



WEM Procedure: Reserve Capacity Security

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1.0	24 July 2009	Market WEM Procedure for Reserve Capacity Security
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1. Introduction

1.1. Purpose and scope

- 1.1.1.** This WEM Procedure: Reserve Capacity Security (Procedure) is made in accordance with AEMO's functions under clause 2.1A.2(h) of the Wholesale Electricity Market Rules (WEM Rules).
- 1.1.2.** The *Electricity Industry Act 2004 (WA)*, the WEM Regulations and the WEM Rules prevail over this Procedure to the extent of any inconsistency.
- 1.1.3.** In this Procedure, where obligations are conferred on a Rule Participant, that Rule Participant must comply with the relevant obligations in accordance with clause 2.9.7A, 2.9.7D or 2.9.8 of the WEM Rules, as applicable.
- 1.1.4.** The purpose of this Procedure is to outline processes for:
- (a) determining Reserve Capacity Security [Clause 4.13.8(a)];
 - (b) assessing persons against the Acceptable Credit Criteria [Clause 4.13.8(b)];
 - (c) Reserve Capacity Security arrangements, including:
 - (i) the form of acceptable guarantees and bank undertakings [Clause 4.13.8(c)(i)];
 - (ii) where and how it will hold Security Deposits and how the costs and fees of holding Security Deposits will be met [Clause 4.13.8(c)(ii)];
 - (iii) the circumstances that may require Reserve Capacity Security to be replaced for the purposes of clause 4.13.4 [Clause 4.13.8(c)(iiA)]; and
 - (iv) the application of monies drawn from Reserve Capacity Security in respect of amounts payable by the relevant Market Participant to AEMO under clause 4.13.11A [Clause 4.13.8(c)(iii)];
 - (d) other matters relating to section 4.13 [Clause 4.13.8(d)];
 - (e) determining DSM Reserve Capacity Security [Clause 4.13A.23(a)];
 - (f) assessing persons against the Acceptable Credit Criteria [Clause 4.13A.23(b)];
 - (g) DSM Reserve Capacity Security arrangements, including:
 - (i) the form of acceptable guarantees and bank undertakings [Clause 4.13A.23(c)(i)];
 - (ii) where and how it will hold Security Deposits and how the costs and fees of holding Security Deposits will be met [Clause 4.13A.23(c)(ii)];
 - (iii) The circumstances that may require DSM Reserve Capacity Security to be replaced for the purposes of clause 4.13A.12 [Clause 4.13A.23(c)(iii)]; and
 - (iv) the application of monies drawn from DSM Reserve Capacity Security in respect of amounts payable by the relevant Market Participant to AEMO under clause 4.13A.16 [Clause 4.13A.23(c)(iv)]; and
 - (h) requests under clause 4.13A.18, including:
 - (i) how AEMO will make a determination on whether to accept or decline a request under clause 4.13A.19 [Clause 4.13A.23(d)(i)];

- ~~(ii) the matters AEMO may take into account [Clause 4.13A.23(d)(ii)];~~
- ~~(iii) the evidence a Market Participant will be required to provide in support of a request [Clause 4.13A.23(d)(iii)]; and~~
- ~~(iv) if AEMO declines a request, that AEMO will be required to provide reasons to the relevant Market Participant [Clause 4.13A.23(d)(iv)]; and~~
- ~~(a)(i) any other matters relating to this section 4.13A [Clause 4.13A.23(e)].~~
- ~~(b) the processes that Market Participants must follow when providing and requesting the return of Reserve Capacity Security;~~
- ~~(c) the processes that Market Participants must follow when providing and requesting the return or waiver of DSM Reserve Capacity Security;~~
- ~~(d) the processes AEMO must follow in:~~
 - ~~(i) checking compliance of any Reserve Capacity Security or DSM Reserve Capacity Security, provided by a Market Participant, with the WEM Rules and this Procedure;~~
 - ~~(ii) holding and returning Reserve Capacity Security;~~
 - ~~(iii) holding, returning, and waiving DSM Reserve Capacity Security;~~
 - ~~(iv) drawing upon Reserve Capacity Security or DSM Reserve Capacity Security;~~
- ~~(e) standard form documents for Reserve Capacity Security and DSM Reserve Capacity Security, including bank undertakings, guarantees, and Security Deposit deeds; and~~
- ~~(f) other matters relating to sections 4.13 and 4.13A of the WEM Rules.~~

