



Government of Western Australia  
Department of Mines, Industry Regulation and Safety  
Energy Policy WA

# Final Rule Change Report: Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price. (RC\_2014\_05)

Standard Rule Change Process

15 August 2023

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(RC\_2014\_05)  
Standard Rule Change Process*

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# 1. The Rule Change Proposal, Process and Timeline

On 2 December 2014, the then Independent Market Operator (IMO) submitted a Rule Change Proposal titled “Reduced Frequency of the Review of the Energy Price Limits and the Maximum Reserve Capacity Price” (RC\_2014\_05). This Rule Change Proposal sought to:

- move the reviews of the Energy Price Limits (EPLs) and Maximum Reserve Capacity Price (MRCP) from annually to five-yearly;
- index the EPLs and the MRCP between the five-yearly reviews; and
- make a number of related administrative and structural changes.

This proposal was processed using the Standard Rule Change Process, described in section 2.7 of the WEM Rules.

The timeframe for the Draft Rule Change Report was extended under clause 2.5.10 of the WEM Rules on multiple occasions. The history of this proposal is summarised below:

- the IMO submitted the proposal on 2 December 2014;
- the IMO issued several extensions to the deadline for publishing the Draft Rule Change Report to allow the IMO to consider the proposal in more detail;
- responsibility for assessing the proposal was transferred to the Rule Change Panel on 3 April 2017;
- the Rule Change Panel issued several extensions to the deadline for publishing the Draft Rule Change Report because:
  - the WEM Rules had changed significantly since the proposal was submitted; and
  - Energy Policy WA was implementing the Energy Transformation Strategy that was reviewing the EPLs, among other things;
- responsibility for assessing the proposal was transferred to the Coordinator of Energy (Coordinator) on 1 July 2021;
- the Coordinator issued two extensions to the deadline for publishing the Draft Rule Change Report because the Coordinator was conducting:
  - the Market Power Mitigation (MPM) Strategy Review,<sup>1</sup> which was considering the methodology for setting the EPLs, among other things; and
  - the Reserve Capacity Mechanism (RCM) Review,<sup>2</sup> which was considering the methodology for setting the Benchmark Reserve Capacity Price (BRCP), among other things.<sup>3</sup>

<sup>1</sup> Full information on the MPM Strategy Review is available at <https://www.wa.gov.au/government/document-collections/market-power-mitigation-strategy>.

<sup>2</sup> Full information on the RCM Review is available at <https://www.wa.gov.au/government/document-collections/reserve-capacity-mechanism-review>.

<sup>3</sup> The concept of the MRCP has been amended since the submission of RC\_2014\_05 and is now called the BRCP.

The key dates for progressing this Rule Change Proposal were:



This Final Rule Change Report was developed under clause 2.7.7A(b) of the WEM Rules on the basis that the reader has read all the related documents, including the Rule Change Proposal, the first period submissions, the Draft Rule Change Report, the second period submissions, as well as the relevant MPM Strategy Review and RCM Review documents.

The Rule Change Notice and all other documents related to this Rule Change Proposal can be found on the Coordinator's website at [Rule Change: RC\\_2014\\_05 \(www.wa.gov.au\)](http://www.wa.gov.au).

## 2. The Coordinator's Decision

The Coordinator's final decision is to reject the Rule Change Proposal.

### 2.1 Reasons for the Coordinator's Decision

The Coordinator has made its final decision to reject Rule Change Proposal RC\_2014\_05 because the issues raised in this proposal were addressed by the MPM Strategy Review, the RCM Review and Rule Change Proposal RC\_2019\_05.

- The MPM Strategy Review considered the methodology and frequency for setting the EPLs. The MPM Strategy Review outcomes were implemented through the *Wholesale Electricity Market Amendment (Tranche 6A Amendments) Rules 2023*, which were approved by the Minister for Energy and published in the Government Gazette on 31 March 2023.
- The RCM Review considered the methodology and frequency for setting the BRCP. Stages 1 and 2 of the RCM Review are complete, and Stage 3 is scheduled to be completed in 2023. The Minister for Energy is expected to make Amending Rules to give effect to the outcomes of the RCM Review in late 2023.
- Changes were made as a result of Rule Change Proposal RC\_2019\_05 to the approach to reviewing and determining the Minimum STEM Price and the relevant WEM Amending Rules commenced on 7 August 2020.

