GOVERNMENT OF WESTERN AUSTRALIA

Department of **Energy and Economic Diversification**

**Energy Policy WA**

# Market Advisory Committee (MAC) Minutes

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| **Date:** | 3 September 2026 |
| **Time:** | 1:00 PM – 3:00 PM |
| **Location:** | Microsoft Teams |

| Attendees | Representing | Comment |
|---|---|---|
| Sally McMahon | Independent Chair (Chair) | |
| Amy Tait | Australian Energy Market Operator (AEMO) | |
| Alex Gillespie | AEMO | Proxy for Martin Maticka |
| Matthew Veryard | Network Operator | |
| Rhiannon Bedola | Electricity Generation and Retail Corporation | |
| Luke Skinner | Small-Use Consumers | |
| Noel Schubert | Small-Use Consumers | |
| Rajat Sarawat | Observer appointed by the Economic Regulation Authority (ERA) | |
| Noel Ryan | Observer appointed by the Minister | |
| Scott Cornish | Market Participant – Demand Side Programmes | Proxy for Katrina Burns |
| Adam Stephen | Market Participant – Scheduled Facilities (Non-Intermittent Generating Systems) | |
| Tom Frood | Market Participant – Semi-scheduled Facilities (Intermittent Generating Systems) | |
| Geoff Gaston | Market Participant – Sells, or intends to sell, electricity to customers | |
| Patrick Peake | Market Participant – Sells, or intends to sell, electricity to customers | |
| Graeme Ross | Contestable Customer | |
| Geoff Down | Contestable Customer | Proxy for Peter Huxtable |
| **Other attendees** | **From** | **Comment** |
| Lipakshi Dhar | ERA | Presenter for Item 5 |
| Rohan Zauner | Jacobs | Observer for Item 6 |
| Richard Bowmaker | Robinson Bowmaker Paul (RBP) | Observer for Item 6 |
| Tim Robinson | RBP | Presenter for Item 7 |
| Dora Guzeleva | Energy Policy WA (EPWA) | MAC Secretariat |

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| Laura Koziol | EPWA | MAC Secretariat |
| Shelley Worthington | EPWA | MAC Secretariat |
| **Apologies** | **From** | **Comment** |
| Martin Maticka | AEMO | |
| Katrina Burns | Market Participant – Demand Side Programmes | |
| Lizzie O'Brien | Market Participant – Semi-scheduled Facilities (Intermittent Generating Systems) | |
| Peter Huxtable | Contestable Customer | |

## 1. WELCOME

The Chair opened the meeting with an Acknowledgement of Country and welcomed members. The Chair noted that she had no new conflicts to declare and noted that:

- The MAC's advice to the Coordinator of Energy (Coordinator) does not necessarily reflect the Chair's views.
- MAC members are to participate in the interests of the stakeholder group they represent and that the MAC operates for the good of the State Electricity Objective.
- The Competition and Consumer Law obligations of MAC members apply, and she invited members to bring to her attention any issues that may arise.

## 2. MEETING APOLOGIES AND ATTENDANCE

The Chair noted the meeting attendance as listed above. She noted that, following Katie McKenzie's departure from AEMO, Martin Maticka had rejoined the MAC as AEMO's representative, with Alex Gillespie attending as his proxy.

## 3. MINUTES OF MEETING 2026_07_30

The 30 July meeting minutes were approved out of session and published on 26 August 2026.

## 4. ACTION ITEMS

The Chair summarised the Action Items as provided in the paper.

## 5. ERA PRE-RULE CHANGE PROPOSAL

Ms Dhar presented slides 1–4 and noted that:

The ERA's guidance is largely provided through the ERA's Offer Construction Guideline (OCG) and the Trading Conduct Guideline (TCG) and that the pre-rule change proposal concerns proposed changes to the Electricity System and Market (ESM) Rules to ensure that:

- investigation timeframes allow time for affected Market Participants to respond to preliminary findings in an appropriate timeframe; and
- the Offer Construction Guideline provides clear, consistent and market-wide regulatory guidance rather than guidance specific to individual Market Participants.

