



Economic Regulation Authority

Wholesale Electricity Market Rules and Gas Services Information Rules

Compliance report for the period 1 January 2024 to
30 June 2024

31 July 2024

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1. Purpose

This report satisfies the Wholesale Electricity Market (WEM) and Gas Services Information (GSI) Rules requirements for the Economic Regulation Authority (ERA) to publish every six months a report on its compliance activities for the preceding six months.¹

The WEM Rules specify that the report must include a summary of:

- investigations completed by the ERA
- breaches or contraventions of the WEM Rules the ERA concludes have occurred
- warnings issued by the ERA
- proceedings that have been brought before the Electricity Review Board (ERB)
- findings of the ERB on matters referred to them
- orders made by the ERB
- matters brought before the ERB, and details of any civil penalties imposed by the ERA.

The GSI Rules specify that the report must include:

- proceedings that have been brought before the ERB
- findings of the ERB on matters referred to them
- orders made by the ERB
- civil penalties imposed by the ERA and not set aside by the ERB.

Terms capitalised in this report include terms defined under Chapter 11 of the WEM Rules and Schedule 1 of the GSI Rules.

¹ Wholesale Electricity Market Rules (WA), 8 June 2024, clause 2.13.45, ([online](#)); Gas Services Information Rules (WA), 1 December 2022, Rule 167(1), ([online](#)).

2. Summary

This report summarises the ERA's compliance activities for the reporting period 1 January 2024 to 30 June 2024.

The ERA's compliance activities include:

- monitoring participants' compliance with the WEM Rules and GSI Rules
- investigating alleged breaches of these rules
- undertaking enforcement actions where appropriate.^{2,3}

Since the WEM changes introduced on 1 October 2023, the focus of the ERA's compliance activities was on refining the new risk-based approach to investigations, monitoring the operations of the WEM to identify areas of high risk of non-compliance and supporting the WEM Participants in their new obligation to self-report suspected breaches.

Reducing the backlog of older investigations remains a priority for the ERA. During this reporting period the ERA resolved 226 matters reducing the backlog of pre-October 2023 WEM and GSI investigations from 383 at the end of December 2023 to 168 at the end of June 2024⁴.

At the end of this reporting period the total backlog of all outstanding compliance matters is 324 including 223 WEM and 101 GSI matters.

2.1 Investigations performed

During this reporting period the ERA completed 66 investigations, including:

- 59 relating to pre-October 2023 breaches of the WEM Rules
- seven relating to the GSI Rules.

The ERA found participants in breach in 51 cases. The remaining 15 investigations resulted in a no breach outcome.

The ERA also resolved and closed 160 minor non-compliance matters related to pre-October 2023 WEM Rules without performing a full scale investigation.

2.2 Breach allegations received

During this reporting period the ERA recorded 107 alleged breach matters including:

- 79 related to the post 1 October 2023 WEM Rules
- nine related to the pre 1 October WEM Rules
- 19 related to the GSI Rules.

From 1 October 2023 WEM Participants are required to self-report any suspected breaches that they became aware of. Out of 79 post 1 October 2023 suspected WEM breaches 71 were

² Wholesale Electricity Market Rules (WA), 8 June 2024, clause 2.2A.1, ([online](#)).

³ Gas Services Information Rules (WA), 1 December 2022, rule 165, ([online](#)).

⁴ The ERA has also opened 11 new investigations for pre-October 2023 breach allegations in this reporting period.

self-reported. The remaining eight were identified and reported by AEMO or the ERA. The ERA assessed 37 of the 79 WEM matters as potentially high risk breaches which have been prioritised for analysis and investigation.

2.3 Warning notices issued

The ERA issued warning notices to three GSI Participants following completion of seven GSI matters.

No warning notices were issued to the WEM Participants during this reporting period.

3. WEM Rules changes

From 1 October 2023 the ERA has a wider range of compliance powers, including the ability to apply a risk-based approach to investigations and to issue all categories of civil penalties.

From 1 October 2023 WEM Rule Participants are required to self-report all suspected breaches to the ERA.

3.1 Risk-based approach to investigations

Prior to 1 October 2023, the WEM Rules required the ERA to investigate every suspected breach that it became aware of irrespective of the level of risk attributed to the breach. This resulted in a backlog of investigations under the previous WEM Rules that the ERA is continuing to work through.

