existing provisions, enabling Western Power to require changes to control settings to maintain system stability as inverter-based resources penetration increases.

A Transformation Design and Operation Working Group meeting was held on 10 September 2026 to present the proposed amendments in the Exposure Draft to support stakeholder feedback.

Stakeholder feedback

The window for submitting feedback on the Exposure Draft and Consultation Paper closed on 29 September 2026.

DEED received 18 public submissions on the Exposure Draft and the Consultation Paper Submissions varied in scope, with not all stakeholders providing feedback on both the Exposure Draft and the proposed outcomes in the Consultation Paper. Public submissions are available on the Review webpage.

Exposure Draft of ESM Amending Rules

Stakeholder feedback was generally positive and supportive of the draft ESM Amending Rules implementing the System Strength framework – Roles and Responsibilities. Stakeholders emphasised the importance of transparency in relation to methodologies, assumptions, forecasts and identified system strength shortfalls. There was also a request for consultation on the System Strength Report.

Stakeholder feedback on the draft ESM Amending Rules implementing the Technical Requirements for GFL and GFM inverter technologies was generally positive, recognising the efforts made to respond to stakeholder feedback during the relevant consultation.

A preliminary overview of key themes raised in submissions includes:

- **Withstand Short Circuit Ration (SCR):** General support for a consistent requirement for GFM and GFL technologies, with some stakeholders seeking flexibility to reflect different network conditions. Some concerns were raised about the application of a minimum SCR of 3, with suggestions for a more flexible approach when appropriate; and
- **Transitional provisions and Relevant Generator Modification:** Some stakeholders noted that the proposed Generator Performance Standards should be assessed against the Technical Requirements in force when the application to

connect was made. Some stakeholders raised a concern that a facility modification or upgrade could trigger assessment against newer standards introduced after the facility connection.

Consultation Paper

Stakeholder feedback on the Consultation Paper was generally supportive of the proposed framework for addressing system strength in the SWIS. A preliminary review of key themes raised in submissions indicates:

- Mixed views on whether the proposed regulatory incentives alone will be sufficient to encourage investment in GFM capability, with some stakeholders advocating complementary financial incentives.
- Feedback on the proposed curtailment framework, including requests for additional clarity regarding implementation, impacts on existing facilities and investment signals.
- The importance of maintaining investment certainty, particularly for existing facilities and proponents considering GFL-to-GFM conversion.
- Overall support for improved access to EMT models to support system studies, alongside requests for appropriate cost recovery, implementation timeframes, and protections for confidential and proprietary information.
- General support for a framework enabling control settings changes, with stakeholders seeking clear governance arrangements, defined triggers, consultation processes and cost allocation arrangements.

Next Steps

Item	Activity	Indicative timing
Stakeholder submissions	DEED, in consultation with AEMO and Western Power, to review and consider the stakeholder submissions.	End October 2026
ESM Amending Rules	Following consideration of stakeholder feedback on the Exposure Draft, the ESM Amending Rules will be finalised and submitted to the Minister for Energy for consideration and making.	End November 2026
Consultation Paper	DEED will publish Information Paper summarising consultation feedback and setting out the final review outcomes and supporting rationale, together with an Exposure Draft of ESM Amending Rules to implement these.	The timing of publication will be determined following detailed consideration of stakeholder submissions

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Agenda Item 7(d): Update on the Wholesale Electricity Market (WEM) Investment Certainty Review

Market Advisory Committee (MAC) Meeting 2026_10_15

1. Purpose

To present additional high-level proposals for the Renewable Energy Mechanism (REM) and preliminary modelling outcomes, ahead of the Consultation Paper on the REM design.

2. Recommendation

That the MAC:

- notes the update from the WEM Investment Certainty (WIC) Review Working Group (the Working Group) meeting on 24 September 2026 set out in section 4 of this paper and Attachment 1;
- notes the preliminary modelling outcomes (to be presented at the meeting);
- provides feedback on the high-level proposals set out in section 5 of this paper and Attachment 1; and
- notes the minutes from the Working Group meeting held 20 August 2026. (Attachment 2)

3. Background

The Coordinator of Energy (Coordinator) is conducting the WIC Review under clause 2.2D.1 of the Electricity System and Market (ESM) Rules.

The MAC established the Working Group to support the WIC Review. The Terms of Reference, papers and minutes for all Working Group meetings are available here. Further information on the Review, including the Scope of Work is available here.

The Working Group met on 25 June, 23 July, 20 August and 24 September 2026 to discuss the purpose and design of the REM.

At its 30 July 2026 meeting, the MAC was updated on the first Working Group meeting on 25 June 2026.

At its 3 September 2026 meeting, the MAC was updated on the 23 July and 20 August Working Group meetings. This included preferred options for the REM eligibility criteria and cost recovery arrangements. MAC members preferred that the recovery of the REM costs should be from the WEM customers only.

4. Update from the Working Group

On 24 September 2026, the Working Group considered revised proposals on eligibility, cost recovery, interaction with other schemes, the applicable discount rate, length of support, and hybrids and firming, together with some preliminary modelling results.

Working Group members had the following key views:

- Eligibility: members raised no objection to assessing the eligibility of renewable projects as part of a Reserve Capacity Cycle. Some questioned whether requiring committed status is circular when projects cannot reach final investment decisions without the REM. Some members considered that the Reserve Capacity Cycle is too short to deliver new wind farms, which take two to three years to construct, and DEED is considering whether facilities certified through the early certification process should also be eligible.
- Cost recovery: some members sought a carve out for large loads that already source renewable energy through power purchase agreements (PPAs). There was no support for exempting all PPAs, particularly those of vertically integrated entities. DEED will consider the position of individual loads that cover part of their consumption through a PPA.
- Interaction with other schemes: views were mixed on whether certificate revenue should be accounted for when setting target capture prices, with some members preferring to do so to limit over-procurement. Some members strongly supported facilities holding a Commonwealth Capacity Investment Scheme (CIS) Agreement remaining eligible, as these are the most advanced projects, while others preferred that they be ineligible.
- Discount rate: members generally accepted basing the weighted average cost of capital (WACC) on published sources. DEED clarified that it will not use the terms of the PPAs Synergy was directed to sign, which are not public.
- Length of support: several members supported 15 years, as it achieves the lowest cost of capital. Others asked that the modelling show the trade-off between a lower WACC and a longer period of consumer exposure.
- Hybrids and firming: members favoured a simple approach and did not support requiring facilities to have zero Contracted Maximum Demand. A suggestion to settle on sub-metered renewable output was noted, but sub-metering data is not available within settlement timeframes and should not be used for settlement purposes more generally.
- Modelling: some members asked that the modelling results be presented including capacity and transmission costs, and over a longer horizon. Some members raised concerns that REM facilities would bid at negative prices in the high renewables scenario, displacing energy from renewable facilities without REM support.
- Target: members noted that a renewable energy or emissions target is needed to size the REM.

5. High-level proposals

Eligibility for REM support

An eligible facility is guaranteed a minimum average capture price (the average Real-Time Market price it earns) for the support period, alongside a fixed Reserve Capacity Price for the same period. REM top-up payments are made to the facility only if its capture price falls below the target capture price.

Eligibility for REM payments would commence on 1 October 2030, aligned to the 2028 Reserve Capacity Cycle.

Eligibility criteria

To be eligible for REM payments, a facility must:

- be fuelled by a renewable source, such as wind, solar, wave, tidal, biogas or biomass;
- hold Capacity Credits, which provides security that the project will be commissioned; and
- be assigned Capacity Credits for the first time in the 2028 Reserve Capacity Cycle or a later cycle.

The Reserve Capacity Requirement in the WEM is projected to be met in the 2029 Capacity Year.

Cost recovery

REM payments would be recovered on a consumption share basis from all participants, including storage when charging, based on consumption for the year to date.

Generators would be excluded, as including them would complicate settlement, and depart from a beneficiary pays principle.

Length of support

The proposed support period is 15 years. Support would be fixed from a facility's first Capacity Year and would not be withdrawn in subsequent years, even if the REM is paused in a particular year.