Additionally, the governance matters covered in this Rule Change Proposal were subject to the governance structure and regulatory arrangement changes made as a result of the 2014 Electricity Market Review (EMR) and under the Energy Transformation Strategy.

The Coordinator considers that the changes to the EPLs and BRCP made as a result of the MPM Strategy Review, the RCM Review and RC\_2019\_05 were consistent with the Wholesale Market Objectives.

It would be impractical and inefficient to make further changes to the EPLs and BRCP arrangements at this time, as making further changes would come at a cost and will have no benefit.

The detailed analysis behind the Coordinator's decision is provided in section 6 of this report.

### 2.2 Commencement

The Coordinator's final decision is to reject the Rule Change Proposal.

## 3. Proposed Amendments

This section provides a summary of Rule Change Proposal RC\_2014\_05. The full Rule Change Proposal and all related documentation can be found on the Coordinator's website at [Rule Change: RC\\_2014\\_05 \(www.wa.gov.au\)](http://www.wa.gov.au).

### 3.1 The Rule Change Proposal

Clauses 4.16.3 and 6.20.6 of the *Wholesale Electricity Market Rules 2006*, as Gazetted on 19 September 2006, required the IMO to undertake an annual review of the EPLs and the MRCP.<sup>4</sup>

The EPLs and MRCP were the price limits for the energy market and the RCM, respectively. The EPLs and MRCP were intended to protect the market against the abuse of market power, to reduce price volatility and to provide a level of price certainty. At the time the Rule Change Proposal was submitted, the IMO estimated the cost of conducting the annual reviews at \$58,000 for the EPLs and \$66,000 for the MRCP.

RC\_2014\_05 proposed amendments to the WEM Rules to reduce the frequency of determining the EPLs and the MRCP from annually to five-yearly. The IMO proposed these changes on the basis that the annual review process was not cost efficient and the majority of variables used in the price calculations did not vary significantly over three to five years.

Additionally, the IMO proposed indexation of the EPLs and MRCP to reflect the regular price movements throughout the proposed five-year review period. The price indexation would account for inflation, economic growth and changes in exchange rates associated with costs in the sector, which would ordinarily be factored in the annual reviews.

The proposal included a number of related administrative and structural changes to enable the proposed changes, including a review of the methodologies that the IMO used to determine the EPLs and MRCP values.

RC\_2014\_05 proposed amendments to address the following eight issues.

#### Issue 1: Improved clarity of the description of the price limits

The IMO proposed to amend the definitions, calculations and purposes of the EPLs and MRCP to increase the clarity of the WEM Rules and mitigate risks of misinterpretation of the EPLs.

#### Issue 2: The move from an annual to a five-yearly review

The IMO proposed to move from annual EPLs and MRCP reviews to five-yearly reviews. This was intended to align the annual price reviews with the five-yearly methodology reviews, and to reduce the costs associated with the annual reviews.

The IMO also proposed to amend the WEM Rules to specify the process that the IMO should use to undertake the reviews, including documentation of the reviews, consultation on the reviews, and seeking the ERA's approval of the proposed values. These changes were intended to increase the transparency and clarity of the review process.

<sup>4</sup> Clauses specified in section 3 of this Draft Rule Change Report refer to the *Wholesale Electricity Market Rules (September 2006)*, as Gazetted on 19 September 2006.

### **Issue 3: Introduction of an in-period review to account for significant changes**

The IMO proposed to introduce in-period reviews, as required, to mitigate the risk that the limits no longer represent the input parameters. The in-period reviews were proposed only for the input parameters, and not for the methodology.

