

# WHOLESALE ELECTRICITY MARKET

## Submission to Procedure Change Proposal

<b>Submitted by</b>	
<b>Name:</b>	Mark Riley
<b>Phone:</b>	[REDACTED]
<b>Fax:</b>	-
<b>Email:</b>	<a href="mailto:mriley@agl.com.au">mriley@agl.com.au</a>
<b>Organisation:</b>	AGL
<b>Address:</b>	
<b>Date submitted:</b>	18 July 2023

### Submission

Clause 2.10.7 of the Wholesale Electricity Market Rules provides that any person may make a submission for a Procedure Change Proposal (including proposals developed by AEMO, the Economic Regulation Authority, the Coordinator of Energy or a Network Operator) by completing this Procedure Change Submission form.

Submissions should be provided by email to the nominated contact in the call for submissions published with the Procedure Change Proposal.

**Procedure: ERA – Trading Conduct**

**Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions**

CI 3.1

The guidelines do not seem to consider that in some cases a Participant's submission will be based on externally provided information, such as AEMO forecasts, PASA, Weather Bureau information, Gas Bulletin Board etc etc.

As such, in the case where incorrect actions by the Participant 'misled' the market, the guidelines state that 'the ERA will not need to also determine that the Market Participant intended to mislead or deceive to demonstrate a breach of clause 2.16A.3(a)'.

This seems unreasonable as the Participant's action should be considered in light of the information they were provided, not just the outcome of their actions.

**Please provide an assessment whether the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Rules.**

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**Procedure: ERA – Offer Construction Guidelines**

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CI 3 – Test of Market Power

The final sentence states ‘ the ability of a Market Participant to raise prices for any period of time will be sufficient to establish that the Market Participant has market power’.

Some small Participants will have market power for short periods of time as a result of changes to the Transmission Network, other generators going off supply etc etc.

It seems unreasonable to conclude that because a Participant has market power for a short period of time, that they are considered to have market power. As a result, this means that all Participants have to operate as though they all have market power at all times, which places a further burden on those participants and may force them to constrain / adjust their offers with unintended consequences.

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**Procedure: ERA – Monitoring Protocol**

Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions

Clause	Comment
1.3.1	Include reference to ERA website for completeness and process references.
Cl 3.1.1 and 3.1.2	These clauses define the monitoring procedure but are not actually procedural statements. They are simply processes the procedure must cover and could be included as an appendix or removed.
3.2.1(a)	It would be useful if the mandatory areas are listed in an Appendix (a) Mandatory: Areas the WEM Rules mandate that the ERA must monitor <a href="#">as described in Appendix ??</a> .
3.2.1 (b)	the sentence should refer to Appendix 1 for the risk assessment approach: (b) Risk-based: Areas the ERA has identified as requiring monitoring from the risk assessment processes <a href="#">described in Appendix 1</a>
3.2.5	The clause is not clear on when the ERA will notify relevant participants of additional data sought – ie before the request, at the same time as the request, after the request. Suggest modify the clause by including: .....the ERA is will provide notification to the relevant Rule Participant(s) <a href="#">at the time of making the request to AEMO</a> (clause 2.13.6 of the WEM Rules).
3.2.7	Grammar- identified used twice Where the ERA has <del>identified and</del> commenced an investigation identified through its monitoring processes,
3.3.1 (a)	Obligation covered by paragraph (b) <del>(a) Monitor Rule Participant's behaviour for compliance with the WEM Rules specified in the list of WEM Rules provided by the ERA that AEMO must monitor for compliance.</del> <sup>8</sup>
3.3.1 (b)	Grammar Under clause 2.13.7..... (b) Ensure it has processes and systems in place to allow it to monitor Rule Participant's behaviour in accordance with clause 2.13.7(a) and in accordance with the list of WEM Rules provided by the ERA <del>that AEMO must monitor for compliance, including developing systems for monitoring.</del> <sup>9</sup>
3.3.1 (c)	AGL considers this paragraph the more general / higher level obligation (from the ERA procedure perspective) and so should be the first sub-paragraph: ( <del>a</del> e) Support the ERA's monitoring of Rule Participants' behaviour, including having processes and systems to provide the ERA with data, information, documents or analysis under clauses 2.13.4, 2.13.7, 2.13.8(a), 2.13.8(b) or 2.13.14 of the WEM Rules, as applicable.

