

# WHOLESALE ELECTRICITY MARKET

## Submission to Procedure Change Proposal

**AEMP\_2018\_01**

**Monitoring and Reporting Protocol**

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### Submission

Clause 2.10.7 of the Wholesale Electricity Market Rules provides that any person may make a submission for a Procedure Change Proposal (including proposals developed by AEMO, the Economic Regulation Authority or the Rule Change Panel) by completing this Procedure Change Submission form.

Submissions should be provided by email to the nominated contact in the call for submissions published with the Procedure Change Proposal.

### **Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions**

Perth Energy notes that the proposed procedure contains operational steps primarily related to the transfer of information to the Economic Regulation Authority (ERA) to support its monitoring of Rule Participant compliance with the WEM Rules and procedures.

The proposed procedure, however, does not provide information related to the internal procedures it will apply in reaching a decision on what constitutes an “alleged breach” of the WEM Rules and procedures.

Perth Energy considers the Australian Energy Market Operator (AEMO) should include in the proposed procedure, at a minimum:

- the process that it will follow to assess whether an event should be considered an alleged breach; and

- the criteria that it will apply to determine whether an event should be considered an alleged breach, which should include a materiality test.

The inclusion of an assessment process and a set of criteria that AEMO must consider in determining an alleged breach would be consistent with the level of information provided in other procedures related to the use of the AEMO's discretion.

Perth Energy recommends that AEMO and ERA work together to develop an assessment process and a proposed set of criteria for AEMO to use in determining an alleged breach.

The updated proposed procedure should then be subject to a second round of consultation.

In the absence of such guidance for the AEMO to use its discretion, it may be overly cautious and interpret its obligations as to report all events. This would become inefficient, and may undermine the compliance regime, as under clause 2.13.10(b) of the WEM Rules the ERA must investigate each alleged breach it becomes aware of.

Perth Energy considers that the practical solution to prevent the inefficient and unnecessary use of the AEMO, the ERA and Market Participants' time is for the AEMO to use its discretion in relation to those alleged breaches it reports to the ERA. This does however, need controls in place, which would be best addressed in this Monitoring and Reporting Protocol.

**Please provide an assessment whether the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Rules.**

Perth Energy considers the proposed procedure, as proposed to be further amended in this submission, would

- better achieve the Wholesale Market Objectives; and
- be consistent with the WEM Rules.

This is because it would contribute to a more effective and efficient compliance regime.

**Please indicate if the Procedure Change Proposal will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.**

The implementation of a more effective and efficient compliance regime would reduce the direct compliance cost for Market Participants. It would also reduce costs to the ERA and subsequently Market Participants' Market Fees.

**Please indicate the time required for your organisation to implement the changes, should they be accepted as proposed.**

These changes could be implemented immediately.