



Minutes

Meeting Title:	
Time:	9:35am – 11:10am
Location:	Videoconference (Microsoft Teams)

Attendees	Class	Comment ¹
Sally McMahon	Chair	
Martin Maticka	Australian Energy Market Operator (AEMO)	
Dean Sharafi	AEMO	
Zahra Jabiri	Network Operator	
Genevieve Teo	Synergy	
Paul Key	Small-Use Consumer Representative	

Item	Subject	Action
2	Meeting Apologies/Attendance	
	The Chair noted the attendance as listed above.	
3	Minutes of Meeting 2021_12_14	
	Draft minutes of the MAC meeting held on 14 December 2021 were circulated on 20 December 2021. The MAC accepted the minutes as a true and accurate record of the meeting.	

Item	Subject	Action
	<p>Mr Maticka advised that AEMO has appointed Mike Hales as the new Chair of the APCWG.</p> <p>(b) RCM Review Working Group (RCMRWG)</p> <p>Ms Dora Guzeleva noted that the Reserve Capacity Mechanism Review Working Group that had been established on 2 November 2021, included 15 members and that the two meetings in January and February 2022 had been very effective.</p> <p>Ms Guzeleva advised that Energy Policy WA engaged Robinson Bowmaker Paul to support the RCM Review.</p> <p>Ms Guzeleva emphasised that the intent for the modelling is to test and inform RCM Review decisions and the RCM design and that it is not practical to duplicate the Whole of System Plan within the timeframe of the RCM Review.</p> <p>Mr Richard Bowmaker from RBP presented a summary of the proposed modelling methodology, assumptions and scenarios for the RCM Review. The following key issues were discussed:</p> <p>Mr Bowmaker noted that he would not present the appendices of the presentation, but would be available to answer any questions on those.</p> <p>Mrs Jacinda Papps commented that the RCM should be reviewed in conjunction with the Energy Price Limits because she considered this is important for the overall revenue adequacy for generators. Ms White and Ms Wendy Ng supported Mrs Papps view.</p> <p>Ms White asked how the modelling for the RCM Review will interact with Essential System Services (ESS) price limits that will be assessed as part of the market power mitigation workstream.</p> <p>Ms Guzeleva noted that Energy Policy WA was about to commence its work on the market power mitigation strategy that included a review of the Energy Price Limits. This project will run in parallel with the RCM Review and Energy Policy WA will ensure consistency between the modelling for both reviews. The RCM Review will be one step ahead allowing the modelling from the RCM Review to inform the market power mitigation work.</p>	

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	<p>The Chair noted that she will discuss documenting the interaction between the RCM Review and the market power mitigation work with Ms Guzeleva offline.</p>	
	<p>Mr Dean Sharafi noted that system security issues other than generation adequacy should be addressed through the RCM. Mr Bowmaker noted that different types of system stress will be assessed as part of the RCM Review as per slide 11.</p>	
	<p>Mr Patrick Peak asked whether other financial inputs such as renewable energy certificate costs or government subsidies are considered for the modelling.</p>	
	<p>Mr Bowmaker confirmed that such inputs will be considered.</p>	
	<p>Ms White asked whether regulatory costs such as market fees and network charges are considered in the modelling.</p>	
	<p>Mr Bowmaker confirmed that these costs will be considered under fixed or variable costs.</p>	
	<p>Ms Ng asked how the model will decide what type of plants to build and which plants retire.</p>	
	<p>Mr Bowmaker clarified that the model will assess which of a variety of different technologies is the most likely to enter or exit at each point.</p>	
	<p>Ms Guzeleva noted that, as per the scope of works, the review will not look at particular technologies but at the capabilities of technologies that would be required to fill any potential deficiencies. Therefore, any assumptions about retirement and build decisions will not be based on the technologies but on their capabilities.</p>	
	<p>Mr Peake noted that if revenue is not considered adequate by an investor, plant could be moved to a different location. For example Perth Energy's gas turbines can be moved fairly easy if they are not getting the required revenue.</p>	
	<p>Mr Bowmaker noted that from a modelling perspective such a scenario meant the plant would leave the market.</p>	
	<p>Mrs Papps noted that the certification requirement for Scheduled Generators to demonstrate sufficient fuel contracts and transport arrangements to maintain 14 hours of continuous operation imposes high costs on Market Generators. Mrs Papps considered that it should be assessed whether the 14-hour fuel requirement was still appropriate.</p>	
	<p>Ms Guzeleva noted that the 14-hour fuel requirement will be assessed as part of the development of the method(s) to assign Certified Reserve Capacity (CRC). She also noted that the ideal is to design one method to assign CRC for all technologies.</p>	

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	<p>The Chair asked how the costs of pipeline transport are considered in the model.</p> <p>Mr Bowmaker clarified that the gas prices considered are delivered prices and include the transport costs.</p> <p>The Chair considered that based on the discussion the following issues need to be addressed and documented:</p> <ul style="list-style-type: none"> clarification whether the modelling is based on the current, transitional or future state of the industry; the impact of the RCM Review on Energy Policy WA's market power mitigation work; and whether all relevant causes of system stress are covered by the RCM Review. <p>Ms Guzeleva noted that:</p> <ul style="list-style-type: none"> the modelling will include the current, the transitional and the future state of the industry; the outcome of the modelling for the RCM Review will feed into the market power mitigation work and the modelling will have to commence to inform a more fulsome discussion on how the two projects relate; and the RCM Review will assess the various types of system stress outlined in the scope of works and the presentation. <p>The MAC supported the proposed modelling methodology, assumptions and scenarios for the RCM Review.</p> <p>Action: The Chair and Ms Guzeleva to discuss documenting any interaction between the RCM Review and the market power mitigation work.</p>	<p>Chair and Ms Guzeleva</p>
7	Rule Changes	
	<p>(a) Overview of Rule Change Proposals</p> <p>The paper was taken as read.</p>	
8	<p>Revised Schedule of MAC Meetings for 2022</p> <p>The MAC approved the revised meeting schedule.</p>	
11	<p>General Business</p> <p>Mr Maticka advised that AEMO published the revised timeline for the 2022 Reserve Capacity Cycle and thanked stakeholders who made a submission during the related consultation.</p> <p>The Chair agreed to provide her email address to members and encouraged members to include her in relevant email correspondence with the MAC Secretariat. (Members, please note that the Chair e-mail address is included in the invites for the MAC meetings and published on EPWA's website as part of the MAC membership list here: https://www.wa.gov.au/government/document-collections/market-advisory-committee)</p>	

