

Wholesale Electricity Market Rules and Gas Services Information Rules

Compliance report for the period 1 January 2021 to
30 June 2021

31 July 2021

Economic Regulation Authority

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1. Summary

The Economic Regulation Authority is responsible for the compliance and enforcement functions in the Wholesale Electricity Market Rules (WEM Rules) and in the Gas Services Information Rules (GSI Rules).

This report provides participants and other interested parties with a summary of the ERA's compliance activities for the reporting period 1 January 2021 to 30 June 2021. The report includes information to assist participants meet their compliance obligations.

The ERA completed 86 investigations into Market Participants' compliance with the WEM Rules and the GSI Rules this reporting period. This included investigations into Market Participants' compliance with Dispatch Instructions and requirements to submit their notifications of Outages to the Australian Energy Market Operator (AEMO). Of these matters, the ERA observed the lowest level of Dispatch Instruction and Outage non-compliances since the ERA became responsible for monitoring and enforcing compliance with the WEM Rules in 2016.

Nearly half of the investigations completed this period concerned investigations of non-compliance with the GSI Rules. The ERA completed 40 GSI Rule investigations of matters associated with late invoice payments and delays in providing data to AEMO.

The ERA also continued a monitoring project this period that considered Market Participants' compliance with the Balancing Submission and Outage requirements of the WEM Rules. The ERA identified 806 Trading Intervals with significant discrepancies between Balancing Submission unavailable quantities and Outage quantities.¹ There were also several consecutive intervals where minor discrepancies were identified. The ERA will consult with relevant Market Participants on these matters during the next reporting period.

The new Generator Performance Standards framework under the WEM Rules commenced this reporting period. As part of the new framework, the ERA is required to publish a list of Exempt Transmission Connected Generating Systems.² The list is available on the ERA website.³

The information in this report includes information to satisfy the requirements of clause 2.13.26 of the WEM Rules and clause 167(1) of the GSI Rules. These clauses require the ERA to publish six-monthly reports summarising matters brought before the Electricity Review Board, and details of any civil penalties imposed by the ERA.^{4,5}

Terms capitalised in this report are terms defined under Chapter 11 of the WEM Rules and Schedule 1 of the GSI Rules.

¹ Significant discrepancies were differences greater than 25% between outage MW quantities and Balancing Submission unavailable MW quantities or greater than the Facility's Tolerance Range.

² [Wholesale Electricity Market Rules \(WA\)](#), 1 July 2021, Rule 3A.3.1.

³ Economic Regulation Authority, 'Exempt Transmission connected Generating Systems', 29 June 2021, ([online](#)) [accessed 12 July 2021].

⁴ [Wholesale Electricity Market Rules \(WA\)](#), 1 July 2021, Rule 2.13.26.

⁵ [Gas Services Information Rules \(WA\)](#), 1 July 2021, Rule 167(1).

2. Compliance update

The ERA's compliance and enforcement functions include monitoring Market Participants' compliance with the WEM Rules and GSI Rules and investigating alleged breaches of these rules.

2.1 Alleged breach reports

Participants and AEMO may report alleged breaches of the WEM Rules and GSI Rules to the ERA. The ERA may also identify alleged breaches of the WEM Rules and the GSI Rules.^{6,7} The ERA records details of the alleged breaches in the compliance monitoring register.⁸

Between 1 July 2016 and 30 June 2021, the ERA recorded 964 alleged WEM Rule and GSI Rule breaches in the compliance monitoring register. In this reporting period, 1 January 2021 to 30 June 2021, 84 alleged WEM Rule non-compliance matters were added to the compliance monitoring register (Figure 1). One alleged GSI Rule non-compliance matter was recorded during this reporting period.⁹

Figure 1: Compliance monitoring register matters as at 30 June 2021



(Source: ERA data)

Participants self-reported nine alleged breaches this reporting period. Eight of the self-reported matters concerned Market Participants' failure to comply with Balancing Submission requirements. One matter concerned a Market Participant's failure to comply with Dispatch Instructions.

⁶ [Wholesale Electricity Market Rules \(WA\)](#), 1 July 2021, Rules 2.13.2, 2.13.4, 2.13.8, 2.13.9A and 2.13.9C.