### **Issue 4: Removal of Market Procedure for the Maximum Reserve Capacity Price**

The IMO proposed to remove the obligation for the IMO to have a Market Procedure that specifies the methodology for the review of the MRCP and to instead require that the methodology be specified in the relevant reports. This was proposed to streamline the review process that otherwise required the IMO to annually update the Market Procedure, if changes were required.

### **Issue 5: Introduction of price indexation**

The IMO proposed to introduce quarterly indexation of the EPLs and annual indexation of the MRCP using the Producer Price Index (PPI). The proposed indexation was to be restricted to years where a five-yearly review of the methodology or in-period review was not undertaken. The IMO considered that the price indexation was necessary to ensure that prices change in accordance with regular price movements and to account for inflation and exchange rates associated with costs in the sector.

### **Issue 6: Clarifying the calculation of the Energy Price Limits**

The IMO proposed changes to clarify the calculation of EPLs and MRCP, including how each EPL is indexed, distinguishing between the quarterly (clause 6.20.3) and monthly (clause 6.20.4) indexation, and to review the reference to the oil price that was used for indexation.

### **Issue 7: Remove the explicit ability for the IMO to undertake further consultation**

The IMO proposed to delete clause 6.20.9A on the basis that it was redundant. The IMO argued that the WEM Rules did not preclude the IMO from undertaking further consultation, so clause 6.20.9A was not required.

### **Issue 8: Other minor amendments**

The IMO proposed a number of minor typographic changes to the WEM Rules.

## **3.2 The IMO's Initial Assessment of the Proposal**

The IMO decided to progress this Rule Change Proposal on the basis that the proposed changes would decrease the costs of administering the WEM and increase regulatory certainty for Market Participants, without compromising the effectiveness of the EPLs and MRCP reviews. The IMO invited stakeholders to provide submissions as part of the rule change process.

Responsibility for administration of the WEM Rules transferred from the IMO to the Rule Change Panel on 3 April 2017, and from the Rule Change Panel to the Coordinator on 1 July 2021. As a result, the Coordinator became responsible for progressing this Rule Change Proposal.

## 4. Consultation

Section 4 of this Final Rule Change Report provides summaries of:

- the consultation that has been conducted on the Rule Change Proposal with the Market Advisory Committee (MAC) and the Coordinator's response to the views of the MAC; and
- submissions made in the first and second submission periods and the Coordinator's response to the issues raised in those submissions.

Although a summary of these consultations is presented below, the Coordinator has considered and taken into account each matter raised in making a decision on RC\_2014\_05.

### 4.1 Pre-Rule Change Proposal

A summary of the consultation undertaken regarding this Rule Change Proposal prior to transferring the proposal to the Coordinator is provided in section 5.1 of the Draft Rule Change Report.

### 4.2 The Market Advisory Committee

A summary of the consultation conducted with the MAC regarding this Rule Change Proposal prior to publication of the Draft Rule Change Report can be found in section 5.2 of the Draft Rule Change Report.

The MAC did not provide advice to the Coordinator regarding Rule Change Proposal RC\_2014\_05, or regarding the evolution or development of the WEM or the WEM Rules, that is relevant to the issues addressed in RC\_2014\_05, subsequent to publication of the Draft Rule Change Report.

### 4.3 The Coordinator's Response to the Market Advisory Committee

Section 5.3 of the Draft Rule Change Report provides the Coordinator's response to the MAC's advice that was provided prior to publication of the Draft Rule Change Report regarding Rule Change Proposal RC\_2014\_05.

The MAC did not provide advice to the Coordinator regarding Rule Change Proposal RC\_2014\_05 subsequent to publication of the Draft Rule Change Report.

### 4.4 Submissions Received during the First Submission Period

The first submission period for this Rule Change Proposal was held between 3 December 2014 and 2 February 2015. Submissions were received from:

- Alinta;
- the ERA; and
- Community Electricity;
- Perth Energy.

A summary of these submissions is provided in section 5.4 of the Draft Rule Change Report.

