

Report to the Minister for Energy on the Economic Regulation Authority's compliance 2018/19

Wholesale Electricity Market Rules

Economic Regulation Authority

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1. Summary

The Economic Regulation Authority is responsible for the compliance and enforcement functions in the Wholesale Electricity Market Rules.

As part of these responsibilities, clause 2.14.5A of the Market Rules requires the ERA to annually provide a report to the Minister for Energy on its compliance with the Market Rules and Market Procedures.

The ERA engaged 2020 Global to independently audit its compliance with the Market Rules and Market Procedures for the period 1 July 2018 to 30 June 2019.

The audit found that the ERA complied with the Market Rules and Market Procedures, other than for two events previously disclosed by the ERA concerning the inadvertent release of confidential information.¹ The audit concluded that there were no adverse consequences from these disclosures. The ERA has implemented additional controls to mitigate the risk of non-compliance.

¹ Refer to ERA [website](#).

2. Audit scope

The ERA's functions under the Market Rules include:

- Market effectiveness: to monitor the effectiveness of the market in meeting the Wholesale Market Objectives.
- Market compliance: to monitor Rule Participants' compliance with the Market Rules, to investigate alleged breaches of the Market Rules and where appropriate, take enforcement action.
- Market reviews and approvals: to perform a range of review and approval functions, including:
 - Approving the Australian Energy Market Operator's allowable revenue and forecast capital expenditure.
 - Approving System Management's ancillary services requirements and costs for certain ancillary services².
 - Approving the Energy Price Limits and Benchmark Reserve Capacity Price.

The 2018/19 audit assessed the ERA's compliance with the Market Rules for the above functions.

² The ERA is required to determine values for [Cost_LR](#) and [Margin_Peak and Margin_Off-Peak](#).

3. Audit findings and recommendations

The independent auditor's report is provided at Appendix 1.

The auditor concluded that:

In our opinion, with the exception of two non-compliances published on the ERA's website on 3 May 2019, the ERA has complied in all material respects with the Market Rules and Market Procedures as evaluated against its demonstrated compliance with Market Rule obligations, throughout the period 1 July 2018 to 30 June 2019.³

The two exceptions referred to by the auditor concerned:

- Non-compliance with Market Rules 1.7.3 and 7.12.2 in August 2017 and May 2018 when the ERA published reports from the Australian Energy Market Operator (AEMO) that contained dispatch information for two separate events. The dispatch information was classified as confidential under AEMO's information confidentiality status publication.
- Non-compliance with Market Rule 10.2.2(c) when the ERA inadvertently sent an internal email to a third party who was not authorised to receive the email. The third party was a supplier and not a market participant. The third party swiftly deleted the email.

These matters were investigated by the auditor in February 2019 and the non-compliances were published on the ERA's website in May 2019. The auditor was satisfied that the ERA had implemented controls to prevent these non-compliances from re-occurring.

The auditor confirmed that recommendations made in the auditor's 2017/18 report concerning the development of compliance monitoring tools, had been implemented. There were no recommendations in the 2018/19 audit report.

³ Refer to page 3 of the Assurance Report on Compliance with the Wholesale Electricity Market Rules and Market Procedures in Appendix 1

Appendix 1 – Assurance report on compliance with the Wholesale Electricity Market Rules and Market Procedures



BUSINESS
CONSULTANTS

A REPORT PREPARED FOR

THE ECONOMIC REGULATION AUTHORITY

FINAL

Assurance Report on Compliance with the Wholesale Electricity Market Rules and Market Procedures for the year 1 July 2018 to 30 June 2019

4 November 2019

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1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

In accordance with Market Rule 2.14.5A, the Economic Regulation Authority (ERA) must annually provide to the Minister for Energy a report on its compliance with the Market Rules and Market Procedures applicable to the Wholesale Electricity Market (WEM).

From 1 July 2016, the ERA inherited functions previously overseen by the Independent Market Operator (IMO).

In order to meet the Market Rule obligation under 2.14.5A and consequently provide reasonable assurance surrounding the ERA's ability to sufficiently adhere to the transferred responsibilities, an audit of the ERA's Market Rule compliance obligations has been conducted.

1.2 REGULATORY CONTEXT AND SCOPE

The objective of the audit is to establish whether the ERA has complied with the Market Rules and Market Procedures and enable it to report to the Minister for Energy in accordance with Market Rule 2.14.5A.

The scope of the engagement encompassed the ERA's compliance with Market Rule and Market Procedure obligations for the period 1 July 2018 to 30 June 2019.

