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**Our Ref: CWF-20221207**

Mr Jai Thomas  
Coordinator of Energy  
Energy Policy WA  
Via email: [energymarkets@dmirs.wa.gov.au](mailto:energymarkets@dmirs.wa.gov.au)

**REDACTED FOR PUBLICATION**

Dear Mr Thomas

**RE: SUBMISSION ON MARKET POWER MITIGATION AMENDING WEM RULES EXPOSURE DRAFT**

Thank you for the opportunity to comment on the draft Amending Wholesale Electricity Market (WEM) Rules (Amending Rules) to implement the new market power mitigation framework.

Collgar Renewables' (Collgar) comments below are limited to the specific drafting in the Amending Rules, rather than the policy more broadly. However, Collgar has found it challenging to consider the operation of the framework given that the Economic Regulation Authority's (ERA) Offer Construction and Trading Conduct guidelines (the Guidelines) have not yet been drafted. Collgar would have preferred to consider the Amending Rules alongside the Guidelines to have a more complete view of how the framework would apply in practice.

Without the Guidelines, it is not clear that a Market Participant will be able to recover its efficient costs. Revenue adequacy is already a challenge for Market Participants,<sup>1</sup> which could be exacerbated through a limiting guideline, disincentivising investment at a time when there is already a severe capacity shortfall.

Review of the Guidelines will be critical to determine whether the market power mitigation framework is fit for purpose, including whether it meets the WEM Objectives and provides the right settings for an efficient market and energy transition.

EPWA has previously advised that the market power mitigation framework would be holistically considered once the Reserve Capacity Mechanism (RCM) review is complete to ensure the designs are complementary and provides opportunity for adequate revenue streams. Collgar supports this approach.

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<sup>1</sup> Economic Regulation Authority, 2022, *Triennial review of the effectiveness of the Wholesale Electricity Market 2022: Report to the Minister for Energy*, <https://www.erawa.com.au/cproot/23010/2/-WEM.Rep.2022---Triennial-review-of-the-ale-Electricity-Market-2022---Report-to-the-Minister-for-Energy---Clean-version.PDF>



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| 2.16B.2(b) | Collgar suggests this is worded as each ‘ <i>binding</i> Network Constraint’ to keep the constraints relevant to the use of locational market power and minimise administrative burden for the ERA.  |
| 2.16C.1(a) | The sent out capacity value, registered in Standing Data per Appendix 1 Clause (e)iiiA, is more appropriate than the Declared Sent Out Capacity because the former reflects the actual sent out capability of a Facility rather than its rights to access the network (which could exceed its technical capability). For example, Collgar Wind Farm’s Declared Sent Out Capacity is 250MW however it’s Sent Out Capacity standing data is 218.5MW, reflecting its 222MW nameplate less internal losses.  |
| 2.16C.3    | Three months may not be sufficient time for system build, particularly given access to labour and consultants is constrained and this is expected to continue due to the energy transition and broader economic conditions. Collgar would prefer the timeline to be ‘three months or as otherwise agreed with the ERA’.  |
| 2.16D.4    | There is no minimum time before a new Guideline can take effect. Given any amended Guideline may require a Market Participant to change its behaviour and potentially contractual obligations a minimum notice period of at least three months ought to apply for material amendments.   |
| 2.16D.11   | <p>It is important that the ERA’s consider guidance it has provided when undertaking an investigation. Collgar recommends that clause 2.16D.11 is amended as follows:</p> <p>‘The ERA may, at any time, reconsider, revise or withdraw any guidance provided to a Market Participant.’</p> <p>An additional clause ought to be added as follows:</p> <p>‘The ERA must consider any guidance it provided pursuant to clause 2.16D.7, as applicable, in undertaking an investigation. For the avoidance of doubt, the applicable guidance is any guidance in place at the time of the given Dispatch Intervals that are subject of the investigation.’</p> |

Thank you for the opportunity to comment on the draft Amending Rules. Collgar is available to discuss its comments if that’s helpful.

Yours sincerely



REBECCA WHITE  
 REGULATORY AND TRADING MANAGER