Ms Dhar presented slides 5–6 and noted that:

- the fixed deadline can create challenges when matters are complex, involve significant volumes of evidence, and have potentially significant consequences for Market Participants;
- the current investigation timeline does not adequately accommodate this complexity; and
- it does not adequately address the circumstance in which a Market Participant provides a submission in response to the ERA's preliminary findings without a further information request.

Ms Dhar presented slides 7–9 and noted that:

- Affected Market Participants require sufficient time to gather evidence, obtain legal and technical advice, and prepare a response to alleged breaches.
- The 6-month timeframe means the ERA is limited in the time it can afford Market Participants to respond.

Ms Dhar presented slide 10. She noted that the three options outlined are not mutually exclusive and that a combination of the three could be progressed.

  - Mr Arias noted that Options 1 and 3 appear quite similar. He asked if the point at which the clock restarts is when the Market Participant responds or if that point will be predetermined by the ERA.

Ms Dhar responded that:

- The exact logistics are still to be determined but considered that the clock would stop when the ERA issued the findings and had provided a reasonable time to respond. This would depend on the individual investigation and the issues at hand.
- The clock would then restart once a response had been provided, although Market Participants may choose not to respond.

  - Mr Skinner noted that the fact that a response may not be received raised some concern and that there should always be some kind of limit. He noted that it is important that ERA enforcement is not intentionally slowed down by a Market Participant, as the earlier it is finalised, the more effective enforcement is in preventing an action from repeating.

Ms Dhar noted that a more detailed explanation will be provided if the rule change progresses.

  - Mr Stephen asked Ms Dhar if the ERA had received any guidance from the Australian Competition and Consumer Commission (ACCC) on how often it takes the full 12 months for an investigation, noting that this may help set the threshold for when an investigation needs to be completed.

Ms Dhar replied that many of the ACCC's processes are confidential and the investigation timeframe information referred to is publicly available.

  - Mr Schubert noted the need to balance the time taken to complete an investigation with thoroughness and agreed with Mr Skinner that completing reviews earlier

enables compliance to be more effective. He noted that he was not supportive of an open-ended process that was inferred by Option 1 and considered that compliance by design would be the ideal.

Ms Dhar noted that the intent of the proposal is to ensure fairness to Market Participants who are under investigation and afford them sufficient time to respond, noting the significant legal and reputational risks involved.

The Chair noted Mr Schubert's comments were consistent with Option 3.

- Mr Flynn agreed with Mr Schubert's point around firm deadlines and expressed a preference for Options 1 and 3. Mr Flynn suggested that the ERA could improve the information available on its website regarding non-compliance with Dispatch Instructions and the list of investigations, including the outcome of the investigations and the issues addressed. He also noted that civil penalty provisions should provide an incentive to comply with requests from the ERA.
- Responding to Mr Flynn, Mr Sarawat advised that the ERA is aware of the need for more transparency and providing more information back to the market, and is actively working on some initiatives that will be shared shortly.
- Mr Gaston noted his preference for Option 3 and the need for best practice from the ERA.
- Mr Ross noted his preference for Option 1 as levels of complexity vary from situation to situation.
- Mr Cornish noted his preference for Option 3 but agreed there should be some limit on the timeframe.
- Mr Arias noted that markets will always overcorrect and that possible market outcomes from this change should also be considered.
- Mr Peake, Mrs Bedola and Mr Down noted their preference for a firm end date of up to 12 months and that getting the right answer from an investigation should be prioritised over shorter timing.

The Chair noted a general preference from the MAC for Option 3 with a need to provide signals on timeframes.

- Ms Guzeleva clarified that there is a stop-the-clock provision in the ESM Rules and that the intent of Option 3 is to introduce an additional stop-the-clock provision when preliminary findings are issued.

Ms Dhar presented slides 11–12. She noted that the ERA can review the OCG and TCG at any point and that submissions on the OCG Review discussion paper close on 3 September 2026.

Ms Dhar presented slides 13–14 and noted that:

- Regulatory guidance should not substitute for commercial decision-making.
- Introducing a requirement to review the OCG more frequently would shift the focus from responding to individual requests to providing a transparent, market-wide process to address recurring issues.

- Market Participants will continue to be able to raise OCG concerns with the ERA, which would inform future OCG reviews and ensure guidance is developed consistently for the benefit of all Market Participants.
- The ERA would still retain the discretion to initiate a review at any point in the two-year cycle if urgent issues, feedback or market developments indicate that amendments are needed.
    - Mr Stephen noted his support and asked what the incentive would be for Market Participants to engage informally with the ERA to feed into future reviews.

