



Notice

4 July 2014

Investigation on Vinalco Energy Pty Ltd pursuant to clause 2.16.9E of the Wholesale Electricity Market Rules

The Economic Regulation Authority has received advice from the Independent Market Operator (IMO) under clause 2.16.9B(d) of the *Wholesale Electricity Market Rules* (**Market Rules**) on 23 June 2014. This advice relates to an alleged breach of clause 7A.2.17 of the Market Rules by Vinalco Energy Pty Ltd.

As set out in clause 2.16.9E, where the Authority receives an advice from the IMO under clause 2.16.9B(d), it must investigate the identified behaviour. Without limitation, for this purpose the Authority must examine the IMO advice, any explanation received under clause 2.16.9C¹, any data already in the possession of the Authority or additional data it requests from the relevant Market Participant under clause 2.16.6 to assist in the investigations.

The Authority must publish the results of its investigations within six months from receiving the advice from the IMO.²

Under clause 2.16.9G, where the Authority determines that:

- prices in the Portfolio Supply Curve, subject to the investigation, did not reflect the Market Generator's reasonable expectation of the SRMC of generating the relevant electricity; or
- prices in a Balancing Submission, subject to the investigation, exceeded the Market Generator's reasonable expectation of the SRMC of generating the relevant electricity,

the Authority must request that the IMO applies to the Electricity Review Board for an order for contravention of clauses 6.6.3³ or 7A.2.17⁴ of the Market Rules as applicable.

¹ As required under clause 2.16.9D the IMO has published the explanation submitted by Vinalco Energy Pty Ltd <http://www.imowa.com.au/compliance-and-audit/publication-of-explanations-from-market-participants-market-rule-2-16-9d->

² This time may be extended under clause 2.16.9FA of the Market Rules.

³ A Market Generator must not, for any Trading Interval, offer prices within its Portfolio Supply Curve that do not reflect the Market Generator's reasonable expectation of the short run marginal cost of generating the relevant electricity when such behaviour relates to market power.

⁴ Subject to clauses 7A.2.3, 7A.2.9(c) and 7A.3.5, a Market Participant must not, for any Trading Interval, offer prices in its Balancing Submission in excess of the Market Participant's reasonable expectation of the short run marginal cost of generating the relevant electricity by the Balancing Facility, when such behaviour relates to market power.



Economic Regulation Authority

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