



Economic Regulation Authority

Portfolio Identification and Material Portfolio Determination

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Executive summary

The Economic Regulation Authority (ERA) has made its first determination for Portfolio and Material Portfolio identification. The ERA will use the Material Portfolios to inform monitoring requirements under the Wholesale Electricity Market Rules (WEM Rules). Market Participants that have Registered Facilities assigned to a Material Portfolio will need to meet the additional record keeping requirements also set out in the WEM Rules.

The commencement of the new Wholesale Electricity Market (WEM) on 1 October 2023 included a range of new requirements. This included a Market Power Mitigation Framework (Framework). The Framework, designed by Energy Policy WA, includes key assessments relating to market power, offers and pricing.

The ERA developed the WEM Procedure: Portfolio Determination, which sets out the process and methodology to identify Portfolios and Material Portfolios.¹ This report details the ERA's first application of the WEM Procedure to identify all Portfolios operating in the WEM and determine which of those are Material Portfolios. Material Portfolios are those that are likely to hold market power in the Short Term Energy Market (STEM) and Real-Time Market (RTM).²

The process is supported by information provided by Market Participants. Market participants needed to have provided the ERA with their initial declarations of control by 13 October 2023.³ Not all declarations were received on time. While the ERA recognises it is a new process, it's one that will be a regular part of the new market. Market participants must establish proper processes to ensure they provide required information on time.

The ERA must monitor price offers made by Registered Facilities assigned to a Material Portfolio in the STEM and RTM for compliance with general trading obligations.⁴ While the ERA must monitor offers from facilities within material portfolios, it can and will monitor prices across the real time market. The ERA can investigate any potential breach of the market rules including from a facility or from facilities outside material portfolios.

¹ ERA, *WEM Procedure: Portfolio Determination*, October 2023, ([online](#))

² Energy Policy Western Australia, *Market Power Mitigation Strategy: Information Paper*, 10 November 2022, p 10, ([online](#))

³ ERA, *WEM Procedure: Portfolio Determination*, October 2023, p5. ([online](#))

⁴ Wholesale Electricity Market Rules (WA) 3 November 2023, Rule 2.16A.1, ([online](#))

1. Introduction

The WEM Procedure: Portfolio Determination specifies two components relating to Portfolios:

1. Identify Portfolios for all Facilities identified in section 3.1.4(a).
2. Apply a Market Power Test to the identified Portfolios to determine which of them meet the threshold for Material Portfolio status (section 4.4.1).⁵

Portfolio Identification

The ERA used both the Facility registration information as recorded on the AEMO website, and the information provided by Market Participants in the Declarations of Control of a Facility (Declarations) forms to make its assessment.^{6,7}

Market Participants must provide Declarations to the ERA by deadlines specified in the WEM Procedure. Failure to provide declarations on time is considered a non-compliance with the WEM Procedure and impacts the ERAs ability to make timely and efficient determinations.

The ERA followed the principles-based approach outlined in the WEM Rules, and reproduced in the WEM Procedure, to complete its identification of initial Portfolios operating in the WEM STEM and RTM.

Material Portfolio Determination

The allocation of Material Portfolios is based on the application of a Market Power Test. The test is applied to each identified Portfolio to determine if they meet or exceed the threshold of 10 per cent of the total maximum sent out capacity of all identified Portfolios.⁸

If that threshold is met, the Portfolio is allocated as a Material Portfolio. Material Portfolios have additional record keeping requirements under the WEM Rules and the ERA must monitor offers made by Registered Facilities within that Portfolio and must investigate breaches.^{9,10} This requirement does not limit the ERA's ability to monitor offers or investigate breaches for any Registered Facilities.

⁵ ERA, *WEM Procedure: Portfolio Determination*, October 2023, p8. ([online](#))

⁶ ERA, *WEM Procedure: Portfolio Determination*, October 2023, p6. ([online](#))

⁷ ERA, *WEM Procedure: Portfolio Determination*, October 2023, p5. ([online](#))

⁸ Maximum sent out capacity has the meaning under the rules of the net of embedded and Parasitic Loads, that can be available for supply to the relevant Network from the Facility under optimal conditions, expressed in megawatts (MW). Wholesale Electricity Market Rules (WA) 3 November 2023, Appendix1(b)(v), Appendix 1(c)(v) or Appendix 1(d)(v) ([online](#))

⁹ Wholesale Electricity Market Rules (WA) 3 November 2023, Rule 2.16C.3, ([online](#))

¹⁰ Wholesale Electricity Market Rules (WA) 3 November 2023, Rule 2.16C.4, ([online](#))

2. Portfolio Identification

The ERA has completed its first assessment and identified each Portfolio operating in the Wholesale Energy Market.¹¹ The initial identified Portfolios are outlined below in Table 1.

