

MINUTES

MEETING: WA Electricity Consultative Forum (WAECF)
 DATE: Wednesday, 24 June 2020
 TIME: 1:00 PM (AWST)
 LOCATION: Microsoft Teams
 CONTACT: WAelectricityforum@aemo.com.au

ATTENDEES:

NAME	COMPANY
Martin Maticka (Chair)	AEMO
Laura Tomkins (Secretariat)	AEMO
Colin Sadlier	AGIG
Jeffrey Ey	Alinta
Audelle Hong	Alinta
Tim McLeod	Amanda Energy
Stuart Dodds	APA Group
Naomi Donohue	APA Group
Michael Puls	APA Group
Graham Pearson	Australian Energy Council
Scott Davis	BHP
Dimitri Lorenzo	Bluewater
Louise Thomas	CCIWA
Terry Linto	Cockburn Cement
Fan Zhang	Collgar Wind Farm
Frederic Drouin	E2S
Todd Gordon	EDL
Mark de Laeter	EMCA
Lee Holmes	Energy Australia
Duncan Mackinnon	Energy Council
Graham Pearson	Energy Council
William Street	Entego
Keelie Hoskin	EPWA
Aditi Varma	EPWA
Rachelle Gill	EPWA
Irina Stankov	ERA
Erdem Oz	ERA
Sara O'Connor	ERA
Rajat Sarawat	ERA
Elizabeth Walters	ERA
Shibli Khan	ERA
Natalie Robins	ERA
Manuel Arapis	ERA
Rojan Pandey	HFM Asset Management
Iulian Sirbu	Infinite Energy
Taron Brearley	Jtsi
Bobby Ditric	Lantau Group
Timothy Edwards	Metro Power Company
Sarah Rankin	Moonies Hill Energy

Elizabeth Aitken	Perth Energy
Craig Beasland	Perth Energy
Stephen Eliot	RCP
Laura Koziol	RCP
Aakash Sembey	Simply Energy
Melanie Brown	Synergy
Angelina Cox	Synergy
Jason Waters	Synergy
K Franklyn	Tersum
Rodney Littlejohn	Tersum
Mark Keogh	Uon
Peter Huxtable	Water Corporation
Lekshmi Jayamohan	Western Power
Dean Frost	Western Power
Clare Walker	Western Power
T Deveugle-Frink	Western Power
Daniel Cassidy	Western Power
Andrew Walker	Western Power
Gavin White	
Penny Ling	
Aiko Ueno	
Cathy Frost	
Cameron Parrotte	AEMO
Neetika Kapani	AEMO
Grace Liu	AEMO
Magnus	AEMO
Joachim Tan	AEMO
James Harris	AEMO
Tom Butler	AEMO
Greg Ruthven	AEMO
Katelyn Rigden	AEMO
Sangita Bista	AEMO
Mike Hales	AEMO
Winston Cheng	AEMO
Paula Welke	AEMO
Roy Kaplan	AEMO
Simon Middleton	AEMO
Kang Chew	AEMO
Linda Worthington	AEMO
Eddy Etyngold	AEMO
Teresa Smit	AEMO
Nicole Markham	AEMO
Mark Katsikandarakis	AEMO
Emily Ho	AEMO
James Harris	AEMO
Adrian Grantham	AEMO
Hua Min Situ	AEMO
Andrew Turley	AEMO

1. Welcome and Previous meeting minutes

Martin Maticka (AEMO) opened the meeting at 1:02 pm, welcomed attendees to WAECF No.26

The minutes from the previous WAECF (15 April 2020) were endorsed. AEMO to publish the minutes as final on the website (Action Item 1.1).

2. 2020 WEM Electricity Statement of Opportunities (ESOO)

Grace Liu, Joachim Tan and Adrian Grantham (AEMO) presented an overview of the 2019-20 summer peak demand and a summary of key findings of the 2020 WEM ESOO, including:

- The Reserve Capacity Requirement determination for the 2022-23 Capacity Year, which is 4,421 MW.
- Sufficient capacity is expected to be available to meet forecast demand over the outlook period 2020-21 to 2029-30 Capacity Years despite the staged retirement of Muja C two units.
- The Demand Side Management Reserve Capacity Price for the 2020-21 Capacity Year is \$16,730 per MW.
- For DER, PV capacity is expected to grow from 1,481 MW to 2,612 MW, reducing grid electricity consumption, while EV vehicles is expected to grow from 1,022 to 99,125 vehicles by 2029-30, offsetting a portion of this reduction by about 515 GWh.
- Due to continued growth in PV, Operational Sent Out is expected to fall about -0.4% p.a. compounded from 17,907.22 to 16,964.43 GWh by 2029-30.
- The 10% POE peak demand forecasts slowly decreases over time for the Low and Expected scenarios but slowly increase over time for the High scenario.
- The differences between the scenarios is explained by the interactions between the consumption and DER forecasts.

