

## Terms of Reference: Reserve Capacity Mechanism Working Group

### 1. BACKGROUND

The Reserve Capacity Mechanism Working Group (RCMWG) has been established, in accordance with Clause 2.3.17 of the Wholesale Market Rules and the associated Section 9 of the Constitution of the Market Advisory Committee (MAC). Consistent with these authorised functions and powers, the overarching function of *any* Working Group established under the MAC is to assist the MAC in providing advice to the Independent Market Operator (the IMO) and System Management in matters relating to Wholesale Electricity Market (WEM) Rule and Procedure Change Proposals, WEM operation and South West interconnected system (SWIS) operational matters, and the evolution of the Market Rules more generally.

### 2. SCOPE

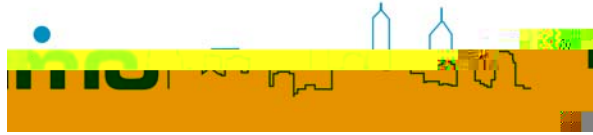
The RCMWG's Scope of Work includes consideration, assessment and development of changes to the Market Rules associated with the issues raised, and recommendations made, by The Lantau Group in its report *Review of RCM: Issues and Recommendations*. This issues list is attached as Appendix 1 to this document.

### 3. TERMS OF REFERENCE

The RCMWG is to:

- Prioritise the issues highlighted in the report by The Lantau Group into an appropriate number of development work streams;
- Agree a work plan and timeline for consideration of each of the work streams; and
- Develop an integrated suite of solutions, including drafted Concept Papers and Rule Change Proposals to be presented to the MAC by way of presentation/s and supporting discussion paper/s.

The Rule Change Proposal(s) must include an assessment prior to any recommendations being put forward to the MAC.



#### **4. OBJECTIVES AND PRINCIPLES**

The RCMWG must provide advice and report the extent to which its advice meets or is consistent with the Wholesale Market Objectives and the general principles reflected in the current Market Rules.

The Market Objectives are as outlined in Section 122 of the Electricity Industry Act 2004 and Clause 1.2.1 of the Market Rules.

#### **5. MEMBERSHIP**

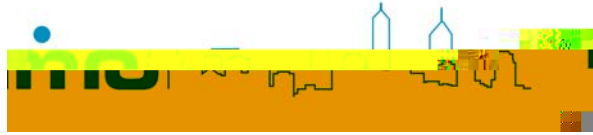
The RCMWG consists of a Chair and members appointed by the IMO from nominees, being representatives of Rule Participants and other interested stakeholders: In addition, staff, representatives and consultants of the IMO work with and support the group. Replacement and or new nominees can be submitted to the MAC for consideration at any time.

#### **6. TENURES**

The Chair and members are appointed by the IMO and remain in tenure until the appointment is duly revoked by the IMO or the RCMWG is disestablished.

A member of the RCMWG may resign by giving notice to the IMO in writing; this notice of resignation can include an appropriate replacement from the member's entity, for approval by the IMO.

#### **7. RESPONSIBILITY OF THE CHAIR**

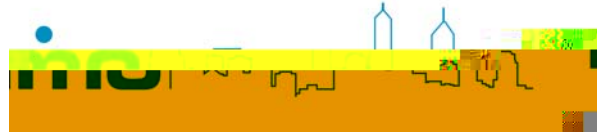


- Members, or their alternates, do not represent their own organisations (although the range of commercial and technical experience inevitably adds diversity to the group's capabilities); and
- Any views expressed by members, or their alternates, are not to be taken as being those of their employer or nominating organisation.

## **9. KEY TASKS AND MILESTONES – THE WORK PLAN**

The Chair works with both the IMO and RCMWG to develop the Work Plan, setting out the key tasks and milestones within the Terms of Reference.

The Chair has responsibility for the implementation of the approved Work Plan, efficientn89 -1.15 TD.0007



## **Appendix 1: Issues/Recommendations to be considered**