GOVERNMENT OF WESTERN AUSTRALIA

Department of **Energy and Economic Diversification**

Energy Policy WA

Market Advisory Committee (MAC) Minutes

Date:	15 October 2026
Time:	1:30 PM – 3:30 PM
Location:	Microsoft Teams

Attendees	Company	Comment
Sally McMahon	Independent Chair (Chair)	
Amy Tait	Australian Energy Market Operator (AEMO)	
Martin Maticka	AEMO	
Mark McKinnon	Network Operator	Proxy for Matthew Veryard
Rhiannon Bedola	Synergy	
Luke Skinner	Small-Use Consumers	
Rajat Sarawat	Observer appointed by the Economic Regulation Authority (ERA)	
Noel Ryan	Observer appointed by the Minister	
Katrina Burns	Market Participant	
Adam Stephen	Market Participant	
Paul Arias	Market Participant	
Ben Tan	Market Participant	
Jake Flynn	Market Participant	
Geoff Gaston	Market Participant	
Patrick Peake	Market Participant	
Graeme Ross	Contestable Customer	
Peter Huxtable	Contestable Customer	
Other attendees	**From**	**Comment**
Catlianna Evans	Robinson Bowmaker Paul	Presenter for Item 7
Dora Guzeleva	Energy Policy WA (EPWA)	MAC Secretariat
Laura Koziol	EPWA	MAC Secretariat
Shelley Worthington	EPWA	MAC Secretariat
Apologies	**From**	**Comment**
Matthew Veryard	Network Operator	
Noel Schubert	Small-Use Consumers	

Tom Frood	Market Participant	
Lizzie O'Brien	Market Participant	

1. WELCOME

The Chair opened the meeting with an Acknowledgement of Country and welcomed members. The Chair noted that she had no new conflicts to declare and noted that:

- The MAC's advice to the Coordinator of Energy does not necessarily reflect the Chair's views.
- MAC members are to participate in the interests of the stakeholder group they represent and the MAC operates for the good of the State Electricity Objective.
- The Competition and Consumer Law obligations of MAC members apply, and she invited members to bring to her attention any issues that may arise.

2. MEETING APOLOGIES AND ATTENDANCE

The Chair noted the meeting attendance as listed above.

3. MINUTES OF MEETING 2026_09_03

The 3 September meeting minutes were approved out of session.

4. ACTION ITEMS

The Chair summarised the Action Items as provided in the paper.

5. 2027 MAC MEETING SCHEDULE

The Chair presented the 2027 MAC meeting schedule and noted that:

- the 16 December 2027 meeting date was necessary to spread the MAC meetings; and
- MAC members agree to nominate in-person meeting dates at the first 2027 MAC meeting.

The Chair noted that the schedule was approved.

Action Item: Members to nominate in-person meeting dates at the 11 February 2027 meeting

6. AUSTRALIAN ENERGY MARKET COMMISSION UPDATE (AEMC)

The Chair listed several recent areas of work undertaken by the AEMC and on request from MAC members provided a high-level overview of those outlined below:

- The review of the Integrated System Plan
- Gas Networks in Transition Rule Change Process
- The Security Enhancements Review
- The Distribution Planning Review
    - replaces the existing distribution annual planning report with a new longer-term (20 year) Distribution Network Development Plan; and

  - implements a new framework for distribution network data reporting, introducing a common approach to reporting.
- Facilitating Electric Vehicle (EV) charging infrastructure, including three Rule Change Proposals:
  - Rule Change Proposal 1. Facilitating EV charging infrastructure rollout under Commonwealth grants, to improve access to EV charging infrastructure in regional blackspots and high-density metropolitan areas and facilitate charge point operators installing EV charging infrastructure.
  - Rule Change Proposal 2. Enabling distribution network service providers (DNSPs) led electric vehicle charging infrastructure, to enable DNSPs to provide EV charging infrastructure as a regulated service with costs recovered from electricity consumers.
  - Rule Change Proposal 3. Clarifying distribution ringfencing in emerging energy markets, to strengthen the ring-fencing framework that applies to distribution services by moving it from an AER guideline to the National Electricity Rules (NER) and adding additional protections.
- Electricity Network Regulation Review
  - is of two parts, and is focused on whether the current service classification and ring-fencing framework in the NER continues to promote the long-term interests of consumers:
    - Part 1: will address key questions around what services network operators should provide and what should be regulated and includes consideration of whether EV charging infrastructure should be considered a regulated network service because of its potential monopoly characteristics.
    - Part 2: will address key questions around how the economic regulation framework can support consumer outcomes through efficient processes, risk allocation and compensation arrangements.
      - although Western Power operates under a different legal model, similar modifications or refinements could be relevant to Western Australia.
- Annual price trends report
  - provides a 10-year outlook of residential electricity prices and total energy costs as a whole and by each jurisdiction in the National Electricity Market (NEM) and includes sensitivity analysis (e.g. poor uptake of renewables versus faster rollout of EVs) and analysis of the energy cost stack.
    - work on this has only recently commenced and further updates can be provided as work progresses.
- Data Centre Work Program
  - how data centres can meet their demand by investing in renewable generation and firming, and by providing demand flexibility, with the following four key recommendations made to the Energy and Climate Change Ministerial Council:

1. Drive new renewable investment through the Renewable Electricity Guarantee of Origin scheme by mandating data centres to offset consumption using certificates provided by new renewable generation.
2. Introduce a data centre contract obligation to mandate contracting for firming capacity.
3. Introduce market registration requirements for data centres (or inverter-based loads) to improve visibility, enable voluntary market participation, and provide a regulatory hook to mandate contracting for firming.
4. Support demand flexibility and co-location with generation through connection arrangements.

- Other work relating to data centres includes:
  - the NEM access standards – Package 2
    - to improve the regulatory framework for applying access standards and introduce new access standards for data centres or large inverter-based loads (LIBLs) when they connect to the system.
  - improving operational integration and visibility of LIBLs by establishing registration requirements; and
  - cost recovery for network augmentation
    - to ensure that costs imposed on networks when data centres connect are recovered from data centres and do not impose costs on other consumers.

7. UPDATE ON WORKING GROUPS

(a) AEMO Procedure Change Working Group

The Chair noted the updates as provided in the paper.

- Ms Tait noted that a Procedure Change Working Group meeting has been scheduled for Monday 26 October to discuss commissioning tests and dispatch algorithm formulation.

(b) AEMO Major Projects Working Group

The Chair noted the updates as provided in the paper.

(c) Update on the Power System Security and Reliability (PSSR) Standards Review

The Chair noted the updates as provided in the paper.

- Ms Guzeleva provided an update on current work being undertaken by the Department of Energy and Economic Diversification, in consultation with AEMO and Western Power, as part of its broader policy work on large loads, including data centres. This work includes:
  - Addressing large load visibility and operational requirement issues identified through the Operational Forecasting Review.
  - Developing technical requirements and performance standards for large loads, including data centres, in the South West Interconnected System (SWIS).

- Ms Guzeleva noted that the AEMC's current work regarding data centres is providing insights that may help inform an appropriate framework for the SWIS.

(d) WEM Investment Certainty (WIC) Review Working Group

Ms Guzeleva noted that the paper was taken as read and that discussion would focus on each proposal. She presented slide 6.

- Mr Huxtable noted that:
  - Several large Loads, including those of the Water Corporation, hold power purchase agreements (PPA) for renewable generation, not just one.
  - He did not agree with the proposal to consider exemptions from cost recovery for some large Loads, but not for a Government Trading Enterprise (GTE) PPAs.
  - He did not consider that a GTE Market Participant should be treated differently from any other Market Participant.
  - The Water Corporation was not directed to sign its PPAs, contrary to the 20 August 2026 Working Group minutes.

Ms Guzeleva responded that:

- The Working Group concluded that any exemption from cost recovery should apply only to renewable energy contracted by large Loads under a PPA, and not a GTE PPA.
- Excluding any Load, particularly within a vertically integrated entity, would be extremely complex and may not be practical.
- Any reference to a Government direction applies to Synergy. The minutes will be corrected to state that the Water Corporation was not directed to sign a PPA.

Ms Guzeleva noted that the definition of eligible renewable sources must not exclude future technologies, and would focus on the distinction between time limited renewable energy, such as solar, and energy limited renewable energy, such as wind, wave and tidal.

- Mr Gaston asked why existing renewable facilities would not be eligible. He noted that they will also be exposed to falling prices and unable to recover their costs. He disagreed that existing renewable facilities with PPAs would have an advantage as the PPAs will likely be subject to change in law provisions.
- Mr Peake agreed with Mr Gaston's concerns that the Renewable Energy Mechanism (REM) could erode the business case for existing generation facilities. He considered that facilities receiving REM payments will be shielded and have an incentive to run even if prices collapse, and that this should be modelled and taken into consideration.
- Mr Skinner noted that:
  - the REM is an interim solution to solve a current problem and not a possible future problem for existing facilities;
  - the objective was to ensure new renewable generation have sufficient certainty to incentivise the needed additional capacity, not to ensure future revenue for existing facilities; and
  - consumers should not pay for investment decisions already made.