Discount rate

As a fixed Reserve Capacity Price and a guaranteed capture price give revenue certainty similar to a PPA, the WACC used to set target capture prices should be similar to that for a PPA-backed project. This would be a nominal WACC.

Interaction with other schemes

REM commencement overlaps by three months with the Large-scale Renewable Energy Target (LRET), which ends on 31 December 2030. It is proposed that REM facilities may create and sell renewable certificates under the LRET and the Renewable Electricity Guarantee of Origin (REGO) scheme, with certificate revenue ignored in REM calculations.

It is proposed that facilities holding a CIS Agreement will be eligible for the REM if assigned Capacity Credits for the first time in the 2028 Reserve Capacity Cycle or a later cycle, as CIS Agreements alone have not to date been sufficient to bring a project to financial close. CIS revenue would not be included in REM calculations.

Hybrid facilities and firming

If a hybrid renewable and storage facility withdraws a quantity of energy from the grid, it is proposed that the same quantity of its next injected energy be excluded from the REM calculations, so that REM payments do not apply to that energy.

An option to incentivise renewable facilities to provide firmed energy in the evening peak will be included in the Consultation Paper. The REM is not intended to support multi-day firming.

6. Preliminary modelling outcomes

Preliminary modelling results will be presented at the MAC meeting. The results are preliminary and will be refined for the Consultation Paper.

7. Next Steps

Tasks/Milestones	Timing (by When)
MAC consideration of the high-level proposals	15 October 2026
Publish Consultation Paper	Late 2026
Publish Information Paper and Exposure Draft of ESM Amending Rules	Early 2027
ESM Amending Rules made by the Minister for Energy	Mid 2027
AEMO implements changes to relevant systems required for the 2028 Reserve Capacity Certification process	By January 2028

Tasks/Milestones	Timing (by When)
REM commences	2028 for projects commencing 1 October 2030

Attachments

Agenda Item 7(d): Attachment 1 - REM presentation to the MAC

Agenda Item 7(d): Attachment 2 - WIC Review Working Group - Meeting 20 August 2026 - Minutes

Department of
Energy and Economic Diversification

GOVERNMENT OF WESTERN AUSTRALIA

Wholesale Electricity Market (WEM) Investment Certainty Review Working Group Update

Market Advisory Committee

15 October 2026

Contents

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1	Eligibility and cost recovery	15 min
2	Interaction with other schemes	15 min
3	Discount rate and length of support	15 min
4	Hybrids and firming	10 min
5	Preliminary modelling results	20 min
6	Next steps	5 min

Eligibility and cost recovery

Working group discussion (1)

- Members would like to see the REM tuned to an explicit target for emissions (in tCO2 equivalent) or renewable energy (in MWh or % of demand) so that the quantity of eligible generation can be included in long term planning.
- The REM must consider the interaction between increasing the investment in renewable generation facilities and the curtailment of renewable energy.
- It may become apparent that, in some years, there is no need to incentivise additional projects, and members agreed that consideration is required on how to pause the REM, if required, without adding uncertainty.
- However, if the REM facilitates the entry of renewable generators, commitments to them must be honoured for 15 years.

Working group discussion (2)

- Members agreed that it is reasonable to recover REM costs from beneficiaries – in this case the customers who benefit from a lower overall energy price resulting from the entry of new renewable generation.
  - As Synergy serves the largest portion of demand, most of the cost will be recovered from Synergy.
  - As non-contestable customers' tariffs are capped, government will end up bearing the cost through payments to Synergy.
- Further consideration is required for large customers who may be contracting for renewable energy.
  - A concern was raised that an industrial customer with an existing power purchase agreement (PPA) with a renewable generator will contribute to cost recovery.
  - Currently there only appears to be one large user who has at this stage entered into a PPA for renewable generation.
- There was a general consensus that the Government Trading Enterprises (GTEs) PPAs with renewable generators should not be exempt from contributing.
- One member noted that wind build times are extending past the length of the current Reserve Capacity Cycle, requiring an additional year compared to previous build timelines.

Eligibility and cost recovery - proposal

Eligibility

- To be eligible for payments under the REM, facilities will need to:
  - Be fuelled by a renewable source, including wind, solar, wave, tidal, biogas or biomass.
  - Hold Capacity Credits. This ensures proponents provide security to guarantee project commissioning.
  - Be assigned Capacity Credits for the first time in the 2028 Reserve Capacity Cycle or a later cycle.
    - The WEM is already projected to meet the Reserve Capacity Requirement in the 2029 Capacity Year.
- Facilities deemed eligible will continue to benefit from the minimum price for the duration of their relevant term, even if the REM is paused.
- DEED to consider whether Market Participants who apply for early certification will be eligible for the REM.

Cost recovery

REM payments will be recovered on a consumption share basis, with a share allocated to all sites and participants – including storage when charging – based on their consumption for the year to date. Generators will be excluded. DEED will consider loads that are partly covered by a PPA with a renewable generator.

Do MAC members have any further comments on eligibility and cost recovery?

Interaction with other schemes

Working group discussion

Members had mixed views on whether certificate revenue should be accounted for when setting target capture prices.

- Some preferred it was included to limit over-procurement.
- Others considered it could be left out for simplicity, as forecasting certificate revenue over more than a decade means financiers are reluctant to rely on it, and certificates are usually purchased along with energy in PPAs.
- One member suggested that if renewable energy certificates end up forming a major revenue stream for new WA renewable generation, the approach should be revisited.
- REGOs can be generated elsewhere, and it is important that they are generated in WA to bring the costs to consumers down.

Members supported facilities holding a Commonwealth Capacity Investment Scheme Agreement (CISA) being eligible, as a CISA alone is likely to be insufficient for financing purposes, and these projects are closest to delivery.

Interaction with other schemes - proposals

Interaction with the Large-scale Renewable Energy Target and Renewable Electricity Guarantee of Origin (REGO) certificates

- REM facilities can create and sell renewable certificates.
- As the REGO is a voluntary scheme and to avoid unnecessary complexity, certificate revenue will not be included in REM calculations.

Interaction with the CIS

- Facilities with CISAs will be eligible for REM payments if they are assigned Capacity Credits for the first time in the 2028 Reserve Capacity Cycle or a later cycle. Any CIS revenue will not be included in REM calculations.
  - Facilities holding a CISA are the most advanced projects, and a CISA alone has not to date been sufficient to bring a project to financial close.

Do MAC members have any further comments on the interaction of the REM with other schemes?

Discount rate and length of support

Working group discussion (1)

- Members generally agreed that the level of risk for REM-eligible projects should be similar to that of a PPA-backed project. Some members preferred a shorter period, to allow market consumers to benefit more quickly from continued reductions in technology costs.
- Several members supported 15 years, as it achieves the lowest cost of capital. Others asked that the modelling show the trade-off between a lower WACC and a longer period of consumer exposure.
- Some members noted that forecasting over time becomes unreliable, but suggested that modelling of the first 10 years of the Mechanism would be beneficial as developers will want to understand what the longer-term impacts will be.
  - It is likely that either the Mechanism will need to be extended or something else will need to come in to replace it.

Working group discussion (2)

- Members discussed whether the appropriate WACC could be set based on rates agreed in recent GTE PPAs.
- A member suggested that, as these PPAs were signed following a Ministerial direction, they may not represent an efficient market outcome.
  - DEED considers that using these PPA terms is not appropriate in a competitive market, and notes that they are not public.

Discount rate and length of support – proposals

Discount rate

- The weighted average cost of capital (WACC) used to calculate target capture prices for the REM should be similar to that needed to finance a PPA-backed project.
  - This will be lower than that used to set the Benchmark Reserve Capacity Price.
- The WACC used will be a nominal WACC, to account for inflation.

Length of support

- It is proposed that the REM will provide revenue certainty for a period of 15 years.
- Once a facility receives support, its Reserve Capacity Price and target capture price will be fixed for 15 years.
- Support will not be withdrawn, even if the REM is paused in subsequent years.

Do MAC members have further comments on the discount rate and the length of support?

Hybrids and firming

Working group discussion

Members agreed that energy withdrawn from the grid should not be eligible for REM payments and should be accounted for in REM payment calculations.