To identify Portfolios the ERA has applied the following principles as stated in WEM Rule 2.16B.1(a):

- i. Each Scheduled Facility, Semi-Scheduled Facility and Non-Scheduled Facility must be allocated to one, but not more than one, Portfolio.
- ii. Registered Facilities which are owned by or registered to the same Market Participant must be allocated to the same Portfolio.
- iii. Registered Facilities which are owned by or registered to Market Participants that are associated entities (as that expression is defined in the Corporations Act) must be allocated to the same Portfolio.
- iv. Registered Facilities which are registered to, or owned or controlled by, a Market Participant or other entity, and Registered Facilities that are registered to, or owned by, an associated entity of that Market Participant or other entity (as those expressions are defined in the Corporations Act) must be allocated to the same Portfolio.
- v. Without limiting (i), a Registered Facility must not be allocated to a Portfolio containing another Registered Facility unless it is required by (ii), (iii) or (iv).

Table 1: Identified Portfolios

Portfolio	Registered Facilities
1	PERTHENERGY_KWINANA_GT1 ROCKINGHAM SOUTH_CARDUP
2	ALCOA_WGP
3	ALINTA_PNJ_U1 ALINTA_PNJ_U2 ALINTA_WGP_GT ALINTA_WGP_U2 YANDIN_WF1 ALINTA_WWF BADGINGARRA_WF1
4	BIOGAS01
5	BLAIRFOX_BEROSRD_WF1 BLAIRFOX_KARAKIN_WF1 BLAIRFOX_WESTHILLS_WF3

¹¹ Wholesale Electricity Market Rules (WA) 3 November 2023, Rule 1.62.1, ([online](#)) and ERA, *WEM Procedure: Portfolio Determination*, October 2023, 3.1.1, p5. ([online](#))

Portfolio	Registered Facilities
6	BW1_BLUEWATERS_G2 BW2_BLUEWATERS_G1
7	WARRADARGE_WF1 ALBANY_WF1 GRASMERE_WF1 GREENOUGH_RIVER_PV1
8	INVESTEC_COLLGAR_WF1
9	DCWL_DENMARK_WF1
10	EDWFMAN_WF1
11	PRK_AG
12	RED_HILL TAMALA_PARK
13	NORTHAM_SF_PV1
14	NAMKKN_MERR_SG1
15	MERSOLAR_PV1
16	AMBRISOLAR_PV1
17	SKYFRM_MTBARKER_WF1
18	MWF_MUMBIDA_WF1
19	NEWGEN_NEERABUP_GT1
20	NEWGEN_KWINANA_CCG1
21	BREMER_BAY_WF1 COCKBURN_CCG1 COLLIE_G1 KALBARRI_WF1 KEMERTON_GT11 KEMERTON_GT12 KWINANA_ESR1 KWINANA_GT2 KWINANA_GT3 MUJA_G6 MUJA_G7 MUJA_G8 MUNGARRA_GT1 MUNGARRA_GT3 PINJAR_GT1 PINJAR_GT10 PINJAR_GT11

Portfolio	Registered Facilities
	PINJAR_GT2 PINJAR_GT3 PINJAR_GT4 PINJAR_GT5 PINJAR_GT7 PINJAR_GT9 WEST_KALGOORLIE_GT2 WEST_KALGOORLIE_GT3
22	TESLA_PICTON_G1 TESLA_GERALDTON_G1 TESLA_KEMERTON_G1 TESLA_NORTHAM_G1
23	STHRNCRS_EG
24	TIWEST_COG1
25	HENDERSON_RENEWABLE_IG1

3. Material Portfolio Determination

Following identification of Portfolios, the ERA applied a Market Power Test to determine which Portfolios can exert market power on the STEM and Real-Time Markets.

3.1 Market Power Test

The Market Power Test is used to determine which identified portfolios likely hold market power in the STEM and RTM. The test uses the maximum sent out capacity (MSOC) for each Registered Facility to calculate a Portfolio's percentage share of the total MSOC of all Registered Facilities assigned to a Portfolio.

