



Economic Regulation Authority

Procedure Change Proposal: Monitoring Protocol

(EEPC_2024_02)

5 September 2024

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Invitation to make submissions

Submissions are due by 4:00PM WST, 3 October 2024

Clause 2.10.7 of the WEM Rules provides that any person may make a submission to a Procedure Change Proposal.

The ERA invites comment on this paper and encourages all interested parties to provide comment on the matters discussed in this paper and any other issues or concerns not already raised in this paper.

We would prefer to receive your [Procedure Change Submission](#) via our online submission form <https://www.erawa.com.au/consultation>

You can also submit a [Procedure Change Submission](#) form via:

Email: publicsubmissions@erawa.com.au

Post: Level 4, Albert Facey House, 469 Wellington Street, Perth WA 6000

Please note that submissions provided electronically do not need to be provided separately in hard copy.

All submissions will be made available on our website unless arrangements are made in advance between the author and the ERA. This is because it is preferable that all submissions be publicly available to facilitate an informed and transparent consultative process. Parties wishing to submit confidential information are requested to contact us at info@erawa.com.au.

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1. Introduction

The Economic Regulation Authority (ERA) is responsible for the compliance and enforcement functions under chapter 2.13 of the Wholesale Electricity Market (WEM) Rules.

Clause 2.15.1 of the WEM Rules requires the ERA to maintain and implement a WEM Procedure. The purpose of the WEM Procedure is to state how the ERA will implement its obligations under the WEM Rules to monitor Rule Participant's behaviour and compliance with the WEM Rules and WEM Procedures (clause 2.15.2 of the WEM Rules).

All capitalised terms in this document are defined terms under the WEM Rules.

1.1 Process to develop a Procedure Change

The ERA will follow the Procedure Change Process as described in chapter 2.10 of the WEM Rules:

- Develop a Procedure Change Proposal outlining the amended words and the reasons for the proposed amendments to the WEM procedure.
- Publish the Procedure Change Proposal on its website and call for submissions on the Procedure Change Proposal.
- Allow 20 Business days for submissions from the date the call for submissions is published. (Clause 2.10.7 of the WEM Rules).
- Following the closing date for submissions, publish the Procedure Change Report and the updated Monitoring Protocol.
- The amended procedure will take effect from the same day as the amended WEM Rules.

1.2 WEM Procedure Proposal

Under the WEM Rules a Procedure Change Proposal must include:

- a proposed WEM Procedure or an amendment or replacement for a WEM Procedure, indicating the proposed amended words, or a proposed WEM Procedure; and
- the reason for the proposed WEM Procedure or an amendment to or replacement for a WEM Procedure or proposed WEM Procedure.

2. Proposed Monitoring Protocol changes

The proposed changes are required to align the Monitoring Protocol with the WEM Rules changes proposed by Energy Policy WA (EPWA) to be implemented on 20 November 2024.¹ The relevant WEM Rules and the proposed changes to these rules are presented in Appendix 1.

The ERA has also taken the opportunity to refine wording in some sections of the Monitoring Protocol and to clarify the risk assessment processes referred to in section 2.1, 4.5 and Appendix 1 of the Monitoring Protocol.

The table below presents a summary of the proposed changes. See Appendix 2 for a link with the full updated version of the Monitoring Protocol with the tracked proposed changes and Appendix 3 for a link to a clean version of the updated Monitoring Protocol.

Table 1 Summary of Proposed Changes

Monitoring Protocol Section (in Monitoring Protocol version 7)	Proposed changes and reasoning for change
2.2 Risk-based Approach	To clarify how the ERA applies different types of risk assessments to its compliance activities.
4.2.1 Self-reporting of suspected breaches	To clarify that extension of time to self-report breaches to the ERA must be approved by the ERA.
4.5.4 Assessing Suspected Breaches	<p>Add detail and clarifications to the ERA process of recording and risk assessing suspected breaches.</p> <p>This includes moving sections 5.2.1 to 5.2.7 describing the process of risk assessment of suspected breaches from Section 5.2 Investigation Process to section 4.5 Assessing Suspected Breaches to make clear that recording and risk assessment of suspected breaches is a separate process and not a phase of an investigation process.</p> <p>Remove references to deleted clause 2.16A.1² of the WEM Rules.</p> <p>Remove paragraphs 4.5.6 (d) to (f)³ to reflect that the ERA does not have an obligation to investigate all Generator Monitoring Standards breaches. Generator Monitoring Standards breaches must be investigated in accordance with the risk rating process described in the Monitoring Protocol.</p>

¹ Energy Policy WA Publications Exposure Draft of FCESS Cost Review Amendments ([online](#)).

