



Economic Regulation Authority

# Report to the Minister for Energy on the Economic Regulation Authority's compliance 2024/25

Electricity System and Market Rules and Wholesale  
Electricity Market Procedures

16 December 2025

## 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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# 1. Summary

The Economic Regulation Authority is Western Australia's independent economic regulator. The ERA is responsible for overseeing the regulatory functions of the Electricity System and Market (ESM) Rules which include:

- Monitoring market participants compliance, investigating breaches, and initiating enforcement actions where necessary.
- Driving improvements through Rule Change Proposals to enhance market operation and effectiveness.
- Facilitating and implementing decisions by the Coordinator and Minister to guide market evolution.
- Reviewing and approving market parameters, and
- Performing all functions and obligations conferred under the ESM Rules.

The ERA is required to provide regular compliance reports to the Minister for Energy, including:

- This annual report on the ERA's own compliance.<sup>1</sup>
- An annual report on each Network Operator's self-reported compliance with the ESM Rules and Wholesale Electricity Market (WEM) Procedures, including the outcomes of any investigations.
- An annual report on the Australian Energy Market Operator's (AEMO's) compliance with the ESM Rules and WEM Procedures, including the outcomes of any investigations.

To inform this annual report into its own compliance with its obligations under the ESM Rules and WEM Procedures, the ERA conducted an internal audit covering the period from 1 July 2024 to 30 June 2025.

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<sup>1</sup> Electricity System and Market Rules (WA), 4 June 2025, clause 2.14.5A, ([online](#)).

## 2. Compliance

This report presents the findings of the audit of the ERA's compliance with its obligations under the ESM Rules and WEM Procedures. The ERA has substantially met its regulatory obligations during the audit period, complying with all WEM Procedure obligations and achieving compliance with 79 of 80 applicable clauses of the ESM Rules. If the ERA did not meet its regulatory obligations each time that obligation was applicable, the audit deemed the ERA had not met that requirement.

Under clause 2.16C.8 of the ESM Rules, the ERA must make a determination no later than six months from the day an investigation was commenced into Market Participants' compliance with clause 2.16C.5 of the ESM Rules.<sup>2</sup> During the audit period the ERA was conducting three such investigations and met the six month time limit for one of the three investigations.

For the remaining two investigations, the ERA did not meet the six month time limit required under clause 2.16C.8 of the ESM Rules. To ensure the ERA's investigations were thorough and afforded the Market Participants appropriate procedural fairness, the ERA agreed to the Market Participants' requests for additional time to review the preliminary determination reports. Giving the Market Participants enough time to respond to the ERA's preliminary findings resulted in the ERA's final determinations being issued after the six-month deadlines had elapsed.<sup>3,4</sup>

Details of the ERA's compliance for the period 1 July 2024 to 30 June 2025 are provided in Appendix 1, which also lists the ESM Rules applicable during the 2024/25 audit period.

There are no recommendations for improvements to the ERA's systems and processes in this 2024/25 audit report.

<sup>2</sup> Electricity System and Market Rules, 1 January 2025, clauses 2.16C.5, 2.16C.6 and 2.16C.8, ([online](#)).

<sup>3</sup> Clause 2.15.3(a)(ii) of the Electricity System and Market Rules, 1 January 2025, ([online](#)), requires the ERA to describe the process through which a rule participant by make submissions explaining an alleged breach prior to the ERA reaching a decision on whether the participant had breached the ESM Rules or WEM Procedures.

<sup>4</sup> In recognition of the challenge associated with the six-month time limit, clause 2.16C.8A was introduced in November 2024 to allow the suspension of the time limit, under specific circumstances, for investigations of alleged breaches of clause 2.16C.5 of the ESM Rules.

## Appendix 1 – Summary of Relevant ESM Rules

The table below lists only those ESM Rules applicable to the ERA during the period 1 July 2024 to 30 June 2025. It excludes rules where no action was required because no triggering event occurred within the audit period.