1.3 THE ERA'S RESPONSIBILITIES

With regard to its compliance with the Market Rules, the ERA has acknowledged that it is responsible for:

- Identification of risks that threaten the ERA's ability to meet Market Rule requirements and the establishment of sufficient controls which mitigate those risks, as well as monitoring ongoing compliance.
- The activities undertaken to meet Market Rule requirements.
- Providing a report annually to the Minister for Energy on the ERA's compliance in accordance with the Market Rules and Market Procedures.

1.4 ASSURANCE PRACTITIONER'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the ERA's compliance with the Market Rules as measured by the applicable criteria noted in 1.6 below, in all material respects. Our audit has been conducted in accordance with applicable Standards (ASAE 3100 Compliance Engagements) to provide reasonable assurance that the ERA has complied with the Market Rules and Market Procedures during the scope period.

Our procedures consisted primarily of discussion with and enquiries of the ERA management and staff, observation and walk-throughs and evaluation of the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with the Market Rules and Market Procedures are likely to arise.

In performing the review, the following methodology and procedures were adopted:

- Review of internal policies, procedures, practices and documents current at the time of the audit.
- Review of Market Rules and Market Procedures applicable to the ERA at the time of the audit and during the scope period.
- Visiting the ERA's premises and having discussions with relevant officers.
- Determining compliance with relevant Market Rules and Market Procedures by examination of documents and information supplied by the ERA officers.

These procedures were undertaken to form a conclusion as to whether the ERA has complied, in all material respects, with the Market Rules throughout the period 1 July 2018 to 30 June 2019.

1.5 APPLICABLE CRITERIA

The following applicable criteria were applied when determining the ERA's ability to demonstrate material compliance.

- Risk ratings were considered per Market Rule Chapter for each rule based on the overall inherent impact and likelihood of non-compliance per rule. Risk ratings are outlined as follows:

Likelihood		Consequence				
		Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Rare	1	Materially Compliant	Materially Compliant	Materially Compliant	Minor	Minor
Unlikely	2	Materially Compliant	Materially Compliant	Minor	Minor	Moderate
Possible	3	Materially Compliant	Minor	Minor	Moderate	Moderate
Likely	4	Minor	Minor	Moderate	Moderate	Significant
Almost Certain	5	Minor	Moderate	Moderate	Significant	Significant

- Compliance ratings were considered per Market Rule Chapter by assessing the evidence obtained supporting the ERA's demonstrated compliance with each applicable rule. Compliance ratings are outlined as follows:

Compliance Rating	Description
Non-Compliant (NC)	Findings noted which demonstrate that the ERA has not complied with Market Rule and Market Procedure compliance obligations. (Refer Section 3 – Summary of Compliance)
Partially	Findings indicate that the ERA has partially satisfied Market Rule and Market Procedure compliance obligations. (Refer Section 3 – Summary of Compliance)
Materially Compliant (MC)	Findings indicate that the ERA has materially satisfied Market Rule and Market Procedures compliance obligations. (Refer Section 3 – Summary of Compliance)
Not Applicable (NA)	It is asserted that although a Market Rule has a compliance obligation applicable to the ERA, the compliance requirement has not been invoked during the scope period This

Compliance Rating	Description
	may have been due to a relief provision in the Market Rules or dependent on another Rule participant's activities. Nothing has come to our attention that has led us to believe the assertion is different to that purported by management. (Refer Section 3 – Summary of Compliance)

- Where a finding is observed that results in a rule which has a risk rating of moderate or higher and has been observed to be partially or wholly non-compliant, the finding is considered to be material.

1.6 USE OF THE REPORT

This compliance audit report has been prepared for use by the ERA in fulfilling its reporting obligation to the Minister for Energy per Market Rule 2.14.5A. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Minister for Energy, or for any other purpose other than that for which it was prepared.

1.7 INHERENT LIMITATIONS

Due to the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with WEM compliance requirements may occur and not be detected.

An audit is not designed to detect all instances of non-compliance with the Market Rules as an audit is not performed continuously throughout the scope period and the audit procedures performed in respect of compliance with Market Rules are undertaken on a test basis.

As detailed in section 1.4, our procedures were limited to making enquires, inspecting key documents, conducting a review of the ERA's policies and procedures, sample testing and other review procedures. Testing of some Market Rules and Market Procedures was limited to a review of policy and procedures as these rules are only invoked upon a non-compliance event occurring or incident being reported to the ERA and no instances of these events were noted during the scope period.

The audit conclusion expressed in this report has been formed on the above basis.

