

**Kristian Myhre**  
**Commercial Manager**

Email: kristian\_myhre@transalta.com

July 18, 2023

Bruce Layman  
Economic Regulation Authority  
Level 4, Albert Facey House  
469 Wellington Street  
Perth WA 6000

**Attention: Bruce Layman**  
**RE: Draft Trading Conduct Guideline**

Dear Mr. Layman:

TransAlta Energy Australia Pty Ltd. ("**TransAlta**") provides its comments with respect to the Economic Regulation Authority's ("**ERA**") draft Trading Conduct guideline, dated June 21, 2023. We appreciate the opportunities that ERA has provided industry to make submissions on the Offer Construction and Trading Conduct guideline documents.

**TransAlta's Southwest Interconnect System Operations**

TransAlta and its subsidiary companies and partnerships act as a Market Generator, Market Customer, and Network Operator (uncovered) in the Wholesale Electricity Market ("**WEM**"). TransAlta co-owns the Parkeston Power Station, an open-cycle dual-fuel power plant connected to the Southwest Interconnected system. TransAlta also owns the Southern Cross Energy business, with two open-cycle gas turbine power stations located in Kambalda and at the Kalgoorlie Nickel Smelter.

**Draft Trading Conduct Guideline Comments**

TransAlta supports the development of a trading conduct guideline that explains how the ERA proposes to interpret the WEM Rules. A trading conduct guideline will help provide all industry stakeholder a common understanding of how the ERA plans to enforce the WEM Rules while case law is still being developed. TransAlta also supports the ERA's intent, which is to update its guideline "to take into account any relevant court or tribunal decisions or other relevant change in circumstances."<sup>1</sup>

---

<sup>1</sup> Page 1, Trading Conduct Guideline, ERA, June 21, 2023.

TransAlta finds that the inclusion of specific examples that highlight the key differences between acceptable and unacceptable behaviour like those presented in sections 3.1 and 3.2 are very helpful to industry participants. Including more examples of fraudulent, dishonest and misleading behaviour as well as the fact patterns and evidence that the ERA would rely on to determine when an investigation would lead to an enforcement action, would provide even better guidance to industry.

TransAlta asks that the next draft of the trading conduct guideline provides guidance on how the ERA would assess and distinguish between behaviour that seeks to take advantage of higher prices and behaviour that seeks to cause higher prices. TransAlta notes that the Treasury Laws Amendment Bill 2019 provided a revised explanatory memorandum that stated the following:<sup>2</sup>

*2.95 Prices would not be considered distorted or manipulated merely because they are changed as a result of a corporation's behaviour. Generators may make many bids each day, and the fact that these bids alter spot prices is not of itself distortion or manipulation in the relevant sense.*

*2.96 The analysis of whether prices have been distorted or manipulated must distinguish between behaviour which seeks to take advantage of higher prices (which is permissible under the design of the spot market), and behaviour which seeks to cause higher prices through means that are not acceptable features of an electricity spot market.*

More specifically, we would like to understand the differences in fact patterns and other evidence that is used to adduce the differences between the two types of behaviours.

TransAlta thanks the ERA for consideration of our submission and comments. We look forward to further engagement on the trading conduct guideline and welcome additional changes being made to the current draft to address our comments. Please feel free to reach out to me directly at [REDACTED] or email at [Kristian\\_myhre@transalta.com](mailto:Kristian_myhre@transalta.com) should you have any questions or wish to further discuss our submission.

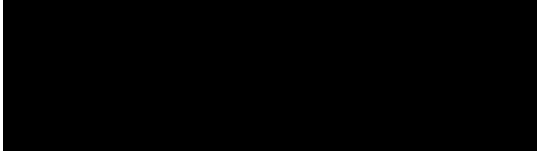
---

<sup>2</sup> [https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r6420\\_ems\\_e5b972fb-c9ae-4a21-a59d-c64554c9b3b9/upload\\_pdf/721439\\_Revised%20Explanatory%20Memorandum.pdf;fileType=application%2Fpdf#search=%22legislation/ems/r6420\\_ems\\_e5b972fb-c9ae-4a21-a59d-c64554c9b3b9%22](https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r6420_ems_e5b972fb-c9ae-4a21-a59d-c64554c9b3b9/upload_pdf/721439_Revised%20Explanatory%20Memorandum.pdf;fileType=application%2Fpdf#search=%22legislation/ems/r6420_ems_e5b972fb-c9ae-4a21-a59d-c64554c9b3b9%22)



Yours truly,

**TransAlta Energy (Australia) Pty Ltd.**



KRISTIAN MYHRE  
Commercial Manager



TED NIVOLIANITIS  
Sr. Advisor, Regulatory