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## 4.5 The Coordinator's Response to Submissions Received during the First Submission Period

The Coordinator's assessment of the issues raised in the first period submissions is presented in sections 5.5 and 6 of the Draft Rule Change Report.

## 4.6 Submissions Received during the Second Submission Period

The second submission period for this Rule Change Proposal was held between 30 June 2023 and 28 July 2023. The Coordinator received one submissions from Perth Energy.

Perth Energy supported the Coordinator's draft decision to reject the Rule Change Proposal.

A copy of Perth Energy's submission is available on the Coordinator's website.

## 4.7 Advice on the WEM Technical Standards

The Coordinator did not consider that the Amending Rules would directly or indirectly affect the WEM Technical Standards and therefore did not seek advice from AEMO or a Network Operator.

## 4.8 Public Forums and Workshops

The Coordinator did not hold a public forum or workshop for this Rule Change Proposal.

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## 5. The Coordinator's Draft Decision

The Coordinator's draft analysis of the Rule Change Proposal and its draft assessment of the proposal against clauses 2.4.2 and 2.4.3 of the WEM Rules is presented in section 6 of the Draft Rule Change Report, which is available on the Coordinator's website.

The Coordinator's draft decision was to reject the Rule Change Proposal. The reasons for the Coordinator's draft decision are set out in section 2.1 of the Draft Rule Change Report.

## 6. The Coordinator's Final Assessment

In preparing its Final Rule Change Report, the Coordinator must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3.

Clause 2.4.2 states:

The Coordinator must not make Amending Rules unless it is satisfied that the WEM Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives.

Clause 2.4.3 sets out the matters that the Coordinator must have regard to in deciding whether to make Amending Rules, including:

- (a) any applicable statement of policy principles given to the Coordinator under clause 2.5.2;
- (aA) any advice provided by the MAC regarding the evolution or the development of the WEM or these WEM Rules;
- (b) the practicality and cost of implementing the Rule Change Proposal;
- (c) the views expressed in any submissions on the Rule Change Proposal;
- (d) any advice by the MAC where the MAC met to consider the Rule Change Proposal;
- (dA) whether the advice from the MAC provided under clause 2.4.3(d) reflects a consensus view or a majority view, and, if the latter, any dissenting views included in or accompanying the advice and how these views have been taken into account by the Coordinator;
- (e) any technical studies that the Coordinator considers are necessary to assist in assessing the Rule Change Proposal; and
- (f) any advice or information provided by AEMO or a Network Operator under clause 2.4.3C.

When making its final decision, the Coordinator had regard to each of the matters identified in clauses 2.4.2 and 2.4.3 as follows:

- the Coordinator's overall assessment of the Rule Change Proposal is presented in section 6.1;
- the Coordinator's assessment of the Rule Change Proposal against the Wholesale Market Objectives can be found in section 6.3;
- the Minister has not provided a statement of policy principles to the Coordinator in respect of this Rule Change Proposal;
- the Coordinator's assessment of the practicality and cost of implementing the Rule Change Proposal can be found in section 6.7;
- a summary of the views expressed by the MAC is in section 4.2 of this Final Rule Change Report and section 5.2 of the Draft Rule Change Report;
- the Coordinator's responses to the views of the MAC are provided in section 4.3 of this Final Rule Change Report, and in section 5.3 of the Draft Rule Change Report;
- a summary of the first period submissions is provided in section 4.4 of this Final Rule Change Report and section 5.4 of the Draft Rule Change Report;
- the Coordinator's responses to the first period submissions are provided in sections 4.5 and 6.1 of this Final Rule Change Report, and in sections 5.5 and 6.1 of the Draft Rule Change Report;

- a summary of the second period submissions is provided in section 4.6 this Final Rule Change Report;
- the Coordinator does not believe a technical study in respect of this Rule Change Proposal is required and therefore has not commissioned one; and
- the Coordinator did not consider that the Amending Rules will directly or indirectly affect a WEM Technical Standard and therefore did not seek advice from AEMO or a Western Power on the WEM Technical Standards.