1.8 CONCLUSION

In our opinion, with the exception of two non-compliances published on the ERA's website on 3 May 2019, the ERA has complied in all material respects with the Market Rules and Market Procedures as evaluated against its demonstrated compliance with Market Rule obligations, throughout the period 1 July 2018 to 30 June 2019.

1.9 FACTUAL FINDINGS AND RECOMMENDATIONS

Findings

Section 2 provides our detailed findings per Chapter.

The recommendations made in the 2018 report have been implemented by the ERA.

2.13 Market Rule Compliance Monitoring and Enforcement

- Potential breaches sampled were accurately recorded within the ERA's Compliance Monitoring Register (CMR). Documentation supported that the investigations were conducted in accordance with established procedures. Approval has been received to procure a system database with workflow capabilities to assist with managing the CMR and investigation processes.

2.16 Monitoring the Effectiveness of the Market

- The ERA developed and implemented the Energy Markets Internal Operations Manual (June 2018). This manual sets out the key functions, tasks and processes that are used to ensure the Energy Markets Division meets its legislative obligations.
- The Energy Markets Internal Operations Manual includes detail of the effectiveness monitoring process adopted by the ERA. The ERA has documented the Market Monitoring Process in a flow diagram rather than detailed procedures as the ERA believes this is more appropriate and easier to use.
- Rule 2.16.13 outlines further requirements where the ERA is conducting its monitoring obligations under 2.16.9(b). These requirements have been invoked during the scope period with the documented processes in the Energy Markets Internal Operations Manual used to conduct the investigation.

2.15 The Monitoring Protocol Market Procedure

- The ERA has demonstrated compliance with its monitoring obligations noting the following:
 - Monitoring Protocol 2.1.2 Market monitoring: *Analysing market data through a suite of tools (e.g. bidding and pricing information, dispatch data, outage data, etc) which may identify potential areas of non-compliance.*

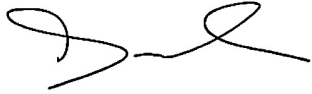
In relation to the monitoring requirement above, monitoring methods using compliance data are designed and developed as part of the ERA's ongoing compliance activities. The ERA is continuing to add to its existing suite of compliance monitoring tools.

- Monitoring Protocol 2.1.2 Targeted compliance activities: *Targeted reviews of Rule Participants may be carried out to assess compliance with specific Market Rule obligations or groups of obligations, or areas identified as being of particular compliance concern or where monitoring is required because the Market Rules provide for special arrangements.*
- The ERA's Compliance Framework and Strategy (November 2018) included targeted activities for 2018/19 (Strategic Priorities). It continues to focus upon compliance with Forced Outages and Balancing Submission rule requirements and includes stakeholder education. Targeted compliance investigations are identified through the ERA's quarterly dispatch instruction non-compliance process. The results of these targeted compliance investigations were evident in the CMR maintained by Compliance and Enforcement. The streamlined internal approval process established in 2017 continues to be applied and assists with improving timeframes for the completion of investigations.
- Investigations' checklists were also evident from our testing which has improved the documentation and completeness of investigations files.

Section 3 provides a summary of our findings by individual Market Rule.

1.10 REPORT SIGN-OFF

2020 Global Pty Ltd



Bruce Donald
Director

4 November 2019

2 FINDINGS PER CHAPTER

2.1 MARKET RULE COMPLIANCE – CHAPTER 1 – INTRODUCTION

Requirements

The following requirements relating to Chapter 1 of the Market Rules were assessed as relevant to the ERA and scope of the audit:

Section No	Title	Risk Rating	Compliance Rating	Revised Date ¹
1.7	Publication	Minor	Partial	28/04/2018
1.17	Transition of certain IMO functions to the Economic Regulation Authority	Minor	Materially Compliant	28/04/2018

Audit Procedures

- Reviewed the responsibilities previously delegated to the IMO which were transferred to the ERA under rule 1.17 and sub-rules.
- Where applicable, tested the ERA's ability to demonstrate compliance with newly defined responsibilities.
- Where applicable, tested the ERA's ability to demonstrate publicly publishing documents and notifications in accordance with the Market Rules in order to meet rule 1.7 requirements.