Ms Guzeleva noted that:

- Existing renewable Facilities sit within vertically integrated entities or hold PPAs that underpin their revenue.
- Topping up existing facilities would add complexity as it would require understanding of all PPAs to avoid double payment.
- It is not appropriate for all consumers to support existing Facilities that have already made their investment decision underpinned by a PPA or within a vertically integrated entity.
    - Mr Gaston expressed concern that the REM would lock in minimum market prices and result in an unsustainable delivered cost of energy for 15 years.

Ms Guzeleva clarified that the REM does not set a floor price for the market, and that:

- New renewable generators are the target of the REM as they have close to $0 marginal cost.
- A supported facility receives a top-up only when the price it earns falls below its target capture price.
- Market prices can still fall to $0, and negative prices are treated as $0 in calculating top-ups.
    - Mr Peake added that existing wind farms would struggle to recover their capital costs if low prices persisted while they competed against REM facilities.

Ms Guzeleva responded that:

- Almost no renewable generator has entered the market without a PPA and those PPAs are either a result of a Government direction (as is the case with Synergy); previous PPA with a GTE, or under a transfer arrangement within a vertically integrated entity, which is the same as a PPA.
- The REM addresses the problem that new renewable generators are not committing without support, even with the Commonwealth Capacity Investment Scheme (CIS).
- Renewable generators are not entering without support was discussed at the first two Working Group meetings.
    - Mrs Bedola noted that from a simplistic view, the REM is intended to work like the CIS, but allowing projects to reach final investment decision (FID) and providing certainty.

Ms Guzeleva agreed that this was the fundamental point, and noted that:

- Customers are concerned about ever increasing prices driven by higher coal and gas prices and transmission costs, and without new renewable energy projects prices will continue to rise. Net zero aside, energy prices cannot continue to increase, as this is unsustainable.
- The National Electricity Market (NEM) is implementing the Electricity Services Entry Mechanism (ESEM), with a tender in the last quarter of 2027, to bring in more renewable generation in the NEM.

Action Item: Ms Guzeleva and Mr Gaston to discuss Mr Gaston's concerns about how the REM would operate offline

Responding to Mr Stephen, Ms Guzeleva clarified that all injecting facilities will be excluded. Cost recovery applies only to withdrawals, including withdrawals by storage.

Ms Guzeleva presented slide 9.

- Mrs Bedola considered that certificate revenue should be accounted for if it becomes material or certificates become mandatory.
- Mr Huxtable agreed, noting that a policy change could otherwise deliver windfall gains to supported developers.
- Mr Skinner noted that the Working Group had agreed to revisit the approach if the Commonwealth changes its policy or makes any new scheme mandatory, including the Renewable Electricity Guarantee of Origin (REGO) certificates.

Ms Guzeleva agreed that the approach will need to be revisited if REGOs are made mandatory, noting that commitments already made to generators supported by the REM could not be changed, and that this will be addressed in the Consultation Paper.

- Mrs Bedola was concerned that a project holding a CIS Agreement could earn above its CIS revenue threshold with REM top-ups, so that WA customers would in effect fund repayments to the Commonwealth.
- Mr Skinner considered that this could be avoided by keeping target capture prices below CIS revenue thresholds.

Ms Guzeleva responded that the CIS payments would account for other government support, meaning that WA (rather than the Commonwealth) would bear the cost of the top-ups, and that whether this occurs depends on where a project's revenue cap sits. She considered it unlikely, as proponents are expected to bid high revenue caps, and offered to work through an example with Mrs Bedola.

Ms Guzeleva presented slide 13.

Responding to Mr Stephen, Ms Guzeleva advised that the target capture price will require some indexation, which will be addressed in the Consultation Paper.

Responding to Mrs Bedola, Ms Guzeleva clarified that REM facilities would receive a fixed Reserve Capacity Price irrespective of excess capacity and that they would automatically receive a fixed Reserve Capacity Price.

Ms Guzeleva presented slide 16.

- Mrs Bedola noted that the treatment of hybrid facilities would need to be assessed for gaming opportunities.
- Mr Huxtable questioned the option to incentivise firmed energy in the evening peak, considering it complex and something the market should already incentivise.

Ms Guzeleva responded that the withdrawn quantity is excluded from the facility's next injection regardless of price or timing and that top-ups are based on a rolling average. She noted that any examples of perverse incentives would be considered.

Ms Guzeleva presented slides 18 to 22.

Ms Guzeleva emphasised that the results are preliminary and that the scenarios are to contrast and compare, but there was still some way to go, including to develop a trajectory to net zero by 2050.

- Mr Gaston noted the large price difference between the 100% and 107.5% scenarios.

Ms Guzeleva noted that the modelling is still being refined, and that the results shown were the latest of numerous runs with different assumptions.

- Mrs Bedola noted that the additional Capacity Credits would require around three times as much installed renewable capacity.

