



**Energy Transformation  
Taskforce**

# **Managing Market Information**

## **Information Paper**

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**Energy Transformation Taskforce**

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# Abbreviations

The following table provides a list of abbreviations and acronyms used throughout this document.

Term	Definition
AEMO	Australian Energy Market Operator
ERA	Economic Regulation Authority
ETIU	Energy Transformation Implementation Unit
IM	Information Manager
IMO	Independent Market Operator
Taskforce	Energy Transformation Taskforce
WEM	Wholesale Electricity Market

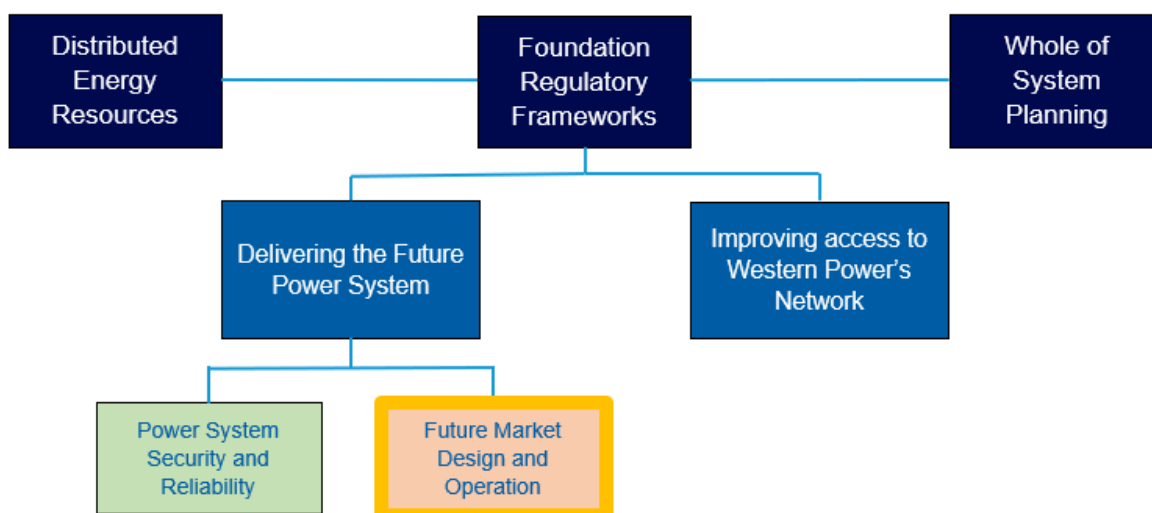
# 1. Purpose

## 1.1 Energy Transformation Strategy

This paper forms a part of the work to deliver the Energy Transformation Strategy, which is the Western Australian Government's response to the energy transformation underway and plan for the state's future power system. The delivery of the Energy Transformation Strategy is being overseen by the Energy Transformation Taskforce (the Taskforce), established on 20 May 2019. The Taskforce is supported by the Energy Transformation Implementation Unit (ETIU) – a dedicated unit within Energy Policy WA, itself a part of the Department of Mines, Industry Regulation and Safety.

More information on the Energy Transformation Strategy, the Taskforce and ETIU can be found on the Energy Policy WA website at [www.energy.wa.gov.au](http://www.energy.wa.gov.au).

This paper is prepared under the Future Market Design and Operation project within the Foundation Regulatory Frameworks work stream of the Energy Transformation Strategy (see Figure 1).



*Figure 1 Energy Transformation Strategy work streams*

The Future Market Design and Operation project is undertaking improvements to the design and operation of the Wholesale Electricity Market (WEM). These include:

- modernising WEM arrangements to implement a security-constrained economic dispatch market model for energy that optimises the benefits of the introduction of constrained network access for Western Power's network; and
- implementing a new framework for acquiring and providing Essential System Services.

## 1.2 Purpose of this paper

The operation of the WEM requires the production and exchange of large amounts of market information. Both the classification and the management of that information have an impact on the efficiency and effectiveness of the market.

A feature of well-functioning markets is that participants have access to information that is as complete, timely, and symmetric as possible to support economically rational decisions. Where there are barriers to this, decisions by participants may result in sub-optimal market outcomes.

In the WEM, the degree to which market information is restricted and asymmetric (potentially due to confidentiality) is likely to result in inefficient market offers and market behaviour that reflects perceptions of uncertainty and risk. Not only may greater availability and quality of information improve short term market efficiency, but it may also enable participants to make more efficient longer-term investment and divestment decisions. Further, greater market information transparency is directly correlated to levels of innovation that rely on an accurate understanding of the market and the behaviour of its participants, and from a governance perspective it may increase levels of accountability that result in greater trust by consumers in the operation and regulation of the market.