Findings

Compliance by the ERA with Chapter 1 of the Market Rules:

- The ERA was able to demonstrate partial compliance with all publication requirements per rule 1.7.
 - There were two instances of the ERA's breach of Market Rules 1.7.3 and 7.12.2. The ERA published a notice disclosing these breaches on its website on 3 May 2019.
 - The breaches arose when the ERA published two of AEMO's clause 7.12 reports (one in August 2017 and one in May 2018) which contained dispatch information for two separate events classified as confidential under AEMO's information confidentiality status publication.
 - By the time the ERA published these reports the market would have been aware of the generation and outage information for the two separate events. Therefore, there would have been no adverse impact on the participants from the publication of this information.
 - The ERA has implemented additional controls to prevent these breaches reoccurring in the future.
- Sub-rule 1.17.5 relieved the ERA of complying with rules 3.15.1, 3.18.1, 4.5.15, 4.16.3 and 4.16.9 before 31 October 2017. The current status of these rules are:

¹ This is the latest date that the clause was amended prior to 30 June 2019. This comment applies for all subsequent tables in section 2.

- 3.15.1 – Ancillary Service Standards Review – once every five years – This Review is on the ERA workplan however it is on hold pending completion of the WEM reform program.
- 3.18.1 – Outage Scheduling – is on hold pending completion of the WEM reform program.
- 4.5.15 – Review of Planning Criterion (Forecasting of SWIS Peak Demand) - once every five years. This is on hold pending completion of the WEM reform program.
- 4.16.3 - Develop Market Procedure - Benchmark Reserve Capacity Price – This is planned for commencement by the end of 2019.
- 4.16.9 – AEMO will revise its market procedure in response to the market rule change to be proposed by the ERA for 4.11.3C.² ERA will review this at the next relevant level method review due in 3 years (by 1 April 2022).
- Review of the Relevant Level Methodology (4.11.3C) commenced in 2018 and final report published on ERA website 31 March 2019.
- Notwithstanding relief under sub-rule 1.17.5, the ERA was able to demonstrate material compliance with all other responsibilities delegated to the ERA under rule 1.17.

² At the time of writing this is a 'pre' rule change proposal and is being finalised to take account of industry feedback prior to formal submission for consideration by the Rule Change Panel.

2.2 MARKET RULE COMPLIANCE – CHAPTER 2 - ADMINISTRATION**Requirements**

The following requirements relating to Chapter 2 of the Market Rules were assessed as relevant to the ERA and scope of the audit:

Section No.	Title	Risk Rating	Compliance Rating	Revised Date ¹
2.2A	Economic Regulation Authority	Moderate	Materially Compliant	28/04/2018
2.3	The Market Advisory Committee	Minor	Materially Compliant	28/04/2018
2.5	Rule Change Proposals	Moderate	Materially Compliant	28/3/2018
2.9	Market Procedures	Moderate	Materially Compliant	28/04/2018
2.10	Procedure Change Process	Moderate	Not Applicable	28/04/2018
2.13	Market Rule Compliance Monitoring and Enforcement	Moderate	Materially Compliant	11/01/2019
2.14	Audit	Minor	Materially Compliant	01/07/2016
2.15	Monitoring and Reporting Protocols	Moderate	Materially Compliant	28/04/2018
2.16	Monitoring the Effectiveness of the Market	Moderate	Materially Compliant	28/04/2018
2.21	Market Consultation	Minor	Materially Compliant	24/04/2018
2.22	Determination of the IMO's budget	Minor	Not Applicable	28/04/2018
2.22A.2	Determination of Australian Energy Market Operator's (AEMO)'s budget	Minor	Materially Compliant	24/04/2018
2.24	Determination of Market Fees	Minor	Materially Compliant	28/04/2018
2.25 4A	Payment of Market Participant Fees	Minor	Materially Compliant	28/04/2018
2.26	Economic Regulation Authority Approval of Maximum and Minimum Prices	Moderate	Materially Compliant	28/04/2018
2.32	Rule Participant Suspension and Deregistration	Minor	Not Applicable	24/04/2018
2.44	Minister's Emergency Powers	Minor	Not Applicable	01/07/2016

Audit Procedures

- Reviewed relevant ERA compliance requirements.
- Reviewed internal policies and procedures supporting the ERA's ability to adhere to compliance requirements.
- Where applicable, reviewed documented evidence supporting the ERA's demonstrated compliance.

- Discussions with key ERA employees.

Findings

Compliance by the ERA with Chapter 2 of the Market Rules:

- There were a number of compliance requirements which were not applicable to the ERA during the scope period ended 30 June 2019. This was due to no activity or instances being invoked by Rule Participants that required action or response by the ERA.
- With regard to Rules 2.16.9(b) and 2.16.13, it is noted that the ERA's current practices were documented in the Energy Markets' Internal Operations Manual.
- The ERA was able to demonstrate material compliance with all requirements under Chapter 2 – Administration.
- Market Procedures, namely the Monitoring Protocol procedure, which is now the ERA's responsibility, has been appropriately designed, implemented and communicated per the Market Rule requirements.