² Section 4.5.3 (d) of the Monitoring Protocol version 6.

³ Sections 4.5.3 (e) to (g) of the Monitoring Protocol version 6.

Monitoring Protocol Section (in Monitoring Protocol version 7)	Proposed changes and reasoning for change
5.1.6 and 5.2.8	To reflect the new clause 2.16C.8A of the WEM Rules to the investigation timeframe specified in clause 2.16.C.8.
5.2.7	Move paragraphs covering pre-investigation activities like recording and risk assessing a suspected breach from section 5.2 Investigation Process to section 4.5 Assessing Suspected Breaches. Refine the wording.
Appendix 1 Risk Framework and Tables	Clarify the ERA Risk Framework and its application to the baseline, breach and final risk assessments.
Various	Update terms and words used, style, grammar and references to improve clarity and consistency of terminology in the document.

Appendix 1 Relevant WEM Rules

Proposed changes in the Monitoring Protocol were made to align the procedure with the following proposed changes in the WEM Rules:

Rules to be deleted:

~~2.16A.1. A Market Participant must offer prices in each of its STEM Submissions and Real-Time Market Submissions that reflect only the costs that a Market Participant without market power would include in forming profit-maximising price offers in a STEM Submission or Real-Time Market Submission. [Blank]~~

~~2.16A.2. The Economic Regulation Authority must not determine that a Market Participant has engaged in conduct prohibited by clause 2.16A.1 unless the Economic Regulation Authority has first determined that the Market Participant had market power at the time of offering the relevant prices in its STEM Submission or Real-Time Market Submission. [Blank]~~

Rules to be amended:

2.16C.4. The Economic Regulation Authority must monitor the following price offers for compliance with ~~clause 2.16A.1~~ clause 2.16C.5:

- (a) the prices offered by a Market Participant ~~which has one or more Registered Facilities assigned to a Material Portfolio~~ in its STEM Portfolio Supply Curve; and
- (b) the prices offered by a Market Participant in its Real-Time Market Submissions for each of its Registered Facilities ~~assigned to a Material Portfolio or a Material Constrained Portfolio.~~

2.16C.6. The Economic Regulation Authority must investigate potential breaches of ~~clause 2.16C.5~~ 2.16A.1:

- (a) in accordance with clause 2.13.27 and the WEM Procedure referred to in clause 2.16D.15; and
- (b) having regard to the Offer Construction Guideline,

and if it considers that:

- (c) a price offered by a Market Participant in its Portfolio Supply Curve was inconsistent with ~~the price that a Market Participant without market power would offer in a profit-maximising Portfolio Supply Curve~~ an Economic Price Offer; or
- (d) a price offered by a Market Participant in its Real-Time Market Submissions was inconsistent with ~~the price that a Market Participant without market power would offer in a profit-maximising Real-Time Market~~ an Economic Price Offer,

the Economic Regulation Authority must determine that the price was an Irregular Price Offer.

2.16C.8A. If the Economic Regulation Authority requests that a Market Participant provides information under clause 2.13.28, or a submission under the WEM Procedure specified in clause 2.15.1, the timeframe specified in clause 2.16C.8 for the Economic Regulation Authority to make a determination will be suspended and will recommence from the date the Market Participant has

provided the information or the submission requested by the Economic Regulation Authority.

The full list of the WEM Rule changes can be found on EPWA's [website](#).

Appendix 2 Monitoring Protocol marked up version

The proposed draft of the updated *WEM Procedure: Monitoring Protocol* (version 7) is available on the ERA's website ([online](#)).

Appendix 3 Monitoring Protocol clean version

The proposed draft of the updated *WEM Procedure: Monitoring Protocol* (version 7) is available on the ERA's website ([online](#)).