The WEM Rules introduced on 1 October 2023 have allowed the ERA discretion with respect to its investigation activities, including having a risk-based investigation approach and the ability to suspend or close certain investigations without reaching a breach determination.⁵

The ERA has assigned a potential baseline risk rating to all WEM Rules' clauses describing the WEM obligations. The baseline risk ratings are used for compliance planning and monitoring.

The ERA assesses each reported alleged breach based on the information provided in the breach report and the individual circumstances of each matter to determine the breach risk rating. The breach risk rating is used to prioritise compliance investigations.

The WEM Procedure Monitoring Protocol provides full details of the risk-based approach to investigations and describes the ERA's monitoring and enforcement activities. The ERA encourages all WEM Rule Participants to familiarise themselves with this procedure.⁶

3.2 Obligation to self-report breaches

From 1 October 2023 WEM Rule Participants must self-report suspected breaches to the ERA when they become aware or have a reasonable cause to suspect that they have breached the WEM Rules or WEM Procedures.⁷ Suspected breach reports should be lodged via the ERA website.⁸

3.3 Civil penalties

From 1 October 2023 the ERA's powers to issue civil penalties have been expanded. The ERA may now issue a civil penalty for the contravention of any of Category A, B or C civil

⁵ Wholesale Electricity Market Rules, 8 June 2024, clause 2.13.23, ([online](#)).

⁶ Monitoring Protocol WEM Procedure, 14 September 2023, ([online](#)).

⁷ Wholesale Electricity Market Rules, 8 June 2024, clause 2.13.23, ([online](#)).

⁸ Report a suspected breach of the WEM, GSI or Pilbara Network Rules, ([online](#)).

penalty provision in the WEM Rules in accordance with the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*.^{9,10,11}

Breach categories that carry civil penalty provisions include, but are not limited to:

- for WEM:
 - forced outages and outage quantity calculations
 - RTM submissions
 - general trading obligations
 - dispatch instructions
- for WEM and GSI:
 - market information requirements
 - late payment of invoices

The ERA keeps a public register of breaches of the WEM Rules where the ERA issues a civil penalty notice under clause 2.13.36(c) which is not set aside by the ERB.¹²

The ERA did not issue any civil penalties during this reporting period.

⁹ Previously the ERA 's powers were limited to issuing Category A Civil Penalties only.

¹⁰ Wholesale Electricity Market Rules, 8 June 2024, clause 2.13.36(c), ([online](#)).

¹¹ Electricity Industry (Wholesale Electricity Market) Regulations 2004, Schedule 1, ([online](#)).

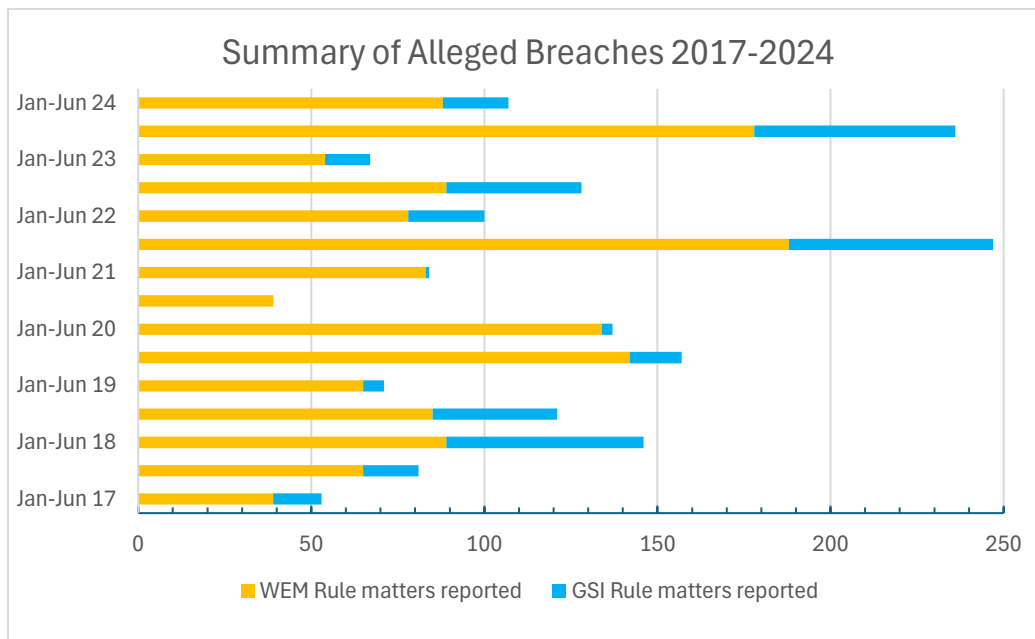
¹² Wholesale Electricity Market Rules, 8 June 2024, clause 2.13.49(a), ([online](#)).

