

# WHOLESALE ELECTRICITY MARKET

## Submission to Procedure Change Proposal

### EEPC\_2023\_01 Monitoring Protocol WEM Procedure

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

Western Power welcomes the opportunity to respond to the draft Monitoring Protocol WEM Procedure (**WEM Procedure**). Western Power is overall supportive of the changes to the WEM Procedure and the risk-based approach that the ERA is taking for the investigation of alleged breaches in the WEM.

Please note that in reviewing the WEM Procedure, we have only considered matters that are relevant to the Network Operator.

Western Power has the following comments regarding the WEM Procedure:

**(a) Paragraphs 4.2.1, 4.2.2 and Figure 2 of the WEM Procedure:**

Western Power is of the view that the drafting under paragraph 4.2.1 is not aligned with the drafting under paragraph 4.2.2 and the self-reporting timeline example under Figure 2. The drafting of paragraph 4.2.1 suggests that the Rule Participant becoming aware of an incident and the Rule Participant becoming reasonably certain that a breach has occurred is the same milestone. However, the drafting under paragraph 4.2.2 and example in Figure 2 suggests that the Rule Participant would first form an awareness of the incident and then later determine there is a reasonable cause to suspect the incident is a breach. Western Power suggests that paragraph 4.2.1 be amended to reflect the intention under paragraph 4.2.2 and Figure 2 of the WEM Procedure.

**(b) Paragraph 4.2.4 of the WEM Procedure:**

Western Power notes that the cross reference to paragraph 4.2.5 in this paragraph does not appear to be in relation to an extension request that a Rule Participant can request

to the ERA but is a reference to a Rule Participant notifying the ERA of a breach by another Rule Participant.

(c) **Paragraph 5.2.8(c)(iii) of the WEM Procedure:**

Western Power notes that the terms Final Risk or Final Risk Rating are not currently defined under the WEM Procedure or WEM Rules.

(d) **Consequence Rating Table in the WEM Procedure:**

Functioning of the Market:

Western Power notes that the description under the Functioning of the Market column is subjective and open to different interpretations, particularly whether a breach results in disruption to participants and their processes and whether a breach results in market delay. Western Power is of the view that this may lead to inconsistent application of the Consequence Rating Table between Rule Participants. Further clarity on the scenarios that would be considered as a disruption would be beneficial. Additionally, further clarity on the events that would result in a minor ranking, where there is a disruption of some sort but there are no market delays or disruptions, would be beneficial.

System Security and Reliability:

Western Power is of the view that, under the System Security and Reliability column, the proposed events for a moderate (no load shedding) and major ranking (up to 15% of load shedding) may result in a rating that is not reflective of the practical consequences of the breach. For example, a breach which results in no load shedding may be categorised to have a moderate consequence but if the same breach resulted in 100kW of load shedding it would result in a major consequence. Western Power suggests that the gating of the load shedding values could be improved to eliminate insignificant amount of load shedding from skewing the consequence ranking.

Western Power suggests that for the major ranking, the load shedding amount should be any load shedding above 10MW but up to 15% and for the moderate ranking, the load shedding amount be up to 10MW.

Financial (Direct and Indirect) Consequence:

Western Power notes that it would have very limited information to provide an accurate estimate on the financial consequences that the breach would have for other participants and the market financial impact of the breach.

Western Power notes that the financial consequence column only contemplates the financial gain that the participant would have incurred because of the breach and not any losses that it may have incurred. Western Power is of the view that overall consideration should be given for both gains and losses that the offending participant have incurred.

Similar to the above comment, Western Power is of the view that the gating of the dollar values set out for the Financial Consequence (Minor) could be improved to eliminate insignificant financial consequence amounts. For example, the offending participant gain could be set to \$50k to ≤\$250k.

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

Western Power is of the view that the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Rules.

**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.**

Western Power will incur additional costs to implement the changes proposed under this WEM Procedure. Changes will need to be made to our current internal processes and procedures, in particular the process around the reporting of breaches.

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

Other than the suggested amendments mentioned above, Western Power endeavours to implement the required changes to its processes to meet the requirements under the WEM Procedure prior to the commencement of the new WEM, 1 October 2023.