Clause	Comment
4.3	For brevity and clarity, it would be better to refer back to para 1.3.1 Eg:
4.3.3	Rewording Notifications of an <a href="#">individual</a> alleged breach <del>matters</del> can be reported to the ERA <del>individually by matter using the form available on the ERA's website. Alternatively, alleged breaches can be reported by email to:</del> <a href="#">using the methods proscribed in paragraph 1.3.1</a>
4.3.4	Amendment Alleged breaches may also be reported in the batch report template available on the ERA website or by e-mail <del>to market.compliance@erawa.com.au</del> , providing: ....
4.3.7	Amendment A Rule Participant may, at any time after making a notification of an alleged breach under paragraph 4.3.3 or 4.3.4, provide updated information to the ERA in relation to the alleged breach <del>by e-mail in writing to market.compliance@erawa.com.au</del> (clause 2.13.23 of the WEM Rules).
4.5.5 / 4.6	Participant Notification The procedure goes from prioritisation (4.5.5) straight to Participant Submissions (4.6). There is no process identified to clarify how the ERA will notify the relevant Participants, in what time frame they will be notified and what information concerning the alleged breach they will be provided, such as when the investigation may commence. Suggest a section describing the notification to participants.
4.6.2	Amend to remove specific contact details per proposal above. Submissions referred to in paragraph 4.5.1 of this document must be in writing <a href="#">by e-mail</a> <del>and should be made via email to:</del> <del>Email: market.compliance@erawa.com.au</del> <del>If email is not possible, then the notification may be sent via registered post to:</del> <del>Post: PO Box 8469, PERTH BC WA 6849.</del>
5.1.4	Suggest that this should be the first clause in section 5.1 as its sets the obligations on all participants.
5.3.2	Include reference to Fig 3 ....under the WEM Rules and the WEM Regulations <a href="#">as shown in Figure 3</a> (e.g. warnings, C penalties and/ or commencement of....
Fig 3	This figure could be utilised effectively in an introductory section earlier in the procedure.

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Clause	Comment
5	Associated WEM Procedures. The list of procedures are not / should not be individual paragraphs – but rather a numbered list.
8.2.1 / 8.2.2	These items should be a numbered list not individual paragraphs.
8.3.1 / 8.3.2	These items should be a numbered list not individual paragraphs.
8.5	Full stop missing at end of paragraph
8.10.1 – 8.10.8	These items should be a numbered list not individual paragraphs.
General	Its not clear from this procedure exactly how the ERA triggers the SESSM process, what direction are issued, what notifications are made to the market and how they are made to the market.  One assumes that the ERA directs AEMO to trigger the SESSM, but this rcedures does not specify this.

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**Procedure: ERA – Portfolio Determination**

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Clause	Comment
1.41 - 1.4.4	These items should be a numbered list not individual paragraphs.
3.1	This section is predominantly Portfolio Allocation, not Portfolio Assessment. It would be better to separate the concepts within the procedure.
3.1.1	This paragraph can be condensed:  <u>(b) Registered facilities must be allocated to the same Portfolio if they are owned, operated or controlled by:</u>  1. <u>the same Market Participant;</u> 2. <u>Market Participants that are associated entities;</u> 3. <u>an associated entity of that Market Participant or other entity (as those expressions are defined in the Corporations Act);</u>
3.1.5	This paragraph would be better placed at the start of paragraph 3 as 3.1 as it provides a clear obligation on participants to provide information by 1 Feb and 1 Aug each year and is a precursor to the portfolio assessment.
3.1.5 (a)	This statement should be a separate paragraph, not a sub-clause of paragraph 3.1.5. Further, the date of publication of this information should be linked to the April1 and October 1 dates, eg:  <u>Within 5 business days of 1 April and 1 October,</u> the <del>The</del> ERA will publish a list on its website specifying the name of each Registered Facility within each identified Portfolio (clause 2.16B.1(b) of the WEM Rules).
3.1.6	Table 2 is better placed after 3.1.4 as it relates to the portfolio allocations, and before obligations to publish information
3.1.7 / 3.1.8	These paragraphs are not related to portfolio allocation and would be better placed within section 4, under a new topic – 4.1 Network Constraints.
4	This section is more about Portfolio Assessment.
3.1.7 4.2.4	It is noted that the Fixed Assessment Period in 4.2.4 is defined as a paragraph, although it is a defined term in the WEM rules. However, the Rolling Test Window is defined by footnote.  Given the importance of these terms, it is suggested that they both be defined as WEM Terms in a procedural glossary with a reference to the WEM Rules.

