



Economic Regulation Authority

Portfolio identification and material portfolio - Determination

11 April 2024

Economic Regulation Authority

Level 4, Albert Facey House

469 Wellington Street, Perth WA 6000

Telephone 08 6557 7900

Email info@erawa.com.au

Website www.erawa.com.au

This document can also be made available in alternative formats on request.

National Relay Service TTY: 13 36 77

© 2024 Economic Regulation Authority. All rights reserved. This material may be reproduced in whole or in part provided the source is acknowledged

Contents

Executive summary	ii
1. Introduction	1
2. Portfolio identification.....	2
3. Material portfolio determination	5
3.1 Market power test calculation	5
3.2 Material portfolios	5
 List of appendices	
Appendix 1 List of Tables.....	8

Executive summary

The Economic Regulation Authority has made its second determination for portfolio and material portfolio identification. The ERA makes this determination twice yearly, in April and October, following its first determination in December 2023.

The ERA will use the portfolios identified in this determination to inform its assessment of constrained portfolios; and material portfolios to inform monitoring requirements under the Wholesale Electricity Market (WEM) Rules. Market participants with registered facilities assigned to a material portfolio must meet additional record keeping requirements as 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. The Framework, designed by Energy Policy WA, includes assessments of market power, offers and pricing.

The ERA has developed the WEM Procedure: Portfolio determination, which sets out the process and methodology it uses to identify portfolios and material portfolios.¹ 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 ERA's determination is supported by information provided by market participants. Market participants must provide the ERA with declarations twice each year, by 1 February and 1 August.³ For this determination, some market participants did not submit their information on time. While the ERA recognises this is a new process, it 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 However, the ERA can and will monitor prices across the RTM, and ERA can investigate any potential breach of the WEM rules, including 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, p 5, ([online](#)).

⁴ Wholesale Electricity Market Rules (WA) 13 December 2023, Rule 2.16A.1, ([online](#)).

1. Introduction

The portfolio determination WEM procedure sets out two steps the ERA will follow:

1. Identify portfolios for all registered facilities identified in section 3.1.4(a).⁵
2. Apply the market power test calculation to identify the percentage share for each facility of the total maximum declared sent out capacity of all registered facilities assigned to a portfolio. Where the result is equal to or greater than 10 per cent, those portfolios are determined to be material portfolios (section 4.4.1).^{6,7}

Portfolio Identification

The ERA used both the Australian Energy Market Operator's (AEMO) facility registration information, and the information provided by market participants in their Declarations of Control of a Facility forms to make its assessment.^{8,9}

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 affects the ERA's 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 STEM and RTM.

Material portfolio determination

The allocation of material portfolios is based on the application of a market power test calculation. The calculation 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.

If that threshold is met, the portfolio is allocated as a material portfolio, and therefore subject to additional record keeping and monitoring requirements discussed above.^{10,11}

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

⁶ 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) 13 December 2023, Appendix 1(b)(v), Appendix 1(c)(v) or Appendix 1(d)(v) ([online](#)).

⁷ ERA, *WEM Procedure: Portfolio Determination*, October 2023, p 8, ([online](#)).

⁸ ERA, *WEM Procedure: Portfolio Determination*, October 2023, p 6, ([online](#)).

⁹ ERA, *WEM Procedure: Portfolio Determination*, October 2023, p 5, ([online](#)).

¹⁰ Wholesale Electricity Market Rules (WA) 13 December 2023, Rule 2.16C.3, ([online](#)).

¹¹ Wholesale Electricity Market Rules (WA) 13 December 2023, Rule 2.16C.4, ([online](#)).

2. Portfolio identification

The ERA has completed its assessment and identified each portfolio operating in the WEM.¹² The 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 ALINTA_WWF BADGINGARRA_WF1 YANDIN_WF1
4	BIOGAS01
5	BLAIRFOX_BEROSRD_WF1 BLAIRFOX_KARAKIN_WF1 BLAIRFOX_WESTHILLS_WF3
6	BW1_BLUEWATERS_G2 BW2_BLUEWATERS_G1
7	ALBANY_WF1 GRASMERE_WF1

¹² Wholesale Electricity Market Rules (WA) 13 December 2023, Rule 2.16B.1, ([online](#)) and ERA, *WEM Procedure: Portfolio Determination*, October 2023, 3.1.4, p 5, ([online](#)).

Portfolio	Registered Facilities
	GREENOUGH_RIVER_PV1 WARRADARGE_WF1
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 PINJAR_GT2 PINJAR_GT3 PINJAR_GT4 PINJAR_GT5 PINJAR_GT7

Portfolio	Registered Facilities
	PINJAR_GT9 WEST_KALGOORLIE_GT2 WEST_KALGOORLIE_GT3
22	TESLA_GERALDTON_G1 TESLA_KEMERTON_G1 TESLA_NORTHAM_G1 TESLA_PICTON_G1
23	STHRNCRS_EG
24	TIWEST_COG1
25	HENDERSON_RENEWABLE_IG1
26	FLATROCKS_WF1

3. Material portfolio determination

After identifying the portfolios, the ERA applied a market power test calculation to determine which portfolios have the potential to exert market power on the STEM and RTM.

3.1 Market power test calculation

The market power test calculation 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:

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

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. $f \in \text{Facilities}$ 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 calculation, portfolios that have a percentage share value equal to or greater than 10 per cent, are considered material portfolios.¹³

Portfolios 3 and 21 (in Table 2, highlighted in grey) met the market power test threshold and are determined to be material portfolios.

Table 2: Material portfolios

Portfolio	Registered Facilities	Percentage Share (%) ¹⁴
1	PERTHENERGY_KWINANA_GT1 ROCKINGHAM SOUTH_CARDUP	2
2	ALCOA_WGP	<1
3	ALINTA_PNJ_U1 ALINTA_PNJ_U2	18

¹³ Wholesale Electricity Market Rules (WA) 13 December 2023, Rule 2.16C.1(b), ([online](#)) and ERA, *WEM Procedure: Portfolio Determination*, October 2023, p 8, ([online](#)).

¹⁴ Value is rounded to nearest percentage point.

Portfolio	Registered Facilities	Percentage Share (%) ¹⁴
	ALINTA_WGP_GT ALINTA_WGP_U2 ALINTA_WWF BADGINGARRA_WF1 YANDIN_WF1	
4	BIOGAS01	<1
5	BLAIRFOX_BEROSRD_WF1 BLAIRFOX_KARAKIN_WF1 BLAIRFOX_WESTHILLS_WF3	<1
6	BW1_BLUEWATERS_G2 BW2_BLUEWATERS_G1	7
7	ALBANY_WF1 GRASMERE_WF1 GREENOUGH_RIVER_PV1 WARRADARGE_WF1	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 KALBARRI_WF1 KEMERTON_GT11 KEMERTON_GT12 KWINANA_ESR1	43

Portfolio	Registered Facilities	Percentage Share (%) ¹⁴
	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_GERALDTON_G1 TESLA_KEMERTON_G1 TESLA_NORTHAM_G1 TESLA_PICTON_G1	1
23	STHRNCRS_EG	<1
24	TIWEST_COG1	1
25	HENDERSON_RENEWABLE_IG1	<1
26	FLATROCKS_WF1	1
	TOTAL	100

Appendix 1 List of Tables

Table 1:	Identified portfolios	2
Table 2:	Material portfolios	5