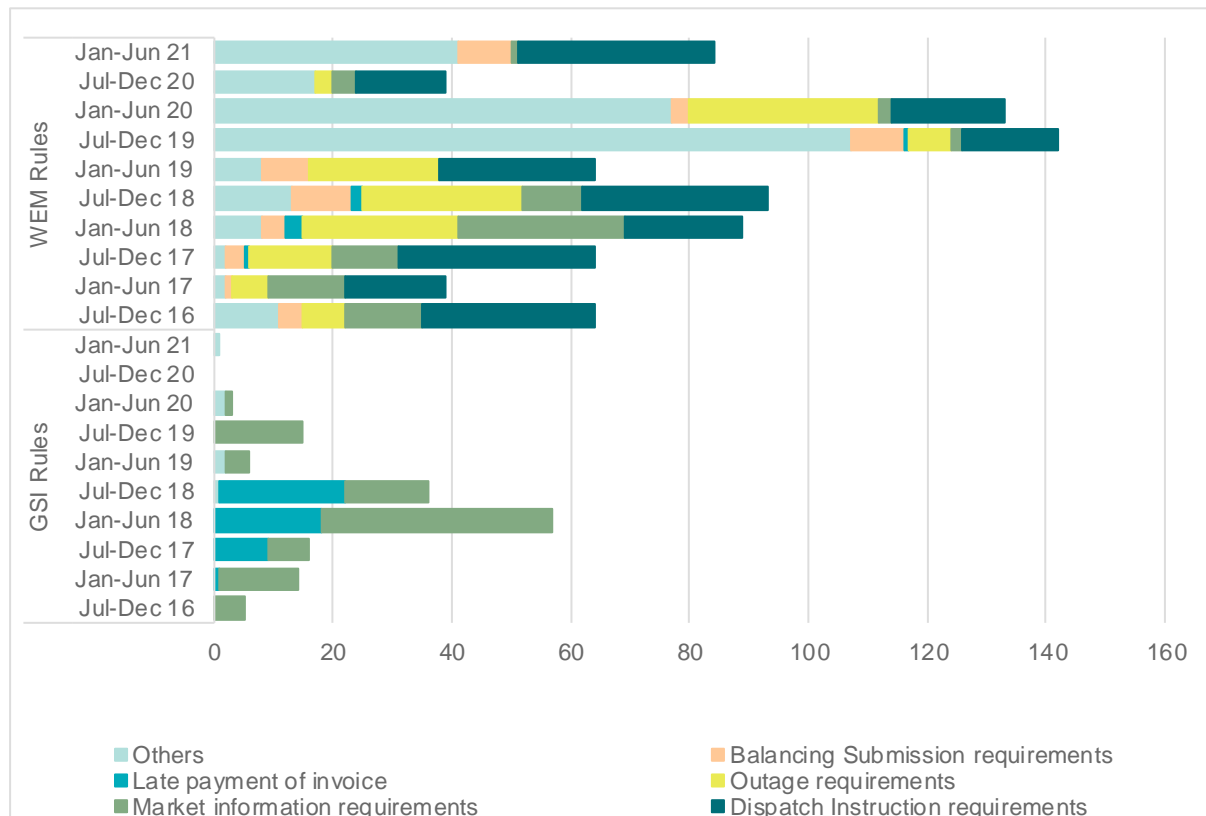
⁷ [Gas Services Information Rules \(WA\)](#), 1 July 2021, Rule 165A(1) and 165A(3).

⁸ Economic Regulation Authority, 27 July 2020, [Market Procedure Monitoring Protocol](#), step 6.1.

⁹ Last period, the ERA had 881 matters recorded in the compliance monitoring register. This period it was discovered that two of those matters had been recorded twice in the compliance monitoring register. Those two matters were cancelled this period reducing the number of matters recorded in the compliance monitoring register last period to 879.

Figure 2 shows the number of all alleged breaches reported to the ERA by breach category for each reporting period since 1 July 2016.