Reserve Capacity Mechanism (RCM) Updates:

Process Update

Neetika Kapani (AEMO) provided an update on Reserve Capacity activities including:

- Following an action item, AEMO is looking into ways of making the Forecasting Reference Group (FRG) more WA focused. More information will be provided to WEM participants in the coming weeks.
- The application window for Certified Reserve Capacity (CRC) for the 2022-23 capacity year has been extended. The deadline for submissions is 1 September 2020. A CRC workshop is being planned for August.
- Market Procedures:
 - Certified Reserve Capacity Market Procedure became effective on 13 June 2020. Participants are encouraged to take note of the changes in the procedure if applying for CRC.
 - Reserve Capacity (RC) Security Market Procedure – submissions closed on 16 June 2020 and are currently undergoing final approval. This will be effective from 1 July 2020 in compliance with WEM rules.

- RC Testing Market Procedure closed on 17 June 2020. All participant feedback is being considered. Procedure will be effective from end of July. On that note, the winter RC testing process is underway and Participants are encouraged to self-test by 3 July post which AEMO will commence scheduling formal RC tests.
- A New Facility Factsheet has been published on [AEMO's website](#). This document provided a high-level overview of the processes required for a new generation Facility to participate in the RCM
- Anyone interested in keeping up-to-date on Reserve Capacity updates, please subscribe to the 'Reserve Capacity Mechanism WA Publication Alerts' mailing list, by clicking the link [here](#)

RC Pricing Project Update

Katelyn Rigden (AEMO) provided an update on the RC Pricing Project and noted the following:

- Currently focused on Phase one which needs to be in place for the 2020 Reserve Capacity Cycle and includes changes to: Trade Declaration, DSM Security, Reserve Capacity Pricing formula and the process of assigning Capacity Credits. Targeting a market trial release in early September and into production by late September in preparation for the 19 October deadline when AEMO will assign Certified Reserve Capacity for the 2020 cycle.
- Phase two is focused on changes AEMO required by the start of the 2021-22 Capacity Year. This includes changes to Capacity Credit Allocation, Settlements and RC testing. Targeting April 2021 for completion.

** Fan Zhang (Collgar) asked: "There was a consultation paper by the ERA in 2019 proposing changes to the mechanism to allocate capacity credits to intermittent generators. We were told that proposal was going to be turned into a rule change proposal soon after but until now nothing has happened. Can you please provide an update on this?"*

Martin Maticka (AEMO) has forwarded the query to the ERA to action.

3. AEMO COVID-19 Update

Teresa Smit and Mark Katsikandarakis (AEMO) provided some insights on the effects of Covid-19, including:

- Operational impact on the Power System:
 - Changes in demand as a result of unseasonal weather, were significantly more pronounced than any Covid-19 impacts.
- Activities taken to manage the risk:
 - Key focus is ensuring the ability of critical operational staff to continue performing their function
 - Overview of ongoing industry engagement
 - Perth staff are now returning to the office on a limited roster
- Impact on the balancing market:
 - Changes in demand as a result of unseasonal weather were significantly more pronounced than any Covid-19 impacts
 - Changes in availability were the most significant drivers for price changes.
- Markets response – Prudentials:

- AEMO was concerned retailers would experience reduced revenue which could increase the likelihood of a default event occurring in the WEM, and has therefore implemented:
 - Increased analysis of consumption and price monitoring including weekly SWIS Weekly Lookahead meetings
 - Enhanced Prudential Monitoring including more regular Credit Limit Reviews
 - Internally reviewed default event, short payment, default levy and suspension processes

4. AEMO Operational and Project Updates

4.1. AEMO Allowable Revenue and Forecast CAPEX Update

Cameron Parrotte (AEMO) provided an update on how AEMO is tracking against its AR5 approved Allowable Revenue and Capital Expenditure. Cameron discussed the AR5 Expenditure Forecast, including:

- AEMO is forecasting to come marginally under the ERA approved allowable revenue and fees.
- For CAPEX, an overspend of 4.9% will occur for AEMO committed projects, majority of this is due to AR4 expenditure that flowed into AR5 due to a few key projects completed later than forecast.
- An in-period submission is forecasted to be undertaken to cover the significant capex costs due to the addition of a function to support delivery of the WA State Government's DER Roadmap.
- AEMO will continue to review Capital Expenditure to determine if a further in-period submission is required, noting there were a number of items not approved by the ERA in AR5 due to greater substantiation required at that time.
- Further detail by projects can be found in the appendix of this presentation on AEMO's [website](#).

