

10 December 2020

Energy Policy Western Australia

Sent to: submission@energy.wa.gov.au

Energy Sector Governance: Proposed Changes to the Regulatory Framework

Perth Energy appreciates the opportunity to comment on the proposed changes to the regulatory process related to the WEM Market Rules. We are pleased to see that the experience and knowledge gained through the Electricity Transformation Taskforce process is to be formally rolled into Energy Policy WA. It is important that an appropriately qualified group continues to carry responsibility for ongoing changes to the Market Rules.

We also support the review of governance roles overseeing the energy market to ensure any efficiencies in these arrangements can be realised leading to lower administrative costs, noting that these costs are recoverable through relevant fees payable by market participants.

On reviewing the proposed framework, we believe there is potential for the Minister of Energy to be conflicted in balancing the two roles of overseer of the electricity market and “owner” of the two largest players, Synergy and Western Power. Currently, the annual market reviews undertaken by the Economic Regulation Authority and the separation of the Rule Change Panel from Government have led to different opinions being brought into the public domain for review and open discussion. We are not suggesting that some new agency be established, however, it may now be appropriate for Government to revisit the idea of having a Minister responsible for Government Trading Enterprises separate from the Minister of Energy and moving Synergy and Western Power to that portfolio.

We also recommend further consideration of the appointment process for the Chair of the Market Advisory Committee (MAC). While the new Chair is to be independent of Government and other associations, as this position is appointed by the Minister of Energy there is potential for the Chair to become guided by the Minister and that any alternative voices could be lost. This appointment process requires transparency to ensure independence of recommendations and reviews by the Chair. This is coupled with the fact that the current Rule Change Panel’s functions are being centralised under the Coordinator of Energy role, a statutory appointed position by the Government.



To ensure transparency and continued independence, we recommend that the independent Chair be appointed for a fixed period and the appointment provisions to the MAC be reviewed to ensure they reflect the composition of the market (rule 2.3.5). We also suggest review and firming of the requirements of the Coordinator to not only 'have regard to any advice from the MAC' but to act on this advice (rule 2.5.3A).

Should you have any questions in respect to this please contact me at p.peake@perthenergy.com.au or on 0437 209 972.

Kind regards

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