Members agreed that prohibiting withdrawals would be overly prescriptive.

Some members would prefer to include the energy in REM calculations, but treat it as receiving the greater of the prevailing Real-Time Market price and the target capture price.

Hybrids and firming – proposals

Treatment of hybrids

- When a hybrid (renewable + storage) facility withdraws a quantity of energy from the grid, the same quantity of its next injected energy will be excluded from REM calculations.

Incentives for firming

The REM is not intended to support multi-day firming.

- An option to incentivise renewable projects to provide firmed energy (in the evening peak) will be included in the Consultation Paper.

Do MAC members have any further comments on the treatment of hybrids?

Preliminary modelling results

Next steps

Next steps

Finalise modelling

Timings below are to be confirmed

Publish Consultation Paper (late 2026)

Publish Information Paper (early 2027)

Publish Exposure Draft of ESM Amending Rules (early 2027)

ESM Amending Rules made by the Minister for Energy (mid 2027)

AEMO implements system changes for the first year of the 2028 Reserve Capacity Cycle (by year end 2027)

Thank you

GOVERNMENT OF WESTERN AUSTRALIA

Department of Energy and Economic Diversification

Energy Policy WA

Wholesale Electricity Market (WEM) Investment Certainty Review Working Group – Minutes

Date:	20 August 2026
Time:	9:00 AM – 11:30 AM
Location:	Microsoft Teams online

Attendees	Representing	Comment
Dora Guzeleva	Chair, Energy Policy WA (EPWA)	
Tim Robinson	Robinson Bowmaker and Paul (RBP)	
Mena Gilchrist	Australian Energy Market Operator (AEMO)	
Oscar Carlberg	Alinta Energy	
Duc Tran	APA Group	Proxy for Lizzie O'Brien
Graham Pearson	Australian Energy Council	
Neil Canby	AuzVolt	Proxy for Jordan Prainito
Daniel Kurz	Bluewaters Power 1 Pty Ltd	
Francis Ip	BLT Energy	
Tom Frood	Bright Energy Investments	
Steven Mills	Chamber of Minerals and Energy WA (CME)	Proxy for Aaron Walker
Jake Flynn	Collgar Renewables	
Liz Aitken	Empire Carbon and Energy	
David Dixon	Economic Regulation Authority	
William Street	Entego	
Noel Schubert	Expert Consumer Panel	
Luke Skinner	Expert Consumer Panel	
Adam Kiley	Frontier Energy Limited	
Max Collins	Neoen	
Wayne Trumble	Newmont	
Patrick Peake	Perth Energy	
Paul Arias	Shell Energy	
Graham Ross	Simcoa	
Shane Cremin	Summit Southern Cross Power Pty Ltd	

Rhiannon Bedola	Synergy	
Peter Huxtable	Water Corporation	
Mark McKinnon	Western Power	
Shelley Worthington	EPWA	
Luke Commins	EPWA	
Aaron Drizen	EPWA	
Observers / Guests	**From**	**Comment**
Catlianna Evans	RBP	
Eija Samson	RBP	
Naren Bharatwaj	RBP	
Apologies	**From**	
Neetika Kapani	AEMO	
Rachael Smith	Australian Gas Infrastructure Group	
Timothy Edwards	Metro Power	
Fraser Maywood	Sustainable Energy Now	
Ben Tan	Tesla Corp	

1. WELCOME

The Chair opened the meeting with an Acknowledgement of Country and noted the Competition and Consumer Law Obligations of the Working Group members.

2. MEETING APOLOGIES AND ATTENDANCE

The Chair noted the attendance as listed above.

3. MINUTES OF MEETING 2026_07_23

The 23 July 2026 meeting minutes were approved and published on 13 August 2026.

4. INTRODUCTION

The Chair noted that previous discussions would not be revisited.

5. KEY POINTS FROM 23 JULY WORKING GROUP MEETING

Mr Robinson presented Slides 4 – 6.

Responding to a question from Mr Trumble the Chair noted that the length of the support is still being considered and that the Department of Energy and Economic Diversification (EPWA) is consulting with private lenders and investors, including the Clean Energy Financing Corporation, to determine what minimum level of support is required.

The Chair added that, as Mr Collins had previously pointed out, renewable technologies would require a lower Weighted Average Cost of Capital (WACC) than, for example, a gas turbine and this requires consideration.

Responding to a question from Mr Dixon, the Chair noted that a cap on the minimum price guarantee may not be necessary, and that cost recovery was on the agenda for today.

Mr Robinson presented Slide 7.

- Mrs Bedola asked if it was proposed to target a specified volume of megawatt (MW) hours (MWh) over a defined period and if support would cease once that target was reached. She noted that investors will require certainty of the duration of the support.

Mr Robinson replied that once an individual facility successfully applies for a minimum price guarantee, it would be fixed, regardless of what occurs, for the duration of the support. He noted that the idea of a 'target' was to understand the trajectory to achieve net zero by 2050, and that it will be similar to the Reserve Capacity Target (RCT) with each year having a set requirement.

The Chair noted that it is expected that participants will continue to consider and account for market conditions when making their investment decisions. She noted that the detailed design was still to be worked through, including how the target is set, how to avoid splitting projects across years and whether it is based on MW or MWh. She suggested that an approach, in which participants specify a minimum MW quantity, as currently exists in the Reserve Capacity Mechanism (RCM) for new facilities could be considered.

- Noting how the Capacity Investment Scheme (CIS) had played out in the WEM and the historical volatility of energy policy at a federal level, Mr Skinner cautioned about the need to be careful about any new commonwealth scheme superseding this Mechanism.

Mr Peake and Mr Mills agreed with Mr Skinner's comment.

- Mr Schubert asked how the Mechanism would differentiate between technologies and the level of support required, to avoid unnecessary costs.

The Chair replied that the Mechanism will be based on the notional most efficient new entry of renewable technology, and would not differentiate between technologies. She noted that previous meeting papers contained draft calculations and outlined how costs will be controlled.

- Mr Trumble, referring to Slides 8–10, queried if a case has been made for weather dependent generation. As wind and solar receive ~20% of their nameplate capacity in Capacity Credits, he asked if the WEM should be striving to meet expected demand for MW and MWh as well as the RCT.
- Mr Carlberg noted that, if a "floor only" approach is pursued, there is a risk that without a cap, payments to renewables and the cost to consumers might be higher than necessary.

Mr Robinson clarified that where prices fall below the threshold on an average basis during the year a top-up would apply, in subsequent higher-price periods that top-up would be clawed back ensuring that projects do not receive support unnecessarily on average for that year.

Mr Robinson presented Slides 9 – 10.

- Ms Gilchrist noted that shortfalls in the Electricity Statement of Opportunities are informed by the progress status of known projects.

The Chair noted that there was a concern about the gap in required capacity for 2029-30, with the gap growing significantly beyond that. She added that the Mechanism will not be in effect until October 2030.

- Ms Aitkin noted that the idea of the cap was to bound consumers' total exposure if entry runs higher than forecast. Any clawback controls per-project returns, not the scheme's aggregate cost.
- Ms Gilchrist noted that the intent was that the floor is re-calculated annually and if it is too high, it can be adjusted in the following year.

The Chair reiterated that the Mechanism was based on a weighted average so customers should not be losing money if the average price is above the target minimum price.

Mr Robinson added that only MWh generated will be subject to the top up. Overtime, with more renewables and more curtailment, prices may need to be calculated based on the expected level of curtailment of the efficient facility.

- Mr Cremin considered that the slides were very informative because they demonstrate what AEMO has done to date, which is manage for capacity needed. He noted, however, that:
  - the Mechanism is required to fill a projected energy gap and this represents a fundamental shift with AEMO no longer focussed on capacity but on energy; and
  - while this may be necessary, consideration should be given to AEMO assuming responsibility for energy-related decisions.

Mr Robinson suggested that either an estimate of the amount energy was needed to be used as a cap or the Mechanism applies to all new renewable facilities, with customer exposure limited by payments being based on MWh generated.

- Mr Cremin suggested that the trajectory will drive the decisions around energy requirements. He clarified that he meant that, previously, decisions around the amounts of energy required were decided by retailers and Loads through their purchasing and that, effectively, the way those decisions are made are now changing with this Mechanism.