While transparency is a necessary precondition of a well-functioning market, maintaining confidentiality of some market information is an important issue for Market Participants. Information that may be defined as confidential includes that which should not be made accessible to the public given the potential for it to cause detriment to a Market Participant. In the WEM, examples of Confidential Information may be contract terms, customer details, price data, and the technical parameters of facilities. It is appropriate that Market Participants can maintain the confidentiality of information where it is commercially sensitive in nature.

Given the above, the optimal framework for managing market information will balance the benefit of transparency to the market against the benefit of confidentiality to the individual Market Participant. Where information is deemed confidential, it should be managed efficiently and in a way that enables it to be used effectively by those who need it, with minimal risk and cost to the system. The need to carefully manage this balance and improve efficiency becomes greater in the context of the new WEM arrangements to commence on 1 October 2022, where more market information will be produced than under the current market design.

This paper outlines the design decisions of the Taskforce regarding a revised framework for setting and managing the confidentiality of market information in the new market. The decisions include:

- design principles that underpin an efficient and effective framework;
- the scope of information to be covered by the framework;
- how Public Information and Confidential Information will be classified;
- the roles and responsibilities of entities in the WEM to provide, manage, use, and disclose market information; and
- the mechanisms by which the framework will be implemented.

## 2. Background

### 2.1 Current framework for managing market information

Under the current WEM Rules, requirements for the collection, use and disclosure of information are generally embedded in the chapters of the WEM Rules to which they relate. For example, Chapter 4 of the WEM Rules (Reserve Capacity Rules) requires AEMO to publish capacity-related information such as long-term load forecasts, peak trading intervals, and amounts of certified capacity. It also stipulates information that generators must submit to AEMO in applying for capacity credits, including generator configurations, network access and fuel supply arrangements.

Other examples of market information exchanged under specific chapters of the WEM Rules include:

- offers and bids in the short-term and balancing energy markets;
- the balancing merit order;
- load data;
- ancillary service requirements and prices;
- technical and security limits; and
- outage information.

While information requirements to operate the WEM are captured under various chapters of the WEM Rules, Chapter 10 describes how this information must be managed by AEMO. In summary, Chapter 10 currently:

- specifies six classes of confidentiality status that govern the disclosure of market information to particular entities in the WEM (see Table 1);
- requires AEMO to set the confidentiality status of all information produced or exchanged in accordance with the WEM Rules and WEM Procedures as one of the six classes;
- prescribes 13 principles AEMO must have regard to when setting the confidentiality status of market information, which refer to the types of information that should be made confidential or public and the conditions under which information should be disclosed publicly or to specific persons;
- requires AEMO to publish a Confidentiality List of all market information produced and exchanged under the WEM Rules and WEM Procedures, identifying the confidentiality status of each type of market information; and
- requires AEMO to document in a WEM Procedure the process it follows in setting and publishing the confidentiality status of market information.

Classes of confidentiality status	AEMO	Rule Change Panel	Electricity Review Board	ERA	Other regulators	Specific Rule participant	Network Operator	System Operator	Any person
1. Public	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Rule participant market restricted	✓	✓	✓	✓	✓	✓			
3. Rule participant dispatch restricted	✓	✓	✓	✓	✓	✓		✓	
4. System management confidential	✓	✓	✓	✓	✓			✓	
5. AEMO confidential	✓	✓	✓	✓					
6. Rule participant network restricted	✓	✓	✓	✓	✓	✓	✓	✓	

Table 1: Current classes of confidentiality status in Chapter 10 of the WEM Rules

## 2.2 Problems with the framework – previous Rule Change Proposal

The framework for managing market information in the WEM has remained unchanged since the introduction of the Balancing Market in 2012. In March 2015, notification was given of Rule Change Proposal: RC\_2014\_09, developed by the then Independent Market Operator (IMO),<sup>1</sup> which sought improvements to the management of market information in the WEM. The final report on the Proposal was published by the Rule Change Panel on 13 December 2019.<sup>2</sup>

RC\_2014\_09 identified several problems with the current information management framework:

- The six classes of confidentiality status make the framework unnecessarily complex to administer and, due to changes in market management both in name and function, the distinction between some of the classes is now redundant.
- There is no mechanism to differentiate the confidentiality status of a document from that of a subset of information contained within it.

<sup>1</sup> Prior to 2015, the IMO operated the WEM; a role now performed by AEMO. At the time of the submission, the IMO was also responsible for the administration and change functions for the WEM Rules.

