

WHOLESALE ELECTRICITY MARKET

Submission to Procedure Change Proposal

EEPC_2023_01 Monitoring Protocol

Submitted by	
Name:	Martin Maticka
Phone:	[REDACTED]
Fax:	
Email:	wa.marketdevelopment@aemo.com.au
Organisation:	Australian Energy Market Operator (AEMO)
Address:	GPO Box 7096, Cloisters Square, Perth, WA 6850
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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, the Coordinator of Energy or a Network Operator) 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

Self-reporting timeframes

Section 4.2 of the draft Procedure introduces timeframes for self-reporting potential breaches to the Economic Regulation Authority (ERA). While AEMO is supportive of timely reporting and endeavours to undertake investigative and reporting processes in a timely fashion, we query whether there is a head of power for the ERA to specify timeframes as part of the elaboration of the reporting processes for Rule Participants in the draft Procedure. Unlike clause 2.15.3(g), which clearly differentiates between the matters of processes and timeframes, clause 2.15.3(b) only contains reference to processes, and does not extend to the issue of timeframes for reporting.

If sufficient heads of power exist, AEMO seeks clarification to define the point at which the operator or any Rule Participant determines that a breach or suspected breach has occurred to ensure unnecessary reporting does not occur.

AEMO has internal processes for investigating matters of potential non-compliance once they are discovered. These internal processes ensure that the matter is duly investigated ahead of formal notification to the ERA under the Wholesale Electricity Market Rules (WEM Rules). If a specified timeframe is to be incorporated into the Procedure, AEMO's preference would be that the timeframe for self-reporting commence at the conclusion of AEMO's internal investigation rather than the time at which AEMO is made aware of potential non-compliance. Linking the timeframe to the outcomes of the initial investigation would ensure that the breach reporting and investigation processes are efficiently and appropriately geared towards matters where an AEMO investigation has supported the view that a potential breach has occurred. While this interpretation appears consistent with the worked example in Figure 2 of the draft Procedure, the wording in paragraph 4.2.4 could be clarified to indicate that the self-reporting timeframe would commence at the conclusion of an internal investigation that determines that a breach or suspected breach has occurred.

If AEMO is required to link the 20 Business Day investigation to the initial internal investigation, this is likely to result in resource challenges, particularly during peak periods, such as market reform development and implementation. This additional resource impost reflects the large number of obligations that AEMO has under the WEM Rules, which far exceed (in number and complexity) those of other Rule Participants.

Paragraph 4.2.4 of the draft Procedure indicates that the self-reporting timeframe of 20 Business Days will apply unless an extension is requested under paragraph 4.2.5. However, as drafted, there is no clause in the Procedure related to extending the self-reporting timeframe. If the ERA proceeds with the 20 Business Day timeframe proposed in paragraph 4.2.4, AEMO requests that the ERA consult on the paragraph to give effect to the extension, which AEMO considers should also include the circumstances under which an extension may be requested and the matters that the ERA should consider in granting such a request.

Coverage of AEMO reporting of non-compliance of other Rule Participants

As indicated in section 3.3, AEMO is required to monitor the behaviour of Rule Participants for compliance with specified WEM Rules and WEM Procedures under clause 2.13.7. AEMO is required to develop a WEM Procedure under clause 2.13.4 which, among other things, documents the processes AEMO is to use to notify the ERA of potential compliance matters under relevant clauses in section 2.13.

Paragraph 4.1.2 of the draft Procedure requires Rule Participants to self-report to the ERA following an incident, should the incident assessment required under paragraph 4.1.1 indicate that the Rule Participant may have breached the WEM Rules or a WEM Procedure. Paragraph 4.1.3 details the pathway for non-compliance reporting under Chapter 3A of the WEM Rules.

Paragraph 4.1.4 specifies that: *“All other non-compliances or suspected non-compliances must be reported to the ERA in accordance with the timeframes in section 4.2 and follow the process set out in section 4.3.”*

As drafted, paragraph 4.1.4 could be read to extend to any non-compliance that is not required to be self-reported by a Rule Participant under paragraphs 4.1.2 and 4.1.3. This could be seen to capture AEMO reporting of non-compliances by other Rule Participants, notwithstanding that AEMO’s reporting of other Rule Participants is covered by the WEM Procedure developed under 2.13.4. If the ERA’s intention in paragraph 4.1.4 is to capture self-reporting for potential non-compliances that have not resulted from an incident captured under 4.1.2 (or under chapter 3A), AEMO recommends amending the wording to limit paragraph 4.1.4 to self-reporting activities of Rule Participants. AEMO is not supportive of imposing a 20 Business Day reporting timeframe for its broader compliance monitoring activities under section 2.13.

Early advice requirement

Paragraph 4.2.2 introduces a requirement for Rule Participants to submit an early advice under certain circumstances. Given that the early advice is not considered a formal notification under clause 2.13.23, AEMO queries whether the Procedure heads of power under clause 2.13.3 can extend to requirements for early advice.

Should an early advice provision be included in the Procedure, the Procedure should specify what information is required in the early advice notification, and suitable phone contact details should be provided in section 4.3, given that the early advice may be provided via telephone.

Please provide an assessment whether the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Rules.

AEMO has not identified any inconsistencies with the Market Objectives or the WEM Rules beyond any matters mentioned in this submission.

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

As indicated above, the introduction of specified reporting timeframes could result in additional resource requirements within AEMO’s operational areas and compliance function to ensure all potential non-compliance matters are reported within the specified timeframe. AEMO’s costs are ultimately recovered from Market Participants, through the Allowable Revenue process.

Please indicate the time required for your organisation to implement the changes, should they be accepted as proposed.

AEMO has not had sufficient time to assess the time requirements for implementing changes arising from the draft procedure given uncertainties in the matters addressed above.