

# WA Market Reform Program

## Frequently Asked Questions

July 2017

### **Q1. What is WA Market Reform Program?**

The WA Market Reform Program (WAMRP) is AEMO's response to the Electricity Market Review (EMR). The WAMRP will implement and ensure compliance with the selected reforms resulting from the EMR that fall under AEMO's responsibilities. The Program will be delivered via three Workstreams:

- Retail Workstream – will implement processes and systems required by AEMO to perform retail market operations, and prepare for a future implementation of full retail contestability.
- Wholesale Workstream – will facilitate transitional arrangements for the Reserve Capacity Mechanism (RCM) and prepare a RCM auction, implement market systems to support the new Wholesale Electricity Market (WEM) real-time market for energy and ancillary services, and establish settlements and prudential processes and systems.
- System Operations Workstream – will implement power system operation processes required by AEMO to support the new WEM.

### **Q2. How will the change in State Government impact the WAMRP?**

AEMO is progressing with the WAMRP based on previously approved activities, and the Economic Regulation Authority's (ERA) approval of AEMO's AR4 submission. AEMO is working with the State Government to understand its policies and support its approach to market reform.

### **Q3. What impact with the Finkel review have on the reforms?**

The Finkel review is unlikely to have a significant impact on the existing proposed reforms in WA.

### **Q4. How will the WAMRP impact my business?**

Electricity Market Participants operating or wishing to operate in the Western Australia electricity market will be impacted by the reforms. The changes will have implications across retail, wholesale and system operations. The WAMRP will implement the reforms in the most efficient way to ensure Market Participants and AEMO are market ready.

### **Q5. How will I become market ready?**

AEMO is conscious of the work required for Market Participants to become market ready. AEMO has already commenced high-level planning and is developing a comprehensive market readiness program to coordinate and carry out program-wide activities, and to monitor and communicate readiness activities. Market readiness including training will be provided to Market Participants with the broader approach also including testing, trials and market cutover.

### **Q6. Why is AEMO implementing the WAMRP?**

AEMO undertook significant background work throughout the planning phase of the WAMRP. This work follows the release of the Public Utilities Office final report relating to the wholesale and ancillary service market report in July 2016. The project moved into the execution phase in September 2016 following approval by the AEMO Board.

**Q7. When will the changes take place?**

AEMO is working with Market Participants to implement the majority of the reforms and ensure market readiness. The final timeframe for market start is yet to be determined. The RCM reforms have different delivery dates, both before and after 1 July 2018.

**Q8. How is the WAMRP funded?**

The WAMRP is funded through cost recovery of Market Participants, like all of AEMO's activities. The ERA approved AEMO's supplementary revenue proposal on 15 May. The approval enables AEMO to recover its costs including those already incurred to complete reform changes in the rules, progress replacement of core System Management IT systems, and continue to work on the reform program with stakeholders.

**Q9. What was approved in the AR4 supplementary submission?**

The approved proposal will cover AEMO's revenue requirements from July 2016 to December 2017, specifically:

- Completion of the Reserve Capacity changes already in the Rules.
- Data centre works and communication links required to support the creation of a single AEMO Perth office (physical office move previously approved by ERA).
- Critical system management IT systems (Energy Management Systems, Forecasting and Modelling) design and build work to reduce risk and avoid expenditure on end-of-life Western Power provided systems.
- Electricity Market Reform solution planning, scoping, design, change management, IT, and prototyping of market systems to ensure that an integrated reform solution can go live in 2019.

AEMO will develop another revenue supplementary proposal in late 2017 for implementation of the reform once the new WA Government finalises its energy policy, and provide the proposal to the ERA for the remainder of the present regulatory period (January 2018 to June 2019).

**Q10. Who is leading the WAMRP?**

A Program Director is leading the WAMRP with the support from a broader program delivery team. An AEMO Steering Committee with membership from AEMO's Executive Leadership Team ensures the program remains on track and provides high-level oversight. Workstream Leads are progressing the work under the Retail, Wholesale, and System Operations Workstream as well as an IT Lead.

**Q11. How will AEMO engage with stakeholders?**

Stakeholders are engaged through the Western Australia Electricity Consultative Forum to provide high-level Market Participant oversight and guidance throughout the Program; as well as through Workstream Forums.

**Q12. How do I get involved in the Forums?**

AEMO previously wrote to Market Participants and relevant stakeholders seeking nominations to the Workstream Forums. Should you wish to receive information regarding Workstream Forums please email [WAMRP@aemo.com.au](mailto:WAMRP@aemo.com.au). AEMO will also establish a Settlements and Real Time Market Working Group under the Wholesale Workstream when required.

**Q13. What’s the difference between a Forum and Working Group?**

Workstream Forums enables AEMO to seek feedback from Market Participants and provide information to implement National Electricity Market systems, processes and procedures in Western Australia, and ensure market readiness. These Forums have broader stakeholder representation and a larger number of attendees.

The Settlements and Real Time Market Working Groups will enable AEMO to consult on specific issues, seeking feedback from Market Participants. The Working Groups will be established with a clear objective and will be disbanded once that objective is achieved or addressed. Representation will be narrow with limited participation to ensure detailed and focused discussions.

**Q14. What happens if I’m not on a Working Group?**

The outcomes of the Working Group meetings will be published on the AEMO website. Updates will also be provided to the Settlements and Real Time Market Forums, as well as the Western Australia Electricity Consultative Forum.

**Q15. Will this work differ from that of the Public Utilities Office?**

The work of the Public Utilities Office includes developing wholesale and retail market Rules. While AEMO will provide advice during this phase, its role is to implement the systems and processes to comply with the Rules.

**Q16. How do I keep up-to-date?**

All Market Participants can be kept up-to-date on progress of the WAMRP through the Western Australia Electricity Consultative Forum which meets bi-monthly. In addition, AEMO will provide updates and relevant information on AEMO’s website at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums>.

**Q17. Who can I contact for further questions?**

AEMO has established a number of email inboxes relevant to each Workstream. Queries can be sent to the following email addresses.

<b>Overall Program enquiries</b>	<a href="mailto:WAMRP@aemo.com.au">WAMRP@aemo.com.au</a>
<b>WA Electricity – Consultative Forum</b>	<a href="mailto:WAElectricityforum@aemo.com.au">WAElectricityforum@aemo.com.au</a>
<b>Retail Workstream</b>	<a href="mailto:WAMRPRetail@aemo.com.au">WAMRPRetail@aemo.com.au</a>
<b>Wholesale Workstream</b>	<a href="mailto:WAMRPWholesale@aemo.com.au">WAMRPWholesale@aemo.com.au</a>
<b>System Operations Workstream</b>	<a href="mailto:WAMRPSystemoperations@aemo.com.au">WAMRPSystemoperations@aemo.com.au</a>
<b>Website for information purposes</b>	<a href="http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums">http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums</a>