

Tronox non-compliance with the Wholesale Electricity Market trading obligations

ESM Rule/s breached [ERA breach reference]	Breach period	Breach details
Breaching participant Tronox Management Pty Ltd (Tronox)		
2.16C.5 [ABR-01489]	14/03/2025 – 02/04/2025	While the TIWEST_COG1 generation facility was isolated from the electricity network during the period 14 March to 2 April 2025, Tronox offered capacity at the price cap resulting in energy uplift payments. These offers exceeded Tronox's efficient variable cost of production. The Australian Energy Market Operator's (AEMO) dispatch systems applied a constraint so as not to interfere with TIWEST_COG1 supplying its co-located industrial load during the islanding event. This meant that TIWEST_COG1 operated independently of the bidding price to maintain electricity supply continuity during the isolation period. The irregular price offers tendered to the market while constrained to run resulted in Tronox receiving nearly \$12 million in energy uplift payments to which it was not entitled.

ERA's actions

The Economic Regulation Authority (ERA) identified Tronox's irregular bidding behaviour through its market monitoring activities and conducted a full investigation.

The ERA determined that Tronox's offers for TIWEST_COG1 breached Electricity System and Market (ESM) Rule 2.16C.5 governing Market Participants' bidding behaviour. The ERA did not identify any indications of fraudulent intent and is satisfied with the explanation provided by Tronox that internal process failure led to the bidding irregularity.

The ERA worked with Tronox and Australian Energy Market Operator (AEMO) to ensure Tronox returned the incorrectly received energy uplift payments to the major energy consumers that paid them.

The ERA issued Tronox with a civil penalty of \$300,000, taking into account the seriousness of the financial impact, but also the efforts Tronox had made to cooperate with the ERA and to rectify the issue by repaying the uplift payments to the affected Participants.

Breaching Participant's response

Tronox accepted that due to deficiencies in its processes it had breached the ESM Rule governing the Market Participant's bidding behaviour.

Tronox cooperated with the ERA's investigation and repaid the incorrectly received funds also accounting for the time value of money.

Tronox paid the civil penalty issued by the ERA. The penalty amount will be distributed by AEMO to the Market Participants in accordance with section 9.21 of the ESM Rules.