

Market Rules Issues List – Candidate Issues

Issues collated from MAC members and observers

8 November 2017

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
1	IRCR calcs and capacity allocation ("Perhaps looking at how IRCR and the annual capacity requirement are calculated is a good start (i.e. not just the peak intervals in summer) along with recognizing behind-the-meter (BTM) solar plus storage. The incentive should be for retailers (or third party providers) to reduce their dependence on grid supply during peak intervals – which will also better reflect the requirement for conventional 'reserve capacity' and reduce the cost per kWh to consumers of that conventional 'reserve capacity'.")	All of them	(Shane Cremin) Need further clarification of issue, proposed changes and benefits
2	Allocation of market costs ("Less grid generation and consumption – who bears market fees and who pays for grid support services?")	All of them	(Shane Cremin) Need further clarification of issue and benefits. Similarities with issues 16 and 35 – can they be combined?
3	Penalties for outages	All of them	(Shane Cremin) Need further clarification of issue and benefits
4	Incentives for maintaining appropriate generation mix	All of them	(Shane Cremin) Need further clarification of issue and benefits
5	Improved definition of SRMC		(Community Electricity) Is this being addressed by either the ERA or PUO?

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6	Improved definition of Market Power		(Community Electricity) Is this being addressed by either the ERA or PUO?
7	Improved definition of the quantity of LFAS i) required and ii) dispatched		(Community Electricity) May be difficult to address before EMOP reforms
8	Conduct the 3 year review of the mechanism for allocating certified reserve capacity to Intermittent Generators (Relevant Level Methodology)		(Community Electricity) Need further clarification of the specific Market Rules issue to be addressed
9	Improvement of AEMO forecasts of System Load; real-time and day-ahead		(Community Electricity) Need further clarification of what specific rule changes (as opposed to system/process improvements) are proposed
10	<p>Review of participant and facility classes to address current and looming issues, such as:</p> <ul style="list-style-type: none"> • Incorporation of storage facilities • Distinction between non-scheduled and semi-scheduled generating units • Reconsideration of potential for Dispatchable Loads in the future (which were proposed for removal in RC_2014_06) 	Would support new entry, competition and market efficiency – particularly supporting the achievement of objectives (a) and (b).	(AEMO)

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	<ul style="list-style-type: none"> Whether to retain Interruptible Loads or to move to an aggregated facility approach (like Demand Side Programmes) Whether to retain Intermittent Loads as a registration construct or to convert to a settlement construct <p>We acknowledge that this may be worthwhile progressing as part of the energy market reforms from the PUO Final Report of July 2016.</p>		
11	<p><u>Whole-of-system planning oversight:</u> As explained in AEMO's submission to the ERA's review of the WEM, AEMO considers the necessity of the production of an annual, independent Integrated Grid Plan to identify emerging issues and opportunities for investment at different locations in the network to support power system security and reliability. This role would support AEMO's responsibility for the maintenance of power system security and will be increasingly important as network congestion increases and the characteristics of the power system evolve in the course of transition to a predominantly non-synchronous future grid with Distributed Energy Resources, highlighting new requirements (e.g. planning for credible contingency events, inertia, fast frequency response).</p>	<p>This function would support the achievement of power system security and reliability, in line with objective (a).</p>	<p>(AEMO) What sort of information would be included in the Grid Plan?</p>
12	<p><u>Review of institutional responsibilities</u> in the WEM Rules. Following the major changes to institutional arrangements made by the Electricity Market Review, a secondary review is required to ensure that tasks remain with the right organisations. E.g. Responsibility for setting confidentiality status (10.2.1), document retention (10.1.1), updating the contents of the market surveillance data catalogue (2.16.2), content of the market procedure under clause 4.5.14, order of precedence of market documents (1.5.2).</p>	<p>This will promote efficiency in market administration, supporting objectives (a) and (d).</p>	<p>(AEMO)</p>
13	<p><u>Use of data for market monitoring and compliance:</u> The restriction on the ERA in clause 2.16.14, preventing it from using information gathered in market monitoring for other purposes (e.g. compliance) seems counter-intuitive.</p>	<p>This will promote efficiency in market administration, supporting objectives (a) and (d).</p>	<p>(AEMO)</p>
14	<p>Current capacity refund arrangement is overly punitive as Market Participants face excessive capacity refund exposure. This refund exposure is well more than what is necessary to incentivise the Market Participants to</p>	<p>Reviewing capacity refund arrangement and reducing the excessive refund exposure are likely</p>	<p>(Bluewaters) Capacity refunds were the subject of recent</p>