The Chair stated that the reference to energy reflects the Government's commitment to net zero by 2050 and, in the absence of a State emissions target, a renewable generation trajectory will be estimated to achieve that 2050 target.

- Mr Mills asked if there is a sense as to what 'net' zero in 2050 would mean in gross emissions terms and how to net-off residual fossil emissions.
- Mr Skinner considered that the State should aim to achieve near-zero real emissions from electricity generation as this is not considered a hard-to-abate sector. He added that the Mechanism is broadly similar to the existing RCM but would project required MWh of renewable energy rather than MW of capacity.
- Mr Canby noted that bringing capacity confuses the discussion. He suggested to refer to the 16 terawatt hours a year of energy consumed in the market and focus on increasing the renewables that make up that total. If the goal is net zero by 2050, then the key issue is what percentage of the energy in the market is renewables.

- Mr Carlberg noted that customers and developers make investment and contracting decisions based on expected prices and future market conditions. He noted that identified gaps may reflect projects not yet been committed to or planned this far in advance.

The Chair agreed with Mr Carlberg, but noted that:

  - Neither the CIS nor merchant investment has delivered sufficient new renewable generation.
  - Neither Loads nor retailers are entering into sign Power Purchase Agreements (PPAs) with Government Trading Enterprises (GTEs) directed to sign them.
  - The market is continuously monitored and, while things may change, the current analysis indicates that the PPAs already signed by GTEs alone are insufficient to deliver the required renewable investment.
  - The National Electricity Market (NEM) is developing an Electricity Services Entry Mechanism and the WEM needs its own Mechanism to stay competitive

6. FUEL CONTRACTS FOR STORAGE FACILITIES

Mr Robinson presented Slides 12 – 13.

- Mr Trumble asked why Electric Storage Resources (ESR) have not been required to provide evidence of fuel contracts. He noted that he is surprised that ESR could qualify for Capacity Credits without demonstrating their fuel/energy supply given the requirement for thermal plants to have contracts and for gas to have pipeline access.

The Chair noted that, in hindsight, while this may have been a wise decision, it has never been part of the market or connection process. There is now Gigawatts (GW) of storage already connected and applying this retrospectively is a difficult proposition. She noted that ESRs have obligations to be available at specific times, or pay refunds.

- Mrs Bedola noted that doing so would likely push up the costs of ESRs and the revenues needed for them to enter, and doing so retrospectively would not be practical.

Mr Robinson presented Slide 14.

The Chair pointed out that concerns regarding minimum load were alleviated by the entry of ESR absorbing the energy produced by roof top solar.

- Noting the assessment criteria, Mr Trumble asked if it is more efficient to subsidise directly and let the market take its course.

Responding to Mr Trumble, Mr Robinson noted that the WEM should be able to achieve the lowest efficient cost through the Mechanism. He noted that determining the minimum efficient price would require calculations to identify the most efficient new facility and ensure an efficient outcome.

The Chair agreed with Mr Frood that the entry of ESR is likely to slow down as the duck curve has flattened, noting that the duration requirement for ESRs will also continue to extend.

Responding to a comment from Mr Trumble, the Chair explained that reducing taxpayer exposure is a key criterion for all options. Consideration must be given to the consequences for commercial entities and competition in the WEM, if GTEs must be directed to enter PPAs.

7. ELIGIBILITY AND COST RECOVERY

Mr Robinson presented Slides 16 – 21.

The Chair noted that the WEM has many vertically integrated entities and so transactions within the entity are not fully visible to the market.

- Ms Gilchrist noted that distinguishing renewable energy from non-renewable energy will require system changes at AEMO, as its settlement systems have no need to make that distinction at present.

The Chair noted that as the intent is for this to be based on metered quantities, there should be no impact to the WEM Dispatch Engine (WEMDE).

Mr Robinson noted that this was also his understanding, and that a facility's status as renewable would need to become an input to the new settlement calculations.

Mr Robinson presented Slide 22.

Responding to comments by Mr Trumble, the Chair explained that the Mechanism is for new renewables and that, once it is in effect, customers and retailers are expected to factor in the top-up in contract negotiations. Excluding existing PPAs would leave smaller retailers and Loads, which had not secured PPAs, bearing a greater share of the Mechanism's costs.

- Mr Trumble considered that those who have already built renewables and those that have PPAs should be excluded from subsidising new generation.

Mr Robinson noted that the points raised by Mr Trumble, including the potential implications, will be covered by the Consultation Paper.

- Mr Arias asked how recovering from non-renewable facilities aligns with the design principal of appropriate cost allocation.

The Chair noted that, if all non-renewable generators and customers with renewable energy contracts are excluded, the pool of parties covering the costs of the Mechanism would be reduced to unacceptable level.

The Chair noted that equitable cost allocation must remain a priority. Further modelling will be undertaken. She added that it is not appropriate to provide support to renewable generators and then charge them for it.

- Mr Kurz noted that costs will never be borne by a generator, they will always be passed on to the customer either through market prices or the price of PPAs.
- Ms Gilchrist asked if the modelling considered gas generators increasing their offers to recover costs, noting that gas is likely to set Real-Time Market prices in the initial years.

Mr Robinson confirmed that accounting for injection and withdrawal was the intention. Gas offers would be discussed later, but he was unsure that gas facilities would need to increase its price.

- Mr Frood noted that, if support is based on a minimum average price and includes negative pricing in the calculation, all eligible projects would bid down to the floor to get dispatched, which would distort the market.

Mr Robinson replied that, if prices go negative, calculations will commence from zero, just like in the CIS.

Responding to a comment from Mr Schubert, the Chair agreed that if the Mechanism is successful then it effectively resembles a carbon price.

- Mr Peake noted that the desire to increase the amount of renewable generation is a community-based decision, via our government, and so the costs should be spread. Using Market Fees applied to all Market Participants, therefore, seems fair.
- Ms Gilchrist noted that a price floor could incentivise facilities to make negative offers while remaining profitable, potentially resulting in their dispatch over existing non-eligible renewable generators. Existing renewables may be curtailed as they may be unable to make similarly negative offers following the expiry of the Renewable Energy Target (RET). She illustrated the point with a minimum price target of $80, at which a participating facility could offer at -$79 and still earn $1, assuming that its offer sets the market clearing price.

The Chair noted that facilities will not be paid per interval but paid on average and Mr Robinson noted that the scenario outlined by Ms Gilchrist is managed by calculating an average capture price which does not account for negative prices.

- Ms Gilchrist maintained that calculating payments on an average price does not change the outcome. She noted that whether new participating facilities would set the market clearing price requires modelling, and that if they did, existing renewable facilities would be disadvantaged.
- Mr Trumble considered this to be an additional fixed cost to the delivered cost of energy.

The Chair noted the need to see the outcomes of the modelling because the expectation is that the cost of the Mechanism will be less than the expected benefit, overall, from lower energy prices resulting from entry of new renewable generation. The top-up is only paid once the minimum price floor is reached, which is not expected in the first few years.

- Mr Skinner noted that the purpose of this Review is to improve investment certainty, which leads to efficiencies. The less reliant the market is on emergency mechanisms or government directions, the more efficient the market will be (in theory).

8. ELIGIBILITY AND COST RECOVERY

Mr Robinson presented Slide 23 and Slide 24.

Responding to a question from Mr Arias, Mr Robinson confirmed that the cost recovery proposal covers both consumption and generation.

- Mr Peake noted that the proposal looks sound and asked if clawbacks are handled appropriately.

The Chair responded that clawbacks will be dealt with in reconciliation.

Responding to a question from Mrs Bedola, the Chair confirmed that payments to renewable generators will use weighted average energy prices.

9. EFFECTS ON MARKET INCENTIVES

Mr Robinson presented Slides 26 and 27.

Regarding implications for gentailers, Mr Robinson noted that further consideration had been given to the potential for gaming and unintended consequences. He explained that by design:

- If an eligible facility's average Real-Time Market price for the year is less than this minimum price, it would be paid a top-up to ensure it receives, on average, the minimum price. This means, however, that the Real-Time Market prices are declining, i.e. that customers are paying less for energy.
- If, however, the average Real-Time Market price for the year is more than the minimum price, the eligible facilities would not be paid a top up. Therefore, there will be no cost to the rest of the market from the operation of the Mechanism.

