



Economic Regulation Authority Rule Change Proposals

Purpose

The purpose of this document is to inform stakeholders of the Economic Regulation Authority's (ERA) position on the scope of rule changes that it may propose, and those areas that do not fall within this scope.

The ERA is an independent statutory authority responsible for the regulation of access and licensing schemes for the gas, electricity, water and rail industries in Western Australia. The ERA also has inquiry functions.

In addition to the functions described above, the ERA has functions under the Wholesale Electricity Market Rules and the Gas Services Information Rules.

The Wholesale Electricity Market Rules and the Gas Services Information Rules both provide a process whereby any person can propose a rule change. The Rule Change Panel¹ is responsible for the rule change process.

Scope of ERA initiated Rule Change Proposals

As a statutory authority, the ERA's functions and powers are regulated by legislation. The ERA can only undertake activities that are expressly or implicitly authorised by this legislation.

The ERA's functions under the Wholesale Electricity Market Rules and the Gas Services Information Rules include monitoring the effectiveness of the market, undertaking compliance and enforcement activities, completing market approval processes and conducting periodic reviews.

The ERA will only initiate rule change proposals that are conducive or incidental to the performance of its functions under the rules. This means that the ERA may consider initiating a rule change where it has identified a legitimate reason to do so in connection with one of these functions. For example, a rule change to address a process deficiency for one of its rule functions is a rule change that the ERA could consider proposing.

The Wholesale Electricity Market Rules also require the ERA to initiate rule changes for some of its periodic review functions. For example, the ERA is responsible for conducting a review of the Ancillary Services standards and requirements at least once every five years. Clause 3.15.3 of the Wholesale Electricity Market Rules provides that if the ERA's review recommends any changes to the standards or requirements, then it must initiate a rule change proposal. Similar requirements apply for its other periodic review functions².

The ERA's functions do not extend to initiating rule change proposals to develop the market or set policy.

The ERA will consult with the Market Advisory Committee or the Gas Advisory Board prior to submitting a rule change proposal. The ERA may also consult directly with the Rule Change Panel and other parties, including the Australian Energy Market Operator and the Public Utilities Office, when developing a rule change proposal.

¹ The Rule Change Panel is an independent body established by the *Energy Industry (Rule Change Panel) Regulations 2016*.

² Refer to clauses 3.15.3, 3.18.20, 4.5.19 and 4.11.3E(e) of the Wholesale Electricity Market Rules.

For general queries please contact Adrian Theseira on 08 6557 7901.

For media enquiries, contact Natalie Warnock on 08 6557 7933 or 0428 859 826, or email communications@erawa.com.au