

Wholesale Electricity Market Rule Change Proposal Submission

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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.

Perth Energy supports the Economic Regulation Authority's (ERA) proposal to correct the administrative oversights to allow it to:

- require the Australian Energy Market Operator (AEMO) to provide it with information to undertake its compliance monitoring; functions; and
- undertake a single investigation before referring short run marginal cost non-compliance matters to the Electricity Review Board.

However, we do not support the ERA's proposed amendments, that in combination will allow it access to "any information considered necessary" by the ERA for use under any of its functions.

Perth Energy's preference is that the ERA states which information is missing from the current 'market surveillance data catalogue' (MSDC) provided for under clause 2.16.1 of the Wholesale Electricity Market (WEM) Rules and this information is added through a transparent and consultative process.

Perth Energy is interested to understand what additional information the ERA considers is missing from the MSDC, highlighting that it covers the majority of market activities and therefore is all that should be likely to be required to perform the ERA's compliance and investigation functions. It is also likely to have been the information used by the IMO/AEMO in performing this function prior to the transfer of functions to the ERA.

Our concern is that the broad head of power, coupled with the ERA's proposed amendment to be able to use any information it has access to for any of its functions could lead to the misuse of information. For example, the use of individual, commercially sensitive gas contracts obtained by AEMO through the certification process should not be used to inform more general market outcomes such as energy price limits. Commercial arrangements are more complex than a single piece of information, and we consider it is appropriate for stakeholders to participate in the process to ensure that all relevant information is considered, and appropriate outcomes are arrived at.

The ERA's amendment to be provided with unfettered access to any information it considers necessary is likely to increase the duplication of the already blurred responsibility between AEMO in its capacity to monitor, and the ERA in its capacity to surveil and enforce compliance with the WEM Rules. Perth Energy has recently had a number of compliance issues raised and investigated by the ERA (not being first referred to AEMO) which have subsequently been closed. This has demonstrated that there is a role for AEMO in raising issues to the ERA rather than the ERA seeking to instigate its own investigations.

Moreover, we urge the Rule Change Panel to consider the additional cost of the provision and storage of a potentially significant amount of additional, confidential data in a context of increasing Market Fees.

It is on this basis that Perth Energy does not support the ERA's amendments to:

- require AEMO to provide it unfettered access to any information it considers necessary; and
- provide it with the ability to use any information it considers necessary to perform any of its functions.

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

Perth Energy considers the correction of the administrative oversight from prior rule change proposals to be consistent with the market objectives.

We consider the expansion of the provision of information by AEMO to the ERA to "any information considered necessary" would be contrary to objectives (a) and (d) as it is likely to increase the cost of compliance, through the:

- duplication of effort between AEMO in its market monitoring role, and the ERA in its market surveillance role; and
 - potential increase in the cost of provision and storage of confidential information, which has not been demonstrated to be necessary.
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- 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.**

We consider that there has been a shift in approach by the ERA over the past 12 months with rule interpretations being made that are not consistent with previous understandings. As such, we are concerned that more general information being made readily available to the ERA, rather than being specifically identified, assessed and provided by AEMO will increase the time and effort spent by the market overall on compliance, with little improvement in market outcomes.

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

N/A