Ms Dhar clarified that the ERA would continue to meet with Market Participants to discuss concerns between reviews.

- Mr Flynn did not support the proposal. He suggested that it would be better to have a review on an as-needed basis, e.g. through discussions with Market Participants or due to a significant rule change.
- Mrs Bedola agreed with Mr Flynn. She noted that the OCG was fundamental to how Market Participants offer and bid into the market, and that a review every two years could create uncertainty.
- Mr Tan noted his preference to retain the ability to have guidance from the ERA without having to wait for a two-yearly update.

The Chair noted that based on the comments, an approach incorporating the current informal guidance with a trigger to commence an overarching review may be worth considering.

- Mr Gaston agreed that the OCG review should be carried out on a discretionary basis. Regarding formal guidance, he asked if it was possible for the ERA to provide it as requested and then publish that as a 'frequently asked question' style document on its website, following the removal of any identifying information.
- Mr Arias noted that he was less supportive of this rule change. He noted that currently the OCG provides broad guidance and then there is a formal process to seek guidance for more complex matters. He asked if there was a worked example as to how this guidance transfers risk to the ERA.
- Mr Schubert noted that the level of guidance requests that come from Market Participants provides an indication as to the clarity of the guidelines and, if the OCG is clear and easy to understand, then the ERA will not have to provide so much guidance and wear the risk in doing so.

The Chair thanked Ms Dhar and noted that the MAC will have another opportunity to review the Rule Change Proposal once submitted.

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

Ms Guzeleva noted that the determination is made by the Coordinator and that the intent of this update is to provide an opportunity to help the MAC members formulate its responses to the Consultation Paper.

- Mr Stephen asked why the proposed Benchmark Technology included the selection of two electrical connections and sought to clarify whether this meant the assumption for the Benchmark Technology was there is more than one turbine.

Ms Guzeleva confirmed that the Benchmark Technology was based on a dual turbine configuration and noted that industry practice was to pair turbines, with units commissioned in stages.

Mr Zauner noted that multi-unit stations need multiple connection points for contingency purposes. He added that multi-unit stations are more common than single-unit configurations in Australia as they provide improved economies of scale from shared infrastructure.

- Mr Arias noted that a 347 MW dual connection with no firm gas pipeline position does not align with operational reality, but that the flow-on to gross versus net costs of new entry was probably negligible. He considered the assumption for this type of plant with a skinny lateral always operating on gas to be tenuous and asked if this meant the notional facility has no T1 contract.

Ms Guzeleva clarified that transport or upstream gas costs are variable costs that will be recovered in the Real Time Market and are not relevant to the Benchmark Technology annualised fixed capital, and fixed operations and maintenance cost calculations.

## 7. UPDATE ON WORKING GROUPS

### (a) AEMO Procedure Change Working Group

Ms Tait noted that since the paper was published, AEMO has also published the following three Wholesale Electricity Market (WEM) Procedures: Reserve Capacity Testing, Reserve Capacity Security and Dispatch Compliance.

### (b) AEMO Major Projects Working Group

Ms Tait noted the following:

- the most recent Major Projects Working Group meeting was held on 27 August;
- draft meeting minutes will be circulated by 10 September; and
- meeting materials will be published by 17 September with implementation assessments shortly after.

### (c) WEM Investment Certainty (WIC) Review Working Group

Ms Guzeleva noted that all material is captured in the meeting papers, and that the update would focus on the design of the minimum price and the approach to cost recovery.

Mr Robinson presented slides 13–18.

- Mr Peake suggested that a facility need only have applied for Capacity Credits, rather than hold them.
- Mrs Bedola suggested that being assigned Certified Reserve Capacity could be sufficient.

Ms Guzeleva explained that:

- Eligible facilities will be able to lock in a Reserve Capacity Price and remain eligible for the minimum price, even if there is oversupply.
- Holding Capacity Credits secures project deliverability, and Capacity Credits are subtracted in the payment formula.
- The requirement to hold Capacity Credits, therefore, is non-negotiable, otherwise the Mechanism would end in a similar position to the Commonwealth Capacity Investment Scheme (CIS), with projects signing contracts and not delivering.