## 6.1 Assessment of the Proposed Changes

This section presents the Coordinator's assessment of the issues raised in the Rule Change Proposal and the proposed amendments.

The Coordinator's view is that the issues raised in the Rule Change Proposal have been addressed by the MPM Strategy Review, the RCM Review and Rule Change Proposal RC\_2019\_05, so the proposed amendments are not required.

### Energy Price Limits

The Coordinator's view is that the EPLs were considered by the MPM Strategy Review. The MPM Strategy Review followed the Energy Transformation Taskforce's principles that the price limits should be set to allow Market Participants to recover efficient costs, and that the process for setting the price limits should reduce the effort and frequency of adjustment. The MPM Strategy Review concluded that a single energy price cap should apply in place of the current dual price caps (i.e. an Energy Offer Price Ceiling should apply instead of the Maximum STEM Price and Alternative Maximum STEM Price).

The MPM Strategy Review determined that the EPLs will be set by the ERA as a backstop mechanism in the MPM framework, and reviewed every three years, based on principles and processes contained in the WEM Rules. The WEM Rules also provide the ERA with the discretion to nominate indexation methodologies for the energy price limits, such as for inflation or fuel price changes, and to bring forward a review of a price limit in exceptional circumstances.

Specific Transitional Provisions for reviews of the EPLs were specified in clause 1.60, which became effective on 17 April 2023 via the *Wholesale Electricity Market Amendment (Tranche 6A Amendments) Rules 2023, Schedule A*. These Transitional Provisions prepare the WEM for major changes to the EPLs methodology that will be made via the *Wholesale Electricity Market Amendment (Tranche 6A Amendments) Rules 2023, Schedule B*, which will commence at a time specified by the Minister, currently planned for 1 October 2023.

### Maximum Reserve Capacity Price

The Coordinator notes that the concept of the MRCP has been amended since the submission of RC\_2014\_05 and is now called the BRCP.

The Coordinator is currently conducting an RCM Review, which has (among other things) addressed some of the matters considered by RC\_2014\_05. Stage 1 of the RCM Review focused on the definition of reliability and the characteristics of the capacity needed in future years, including the method for calculating the BRCP.

Stages 1 and 2 of the RCM Review are complete, and Stage 3 is scheduled to be completed in 2023. The Minister for Energy is expected to make Amending Rules to give effect to the outcomes of the RCM Review in late 2023.

## Issue 1: Improved clarity of the description of the price limits

RC\_2014\_05 proposed to amend sections 6.20 and 4.16 of the WEM Rules and the Glossary, to clarify the definition of the EPLs (the Maximum STEM Price, Alternative Maximum STEM Price and Minimum STEM Price) and the MRCP. The Coordinator has analysed the proposed amendments, as follows:

- Changes to the Maximum STEM Price and Alternative Maximum STEM Price definitions were considered under the MPM Strategy Review. The *Wholesale Electricity Market Amendment (Tranche 6A Amendments) Rules 2023, Schedule B* will replace these defined terms with a single Energy Offer Price Ceiling.
- Changes to the definition and determination of the Minimum STEM Price were made under Rule Change Proposal RC\_2019\_05, and the Amending Rules for RC\_2019\_05 commenced on 7 August 2020.<sup>5</sup> The MPM Strategy Review considered the definition of the Minimum STEM Price and renamed it the Energy Price Offer Floor.
- RC\_2014\_05 proposed to amend section 4.16 to provide an explanation of the purpose of the MRCP and how it is calculated. These changes were partially introduced in the 2016 Wholesale Energy Market Rules, which commenced on 31 May 2016. The determination of the BRCP was also considered in Stages 1 and 2 of the RCM Review – see Review Outcome 9 and Proposal U from the *Reserve Capacity Mechanism Review: Information Paper (Stage 1) and Consultation Paper (Stage 2)*<sup>6</sup> and the *Reserve Capacity Mechanism Review Information Paper (Stage 2)*.<sup>7</sup>

As a result, the Coordinator rejects the proposed amendments under Issue 1.