<sup>2</sup> The Rule Change Panel was formed in November 2016 and commenced its rule making functions in April 2017. It had previously deferred consideration and finalisation of RC\_2014\_09 pending the completion of the Electricity Market Review (instigated by the state government at the time).



- The WEM Procedure replicates information contained in the WEM Rules and does not provide detail of the process by which AEMO determines the confidentiality status of information.
- The method used by AEMO of applying a single confidentiality status to entire clauses in the WEM Rules, as opposed to information defined or required in parts of clauses, means some information that should potentially be public is confidential.
- The requirement for AEMO to maintain a list of each type of market information produced or exchanged and its confidentiality status is burdensome and leads to inconsistencies when information is not updated.

To address these issues, RC\_2014\_09 contained a suite of suggested changes to Chapter 10 of the WEM Rules. During the stakeholder consultation process on the proposal,<sup>3</sup> eight submissions were made by six Market Participants. Additionally, matters relating to the proposal were discussed at Market Advisory Committee meetings.

Most submissions were supportive of the intent of RC\_2014\_09 and the characterisation of the problems it sought to resolve. However, concerns were noted by some stakeholders regarding the suggested rule changes, particularly those that referred to: replacing the six confidentiality classes with two (being 'public' or 'confidential'); the discretion of AEMO to determine the status of all market information; and the intention to make more information public than is currently the case. In summary, the concerns were that:

- By removing the specification of which entities can view different types of Confidential Information, there is a risk of entities having unfettered access to that information, unless there is a requirement for access to be based on a genuine need.<sup>4</sup>
- It was not clear whether information previously classified as confidential under one of the specified classes would be able to be re-classified and treated differently in the future, and Participants did not want retrospective application of the new framework.
- In determining what information is public, it can be challenging to value and assess the benefit to the market (and society) of public disclosure of information against the potential commercial detriment this may have to an individual Market Participant. Attempting to do so in the absence of a transparent framework for decision making may produce uncertain and risky outcomes for Market Participants.
- Similarly, classifying market information as public in the first instance, except where it is deemed confidential, may risk the unintended release of Confidential Information.
- The conditions of disclosure of information that were suggested appeared overly broad and open-ended, potentially creating increased levels of uncertainty.

The Rule Change Panel rejected RC\_2014\_09 and determined that the issues raised by the then IMO and Market Participants were a result of the implementation of the market information framework, rather than of deficiencies in the framework itself. The Rule Change Panel also expressed the view that some of the proposed changes may add complexity to the market or result in unintended negative consequences when compared with the existing framework.

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<sup>3</sup> This was conducted initially by the IMO (with three submissions) and then later by the Rule Change Panel when it assumed administration functions for the WEM Rules (with five submissions).

<sup>4</sup> The Taskforce notes that any information under the WEM Rules may already be made available to the ERA. Further, the Coordinator of Energy is also able to obtain information from any relevant party under Section 21 of the *Energy Coordination Act 1994*.

### 3. Review of the current framework

The rejection of RC\_2014\_09 by the Rule Change Panel means the framework for managing market information in the WEM has continued to remain unchanged since 2012. Additionally, notwithstanding any deficiencies in RC\_2014\_09 as originally proposed, the problems the proposal was seeking to address remain. In the context of the new market to commence on 1 October 2022 (featuring changes to information requirements and roles and responsibilities of participants), the Taskforce considers that maintaining the current framework will result in unnecessary inefficiencies in WEM outcomes and in the operation of the framework.

At present, the risks and responsibilities of entities in managing market information are not aligned with their market functions, which increases the potential for perverse market outcomes and results in operational inefficiencies.

As the sole entity that determines the confidentiality status of all market information, AEMO bears a substantial administrative burden to ensure those determinations are correct. This burden and the associated risk of error have the potential to result in a more conservative approach to information classification, where there may be understandable reluctance to make information public. When this situation is combined with AEMO's restricted ability to separate or aggregate information and apply different classifications to different elements of a data set, less information may be made public than could — or should — be available. Additionally, due to the extent of administrative burden, AEMO currently receives information that it has not yet classified. As discussed in section 1.2, access to sub-optimal levels of market information availability may affect the short- and long-term market behaviour of Market Participants and impair efficient outcomes.

In addition to determining what information is Public, AEMO is tasked with deciding which group of WEM entities should view each piece of Confidential Information (where it is not explicitly stated in the WEM Rules), including information that is submitted to, or primarily used by, entities other than itself. In these cases, AEMO is making decisions about the use of information in situations where it is not necessarily the best placed entity to do so, potentially resulting in misclassification. It also has limited guidance on how it might balance the needs of individual Market Participants with the market as a whole when classifying information.

