



# Notice

30 November 2022

## Triennial review of the effectiveness of the Wholesale Electricity Market 2022

### Publication of report

The Minister for Energy has tabled the Economic Regulation Authority's report on the effectiveness of the Wholesale Electricity Market.

The ERA's review considers how well the Wholesale Electricity Market objectives will be achieved in the future, particularly the objectives of ensuring a reliable supply of electricity at the lowest sustainable cost to consumers.

The [report](#) finds that improvements to market mechanisms will be required to facilitate efficient investment in renewable generation and battery storage as conventional thermal generation leaves the electricity market and the economy decarbonises.

As more renewables enter the market, renewable facilities' profitability is expected to decline. The revenue available for battery storage declines with the addition of each new storage facility to the energy market. The report recommends measures will be needed to account for the contribution that any resources make towards meeting emission reduction goals.

The ERA's analysis also identified a risk to the reliability of the South West Interconnected System arising from the market price signals not suitably incentivising investment in flexible capacity as and when required to maintain system reliability. The State Government's review of the reserve capacity mechanism is likely to address this matter.

### Background

The *Electricity Industry Act 2004* (WA) requires the Economic Regulation Authority to assess the extent to which the Wholesale Electricity Market (WEM) is achieving the market objectives. The ERA adopted a forward-looking approach for this triennial review, to examine how the WEM objectives will be achieved in future.

### Further information

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