GOVERNMENT OF WESTERN AUSTRALIA

Department of Energy and Economic Diversification

Energy Policy WA

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

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| **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 | |

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|---|---|---|
| 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 Synergy directed to sign them.
  - The market is continuously monitored and, while things may change, the current analysis indicates that the PPAs already signed by Government Trading Enterprises (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.**