

Western Power Submission – Independent Review of the WEM Procedure Change Process Consultation Paper

The tables below contain Western Power’s comments on the *Independent Review of the WEM Procedure Process Consultation Paper*.

Observation 1 - Interim overall finding	
Observation	Western Power comment
<p>The Procedure Change Process is working as designed and intended, and in the interests of the market as a whole. Therefore, there are no fundamental changes to Procedure Change Process the WEM Rules required.</p> <p>Do you agree with this interim overall finding?</p> <p>Why or why not?</p> <p>If you do not agree, what evidence are you able to provide of adverse market outcomes in relation to the Procedure Change Process?</p>	<p>Western Power agrees that the WEM Procedure Change process is working as designed for the current time.</p> <p>Western Power also notes that this review may be better timed at the completion of the current WEM Procedure Content Assessment being undertaken by the Market Advisory Committee.</p>

Observation 2 - The case for greater formal oversight

Observation

ACIL Allen is aware of the trade-off implicit in the current Procedure Change Process practice, where the role of the MAC in the WEM Rules is delegated to an AEMO Procedure Change Working Group. This results in less oversight than may be typical in a regulatory framework. However, this results in a level of flexibility and adaptability which may be curtailed with greater formal oversight.

Do you agree with this observation?

Why or why not?

Western Power comment

Western Power clarifies that the role of the MAC in the WEM Rules relating to consideration of Procedure changes is delegated to the AEMO Procedure Change Working Group only for Procedures which are administered by AEMO. Changes to Procedures administered by Western Power as the Network Operator, are not considered by this Working Group, at this time.

Western Power also understands that the role of the MAC under the WEM Rules is to provide advice to the Coordinator on WEM Rule changes, and advice to the Procedure Administrators on Procedure changes. As advice does not constitute decision or approval, Western Power is unsure of what the trade-off being referred to is.

Western Power supports the flexibility afforded to changing WEM Procedures by the current WEM Rules and MAC arrangements, although has requested that WEM Rules clause 2.3.1 (c) is updated to include the Network Operator, as the ability to leverage the MAC for advice on Network Operator Procedure changes would be of benefit to Western Power.

Additionally, the current AEMO Procedure Change Working Group, could be re-established with an independent Chair to consider all Procedures, rather than just those administered by AEMO.

Observation 3 - Adopting a justification template for Procedure Change Proposals	
Observation	Western Power comment
<p>It has been suggested to ACIL Allen there is an opportunity to introduce criteria into the decision-making process for Procedure Change Proposals, in an effort to enhance the level of scrutiny over changes proposed by Procedure Administrators. ACIL Allen does not believe this intervention is warranted.</p> <p>Do you agree with this observation?</p> <p>Why or why not?</p> <p>If you do believe specific criteria should be introduced, what should they be?</p> <p>What role would these criteria play compared to other governance mechanisms, both existing and proposed in this Consultation Paper?</p>	<p>Western Power does not consider that decision-making criteria is required for Procedure changes.</p> <p>As Procedures cover a wide range of different and often technical matters it would also be challenging to determine applicable and meaningful criteria across all Procedures, which is not already provided by the Procedure Change Report, and which would extend beyond “good conduct and hygiene under the WEM Rules”.</p> <p>Western Power also notes that escalation pathways to the Electricity Review Board are available under the WEM to Rule Participants that choose to dispute with a Procedure change.</p>

Reform Proposal 1: Introducing a standard presentation of Procedure Changes	
Proposal	Western Power comment
<p>ACIL Allen is likely to recommend the introduction, via the WEM Procedure: Procedure Administration, of a standardised covering sheet which sits on top of Procedure Change Proposal reports. This cover sheet would require Procedure Administrators to summarise three aspects of the Procedure Change Proposal, being:</p> <ul style="list-style-type: none"> What is proposed to be changed Why the proposed change or changes are being made What the anticipated outcomes and impact are, and how do these better achieve the WEM Objectives <p>Do you agree with this proposal? Why or why not?</p>	<p>Western Power does not consider that this is a necessary requirement and may result in a higher administrative cost. The quality of the reports should be assessed on the matters and evidence contained or referred to in the report, rather than the presentation of the report.</p>

Reform Proposal 2: Development of a Minor Amendments pathway for Procedure Change Proposals

