

WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE REPORT: AEPC_2019_02

POWER SYSTEM OPERATION PROCEDURE:
MEDIUM TERM PROJECTED ASSESSMENT OF SYSTEM
ADEQUACY (MT PASA)

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EXECUTIVE SUMMARY

Purpose

The publication of this Procedure Change Report and accompanying Power System Operation Procedure commences the Procedure Change Process conducted by AEMO to consider a proposed revised Power System Operation Procedure: Medium Term Projected Assessment of System Adequacy (Procedure) under the Wholesale Electricity Market Rules (WEM Rules).

Proposed amendments

The proposed revised Power System Operation Procedure is required by clauses 3.16.7, 3.16.8A, 3.16.10 of the WEM Rules which require AEMO to document the processes:

- (a) that AEMO must follow when conducting a Medium Term PASA study [**Clause 3.16.10**]; and
- (b) for Rule Participants providing information or clarifications as requested by AEMO [**Clauses 3.16.7 and 3.16.8A**].

Consultation

Draft versions of the Market Procedure were presented at the WEM AEMO Procedure Change Working Group (WEM APCWG) meetings held on:

- 20 April 2018, during which major changes were recommended by stakeholders; and
- 16 January 2019, during which minor changes were recommended by stakeholders.

In addition, a revised methodology was presented at a workshop held on 2 November 2018, during which minor changes to the Market Procedure were recommended by stakeholders. Details of this forum are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums/WEM-APCWG>.

AEMO published the Procedure Change Proposal (AEPC_2019_02) on the Market Web Site and issued a notice calling for submissions from stakeholders on 22 February 2019.

The submission period closed on 25 March 2019, with a submission received from Synergy which broadly supported the Procedure Change Proposal.

AEMO's decision

AEMO's decision is to accept the Procedure. AEMO considers that the revised Procedure is consistent with the Wholesale Market Objectives, the *Electricity Industry Act*, the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*, and the WEM Rules.

Next steps

The revised Power System Operation Procedure: Medium Term Projected Assessment of System Adequacy will commence at 8:00 am on 1 June 2019.



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1. BACKGROUND

1.1. Regulatory requirements

Clauses 3.16.7, 3.16.8A, 3.16.10 of the WEM Rules provide that:

3.16.7. Rule Participants must provide the information System Management requests, and any other data they are aware of that might be relevant to a Medium Term PASA study, within the timeframe specified in the Power System Operation Procedure.

3.16.8A. Rule Participants must provide any additional information or clarifications requested by System Management, within the time frame specified in the Power System Operation Procedure.

3.16.10. System Management must document the procedure it follows in conducting Medium Term PASA studies in the Power System Operation Procedure and System Management must follow that documented Market Procedure when conducting a Medium Term PASA study.

1.2. Context for this consultation

As part of the amalgamation of System Management and AEMO, the Power System Operation Procedures are being revised and updated. In general, AEMO is revising the Market Procedures to:

- (a) remove any Power System Operation Procedures not required by WEM Rules;
- (b) update all Power System Operation Procedures to current AEMO standards;
- (c) ensure Power System Operation Procedures comply with obligations; and
- (d) ensure content in Market Procedures is included where a WEM Rule requirement exists to include detail or process or AEMO requires an obligation on itself or Participants.

The Power System Operation Procedure will be the third version of this Procedure. AEMO proposes to commence the revised Procedure on 1 June 2019.

1.3. Procedure Change Process and timetable

On 22 February 2019, AEMO published a Procedure Change Proposal (AEPC_2019_02) for the Power System Operation Procedure: Medium Term Projected Assessment of System Adequacy and issued a call for submissions, which are available at http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2019_02.

The proposal was progressed using the Procedure Change Process specified in clause 2.10 of the WEM Rules, with submissions required by 25 March 2019.

2. PROPOSED PROCEDURE CHANGE

This section details the changes that AEMO proposed when the call for submissions was published.

2.1. Detail of the proposed procedure change

Among numerous editorial changes, AEMO is proposing that:

- (a) Prior to providing a direction (or rescinding a direction) that the information specified in clause 3.16.4 of the WEM Rules is not required, AEMO must consult with affected Participants. AEMO must publish all directions on the Market Web Site.
- (b) AEMO must publish all directions on the Market Web Site 5 Business Days prior to the direction becoming effective.