~~4.1.4.1.1.5.~~ Appendix A of this Procedure outlines the head of power clauses that this Procedure is made under, as well as other obligations in the WEM Rules covered by this Procedure.

1.2. Definitions

1.2.1. Terms defined in the *Electricity Industry Act 2004 (WA)*, the WEM Regulations and the WEM Rules have the same meanings in this Procedure unless the context requires otherwise.

1.2.2. The following definitions apply in this Procedure unless the context requires otherwise.

Table 1 Definitions

Term	Definition
Completed Facility Upgrade	Where a Market Participant has completed works that previously formed a Planned Facility Upgrade. Facility Upgrade.
Planned Facility Upgrade. Facility Upgrade	Either: a) <u>physical works that have increased the nameplate capacity of a Facility and were completed after the date and time specified in clause 4.1.11 for the previous Reserve Capacity Cycle; or</u> a)b) <u>works expected to be completed that will increase the nameplate capacity or available capacity of a Facility, which is yet to be demonstrated through normal market operations or a Reserve Capacity Test.</u> Where a Market Participant is seeking a higher level of Certified Reserve Capacity than its existing Facility has demonstrated through normal market operation or a Reserve Capacity Test, due to works yet to be completed (known as an upgrade in WEMS).
Security	Refers to either: <ul style="list-style-type: none"> • DSM Reserve Capacity Security; or • Reserve Capacity Security.
Significant Maintenance	Works deemed significant by AEMO in its sole discretion, the scope and duration of which represent a risk for the late or failed return to service of the Facility, such that it would affect the Facility's ability to meet its Reserve Capacity Obligations. Examples of significant

Term	Definition
	maintenance include, but are not limited to, major refurbishments of a Facility, and circumstances where major repairs or reconstruction of a Facility are required.
Temperature Dependence Curve	<p>A dataset showing how an Energy Producing System's generation system's (other than an Intermittent Generating System) sent out output in MW varies with temperature, measured in increments of 0.1 degrees Celsius, and provided for temperatures between 0 and 45 degrees Celsius. The data must be:</p> <p>a) sSupported by relevant technical specifications for the Facility, as provided by the original equipment manufacturer; or</p> <p>a)b) accompanied by an independent engineer's report, detailing how the data was determined or verified, a report from the original equipment manufacturer or independent engineering firm.</p>
Wholesale Electricity Market System or (WEMS)	An interface software system that AEMO uses to administer and operate the Wholesale Electricity Market.

1.3. Interpretation

1.3.1. The following principles of interpretation apply in this Procedure unless the context requires otherwise.

- (a) Clauses 1.3 to 1.5 of the WEM Rules apply in this Procedure.
- (b) References to time are references to Australian Western Standard Time.
- (c) Terms that are capitalised, but not defined in this Procedure, have the meaning given in the WEM Rules.
- (d) A reference to the WEM Rules or WEM Procedures includes any associated forms required or contemplated by the WEM Rules or WEM Procedures.
- (e) Words expressed in the singular include the plural and vice versa.
- (f) A reference to a paragraph refers to a paragraph of this Procedure.
- ~~(f)~~(g) A reference to an appendix refers to an appendix of this Procedure.
- ~~(g)~~(h) A reference to a clause refers to a clause or section of the WEM Rules.
- ~~(h)~~(i) References to WEM Rules in this Procedure in bold and square brackets **[Clause XXX]** are included for convenience only, and do not form part of this Procedure.
- ~~(i)~~(j) Text located in boxes and headed as ~~Explanatory Note XE[X]~~ in this Procedure is included by way of explanation only and does not form part of this Procedure. The Procedure prevails to the extent of any inconsistency with the explanatory notes contained within it.
- ~~(j)~~(k) The body of this Procedure prevails to the extent of any inconsistency with the figures, diagrams, appendices, schedules, annexures or attachments contained within this document.