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	<p>meet its obligations for making capacities available. Practical impacts of such excessive refund exposure include:</p> <ul style="list-style-type: none"> compromising the business viability of some capacity providers. The resulting business interruption can compromise reliability and security of the power system in the SWIS. excessive insurance premium and cost for meeting prudential support requirements. <p>Recommendation: imposing seasonal, monthly and/or daily caps on the capacity refund.</p>	<p>to promote the Wholesale Market Objectives in the following manners:</p> <ul style="list-style-type: none"> minimising unnecessary business interruption to capacity providers and in turn minimising disruption to supply availability. This is expected to promote power system reliability and security. minimising unnecessary excessive insurance premium and prudential support costs. The saving can be passed on to the end consumers. 	<p>Government reforms – is there scope to re-open the issue at this time?</p> <p>Similar to issue 36 – can they be combined?</p>
15	<p>An interpretation of MR 3.18.7 is such that System Management will not approve a Planned Outage for a generator unless it was available at the time the relevant Outage Plan was submitted. This gives rise to the following issues:</p> <ul style="list-style-type: none"> operational inefficiency for the generators - it is not uncommon for minor problems to be discovered during a Planned Outage, and addressing these problems may require the Planned Outage period to be marginally extended (by submitting an additional Outage Plan). However, System Management has taken an interpretation of MR 3.18.7 that it is not allowed to approve the Planned Outage period extension because the relevant generator was not available at the time the extension application was submitted. In order to meet this Market Rules requirements, the generator will need to bring the unit online, apply for a Planned Outage while the unit is online, and subsequently bring the unit off-line again only to address the minor problems. Such operational inefficiency could have been avoided if System Management can approve such Planned Outage extension (as long as there is sufficient reserve margin available in the power system during the extended Planned Outage period). driving perverse incentive in the WEM and compromise market efficiency – in order to get around the issue discussed above, generators are likely to overestimate their Planned Outage period requirements in their outage applications. This results in higher than 	<p>By clarifying in the Market Rules that System Management can approve a Planned Outage extension application, it will address the operational inefficiency and perverse incentive issues. This is expected to promote economic efficiency in the WEM and in turn promotes the Wholesale Market Objectives.</p>	<p>(Bluewaters)</p> <p>This issue is being considered as part of RC_2013_15: Outage Planning Phase 2 – Outage Process Refinements</p> <p>Similar to issue 34.</p>

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	<p>necessary projected plant unavailability which does not promote accurate price signals for guiding trading decisions. This misinformation is expected to lead to an inefficient outcome which in turn does not promote the Wholesale Market Objectives.</p> <p>Recommendation: to clarify in the Market Rules that System Management can approve a Planned Outage extension application.</p>		
16	<p>The Behind the Meter (BTM) generation are treated as reduction in electricity demand rather than actual generation. Hence, they are not paying their fair share of the network costs, market fees and ancillary services charges.</p> <p>Therefore, the non-BTM Market Participants are subsidizing the BTM generation in the WEM. Subsidy does not promote efficient economic outcome.</p> <p>Rapid growth of BTM generation will only exacerbate this inefficiency if not promptly addressed.</p> <p>Recommendation: Market Rules to require BTM generation to pay their fair share of the network costs, market fees and ancillary services charges.</p>	<p>This is an example of regulatory arrangement becoming obsolete due to emergence of new technologies. Regulatory design needs to keep up with changes in the industry landscape (including technological change) to ensure that the WEM continues to meet its objectives.</p> <p>If this BTM issue is not promptly addressed, there will be distortion in the investment signal. This is expected to not giving the adequate generation facility mix in the WEM, hence compromising power system security and in turn not promoting the Wholesale Market Objectives.</p>	<p>(Bluewaters) Similarities with issues 2 and 35 – can they be combined?</p>
17	<p>Application of MR 3.21.7 – a Market Participant is not allowed to retrospectively log a Forced Outage after the 15 day deadline. This is the case even if the Market Participant is subsequently found to be in breach of the Market Rules for not logging the Forced Outage on time.</p> <p>This can result in under reporting of Forced Outages. A consequential impact is incorrect information used in the WEM settlements.</p> <p>Recommendation: Market Rule to enable Market Participant to retrospectively log a Forced Outage after the 15 day deadline. If a Market Participant is found to be in breach of the Market Rules by not logging the Forced Outage by the deadline, it should be required to log such outage.</p>	<p>Outage should be accurately reported to enable the WEM to function as intended for meeting the Wholesale Market Objective.</p>	<p>(Bluewaters) Should this be included in RC_2014_03: Administrative Improvements to the Outage Process? What implications for TES calculations?</p>
18	<p>The Spinning Reserve (SR) procurement process does not allow Market Participants to respond to the draft SR margin values determination by altering its SR offer.</p>	<p>By allowing a Market Participant to respond to the draft SR margin values determination, it can serve as a price signal to enable a price discovery process for SR capacity. This is expected to lead</p>	<p>(Bluewaters)</p>

