

WHOLESALE ELECTRICITY MARKET

Submission to Procedure Change Proposal

AEPC_2018_01: AEMO Monitoring and Reporting Protocol

Submitted by	
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Date submitted:	26 February 2018

Submission

Clause 2.10.7 of the Wholesale Electricity Market Rules provides that any person may make a submission for a Procedure Change Proposal (including proposals developed by AEMO, the Economic Regulation Authority or the Rule Change Panel) by completing this Procedure Change Submission form.

Submissions should be provided by email to the nominated contact in the call for submissions published with the Procedure Change Proposal.

Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions

Alinta Energy (**Alinta**) welcomes the opportunity to provide a submission to the Australian Energy Market Operator (**AEMO**) on its *Procedure Change Proposal: AEMO Monitoring and Reporting Protocol (Procedure Change Proposal)*.

Alinta notes that AEMO has proposed a new procedure required under clause 2.15.6A of the Wholesale Electricity Market Rules (**Market Rules**). Specifically:

- Clause 2.15.6B of the Market Rules requires AEMO's Monitoring and Reporting Protocol to state how AEMO will implement its obligations for supporting the Economic Regulation Authority's (**ERA**) monitoring of Rule Participant's behaviour for compliance with the Market Rules in accordance with clauses 2.13.9A and 2.13.6, and Market Procedures (developed by AEMO); and
- Clause 2.15.6C of the Market Rules outlines what AEMO's Monitoring and Reporting Protocol must specify, including:
 - AEMO's processes for assisting the ERA in monitoring and assessing compliance with the Market Rules and Market Procedures by Market Participants; and
 - AEMO's process for the provision of information about breaches or other information the ERA may request to the ERA.

In reviewing the Procedure Change Proposal, Alinta has identified the following issues for further consideration by AEMO:

- Clause 2.15.6A requires AEMO to develop and implement a Monitoring and Reporting Protocol and seek the approval of the ERA for that Monitoring and Reporting Protocol.

AEMO's Procedure Change Proposal states that:

- the Procedure Change Report will be published on 26 April 2018 and the new Market Procedure commences on 27 April 2018; and
- Following completion of the Procedure Change Process¹ for this Procedure, AEMO will seek approval from the ERA as required by the Market Rules.

This means that the new Market Procedure will commence prior to the ERA approving it. While the Market Rules don't specifically cover how clause 2.15.6A and clauses 2.10 and 2.11 work together, Alinta does not consider that it is appropriate for the new Market Procedure to commence prior to receiving ERA approval.

- Step 1.1.1: This step notes that the Monitoring and Reporting Protocol is developed in accordance with clause 2.15.6A of the Market Rules. Alinta considers that this step should also refer to clauses 2.15.6B and 2.15.6B.

¹ Defined as "the process for amending a Market Procedure as set out in clauses 2.10 and 2.11. Which includes the commencement date".

- Step 2.2.3(a): The direct monitoring “process” in the Monitoring and Reporting Protocol states that “AEMO gathers information on Rule Participants’ behaviour when performing its functions”.

Alinta considers that this statement is incredibly broad and that there is information that may be transferred to AEMO as part of its many functions, that is not mandated by the market rules (i.e. supporting information for Reserve Capacity processes or information volunteered by a participant to AEMO) that should not form part of the information AEMO uses for its direct monitoring processes. Alinta consider that this step need to be modified somewhat to protect participants from AEMO using any information that it receives (some of which is ancillary to its core functions and not mandated under the Market Rules).

- Step 2.2.3(b): This step states that AEMO uses information from step 2.2.3(a) and a variety of other information sources and tools to:
 - monitor Rule Participants’ behaviour; and
 - form views on whether there is information to substantiate allegations of non-compliance.

Alinta does not consider that this step meets the requirements of clause 2.15.6C, where AEMO is required to set out its processes for assisting the ERA in monitoring and assessing compliance. Alinta considers that there would be value to participants if AEMO’s processes were set out in greater detail in this section (specifically, AEMO should at the very least define in the “variety of other information sources and tools it uses”).