- (c) AEMO must publish assumptions and methodologies used in preparation of the Medium Term PASA study.

2.2. Proposed drafting

AEMO has published a draft of the proposed Power System Operations Procedure: Medium Term Projected Assessment of System Adequacy for consultation, which is available at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2019_02. AEMO has also provided a marked-up version of the revised Procedure.

3. CONSULTATION PROCESS

3.1. Market Advisory Committee or Working Group

The Market Advisory Committee (MAC) has delegated its advisory role with respect to AEMO Procedure Change Proposals to the AEMO Procedure Change Working Group (APCWG), in accordance with clause 2.3.17(a) of the WEM Rules. Accordingly, the MAC did not review the Procedure Change Proposal.

Draft versions of the Market Procedure were presented at the WEM AEMO Procedure Change Working Group (WEM APCWG) meetings held on:

- 20 April 2018, during which major changes were recommended by stakeholders; and
- 16 January 2019, during which minor changes were recommended by stakeholders.

3.2. Public workshop

In addition, a revised methodology was presented at a workshop held on 2 November 2018, during which minor changes to the Market Procedure were recommended by stakeholders. Details of this forum are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums/WEM-APCWG>.

3.3. Submissions received during consultation period

AEMO published the Procedure Change Proposal (AEPC_2019_02) and issued a notice calling for submissions on 22 February 2019.

The submission period closed on 25 March 2019, with a submission received from Synergy. Synergy supported:

- (a) the suggestion made in consultation on these proposals for information outlining the methods employed in Medium Term PASA to be published for review and feedback by Participants; and
- (b) AEMO's decision to omit detailed information on the Medium Term PASA methods in the Procedure, and instead include a requirement for AEMO to publish this information under the proposed step 4.14.

Synergy considered that this will help Participants:

- (a) anticipate how reserve margins and their outage scheduling will be impacted by the growing proportion of large and small-scale intermittent generation in the SWIS' energy supply; and
- (b) be aware of, and suggest any changes to, the PASA methods should the methods require modification in response to changes in the SWIS' generation mix,

and allow AEMO to publish information on Medium Term PASA methods in a format that is more flexible and digestible than the Procedure.



Copies of submissions received during the submission period are available at:
http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2019_02.

4. AEMO'S ASSESSMENT

4.1. Further changes to the Procedure

AEMO has not made any further changes to the Procedure.

4.2. Consistency with Electricity Industry Act, WEM Regulations, and WEM Rules

The revised Procedure has been reviewed as a whole by AEMO to ensure compliance with the relevant provisions in the:

- *Electricity Industry Act 2004*.
- *Electricity Industry (Wholesale Electricity Market) Regulations 2004* (WEM Regulations).
- WEM Rules.

4.3. Consistency with Wholesale Market Objectives

AEMO considers that the steps are drafted in a way that is consistent with the objectives of the WEM Rules. As a result, AEMO considers that the revised Procedure, as a whole, is consistent with the Wholesale Market Objectives.

4.4. Implementation of the Procedure

The Procedure was developed in accordance with clauses 3.16.7, 3.16.8A, 3.16.10 of the WEM Rules.

This Procedure does not require system changes by AEMO.

The Procedure will not require Rule Participants to implement any procedural or system amendments before commencement.

Consequently, AEMO considers that commencement at 8:00 am on 1 June 2019 will allow Rule Participants sufficient time from the date of publication of this Procedure Change Report to ensure compliance.

4.5. AEMO's decision and commencement

AEMO's decision is to accept the Procedure, as amended, following the consultation period. The new Power System Operation Procedure: Medium Term Projected Assessment of System Adequacy will commence at 8:00 am on 1 June 2019.

AEMO has made this decision on the basis that the new Procedure:

- Is consistent with the Wholesale Market Objectives.
- Is consistent with the Electricity Industry Act, WEM Regulations, and WEM Rules.
- Has the general support of submissions received during the consultation period.

The new Power System Operation Procedure: Medium Term Projected Assessment of System Adequacy is available at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2019_02.