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	<p>Recommendation: Market Rules to allow Market Participants to respond to the draft SR margin values determination by altering its SR offer.</p>	<p>to a more efficient economic outcome and in turn promote the Wholesale Market Objectives.</p>	
19	<p>The SR margin values evaluation process is deficient for the following reasons:</p> <ul style="list-style-type: none"> • shortcomings in the process for reviewing assumptions; • inability to shape load profile; • lack of transparency: (a) modelling was a “black box” (b) confidential information limit stakeholders’ ability to query the results; and • lack to retrospective evaluation of SR margin values. <p>As a result, the SR margin values have been volatile, potentially inaccurate and not verifiable.</p> <p>Recommendation: to conduct a review on the SR margin values evaluation process and propose Rule Changes to address any identified deficiencies.</p>	<p>Addressing the deficiencies in the SR margin values evaluation process can promote the Wholesale Market Objectives by enhancing economic efficiency in the WEM. This can be achieved through:</p> <ul style="list-style-type: none"> • promoting transparency – better informed Market Participants would be able to better respond to SR requirement in the WEM. • allowing a better informed SR margin values determination process. This is likely to give a more accurately priced SR margin values for promoting an efficient economic outcome. 	(Bluewaters)
20	<p>Spinning Reserve cost allocation model (Appendix 2 of the Market Rules) – upper bound of Block 2 and lower bound of Block 1 are set to 200 MW. This, in conjunction with the sizes of the existing generating units in the WEM, creates a perverse incentive for some generating units to not make capacity above 200 MW available. This is because doing so is likely to subject the generating units to substantial increase of the SR costs.</p> <p>Recommendation: to review the value of upper bound of Block 2 and lower bound of Block 1 of the Spinning Reserve cost allocation model</p>	<p>Addressing the perverse incentive is likely to give an efficient dispatch outcome. This is likely to give downwards pressure to wholesale electricity prices, hence promoting economic efficiency and in turn promoting the Wholesale Market Objectives.</p>	(Bluewaters) Can this issue be combined with issue 38? Adoption of full runway cost allocation model for Spinning Reserve is one of the proposed EMOP reforms – should it be progressed earlier?
21	<p>Prudential arrangement design issue: Credit Limit calculation based on exposure history over the last 24 months (see MR 2.37.4 and section 2.2 of the Prudential Requirements Market Procedure (Prudential Procedure)). This does not take into account one-off event hence potentially overestimating Credit Limits.</p>	<p>The resulting cost saving from reducing this unnecessary prudential burden can be passed on the end consumers.</p>	(Bluewaters) Is this a Market Rules or Market Procedure issue?

