



# WHOLESALE ELECTRICITY MARKET

## PROCEDURE CHANGE PROPOSAL: AEPC\_2018\_01

MONITORING AND REPORTING PROTOCOL

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## EXECUTIVE SUMMARY

The publication of this Procedure Change Proposal and accompanying call for submissions commences the Procedure Change Process conducted by AEMO to consider a proposed new Market Procedure, the Monitoring and Reporting Protocol, required under clause 2.15.6A of the Wholesale Electricity Market Rules (WEM Rules).

Clause 2.15.6B of the WEM Rules requires the Monitoring and Reporting Protocol to state how AEMO will implement its obligations for supporting the Economic Regulation Authority in monitoring Rule Participant compliance with the WEM Rules and Market Procedures.

This Procedure Change Proposal includes this document, which outlines the reason for the proposed Market Procedure, and the proposed Market Procedure itself, which is available at:

[http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC\\_2018\\_01](http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2018_01).

AEMO invites stakeholders to suggest alternative options or drafting where they consider these would improve the procedure or better meet the Wholesale Market Objectives in section 122(2) of the *Electricity Industry Act 2004* (Electricity Industry Act) (and clause 1.2.1 of the WEM Rules).

Stakeholders are invited to submit written responses on the proposed Market Procedure by 5.00 pm Australian Western Standard Time (AWST) on 26 February 2018, in accordance with the call for submissions published with this Procedure Change Proposal.



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# 1. PROCEDURE CHANGE PROCESS

Section 2.10 of the WEM Rules outlines the Procedure Change Process.

AEMO may initiate the Procedure Change Process in respect of Market Procedures (including Power System Operation Procedures and the Monitoring and Reporting Protocol) for which it is responsible, by developing a Procedure Change Proposal. Rule Participants may notify AEMO where they consider an amendment or replacement of an AEMO Market Procedure would be appropriate (Clauses 2.10.1 and 2.10.2).

If an Amending Rule requires AEMO to develop new Market Procedures or amend or replace existing Market Procedures, then AEMO is responsible for the development, amendment or replacement of Market Procedures to comply with the Amending Rule (Clause 2.10.3).

Under clause 2.9.3 of the WEM Rules, Market Procedures:

- (a) must:
  - i. be developed, amended or replaced in accordance with the process in the WEM Rules;
  - ii. be consistent with the Wholesale Market Objectives; and
  - iii. be consistent with the WEM Rules, the Electricity Industry Act and the WEM Regulations; and
- (b) may be amended or replaced in accordance with section 2.10 of the WEM Rules and must be amended or replaced in accordance with section 2.10 of the WEM Rules, where a change is required to maintain consistency with Amending Rules.

The Wholesale Market Objectives are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

AEMO has published this Procedure Change Proposal in accordance with the Procedure Change Process in clause 2.10 of the WEM Rules.

AEMO’s indicative timeline for this consultation is outlined below. Dates may be adjusted depending on the number and complexity of issues raised in submissions and any meetings with stakeholders.

Process Stage	Indicative date
Procedure Change Proposal published	29 January 2018
Submissions due on Procedure Change Proposal	26 February 2018
Procedure Change Report published	26 April 2018
Proposed commencement of new Market Procedure	27 April 2018

Prior to the due date for submissions, stakeholders may request a meeting with AEMO to discuss the issues and proposed changes raised in this Procedure Change Proposal.



## 2. BACKGROUND

### 2.1 Regulatory requirements

Clauses 2.15.6A and 2.15.6B of the WEM Rules provide that:

*2.15.6A. AEMO must develop and implement a Monitoring and Reporting Protocol and seek the approval of the Economic Regulation Authority for that Monitoring and Reporting Protocol.*

*2.15.6B. The purpose of AEMO's Monitoring and Reporting Protocol is to state how AEMO (including in its capacity as System Management) will implement its obligations under these Market Rules to support the Economic Regulation Authority 's monitoring of Rule Participants' behaviour for compliance with the Market Rules in accordance with clauses 2.13.9A and 2.13.6, and with Market Procedures (including the Power System Operation Procedures) developed by AEMO.*

The proposed Market Procedure would be the first version of this Procedure. AEMO proposes to commence the new procedure on 27 April 2018.

### 2.2 Context for this consultation

On 1 July 2016 the Minister revised AEMO's obligations in terms of monitoring compliance with the WEM Rules. Previously, System Management was responsible for monitoring compliance and alleging breaches to the Independent Market Operator. The new obligations see AEMO supporting the ERA to monitor compliance. The new rules introduced the requirement for AEMO to develop a Monitoring and Reporting Protocol, which is a Market Procedure, but for which approval from the ERA must also be sought. The rules also specified alternate arrangements prior to the development of the Monitoring and Reporting Protocol.

Following completion of the Procedure Change Process for this Procedure, AEMO will seek approval from the ERA as required by clause 2.15.6A of the WEM Rules.



## 3. PROPOSED PROCEDURE CHANGE

### 3.1 Detail of the proposed procedure change

The new Procedure details AEMO's processes for:

- (a) Supporting the ERA in monitoring Rule Participant compliance with the WEM Rules and Market Procedures.
- (b) Reporting alleged breaches that it becomes aware of to the ERA.

### 3.2 Proposed drafting

AEMO has published a draft of the proposed Market Procedure: Monitoring and Reporting Protocol for consultation, which is available at: [http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC\\_2018\\_01](http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2018_01). AEMO has not provided a marked-up version of the Procedure because it is new.

### 3.3 Consultation to date

A draft version of the Market Procedure was presented at the AEMO WEM Procedure Change workshop held on 19 December 2017. Details of this forum are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums>.

AEMO has also discussed the draft Procedure with the ERA and incorporated minor comments.

### 3.4 Consistency with WEM Rules, Electricity Industry Act and WEM Regulations

The proposed new WEM Market Procedure has been reviewed as a whole by AEMO to ensure compliance with the relevant provisions in the:

- Electricity Industry Act.
- WEM Regulations.
- WEM Rules.

### 3.5 Consistency with Wholesale Market Objectives

The steps outlined in this new Market Procedure describe how AEMO will implement its obligations under the WEM Rules to support the Economic Regulation Authority (ERA) in monitoring Rule Participants' behaviour for compliance with:

- (a) the WEM Rules in accordance with clauses 2.13.6 and 2.13.9A of the WEM Rules; and
- (b) the Market Procedures (including the Power System Operation Procedures) developed by AEMO.

AEMO considers that the steps are drafted in a way that does not change the objectives of the WEM Rules. As a result, AEMO considers that the new Procedure, as a whole, is consistent with the Wholesale Market Objectives.



## 4. CONSULTATION PROCESS

AEMO invites stakeholders to suggest alternative options or drafting where they consider these would improve the procedure or better meet the Wholesale Market Objectives in section 122(2) of the Electricity Industry Act (and clause 1.2.1 of the WEM Rules).

Stakeholders are invited to submit written responses on the proposed Market Procedure by 5.00 pm (AWST) on 26 February 2018, in accordance with the call for submissions published with this paper.

Stakeholders with questions in relation to the proposed Market Procedure or this Procedure Change Proposal can contact AEMO via email to [wa@aemo.com.au](mailto:wa@aemo.com.au).

All correspondence in relation to this Procedure Change Proposal must be entitled "AEPC\_2018\_01 Monitoring and Reporting Protocol - [Name of the submitting company or individual]".