

**Final Rule Change Report:
Market Participant Fee Calculation Manifest Error
(RC_2020_01)**

Fast Track Rule Change Process

24 February 2020

Contents

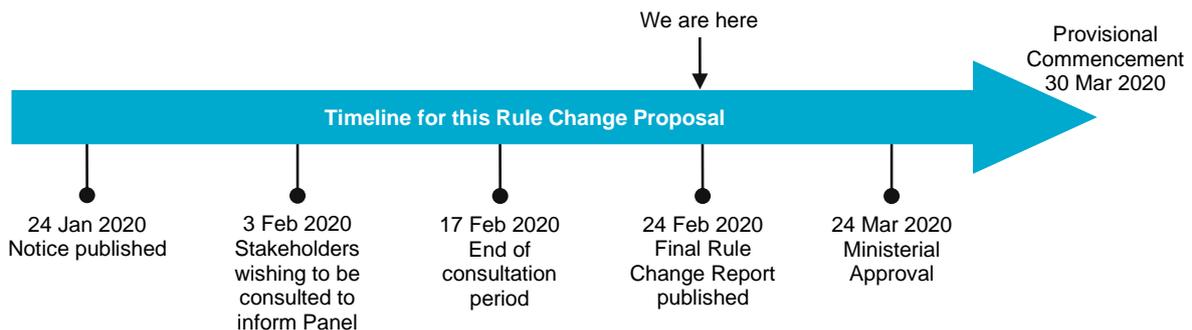
- 1. Rule Change Proposal, Process and Timeline3**
- 2. The Rule Change Panel’s Decision3**
 - 2.1 Reasons for the Decision.....3
 - 2.2 Commencement3
- 3. Proposed Amendments4**
 - 3.1 The Rule Change Proposal.....4
 - 3.2 The Rule Change Panel’s Initial Assessment of the Proposal.....4
- 4. Consultation4**
 - 4.1 General.....4
 - 4.2 The Market Advisory Committee.....4
 - 4.3 Submissions Received during the Consultation Period5
 - 4.4 Public Forums and Workshops5
- 5. The Rule Change Panel’s Final Assessment.....5**
 - 5.1 Assessment Criteria.....5
 - 5.2 Additional Changes to the Proposed Amending Rules.....6
 - 5.3 Wholesale Market Objectives6
 - 5.4 Protected Provisions, Reviewable Decisions and Civil Penalties6
 - 5.5 Practicality and Cost of Implementation.....6
 - 5.5.1 Cost.....6
 - 5.5.2 Practicality6
- 6. Amending Rules7**

1. Rule Change Proposal, Process and Timeline

On 24 January 2020, the Rule Change Panel submitted a Rule Change Proposal titled “Market Participant Fee Calculation Manifest Error” (RC_2020_01). The Rule Change Proposal seeks to correct a manifest error in clause 9.13.1 of the Market Rules about the Market Participant Fee calculation.

The Rule Change Proposal is being processed using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules.

The key dates for progressing this Rule Change Proposal, are:



All documents related to this Rule Change Proposal can be found on the Rule Change Panel’s website at [Rule Change: RC_2020_01 - Economic Regulation Authority Western Australia](#).

2. The Rule Change Panel’s Decision

The Rule Change Panel’s final decision is to accept the Rule Change Proposal.

2.1 Reasons for the Decision

The Rule Change Panel has made its decision on the basis that the Amending Rules:

- correct a manifest error in the Market Rules, thereby ensuring that Market Participant Fees are charged for both generation and consumption;
- will better achieve Wholesale Market Objective (a) and are consistent with the remaining Wholesale Market Objectives; and
- are supported by the MAC.

2.2 Commencement

The amendments to the Market Rules resulting from this Rule Change Proposal will commence at **8:00 AM on 30 March 2020**, subject to Ministerial approval.

3. Proposed Amendments

3.1 The Rule Change Proposal

On 14 November 2019, AEMO notified RCP Support of a manifest error in the calculation of the Market Participant Fee. The manifest error in clause 9.13.1 of the Market Rules is due to an extra (-1) in the formula for the calculation of the Monthly Participant Load(p,m). If AEMO was to apply the formula with the manifest error, this would result in Market Participants being paid instead of paying a Market Participant Fee for their consumption. However, this rule is intended to charge Market Participant Fees for both generation and consumption.

The Rule Change Panel notes that AEMO has confirmed its understanding that clause 9.13.1 of the Market Rules is intended to charge the Market Participant Fee on both generation and consumption, and that AEMO currently calculates Market Participant Fees in accordance with its understanding, as if the manifest error does not exist.

The Rule Change Proposal seeks to correct the manifest error by removing the extra multiplication with (-1) in the formula for the calculation of the Monthly Participant Load(p,m).

3.2 The Rule Change Panel's Initial Assessment of the Proposal

The Rule Change Panel decided to progress the Rule Change Proposal on the basis that it seeks to correct a manifest error in the Market Rules and stakeholders should be given an opportunity to consider the Rule Change Proposal and provide submissions through the rule change process.

