Meeting Agenda

Meeting Title:	WEM Investment Certainty Review Working Group (WICRWG)
Date:	Thursday 24 September 2026
Time:	9:00 AM – 12:00 PM
Location:	Online via TEAMS

Item	Item	Responsibility	Type	Duration
1	Welcome and Agenda • Conflicts of interest & Competition Law	Chair	Noting	1 min
2	Meeting Apologies/Attendance	Chair	Noting	2 min
3	Eligibility and cost recovery	Robinson Bowmaker Paul (RBP)	Discussion	15 min
4	Interaction with other schemes	RBP	Discussion	15 min
5	Discount factor	RBP	Discussion	15 min
6	Hybrids and firming	RBP	Discussion	20 min
7	Length of Support	RBP	Discussion	15 min
8	Break			5 min
9	Modelling results	RBP	Discussion	90 min
10	Next steps	RBP	Noting	2 min

Please note, this meeting will be recorded.

Competition and Consumer Law Obligations

Members of the MAC's WEM Investment Certainty Review Working Group (**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.

Department of
Energy and Economic Diversification

GOVERNMENT OF WESTERN AUSTRALIA

Renewable Energy Mechanism to provide investment certainty to renewable generation

Wholesale Electricity Market (WEM) Investment Certainty Working Group

24 September 2026

Contents

No.	Item	Duration
1	Welcome and Agenda	1 min
2	Apologies/Attendance	2 min
3	Eligibility and cost recovery	15 min
4	Interaction with other schemes	15 min
5	Discount factor	15 min
6	Length of support	15 min
7	Hybrids and firming	20 min
8	Break	5 min
9	Modelling results	90 min
10	Next steps	5 min

Eligibility and cost recovery

Eligibility revisited (again)

To avoid developers delaying projects in order to qualify, the working group discussed setting a date after which projects reaching final investment decisions (FID) would be eligible for the renewable energy mechanism (REM) support.

FID is not a public milestone, so DEED considers that it will be clearer to use a designated capacity cycle as the eligibility cutoff.

Therefore, to be eligible for payments under the REM, facilities must:

1. Be fuelled by a renewable source, including wind, sun, wave, tides, biogas, biomass, etc.
2. Hold Capacity Credits. This ensures proponents provide security to guarantee project commissioning.
3. Be awarded 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 Reserve Capacity Year.

Cost recovery

The working group discussed options for recovering REM costs, including whether to include or exclude generators from the cost recovery pool.

Including generators would complicate market offer construction and settlement calculations, and would depart from a beneficiary pays principle.

Proposal

- 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.

Interaction with other schemes

Interaction with RECs and REGOs (1)

The working group noted that if the REM commences on 1 October 2030, there will be a 3 month overlap with the Large-scale Renewable Energy Target (LRET) scheme which finishes on 31 December 2030.

The Renewable Energy Guarantee of Origin (REGO) scheme which replaces it will be voluntary, but there is likely to be some demand for renewable certificates.

If LRET and REGO prices are non-zero, generators will have additional revenue over and above Real-Time Market (RTM), Reserve Capacity and REM payments. If this revenue is not counted when setting the target capture prices, REM payments could be higher than necessary. However:

- including them would make the determination process more complex
- REM payments are unlikely to be required in Capacity Year 2030
- REGO calculations would rely on a certificate price forecast for ten to fifteen years in the future

Interaction with RECs and REGOs (2)

Options for discussion:

1. Preferred: Allow REM facilities to create and sell renewable certificates, and ignore certificate revenue in REM calculations.
2. Alternative: Allow REM facilities to create and sell renewable certificates, and account for forecast REC and REGO prices when setting the target renewable capture price.
3. Undesirable: Make REM-eligible facilities ineligible for REGOs, or require renewable certificates to be surrendered or cancelled.

Interaction with the CIS

The working group asked about interaction with the Capacity Investment Scheme (CIS).

CIS Tender 5 selected seven renewable generation projects totalling 1.9 GW. Tender 11 is currently open, seeking another 1.8 GW of generation.