The risk of suboptimal outcomes regarding information availability is exacerbated by the fact that AEMO can only choose to disclose Confidential Information to fixed groups of WEM entities that are specified under the confidentiality classes in the WEM Rules, which at any point in time may not be the most appropriate entities to view or use that information. Potentially, too many or too few entities may have access to any piece of Confidential Information as a result of the inflexibility of these classes.

Where it is explicitly stated in the WEM Rules to which confidentiality class a piece of information must be disclosed, currently there is no flexibility for AEMO to alter that class should there be a change to the information received, its purpose, or the functions of WEM entities. For instance, the System Management Confidential classification does not allow information to be disclosed to Rule Participants, which now includes the Coordinator of Energy. In the new market, these fixed classifications may impair the ability of entities to discharge their functions under the WEM Rules if they are unable to access all the information they require, particularly where functions have changed.

Indeed, the current framework embeds a range of administrative features that, while potentially able to be addressed through ongoing changes to WEM Rules or Procedures, add unnecessarily to administrative burden, risk of inappropriate disclosure, and related costs. For example:

- identifying WEM entities by name for each class of confidentiality means the class will become out of date in circumstances where the name or market function of the entity changes; and
- requiring a published list of the Confidentiality Status of every type of information and document required under the WEM Rules and Procedures easily results in inaccurate information if it is not reviewed and updated regularly.

As well as potential issues of burden, risk, and cost resulting from rules that are out of date or inaccurate, the overly prescriptive nature of the current information management framework may add to inefficiencies by enforcing information management practices that are also dated and not best practice. There is no flexibility to change these practices other than by cumbersome WEM Rule change processes.

One area where the current framework lacks in prescribing how entities should perform their functions is in the specification of the quantity of information that is to be supplied by Market Participants. The current framework does not limit the amount of information that is produced to satisfy a requirement of the WEM Rules, and where surplus information is received by AEMO it is treated confidentially. That is, efforts are made not to disclose the information and it is maintained within AEMO's information management systems under its own information security policies. Knowing this, Market Participants often provide more information than is needed for the purpose of the WEM Rules, creating an administrative burden and increased risk of disclosure for AEMO in handling the information.

For example, Chapter 4 of the WEM Rules requires Market Participants to provide AEMO with details of a Facility's fuel availability as a part of the requirements of Reserve Capacity certification. It may be that the most efficient way for a Market Participant to demonstrate adequate fuel supply is for it to provide AEMO with its entire fuel contracts, but this contains information that is beyond what is required by the WEM Rules and is commercially confidential in nature.

In moving to a new WEM design and in a market that will continue to evolve in response to new technologies, the Taskforce has determined a simpler, more flexible framework with clearer guidance for decision-makers to manage market information will be introduced that will improve administrative efficiency and better meet the WEM Objectives.

## 4. A new framework for managing market information

### 4.1 New framework design principles

In its review of the framework for managing information in the WEM, the Taskforce considered principles of confidentiality and market efficiency and the issues raised in Rule Change Proposal RC\_2014\_09. From this the Taskforce identified the following features of a framework that would better enable efficient and effective administrative and market outcomes:

- simple, clear, and easy to use;
- adaptable, flexible, and quickly and easily responsive to changes in the WEM;
- minimises the production and exchange of excess information;
- maximises the release of market information to the public where confidentiality is not needed;
- minimises the disclosure of information where it is deemed sensitive and confidential;
- ensures that information required to effectively operate the WEM is available to the parties who need it to perform their WEM functions;
- treats information and Rule Participants equitably, including allocating responsibility and risk;
- prescribes roles, responsibilities, requirements, and expectations of entities in managing information but does not prescribe methods of executing functions, which are best determined by those who perform the tasks; and
- is consistent with other applicable laws and regulations, and the WEM Objectives.

These features underpin the design of the new framework for managing market information in the WEM, which is described below.

### 4.2 Scope of information covered by the new framework

The scope of information to be covered by the information management framework must be clearly identified. There are three information categories to consider in determining the scope:

- **Direct market information:** information and documents produced or exchanged in accordance with the WEM Rules or WEM Procedures (e.g. the bids and offers made by Market Participants in the Real Time Market);
- **Indirect market information:** information and documents related to the WEM, but not required through the WEM Rules or WEM Procedures (e.g. information contained in bilateral contracts between Market Participants); and
- **Non-market information:** information and documents not related to the WEM (e.g. information contained in residential electricity bills).

