

WHOLESALE ELECTRICITY MARKET

Submission to Procedure Change Proposal

Procedure Change Proposal: Monitoring Protocol

Submitted by	
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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 or the Rule Change Panel) 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.

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

Alinta Energy (**Alinta**) welcomes the opportunity to provide a submission to the Economic Regulation Authority's (**ERA**) on its *Procedure Change Proposal: Monitoring Protocol (Monitoring Protocol)*.

Alinta commends the ERA on its approach to amending the Monitoring Protocol. Specifically, Alinta welcomes the inclusion of both:

- the ERA's approach to compliance; and
- the ERA's potential investigation outcomes, available compliance responses and when these compliance responses may apply.

This additional transparency is valued and assists with setting participant's expectations as to how the ERA will undertake its monitoring and compliance related obligations outlined in the Wholesale Electricity Market Rules (**Market Rules**).

While Alinta supports the ERA's approach to the Monitoring Protocol, we note that the Market Rules require the Australian Energy Market Operator (**AEMO**) to develop and implement its own Monitoring and Reporting Protocol to specify how AEMO (including in its capacity as System Management) will support the ERA's compliance monitoring role.

Alinta is concerned that it is unable to consider the monitoring and reporting regime holistically given the AEMO protocol is yet to be developed. It would have been Alinta's preference to consider both documents together in order to make a fully informed assessment.

In addition to this, Alinta has a number of suggestions for the ERA to consider:

1. Alinta considers that the Monitoring Protocol could benefit from the addition of a paragraph similar to the below:

References to particular Market Rules within the Monitoring Protocol are current as of 10 December 2016. These references are included for convenience only, and are not part of this Monitoring Protocol.

This will align the Monitoring Protocol with other market procedures and ensure that participants are aware of what version of the Market Rules the protocol is based on.

2. Alinta notes that clause 2.14.5A includes an obligation for the ERA to annually provide to the Minister a report on its own compliance with the Market Rules and Market Procedures. While the ERA is not a Rule Participant therefore there is no obligation for it to include protocols for how it complies with clause 2.14.5A in the Monitoring Protocol, Alinta considers that there may be benefit to amending paragraph 1.2.3 to also state that the Monitoring Protocol does not include how the ERA will comply with its obligations under clause 2.14.5A.
3. Throughout the Monitoring Protocol reference to specific market rules refers to "Market Rule" or "Clause" interchangeably. Alinta suggests that this should be reviewed for consistency.

4. Paragraph 4.3.7 states “if the ERA considers this to be appropriate and permitted under the confidentiality provisions of the Market Rules”. Alinta interprets the current confidentiality provisions in the Market Rules, read in conjunction with the confidentiality status document maintained by AEMO, to mean that a participant reporting a breach of another participant would never be notified of an investigation outcome (unless the matter was referred to the Electricity Review Board and the outcomes published in the six-monthly report). Alinta considers that this is not an appropriate outcome, and that the confidentiality status document maintained by AEMO should be amended to give ERA the ability to provide this information to a participant, if it deemed it appropriate to do so.
5. Alinta considers that the reference to “cover both internal and external processes” in paragraph 4.1.1 is confusing and could benefit from review and amendment.
6. Alinta notes that paragraph 4.2.5 includes a misspelling of the word “consider” in the second sentence.

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

Alinta notes that the Monitoring Protocol must specify:

- the Economic Regulation Authority’s monitoring processes for assessing compliance with the Market Rules and Market Procedures by Rule Participants;
- a process for Rule Participants to report alleged breaches of the Market Rules or Market Procedures;
- processes for investigations into alleged breaches of the Market Rules or Market Procedures;
- guidelines for the Economic Regulation Authority when issuing warnings about alleged breaches of the Market Rules or Market Procedures to Rule Participants under clause 2.13.10(c); and
- the procedure for bringing proceedings in respect of Category B or C Market Rule breaches before the Electricity Review Board.

Alinta considers that the Monitoring Protocol is consistent with these requirements in the Market Rules.

Please indicate if the Procedure Change Proposal will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

Alinta notes that the procedure change proposal gives Alinta additional transparency and certainty regarding the ERA’s approach to its compliance and investigation obligations in the Market Rules.

Alinta will be required to review its internal documentation regarding the Market Rules compliance processes and as a result of that review, may be required to update this internal documentation. This is expected to be a minor task and completed as a business-as-usual activity, therefore would not incur additional costs.

Please indicate the time required for your organisation to implement the changes, should they be accepted as proposed.

Alinta does not require any additional time to implement the changes.