



MARKET PROCEDURE: Monitoring Protocol  
VERSION 3

## ELECTRICITY INDUSTRY ACT 2004

### ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY MARKET) REGULATIONS 2004

### WHOLESALE ELECTRICITY MARKET RULES

#### COMMENCEMENT:

This Market Procedure is to have effect from 8:00am (WST) on the same date as the Wholesale Electricity Market Rule commences.

#### VERSION HISTORY

VERSION	EFFECTIVE DATE	NOTES
1	21 September 2006	Market Procedure for Monitoring Protocol
2	17 October 2008	Amendments to Market Procedure resulting from PC_2008_10
3	Xx Xxx 2010	Amendments to Market Procedure resulting from PC_2010_03

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## **1. PROCEDURE OVERVIEW**

### **1.1 Relationship with the Market Rules**

1.1.1 The Monitoring Protocol (Procedure) has been developed in accordance with, and should be read in conjunction with, clauses 2.15.1 – 2.15.3 and 2.15.7 of the Wholesale Electricity Market (WEM) Rules (Market Rules).

1.1.2 Reference to particular Market Rules within the Procedure in bold and square brackets **[MR XX]** are current as of 1 October 2010. These references are included for convenience only, and are not part of this Procedure.

### **1.2 Purpose**

1.2.1 The purpose of the Procedure is to outline how the IMO will monitor Rule Participants' compliance with the Market Rules and Market Procedures **[MR 2.15.2]**.

### **1.3 Application**

1.3.1 This Procedure applies to:

- a) The IMO,
- b) System Management; and
- c) Rule Participants.

### **1.4 Associated Market Procedures**

1.4.1 The following Market Procedures are associated with this Procedure:

- a) System Management Monitoring and Reporting Protocol **[MR 2.15.4]**; and
- b) Notices and Communications Procedure.

### **1.5 Interpretation**

1.5.1 In this Procedure, the conventions specified in clauses 1.3 – 1.7 of the Market Rules apply. The following additional clarifications are provided:

- a) "Market Regulations" means the Electricity Industry (Wholesale Electricity Market) Regulations 2004;
- b) "Regulation" means a regulation in the Market Regulations.

## **2. PROCEDURE STEPS**

### **2.1 Monitoring Rule Participants' Compliance**

2.1.1 One of the IMO's functions is to monitor Rule Participants' compliance with the Market Rules and Market Procedures. This includes monitoring compliance by System Management.

### **2.2 Reports**

2.2.1 The Market Rules require that the IMO publishes a report, at least one a year, on the results of its monitoring of System Management. In determining the publication status of any such report the IMO must consider the Wholesale Market Objectives outlined in clause 1.2.1 of the Market Rules.

### **2.3 Non-compliance Reporting by Rule Participants**

2.3.1 Where a Rule Participant informs the IMO that it considers that it has, or another Rule participant has, contravened the Market Rules or Market Procedures the notification must contain:

- a) the name of the Rule Participant and contact details for the person responsible for the notification;
- b) the name of the Rule Participant who is alleged to have breached the Market Rules or Market Procedures;
- c) the specific clauses in the Market Rules or Market Procedures alleged to have been breached;
- d) the dates and times on which the alleged breach occurred;
- e) a description of the reasons that the notifying Rule Participant has for considering a breach may have taken place, including any evidence of the potential breach; and
- f) if the breach is by the notifying Rule Participant, a description of the reasons for the breach, including any mitigating circumstances and any proposed remedies.

2.3.4 Contact details for the IMO are outlined in the Notices and Communications Procedure.

- 2.3.5 Where the IMO receives any notification from a Rule Participant it must provide a letter of acknowledgement to the notifying Rule Participant within three business days of receipt.
- 2.3.6 The IMO must notify the Rule Participant alleged to be non-compliant that an allegation has been made. The notification must set out:
- a) that the Rule Participant is alleged to have committed a breach,
  - b) a summary of the alleged non-compliant behaviour; and
  - c) a contact person at the IMO to discuss the matter and processes.

However, the IMO has the discretion not to provide such notification if the IMO reasonably believes that doing so would prejudice an investigation.