Figure 2: Alleged breach reports by breach category¹⁰



(Source: ERA data)

The largest category of alleged breach matters this reporting period was in the category of “Others”. There were 41 matters recorded in this category between 1 January 2021 and 30 June 2021. This category included matters concerning market data, ancillary services, and commissioning together with several other types of matters.

There were 33 alleged breaches in the category of “Dispatch Instruction requirements” between 1 January 2021 and 30 June 2021. These breaches were reported by AEMO, self-reported by Market Participants and identified by the ERA during the quarterly monitoring process referred to in section 2.2. The ERA found that Market Participants were compliant with the dispatch requirements for 15 of these matters, including submitting the required quantity of Forced Outages where relevant.¹¹ Market Participants breached the Dispatch Instruction requirements for 11 of the 33 matters reported to the ERA this reporting period. The remaining seven matters are yet to be investigated.

This reporting period, the number of alleged breaches concerning “Outage requirements” continued to be lower than any other reporting period, with no alleged breaches received this period. The improved compliance with these requirements has continued this reporting period.

¹⁰ An alleged breach report may consist of multiple breach matters.

¹¹ [Wholesale Electricity Market Rules \(WA\)](#), 1 July 2021, Rule 7.10.2.

2.2 Dispatch Instruction, Balancing Submission and Outage quarterly investigation process

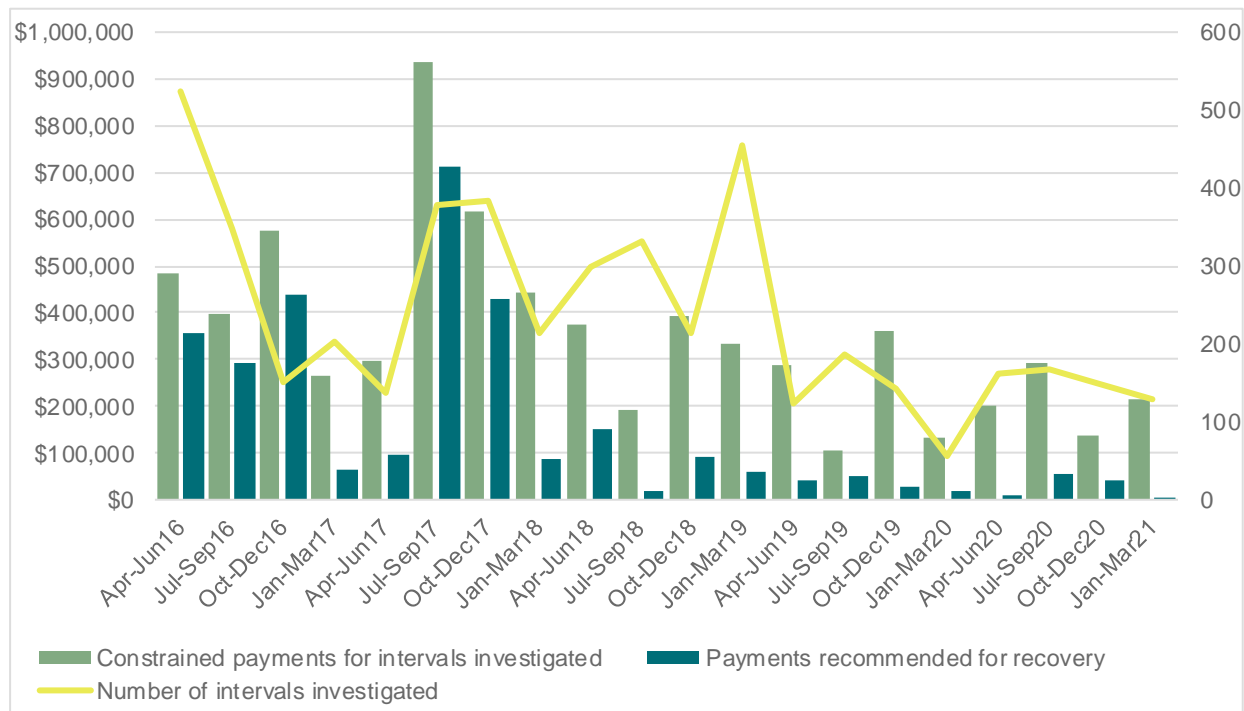
The ERA determines Market Participants' compliance with Dispatch Instructions, Outages and Balancing Submissions during a quarterly investigation process.