Responding to a question from Mr Collins, the Chair noted that, to maintain diversity in new entrant generation, there will need to be different target capture prices for solar and wind.

- Mr Skinner considered the Mechanism could also help other renewable technology and Mr Mills noted the need for a technology neutral approach.

Mr Robinson added that a representative efficient new entrant will be required for each technology.

- Noting Mr Robinson's comments that on balance (between Real-Time Market prices and the cost of top-ups) consumers will be no worse off, Mr Arias asked what the expected outcome was for the required generation mix for a particular Trading Interval and, more broadly, moving forward.

Mr Robinson noted that Essential System Service (ESS) were still required for every interval and that WEMDE co-optimises Energy with the ESS to determine the most efficient solution, not a specific generation mix.

The Chair noted that the modelling will show whether any perverse outcomes are likely.

- Mr Collins considered that this reduces the incentive for consumers to buy forward.

Responding to several comments from the Working Group, Mr Robinson noted that in the instance of negative prices, facilities are still be paid a top up but the price for the purposes of calculating the top up would be deemed as $0.

The Chair noted that storage will still bid to buy energy, and renewable generators will not necessarily set the price.

- Mr Dixon suggested that another outcome of a race to zero could be Frequency Co-optimised ESS (FCESS) optimisation setting the price more often.

Mr Robinson agreed that it was plausible for FCESS to drive future market pricing outcomes.

Mr Robinson presented Slide 28.

The Chair noted that the intent is to re-assure investors that the weighted average price over a year will not fall to a level that makes projects unviable. Combined with the ability to fix a Reserve Capacity Price for 10-15 years (without the 103% oversupply threshold applying) this should improve investment certainty. A discount factor for how much of equity is to be recovered is required.

Mr Robinson presented Slide 29.

- Mr Canby noted that diversification of renewable generation at all levels (type, location and combination) was required to achieve net zero cost effectively. He noted that the Working Group must consider whether a minimum price mechanism would favour one project over another and the interaction with the Relevant Level Method (RLM).

The Chair noted that that the intent was to level the playing field between technologies, hence the different target prices for wind and solar.

Mr Robinson noted that the intent when setting the target price is that it is measured against build costs, return on debt and equity and expected Reserve Capacity revenue, and setting a benchmark for the most efficient "hypothetical" new entrant.

The Chair noted that the consistent feedback received from financiers and proponents, who are actively engaging with financiers, is that certainty matters more than the level of support. Frontier Energy has stated this several times in this forum and others have also repeatedly stated that actual revenue certainty for renewables is what financiers require.

- Mr Trumble argued that the Mechanism will suppress contracting not support it noting that:
  - A large customer or smaller retailer required to pay the subsidy has little reason to underwrite a windfarm through a PPA, and take on its financial, location, curtailment, wind and availability risks, when the market will now be underwriting projects.
  - Most corporate renewable energy targets are aspirational and are satisfied by a reduction in the carbon intensity of the market itself.
  - Prices currently offered are so high that customers do not want to enter at that level.
  - There is little impetus for a customer to enter a contract at all when the Mechanism spreads the risk across the whole market.

The Chair noted that:

- The Mechanism is for new renewable generator projects only.
- Parties are expected to contract with the knowledge that the Mechanism exists and account for it, in the same way they do for the RLM and Capacity Credits.
- She expected that large loads have renewable energy targets of their own.
- Markets have hedging instruments, with all markets heavily contracted to facilitate risk sharing between parties and the certainty that gives to both parties.

Mr Robinson noted that:

- The Mechanism is required because a gap already exists, parties being unwilling to sign PPAs because they expect prices to fall and are waiting for them to do so.
- Mr Trumble's concern that parties could be even more reluctant to sign PPAs because the Mechanism will facilitate the entry of renewables without a PPA is acknowledged.
- A party only wins by remaining fully exposed to energy market prices if prices fall below the target price, which is dependent on entry levels, actual retirements and future FCESS requirements.
- Another issue identified in the NEM and would also apply in the WEM, is that while parties are willing to lock in prices over one to three years, they are reluctant to do so

over a longer period. This Mechanism provides the longer-term revenue certainty that is required.

The Chair noted that the WEM used to be around 85% bilaterally contracted, however, this trend has largely reversed, including given the levels of merchant storage, and that certainty of price over several years should remain important for Loads. She accepted Mr Trumble's point may be one of the outcomes but noted that it appears to be happening in any event and the Mechanism may not change this dynamic.

Responding to a question from Mr Collins, the Chair noted that proponents have to make decisions on where to locate presently, and this will not change.

- Mrs Bedola asked whether there could be a different dollars per MWh figure by technology for each Capacity Year, updated with curtailment forecasts, and whether there would be a process for setting and reviewing those prices.

Mr Robinson confirmed that he anticipated that there will be more complexity on the payment side and less on the cost recovery side.

Responding to a comment from Mr Frood, the Chair agreed that network curtailment will also arise if everyone co-locates around the perfect renewable resource location.

- Ms Gilchrist asked, as the Mechanism is not linked to the RCM, whether it would be better to start on 1 January 2031 to avoid overlap with the RET.

The Chair replied that the Mechanism and the minimum price are linked to the Reserve Capacity Mechanism, and projects must enter on 1 October.

- Mr Schubert asked if a hybrid project (ESR plus a renewable component) should be the benchmark, to encourage firmed energy supply and minimise overbuild.
- Ms Gilchrist noted that this also allows charging of on-site storage during periods of curtailment.

Mr Robinson noted that the Consultation Paper would cover whether there is a need to also incentivise firming or only energy and noted that there is a natural incentive to build this way.

- Mr Canby noted a four-hour BESS can charge in more intervals than a seven-hour BESS.

The Chair and Mr Robinson agreed with Mr Canby, noting that a seven-hour BESS takes longer to charge and requires more energy, so fewer charging intervals are available to it.

- Ms Gilchrist noted that AEMO's settlement systems function on a Trading Interval and Trading Day basis and that cost allocation and required system changes were unlikely to be straightforward. She offered to organise a meeting with AEMO's settlement specialists, adding that, while she appreciated the efforts to minimise implementation effort, she wished to flag the point so that expectations are managed.

The Chair noted that the intent is that AEMO's role is minimised and limited to settlement charges only and it was her understanding that the settlement system was flexible enough to implement changes, notwithstanding the need for testing. She added that a key criterion for the Mechanism is that it is simple and easy to understand and implement.

Mr Robinson noted the intent to balance simplicity and allocating costs appropriately.

Mr Robinson presented Slide 30.

- Ms Gilchrist noted that it was her understanding that the year-to-date proposal means that cost recovery applies across all Trading Intervals.

Mr Robinson agreed, noting that if prices seldom fall below the minimum price target, then the incentive is to follow the Real-Time Market price, but if it is frequent, then storage must factor this into its cost to charge.

- Mrs Bedola suggested to recover costs on one side of the market only, as generators will include the cost in their offers and customers will pay anyway. She clarified that this should be applied to total consumption, including the notional wholesale and interval meter consumption.

Mr Robinson considered a level playing field is achieved provided gross consumption is used.

Returning to Ms Gilchrist's earlier question on whether gas generators would increase their offers to recover costs, Mr Robinson noted that if gas facilities pay any part of the top-up, that could increase the price they must recover, which may flow through to Real-Time Market prices.

- Mrs Bedola and Mr Schubert both questioned the ERA's treatment of charging costs as sunk, with Mr Schubert noting that diesel fuel costs are also sunk.

Mr Robinson noted that this is a matter for the ERA, and the Chair encouraged the Working Group to make submissions through the ERA's consultation process.

10. NEXT STEPS

Mr Robinson presented the next steps as outlined on Slide 32.

The Chair advised that the next meeting will be scheduled for 24 September 2026, to discuss modelling, the discount factor calculation and eligibility.

The meeting closed at 11:30 am.