- 2.3.7 The IMO must not disclose, to the Rule Participant alleged to have committed the breach, the identity of the Rule Participant that notifies the IMO of an alleged breach. An exception applies where System Management notifies the IMO of an alleged breach as a result of its monitoring activities. In that case the IMO may disclose the identity of System Management to the Rule Participant alleged to have committed the breach.
- 2.3.8 Where the notification by a Rule Participant results in an IMO decision regarding the potential rule breach, including bringing proceedings before the Electricity Review Board, the IMO must inform the Rule Participant of the decision.

## **2.4 Investigating Alleged Breaches**

- 2.4.1 Where the IMO considers that an alleged breach notified by a Rule Participant relates to a matter already under investigation, the IMO may join the two investigations.
- 2.4.2 Where a participant notifies the IMO of an alleged rule breach and the IMO considers that the alleged breach has already been investigated, and also that the notification does not give rise to any new information or factors to justify further investigating the matter, the IMO may have regard to the previous investigation and not investigate the matter further.
- 2.4.3 Where an alleged breach notified by a Rule Participant relates to a matter in which the IMO has already concluded that no breach occurred, the IMO may have regard to its previous decision, and the factors giving rise to it, and not reopen the matter.
- 2.4.4 Where the IMO requires information, it may make a request by email, facsimile or post to the person nominated as the contact for the Rule Participant. The IMO must

indicate a reasonable timeframe in which it considers any required information and records should be provided.

- 2.4.5 Where the IMO is of the view that the potential breach of the Market Rules or Market Procedures is ongoing and serious, it must urgently seek to meet with the Rule Participant to discuss the alleged breach and avenues for rectifying it.

## **2.5 Warnings**

- 2.5.1 Where the IMO issues a warning to a Rule Participant at the conclusion of an investigation, it must do so within two Business Days of completing the investigation.
- 2.5.3 The IMO may provide the warning to the person nominated as the contact for the Rule Participant in accordance with the Market Procedure for Notices and Communications.
- 2.5.3 A Rule Participant may request a meeting with the IMO to discuss the alleged breach and proposed resolutions. The IMO must not unreasonably refuse such a meeting.
- 2.5.3 Where the IMO requests an explanation in a warning the Rule Participant must provide the explanation within five Business Days of receipt of the warning. The explanation must be provided in writing and may be provided to the IMO by e-mail, facsimile or post. The IMO may extend this timeframe, at the request of the Rule Participant, by providing confirmation in writing.

## **2.6 Bringing Proceedings Before the Energy Review Board**

- 2.6.1 The requirements for making an application to the Electricity Review Board (ERB) are set out in the Electricity Industry (Wholesale Electricity Market) regulations 2004.
- 2.6.2 Once it has lodged an application with the ERB the IMO must notify the Participants involved, and provide them with a copy of the application.

## Appendix A - Categories of Rule Breaches and the mechanisms to Identify the Breaches

To the extent that this Appendix A and the Market Regulations are inconsistent, the Market Regulations prevail.

Clause	Penalty class	Description	Monitoring
2.13.13	B	Rule Participant must cooperate with an investigation including providing information and allowing access.	The IMO will monitor whether participant cooperates
2.13.14(a)	B	Rule Participant must cooperate with an investigation by a person appointed by the IMO with regard to possible rule breach	The person investigating will report to the IMO
2.13.25	B	Rule Participant must comply with the IMO's direction giving effect to Electricity Review Board (ERB) decision	The IMO will follow up to confirm directions are complied with
2.16.6(b)	B	Market Participants must provide information to ERA	The ERA can notify the IMO where it does not receive requested information
2.27.1	A	Network Operators provide loss factors to the IMO	The IMO will check on 1 June if it has received the loss factors
2.29.6	C	Rule Participant must ensure that a Scheduled Generator is able to respond to System Management output directions	System Management can notify the IMO where it considers that the equipment is not compliant
2.29.7	C	Rule Participant must ensure that a Non-Scheduled Generator is able to decrease output on System Management instruction	System Management can notify the IMO where it considers that the equipment is not compliant
2.29.8	B	Rule Participant must ensure that a Dispatchable Load is able to respond to System Management output directions	System Management can notify the IMO where it considers that the equipment is not compliant
2.30C.4	B	Rule Participant must provide additional Standing Data if requested by the IMO	The IMO will record if requests are not complied with
2.31.9	B	Network Operator must cooperate with registration tests for a facility	The IMO can record as it carries out registration process for facilities
2.32.4(a)	C	Rule Participant must comply with a Suspension Notice	The IMO will monitor that the Rule Participant does not make submissions but is still meeting Reserve Capacity Obligations