Specifically, clause 2.16C.1(a) details the application of this test:

- (a) within 10 Business Days of identifying each Portfolio p under clause 2.16B.1(a) of the WEM Rules, calculate Portfolio p 's percentage share of the total maximum sent out capacity of all Registered Facilities assigned to a Portfolio as follows:

$$MSOC_Share(p) = \frac{\sum_{f \in p} MSOC(f)}{\sum_{f \in Facilities} MSOC(f)} \times 100$$

where:

- i. MSOC(f) is the maximum sent out capacity specified for Registered Facility f in Appendix 1(b)(v), Appendix 1(c)(v) or Appendix 1(d)(v) as applicable;
- ii. $f \in p$ denoted all Scheduled Facilities, Semi-Scheduled Facilities and Non-Scheduled Facilities f assigned to Portfolio p ; and
- iii. $f \in Facilities$ denotes all Scheduled Facilities, Semi-Scheduled Facilities and Non-Scheduled Facilities assigned to a Portfolio identified under clause 2.16B.1(a).

3.2 Material Portfolios

After applying the Market Power Test, Portfolios that have a percentage share value equal to or greater than 10 per cent, are considered to be Material Portfolios.¹²

Portfolios 3 and 21 (in Table 2, highlighted in grey) meet the Market Power Test threshold and are determined to be Material Portfolios.

Table 2: Material Portfolios resulting from the Market Power Test

Portfolio	Registered Facilities	Percentage Share (%) ¹³
1	PERTHENERGY_KWINANA_GT1 ROCKINGHAM SOUTH_CARDUP	2

¹² Wholesale Electricity Market Rules (WA) 3 November 2023, Rule 2.16C.1(b), ([online](#)) and ERA, *WEM Procedure: Portfolio Determination*, October 2023, p8. ([online](#))

¹³ Value is rounded to nearest percentage point.

Portfolio	Registered Facilities	Percentage Share (%) ¹³
2	ALCOA_WGP	<1
3	ALINTA_PNJ_U1 ALINTA_PNJ_U2 ALINTA_WGP_GT ALINTA_WGP_U2 YANDIN_WF1 ALINTA_WWF BADGINGARRA_WF1	19
4	BIOGAS01	<1
5	BLAIRFOX_BEROSRD_WF1 BLAIRFOX_KARAKIN_WF1 BLAIRFOX_WESTHILLS_WF3	<1
6	BW1_BLUEWATERS_G2 BW2_BLUEWATERS_G1	7
7	WARRADARGE_WF1 ALBANY_WF1 GRASMERE_WF1 GREENOUGH_RIVER_PV1	4
8	INVESTEC_COLLGAR_WF1	4
9	DCWL_DENMARK_WF1	<1
10	EDWFMAN_WF1	1
11	PRK_AG	1
12	RED_HILL TAMALA_PARK	<1
13	NORTHAM_SF_PV1	<1
14	NAMKKN_MERR_SG1	1
15	MERSOLAR_PV1	2
16	AMBRISOLAR_PV1	<1
17	SKYFRM_MTBARKER_WF1	<1
18	MWF_MUMBIDA_WF1	1
19	NEWGEN_NEERABUP_GT1	6
20	NEWGEN_KWINANA_CCG1	6
21	BREMER_BAY_WF1 COCKBURN_CCG1 COLLIE_G1	44

Portfolio	Registered Facilities	Percentage Share (%) ¹³
	KALBARRI_WF1 KEMERTON_GT11 KEMERTON_GT12 KWINANA_ESR1 KWINANA_GT2 KWINANA_GT3 MUJA_G6 MUJA_G7 MUJA_G8 MUNGARRA_GT1 MUNGARRA_GT3 PINJAR_GT1 PINJAR_GT10 PINJAR_GT11 PINJAR_GT2 PINJAR_GT3 PINJAR_GT4 PINJAR_GT5 PINJAR_GT7 PINJAR_GT9 WEST_KALGOORLIE_GT2 WEST_KALGOORLIE_GT3	
22	TESLA_PICTON_G1 TESLA_GERALDTON_G1 TESLA_KEMERTON_G1 TESLA_NORTHAM_G1	1
23	STHRNCRS_EG	<1
24	TIWEST_COG1	1
25	HENDERSON_RENEWABLE_IG1	<1
	Total	100