2.3 MARKET RULE COMPLIANCE – CHAPTER 3 – POWER SYSTEM SECURITY AND RELIABILITY

Requirements

The following requirements relating to Chapter 3 of the Market Rules were assessed as relevant to the ERA and scope of the audit:

Section No.	Title	Risk Rating	Compliance Rating	Revised Date ¹
3.8	Investigating Incidents in the SWIS	Moderate	Not Applicable	24/04/2018
3.11	Determining & Procuring Ancillary Service Requirements	Minor	Materially Compliant	11/01/2019
3.13	Payment for Ancillary Services	Minor	Materially Compliant	01/07/2016
3.15	Review of Ancillary Service Requirements Process and Standards	Minor	Not Applicable	01/07/2016
3.18	Outage Scheduling	Minor	Not Applicable	24/04/2018

Audit Procedures

- Reviewed relevant ERA compliance requirements.
- Reviewed internal policies and procedures supporting the ERA's ability to adhere to compliance requirements.
- Where applicable, reviewed documented evidence supporting the ERA's demonstrated compliance.
- Discussions with key ERA employees.

Findings

Compliance by the ERA with Chapter 3 of the Market Rules:

- Where relevant and required, the ERA was able to demonstrate material compliance with all relevant Market Rule responsibilities under Chapter 3.

2.4 MARKET RULE COMPLIANCE – CHAPTER 4 – RESERVE CAPACITY RULES**Requirements**

The following requirements relating to Chapter 4 of the Market rules were assessed as relevant to the ERA and scope of the audit:

Section No.	Title	Risk Rating	Compliance Rating	Revised Date ¹
4.5	Long Term Projected Assessment of System Adequacy	Minor	Not Applicable	11/01/2019
4.11	Setting Certified Reserve Capacity	Minor	Not Applicable	28/04/2018
4.16	The Benchmark Reserve Capacity Price	Minor	Materially Compliant	28/04/2018

Audit Procedures

- Reviewed relevant ERA compliance requirements.
- Reviewed internal policies and procedures supporting the ERA's ability to adhere to compliance requirements.
- Where applicable, reviewed documented evidence supporting the ERA's demonstrated compliance.
- Discussions with key ERA employees.

Findings

Compliance by the ERA with Chapter 4 of the Market Rules:

- Where relevant and required, the ERA was able to demonstrate compliance with all Market Rule requirements and the requirement to maintain the Benchmark Maximum Reserve Capacity Market Procedures under Chapter 4.
- The ERA has been able to demonstrate compliance with relevant Market Procedures.

2.5 MARKET RULE COMPLIANCE – CHAPTER 7 – DISPATCH

Requirements

The following requirements relating to Chapter 7 of the Market Rules were assessed as relevant to the ERA and scope of the audit:

Section No.	Title	Risk Rating	Compliance Rating	Revised Date ¹
7.10	Compliance with Dispatch Instructions and Operating Instructions	Minor	Materially Compliant	20/03/2018
7.11	Dispatch Advisories	Minor	Not Applicable	20/03/2018
7.12	Status Reports	Minor	Partial	01/07/2016

Audit Procedures

- Reviewed relevant ERA compliance requirements.
- Reviewed internal policies and procedures supporting the ERA's ability to adhere to compliance requirements.
- Where applicable, reviewed documented evidence supporting the ERA's demonstrated compliance.
- Discussions with key ERA employees.

Findings

Compliance by the ERA with Chapter 7 of the Market Rules:

- Where relevant and required, the ERA was able to demonstrate compliance with all Market Rule requirements under Chapter 7 with the exception of a self-reported non-compliance.
 - The ERA published two of AEMO's clause 7.12 reports, one in August 2017 and one in May 2018, which contained dispatch information for two separate events classified as confidential under AEMO's information confidentiality status publication.
 - There was a breach of Market Rules 1.7.3 and 7.12.2 by the ERA for these two instances. These were the subject of a separate report to the Governing Body dated 14 February 2019. The ERA published the results on its website on 3 May 2019.
 - By the time these reports were published by the ERA, the market would have been aware of the generation and outage information for the two separate events. Therefore, there would have been no adverse impact on the participants from the publication of this information.
 - The ERA has implemented additional controls to prevent this from reoccurring in the future.