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	<p>This current prudential arrangement can result in higher than necessary prudential support burden on Market Participants and incurs unnecessary prudential support costs in the WEM.</p> <p>Recommendation: to exclude the one-off event in the prudential support requirement calculation. This is expected to reduce the unnecessary prudential support costs.</p> <p>Note: it is expected that AEMO has discretion to exclude the one-off event under MR 2.37.5(k). It is recommended that such exclusion be clarified in the Prudential Procedure.</p>		
22	<p>Prudential arrangement design issue: MR 2.37.2 enables AEMO to “review and revise a Market Participant’s Credit Limit at any time”. It is expected that AEMO will review and increase Credit Limit of a Market Participant if AEMO considers its credit exposure has increased (for example, due to an extended plant outage event).</p> <p>In response to the increase in its credit exposure, MR 2.40.1 and section 5.2 of the Prudential Procedure allow the Market Participant to make a voluntary prepayment to reduce its Outstanding Amount to a level below its Trading Limit (87% of the Credit Limit).</p> <p>Under the current Market Rules and Prudential Procedure, AEMO can still increase the Market Participant’s Credit Limit (hence increasing its prudential support requirement) despite that the prepayment has already been paid. (It is understood that this is AEMO’s current practice.)</p> <p>The prepayment would have already served as an effective means to reduce the Market Participant’s credit exposure to an acceptable level. Increasing the Credit Limit in addition to this prepayment would be an unnecessary duplication of prudential requirement in the WEM.</p> <p>This unnecessary duplication is likely to give rise to higher-than-necessary prudential cost burden in the WEM. The cost, which is an economic inefficiency in the WEM, is ultimately passed on the end consumers.</p> <p>Recommendation: to amend the Market Rules and/or procedures to eliminate the duplication of prudential burden on Market Participants.</p>	<p>The resulting saving from eliminating this unnecessary prudential burden can be passed on the end consumers. This promotes economic efficiency and therefore the Wholesale Market Objectives.</p>	<p>(Bluewaters)</p>

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23	<p>Allocation of market fees on 50/50 basis between the generators and retailers may be overly simplistic and have not considered the impacts on economic efficiency.</p> <p>In particular, the costs associated with an electricity market reform program should be recovered from entities based on the benefit they receive from the reform. This is expected to increase the visibility of (and therefore incentivise) prudence and accountability when it comes to deciding the need and scope of the reform.</p> <p>Recommendations: to review the market fees structure including the cost recovery mechanism for a reform program.</p>	<p>Cost saving from improved economic efficiency can be passed on to the end consumers, hence promoting the Wholesale Market Objectives.</p>	<p>(Bluewaters)</p>
24	<p>Simplify the Wholesale Electricity Market Rule Objective to a single statement as opposed to conflicting individual elements that comprise the objectives</p>	<p>Better application of the Objectives to improve the quality of outcomes</p>	<p>(Kleenheat) Policy issue, requires changes to the Electricity Industry Act. Suggest removing.</p>
25	<p>Publish a guidance as to how the Objective(s) are to be applied by the Rule Change Panel</p>	<p>Better application of the Objectives to improve the quality of outcomes</p>	<p>(Kleenheat)</p>
26	<p>A more flexible, less narrow definition as to what can constitute a Fast Track Rule Change</p>	<p>More administratively efficient rule making</p>	<p>(Kleenheat) How should the criteria be changed?</p>
27	<p>Review what should constitute a protected provision of the WEM Rules</p>	<p>Greater clarity over the role of the Minister for Energy</p>	<p>(Kleenheat) Need further clarification of issue and benefits, e.g. what is the concern?</p>
28	<p>Appropriate rule changes to allow for battery storage to be considered under the Market Rules. Consultation to decide how the batteries will be treated and classified as generators or not, whether batteries can apply for capacity credits and the availability status when the batteries are charging.</p>	<p>WEM Market Rules Objective (c) Policy guidance on rapidly changing technology to incorporate into the WEM as a viable alternative to existing generation options.</p>	<p>(Kleenheat)</p>