Department of Energy and Economic Diversification
GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Agenda Item 8: WEM Operation Effectiveness Report – Progress Update

Market Advisory Committee (MAC) Meeting 2026_10_15

1. Purpose

Energy Policy WA (EPWA) to update the MAC on the progress of implementing the recommendations from the Coordinator of Energy's (Coordinator's) inaugural Wholesale Electricity Market (WEM) Operation Effectiveness Report.

2. Recommendation

That the MAC notes:

- the update on the progress of implementing the recommendations from the first WEM Operation Effectiveness Report since the previous MAC meeting, which are shown in red in the Tables below.

3. Background

Under clause 2.16.13D of the Electricity System and Market (ESM) Rules, the Coordinator must provide the Minister of Energy (Minister) with a report dealing with the matters identified through its market monitoring activities at least once every three years, with the first such report due by 1 July 2025.

The Coordinator provided the first WEM Operation Effectiveness Report (the Report), that covered matters outlined in clauses 2.16.13A, 2.16.13B and 2.16.13E of the ESM Rules, to the Minister on 25 June 2025.

- After consultation with the Minister, the Coordinator published a version of the Report on 8 July 2025 on the Coordinator's website.
    - Any confidential and/or sensitive data was either aggregated or removed.
- The published report is to serve as a point of reference of further work required by AEMO, the ERA, EPWA and Western Power to improve market effectiveness, including through future ESM Amending Rules.

Table 1 – Recommendations relevant to all Market Bodies

Recommendation	Status	Update
Proactive reporting of Market Bodies on WEM design flaws and areas for improvement	Ongoing	EPWA, AEMO and the ERA have established fortnightly Market Surveillance meetings to discuss WEM design flaws and areas for improvement. Updates, as appropriate, will be provided to the MAC by EPWA or the AEMO at its relevant forums. Additionally, AEMO and EPWA have established regular meetings at Executive level and are working together to establish a new 'Market and Systems Issues Log' that will enable improved information sharing and tracking of solutions between the two agencies.
Improvement of accessibility across all market bodies' websites and published materials	Ongoing	On 17 September 2025, the ERA implemented a new website design, moving to a function-based structure and restructured its WEM section. Western Power's webpage 'The Wholesale Electricity Market and Market Information Management' lists its WEM Procedures, Guidelines and other market information. This new page is also easily discovered by search engines.

Table 2 – Recommendations relevant to AEMO

Recommendation	Status	Update
Provision of further detail on the cause of any direction/intervention by AEMO.	Ongoing	The ongoing Frequency Co-optimised Essential System Services (FCESS) Cost Review (Stage 2) is addressing this proposal.
Improvements in relation to operational forecasting.	Ongoing	The ongoing Operational Forecasting Review is addressing this proposal. In parallel to the Review, AEMO has progressed an internal Project to uplift AEMO's operational forecasting capabilities, which includes several initiatives aligned with EPWA's proposals. AEMO consulted on the draft Implementation Assessment for the uplift project through the Major Projects Working Group, which included a presentation at the 16 May 2026 meeting. The project involves upgrading AEMO's forecasting software platform, building better forecast models (using new data inputs) and improving data ingestion and establishing auditable input storage. It's currently in its execution phase and is expected to be completed around November 2026. Further information can be found on AEMO's website.

Recommendation	Status	Update
Completion and publication of WEM Procedures in a timely manner, including prompt updates when required.	Ongoing	The WEM Procedure Content Review will address some of the issues highlighted in the Report. As highlighted in the Report, there were still nine WEM Procedures outstanding from the date of the new WEM commencement. AEMO has since finalised and commenced six. One recently finished consultation and will commence in the coming weeks, another has a completed draft that is expected to be published for consultation in the coming months. MT PASA remains subject to extended delay, as previously explained to industry at the July 2025 AEMO Procedure Change Working Group and notified to MAC. AEMO has also implemented new internal processes to support the timely development of Procedures. This includes uplifted Procedure tracking and reporting tools (that enhances oversight by Managers and the Senior Leadership Team and highlights resourcing requirements and risks early).
Making complete and verified market data available through the publicly accessible web portal in easily accessed data formats.	Ongoing	AEMO's Data Uplift Project is a priority initiative for FY26 and will help address the findings from the Report around the availability of data through AEMO's website. Phase 1 of the project is complete, with new and existing data reports available in additional formats, including CSV. Phase 2 of the project, which includes updates to the WEM data dashboard is expected to be completed by May 2027. Information on the progress of the project will be advised through updates to the WEM Implementation Roadmap.

Table 3 – Recommendations relevant to the ERA

Recommendation	Status	Update
Provision of clearer information to Market Participants regarding the current priorities and focus of the ERA's surveillance and compliance activities, noting that confidential information must be protected.	Ongoing	EPWA is drafting ESM Amending Rule changes to introduce an obligation for the ERA to publish annual priorities.

Table 4 – Recommendations relevant to Western Power

Recommendation	Status	Update
Transformation of the Transmission System Plan, in the medium term, into a broader Networks Plan that includes a complete transmission and distribution development roadmap, to provide an informed view of investment opportunities. Supporting information should include constraint data, cost-benefit analyses and improved distribution level heat maps.	Starting	To be commenced.

Table 5 – Recommendations relevant to EPWA

Recommendation	Status	Update
The Coordinator will work with the Market Bodies and other stakeholders on how to integrate the State Electricity Objective more broadly within the ESM Rules and will monitor this in the next WEM Operation Effectiveness Report.	Starting	To be commenced.

Department of Energy and Economic Diversification

GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Agenda Item 9: Market Development Forward Work Program

Market Advisory Committee (MAC) Meeting 2026_10_15

1. Purpose

- To update the MAC on changes to the Market Development Forward Work Program since the previous MAC meeting, which are shown in red in the Tables below.
- Rows that are shaded grey are complete and will be removed for the next MAC meeting.

2. Recommendation

The MAC Secretariat recommends that the MAC:

- notes the updates in the paper.

3. Process

Stakeholders may raise issues for consideration by the MAC at any time by sending an email to the MAC Secretariat at energymarkets@deed.wa.gov.au.

Stakeholders should submit issues for consideration by the MAC two weeks before a MAC meeting so that the MAC Secretariat can include the issue in the papers for the MAC meeting, which are circulated one week before the meeting.

Table 1 – Current MAC Working Groups			
Working Group	**Established**	**Status**	**Next steps**
WEM Procedures Content Review	2 May 2024 MAC Meeting	Open	EPWA is currently reviewing Priority 1 WEM Procedures
Capability Class 2 Technologies Review	24 July 2025 MAC Meeting	Open	Information Paper published 30 September 2026
Essential Systems Services Framework Review	2 May 2024 MAC Meeting	Open	Metrics for monitoring Frequency Co-optimised Essential System Services published
AEMO Procedure Change	1 May 2017 MAC Meeting	Open	Ongoing Process
AEMO Major Projects	1 May 2025 MAC Meeting	Open	Ongoing Process
Power System Security and Reliability Standards	23 November 2023 MAC Meeting	Open	The consultation period closed 29 September 2026 for the Exposure Draft of ESM Amending Rules and the further Consultation Paper. DEED is currently reviewing and considering stakeholder responses.
Wholesale Electricity Market Investment Certainty Review	20 July 2023 MAC Meeting	Open	Publication of Consultation Paper on the Renewable Energy Mechanism
Cost Allocation Review	14 December 2021 MAC Meeting	Finishing	Schedule 3 is the last schedule of the of the Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024 for which a commencement date is yet to be specified by the Minister