Clause	Penalty class	Description	Monitoring
2.34.2	B	Rule Participant must ensure Standing Data kept accurate	Monitored by System Management
2.34.3	B	Rule Participant must ensure Standing Data kept accurate	Monitored by System Management
2.34.6	B	Rule Participant must provide additional data to support Standing Data change if requested	The IMO will record if a Rule Participant does not respond to the request
2.35.1	A	Market Participants must maintain communication equipment with Facilities	System Management can notify the IMO where it considers that the equipment is not compliant
2.35.2	A	Market Participants must maintain communication equipment for Facilities over which System management should have operational control	System Management can notify the IMO where it considers that the equipment is not compliant
2.35.3	A	Rule Participants must maintain communication equipment for Facilities registered as Interruptible Loads	System Management can notify the IMO where it considers that the equipment is not compliant
2.36.3	A	Market Participants must meet IMO's data and IT security standards	The IMO's IT staff will investigate any problems caused on the WEMS systems
2.36.4	C	Market Participant may not operate IT system to deliberately undermine market systems	The IMO's IT staff will investigate any problems caused on the WEMS systems
2.37.5	B	Market Participant must tell the IMO if electricity purchased through market is expected to be higher than in last calculation of the credit limit	The IMO will track this through its prudential monitoring, and may retrospectively investigate where the amount has increased in the past month whether the participant could have reasonably known
2.38.1	B	Market Participant must provide Credit Support	The IMO will track this through its prudential monitoring
2.38.2	B	Market Participant must provide replacement Credit Support where existing Credit Support due to end	The IMO will track this through its prudential monitoring
2.38.3	B	Participant must provide additional Credit Support where required	The IMO will track this through its prudential monitoring

Clause	Penalty class	Description	Monitoring
2.41.2	B	Market Participant must not make a submission which could result in it exceeding its Trading Margins	The IMO will track this through its prudential monitoring, and may retrospectively investigate where the amount has increased in past months whether the Market Participant could have reasonably known
2.42.4	C	Market Participant must respond to a Margin Call	The IMO will track this through its prudential monitoring
2.44.4	C	Market Participants must comply with IMO directions during market suspension	The IMO will record any non-compliance at the time, and will also assess non-compliance after the fact as part of its investigation into the market suspension
3.4.6	C	Rule Participants must comply with System Management directions and endeavour to assist System Management during high risk operating state	Monitored by System Management
3.4.8	C	Rule Participants must immediately inform System Management if cannot comply with direction	Monitored by System Management
3.5.8	C	Rule Participants must comply with System Management directions and endeavour to assist System Management during an Emergency Operating State	Monitored by System Management
3.5.10	C	Rule Participant must immediately inform System Management if it cannot comply with a direction issues during an Emergency Operating State	Monitored by System Management
3.6.5	C	Network Operators must implement load shedding plans	Monitored by System Management
3.6.6B	C	Network Operators must comply with manual disconnection instructions from System Management	Monitored by System Management
3.8.2(c)	B	System Management and Rule Participants must supply requested reports on system incidents to the IMO	The IMO will record if no report was provided