During this process, the ERA analyses information contained in non-compliance reports and constrained payment data provided by AEMO to determine whether Market Participants have complied with the WEM Rules.

The quarterly investigation process is carried out to meet the requirements of clause 7.1 0.8 of the WEM Rules. The ERA also considers whether any constrained payments to non-compliant Market Participants need to be recovered.¹²

Quarterly results from this process between April 2016 and March 2021 are shown in Figure 3.

Figure 3: Quarterly non-compliance with Dispatch Instructions process
(Investigations completed between 1 April 2016 and 31 March 2021)



(Source: ERA data)

The data in Figure 3 shows a continued decline in the value of constrained payments recommended for recovery during the last three quarters. The January to March 2021 quarter had the lowest value of recoverable constrained payments since the ERA became responsible for this process in 2016. This demonstrates that Market Participants have maintained their compliance with the Dispatch Instruction, Outage and Balancing Submission requirements in the current reporting period.

¹² Where a Market Participant's Facility's actual generated quantity was materially different from its Balancing Submission quantities then it may be entitled to Out of Merit constrained off or on compensation as per section 6.16A of the WEM Rules, unless it was non-compliant with a Dispatch Instruction under clause 7.10.1.

2.3 Compliance Monitoring

The ERA commenced a monitoring project in the last reporting period. This project continued this reporting period. The project considers Market Participants' compliance with the requirements to reflect unavailable quantities for their Facilities in Balancing Submissions as required by clause 7A.2.4(f) of the WEM Rules.

7A.2.4. A Balancing Submission must:

...

- (f) specify the available capacity and the unavailable capacity as determined under clause 7A.2.4A, 7A.2.4B or 7A.2.4C (as applicable) for each Trading Interval covered in the Balancing Submission.

The project also considered whether corresponding Outages had been submitted where a Balancing Submission recorded a Facility as unavailable.

Inaccurate Balancing Submissions contribute to inaccurate forecast market prices. Further, failure to submit correct Outage quantities may result in participants avoiding Reserve Capacity Deficit Refunds.¹³

Compliance with the above requirements was assessed for the review period 1 January 2021 to 30 June 2021. The ERA examined Balancing Submission and Outage data from AEMO to identify significant discrepancies and/or patterns of discrepancies between the Balancing Submission unavailable quantities and Outage reports for corresponding Trading Intervals.¹⁴

The ERA identified 806 intervals with significant discrepancies across 10 Facilities registered to eight Market Participants. There were also several consecutive intervals where minor discrepancies were identified. The ERA is in the process of consulting with all the relevant Market Participants to understand the reasons for these discrepancies, following which the ERA will determine whether non-compliance has occurred.

2.4 Investigation outcomes and enforcement actions

The ERA has several compliance responses available when participants breach the WEM Rules and GSI Rules.^{15,16,17} The compliance responses include issuing a participant a warning and commencing proceedings before the Electricity Review Board. The ERA may also issue administrative responses including education advice.

The ERA completed 86 investigations this reporting period. The ERA's investigations identified 37 breaches of the GSI Rules, 30 breaches of the WEM Rules and 19 matters where no breach occurred. Twelve of the WEM Rule breaches concerned the requirement to comply with Dispatch Instruction requirements and nine of the WEM Rule breaches concerned failures

¹³ For example, refunds of reserve capacity payments where a participant has submitted a Forced Outage.

¹⁴ Significant discrepancies were differences greater than 25% between outage MW quantities and Balancing Submission unavailable MW quantities or greater than the Facility's Tolerance Range.

¹⁵ [Wholesale Electricity Market Rules \(WA\)](#), 1 July 2021, Rule 2.13.10.

