

Wholesale Electricity Market Rule Change Proposal Submission

RC_2018_05: ERA access to market information and SRMC investigation process

Submitted by

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Submissions on Rule Change Proposals can be sent by:

Email to: support@rcpwa.com.au

Post to: Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

1. Please provide your views on the proposal, including any objections or suggested revisions.

The Australian Energy Market Operator (**AEMO**) appreciates the opportunity to provide this response to the call for submissions on the revisions proposed by the Minister for Energy to RC_2018_05: ERA access to market information and SRMC investigation process.

AEMO supports the Economic Regulation Authority's (**ERA**) original Rule Change Proposal, as approved by the Rule Change Panel, on the basis that the primary reason for the rule change was to address an inefficiency with the ERA's access to market information for the purposes of compliance monitoring.

Ensuring that participants comply with the Market Rules is central to the operation of the Wholesale Electricity Market. In these circumstances, AEMO considers that it is appropriate for the ERA to have the powers it needs to execute its compliance functions under the Market Rules. There should not be any unnecessary barriers to the efficient execution of these powers as this may undermine the ERA's ability to ensure that participants are complying with the Market Rules. Inefficiencies also have the potential to increase compliance costs for participants.

AEMO acknowledges the need for procedural fairness in the compliance regime and the

importance of transparency. AEMO respects that the Minister's revisions seek to address participants' concerns in these areas.

AEMO recommends that these potentially conflicting holistic factors be considered when assessing the latest proposed revisions.

While AEMO has not identified any new material obligations for it from the Minister's revisions, it has some specific comments as follows.

The revisions include two new clauses. The first clause deals with information disclosure (clause 2.13.3B) and the second clause concerns procedural fairness (clause 2.15.4).

AEMO suggests a minor revision to proposed new clause 2.13.3B. Proposed new clause 2.13.3B(a) requires the ERA to publish on the Market Web Site details of specific market related data, information or documents that are to be periodically provided by AEMO to the ERA for compliance monitoring.

AEMO recommends that the details specified in clause 2.13.3B(a) be published on the ERA's website instead of the Market Web Site. AEMO recommends this because the ERA already maintains market compliance information on its website. There are also other Market Rules that require the ERA to publish compliance-related information on its website (e.g. ERA compliance reports required by clause 2.13.26 are published on the [ERA website](#)). If AEMO's recommendation is implemented, it would also remove an administrative publishing requirement on AEMO that adds no material benefit to the market.

Proposed new clauses 2.13.3B(b) and 2.13.3B(c) require the ERA to inform affected Rule Participants where AEMO has provided the ERA with specific market-related data, information or documents concerning that Rule Participant. Proposed new clause 2.15.4(a) will result in a further requirement for the ERA to inform a Rule Participant where the ERA's monitoring has identified potential non-compliance by that Rule Participant.

AEMO will be a recipient of notifications under these new clauses from time to time. AEMO would usually be aware of the matters covered by these new clauses through the existing processes in place with the ERA (e.g. compliance reporting processes and regular AEMO/ERA meetings). In these circumstances, the notifications required by these clauses are not likely to add any additional transparency to the ERA's monitoring of AEMO's compliance.

Proposed new clause 2.15.4(b) requires the ERA to introduce a process that allows participants, at their discretion, to provide an explanation of potential non-compliant behavior at the compliance monitoring stage. To the extent that AEMO considers it necessary to provide these explanations, it could result in additional effort for AEMO from time to time that is not currently necessary.

2. Please provide an assessment whether the change will better facilitate the achievement of the Wholesale Market Objectives.

AEMO has not assessed whether the proposed revisions better achieve the Wholesale Market Objectives as the revisions do not introduce any new obligations for AEMO.

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

There are no material system or process changes required to implement the Amending Rules, including the Minister's revisions, and no immediate implementation costs have been identified.

However, as stated in AEMO's first submission to this Rule Change Proposal, should there be significant increases to the scale of the ERA's requests for information or the ERA requires changes to the format or delivery method, this will result in additional demands on AEMO's operational personnel, and potentially increase costs for these services. As per AEMO's first submission, AEMO considers the risk of this to be low under the current market design.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

AEMO stated in its first submission that it is not required to undertake any specific actions to implement this proposed change. The Minister's revisions do not change this and AEMO does not require any additional time to implement the proposed changes.