4.2. AEMO Project Status Update

James Harris (AEMO) presented a status update on the following current AEMO projects:

- WEM Reform (Foundation Reg Frameworks)
- POMAX Metering Upgrade - Upgrade metering system
- PASA Process Improvement – SMST
- STEM Fortran Replacement
- Settlements Enhancements
- System Management System Transition

4.3. Reduction of Prudential Exposure (RoPE) Update

Mike Hales (AEMO) provided an update on the RoPE Project. The RoPE Project is delivering a more accurate Outstanding Amount based on daily estimated settlements. The project is in final stage with the upcoming activities:

- Four week “parallel testing” period for Market Participants to review the results of the calculation in the WEMS Production environment. Beginning 3 July 2020.
- Market Procedure consultation to close 15 July 2020.
- Market Procedure and Prudential application to “go-live” targeted for 1 August 2020 but pending the results of the trial and procedure consultation.

4.4. Distributed Energy Resources (DER) Roadmap Update

Tom Butler (AEMO) provided an update on the DER roadmap and noted:

- Consultation is taking place with Western Power, ETIU and Synergy to identify the scope of work to deliver each action item in the roadmap.
- There are three main workstreams currently being looked at:
 - Technology and Integration
 - This workstream will ensure the secure and reliable operation of the system. Work is being undertaken into looking at what changes need to be made to accommodate DER and AEMO is working with Western Power to refine these elements.
 - Another component is the implementation of the DER register – working with Western Power to design the implementation model and data being collected. Also working alongside ETIU and the Building and Energy department, who will be collecting information from contractors who represent the DER installed and operational in the SWIS
 - The next piece of work is a combination of two significant projects, one being a trial project, testing the capability of orchestrating the DER. This project is a collaboration between Western Power, Synergy and AEMO to build out capability that would inform how DER orchestration will be implemented in the WEM. In parallel to this project is the regulatory and market design component around what regulatory changes and changes to the market are required to achieve orchestration of DER. There is a “go-live” of July 2023 as articulated in the Roadmap.
 - There is work in progress looking at internal planning required to be able to deliver the project on schedule.

4.5. Update on Annual Reviews: Margin Values & Cost_LR and Energy Price Limits

Mark Katsikandarakis (AEMO) provided an update on two of the annual reviews AEMO is accountable for undertaking:

- **Margin Values and Cost_LR**
 - These are administrative pricing parameters that are used in the settlement of Ancillary Services in the WEM. AEMO must submit a proposal for these values to the ERA by 30 November and the ERA must make a determination.
 - AEMO had commenced its review of the Margin Values and Cost_LR parameters to apply for 2021-22. AEMO has reviewed the methodology and assumptions used in the review of the 2020-21 parameters to make an assessment of their suitability in respect of the 2021-22 parameters. As a result of this review, AEMO will propose that the 2020-21 Margin Values and Cost_LR value are retained and apply for 2021-22. This proposal in line with the letter correspondence between AEMO and ERA in April/May 2020.