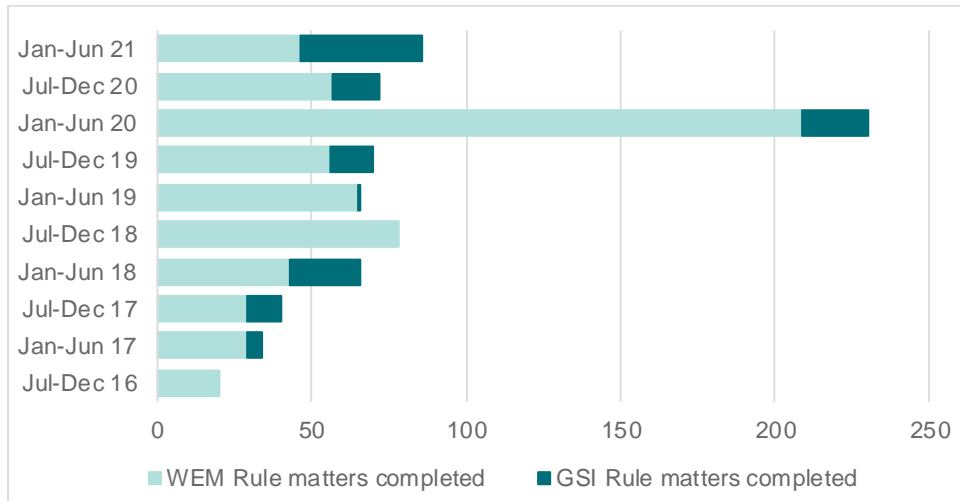
¹⁶ [Electricity Industry \(Wholesale Electricity Market\) Regulations \(WA\)](#), 1 July 2021, Regulation 31.

¹⁷ [Gas Services Information Rules \(WA\)](#), 1 July 2021, Rule 171(3).

to log Outages.¹⁸ For these matters, the ERA was satisfied that the Market Participants had implemented controls to mitigate the risk of the breaches reoccurring.

Figure 4 shows the number of investigations completed in each reporting period since 1 July 2016.¹⁹

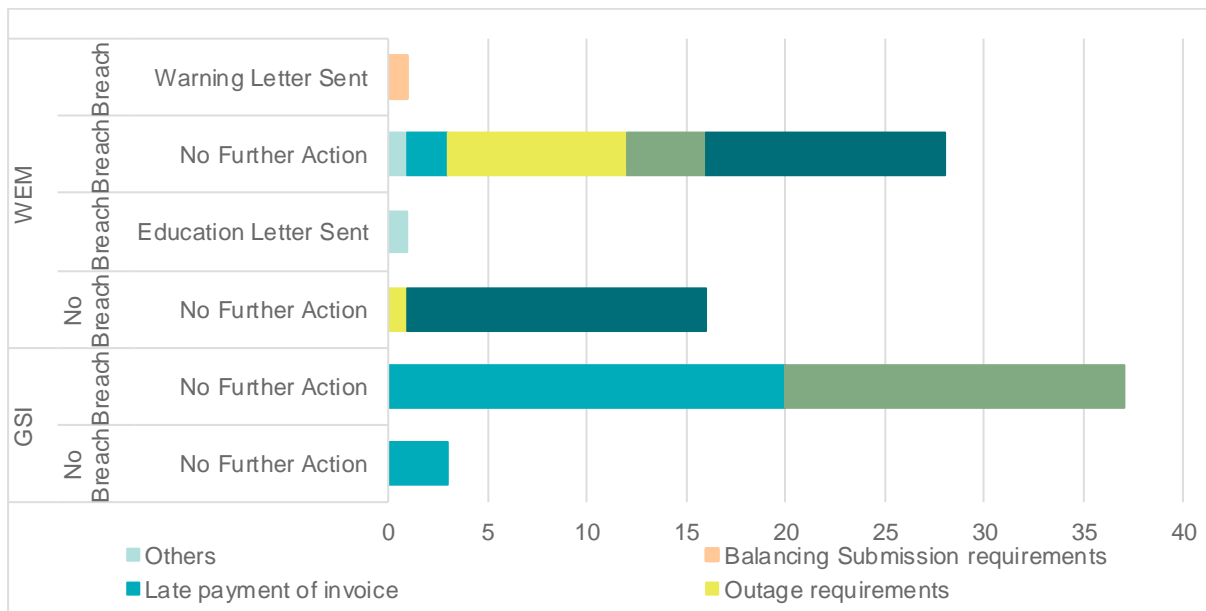
Figure 4: Investigations completed between 1 July 2016 and 30 June 2021



(Source: ERA data)

Figure 5 summarises the outcomes of the 86 investigations completed this reporting period.