Clause	Penalty class	Description	Monitoring
3.11.7A	C	Electricity Generation Corporation (EGC) must make capacity available to System Management to provide Ancillary Services	Monitored by System Management
3.16.4	B	Rule Participants must provide MT-PASA information	Monitored by System Management
3.16.7	B	Rule Participants must provide MT-PASA information	Monitored by System Management
3.16.8A	B	Rule Participants must provide additional MT-PASA information requested by System Management within the specified timeframes	Monitored by System Management
3.17.5	C	Rule Participants must provide ST-PASA information	Monitored by System Management
3.17.6	C	Rule Participants must update ST-PASA information if it changes	Monitored by System Management
3.18.7	C	Outage Plans submitted by a Market Participant or Network Operator must represent good faith expectations	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.18.8	C	Market Participant or Network Operator must revise Outage Plan if it no longer plans to take equipment out of service	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.18.9	C	Participant must revise outage plan if time changes	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.18.13(d) (i)	C	Market Participants and Network Operators must resubmit Outage Plans after negotiation in case of a schedule clash	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.19.1	C	Market Participants and Network Operators must request approval from System Management for outage two days in advance	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.19.8	C	Market Participants and Network Operators must comply with System Management rejection of an outage	System Management can notify the IMO where it considers that the outage planning provisions have been breached

Clause	Penalty class	Description	Monitoring
3.20.2	C	Market Participants and Network Operators must comply with System Management directions to recall from outage or take other measures in the relevant Outage Contingency Plan	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.21.4	C	Market Participants and Network Operators must inform System Management of a Forced Outage	System Management can notify the IMO where it considers that the outage planning provisions have been breached
3.21A.2	C	Market Participant seeking to conduct a Commissioning Test must request permission from System Management	Monitored by System Management
3.21A.6	C	Market Participant that no longer plans to conduct a Commissioning Test must inform System Management	Monitored by System Management
3.21A.12	C	Market Participant must conform to the approved Commissioning Test plan	Monitored by System Management
3.21A.13	C	Market Participant that cannot conform to the approved Commissioning Test plan must inform System Management	Monitored by System Management
3.21B.1	C	Market Participant must seek permission from System Management before decommissioning a Scheduled Generator holding Capacity Credits	Monitored by System Management
3.21B.2	C	Permission under 3.21B.1 must be sought at least 2 hours in advance and specified information must be provided	Monitored by System Management
4.5.4	C	Rule Participants provide LT-PASA information to the IMO	The IMO will record if data is not provided
4.10.2	C	A Market Participant who claims alternative fuel must have on site fuel or uninterruptible fuel supply	Monitored by System Management, if instructed by the IMO.
4.22.5(b)	B	Market Participant with Long Term Special Price Arrangement must annually re-apply for	The IMO will record if re-application does not occur

Clause	Penalty class	Description	Monitoring
		certification	
4.27.5	B	Market Participants must provide reports to the IMO on expected Planned Outages where Reserve Capacity of market underperforming	The IMO will record if the report is not provided in response to the request
6.5.1A	B	Generator and Dispatchable Load Participants must make Resource Plan Submission	The IMO will record where the submission is not received
6.6.3	C	Market Generator must not offer prices that do not reflect its reasonable expectation of short run marginal cost, where such behaviour relates to Market Power.	Monitored by the IMO
6.7.3	C	Market Generator must not specify quantities in a Bilateral Submission that exceed the quantity of energy it is contracted to supply	Monitored by the IMO
6.7.4	C	Market Customer must not significantly overstate its consumption as indicated by its Net Contract Position that cannot be explained by forecasting uncertainty or loss factors.	Monitored by the IMO
6.19.9	B	Market Participants, Network Operators and System Management must inform the IMO of events that could result in Market Advisory	After the fact the IMO may assess whether any Participant could have reasonably known about the circumstances and informed it
7.5.5	C	Market Participant may only issue fuel change notification where it has lost or obtained non-liquid fuel supply	Monitored by System Management
7.6A.2(g)	C	EGC must notify System Management if it is unable to comply with a dispatch plan	Monitored by System Management
7.6A.3(c)	C	EGC must notify System Management if it unable to comply with a Dispatch	Monitored by System Management