Proposal	Western Power comment
<p>ACIL Allen is likely to recommend the Coordinator develop a new class of Procedure Change Proposal, whereby a Procedure Administrator is able to make changes to a WEM procedure which address typographical errors, changes in terms or abbreviations, which correct or clarify drafting in response to identified issues, and other minor matters which do not require consideration of impact on market outcomes. These Procedure Change Proposals would be able to be made at any time by a Procedure Administrator, with the same notification obligations as per the current Procedure Change Process. Rule Participants (or persons, if the above Reform Proposal is progressed) would then be able to request initiation of a standard Procedure Change Proposal process in the event changes were deemed to require this.</p> <p>Do you agree with this proposal? Why or why not?</p> <p>Where do you suggest “the line” should be drawn on what is considered to be a Minor Amendment to a procedure?</p>	<p>Western Power agrees that a minor amendments pathway should be introduced in the WEM and agrees with the criteria defining a minor amendment referenced in the proposal statement.</p>

Reform Proposal 3: Uplifting Procedure Change Proposals in the MAC agenda

Proposal	Western Power comment
<p>ACIL Allen is likely to recommend the Chair of the MAC make a change to the standing agenda item regarding WEM procedures to make it a standalone item in the agenda, rather than a sub-item as part of an update on Working Groups. The purpose of this change is to uplift the MAC’s consideration of Procedure Changes a level in the standing agenda.</p> <p>Do you agree with this proposal? Why or why not?</p>	<p>Western Power does not have a comment on this proposal.</p>

Reform Proposal 4: Changing who can initiate Procedure Change Proposals	
Proposal	Western Power comment
<p>ACIL Allen is likely to recommend a change to the WEM Rules which will expand the class of entity which can initiate a Procedure Change Proposal from Rule Participant to “person”. This will align the Procedure Change Process with the Rule Change Process and correct what ACIL Allen believes is an oversight in the current WEM Rules.</p> <p>Do you agree with this proposal? Why or why not?</p>	<p>Western Power considers that the initiator of a Procedure Change notification specified in WEM Rules clause 2.10.2 should remain limited to Rule Participants only as they are the only parties who are impacted by WEM Procedures, opening this opportunity up beyond impacted parties may become an administrative burden for Procedure Administrators.</p> <p>Western Power also interprets WEM Rules clause 2.10.1 as stating that a Procedure Change Proposal can only be initiated by the respective Procedure Administrator. Western Power supports the retention of this clause and definition.</p>

Reform Proposal 5: Changing who can initiate Procedure Change Proposals	
Proposal	Western Power comment
<p>ACIL Allen is likely to recommend a change to the WEM Rules which would introduce a time limit on when a Procedure Administrator would be required to act upon an affirmative confirmation of a Procedure Change Proposal initiated by a third party, under clause 2.10.2 of the WEM Rules. This time limit would be set based on feedback provided by Procedure Administrators.</p> <p>Do you agree with this proposal? Why or why not? If you are a Procedure Administrator, what do you believe to be an appropriate time limit to act upon a third-party Procedure Change Proposal which is supported for adoption?</p>	<p>Western Power considers that this proposal is unnecessary and does not agree, noting that all Procedure Administrators are highly likely to intend to respond “as soon as reasonably practicable” to receipt of any recommendations as this is already in the best interests of all parties’ relationships.</p> <p>Western Power also notes that consideration of change recommendations may take an extended period of time if the nature of the recommendation requires detailed consultation with technical teams before a decision can be made. This level of consultation would require operational experts within the business being diverting from critical operational activities to provide advice.</p> <p>Compliance with an imposed administrative time-limit may result in a lesser quality consideration.</p>

Reform Proposal 6: Standardising publishing of procedures	
Proposal	Western Power comment
<p>ACIL Allen is likely to recommend a change to the WEM Rules which would extend the procedure publishing requirements imposed on AEMO under clause 2.9.2D of the WEM Rules to all Procedure Administrators.</p> <p>Do you agree with this proposal? Why or why not?</p>	<p>Western Power does not have a comment on this proposal.</p>

Stakeholder Questions Criteria for Procedure Content	
Questions	Western Power comment
<ol style="list-style-type: none"> 1. Do you agree with the criteria above? Are there other items which should be added to this list? 2. Are there any examples of content within WEM Procedures which you believe would be more appropriately addressed in the WEM Rules or vice versa? Please share these, and your reasons why 	<p>Western Power generally agrees with the criteria proposed in Section 3.2, and notes that WEM Guideline criteria should also be clarified as part of this review.</p>