2.6 MARKET RULE COMPLIANCE – CHAPTER 10 – MARKET INFORMATION

Requirements

The following requirements relating to Chapter 10 of the Market Rules were assessed as relevant to the ERA and scope of the audit:

Section No.	Title	Risk Rating	Compliance Rating	Revised Date ¹
10.2.2(c)	Compliance with confidentiality of Rule Market Participant Restricted information.	Minor	Partial	20/11/2018

Audit Procedures

- Reviewed relevant ERA compliance requirements.
- Reviewed internal policies and procedures supporting the ERA's ability to adhere to compliance requirements.
- Where applicable, reviewed documented evidence supporting the ERA's demonstrated compliance.
- Discussions with key ERA employees.

Findings

Compliance by the ERA with Chapter 10 of the Market Rules:

- Where relevant and required, the ERA was able to demonstrate compliance with all Market Rule requirements under Chapter 10 with the exception of a self-reported non-compliance.
 - During the course of a routine compliance process, an email containing compliance information intended to be sent internally was inadvertently sent to a third party. The third party was a supplier and not a market participant. The third party was not authorised to receive the compliance information in the email. The third party swiftly deleted the email.
 - The ERA has implemented additional controls to prevent this from reoccurring in the future.

3 SUMMARY OF COMPLIANCE

The following table summarises the relevant sub-rules which contain compliance obligation requirements for the ERA.

Rule No.	Compliance Rating ³	Comment
Chapter 1 – Introduction – Materially Compliant		
1.7.3	Partial	Evidence of the ERA publishing relevant documents on its website. Self-reported non-compliance related to Status reports under Market rule 7.12.
1.17.1	MC	No evidence to indicate otherwise was observed.
1.17.3	MC	No evidence to indicate otherwise was observed.
1.17.5	MC	Provides relief to the ERA for 4.11.3C until April 2019
Chapter 2 – Administration – Materially Compliant		
2.2A.1	MC	Evidence of compliance monitoring was observed. Provision of Rule Change Panel Secretariat Support was observed.
2.3.7	MC	The Market Advisory Committee includes the representatives stipulated.
2.5	MC	
2.9.2B	MC	No evidence to indicate otherwise was observed.
2.9.3	MC	No evidence to indicate otherwise was observed.
2.9.5(bA)	MC	No evidence to indicate otherwise was observed.
2.9.7B	MC	No evidence to indicate otherwise was observed.
2.10.2A	NA	No changes to the ERA Market Procedures were sought during the scope period.
2.10.3	NA	Not invoked during the scope period.
2.10.5B	NA	There have been no Procedure Change Proposals developed by the ERA during the audit scope period.
2.10.7	NA	Not invoked during the scope period.
2.10.10	NA	Not invoked during the scope period.
2.10.12B	NA	None prepared by the ERA during the scope period.
2.10.17	NA	No Procedure Change Proposals during the scope period
2.10.18	NA	Not invoked during the scope period.
2.13.2	MC	Evidence sighted per our sample testing of CMR.
2.13.3	MC	Internal procedures sighted. Compliance Framework and Strategy dated November 2018.
2.13.6H	NA	No instances where requirements under this Rule have been invoked during the scope period.
2.13.10	MC	Evidence sighted per our sample testing of CMR.
2.13.15	NA	Review of CMR includes evidence that determinations have been made in accordance with this Rule.
2.13.16	MC	Review of CMR includes evidence that determinations have been made in accordance with this Rule.

³ MC = Materially Compliant and NA = Not applicable during the period.