## Issue 2: The move from an annual review to a five-yearly review

RC\_2014\_05 proposed to amend the requirement for the IMO to annually review the EPLs and MRCP to a requirement to review them every five years instead (clauses 4.16.3, 4.16.5, 6.20.5 and 6.20.6 of the WEM Rules 2006). The Coordinator has considered the proposed amendments, as follows:

- The MPM Strategy Review has made the necessary changes to the frequency of the EPLs reviews and no further amendments are required. The ERA will now review the Energy Price Offer Ceiling and Energy Price Offer Floor at least once in every three years.
- The RCM Review considered the frequency of the BRCP reviews and did not propose to change the frequency of the reviews.

As a result, the Coordinator rejects the proposed amendments under Issue 2.

## Issue 3: Introduction of an in-period review to account for significant changes

RC\_2014\_04 proposed to amend clause 6.20.6 to introduce in-period reviews to account for significant changes to the EPLs, and proposed to amend clause 4.16.10 and insert new clauses 4.16.11 to 4.16.15 to introduce in-period reviews for the MRCP.

<sup>5</sup> Further information on Rule Change Proposal RC\_2019\_05 is at <https://www.wa.gov.au/government/document-collections/rule-change-rc201905>.

<sup>6</sup> [https://www.wa.gov.au/system/files/2023-05/epwa\\_reserve\\_capacity\\_mechanism\\_review\\_information\\_and\\_consultation\\_paper.pdf](https://www.wa.gov.au/system/files/2023-05/epwa_reserve_capacity_mechanism_review_information_and_consultation_paper.pdf).

<sup>7</sup> [https://www.wa.gov.au/system/files/2023-08/reserve\\_capacity\\_mechanism\\_review\\_information\\_paper\\_stage\\_2.pdf](https://www.wa.gov.au/system/files/2023-08/reserve_capacity_mechanism_review_information_paper_stage_2.pdf).

Stakeholders suggested that these proposals did not ensure sufficient regulatory oversight of the intra-period review process and did not provide adequate certainty to Market Participants.

Changes have already been made to the WEM Rules so that EPLs reviews are conducted at least once in every three years, and BRCP reviews at least once in every five years. As the WEM Rules allow for reviews to be conducted more frequently, the Coordinator is of the view that the WEM Rules do not need to provide for in-period reviews of the BRCP.

In addition, the MPM Strategy Review:

- introduced the ability for Rule Participants to request that the ERA brings forward the next review of the EPLs. This change commenced on 17 April 2023; and
- included the Market Price Limits and the BRCP in the Coordinator's three-yearly review of the effectiveness of the WEM. This change will commence at a time specified by the Minister in a notice published in the Gazette.

As a result, the Coordinator rejects the proposed amendments under Issue 3.

#### **Issue 4: Removal of Market Procedure for the Maximum Reserve Capacity Price**

RC\_2014\_05 proposed to delete the requirement for the IMO to maintain a WEM Procedure (i.e. to delete clause 4.16.3) and to add a new clause 4.16.5 to require the IMO to describe the review methodology in the relevant review report.

The ERA opposed this proposed change.

The governance for the relevant WEM Procedure was transferred from the IMO to the ERA on 1 July 2016 via the *Wholesale Electricity Market Rules Amending Rules 2016 (No. 2)*.

The determination of the BRCP was considered under Stages 1 and 2 of the RCM Review – see Proposal U in the *Reserve Capacity Mechanism Review: Consultation Paper (Stage 1)* and Review Outcome 8 in the *Reserve Capacity Mechanism Review: Information Paper (Stage 2)*, which address the roles of the ERA and the Coordinator in setting the BRCP.

As a result, the Coordinator rejects the proposed amendments under Issue 4.

#### **Issue 5: Introduction of price indexation**

RC\_2014\_05 proposed to insert clause 6.20.3 to introduce quarterly indexation of the Maximum STEM Price and Alternative Maximum Energy Price. The Coordinator considers this proposed change to be unnecessary given the changes introduced by *Wholesale Electricity Market Amendment (Tranche 6A Amendments) Rules 2023, Schedule B*.