Figure 5: investigation outcomes for the period 1 January 2020 to 31 June 2021



(Source: ERA data)

¹⁸ As reported in section 2.1, eleven of the twelve Dispatch Instruction breaches were reported this reporting period. The remaining Dispatch Instruction breach was reported in a prior reporting period.

¹⁹ The ERA became responsible for the compliance functions in the GSI and WEM Rules on 1 July 2016.

In 16 of the investigations completed this reporting period, the ERA determined that Market Participants did not breach the WEM Rules. Fifteen of these matters were related to Dispatch Instruction investigations. The ERA found that Market Participants were compliant with the dispatch requirements, including submitting the required quantity of Forced Outages where relevant.²⁰ The ERA also determined that GSI Participants did not breach the GSI Rules in three investigations concerning invoice payments.

The ERA sent a warning to one Market Participant in January 2021 for repeatedly failing to submit accurate Balancing Submissions. The Market Participant failed to correctly reflect its Facility's unavailability in its Balancing Submissions for a number of consecutive trading intervals in December 2019 and August 2020. This Market Participant also received a formal warning from the ERA for similar behaviour in April 2018.

2.4.1 Gas Services Information Rule Compliance

The ERA completed 40 investigations this reporting period into GSI matters.²¹ Most of these matters concerned the requirement to pay invoices on time. Clause 118(1) of the GSI Rules specifies that shippers or production facility operators must pay a GSI Invoice within 10 business days of receiving the invoice.

The remaining matters concerned the requirement to provide information or data to AEMO in accordance with the deadlines specified in the GSI Rules.

The majority of the GSI breaches investigated by the ERA this reporting period were caused by internal business process failures. This included circumstances where obligations were not performed because personnel were on leave. There were also inconsistencies between payment terms coded in participants' payment systems and those required for GSI Invoices.

The GSI Rules specify timing requirements for participants to submit data or information to AEMO, as well as when invoices must be paid. Participants should be aware that where GSI Invoices are not paid within 10 business days of receiving the invoice and where information is provided after a rule deadline, then this will constitute non-compliance with the GSI Rules. Late payments and delays in information provision may also cause delays to AEMO's GSI processes. Participants must have sufficient controls in place for the timely payment of invoices and provision of information to AEMO.

2.5 Stakeholder engagement and reports

As part of the quarterly investigation process referred to in section 2.2, the ERA meets with relevant Market Participants to discuss the circumstances of the matters being investigated. The ERA met with five Market Participants in February and March 2021 for the October to December 2020 quarterly process and met with one Market Participant in June 2021 for the January to March 2021 quarterly process.

²⁰ [Wholesale Electricity Market Rules \(WA\)](#), 1 July 2021, Rule 7.10.2.

²¹ The ERA determined that 38 of these matters were breaches of the GSI Rules, and the one remaining matter was not a breach.

The ERA published its compliance report to the Minister in January 2021.²² The report included the results of the independent audit on the ERA's compliance for the 2019/2020 financial year. The report stated:

- The ERA complied in all material respects with the Market Rules and Market Procedures and there were no recommendations made by the auditor.
- There were two minor ERA non-compliance matters reported to the auditor as follows:
 - The first matter occurred in the 2019/2020 audit period and concerned the ERA not confirming receipt of a Market Participant's self-reported breach within three days as required under paragraph 3.1.5 of the ERA's Monitoring Protocol.
 - The second matter concerned the ERA publishing extension notices for a pricing behaviour investigation on the ERA website but failing to publish the notices on the Market Web Site (that is, AEMO's website). The ERA breached Market Rules 1.7.3(b) and 2.16.9FA. These publication non-compliances occurred in the 2017/2018 and 2018/2019 audit periods.

2.6 Commencement of Rule Change RC_2014_03: Administrative improvements to the outage process

On 29 June 2021, the WEM Rules were amended following the commencement of rule change RC_2014_03: Administrative improvements to the outage process. There are several changes to outage processes that participants should be aware of to ensure they comply with the amended WEM Rules.