Rule No.	Compliance Rating ³	Comment
2.13.26	MC	Compliance Reports sighted for July to December 2018 (published 31 January 2019), January to and June 2019 (published 31 July 2019)
2.13.27	MC	No evidence to indicate otherwise was observed.
2.13.31	NA	No limitation placed upon report recipients.
2.14.5A	MC	Sighted report on ERA website dated 7 November 2018.
2.14.5B	MC	Sighted the 2017/18 Report to the Minister on AEMO's Compliance dated 4 January 2019
2.14.5C	MC	Evidence sighted of AEMO response to the 2017/18 report within the required timeframe. AEMO response was received 4 February 2019 and was published on ERA's website.
2.14.5D	MC	ERA Letter to the Minister within timeframe and response from the Minister.
2.15.1	MC	Sighted and updated effective 1 July 2017.
2.15.2	MC	Purpose stated in the Protocol document is consistent with this Rule.
2.15.3	MC	The scope detailed in Protocol document is consistent with this Rule.
2.15.7	MC	Monitoring Protocol has been developed and maintained in accordance with Rules 2.9 and 2.10.
2.16.6	NA	Not invoked during the scope period.
2.16.8	NA	Review and discussion confirmed that there was no such notification during the scope period.
2.16.9	MC	From discussion, these factors are considered as part of monitoring market effectiveness. Evidence of matters arising from monitoring discussed at monthly meetings with AEMO. Sighted report dated 3 April 2019 Wholesale Electricity Market Report to the Minister for Energy - Technical Appendices per website.
2.16.9A	MC	ERA completed an investigation into pricing behaviour during the scope period.
2.16.9B	MC	ERA requested information from the Market Participant on 26 July 2017. ERA Investigation concluded on 3 April 2019 and was published on the ERA Website.
2.16.9D	MC	Response from the Market Participant and their explanation was published promptly (on the day it was received) on the ERA Website in the previous year (2017/18).
2.16.9E	MC	ERA Investigation concluded in 3 April 2019 and was published on the ERA Website.
2.16.9F	MC	Extensions approved January and July 2018 and in January 2019.
2.16.10	MC	Sighted report dated 3 April 2019 Wholesale Electricity Market Report to the Minister for Energy - Technical Appendices per website. Consultation with the public was sought and 11 submissions were received.
2.16.11	MC	Sighted report dated 3 April 2019 Wholesale Electricity Market Report to the Minister for Energy - Technical Appendices per website. Consultation with the public was sought and 11 submissions were received.
2.16.12	MC	Sighted report dated 3 April 2019 - Effectiveness of the Wholesale Electricity Market Report to the Minister for Energy.

Rule No.	Compliance Rating ³	Comment
2.16.13	MC	Wholesale Electricity Market Report to the Minister for Energy - Technical Appendices dated April 2019.
2.16.14	MC	Nothing to indicate that the ERA has used information for any other purpose that carrying out its functions under this Rule.
2.16.15	MC	Report has been provided and assessment of confidential and sensitive information has been considered as part of the publication of the report on the ERA website.
2.21.1	MC	Evidence of the ERA consultation in accordance with specified timeframes.
2.21.2	MC	Nothing to indicate that the ERA has not consulted or acted in good faith.
2.22A.2	MC	Completed 14 June 2019 - Final report was published on ERA website
2.22A.11	MC	Completed 14 June 2019 - Final report was published on ERA website. Allowable definition per report is consistent with the requirements of this Rule.
2.24.6	MC	Sighted provision of cost recovery budget emailed to AEMO on 21/06/2019.
2.25.1B	MC	Nothing to indicate that the ERA has not complied with this clause.
2.25.4A	MC	Sighted as part of the provision of cost recovery budget emailed to AEMO on 21/06/2019.
2.26.1	MC	Report issued on 24 January 2019 prepared in accordance with the Market Procedure.
2.26.2	NA	Benchmark Reserve Capacity Price (BRCP) was accepted by the ERA.
2.26.3	MC	The ERA has commenced planning for this review. However it has been delayed due to a lack of resources. Currently working on this between other projects.
2.26.4	NA	Review per 2.26.3 has yet to be completed.
2.32.1	NA	No instance where requirements under this Rule has been invoked during the scope period.
2.32.7	NA	No instance where requirements under this Rule has been invoked during the scope period.
2.32.7A	NA	No instance where requirements under this Rule has been invoked during the scope period.
2.32.7B	NA	No instance where requirements under this Rule has been invoked during the scope period.
2.44.1	NA	No instance where requirements under this Rule has been invoked during the scope period.
2.44.2	NA	No instance where requirements under this Rule has been invoked during the scope period.
2.44.3	NA	No instance where requirements under this Rule has been invoked during the scope period.
2.44.4	NA	No instance where requirements under this Rule has been invoked during the scope period.
Chapter 3 – Power System Security and Reliability – Materially Compliant		
3.8.5A	NA	No instance where requirements under this Rule has been invoked during the scope period.