The Rule Change Panel progressed the Rule Change Proposal using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules, on the grounds that the proposed change is required to correct a manifest error, and satisfies the criteria in clauses 2.5.9(a) and 2.5.9(b) of the Market Rules.¹

4. Consultation

4.1 General

The Rule Change Notice for this proposal was published on 24 January 2020, and stakeholders were advised of the publication of the Rule Change Notice and Proposal on 28 January 2020.²

4.2 The Market Advisory Committee

The Market Advisory Committee (**MAC**) discussed this issue at its meeting on 26 November 2019 and was of the view that the issue is a manifest error and should be dealt with as soon as possible. The MAC also agreed that the Rule Change Panel should develop and submit the Rule Change Proposal as soon as it has available resources, using the Fast

¹ Clause 2.5.9 of the Market Rules is as follows:

2.5.9. The Rule Change Panel may subject a Rule Change Proposal to the Fast Track Rule Change Process if, in its opinion, the Rule Change Proposal:

- (a) is of a minor or procedural nature; or
- (b) is required to correct a manifest error; or
- (c) is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.

² Stakeholders were notified via RulesWatch, the Rule Change Panel's weekly newsletter.

Track Rule Change Process. Further details are available in the MAC meeting papers and minutes, which are on the Rule Change Panel's website at <https://www.erawa.com.au/rule-change-panel/market-advisory-committee/market-advisory-committee-meetings>.

4.3 Submissions Received during the Consultation Period

The consultation period for this Rule Change Proposal was held between 24 January 2020 and 17 February 2020.

The Rule Change Panel received one submission from AEMO. AEMO agreed with the Rule Change Panel's assessment that this issue is a manifest error and contradicts the intent of the Market Participant Fee settlement calculation. AEMO supported the proposed amendments to correct the manifest error.

AEMO agreed with the Rule Change Panel's assessment of the Wholesale Market Objectives. Specifically, that the amendments will better achieve Wholesale Market Objective (a).

4.4 Public Forums and Workshops

The Rule Change Panel did not hold a public forum or workshop for this Rule Change Proposal.

5. The Rule Change Panel's Final Assessment

5.1 Assessment Criteria

In preparing its Final Rule Change Report, the Rule Change Panel must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3 of the Market Rules.

Clause 2.4.2 of the Market Rules states that the Rule Change Panel "*must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives*". Additionally, clause 2.4.3 of the Market Rules states that, when deciding whether to make Amending Rules, the Rule Change Panel must have regard to:

- any applicable statement of policy principles the Minister has issued to the Rule Change Panel under clause 2.5.2 of the Market Rules;
- the practicality and cost of implementing the proposal;
- the views expressed in submissions and by the MAC; and
- any technical studies that the Rule Change Panel considers necessary to assist in assessing the Rule Change Proposal.

In making its final decision, the Rule Change Panel has had regard to each of the matters identified in clauses 2.4.2 and 2.4.3 of the Market Rules as follows:

- the Rule Change Panel's assessment of the Rule Change Proposal against the Wholesale Market Objectives is available in section 5.3 of this report;
- the Rule Change Panel notes that there has not been any applicable statement of policy principles from the Minister in respect of this Rule Change Proposal;
- the Rule Change Panel's assessment of the practicality and cost of implementing the Rule Change Proposal is available in section 5.5 of this report;

- a summary of the views expressed in submissions and by the MAC is available in section 4 of this report; and
- the Rule Change Panel does not believe a technical study in respect of this Rule Change Proposal is required and therefore has not commissioned one.

The Rule Change Panel's assessment is presented in the following sections.

5.2 Additional Changes to the Proposed Amending Rules

Following the consultation period, the Rule Change Panel made no further changes to the proposed Amending Rules.

5.3 Wholesale Market Objectives

The Rule Change Panel considers that the proposed amendment will better achieve Wholesale Market Objective (a) as it corrects a manifest error in the calculation of the Market Participant Fees. Further, the amendment is consistent with the remaining Wholesale Market Objectives.

5.4 Protected Provisions, Reviewable Decisions and Civil Penalties

The Rule Change Panel notes that the proposed amendment affects a Protected Provision and is therefore subject to Ministerial approval.

The Rule Change Proposal does not amend any Reviewable Decisions or Civil Penalty Provisions.

5.5 Practicality and Cost of Implementation

5.5.1 Cost

In its submission, AEMO advised the Rule Change Panel that it currently calculates the Market Participant Fee settlement amounts in accordance with the proposed amendments. Therefore, AEMO does not need to make any changes to its existing processes or IT systems and there are no cost implications.

The Rule Change Panel has not identified any costs arising from the implementation of the proposed amendments.

5.5.2 Practicality

In its submission, AEMO advised the Rule Change Panel that it does not need to make any changes to its existing processes or IT systems.

The Rule Change Panel has not identified any issues with the practicality of implementing the proposed changes.

6. Amending Rules

The Rule Change Panel has determined to implement the following Amending Rules (~~deleted text~~, added text):

9.13.1. The applicable Market Participant Fee settlement amount for Market Participant p for Trading Month m is:

...

$$\text{Monthly Participant Load}(p,m) = \text{(-1)} \times \text{Sum}(d \in D, t \in T, \text{Metered Load}(p,d,t));$$

...