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**

Cost Allocation Review (CAR)	A review of:
	• the allocation of Market Fees, including behind the meter (BTM) and Distributed Energy Resources (DER) issues;
	• cost allocation for Essential System Services; and
	• Issues 2, 16, 23 and 35 from the MAC Issues List.
		• The MAC established the Cost Allocation Review Working Group (CARWG). Information on the CARWG is available at Cost Allocation Review Working Group, including:
		  • the Scope of Work for the review, as approved by the Coordinator;
		  • the Terms of Reference for the CARWG, as approved by the MAC;
		  • the list of CARWG members;
		  • meeting papers and minutes from the CARWG meetings on 9 May 2022, 7 June 2022, 30 August 2022, 27 September 2022, 25 October 2022, 29 November 2022, 21 March 2023, 2 May 2023 and 29 August 2023.
		• The following papers have been released and are available on the CAR webpage at Cost Allocation Review:
		  • the Consultation Paper;
		  • the International Review;
		  • submissions on the Consultation Paper;
		  • the CAR Information Paper;
		  • the Exposure Draft of the ESM Amending Rules implementing the outcomes of the CAR;
		  • submissions on the CAR ESM Amending Rules Exposure Draft; and
		  • response to submissions on the CAR ESM Amending Rules Exposure Draft.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**

		• the Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024 available at Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024.
		• Further changes to refine the cost allocation method for the Contingency Reserve Raise Service were presented at the 18 June 2024 TDOWG and consulted on within the Miscellaneous Amendments No. 3 Exposure Draft.
		• The last set of changes (to Contingency Reserve Raise cost allocation) implementing the outcomes of this Review were included in the Amending Rules made by the Minister on 2 October 2024.
		• AEMO to confirm implementation dates.
		• An Exposure Draft was released on 19 August 2025 on changes to Contingency Reserve Lower that affects Schedule 4 of the *Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024*.
		  • Consultation closed 2 September 2025.
		  • One stakeholder submission was received, which was published on 26 September 2025.
		• By gazettal on 26 September 2025, Schedules 2 and 4 of the *Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024* will commence on 30 October 2025.
		• Schedule 3 is the last schedule of the of the Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024 for which a commencement date is yet to be specified by the Minister.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**

Review of the Power System Security and Reliability (PSSR) Standards	The scope of this review is to:
	• review the various PSSR related provisions in the instruments governing power system security and reliability in the SWIS;
	• assess whether the combination of existing standards is effective to ensure power system security and reliability can be maintained;
	• develop proposals for a single end-to-end PSSR standard and a centralised governance framework; and
	draft amending Rules and other regulatory changes, as necessary.
		• The MAC established the PSSR Standards Working Group (PSSRSWG). Information on the PSSRWG is available at Power System Security and Reliability (PSSR) Standards Working Group including:
		  • the Terms of Reference for the PSSRSWG, as approved by the MAC;
		  • the Scope of Work
		  • the list of PSSRSWG members; and
		  • meeting papers and minutes for the 14 December 2023, 1 February 2024, 29 February 2024, 18 April 2024, 25 July 2024, 10 October 2024 and 31 October 2024 PSSRSWG meetings.
		• DEED has previously sought stakeholder feedback on proposed review outcomes from the PSSR Standards Review through three consultation papers. Papers and stakeholder submissions received are published on the PSSR Standards Review webpage.
		  • 19 June 2025 – Consultation Paper
		  • 30 September 2025 – Further Consultation Paper – Proposal 20
		  • 20 December 2025 – Western Power Technical Paper.
		• On 20 August 2026, an Information Paper and Exposure Draft were released for public consultation, including:
		  • establishing a Forecast and Planning Coordination Group, chaired by the Coordinator of Energy and comprising

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
		representatives from AEMO and Western Power, to align forecasting and planning approaches and methodologies; • clear roles and responsibilities, with AEMO responsible for forecasting system strength shortfalls and Western Power responsible for procuring network and non-network solutions to address shortfalls; and • updated technical requirements for grid-following (GFL) and GFM inverter-based resources (IBRs). • A further Consultation Paper published 20 August 2026, that builds on the above review outcomes and seeks stakeholder views on additional, targeted measures to complement them. In particular: • a proposed regulatory incentives framework to minimise system strength shortfalls, and reduce the cost of any procurement of solutions by Western Power; • guidance on how hybrid systems combining GFM and GFL technologies will be assessed during connection or relevant modification; • requiring existing participants to provide models to improve whole-of-system modelling and planning; and • enabling Western Power to require changes to control settings, enhancing the scope of existing provisions, to maintain system stability as IBR penetration increases. The consultation period closed 29 September 2026. Stakeholder submissions received are published on the PSSR Standards Review webpage, and are currently being considered by DEED.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
WEM Procedure Content Review	The scope of this review is to assess the content of selected existing WEM Procedures and their heads of power to determine, using the guiding principles, whether any matters identified require changes to improve the effectiveness of WEM Procedures, including, but not limited to: • the potential elevation of certain content to the ESM Rules; and/or • changes to a WEM Procedure heads of power.	• A revised Scope of Works and Terms of Reference was presented to the MAC at the 4 September 2025 Meeting to reflect the proposals from the 2025 WEM Operation Effectiveness Report. • On 11 September 2025, a MAC member provided EPWA with WEM Procedures that should be included in the review. • EPWA is currently reviewing Priority 1 WEM Procedures, as outlined in the Scope of Works.
Procedure Change Process (PCP) Review	A review of the PCP to address issues identified through Energy Policy WA's consultation on governance changes.	• The MAC discussed a draft Scope of Work for this review at its meeting on 11 October 2022. EPWA has updated the Scope of Works to reflect the MAC discussions. • The Scope of Work for the review, as approved by the Coordinator is available here Wholesale Electricity Market Procedure Change Process Review (www.wa.gov.au) • ACIL Allen has been appointed to assist with the PCP review. • ACIL Allen engaged with MAC members through a survey and one-on-one consultations between 12 March and 18 April 2024. There were 11 respondents to the PCP survey, out of 19 requests. • On 6 May 2024, the Consultation Paper was released for public consultation. Submissions closed 31 May 2024 with stakeholder submissions published on the Coordinator's website.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
		• On 9 August 2024, the Coordinator finished stage 1 by publishing the ACIL Allen report and his response on the Coordinator's website. • EPWA is progressing stages 2 and 3 of the review and is revising a draft consultation paper to reflect the MAC's feedback from the 5 September 2024 MAC meeting.
Review of the Essential Systems Services (ESS) Framework	The Coordinator of Energy (Coordinator) is conducting a review of the ESS Framework (the Review), incorporating: • a review of the ESS Process and Standards under Section 3.15 of the ESM Rules; and • a review of the Supplementary Essential Systems Services Procurement Mechanism (SESSM) under clause 2.2D.1(h). The purpose of this Review is to assess whether the FCESS framework in the ESM Rules is operating efficiently to ensure power system security and reliability can be maintained at the lowest cost to consumer.	• The MAC approved the establishment of the ESS Framework Working Group (ESSFRWG) to support the ESS Framework Review. Information on the ESSFRWG is available at Essential System Services Framework Review Working Group including: • The Terms of Reference for the ESSFRWG, as approved by the MAC; • The list of ESSFRWG members; • Meeting papers and minutes for 6 November 2024, 26 February, 26 March and 24 July 2025 meetings. The following papers have been released and are available on the ESS Framework Review webpage: • The Scope of Work for the Review. • The Essential System Services Framework Review Consultation Paper. • An addendum (of proposed ESM Amending Rules) to the Essential System Services Framework Review – Consultation Paper.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
		• Stakeholder submissions to the Essential System Services Framework Review Consultation Paper and addendum. • The Amending Rules to relax the RoCoF Safe Limit were included in the Electricity System and Market Amendment (Tranche 9) Rules 2025 were approved by the Minister for Energy on 19 December 2025, published in the Government Gazette on 23 December 2025 and commenced on 26 February 2026. • The metrics for monitoring Frequency Co-optimised Essential System Services.
WEM Investment Certainty (WIC) Review	The WIC Review will consider, design and implement the following five reforms that have been announced by the Minister for Energy, which are aimed at providing further investment certainty to assist the decarbonisation of the WEM: (1) changing the Reserve Capacity Price (RCP) curve so it sends sharper signals for investment when demand for new capacity is stronger; (2) a 10-year RCP guarantee for new technologies, such as long-duration storage; (3) a wholesale energy price guarantee for renewable generators, to top up their energy revenues as WEM prices start to decline, in return for them firming up their capacity; (4) emission thresholds for existing and new high emission technologies in the WEM; and	• The MAC established the WIC Review Working Group (WICRWG). Information on the WICRWG is available at Wholesale Electricity Market Investment Certainty (WIC) Review Working Group including: • the Terms of Reference for the WICRWG, as approved by the MAC; • the list of WICRWG members; • meeting papers and minutes from the 31 August 2023, 11 October 2023, 8 November 2023, 6 December 2023, 24 January 2024, 24 April 2024, 29 May 2024, 25 June 2026, 16 July, 23 July 2026 and 6 August WIC Review Working Group meetings. • The following papers have been released and are available on the WIC Review webpage, including: • the Scope of Work for the review, as approved by the Coordinator;

