



Economic Regulation Authority

# Portfolio Identification and Material Portfolio

Determination

10 October 2024

## Acknowledgement of Country

At the ERA we value our cultural diversity and respect the traditional custodians of the land and waters on which we live and work.

We acknowledge their continuing connection to culture and community, their traditions and stories. We commit to listening, continuously improving our performance and building a brighter future together.

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## Executive summary

The commencement of the new Wholesale Electricity Market (WEM) on 1 October 2023 included implementation of a Market Power Mitigation Framework. This Framework has been incorporated into the WEM Rules and is further detailed in several WEM Procedures.

Under the Framework, the ERA must conduct a portfolio assessment at regular, specified times throughout the year and includes two stages. The first stage assigns registered facilities to portfolios based on registration, ownership, or operational control. The second stage identifies those portfolios that may exert power in the STEM and Real Time Market (RTM).

The ERA's assessment is guided by the method and process outlined in both the WEM Rules and WEM Procedure – Portfolio Determination.<sup>1</sup>

Allocation to a material portfolio places governance obligations on facilities within material portfolios to maintain records. It also places an obligation on the ERA to monitor offers into the real time market from material portfolios. However, the ERA's monitoring and surveillance activities are not confined to material portfolios.

The ERA's determination process is dependent on the information provided by Market Participants. The WEM Procedure sets a deadline of 1 April and 1 August each year for Market Participants to provide the ERA with their declarations of control.<sup>2</sup>

This document reports on the ERA's findings based on information provided by Market Participants on 1 August 2024.

Several market participants did not submit the required information by the deadline set in the WEM Rules. While the ERA recognises that this is still a relatively new process, we expect Market Participants to establish processes to ensure that they provide required information on time, to support a timely and efficient determination process by the ERA.

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<sup>1</sup> ERA, WEM Procedure – Portfolio Determination, October 2023, ([online](#))

<sup>2</sup> It is noted that at the time of writing this report, a review of the current Portfolio Identification process is being conducted by Energy Policy WA as part of a broader review of the WEM Rules. Any changes to the frequency or process of Portfolio Identification will be communicated to market participants in a timely manner. Link [here](#).

# 1. Introduction

The WEM Procedure – Portfolio Determination sets out the process and method used to identify portfolios and material portfolios. Analysis is undertaken in two stages. In the first stage, the ERA identifies Portfolios for all Facilities identified in clause 3.1.4(a) of the WEM Procedure. In the second stage, the ERA applies a Market Power Test to the identified Portfolios to determine which (if any) meet the threshold for Material Portfolio status.

## 1.1 Portfolio Assessment

The ERA used both the Facility registration information as recorded on the AEMO website, and the information provided by Market Participants in their Declarations of Control of a Facility forms to make its assessment.<sup>3, 4</sup>

The ERA has followed the principles-based approach outlined in the WEM Rules, and explained in the WEM Procedure, to complete the Portfolio assessment and identification process.

## 1.2 Material Portfolio determination

The allocation of Material Portfolios is based on the application of a Market Power Test. The test is applied to each identified Portfolio to determine if they meet or exceed the threshold of 10 per cent of total maximum sent out capacity for all identified Portfolios.

If that threshold is met, the Portfolio is allocated as a Material Portfolio. Material Portfolios have additional record keeping requirements under the WEM rules and the ERA must monitor offers made by Registered Facilities within that Portfolio and must investigate breaches.<sup>5, 6</sup> This requirement does not limit the ERA's ability to monitor offers or investigate breaches for any Registered Facilities.

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<sup>3</sup> ERA, *WEM Procedure – Portfolio Determination*, October 2023, 3.1.7, p6. ([online](#))

<sup>4</sup> ERA, *WEM Procedure – Portfolio Determination*, October 2023, 3.1.3, p5. ([online](#))

<sup>5</sup> ERA, *WEM Procedure – Portfolio Determination*, October 2023, 5.1.1, p10. ([online](#))

<sup>6</sup> Wholesale Electricity Market Rules (WA) 3 November 2023, Rule 2.16C.4, ([online](#))

## 2. Portfolio Assessment

The ERA is required to complete its identification of each Portfolio by 1 April and 1 October each year.<sup>7</sup> This report is for 1 October 2024.