RC\_2014\_05 proposed to insert clause 4.16.13 to introduce annual indexation of the MRCP. As the RCM Review is considering the determination of the BRCP, the Coordinator considers that the further amendments to the BRCP determination proposed by RC\_2014\_05 are not required.

As a result, the Coordinator rejects the proposed amendments under Issue 5.

#### **Issue 6: Clarifying the calculation of the Energy Price Limits**

RC\_2014\_05 proposed amendments to clarify the calculation of the EPLs, including:

- moving the monthly indexation of the fuel component of the Alternative Maximum STEM Price from clause 6.20.3 to clause 6.20.4;
- clarifying how each EPLs is indexed and distinguishing between the quarterly (clause 6.20.3) and monthly (clause 6.20.4) indexation of the Alternative Maximum STEM Price;

- amending the oil price used to index the fuel cost component of the Alternative Maximum STEM Price to the Perth Net Ex Terminal Price (clauses 6.20.3 and 6.20.4); and
- amending the formulae that the IMO must use to calculate the Maximum STEM Price and Alternative Maximum STEM Price and moving them to clause 6.20.5 (the IMO proposed to replace the calculations with a list of factors that the IMO must consider when calculating the EPLs, excluding a risk margin).

The Coordinator considers that the changes introduced by *Wholesale Electricity Market Amendment (Tranche 6A Amendments) Rules 2023* adequately address the proposed amendments.

As a result, the Coordinator rejects the proposed amendments under Issue 6.

### **Issue 7: Remove the explicit ability for the IMO to undertake further consultation**

RC\_2014\_05 proposed to delete clause 6.20.9A on the basis that it is redundant. Clause 6.20.9A was considered under RC\_2019\_05 and the related changes to the WEM Rules were commenced on 7 August 2020. The Coordinator considers that clause 6.20.9A provides clarity to Market Participants and is, therefore, not redundant.

As a result, the Coordinator rejects the proposed amendments under Issue 7.

### **Issue 8: Other minor amendments**

RC\_2014\_05 proposed to fix a number of typographical errors in clauses 2.26.3, 4.16.6, 4.16.7 and 6.6.10 of the WEM Rules. However, these rules have been subject to multiple amendments since RC\_2014\_05 was proposed.

As a result, the Coordinator reject the proposed amendments under Issue 8.

## **6.2 Additional Amendments to the Proposed Amending Rules**

The Coordinator's final decision is to reject the Rule Change Proposal and, therefore, did not propose to make any changes to the proposed Amending Rules following the first submission period.

## **6.3 Wholesale Market Objectives**

The Coordinator considers that the MPM Strategy Review, the RCM Review and Rule Change Proposal RC\_2019\_05 addressed the issues in RC\_2014\_05, and considered the Wholesale Market Objectives.

## **6.4 Protected Provisions**

The Coordinator's final decision is to reject the Rule Change Proposal, so this proposal will not impact any Protected Provisions.

## **6.5 Civil Penalty Provisions**

The Rule Change Proposal proposed to amend clause 7A.2.9, which is a Category C civil penalty provision. The Coordinator final decision is to reject the Rule Change Proposal, so this proposal will not impact any civil penalty provisions.

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## 6.6 Reviewable Decisions

The Coordinator final decision is to reject the Rule Change Proposal, so this proposal will not impact any Reviewable Decisions.

## 6.7 Cost and Practicality of Implementation

### 6.7.1 Cost

The estimated costs for IMO, the ERA and Market Participants to implement the proposed Amending Rules are provided in section 6.7.1 of the Draft Rule Change Report. No updates to these cost estimates have been provided to the Coordinator.

### 6.7.2 Practicality

Section 6.7.2 of the Draft Rule Change Report refers to the advice provided by IMO regarding the practicality of implementing the Amending Rules, including the time required to develop and implement changes to IT systems/processes or internal procedures. No updates regarding these practicality matters have been provided to the Coordinator.

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