Rule No.	Compliance Rating ³	Comment
3.11.6	MC	Audit conducted for 2019-20 and report dated 12 August 2019 published on the ERA Website.
3.11.8C	NA	Last undertaken in 2008. No new contracts during the scope period.
3.11.8D	NA	No instance where requirements under this Rule has been invoked during the scope period. The last DSS contract expired in September 2018.
3.11.12	MC	Audit conducted for 2019-20 and report dated 12 August 2019 published on the ERA Website.
3.13.3A	MC	Report on the Determination of Peak and Off Peak margins was published 31 March 2019.
3.13.3AB	MC	Published on Market Website.
3.13.3B	MC	Cost LR Parameters were determined for the period 1 July 2019 to 30 June 2022 in March 2019.
3.13.3C	MC	The ERA approved one year of cost_LR (for 2019/20) in March 2019. AEMO is going to resubmit a cost_LR proposal for 2020/21 in November this year.
3.15.1	NA	ERA has flagged this review on its website as yet to commence Per Rule 1.17.5 relief has been granted to this review not to commence before 31 October 2019.
3.15.2	NA	ERA has flagged this review on its website as yet to commence Per Rule 1.17.5 relief has been granted to this review not to commence before 31 October 2019.
3.15.3	NA	ERA has flagged this review on its website as yet to commence Per Rule 1.17.5 relief has been granted to this review not to commence before 31 October 2019.
3.18.3	NA	ERA has flagged this review on its website as yet to commence Per Rule 1.17.5 relief has been granted to this review not to commence before 31 October 2019.
3.18.15	NA	No instance where requirements under this Rule has been invoked during the scope period.
3.18.18	NA	Relief provided by 1.17.5(b) - the ERA doesn't have to conduct the review before 31/10/2017 and no specific start time expressed in this Rule. Only once every five years. Latest would be 31/10/2023.
3.18.19	NA	ERA has flagged this review on its website as yet to commence Per Rule 1.17.5 relief has been granted to this review not to commence before 31 October 2019.
3.18.20	NA	ERA has flagged this review on its website as yet to commence Per Rule 1.17.5 relief has been granted to this review not to commence before 31 October 2019.
Chapter 4 – Reserve Capacity Rules – Materially Compliant		
4.5.14	NA	Relief provided by 1.17.5(c) - the ERA doesn't have to conduct a review before 31/10/2017 and no specific start time expressed in this Rule. Only once every five years. Latest would be 31/10/2023.
4.5.15	NA	Relief provided by 1.17.5(c) - the ERA doesn't have to conduct a review before 31/10/2017 and no specific start time expressed in this Rule. Only once every five years. Latest would be 31/10/2023.

Rule No.	Compliance Rating ³	Comment
4.5.16	NA	Relief provided by 1.17.5(c) - the ERA doesn't have to conduct a review before 31/10/2017 and no specific start time expressed in this Rule. Only once every five years. Latest would be 31/10/2023.
4.5.17	NA	Relief provided by 1.17.5(c) - the ERA doesn't have to conduct a review before 31/10/2017 and no specific start time expressed in this Rule. Only once every five years. Latest would be 31/10/2023.
4.5.18	NA	Relief provided by 1.17.5(c) - the ERA doesn't have to conduct a review before 31/10/2017 and no specific start time expressed in this Rule. Only once every five years. Latest would be 31/10/2023.
4.5.19	NA	No instance where requirements under this Rule has been invoked during the scope period.
4.5.20	NA	No instance where requirements under this Rule has been invoked during the scope period.
4.11.3C	MC	Completed 31 March 2019 and reported in ERA's Website
4.11.3D	NA	Draft report completed 21 December 2018 and published on ERA's Website, Eight Public Submissions evident of ERA's website all dated February 2019.
4.11.3E	MC	Completed 31 March 2019 and reported in ERA's Website
4.16.3	MC	Compliant. Referenced in the 2012-2022 BRCP Decision dated January 2018.
4.16.9	MC	AEMO will revise its market procedure in response to the market rule change proposed by the ERA for 4.11.3C. We will review this at the next relevant level method review due in 3 years (by 1 April 2022)
Chapter 7 – Dispatch – Materially Compliant		
7.10.8	MC	A summary report of the results of completed investigations by the ERA is supplied to AEMO as required by clause 7.10.8 (generally quarterly).
7.11.9	NA	No instance where requirements under this Rule has been invoked during the scope period.
7.12.2	Partial	Quarterly Status reports supplied by AEMO have been published on the ERA's website during the reporting period. ERA self-reported a breach of this rule by publishing information reported by AEMO that was confidential and should have been redacted under this Rule. The ERA engaged 2020 Global to conduct an investigation which reported that ERA did breach this Rule, however the information was dated and did not materially impact the market. The ERA has updated its processes to prevent this from reoccurring and has reviewed previous AEMO reports for other non-compliance.
Chapter 10- Market Information		
10.2.2(c)	Partial	The ERA disclosed confidential information in an email to a third party (an unauthorised party) on 20 November 2018. The ERA engaged 2020 Global to conduct an investigation which reported that the ERA did breach this Rule, however the release of confidential information was accidental, was promptly identified and corrected. Processes have been implemented by the ERA to prevent this reoccurring.