To identify Portfolios, the ERA, in accordance with the Rules and WEM Procedure, applied the following principles in the order stated in the WEM Rules:

- (i) Each Scheduled Facility, Semi-Scheduled Facility and Non-Scheduled Facility must be allocated to one, but not more than one, Portfolio;
- (ii) Registered Facilities which are owned by or registered to the same Market Participant must be allocated to the same Portfolio;
- (iii) Registered Facilities which are owned by or registered to Market Participants that are associated entities (as that expression is defined in the Corporations Act) must be allocated to the same Portfolio;
- (iv) Registered Facilities which are registered to, or owned or controlled by, a Market Participant or other entity, and Registered Facilities that are registered to, or owned by, an associated entity of that Market Participant or other entity (as those are defined in the Corporations Act) must be allocated to the same Portfolio; and
- (v) Without limiting (i), a Registered Facility must not be allocated to a Portfolio containing another Registered Facility unless it is required by (ii), (iii) or (iv).

Table 1 sets out the findings of the most recent Portfolio Determination process, listing registered facilities by Portfolio, as at 1 October 2024.

**Table 1: Identified Portfolios**

Portfolio	Registered Facilities
1	ROCKINGHAM SOUTH_CARDUP PERTHENERGY_KWINANA_GTI
2	ALCOA_WGP
3	ALINTA_PNJ_U1 ALINTA_PNJ_U2 ALINTA_WGP_GT ALINTA_WGP_U2 ALINTA_WWF BADGINGARRA_WF1 YANDIN_WF1
4	BIOGAS01
5	WARRADARGE_WF1 ALBANY_WF1 GRASMERE_WF1

<sup>7</sup> Wholesale Electricity Market Rules (WA) 3 November 2023, Rule 2.16B1(a), ([online](#)) and ERA, *WEM Procedure – Portfolio Determination*, October 2023, 3.1.4, p5. ([online](#))

Portfolio	Registered Facilities
	GREENOUGH_RIVER_PV1
6	COLLIE_ESR1
7	DCWL_DENMARK_WF1
8	EDWFMAN_WF1
9	FLATROCKS_WF1
10	NEWGEN_KWINANA_CCG1
11	BLAIRFOX_BEROSRD_WF1 BLAIRFOX_KARAKIN_WF1 BLAIRFOX_WESTHILLS_WF3
12	BW1_BLUEWATERS_G2 BW2_BLUEWATERS_G1
13	RED_HILL TAMALA_PARK
14	MERSOLAR_PV1
15	AMBRISOLAR_PV1
16	SKYFRM_MTBARKER_WF1
17	MWF_MUMBIDA_WF1
18	NAMKKN_MERR_SG1
19	INVESTEC_COLLGAR_WF1
20	NEWGEN_NEERABUP_GT1
21	BREMER_BAY_WF1 COCKBURN_CCG1 COLLIE_G1 KALBARRI_WF1 KEMERTON_GT11 KEMERTON_GT12 KWINANA_ESR1 KWINANA_GT2 KWINANA_GT3 MUJA_G6 MUJA_G7 MUJA_G8 MUNGARRA_GT1 MUNGARRA_GT3 PINJAR_GT1 PINJAR_GT10 PINJAR_GT11

Portfolio	Registered Facilities
	PINJAR_GT2 PINJAR_GT3 PINJAR_GT4 PINJAR_GT5 PINJAR_GT7 PINJAR_GT9 WEST_KALGOORLIE_GT2 WEST_KALGOORLIE_GT3
22	PRK_AG
23	STHRNCRS_EG
24	TESLA_PICTON_G1 TESLA_GERALDTON_G1 TESLA_KEMERTON_G1 TESLA_NORTHAM_G1
25	TIWEST_COG1
26	HENDERSON_RENEWABLE_IG1
27	NORTHAM_SF_PV1



### 3. Material Portfolio determination

Following identification of Portfolios, the ERA is then required to apply a Market Power Test to determine which Portfolios may exert market power on the STEM and RTM.

The Market Power Test is set out in clause 2.16C.1(a) of the Rules and reproduced in section 4.1.2 of the WEM Procedure.