These changes include specifying how Facility de-ratings that vary during a Trading Interval are to be calculated when submitting a Forced Outage. Clause 3.21.5(c) states:

3.21.5 The quantity of de-rating for an outage notification submitted to AEMO for a Scheduled Generator or Non-Scheduled Generator is the MW reduction in capacity from the relevant Facility's sent out capacity, adjusted to account for any previous outage notifications for concurrent outages of the Facility. When calculating the quantity of de-rating for an outage notification to be submitted to AEMO for a Scheduled Generator or Non Scheduled Generator:

...

- (c) if the reduction in capacity varies during a Trading Interval, then the quantity of de-rating for the Trading Interval is measured as the average MW reduction in capacity over the duration of the Trading Interval;

The calculation specified in clause 3.21.5(c) is consistent with the method applied by the ERA when assessing Market Participants for compliance with the requirements to submit Forced Outages.

Clause 3.21.5(d) also specifies the outage quantities for intermittent generators in certain circumstances.

...

- (d) if the outage notification is in respect of an outage for an Intermittent Generator with a nameplate capacity (as specified for the Facility under Appendix 1(e)(ii)) exceeding its sent out capacity, and the Intermittent Generator remains or will remain capable of achieving its sent out capacity throughout the outage

²² Economic Regulation Authority, 'Wholesale Electricity Market Rules and Gas services Information Rules Compliance Report – 1 July 2019 to 30 June 2020', ([online](#)).

period, then the quantity of de-rating for the outage is deemed to be zero.

Forced Outages are also no longer required to be submitted by Scheduled Generators where the outage occurred during a Commissioning Test. This only applies where the outage was caused by a failure of the Facility's equipment during that test. Clause 3.21.1(a)iii states:

3.21.1. A Forced Outage is any outage of an Outage Facility that has not received AEMO's approval, including:

- (a) outages or de-ratings for which no approval was received from AEMO, excluding:
 - ...
 - iii. outages of a Scheduled Generator that occur within a period in which the Facility is subject to an approved Commissioning Test and are caused by a failure of the Facility's equipment during that Commissioning Test;

Several other changes were also made as part of the rule change. Participants that are not aware of these changes are encouraged to review the Rule Change Panel's Final Rule Change Report.²³

2.7 Generator Performance Standards

From 1 February 2021, the new Generator Performance Standards framework specified in Chapter 3A and Appendix 12 of the WEM Rules commenced. The framework applies to new and existing Transmission Connected Generating Systems.^{24,25}

Western Power may exempt a Market Participant responsible for a Transmission Connected Generating System from all of the requirements of section 3A.1, section 3A.2, sections 3A.5 to 3A.12 and Appendix 12 of the WEM Rules.²⁶ Western Power must notify the ERA when it issues an exemption notice or revokes an exemption notice to a Market Participant.

The ERA must publish and update the list of Exempt Transmission Connected Generating Systems when notified of a Generator Performance Standards exemption, or revocation of that exemption, by Western Power.²⁷ During the reporting period, Western Power notified the ERA that it had granted an exemption to Synergy for its MUJA_G5 Facility.

The list of Exempt Transmission Connected Generating Systems is published on the ERA website.²⁸

²³ Western Australian Government, 26 February 2021, RC_2014_03: Final Rule Change Report ([online](#)).

²⁴ [Wholesale Electricity Market Rules \(WA\)](#), 1 July 2021, Chapter 11 Glossary Transmission Connected Generating System.

²⁵ [Wholesale Electricity Market Rules \(WA\)](#), 1 July 2021, Rule 2.29.1(c).

²⁶ [Wholesale Electricity Market Rules \(WA\)](#), 1 July 2021, Rules 3A.1, 3A.2, 3A.5, 3A.12 & Appendix 12.

²⁷ [Wholesale Electricity Market Rules \(WA\)](#), 1 July 2021, Rule 3A.3.3.

²⁸ Economic Regulation Authority, 'Exempt Transmission connected Generating Systems', 29 June 2021, ([online](#)) [accessed 12 July 2021].