Clause	Comment
4.2.1	<p>It is unclear in this clause if the ERA must calculate and publish the results of its calculation or if the ERA must complete its calculation within 20 business days and then publish its results.</p> <p>Suggest either:</p> <p><u>4.2.1 The ERA will within 20 Business Days following the end of a Rolling Test Window:</u></p> <ol style="list-style-type: none"> <li>I. <u>calculate as a percentage the Constrained Uplift Payment Ratio for each Constrained Portfolio and</u></li> <li>II. <u>publish the results of the calculation on its website.</u></li> </ol> <p>Or</p> <p>Separate the components into separate paragraphs for clarity of obligation:</p> <p><u>4.2.1 The ERA will within 20 Business Days following the end of a Rolling Test Window calculate as a percentage the Constrained Uplift Payment Ratio for each Constrained Portfolio.</u></p> <p><u>4.2.2 The publish the results of the calculation on its website within 5 business days of completing the calculation undertaken in paragraph 4.2.1.</u></p>
4.2.5	<p>No clear timeline for publishing results nor is it clear exactly what is being published (noting 4.2.1). Suggest:</p> <p>4.2.5 The ERA will publish the results of these calculations of <u>the Constrained Uplift Payment Ratio and Material Constrained Portfolios</u> on its website (clause 2.16C.2(c) of the WEM Rules) <u>within 2 business days of completing the calculation.</u></p>
4.2.7	<p>No timeline on notification to the Market Participant. Suggest</p> <p>4.2.7 The ERA will notify in writing the Market Participant with the Material Constrained Portfolio (clause 2.16C.2(d) of the WEM Rules) <u>within 2 business days of completing the calculation.</u></p>
5.1.1	<p>Paragraph can be condensed:</p> <p>5.1.1 By no later than three months from the date of receipt of a notice provided under clauses 2.16C.1(c)(ii) or 2.16C.2(d) of the WEM Rules, <u>a Market Participant must (clause 2.16C.3 of the WEM Rules) of the:</u></p> <ol style="list-style-type: none"> <li>I. <u>internal governance arrangements the Market Participant has in place to comply with its obligations under clause 2.16A.1 of the WEM Rules;</u></li> <li>II. <u>methods, assumptions and cost inputs the Market Participant used to develop the prices in the Portfolio Supply Curve offered in its STEM Submissions or Standing STEM Submissions, including, for each relevant Facility.</u></li> <li>III. <u>methods and cost inputs the Market Participant used to develop the prices offered, quantities and Ramp Rate Limits in its Real-Time Market Submissions or Standing Real-Time Market Submissions, including, for each relevant Facility.</u></li> </ol>

Clause	Comment
6.1.3	<p>Inconsistent grammar, suggest</p> <p>6.1.3 Appendix I contains <del>The ERA may include</del> a template that a Market Participant must use for making a request for guidance <a href="#">under paragraph 6.1.2</a> (clause 2.16D.15(c) of the WEM Rules). <del>A template has been provided in Appendix 4</del></p>
6.1.4	<p>Clarity on timing obligation (per comment on 4.2.1 above)</p> <p>Is it 20 b/days to consider the request or 20 b/days to provide guidance. Assuming the second, the clause can be simplified as:</p> <p>6.1.4 Within 20 Business Days of receiving the request for guidance the ERA <del>will consider the request and</del> use reasonable endeavours to provide guidance on the matters specified in the request.</p>
6.1.5	<p>The second portion of this paragraph seems unreasonable.</p> <p>If the information is not provided it may be reasonable to deem the request withdrawn. However, if the Market Participant has provided information, then the Market Participant is still seeking guidance. If the information is not satisfactory, it seems reasonable that the ERA provides advice that the information is not satisfactory, and if no information is forthcoming, the request can be deemed to be closed.</p> <p>If however, the Market Participant is seeking to provide the correct information, then the ERA should reasonably engage with that Market Participant.</p> <p>6.1.5 The ERA may request further information from a Market Participant that has made a request for guidance. If, within 15 Business Days of the date of the ERA's request for further information:</p> <ol style="list-style-type: none"> <li data-bbox="414 1086 1388 1209">I. the Market Participant does not provide the information requested, <del>or the ERA reasonably considers the information provided is not satisfactory</del>, the Market Participant will be deemed to have withdrawn the relevant request (clause 2.16D.8 of the WEM Rules);</li> <li data-bbox="414 1220 1388 1456">II. <a href="#">the Market Participant provides information which the ERA reasonably considers unsatisfactory, the ERA must:</a> <ol style="list-style-type: none"> <li data-bbox="526 1299 1388 1332">a. <a href="#">Advise the Market Participant that the information is unsatisfactory;</a></li> <li data-bbox="526 1344 1388 1377">b. <a href="#">Give the Market Participant 15 business days to respond;</a></li> <li data-bbox="526 1388 1388 1456">c. <a href="#">If there is no response from the market Participant, then the Market Participant will be deemed to have withdrawn the relevant request.</a></li> </ol> </li> </ol>
6.1.6	<p>Grammar</p> <p>6.1.6 The ERA <a href="#">will reasonably</a> considers requests <del>made by the Market Participant</del> for extensions that, for example, demonstrate that the provision of information will take longer than that specified in the WEM Rules.</p>
6.1.11	<p>Is it only the Offer Construction Guideline that might require amendment following a request for Guidance. It is considered that any procedure which was identified as lacking would trigger an action to have it amended.</p>
6.1.12	<p>If the specific guidance cannot be released, can an example be published which contains the core of the guidance ?</p>
Appendix 1	<p>If the ERA requires the template for Guidance request to be used, it would be more helpful if the template was published in Word, and the Appendix used to show the form of the template.</p>

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**Procedure: ERA – Triggering SSEM**

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## **Extra**

Reference	Comment

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