Clause	Penalty class	Description	Monitoring
		Instruction	
7.6A.5(e)	B	EGC and System Management must make records created because of the operation of clause 7.6A available to the IMO on request	Monitored by the IMO
7.6A.6	B	EGC and System Management must keep all records created because of the operation of clause 7.6A	Monitored by the IMO
7.7.9(b)	C	System Management and Market Participants must follow Power System Operation Procedure when issuing/receiving Dispatch Instructions	The IMO will receive notification from System Management or the Market Participant that they believe the Procedure has not been followed
7.9.1	C	Market Participant must confirm with System Management the expected synchronisation time of generating units in advance	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.9.3	C	Market Participant must coordinate with System Management the synchronisation of generating units where requested	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.9.5	C	Market Participant must confirm with System Management the expected desynchronisation time of generating units in advance	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.9.7	C	Market Participant must coordinate with System Management the desynchronisation of generating units where requested	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.9.9	C	Market Participant must comply with System Management permissions on synchronisation	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached

Clause	Penalty class	Description	Monitoring
7.9.10	C	Market Participant must comply with System Management permissions on desynchronisation	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.9.12(a)	C	Market Participant must inform System Management where it cannot comply with System Management desynchronisation requirements	System Management can notify the IMO where it considers that the synchronisation and desynchronisation provisions have been breached
7.10.1	C	Market Participant must comply with its Resource Plan, Dispatch Instructions or directions from System Management	Monitored by System Management
7.10.3	C	Market Participant must inform System Management where it cannot comply with its Resource Plan, Dispatch Instructions or directions from System Management	Monitored by System Management
7.10.6	C	Market Participant must comply with System Management direction to follow Resource Plan etc, or inform System Management if it cannot	Monitored by System Management
7.10.6A	C	Market Participant that cannot comply with a request made under clause 7.10.5 must notify System Management	Monitored by System Management
7.11.7	C	Market Participants and Network Operators must comply with System Management directions issued in a Dispatch Advisory or directly	Monitored by System Management
7.11.9	C	Market Participants, Network Operators and the IMO must inform System Management of events that could result in Dispatch Advisory	After the fact System Management may assess whether any participant could have reasonably known about the circumstances and informed it

Clause	Penalty class	Description	Monitoring
8.1.3	B	Metering Data Agent must operate to Metering Protocol	The IMO will record where its interactions with the Metering Data Agent lead it to believe the Metering Data Agent is not operating to the Protocol (e.g. the process for missing data is not operating), and participants can also notify the IMO
8.3.1	B	Metering Data Agent must maintain Meter Registry	Participants can notify to the IMO where they do not consider that the Metering Data Agent is meeting the Meter Registry requirements
8.3.3	B	Metering Data Agent must respond to IMO information request related to facility registration	The IMO will record where the Metering Data Agent does not respond
8.3.5	B	Metering Data Agent must inform the IMO of changes in the Market Participants at meters	Participants can notify to the IMO where they do not consider that the Metering Data Agent is meeting the Protocol requirements
8.4.1	B	Metering Data Agent must provide Meter Data Submissions to the IMO on schedule	The IMO will record where the Metering Data Agent does not provide information on schedule
8.5.2	B	Metering Data Agent must respond to IMO notification of metering dispute	The IMO will record where the Metering Data Agent does not respond
8.8	B	Metering Data Agent must provide meter data requested by the IMO for purposes of the Market Rules	The IMO will record where the Metering Data Agent does not provide information requested
9.1.2(e)	B	Rule Participants must assist the IMO to produce necessary tax invoices etc	The IMO will record where participants do not respond to its requests
9.3.2	B	Metering Data Agent must provide settlement ready meter data to the IMO	The IMO will record where the Metering Data Agent does not provide data on schedule
9.22.5	B	Rule Participants must use the EFT facility nominated by the IMO	The IMO will record where participants do not make payments on time using the EFT system
9.23.3	B	Rule Participant must inform the IMO if a suspension event happens to it (e.g. bankruptcy, losing its licence)	The IMO will monitor this through information generally available to the public and in the industry, through its communications with the ERA, and when any Rule Participant notifies it.



Clause	Penalty class	Description	Monitoring
9.24.7	C	Market Participant must pay the IMO any Default Levy amount due in full by the required time	The IMO will record where participants do not make payments on time using the EFT system
10.1.2	B	Rule Participants must retain information	This will primarily be detected as part of any other investigation under the rules, where it is revealed that the Rule Participant's records are not adequate.
10.2.4	B	Rule Participants cannot release confidential information	The affected Rule Participant can notify the IMO