4. Compliance update

4.1 Alleged breach notifications

In this reporting period, 1 January 2024 to 30 June 2024, the ERA registered 107 alleged breaches, including 88 alleged breaches relating to the WEM Rules and 19 alleged breaches relating to the GSI Rules. Of the 88 alleged WEM breaches, 79 occurred since the commencement of the reformed WEM on 1 October 2023 and nine occurred before this date. Figure 1 below demonstrates the numbers of breach allegations recorded by the ERA in each reporting period since January 2017.

Figure 1: Alleged breach reports recorded 1 January 2017 to 30 June 2024



Source: ERA data

4.1.1 Alleged breach categories

The ERA has adjusted its reporting categories to more accurately reflect the changes in the WEM Rules introduced on 1 October 2023.

Table 1 below shows a summary of the breach allegation categories reported during 1 January 2024 to 30 June 2024.

Table 1: Categories of alleged breaches reported 1 January 2024 to 30 June 2024

Breach reporting category	Number reported WEM	Number reported GSI
Generator Monitoring Plans	3	
Dispatch Instruction	9	
General Trading Obligations	13	

Breach reporting category	Number reported WEM	Number reported GSI
Market Information	10	7
RTM Submissions ¹³	14	
Late Payment of Invoice	3	12
Outage Requirements	19	
Other	17	
Total	88	19

Source: ERA data

4.1.2 Risk assessment of alleged breaches

The ERA risk rated 80 of the 107 breach allegations received during this reporting period. 37 WEM breach allegations based on the affected WEM Rules clauses were provisionally assessed as significant and 13 as moderate risk. The ERA has commenced a review of these allegations to determine if investigations into these matters are required.

4.1.3 Civil penalty provisions

Out of 107 breach allegations recorded by the ERA in this reporting period, 49 related to civil penalty provisions rules, including 47 WEM and two GSI allegations.

4.1.4 WEM investigations

The ERA completed 59 WEM investigations in the current reporting period. 44 investigations resulted in a breach outcome and 15 in a no breach outcome.

The investigated breaches related to the following categories:

- dispatch instructions requirements – 25 breaches
- market information requirements – 13 breaches
- outage scheduling – one breach
- other – five breaches.

The ERA reported a backlog of 361 investigations of the pre October 2023 WEM Rules at the end of December 2023. During the current reporting period the ERA continued to work to reduce the backlog. The ERA completed an assessment of 165 low risk WEM matters which occurred before January 2023.

The ERA found that 160 of the assessed matters were minor, concerned predominantly with information requirements and did not have a material impact on the functioning of the WEM. In all cases, participants were unlikely to reoffend because the relevant WEM Rule had been removed or corrective action had been taken. The ERA concluded that performing a full investigation of these historic, low risk matters was not in the interest of WEM stakeholders

¹³ Previously reported as Balancing submissions.

and would divert the ERA from focusing on more recent higher risk matters. Consequently, the ERA resolved 160 historic matters without reaching a formal breach or no breach determination. The remaining five matters required further consideration. They will be investigated further.

4.2 GSI investigations

During this reporting period the ERA investigated seven breach allegations of the GSI Rules by three GSI Participants.

The ERA found the participants in breach of the GSI Rules in every instance. All investigated breaches related to the GSI market information requirements, including:

- four breaches of seven-day capacity outlook
- three breaches of medium-term capacity outlook.

The ERA issued warning notices to all three participants following completion of these investigations.

5. Report on Electricity Review Board matters

The ERA did not refer any matters to the ERB during 1 January 2024 to 30 June 2024 reporting period.