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29	Provide greater clarity on the respective roles and responsibilities for each regulatory body as they relate to and impact the operation and application of the Wholesale Electricity Market Rules (PUO, Rule Change Panel, ERA and AEMO)	WEM Market Rules Objective (d) and (e) Required to ensure no conflicts of interest arise (perceived or real) and the risk of costs as well as duplicated roles and responsibilities is minimised. As an example, the time involved in enforcing the Wholesale Electricity Market Rules such as the Vinalco investigation – the Wholesale Electricity Market Rules are compromised if their enforcement is not efficient and timely.	(Kleenheat)
30	<p>Reserve Capacity Mechanism</p> <p>Synergy would like to propose a review of WEM Rules related to reserve capacity requirements and reserve capacity capability criteria to ensure alignment and consistency in determination of certain criteria. For instance:</p> <ul style="list-style-type: none"> • Assessment of reserve capacity requirement criteria, reserve capacity capability and reserve capacity obligations • IRCR assessment • Relevant Demand determination • Determination of NTDL status • Relevant Level determination • • Assessment of thermal generation capacity 	The review will support WEM objectives (a) and (d).	(Synergy) Major review of the RCM – who would conduct?
31	<p>LFAS Report</p> <p>Under the WEM rule 7A.2.9(b) and 7A.2.9(c) Synergy is obligated to compile and send the LFAS weekly report to AEMO based on the LFAS data for the Trade Date supplied to Synergy by the System Management.</p> <p>Given that System Management is now part of AEMO, it seems reasonable to remove such obligation and remove administrative burden.</p>	This rule change supports WEM objective (a).	(Synergy)
32	<p>Commissioning Tests</p> <p>The whole area of commissioning does not work currently and is highly impractical. This area of the rules has always been problematic and there is</p>		(ERM Power) Can this issue be combined with issue

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	no flexibility afforded to generators who have to commission plant. Work needs to be done to tidy this up in the rules and to also practical enable commissioning to be conducted in an efficient manner.		39 or are there additional concerns?
33	<p>Logging of Forced Outages</p> <p>Currently the market systems do not allow forced outages to be amended once entered. This can have the distortionary effect of participants not logging its outage until it has absolute certainty that the forced outage is correct, hence participants could take up to 15 days to submit its forced outages. If Participants could cancel or amend its forced outage information, it will likely provide more accurate and transparent signals to the market of what capacity is really available to the system. This should also assist System Management in generation planning for the system.</p>		(ERM Power) Should this issue be addressed as part of RC_2014_03: Administrative Improvements to the Outage Process?
34	<p>Applications to extend planned outage</p> <p>Generators will invariably have to perform maintenance at some stage for which approval for the maintenance is subject to plant reserve margins available on the system. When maintenance is performed, sometimes it becomes apparent that there are emerging issues which should be dealt with now rather than later. To get an outage extended has sometimes been problematic. If an application for an outage extension is a genuine request for more time to complete maintenance, and the system margins allow it, why should an outage extension not be allowed? If the facility is boxed up and returned to service without the emerging issue dealt with, this is a bigger risk to the system as the issue could become fatal at any time resulting in potentially reduced system margins.</p>		(ERM Power) This issue is being considered as part of RC_2013_15: Outage Planning Phase 2 – Outage Process Refinements Similar to issue 15.
35	<p>Behind the meter generation and apportionment of market fees, ancillary services, etc</p> <p>The amount of solar PV generation on the system is increasing every year, to the point where solar PV generation is the single biggest unit of generation we have on the SWIS. This category of generation has a significant impact on the system and we have seen this in terms of the day time trough that is observed on the SWIS when the sun is shining and there aren't any clouds. The issue with this is that generators that are on are</p>		(ERM Power) Similarities with issues 2 and 16 – can they be combined?

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	<p>moving around to meet the needs of this generation facility but this generation facility which could impact system stability does not pay its fair share of the costs of maintaining the system in a stable manner. That is, they are not the generators that receive its fair apportionment of market fees and pay any ancillary service costs but yet they have absolute freedom to generate into the SWIS when the fuel source is available. There needs to be equity in this equation.</p>		
36	<p>Capacity refund arrangement Although the new dynamic refund mechanism has been implemented, the refund regime is still overly punitive. Generators in fact have not much certainty in the refunds it may be exposed to at any time of year as refunds are now calculated based on the supply/demand balance of available generation. In addition to this, there is still a 6 x multiplier that can be applied not just over the potential peak summer months but is now applicable to any time of the year. Is it time to look at reducing this multiplier to a level that is less punitive?</p>		<p>(ERM Power) Capacity refunds were the subject of recent Government reforms – is there scope to re-open the issue at this time? Similar to issue 14 – can they be combined?</p>
37	<p>Spinning Reserve costs The cost of ancillary services has increased quite dramatically with a significant jump from 30 June 2017 to 1 July 2017 with the new margin peak and off-peak values coming into effect. The price paid for ancillary services is not clear when the margin peak and off-peak values are announced and it is not until the first non-STEM settlement invoice for the new year has been released that a concrete \$/MWh figure for ancillary services is known. Is it possible to get a clear \$/MWh figure for ancillary service costs rather than just a margin peak/off-peak value?</p>		<p>(ERM Power)</p>

