



31 August 2022

Our Ref: CWF-20220831

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Dear Mr Thomas

RE: COMMENTS ON

wholistic assessment of the design to ensure that it is complementary and provides opportunity for adequa

for both Market Participants (e.g. not all being required to have the same record keeping) and the ERA (being able to focus its resources on Market Participants with market power). This approach is sensible to minimise costs.

In practice, there will be costs associated with the ERA undertaking the Gateway Test. Collgar supports this option if the ERA considers it is the most cost-effective approach for its to appropriately assess whether the general trading obligations are being met. However, if the Gateway Test will be burdensome for the ERA and it considers there is a lower cost, fit-for-purpose option then this ought to be strongly considered.

Market Impact Test

In addition to the effect of offers, the Market Impact Test ought to also consider the behaviour of the Market Participant. If the participant can demonstrate that there was not deliberate or negligent behaviour that led to the offer assessment 'fail' then the ERA ought to be able to use its discretion as to whether a breach has occurred. That is not to say that intent must be proven for a breach to occur, but rather that a demonstrated lack of intent ought to be a consideration for the ERA's decision making.

Energy and FCESS price limits

In theory, effective implementation of the Market Power Test would negate the need for price caps. However, Collgar acknowledges that WEM policy makers support price caps as they provide a backstop to the Market Power Test and to ensure price exposure is limited.

In this context, Collgar supports energy and ESS price caps that are sufficiently high to not bind frequently and impede on revenue adequacy (including that they allow for recovery of ramping costs). Collgar also supports less frequent, three-year review (with annual indexation) to mitigate unnecessary review costs.

The ERA and/or Market Participants being able to trigger an in-period review is very valuable to manage unexpected cost increases (as is currently being experienced). There is likely benefit in prescribing the process to trigger such a review, and that the ERA can decline any frivolous requests. Coordinator approval to decline a request would ensure that reasonable requests are not rejected and provide protection for Market Participants. 018 TJET 00.000.32 844 ensure that

Having sufficiently high ESS price caps negates the need to have separate price caps for each ESS. If a lower price cap is implemented, then there will likely be value in having separate caps for each ESS given that the market price for some markets (e.g. Contingency Raise) will likely be much higher than others (e.g. Contingency Lower). Collgar prefers the simpler single, higher ESS price cap.

The ERA's future price floor assessments will become more complex as 63 Tmof1 0 0 1 78.744 314.k63 Tmo2