The Taskforce has determined that the framework should include only 'direct market information', as described above, and exclude 'indirect market information' and 'non-market information'. Advantages of limiting the framework to information required by the WEM Rules and Procedures are that:

- the information to be covered by the framework is clearly defined;

- the confidentiality of the information may be more easily determined because its purpose and requirements are clearly stated in the WEM Rules;
- all information required for the efficient and effective operation of the WEM is treated equally, with the same principles and processes applied to its classification and management; and
- it is simple to capture the treatment of new information, as it will arise only out of changes to the WEM Rules and Procedures.

## 4.3 Classes of information

Consistent with RC\_2014\_09, the Taskforce has decided that the six classes of confidentiality status be reduced to two – ‘Public Information’ and ‘Confidential Information’.

Public Information is information or documents that may be disclosed to any person by any person and should be made available upon request, subject to a reasonable ability to do so and to recover the cost of provision. Confidential Information is information or documents that may not be disclosed to any person or entity except those who need it to perform their market functions according to the WEM Rules. That is, confidential information can be disclosed, but in a limited manner.

Under the new framework, where market information is not deemed sensitive, according to defined principles, it should be classed as Public Information. If information is not stated in the WEM Rules as being Public Information (or publishable information that is, obviously, public by its nature) it is Confidential Information.

The intent of the framework is to make as much information public as is possible. To this end, theoretically and with perfect decision making, there is no difference between the situation of having confidential information as being stated so in the Rules and all other information as being public by default, and the situation of having public information as being stated so in the Rules and all other information as being confidential by default. However, the Taskforce prefers the latter situation for two reasons.

1. In the case of imperfect outcomes and decision making, the Taskforce believes there is less risk to the market if information is confidential by default rather than public.
2. It provides security for Market Participants regarding the information they provide, which improves their levels of trust in the framework and the operation of the market.

A view of the Rule Change Panel in rejecting RC\_2014\_09 was that a single class of Confidential Information would require specifying the conditions under which different entities may access each piece or type of information. The suggestion was that this could lead to numerous bespoke outcomes that would increase the complexity and reduce the transparency of the framework.

The Taskforce disagrees with aspects of this assessment. Arguably the current framework is complex and lacks clarity, with lists, procedures and classes of confidentiality that are out of date and encumbered with titles (such as ‘Rule Participant Dispatch Restricted’) that are legalistic and unapparent. Two classes of information with simple titles that clearly indicate their status reduces complexity.

Further, the total number of entities in the WEM who can view Confidential Information is few and limited. Therefore, the potential for the proliferation of combinations of entities who can access information is also limited.



The benefit of the new framework is that, in not prescribing by name individual entities or groups of entities who can access each piece of information, there is ease and flexibility to more optimally disclose a part or all of a piece of Confidential Information as market rules and functions change over time. Where there is no change to information requirements and functions of entities in the WEM Rules, there is likely to be no need to change how that Confidential Information is shared and used.

## 4.4 Market Information roles and responsibilities

As a general principle, tasks are most effectively undertaken by those who possess the greatest skill and knowledge relevant to the task. Similarly, the Taskforce considers that the efficient management of market information is best achieved by clearly defining the roles and responsibilities of relevant parties and allowing them to execute their functions accordingly, rather than by prescribing their decisions and actions in a restrictive manner. However, it is acknowledged that in taking this approach it is necessary to place requirements and expectations on aspects of delivery of the framework.

Accordingly, the Taskforce has determined that the WEM Rules should clearly describe the roles, responsibilities, and obligations of entities involved in managing market information, including:

- the Coordinator of Energy;
- providers of information;
- Information Managers; and
- recipients of disclosed Confidential Information.

The Taskforce view is that no one entity is best suited to all elements of classifying and managing market information. Consequently, the roles, responsibilities, and obligations of entities in the information management framework will be allocated according to the entity best placed to perform each function. This will support improved decision-making regarding classifying information and will more equitably allocate among WEM entities the risk and cost of managing Confidential Information.

### The Coordinator of Energy

The Taskforce considers that the Coordinator of Energy is the entity best placed to determine the confidentiality status of market information (that is, Public Information or Confidential Information). The Coordinator of Energy, in its new role as the administrator of the WEM Rules (from 1 July 2021), will maintain comprehensive and up-to-date knowledge of the WEM, without being an active participant in its day-to-day operation. Also, the Coordinator of Energy's position in the overall governance of the WEM means it is well placed to support the WEM Objectives. Therefore, the Taskforce has decided that determining the confidentiality status of market information will form a part of the Coordinator of Energy's rule-making function.