These projects may or may not end up signing an CIS Agreement (CISA). To date, CISAs have not been sufficient on their own to bank a project. These projects are likely to require additional support, in the form of a power purchase agreement (PPA), or to participate in the REM.

If a facility with a CISA also receives REM payments, these will be included in the facility's revenue for the purpose of calculating CIS payments, likely to the point where no Commonwealth funds are payable.

Options for discussion:

- Preferred: Facilities with CISAs are eligible for the REM if commissioned from 1 October 2030.
- Alternative: Facilities with CISAs are ineligible for the REM, regardless of when they are commissioned.

Discount factor

Discount factor (1)

Target capture prices are very sensitive to Weighted Average Cost of Capital (WACC) assumptions. The working group has previously discussed at what level the capture price needs to be set, and the level of return to be guaranteed in order to make a project bankable. The CIS has seen projects unable to complete financing because the CISA results in insufficient return to give confidence to investors.

DEED has discussed appropriate WACC rates with the Clean Energy Finance Corporation (CEFC), the Economic Regulation Authority, and others.

The WACC needs to reflect the risk involved in a project. Some technologies have higher risk than others. A project without a long term contract will require a higher equity:debt ratio than one with a PPA for its entire offtake, and thus require a higher WACC.

Discount factor (2)

Under current proposals, an eligible facility will have a 10-15 year fixed Reserve Capacity Price, and a guaranteed minimum average capture price for the same period. This is a similar level of revenue confidence as is provided by a 10 year PPA.

This means the WACC used in 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 (BRCP), and will need to be a nominal WACC (to account for inflation).

Length of support

The working group discussed how long an eligible facility should receive REM support. Members agreed that a time limit for the REM is needed to set a clear understanding that it is a “transition” support mechanism, not an ongoing one.

Members suggested a maximum of 10 to 15 years, noting that project debt terms can be 15 years or more.

Members noted the importance of evidence of long-term contracted revenue for FID even if it is at a lower price, to ensure that projects meet their revenue requirements over a defined period.

DEED has discussed financing requirements with private lenders and investors including the CEFC. A longer support period would lower the WACC, and therefore the target capture price, but would extend consumers’ exposure and rely on longer cost and price forecasts.

Once a Facility receives support, it is proposed that it would be fixed from its first Capacity Year, and would not be withdrawn, regardless of what happens in subsequent years.

Options for discussion:

- Preferred : length of support - 15 years
- Alternative: length of support - 10 years

Hybrids and firming

Treatment of hybrids (1)

Working group members discussed how hybrid renewable/storage facilities would be treated.

- Most new facilities are expected to comprise collocated renewables and storage. While most charging will occur from onsite renewable generation, storage could also be charged by grid withdrawals, with no guarantee of a renewable source. Including this generation in REM calculations would move away from a focus on renewables.
- While sub-metering data exists, it is not available in normal settlement timelines, and there are regulatory issues using it to settle MWh energy payments. At the same time, adjusting capture price calculations to allocate withdrawals to injections introduces complexity to the settlement process.

Treatment of hybrids (2)

Options to account for a hybrid renewable/storage facility charging x MWh from the grid (i.e. has a metered schedule of -x MWh in a trading interval) include:

- Preferred: Exclude the next x MWh of injected energy from REM calculations. This approach would be simpler than others, but would allow potential for gaming (if the immediately next intervals are higher priced than later intervals)
- Exclude the x MWh of injected energy with the lowest price in the trading day from REM calculations. This would reduce the potential for gaming, but is more complex.
- Assess x MW of injection (either the next x MW or the x MW with the lowest price) at the higher of the actual price and the target capture price. This would allow profits from grid charging to be netted out of REM payments.
- Require facilities to have zero maximum demand (i.e. never withdraw from the grid). This would reduce flexibility for developers.

Incentivising firming

The working group discussed the potential for the REM to incentivise intra-day firming (to move solar energy into the peak period) and/or inter-day firming (to cover multi-day periods of low renewable generation).

An option to incentivise renewable projects 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.

Modelling results

Next steps

Next steps

Market Advisory Committee meetings:

- 15 October: high level proposal

Consultation Paper

Thank you