Mr Robinson advised that eligibility will be explored further in the Consultation Paper.

Mr Robinson presented slides 27–31 and noted that:

- The intent is that a facility with price averaging under the target price by the end of the year receives a top-up, and one with a price averaging over does not.
- Top-ups will be paid throughout the year and clawed back where a facility's average later recovers.

Ms Guzeleva clarified that no capacity refunds apply to Intermittent Generators.

Responding to a question from Mr Frood, Mr Robinson clarified that the target capture price would account for any Capacity Credits a facility is expected to receive.

Responding to a question from Mr Schubert, Mr Robinson noted that the intent is to be technology agnostic with the differentiation being the time and duration over which energy is provided.

  - Mr Schubert noted the distinction between firming that supplies capacity over certain hours of the day and firming that supplies a quantity of energy across a week of low wind and solar. He questioned what would incentivise firming under the Mechanism and noted that he considered that storage could not continue to receive concessional treatment for much longer.

Mr Robinson replied that there are competing views. Firstly, that sufficient storage already exists and therefore the problem to solve is energy. Secondly, that firming needs to be incentivised, in which case top-ups should be restricted to energy delivered within specified time windows. He advised that the question of whether to encourage firmed renewable energy or simply renewable MWh still needs answering. He advised that a section on this will be included in the Consultation Paper.

Ms Guzeleva noted that beyond storage having a natural incentive to shift energy into high-priced periods and being increasingly filled with renewable energy as eligible facilities enter, the Mechanism would not address dunkelflaute.

Responding to a question from Mr Gaston, Mr Robinson noted that the period of support is likely to be either 10 or 15 years, and that for each facility it is locked in for the year regardless of what happens in the following years.

The Chair summarised that:

- part of the fleet would therefore hold a locked-in price, while the price for new entrants may move around depending on the demand and supply balance and emissions outcomes; and

- similar to the Electricity Services Entry Mechanism (ESEM), which is aimed at filling the tenor gap, the Mechanism would solve for that, essentially simulating a longer-term Power Purchase Agreement.

The Chair asked what would limit the overall size of the Mechanism, whether an energy volume, a technology capacity or a cap on total cost.

Ms Guzeleva noted that:

- A trajectory for Western Australia is being developed through the modelling, similar to the jurisdictional emissions targets underpinning the ESEM.
- The trajectory sets how much renewable energy is needed each year to replace retiring coal and gas and to meet the emissions reduction target to 2050.
- The modelling must also establish that the outlay on top-ups is always lower than the reduction in wholesale energy costs.
- Customers cannot pay for the Mechanism without seeing a higher reduction in prices.
- Stakeholders have repeatedly stated that they do not want high prices but need secure returns.
- The Mechanism provides this by locking in the Reserve Capacity Price and the top-up is set to allow recovery of debt and a portion of equity, giving certainty of revenue, rather than overpaying facilities for what they provide.

Mr Robinson added that the nature of the Mechanism is that only energy that is generated is paid for, even with overbuild. Therefore, any facility is likely to be generating less than the capacity factor used to set the target price when it enters the Mechanism.

Responding to a question from Mr Down, Mr Robinson noted that the Working Group had discussed in depth using a form of a renewable energy certificate scheme but had agreed not to proceed further at this time. It could not be delivered ahead of the 2028 Reserve Capacity Cycle, and certificates are generally contracted year to year, so would not provide the long term revenue that closes the tenor gap.

  - Mr Gaston noted his concern that an overbuild would see facilities compete Real-Time Market prices down to $0, with not all of them dispatched, and that this could force synchronous generation out of the market too quickly. He considered the scenarios needed to be worked through in detail.

Mr Robinson clarified that only energy actually generated is going to be covered by the Mechanism and noted that:

- the developer takes the curtailment risk;
- lessons have been learnt from the CIS, in that facilities would not be compensated for the difference between negative prices and zero; and
- a mix of generation will still be required for years to come, as thermal generation remains necessary both for Essential System Services and for peak periods, and will still be run at other times of the day.

Noting Mr Gaston's concern, Ms Guzeleva added that transmission capacity acts as a natural constraint on entry, as proponents weigh the curtailment already occurring in an

area when deciding where to connect, and that the modelling would examine what happens as constraints increase and energy prices fall under different scenarios.