Ms Guzeleva confirmed that the generic build in later years is a third each of wind, solar and storage, and that the Reserve Capacity Price falls with oversupply and is based on this year's certification results under the new Relevant Level Method.

Responding to Mr Arias, Ms Guzeleva clarified that for all scenarios all coal is assumed to retire by 2031. She noted that, while this might not eventuate, assumptions had to be made. She added that the new gas projects in all scenarios were assessed as viable.

Responding to Mr Flynn, Ms Guzeleva advised that the modelling includes capacity factors, which change from year to year with network constraints.

Ms Guzeleva noted that that modelling slides have not been released because of the preliminary nature of the modelling but that the different scenarios provide a good representation of overbuild for discussion purposes. She added that the modelling work is still ongoing, and the intent was to include either a percentage of renewables or emissions reduction target for the Consultation Paper.

Responding to Mrs Bedola, Ms Guzeleva advised that payments in dollars per MWh will be presented with the final results included in the Consultation Paper.

- Mr Peake asked whether the target capture price would reflect falling capacity factors, noting that investors would bear that risk, which could be significant in the 115% scenario.
- Mrs Bedola added that later entrants increase the curtailment of earlier entrants, and a facility may be unable to recover its assumed revenue.

Ms Guzeleva agreed and noted that the curtailment risk must stay with the generators to incentivise efficient location of new facilities. She noted that:

- The target capture price is set for project with an efficient capacity factor and then fixed for 15 years with indexation.
- Curtailment risk remains with proponents to preserve the locational signal, similar to the CIS and other mechanisms.
- The Working Group considered that this risk, together with available transmission capacity, acts as a natural limit on new entry in a location.

Ms Guzeleva presented slide 24 and noted that:

- The key design components are unlikely to be revisited in the Consultation Paper.

- The settlement approach has been chosen to minimise AEMO's implementation costs, with AEMO's system changes by the end of 2027 limited to the first year of the certification process.
    - Mr Ross asked that end users be given visibility of forecast REM costs so that Loads can plan for them.
    - Mr Peake asked that the modelling show what customers will pay.

Ms Guzeleva agreed to provide projections where practicable, noting that customer costs can be derived from the modelled values and consumption.

8. WEM EFFECTIVENESS REVIEW – PROGRESS UPDATE

The Chair noted the updates as provided in the paper.

9. MARKET DEVELOPMENT FORWARD WORK PROGRAM

The Chair noted the paper as read.

10. OVERVIEW OF RULE CHANGE PROPOSALS

The Chair noted the paper as read.

11. GENERAL BUSINESS

Draft Rule Change Proposal

- Mr Tan summarised the draft Rule Change Proposal that had been circulated to the MAC on 9 October 2026.
    - Mr Arias supported the proposal in principle but considered that:
        - if a Facility used the early Reserve Capacity Obligations process and had demonstrated operation at 100% of the Capacity Credits but then failed later, AEMO could still use that Facility Reserve Capacity Security to procure supplementary capacity; and
        - there needs to be some assurance that the cap on Reserve Capacity Refunds cannot be reached to ensure that a Facility that enters early and fails before the start of the Capacity Year still has sufficient incentive to address any issues for the Hot Season.
    - Ms Guzeleva clarified that the annual cap pertains to the relevant Capacity Year and so if a Facility failed it would continue to pay refunds until they hit the total annual revenue from Capacity Credits.

The Chair noted that it should be made clear in the Rule Change Proposal that a Facility, to which this Rule Change would apply, will continue to pay refunds under the Electricity System and Market Rules. She summarised that pending this there was general support for Mr Tan to formally submit the Rule Change Proposal.

Mr Tan agreed to revise the Rule Change Proposal before formally submitting it to ensure that it evaluates the refunds that will apply to early Reserve Capacity Obligations Facilities if they fail and the incentives for the Facility to rectify the issues causing the failure to avoid the need for AEMO to call for supplementary capacity.

- Ms Guzeleva noted that she had agreed offline with Mr Tan that he would formally submit the Rule Change Proposal in about 2 weeks' time to provide for an efficient processing timeline.

AEMO Industrial Action on Enterprise Agreement

- Mr Arias raised the issue of AEMO industrial action and asked Mr Maticka if there was any information AEMO could share.
- Mr Maticka noted that:
  - approved industrial action is underway;
  - Market Participants are being informed if they are likely to be impacted; and
  - information on the process and approved actions is available on public websites such as the Fair Work website.

The Chair noted that the next meeting, scheduled for 1.30pm Thursday 3 December 2026, is a hybrid meeting. She invited members to attend in person and arrive 30 minutes early for a coffee.

The meeting closed at 3:35 PM.