- AEMO will submit this proposal to the ERA by 30 June 2020 and will update this proposal by 30 November 2020 if more accurate information on System Restart contracts arises.
 - AEMO believes this is a pragmatic solution in terms of cost and benefits in delivering the proposal to the ERA but also gives due consideration to the requirements under the rules.
 - Traditionally, AEMO consults on the methodology and assumptions but as there are no changes to the methodology and assumptions from the 2020-21 review AEMO has not undertaken a consultation. However, AEMO notes that the ERA must undertake a public consultation on AEMO's proposal under the WEM Rules
- **Energy Price Limits**
 - AEMO has commenced its review of the Energy Price Limits for 2020-21 in February 2020. Marsden Jacob were engaged to undertake the review and prepared a draft report proposing revised Energy Price Limits for 2020-21.
 - AEMO published a draft report on 9 April 2020 for a public consultation period that was scheduled to close on 21 May 2020. The proposed price limits were an Alternative Maximum STEM Price of \$576.75 and a Maximum STEM Price of \$244.36.
 - In March 2020 Marsden Jacob undertook further analysis and modelling to consider the impacts of COVID-19 in relation to fuel prices. Marsden Jacob prepared a revised draft report proposing an updated Alternative Maximum STEM Price of \$379.76 driven by changes to diesel prices. There were no changes to the Maximum STEM Price. AEMO published the revised draft report on 21 May 2020 and extended the public consultation period by 3 weeks to Friday 12 June 2020.
 - AEMO received 3 submissions. In general, the submissions recommended that AEMO uses the weighted average contract price published by the Department of Mines, Industry Regulation and Safety in the Maximum STEM Price. AEMO is currently assessing the submissions, however initial indications are that adopting the recommended gas price would increase the Maximum STEM Price by approximately \$20.
 - AEMO advised that the Maximum STEM Price from 2019-20 will continue to apply in July 2020 and that the Alternative Maximum STEM Price will have a monthly adjustment as normal. Please see operational communications.

5. Stakeholder Updates

5.1. Energy Transformation Implementation Unit (ETIU) - Energy Transformation Strategy (ETS) high level update

Aden Barker (ETIU) provided an update on ETS activities including:

- **DER Roadmap** – consultation on amendment to rule 1.20 regarding AEMO cost-recovery with respect to the implementation of the DER Roadmap reforms being undertaken under the Energy Transformation Strategy took place through May (now closed). The Taskforce has considered the submissions to that process and a paper summarising stakeholder feedback will soon be released publicly. In terms of the proposed rule change, the Taskforce determined the rule be progressed as proposed. Advice has subsequently been provided to the Minister for Energy and the rule change is to be gazetted next Tuesday (29 June) and come into effect on 1 July 2020. In relation to other activities, there is an open consultation process until 26 June 2020 in relation

to some DER-related matters contained within the Electricity Network Access Code. Aden encouraged stakeholders to get their submissions in within the next couple of days.

- **Whole of System Plan (WoSP)** – Completed the first round of modelling on the least-cost expansion model, dispatch modelling, plus the commercial assessment (which provides analysis as to whether or not the output of the modelling results make sense from a commercial standpoint – i.e. whether a Market Participant would remain in the market). ETIU plan to give a presentation to interested parties towards the end of July, with a view to advice being provided to the Minister for Energy towards the end of August on the WoSP.
- **Foundation Regulatory Frameworks**
 - The last Transformation Design and Operation Working Group (TDOWG) focused on the new chapter 3A of the WEM Rules. There was a lot of discussion around the individual components of the new chapter which is focused on the compliance and soft monitoring framework for the new generator performance standards to be implemented through the WEM Rules. The outcomes of the session were relatively minor changes. ETIU will be consulting with industry on these in mid-July. A paper went to the Taskforce last Friday outlining the discussion at TDOWG. Revised rules will be realised over the next week or so. The related new Appendix 12 of the WEM Rules (which holds the new generator performance standards themselves) will be released for consultation towards end of July/early-August.
 - Other rule development activities: A major package of Amending Rules is to be released in early July relating to the new Essential Services Framework, how Essential Services will be scheduled and dispatched alongside energy with which it will be co-optimised, parts of frequency operating standards and operating states framework, and compliance and monitoring matters. Multiple TDOWG sessions will be held throughout July to discuss the draft Amending Rules. Dates will be announced shortly. In addition to consultation on the new Amending Rules package, a specific meeting to discuss:
 - changes made to 3A and where the new generator performance standards as part of Appendix 12 may deviate slightly from generator performance guidelines that were previously released by Western Power and AEMO; and
 - more detail regarding the CRC accreditation under the new network access quantities for the RCM. Plus, three specific TDOWGs to discuss the amending rules.

**Greg Ruthven from AEMO noted in the chat function “that AEMO will also publish its new DER Register Information Procedure on 1 July as required by the new rules.”*

- The next WEM Reform Implementation Group (WRIG) meeting is scheduled for 9 July 2020, where Western Power will talk through its own implementation plan and how it will fit in with the Joint Implementation Plan being developed with industry. More information will also be provided on the new procedures to be developed to implement the new market arrangements and how their development has been prioritised.