The Chair observed that the interaction with batteries, and how they may fill the gap, would be of interest.

- Mr Flynn considered the discussion needed to be grounded in reality. He noted that:
  - There will not be a massive overbuild of renewables if there is no possibility of selling the energy.
  - Developers require a return on the capital deployed and will not build into a constrained network or at a price of $0.
  - He supported Mr Gaston's suggestion to work through scenarios in more detail, and these should include excess supply, supply shortfalls and outcomes for older generation.
- Mr Skinner agreed with Mr Flynn that an overbuild is unrealistic within the next decade. He noted that:
  - The reason for the Mechanism is to send a signal to investors, because currently renewables are unable to enter the market due to the prices accepted being too low.
  - Limits on how much support is provided would prevent it overshooting.
  - Overbuild was more likely to follow dramatic falls in technology costs, in which event the target price would need to sit several degrees from the current energy price, in the hundreds of dollars per MWh, before consumers would bear the cost of the new technology.

Mr Robinson presented slides 35–38.

- Mrs Bedola considered that costs should fall on one side of the market only. Recovering from generators would require batteries to earn more to cover their round-trip losses, which feeds back into energy prices, and would see a battery charged twice.
- Mr Gaston considered that customers should pay, as the Mechanism exists to meet demand. Batteries would then contribute when they withdraw energy, which is also how storage would pay for its renewable fuel.
- Mr Arias considered that costs should follow the beneficiary, consistent with the approach taken in the Cost Allocation Review, and the beneficiary here is the customer receiving the lower energy price.

Ms Guzeleva advised that modelling will be undertaken to confirm that customers such as standalone retailers and large loads without generation are not penalised under either option. If the two options perform equally, the deciding issue is complexity in the settlement mechanism.

Mr Robinson added that the flow-through of costs into Synergy's standard products will be worked through, so that price signals are not distorted.

- Mr Ross questioned how retailers would pass the top-up through, as the lag between wholesale and retail price changes could leave end users facing the higher costs for a period.
- Mr Gaston noted that the Mechanism would hold the delivered cost of energy relatively flat for a long period, even if Real-Time Market prices fall. He considered that customers buying voluntary green products should not be exempt from contributing.

Ms Guzeleva responded that the modelling must demonstrate a clear margin between what the market pays in top-ups and the reduction in prices that result from the Mechanism, and she welcomed suggestions for addressing the lag.

Mr Robinson noted that commencement is expected on 1 October 2030, aligned to the 2028 Reserve Capacity Cycle. This will give parties some notice to work through contract implications rather than facing a policy change mid-contract.

- Mrs Bedola noted that the proposed 1 October 2030 commencement would need to be considered against the end of the Large-scale Renewable Energy Target, which she understood to be 30 December 2030, so that facilities are not paid for under both.

Ms Guzeleva replied that this would only be a problem if top-ups appear in the modelling in that year, which remains to be seen.

Responding to a question from Mr Peake, Ms Guzeleva noted that the intention is to design the Mechanism ahead of CIS Tender 11 closure and that how the tender is accounted for requires further thought. She outlined the next steps and noted that:

- An additional Working Group meeting is scheduled for 24 September 2026 to consider the modelling.
- The MAC will be updated on the modelling and final proposals on 15 October 2026.

## 8. WEM EFFECTIVENESS REVIEW – PROGRESS UPDATE

The Chair noted the updates as provided in the paper.

## 9. MARKET DEVELOPMENT FORWARD WORK PROGRAM

The Chair noted the paper as read.

Responding to a request for an extension to the PSSR consultations deadline from Mrs Bedola, Ms Guzeleva advised that:

- A Transformation Design and Operation Working Group meeting is scheduled to discuss the Exposure Draft and the Consultation Paper.
- Any extension provided will be short and should be requested as soon as possible.

## 10. OVERVIEW OF RULE CHANGE PROPOSALS

The Chair noted the paper as read.

## 11. GENERAL BUSINESS

The Chair noted that she will open the next meeting, scheduled for Thursday 15 October 2026, with a short update on the Australian Energy Market Commission.

The meeting closed at 3:00 PM.