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38	<p>How Spinning Reserve costs are apportioned</p> <p>The partial runway model of apportioning ancillary service costs based on whether one is in Block1 or Block 2 can be prohibitive and lead to inefficient market outcomes. Is there a better way of calculating and charging out ancillary services currently given that we don't really know when the constrained grid is implemented what this means for the SWIS. Again, this is related to efficiency of dispatch within the SWIS.</p>		<p>(ERM Power)</p> <p>Can this issue be combined with issue 20? Adoption of full runway cost allocation model for Spinning Reserve is one of the proposed EMOP reforms – should it be progressed earlier?</p>
39	<p>Commissioning Test Process:</p> <p>The commissioning process within the rules and PSOP works well for known events (i.e. the advance timings of tests). However the rules and PSOP do not work for close to real time events. There is limited flexibility in the rules and PSOP to deal with the practical and operational realities of commissioning facilities.</p> <p>The market rules and PSOP require SM to approve a Commissioning Test Plan or a revised Commissioning Test Plan by 8am on the Scheduling Day on which the Commissioning Test Plan would apply.</p> <p>If a market participant cannot conform to their most recently approved Commissioning Test Plan the Market Participant must notify System Management; and either:</p> <ul style="list-style-type: none"> • withdraw the Commissioning Test Plan; or • if the conditions relate to the ability of the generating Facility to conform to a Commissioning Test Schedule, provide a revised Commissioning Test Plan to System Management as soon as practicable before 8.00 am on the Scheduling Day prior to the commencement of the Trading Day to which the revised Commissioning Test Plan relates. <p>Specific Issues:</p> <p>This restriction to prior to 8am on the Scheduling Day means that managing changes to the day the day plan are difficult. Sometimes a participant is unaware at that time that it may not be able to conform to a plan.</p>	<p>A review of the commissioning test process, with a view to allowing greater flexibility to allow for the technical realities of commissioning, will better achieve Wholesale Market Objectives (a), (b) and (d):</p> <p>Market Objective (a):</p> <ul style="list-style-type: none"> • Allowing greater flexibility to generators undertaking commissioning activities will lead to the required tests being able to be conducted in a more efficient and timely manner which should result in the earlier availability of approved generating facilities. This contributes to the efficient, safe and reliable production of energy in the South West interconnected system. • Productive efficiency requires that demand be served by the least-cost sources of supply, and that there be incentives for producers to achieve least-cost supply through a better management of cost drivers. Allowing for a more efficient management of commissioning processes, timeframes and costs in turn 	<p>(Alinta Energy)</p> <p>Similar to issue 32 – can they be combined?</p>

