



Notice

19 March 2014

Annual Wholesale Electricity Market Report to the Minister for Energy

PUBLICATION OF 2013 REPORT

The Economic Regulation Authority (**Authority**) has published the 2013 Wholesale Electricity Market Report (**Report**) to the Minister for Energy. The report assesses the effectiveness of the Wholesale Electricity Market (**WEM**) and recommends measures to increase the effectiveness of the WEM in meeting the Market Objectives.

Under the *Wholesale Electricity Market Rules* (**Market Rules**), the Authority must provide the Minister with a report on the effectiveness of the WEM at least annually, and publish the report after consultation with the Minister. The Authority provided the Report to the Minister on 23 December 2013.

The Report reviews the period between 1 July 2012 and 30 June 2013 and focuses primarily on the operation of the new Balancing and Load Following Ancillary Services (**LFAS**) market arrangements¹ which enable all relevant market participants that can provide such services to compete.

The Authority considers that these new markets address many of the problems associated with the previous arrangement where Verve Energy (now Synergy) was the sole provider. The new markets result in much greater transparency and provide greater opportunities for Independent Power Producers (**IPPs**) to participate which should lead to a more competitive market. The Authority will continue to work with the IMO and System Management to evaluate the new markets to ensure they are resulting in the most efficient dispatch of generation and LFAS.

The Report also notes some significant outstanding issues identified in previous reports. These include:

- a review of the market design in relation to ensuring capacity is available;
- governance arrangements for the WEM; and
- whether the current network access policy of providing unconstrained access to network services should be modified.

The Authority notes the announcement by the Minister on 6 March 2014 in relation to the State Government's Electricity Market Review and anticipates that these matters will be considered as part of that review.

The publicly released Report has had confidential or sensitive data aggregated or removed.

A copy of the Report is available on the Authority's [website](#).

¹ These new markets commenced on 1 July 2012.



Economic Regulation Authority

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