



Terms of Reference

Reserve Capacity Mechanism Review Working Group

2 November 2021

1. Background

The Coordinator of Energy (**Coordinator**) has commenced a review of the Reserve Capacity Mechanism (**RCM**) under clause 2.2D.1 of the Wholesale Electricity Market (**WEM**) Rules. Clause 2.2D.1(h) confers the function on the Coordinator to consider and, in consultation with the Market Advisory Committee (**MAC**), progress the evolution and development of the WEM and the WEM Rules.

In addition, clause 4.5.15 of the WEM Rules requires the Coordinator to review the Planning Criterion at least every 5 years. The RCM Review will incorporate the Coordinator's first review of the Planning Criterion.

Energy Policy WA developed a scope of works for the RCM Review in consultation with the MAC. The scope of works is available on the Coordinator's Website at:

<https://www.wa.gov.au/government/document-collections/reserve-capacity-mechanism-review-working-group>. The scope of works for the RCM Review includes:

- guiding principles;
- project stages;
- the approach to analysis for parts of the RCM Review;
- stakeholder engagement;
- the project schedule; and
- some specific issues that need to be addressed.

The MAC has established the RCM Review Working Group under clause 2.3.17(a) of the WEM Rules to assist the Coordinator with the RCM Review.

2. Scope of the Working Group

The RCM Review Working Group has been established to provide expert advice and analysis on all aspects of the RCM Review, including:

- issues and concerns with the current RCM;
- requirements for the RCM and the Planning Criterion;
- review of Energy Policy WA's analysis underpinning the RCM Review; and
- support for the high-level and detailed design for the RCM.

3. Membership

Energy Policy WA will Chair of the RCM Review Working Group.

Any Market Participant or other interested stakeholder may nominate a person for membership on the RCM Review Working Group for approval by the Chair of the RCM Review Working Group.

All members of the RCM Working Group are required to contribute their time and resources to complete specific analysis and other tasks as requested by the Chair.

There are no restrictions on the number of RCM Review Working Group members. However, the Chair of the RCM Review Working Group may only approve one member from each organisation.

The Chair of the RCM Review Working Group will have discretion to allow additional subject matter experts or consultants to attend specific meetings or workshops, either generally or on a case-by-case basis.

Energy Policy WA will provide administrative support to the RCM Review Working Group.

4. Documentation

Energy Policy WA will establish an RCM Review Working Group webpage on its website. Any discussion papers, meeting papers and meeting minutes will be posted to this page.

Market Participants and other stakeholders may register with Energy Policy WA to receive email communications regarding the RCM Review Working Group, including notices of publication of papers on the RCM Review Working Group webpage.

5. Responsibilities of Meeting Attendees

A person attending an RCM Review Working Group meeting is expected to:

- have suitable knowledge and experience to engage in and contribute to discussions relevant to the specific meeting;
- prepare for the meeting, including by reading any meeting papers distributed before the meeting;
- participate as a general industry representative rather than representing their company's interests; and
- complete actions requested by the Chair, which may include undertaking of analysis or preparation of papers for discussion by the Working Group.

6. Administration

Energy Policy WA will provide secretariat support for the RCM Review Working Group.

Energy Policy WA will ensure contact details for the RCM Review Working Group are maintained on the RCM Review Working Group webpage.

The Working Group will meet at least monthly. The Chair of the RCM Review Working Group may convene additional meetings of the working group in accordance with the timelines in the scope of works for the RCM Review.

Energy Policy WA will prepare and distribute all meeting correspondence to the RCM Review Working Group via email. Energy Policy WA will endeavour to provide the following documentation by email to the RCM Review Working Group members:

- notices of meetings, agendas, and relevant meeting papers at least 5 Business Days prior to the meeting; and
- key outcomes and actions emerging from each meeting no more than 5 Business Days following the meeting.

All meeting documentation will be published on Energy Policy WA's website as soon as practicable after it has been sent to the RCM Review Working Group members.

Meetings will generally be held online via TEAMS but may sometimes be held in person. Meeting minutes are to record meeting attendance, main outcomes of discussion, agreed recommendations to the MAC and action items. Meetings will be recorded to assist with development of minutes.

7. Reporting Arrangements

The RCM Review Working Group Chair must provide a report to the MAC on the RCM Review Working Group's activities at each MAC meeting. The reports must include, at a minimum:

- details of all RCM Review Working Group meetings since the last report to the MAC, including the date of the meeting and the key outputs of each meeting;
- the date of the next meeting and the issues to be considered (if known); and
- any recommendations from the Working Group to the MAC.

8. Projected Timeline

Step	Date
(1) First meeting (initiation)	November 2021
(2) Workshops to: <ul style="list-style-type: none"> • Review and analyse the requirements for capacity needed to achieve the purpose of the RCM, by defining: <ul style="list-style-type: none"> ○ what system stress situations appear in the WEM; ○ the capacity requirements needed to achieve the reliability target; and ○ which system stress situations can/should be addressed through the RCM. • Review the Planning Criterion to: <ul style="list-style-type: none"> ○ identify the reliability target (based on the last review of the Planning Criterion); ○ ensure it reflects the purpose of the RCM; and ○ ensure it meets the reliability target (now and in future). 	December 2021 to February 2022

Step	Date
<p>(3) Workshops to inform development of high-level approaches for:</p> <ul style="list-style-type: none"> • assigning CRC; and • setting of the BRCP considering the revised Planning Criterion. <p>This will include:</p> <ul style="list-style-type: none"> • discussion of modelling outcomes with the RCM Review Working Group; and • consultation on the approaches with the RCM Review Working Group. 	May to June 2022
<p>(4) Workshops to inform development of high-level approaches for:</p> <ul style="list-style-type: none"> • outage scheduling; • the refund mechanism; • Reserve Capacity Testing; and • determination of IRCR. 	June 2022
<p>(5) Workshop to:</p> <ul style="list-style-type: none"> • inform the development of detailed design for the changes to the RCM; and • consider whether any transitional measures are needed, and if so, develop the transitional measures. 	September 2022

9. Contact Details

Rule Participants and other stakeholders may contact the RCM Review Working Group Secretariat at energymarkets@energy.wa.gov.au. Documentation and information related to the RCM Review Working Group will be published on Energy Policy WA's website.