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	<p>Amendments to commissioning tests and schedules need to be able to be dealt with closer to real time.</p> <p>Examples for improvements are:</p> <ul style="list-style-type: none"> • Allowing participants to manage delays to the start of an approved plan • Allowing participants to repeating tests and push remainder of CTP out <p>Greater certainty is needed for on the day changes i.e. there is uncertainty as to what movements/timing changes acceptable within the “Test Window” i.e. on the day?</p>	<p>promotes the economically efficient production and supply of electricity.</p> <p>Market Objective (b): improvements to the efficiency of the commissioning test process may assist in the facilitation of efficient entry of new competitors.</p> <p>Market Objective (d):</p> <ul style="list-style-type: none"> • Balancing appropriate flexibility for generators with appropriate oversight and control for System Management should ensure that the complex task of commissioning is not subject to unnecessary red tape, adding to the cost of projects. This contributes to the achievement of market objective (d) relating to the long term cost of electricity supply. • Impacts on economic efficiency and efficient entry of new competitors (as outlined above) potentially lead to the minimisation of the long term cost of electricity supplied. 	
40	<p>Market Power Mitigation Arrangements</p> <p>A move from the current market power mitigation arrangements in the WEM from the current ex ante approach (i.e. focus on bidding rules) to an ex post approach that focusses more on outcomes which has benefits of flexibility that are relevant to the nature of the WEM.</p> <p>Please refer to section 2.5 of Alinta’s submission to the 2016 ERA Market Effectiveness review for more detail of Alinta’s proposed solution. Available: https://www.erawa.com.au/cproot/18216/2/2016%20WEM%20Report%20-%20PubSub%20-%20Alinta%20Energy.pdf</p>	<p>Alinta supports a competitive, dynamic market founded on clarity, stability, and transparency. To ensure that the broad market design effectively delivers greater efficiency and competitive outcomes market participants must be able to compete actively in the market. Overly restrictive bidding constraints undermine the benefits of effective competitive dynamics in the generation sector.</p> <p>A move from the current market power mitigation arrangements in the WEM from the current ex ante approach (i.e. focus on bidding rules) to an ex post approach that focusses more on outcomes, and allows all participants to bid competitively into the</p>	(Alinta Energy)

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		market will better achieve Wholesale Market Objectives (a) with regards to the economically efficient production of energy in the South West interconnected system.	
41	<p>On 1 September 2017, the Electricity Review Board (Board) published its decision and its reasons for decision regarding the IMO's Application No. 1 of 2016 against Vinalco Energy Pty Ltd (Vinalco). A copy of the Board's decision and reasons is available on the Western Australian Energy Disputes Arbitrator website at http://www.edawa.com.au/reviews/12016.</p> <p>The IMO notes that even though the Board found that Vinalco breached clause 7A.2.17 of the Wholesale Electricity Market Rules (Market Rules) during the relevant periods and ordered Vinalco to pay two nominal penalties, the Board was sympathetic to the argument that 'constrained-on' dispatch through the Balancing Market was not the most appropriate mechanism in Vinalco's circumstances.</p> <p>The IMO considers that further work is required to consider what changes are required to the Market Rules to mitigate the risk of a similar situation arising again, and what the next steps may be to progress those changes.</p>		(IMO)
42	<p>Ancillary Services approvals process</p> <p>Market Rule 3.11.6 requires System Management to submit the Ancillary Services Requirements in a report to the ERA for audit and approval by 1 June each year, and System Management must publish the report by 1 July each year. The ERA conducted this process for the first time in 2016/17. In carrying out the process it became apparent that:</p> <ul style="list-style-type: none"> • there is no guidance in the rules on what the ERA's audit should cover, or what factors the ERA should consider in making its determination on the requirements; • there are no documented Market Procedures setting out the methodology for System Management to determine the ancillary service requirements (the preferable approach would be for the methodologies to be documented in a Market Procedure, and for the 	Reduce administrative inefficiencies, and if more rigour is added to the process, economic benefits in Market Objectives (a) and (d).	(ERA)

Id	Issue description (and submitter)	Potential Wholesale Market Objectives benefits of addressing issue	Submitter and RCP Support comments
	<p>ERA to audit whether System Management has followed the procedure);</p> <ul style="list-style-type: none"> the timeframe for the ERA's audit and approval process (less than 1 month) limits the scope of what it can achieve in its audit; the levels determined by System Management are a function of the Ancillary Service standards, but the standards themselves are not subject to approval in this process; and the value of the audit and approval process is limited because System Management has discretion in real time to vary the levels from the set requirements. <p>The question is whether the market thinks this approvals process is necessary/will continue to be necessary (particularly in light of co-optimised energy and ancillary services), and if so, then the issues above will need to be addressed.</p>		
43	<p>SRMC Investigation process</p> <p>SRMC investigations under market effectiveness rule 2.16 no longer have a link to take these matters to the ERB. A separate investigation is required under market rule 2.13 to take the matter before the ERB. This is neither efficient nor cost effective, and is further complicated by the information use restriction in Market Rule 2.16.14 (refer to issue raised by AEMO at Id 13 in this list).</p>	Market Objective (a) and (d).	(ERA)