**Table 11: ESM Rules applicable to the ERA and tested for compliance during the 2024/25 audit period.<sup>5</sup>**

WEM Rule number and title	Clause	Compliant	Exception
1.36C. General Transitional Provisions – Staging of Amendments	1.36C.2	Yes	
1.43. Specific Transitional Provisions – WEM Procedures for Tranches 2 and 3 Amending Rules	1.43.2, 1.43.5, 1.43.7	Yes	
1.59 Specific Transitional Provisions – Compliance Monitoring	1.59.1	Yes	
1.60 Specific Transitional Provisions for Reviews of the Energy Price Limits and FCESS Offer Price Ceilings	1.60.4, 1.60.5	Yes	
1.61 Specific Transitional Provisions for the Market Price Limits	1.61.2	Yes	
1.62. Specific Transitional Provisions for Portfolio Assessments	1.62.1	Yes	
1.7 Publication	1.7.3	Yes	
2.2A The Economic Regulation Authority	2.2A.1	Yes	
2.5 Rule Change Proposals	2.5.1B	Yes	
2.9 WEM Procedures	2.9.2B, 2.9.2F, 2.9.7B	Yes	
2.10 Procedure Change Process	2.10.2A, 2.10.3, 2.10.5B, 2.10.10, 2.10.12B, 2.10.13, 2.10.17, 2.10.18	Yes	
2.11 Coming into Force of Procedure Amendments	2.11.4	Yes	
2.13 Compliance Monitoring and Enforcement	2.13.1, 2.13.2, 2.13.3, 2.13.6, 2.13.27, 2.13.28, 2.13.29, 2.13.33, 2.13.34,	Yes	

<sup>5</sup> Electricity System and Market Rules (WA), 4 June 2025, ([online](#)).

WEM Rule number and title	Clause	Compliant	Exception
	2.13.35, 2.13.45, 2.13.46, 2.13.48		
2.14 Market Audit and Compliance Reports	2.14.5A, 2.14.5B	Yes	
2.15 Monitoring and Reporting WEM Procedures	2.15.1, 2.15.2, 2.15.3	Yes	
2.16 Monitoring the Effectiveness of the Market	2.16.2A, 2.16.2AA, 2.16A.2, 2.16B.1, 2.16B.2, 2.16D1, 2.16D.15	Yes	
2.16C. Materiality Test	2.16C.1, 2.16C.2, 2.16C.4, 2.16C.6. 2.16C.7, 2.16C.10	Yes	
	2.16C.8. <sup>6</sup>	No	The ERA did not comply with clause 2.16C.8 of the ESM Rules in two instances because it did not make determinations within six months of the commencement of each of two investigations into Market Participant behaviour under clause 2.16C.6.
2.21 Market Consultation	2.21.1, 2.21.2	Yes	
2.22A Determination of AEMO's budget	2.22A.2B, 2.22A.5, 2.22A.6, 2.22A.9, 2.22A.17	Yes	
2.26 Economic Regulation Authority Reviews of Market Price Limits	2.26.1, 2.26.2, 2.26.2A, 2.26.2B, 2.26.2F, 2.26.2L, 2.26.2M, 2.26.2P, 2.26.2U,	Yes	
3A.3 Exempt Transmission Connected Generating Systems	3A.3.6	Yes	
4.1 The Reserve Capacity Cycle	4.1.19	Yes	
4.16 The Benchmark Reserve Capacity Price	4.16.3, 4.16.5, 4.16.6, 4.16.7, 4.16.9, 4.16.10	Yes	

<sup>6</sup> 2.16C.8. Without limiting clauses 2.16C.6 and 2.16C.7, the Economic Regulation Authority must make a determination under clause 2.16C.6 and, if necessary, under clause 2.16C.7, no later than six months from the day the Economic Regulation Authority commenced its investigation under clause 2.16C.6. ([online](#))