Where a rule change proposal results in new or amended WEM Rules, the Coordinator will consider the confidentiality status of the new or modified market information and set this out in the rule change reports. Where the Coordinator of Energy determines that an item of market information is Public Information it will be stated explicitly in the relevant WEM Rule. The Coordinator of Energy will also decide and state in the WEM Rules if Public Information needs to be published and, if so, the publication requirements.

To enable Market Participants to have visibility of the Coordinator of Energy's decision-making processes and to clearly indicate the approach to information disclosure, the Taskforce has determined that the WEM Rules will prescribe a set of principles the Coordinator of Energy must

consider when classifying information. It is also expected the Coordinator of Energy will articulate to the market (possibly in the form of a WEM Procedure or guidelines) how it will apply these principles.

The principles may include the consideration of 'public benefit', which is common in this context. Clause 54H of the National Electricity Law (applying to the National Electricity Market) enables information to be classified as public where the public benefit of its disclosure outweighs the assessed detriment. In the context of the WEM, this could be expressed as the extent to which public disclosure of information may support the WEM Objectives, versus its assessed, potential detriment.

Additionally, the Taskforce has decided that, as a part of its ongoing rule making function, the Coordinator of Energy will be responsible for clarifying in the WEM Rules:

- the market functions of each participant responsible for managing market information; and
- the principles and criteria that must be considered by those participants in managing and handling Confidential Information, including using, processing and disclosing Confidential Information and ensuring its security.

## Information providers

The design of an information management framework should not hamper the efficient exchange of information and should not penalise a Market Participant who shares Confidential Information to enable the effective operation of the market. However, as mentioned in Section 3, managing excessive quantities of information is potentially burdensome in terms of administrative costs and creates risk for both the provider and the recipient of the information.

The current information management framework provides little incentive for Market Participants to streamline the information they produce to deliver only that required under the WEM Rules. It does not limit the type and amount of information provided by a Market Participant to satisfy a requirement of the WEM Rules, and all information provided, whether necessary or not, is treated as confidential (unless listed as public by AEMO). This can create a situation where the receiver (AEMO) is in possession of sensitive information for which it has no use or purpose and for which it should not have responsibility to manage securely.

To the extent possible, the new WEM Rules will limit the exchange of market information to that needed to meet the requirements of the WEM Rules and Procedures. To enable this, the Taskforce believes it is appropriate that Market Participants be accountable and responsible for the information they provide.

Under the new framework, the onus will be on the information provider to manage their own confidentiality, including understanding the confidentiality status of market information, and to limit their submissions of data and information to that required under the WEM Rules and Procedures. The information provider is best placed to extract the information required and check that what they are delivering is appropriate and necessary in the context of their obligations. This relieves the burden on the receiver to handle a range of potentially commercially sensitive information for which they have no need, and better allocates the risk associated with managing Confidential Information.

## Information Managers

Most market information produced in the WEM is delivered directly to AEMO. However, there are instances where information required under the WEM Rules is delivered directly to other parties such as Western Power, the Economic Regulation Authority (ERA), the Rule Change Panel and, in the future, the Coordinator of Energy.

The Taskforce has decided that those who receive market information in the first instance, in accordance with the WEM Rules and Procedures, are best placed to take responsibility for its management, including using, processing, and disclosing it to other necessary parties, in whole or in part. As this responsibility lies with a range of entities and not just one, the Taskforce will describe an entity that receives market information in the first instance as an Information Manager. The relevant WEM Rules will specify the information Manager either directly or by definition.

Where information submitted to an Information Manager is required to be published under the WEM Rules (and therefore is Public Information) the Information Manager shall publish that information in accordance with any requirements stipulated in the WEM Rules and as it deems suitable. For any information specified in the WEM Rules as Public Information (either directly or by the fact it is publishable), the Information Manager will provide that information upon request to any party where it is practical to do so and possible to recover the reasonable cost of its supply.

Where market information is not Public Information, and therefore is Confidential Information, the Information Manager may use, process and disclose the information only as necessary to fulfil its obligations as defined in the WEM Rules and/or in accordance with principles and criteria stated in the WEM Rules. These principles and criteria will include a requirement to disclose Confidential Information only to those who require it to perform their market functions as described in the WEM Rules, and only as much information as is needed to fulfil those functions. In other words, Confidential Information will be required to be managed in line with the 'Principle of Least Privilege', which states that "a subject should be given only those privileges needed to perform its task".<sup>5</sup>

Where a WEM entity that does not receive Confidential Information believes it requires that information to perform its WEM functions, particularly where the WEM entity's functions may have changed, or a piece of market information has been modified or newly created, it may approach the relevant Information Manager to request disclosure of that information. Only the Information Manager, and not another entity to which the Confidential Information has been disclosed, can decide whether the requesting entity requires the information to execute their WEM functions. In assessing the application for disclosure, the Information Manager may (but is not required to) consult with the Coordinator of Energy. It is anticipated ordinarily there will be only four WEM entities that will need market information to discharge their WEM functions – AEMO, the ERA, Western Power, and the Coordinator of Energy.