3. Report on Electricity Review Board matters

Clause 2.13.26 of the WEM Rules and clause 167(1) of the GSI Rules require the ERA to report on the following matters for the reporting period:

- a. Proceedings that have been brought before the Electricity Review Board.
- b. Findings of the Electricity Review Board on matters referred to it.
- c. Orders made by the Electricity Review Board.
- d. Civil penalties imposed by the ERA under clause 2.13.16(a) of the WEM Rules or regulation 16 of the GSI Regulations, where the Electricity Review Board has not set these aside.

3.1 Proceedings brought before the Electricity Review Board

Application 1 of 2019, brought to the Electricity Review Board by the ERA for an order of contravention of clause 7A.2.17 of the WEM Rules by Synergy pursuant to regulation 32(1) of the *Electricity Industry (Wholesale Electricity Market) Regulations 2004* (WA), continued this reporting period.

3.2 Findings of the Electricity Review Board

The Electricity Review Board did not decide on any matters concerning the WEM Rules or GSI Rules during the reporting period.

3.3 Orders made by the Electricity Review Board

Various orders of the Electricity Review Board were made during the reporting period concerning Application ERB 1 of 2019 (referred to in section 3.1 above). The following orders were published on the [Electricity Review Board's website](#) as at 30 June 2021.

1. Orders – 17 February 2021

The Electricity Review Board granted Synergy an order to issue AEMO with a summons to produce certain documents. A copy of the Summons is attached to the 17 February orders.

The orders also detailed, amongst other things, a confidentiality regime applicable to the materials produced by AEMO pursuant to Synergy's summons. Only "Approved Persons" in Schedule 1 of the 17 February orders were permitted to access the AEMO summonsed materials.

The 17 February 2021 orders also extended the deadline for the ERA to issue an application for a summons should it be required.

The 17 February 2021 published orders are available on the Electricity Review Board website.²⁹

²⁹ Order by Western Australian Electricity Review Board [17 February 2021](#).

2. Orders – 10 May 2021

A Preliminary Hearing commenced on 10 May 2021. The Electricity Review Board made orders the same day with respect to the Preliminary Hearing.

The order included a Schedule (Schedule 3) which was a restricted list of the persons that were approved (Approved Persons). Only Approved Persons could attend the Hearing and access the confidential documents and evidence for these proceedings.

The 10 May 2021 orders also stated that delivery of oral opening submissions in the Preliminary Hearing were to occur in open court, but no mention was to be made to the confidential information redacted in Schedule 1 and Schedule 2 of those orders.

The 10 May 2021 order granted leave for Synergy to disclose certain information to the Minister in accordance with sections 116 and 117 of the *Electricity Corporations Act 2005* (WA) and granted leave for the parties to disclose to the Minister for Energy, the Treasurer and the staff of the Treasurer, Synergy's confidential information. The parties were required to request that the Minister and the Treasurer keep the information confidential.

The 10 May 2021 order also stated that:

- The Electricity Review Board would provide a draft version of its decision reasons to the parties prior to publication of its reasons in the Preliminary Hearing.
- The parties were required to identify and redact any confidential material from that publication.
- The Electricity Review Board would publish the version of its reasons for its decision with the identified confidential information redacted.

The 10 May 2021 orders also contain a redacted copy of the parties' Outline of Opening Submissions.

The 10 May 2021 published orders are available on the Electricity Review Board website.³⁰

3. Orders – 11 May 2021

An order was made by the Electricity Review Board on 11 May 2021 to add other persons to the Approved Persons list in Schedule 3 of the 10 May 2021 orders.

The 11 May 2021 published orders are available on the Electricity Review Board website.³¹

4. Orders – 15 May 2021

An order was made by the Electricity Review Board on 15 May 2021 to add other persons to the Approved Persons list in Schedule 3 of the 10 May 2021 orders.

The 15 May 2021 published orders are available on the Electricity Review Board website.³²

³⁰ Order by Western Australian Electricity Review Board [10 May 2021](#).

³¹ Order by Western Australian Electricity Review Board [11 May 2021](#).

³² Order by Western Australian Electricity Review Board [15 May 2021](#).