

14 October 2024

Economic Regulation Authority
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Submitted via: publicsubmissions@erawa.com.au

Procedure Change Proposal: Portfolio Determination

Alinta Energy appreciates the opportunity to provide feedback on the proposed WEM Procedure: Portfolio Determination.

We provide the following feedback for ERA's consideration:

Reference/Issue	Feedback
1.1 Relationship with the WEM Rules	As the proposed amendments to this WEM Procedure are to accommodate the WEM Rule changes in the Exposure Draft for amending WEM Rules under the FCESS Cost Review that are anticipated to take effect on 20 November 2024, the reference to the WEM Rules in paragraph 1.2.3 should be to the anticipated 20 November 2024 version rather than the superseded version dated 27 July 2024.
1.3 Purpose of this procedure	<p>Paragraph 1.3.1 sets out that 'this WEM Procedure: Portfolio Determination is developed to meet the requirement of WEM Rule 2.16D.15 to document:</p> <ul style="list-style-type: none"> a) The methodologies and processes to be followed by the ERA in relation to: <ul style="list-style-type: none"> i. Identifying each Portfolio and Constrained Portfolio operating in the WEM pursuant to WEM Rules 2.16B.1(a) and 2.16B.2, respectively (see section 3). ii. Carrying out the calculations under WEM Rules 2.16C.1(a) and 2.16C.2(a) in relation to identifying each Material Portfolio and Material Constrained Portfolio, respectively (see section 4.1, 4.2). iii. Monitoring prices offered by a Market Participant under WEM Rule 2.16C.4, and making determinations under WEM Rules 2.16C.6 and 2.16C.7 (see section 2.3) in relation to those price offers. b) The types and format of the information, and level of detail required to be maintained or recorded by a Market Participant to enable the ERA to carry out its monitoring of price offers under WEM Rules 2.16C.4 (see section 5). c) Details of the processes the ERA and Market Participants must follow in respect to a request for guidance under WEM Rule 2.16D.5, which may include a template that a Market Participant must use for making a request (see section 6). <p>Paragraph 2.1.1(a) relates to WEM Rule 2.16A.3, paragraph 2.3.4 relates to WEM Rule 2.16A, paragraph 2.3.5 relates to WEM Rule 2.16A.3, and paragraph 2.3.6 relates to WEM Rule 2.16A.6. These WEM Rules are outside the scope of this WEM Procedure required by WEM Rule 2.16D.15, as outlined in paragraph 1.3.1, and should be removed from the Procedure.</p>
2.1 General trading obligations and Materiality Test Obligations	<p>There are no Materiality Test Obligations set out in this section.</p> <p>We suggest that the section heading be amended to align with the content of the section.</p>

<p>2.3 ERA Monitoring and Investigation</p>	<p>With respect to monitoring prices and making associated determinations, under WEM Rule 2.16D.15 the purpose of this WEM Procedure is to document ‘the <u>methodologies and processes</u> to be followed by the ERA in relation to (iii) <u>monitoring prices</u> offered by a Market Participant under clause 2.16C.4 and <u>making determinations</u> under clauses 2.16C.6 and 2.16C.7 in relation to those price offers’ (underline added).</p> <p>WEM Rule 2.16C.4 provides that ‘the ERA must monitor the following price offers for compliance with clause 2.16C.5:</p> <ol style="list-style-type: none"> a) the prices offered by a Market Participant in its STEM Portfolio Supply Curve; and b) the prices offered by a Market Participant in its Real-Time Market Submissions for each of its Registered Facilities.’ <p>WEM Rule 2.16C.5 provides that ‘a Market Participant must not make an <u>Irregular Price Offer</u> that results in an <u>inefficient market outcome</u>.’</p> <p>It would therefore be expected that section 2.3 of the WEM Procedure would set out the methodologies and processes that will be used by the ERA to monitor price offers made by Market Participants with respect to any potential or suspected:</p> <ol style="list-style-type: none"> 1. irregular Price Offers made; and 2. inefficient market outcomes, <p>and the methodologies and processes that will be used by the ERA to make determinations in regard to these matters.</p> <p>Section 2.3 does not relate to WEM Rule 2.16C.4 and does not set out any methodologies or processes for monitoring prices and making determinations. We recommend that this section of the Procedure clearly set out the relevant methodologies and processes that will be used to monitor price offer compliance for STEM and Real-Time Market price submissions with respect to irregular price offers and inefficient market outcomes, as required under WEM Rule 2.16D.15(a)(iii).</p> <p>We recommend that potential and likely scenarios are provided as examples of how the ERA will apply the methodologies and processes set out in the Procedure for the purposes of monitoring price offers and making associated determinations under WEM Rules 2.16C.6 and 2.16C.7.</p>
<p>3.1 ERA assessment of portfolios</p>	<p>The methodologies and processes set out in this section appear reasonable and straightforward.</p> <p>We recommend that a step to provide notification to relevant Market Participants be added to the process set out to comply with WEM Rule 2.16C.1(c)(ii).</p>
<p>3.2 Constrained portfolios</p>	<p>With respect to Constrained Portfolios, under WEM Rule 2.16D.15 the purpose of this WEM Procedure is to document ‘the <u>methodologies and processes</u> to be followed by the ERA in relation to (i) <u>identifying</u> each Constrained Portfolio operating in the Wholesale Electricity Market pursuant to clauses 2.16B.2’ (underline added).</p> <p>The Procedure does not set out any methodologies and processes in this section.</p> <p>The process set out in Appendix 3 of the Material Constrained Portfolio Determination document, published quarterly by the ERA, could be documented in this section of the procedure.</p> <p>To improve understanding potential and likely scenarios should be provided as examples of how the ERA will apply the methodologies and processes set out in the Procedure for the purposes of identifying Constrained Portfolios as set out in Explanatory Note 1 in section 3.1.</p>
<p>6 Request for guidance</p>	<p>The processes set out in this section that the ERA and Market Participants must follow in respect to a request for guidance under WEM Rule 2.16D.5 appear thorough and appropriate.</p> <p>As time will be of the essence in circumstance where a Market Participant seeks guidance from the ERA (i.e. a three-month period for compliance from the date of the notice) it is recommended that the following be included in the process to improve transparency and procedural fairness:</p> <ul style="list-style-type: none"> • an acknowledgement receipt to the Market Participant. • a notice of advice to the Market Participant if the ERA is unable to respond within 20 Business Days of the request.

	<ul style="list-style-type: none">• processes to enable the market participant to request expedition of the guidance.• updates to inform the Market Participant of progress through the relevant stages.
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Thank you for your consideration of Alinta Energy's submission. Should you wish to discuss this further please contact me at [REDACTED]

Yours sincerely

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Wholesale Regulation Manager