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
	a 10-year exemption from the emissions thresholds for existing flexible gas plants that qualify to provide the new flexibility service.	• the WIC Review (Initiatives 1 and 2) Consultation Paper; • the submissions received on the WIC Review (Initiatives 1 and 2) Consultation Paper; • the WIC Review (Initiatives 1 and 2) Information Paper; • The Exposure Draft of ESM Amending Rules to implement Initiatives 1 and 2; • Submissions for the Exposure Draft of WEM Investment Certainty and RCM Review Amending Rules; and • Response to Submissions for the Exposure Draft of WEM Investment Certainty and RCM Review Amending Rules. • The ESM Rules implementing the Review Outcomes for Initiatives 1 and 2 of the WIC Review are in Wholesale Electricity Market Amendment (RCM Reviews Sequencing) Rules 2025. The Rules were approved by the Minister for Energy and published in the Government Gazette on 14 January 2025. • The WICRWG convened on 14 August 2025 and on 16 July 2026 to discuss the Coordinator's review of the Benchmark Capacity Providers. Meeting papers and minutes for these are available on the WIC Review webpage. • The following papers for the 2025 Benchmark Capacity Provider Review have been released and are available on the webpage:

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
		• Scope of Work, Consultation Paper, Stakeholder submissions and The Coordinator's Determination, including responses to submissions • The following papers for the 2026 Benchmark Capacity Provider Review have been released and are available on the webpage: • Scope of Work • 2026 Benchmark Technology Review – Draft Determination, Configurations Workbook
Capability Class 2 Technologies Review (CC2TR)	The Review will consider: • whether market design changes are required to maintain Power System Security and Reliability (PSSR) with the growing share of Electric Storage Resource (ESR) in the South West Interconnected System (SWIS); • whether the methodology for rating the capacity of ESR for the purposes of setting Certified Reserve Capacity remains consistent with the State Electricity Objective (SEO); • whether the Demand Side Programme (DSP) Obligation Duration remains consistent with the SEO; and whether the ESR obligation intervals (ESROI), including the effectiveness of the method used by AEMO to determine the ESROI, is consistent with the SEO.	• The MAC established the Capability Class 2 Technologies Review Working Group (CC2TRWG). Information on the CC2TRWG is available at Capability Class 2 Technologies Review Working Group, including: • the Terms of Reference for the CC2TRWG, as approved by the MAC; • the list of CC2TRWG members; • Meeting papers and minutes for the 23 October 2025, 4 December 2025, 5 February 2026, 26 March 2026, 2 April 2026 and 23 April 2026 meeting CC2TR Working Group meeting. • The following papers have been released and are available on the CC2TR webpage: • the Scope of Works; • the Consultation Paper; and • the Information Paper.

Table 2 – Market Development Forward Work Program		
Review	**Issues**	**Status and Next Steps**
Forecast quality	Review of Issue 9 from the MAC Issues List.	• This review has been incorporated in the Operational Forecasting Review.
Network Access Quantity (NAQ) Review	Assess the performance of the NAQ regime, including policy related to replacement capacity, and address issues identified during implementation of the Energy Transformation Strategy (ETS).	• The timing for this review is to be determined.
Short Term Energy Market (STEM) Review	Review the performance of the STEM to address issues identified during implementation of the ETS.	• This review has been deferred.

Table 3 – Other Issues			
Id	**Submitter/Date**	**Issue**	**Status**
9	Community Electricity November 2017	Improvement of AEMO forecasts of System Load; real-time and day-ahead.	EPWA has commenced work to improve AEMO's operational forecasting that will consider this issue. The following papers have been released and are available on the Operational Forecasting Review webpage: • The Scope of Works • The Operation Forecasting Review Consultation Paper • Stakeholder submissions • Exposure Draft of ESM Amending Rules
10	Noel Schubert 11 February 2026	The publication of the ERA's draft BRCP determination of $491,000 for the 2028–29 Capacity Year, prompted discussion on Reserve Capacity Prices paid to Existing and Committed Generators and concerns held by Small-Use Consumer Representative with the increasing energy costs.	This issue was first raised by Noel Schubert at the 11 February 2026 MAC meeting under General Business. The issue was further discussed at • the 19 March 2026 MAC meeting under Agenda Item 6; and • at an opt in session for MAC members held on 27 May 2026. At the 30 July MAC meeting, it was agreed to add the item to the Forward Work Program. Meeting papers and minutes from these meetings are available here.

Upcoming Consultations 2026/2027	Indicative Timing for publication
Consultation Paper - 2026-27 Benchmark Technologies Review	9 September 2026
Consultation on the Non-Co-optimised Essential System Service (NCESS) Framework Review Exposure Draft of Amending Rules	30 September 2026
Consultation on the Exposure Draft of proposed ESM Amending Rules to implement System Strength regulatory incentives (PSSR Standards Review)	The timing of publication will be determined following consideration of stakeholder submissions.
Consultation on the Exposure Draft of proposed ESM Amending Rules resulting from the Capabilities Class 2 Technologies Review	October 2026
Consultation on the Wholesale Electricity Market (WEM) Investment Certainty Review (Renewable Energy Mechanism)	November 2026
Consultation Paper on the WEM Operation Effectiveness (large loads)	November 2026
Consultation on the Exposure Draft of proposed ESM Amending Rules to implement other System Strength changes (Proposal 20, PSSR Standards Review)	December 2026

Department of Energy and Economic Diversification
GOVERNMENT OF WESTERN AUSTRALIA

Energy Policy WA

Agenda Item 10: Overview of Rule Change Proposals (as of 8 October 2026)

Market Advisory Committee (MAC) Meeting 2026_10_15

- Changes to the report since the previous MAC meeting are shown in red font.
- The next steps and the timing for the next steps are provided for Rule Change Proposals that are currently being actively progressed by the Coordinator of Energy or the Minister.

Rule Change Proposals Commenced since the Report presented at the last MAC Meeting

None

Rule Change Proposals Awaiting Commencement

None

Rule Change Proposals Rejected since Report presented at the last MAC Meeting

None

Rule Change Proposals Awaiting Approval by the Minister

None

Formally Submitted Rule Change Proposal

None

Pre-Rule Change Proposals

None

Rule Changes Made by the Minister since Report presented at the 30 July 2026 MAC Meeting

None

Rule Change Made by the Minister and Awaiting Commencement

Gazette	Date	Title	Commencement
2023/165	12/12/2023	Wholesale Electricity Market Amendment (Reserve Capacity Reform) Rules 2023	• Schedules 2, 3 and 4 will commence at a time specified by the Minister in a notice published in the Gazette.
2024/66	7/06/2024	Wholesale Electricity Market Amendment (Cost Allocation Reform) Rules 2024	• Schedule 3 will commence at a time specified by the Minister in a notice published in the Gazette.
2025/3	14/01/2025	Wholesale Electricity Market Amendment (RCM Reviews Sequencing) Rules 2025	• Schedule 4 will commence 1 October 2027. • Schedule 6 will commence 1 October 2027. • Schedule 7 will commence at a time specified by the Minister in a notice published in the Gazette.
2025/64	3/06/2025	Electricity System and Market Amendment (Tranche 8) Rules 2025	• Schedule 5 will commence 1 October 2027. • Schedule 9 will commence at a time specified by the Minister in a notice published in the Gazette.
2025/155	23/12/2025	Electricity System and Market Amendment (Tranche 9) Rules 2025	• Schedule 4 will commence 1 October 2027.
2026/122	25/09/2026	Electricity System and Market Amendment (Tranche 10) Rules 2026	• Schedule 3 will commence 1 October 2027.