5.2. Rule Change update

RC_2014_03 Administrative Improvements to Outage Process:

- The intent was to publish a Draft Rule Change Report by 30 June 2020, which is the deadline for publication of the report, but this has been delayed by AEMO resourcing issues. The Rule Change Panel will publish and Extension Notice for this proposal before 30 June 2020.

RC_2017_02 Implementation of a 30-Minute Balancing Gate Closure:

- The Draft Rule Change Report was published on 18 May 2020, an Addendum to the Draft Rule Change Report was published on 12 June 2020, and submissions on the Draft Rule Change report closed on 23 June 2020.
- The Final Rule Change Report is due by 21 July 2020.

RC_2018_05 ERA Access to market information and SRMC investigation process:

- The Minister approved the Amending Rules in a revised Final Rule Change Report on 7 April 2020. The Amending Rules will commence on 21 July 2020.

RC_2019_01: The Relevant Demand calculation:

- A Market Advisory Committee (MAC) workshop is scheduled for 20 July 2020 to discuss design elements and Amending Rules for the proposal. A discussion paper will be circulated at least 1 week prior to the workshop. Please contact RCP Support if you would like to attend.

RC_2019_04 Administrative Improvements to Settlement:

- A Final Rule Change Report was published on 20 May 2020, the Minister approved the Amending Rules on 17 June 2020, and the Amending Rules are set to commence on 2 July 2020.

RC_2019_05 Amending the Minimum STEM Price definition and determination:

- A Draft Rule Change Report was published on 13 March 2020 and submissions closed on 30 April 2020.
- A Call for Further Submissions was published on 2 June 2020 and submissions closed on 16 June 2020.
- A Final Rule Change Report is due by 31 July 2020.

RC_2020_03 Estimates for GIA facilities:

- A Final Rule Change Report was published on 23 June 2020 and the Amending Rules commenced on 24 June 2020.

Other Rule Change Panel-related matters:

- AEMO raised an issue relating to Balancing Facility Loss Factor Adjustment at the MAC meeting on 16 June 2020.

- The MAC agreed that the issue is a manifest error and recommended that a Rule Change Proposal should be developed and progressed using the Fast Track Rule Change Process.
- The Rule Change Panel has subsequently agreed that the issue is a manifest error and has approved RCP Support developing a Rule Change Proposal to be progressed using the Fast Track Rule Change Process. The Panel gave the issue a 'Medium' urgency rating, so RCP Support will turn to developing the Rule Change Proposal once resources are available after progressing other more urgent proposals.
- The next MAC meeting is scheduled for 28 July 2020. All MAC meetings will be held online until further notice.

6. Other Business

Mark Katsikandarakis (AEMO) provided an update on the STEM Delay and Rule Change RC_2019_04:

STEM Delay

- For 25 minutes on the 27 May 2020 the WEMS Market Participant interface was unavailable for participants to participate in the market.
- This was due to an underlying issue with the infrastructure, causing the service to become unresponsive, which was resolved by restarting the service.
- This incident resulted in a delay of the STEM for Trade Date 28 May 2020.
- As per agreement with participants on operational approach, AEMO ran the STEM with full 2-hour delay.
- If participants have any feedback on this matter, please contact the WA Market Operations team on wa.operations@aemo.com.au

RC_2019_04

- The Minister approved the Amending Rules for the Administrative Improvements to Settlement Rule Change (RC_2019_04) on 17 June 2020 and these rules will commence at 8:00 AM on Thursday 2 July 2020.
- The changes in RC_2019_04 include improvements to settlement processes performed by AEMO designed to ensure accurate settlements in the WEM and assist Market Participant. This includes changes to the Notice of Disagreement processes and timelines.
- AEMO has prepared a fact sheet with a short summary of the changes and operational impacts for Market Participants as well as an updated Settlement Cycle Timeline that will be circulated via Market Message this week.
- If participants have any feedback on this matter, please contact the WA Market Operations team on wa.operations@aemo.com.au

Cameron Parrotte (AEMO) informed stakeholders that the investigation report detailing the Under-Frequency Load Shedding event that occurred on 10 January will be published tomorrow and will be available on [AEMO's website and also provided an overview of the report's findings](#).

7. Next Meeting

Martin Maticka (AEMO) outlined dates for upcoming forums. The next WAECF meeting is scheduled for 12 August 2020. The meeting was closed at 2:55 pm.