An additional expectation of the Information Manager is that where they deem information that is Confidential Information could and should be made Public Information, in whole or in part, they may raise this with the Coordinator of Energy for consideration through a Rule Change Proposal.

Lastly, Information Managers will be required to actively maintain any WEM Procedures for which they have responsibility, to ensure accuracy and that the only information requested in a WEM Procedure is that necessary for the purpose of the Procedure or the WEM Rules.

## **Recipients of disclosed Confidential Information**

Under the new framework for managing market information, recipients of Confidential Information that has been disclosed to them by an Information Manager will be accountable and responsible for handling and using that information only as stipulated in the WEM Rules and according to their market functions defined in the WEM Rules. Recipients:

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<sup>5</sup> The Principle of Least Privilege states that a subject should be given only those privileges needed for it to complete its task. If the subject does not need an access right, the subject should not have that right.

- may not use disclosed Confidential Information for any purpose other than to discharge their obligations according to the WEM Rules;
- will not be permitted to disclose to any other parties Confidential Information they receive under the WEM Rules, unless doing so is necessary for the (initial) recipient to discharge their WEM functions; and
- must inform the Information Manager if they receive Confidential Information that is not required for them to discharge their functions and obligations according to the WEM Rules, and appropriately remove that information from their possession.

All parties who receive market information, including Information Managers, will be required to create and maintain adequate systems and processes to maintain the security of Confidential Information.

## 4.5 Framework mechanisms

The regulating instrument for managing market information in the WEM will be the WEM Rules. WEM Procedures may also be used for this purpose, if required. However, the preference of the Taskforce is for the WEM Rules to define the roles, responsibilities, obligations, and expectations of WEM entities and allow them to discharge their functions without prescribing their methods of execution.

With respect to managing market information, the WEM Rules will be amended to:

- define the market functions of each Rule Participant;
- confer obligations on Rule Participants who classify, produce, receive, manage, use and disclose market information;
- list principles and criteria that must be considered by those who are required to manage or handle market information to discharge their market functions, including how information may be used, processed and disclosed (such as to whom, for what purpose and under what conditions or exemptions);
- state, for each clause that requires information to be produced or exchanged, that it is Public Information (in whole or in part) where that is the case, and if so whether it must be published and how;
- identify either directly or by default (as the recipient of information in the first instance) which entity will be the Information Manager;
- provide, where appropriate, relevant timeframes for submitting and managing information.

WEM Procedures or other published guidance may be developed by the Coordinator of Energy, where they believe this will benefit the market, to describe:

- the process for determining what market information is Public Information and whether it should be published; and
- any processes necessary to stipulate regarding submitting or managing market information.

## 5. Principles of implementation

The Taskforce has determined that the new framework for managing market information, described above, will take effect from the commencement of the new market, at 1 October 2022.

The framework is proposed to be implemented through the current process of amending the WEM Rules for the new market under the Energy Transformation Strategy (i.e. WEM Rules made by the Minister for Energy). In the future, and once the framework is in place, the Coordinator of Energy will administer the framework as a part of their rule making function using the usual rule change process.

Prior to implementation, and in the course of developing the rules that will support the new framework, consideration will be given to details that are particular to the practical aspects of transitioning, including the treatment of market information that relates to periods immediately either side of, or spanning, the first trading period on that date. As a part of that process, the Coordinator of Energy will review the WEM Rules to identify Public Information and ensure all information requirements, including matters of management, are clearly specified.

While the new framework and processes for assessing and managing market information are designed to produce more efficient and effective market outcomes, it is not the case that all information requirements of the WEM Rules will be treated differently to how they are now. Indeed, this will only occur where a change will produce a more optimal market outcome.