The test uses the maximum sent out capacity (MSOC) for each Registered Facility to calculate a Portfolio's percentage share of the total MSOC of all Registered Facilities assigned to a Portfolio.<sup>8</sup>

Specifically, clause 2.16C.1(a) of the WEM Rules details the application of the following test:

Within 10 Business Days of identifying each Portfolio p under clause 2.16B.1(a), calculate Portfolio p's percentage share of the total maximum sent out capacity of all Registered Facilities assigned to a Portfolio as follows:

$$MSOC\_Share(p) = \frac{\sum_{f \in p} MSOC(f)}{\sum_{f \in Facilities} MSOC(f)} \times 100$$

where:

MSOC(f) is the maximum sent out capacity specified for Registered Facility f in Appendix 1(b)(v), Appendix 1(c)(v) or Appendix 1(d)(v) as applicable;

f ∈ p denotes all Scheduled Facilities, Semi-Scheduled Facilities and Non-Scheduled Facilities f assigned to Portfolio p; and

f ∈ Facilities denotes all Scheduled Facilities, Semi-Scheduled Facilities and Non-Scheduled Facilities assigned to a Portfolio assigned to a Portfolio identified under clause 2.16B.1(a)i

Where a Portfolio has a percentage share value equal to or greater than 10 per cent calculated by the above equation, the ERA will determine this to be a Material Portfolio.<sup>9</sup>

Portfolios 3 and 21 (highlighted in grey) meet or exceed the Market Power Test threshold of 10 per cent and are determined to be Material Portfolios.

**Table 2: Results of Market Power Test**

Portfolio	Registered Facilities	Percentage Share (%)
1	ROCKINGHAM SOUTH_CARDUP PERTHENERGY_KWINANA_GTI	1.84
2	ALCOA_WGP	0.26
<b>3</b>	ALINTA_PNJ_U1 ALINTA_PNJ_U2	<b>17.77</b>

<sup>8</sup> Maximum sent out capacity has the meaning under the rules of the net of embedded and Parasitic Loads, that can be available for supply to the relevant Network from the Facility under optimal conditions, expressed in megawatts (MW).

<sup>9</sup> Wholesale Electricity Market Rules (WA) 3 November 2023, Rule 2.16C.1(b), ([online](#)) and ERA, *WEM Procedure – Portfolio Determination*, October 2023, 4.1.1, p8. ([online](#))

Portfolio	Registered Facilities	Percentage Share (%)
	ALINTA_WGP_GT ALINTA_WGP_U2 ALINTA_WWF BADGINGARRA_WF1 YANDIN_WF1	
4	BIOGAS01	0.03
5	WARRADARGE_WF1 ALBANY_WF1 GRASMERE_WF1 GREENOUGH_RIVER_PV1	4.09
6	COLLIE_ESR1	3.21
7	DCWL_DENMARK_WF1	0.02
8	EDWFMAN_WF1	1.28
9	FLATROCKS_WF1	1.18
10	NEWGEN_KWINANA_CCG1	5.37
11	BLAIRFOX_BEROSRD_WF1 BLAIRFOX_KARAKIN_WF1 BLAIRFOX_WESTHILLS_WF3	0.31
12	BW1_BLUEWATERS_G2 BW2_BLUEWATERS_G1	6.96
13	RED_HILL TAMALA_PARK	0.15
14	MERSOLAR_PV1	1.60
15	AMBRISOLAR_PV1	0.02
16	SKYFRM_MTBARKER_WF1	0.04
17	MWF_MUMBIDA_WF1	0.88
18	NAMKKN_MERR_SG1	1.31
19	INVESTEC_COLLGAR_WF1	3.50
20	NEWGEN_NEERABUP_GT1	5.48
<b>21</b>	BREMER_BAY_WF1 COCKBURN_CCG1 COLLIE_G1 KALBARRI_WF1 KEMERTON_GT11 KEMERTON_GT12 KWINANA_ESR1	<b>41.72</b>

Portfolio	Registered Facilities	Percentage Share (%)
	KWINANA_GT2 KWINANA_GT3 MUJA_G6 MUJA_G7 MUJA_G8 MUNGARRA_GT1 MUNGARRA_GT3 PINJAR_GT1 PINJAR_GT10 PINJAR_GT11 PINJAR_GT2 PINJAR_GT3 PINJAR_GT4 PINJAR_GT5 PINJAR_GT7 PINJAR_GT9 WEST_KALGOORLIE_GT2 WEST_KALGOORLIE_GT3	
22	PRK_AG	1.09
23	STHRNCRS_EG	0.37
24	TESLA_PICTON_G1 TESLA_GERALDTON_G1 TESLA_KEMERTON_G1 TESLA_NORTHAM_G1	0.64
25	TIWEST_COG1	0.67
26	HENDERSON_RENEWABLE_IG1	0.05
27	NORTHAM_SF_PV1	0.16
<b>Total</b>		<b>100</b>