Information requirements that have been revised or newly created for the new market and determined as being confidential will require assessment by the information manager prior to the commencement of new WEM arrangements on 1 October 2022, as would be the case under any information management framework. However, the new framework is not intended necessarily to change the treatment of confidential market information that is produced currently, where that information will continue to be required in the same way and for the same purpose in the new market. Where that is the case, the expectation of the Taskforce is that, unless there is a reason for change, the information will be used, processed, and disclosed as it is currently, although it will no longer be identified with the label it has presently. However, the Information Manager will have the ability to change the way it treats the information if there is an obvious case to do so for better WEM outcomes, in accordance with the WEM Rules. Figure 2 illustrates the flow of information.

Further, the new framework will not automatically be applied retrospectively to information that has been provided in the past for whatever use or purpose. The intention is that as a general principle Market Participants can assume historically provided information will remain held and treated as it was at the time of submission. However, the Coordinator of Energy or another party may have reason to determine that it is of net benefit to the market for some historic data, in some form, to be made public, in which case the party may initiate a rule change process (including public consultation) to achieve this outcome.

A benefit of the new framework is that when there is a change to information requirements or the role of entities under the WEM Rules, the Information Manager will be able to adjust the treatment of the relevant information quickly and appropriately without the need to undergo a lengthy or costly process of administrative approval and change. In this way, and together with other requirements of the framework such as the obligations on information providers and the condition for WEM Procedures to be regularly reviewed, the new framework supports the outcome that the management of information is always optimal.



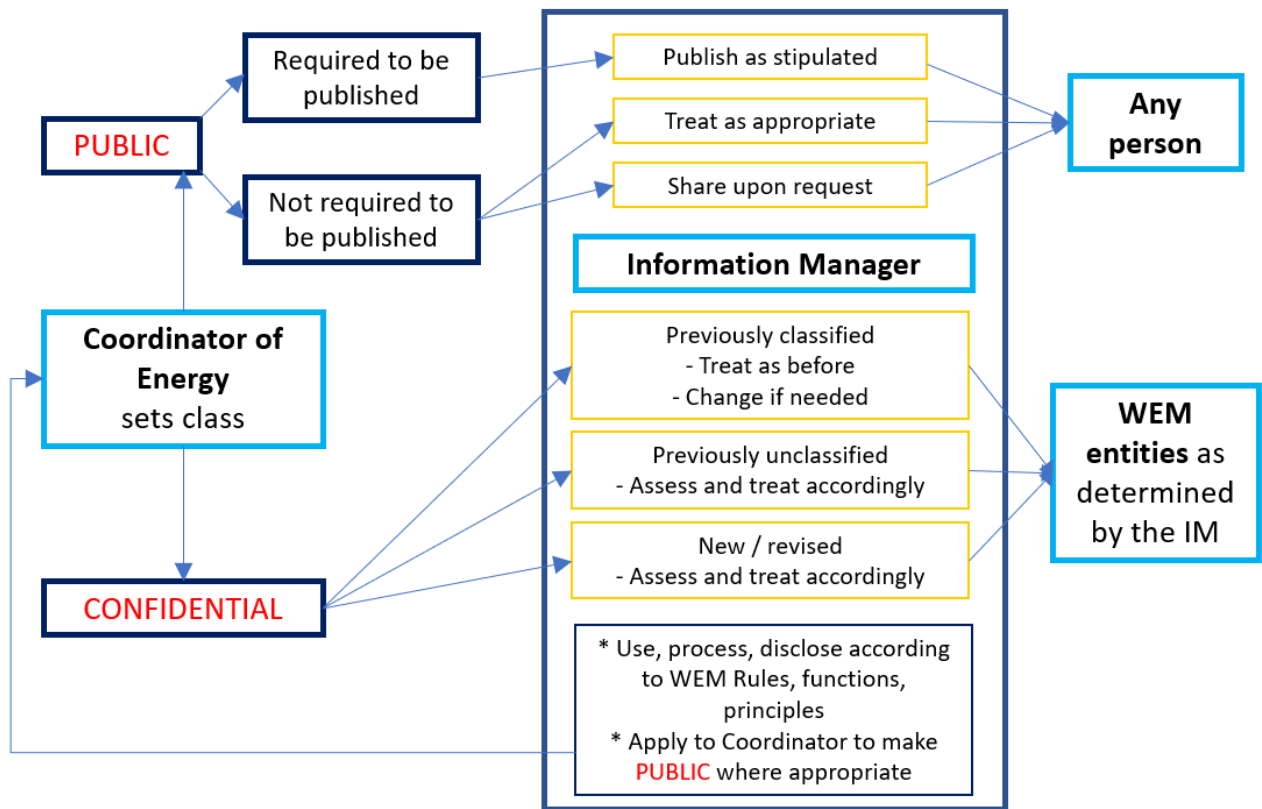


Figure 2 Information flows in the new framework for managing market information