1.4. Related documents

1.4.1. The documents in Table 2 are associated with this Procedure.

Table 2 Related documents

Reference	Title	Location
WEM Procedure	WEM Procedure: Certification of Reserve Capacity	WEM Website

Reference	Title	Location
WEM Procedure	WEM Procedure: Declaration of Bilateral Trades	WEM Website
WEM Procedure	WEM Procedure: Prudential Requirements	WEM Website
Template	Proforma deeds for: <ul style="list-style-type: none"> Bank guarantees (also used for bank undertaking); and Security Deposits. 	WEM Website
Template	Contact details for bank guarantee or bank undertaking	WEM Website
Template	Change of contact details for bank guarantee or bank undertaking	WEM Website
Guideline	List of entities that meet the Acceptable Credit Criteria	WEM Website
Template	Acceptable Credit Criteria application	WEM Website

~~1.4.2. AEMO may, in its absolute discretion and following any relevant requirements for amendments outlined in the WEM Rules, amend and publish on the WEM Website any documents listed in Table 2.~~

~~1.4.3-1.4.2.~~ A Market Participant wishing to use any ~~templated document~~ listed in Table 2 must ensure that it downloads the current version from the WEM Website.

~~1.4.3.~~ If AEMO amends and publishes a ~~market document template~~ listed in Table 2 prior to a Market Participant's provision of Security under this Procedure, AEMO ~~must will apply refer to~~ the latest amended and published version of that ~~market document template~~ to assess compliance of the Security.

1.5. Communications and provision of information

~~1.5.1. All communication and provision of information by a Market Participant to AEMO under this Procedure must be conducted via email, unless otherwise specified in this Procedure.~~

~~1.4.4-1.5.2. All communication and provision of information by AEMO to a Market Participant under this Procedure will be conducted via email, unless otherwise specified in this Procedure.~~

2. Modification of timeframes

~~2.1.1. AEMO (in its sole discretion) may modify or extend a date or time in this Procedure, as a result of modifying or extending a date or time under clause 4.1.1C or to the extent permitted under the WEM Rules.~~

~~2.1.2. If AEMO extends a date or time under paragraph 2.1.1, then it ~~must~~ will publish on the WEM Website:~~

- ~~(a) notice of the modified or extended date or time; and~~
- ~~(b) the effective date or time of any modification or extension under paragraph 2.1.1.~~

~~AEMO may modify or extend a date or time set under section 4.1 of the WEM Rules. If AEMO extends a date or time under clause 4.1.1C of the WEM Rules, then it must publish notice of the modified or extended date or time on the Market Web Site and the modified or extended date or time takes effect for the purposes of the WEM Rules [clause 4.1.1C].~~

~~2.1.1. AEMO may, in its sole discretion, modify or extend other dates or times in this Procedure to the extent permitted under the WEM Rules.~~

~~2.1.2. —~~

3. Providing and processing Reserve Capacity Security

3.1. Determining Reserve Capacity Security

~~3.1.1. Clauses 4.13.2(a) and 4.28C.9 outline the determination of the amount of Reserve Capacity Security.~~

~~3.1. Obligation to provide Reserve Capacity Security~~

~~3.1.1. Where AEMO assigns Certified Reserve Capacity to a Facility (except a Demand Side Programme⁴) for a Reserve Capacity Cycle, the relevant Market Participant must, in accordance with clause 4.13.1 of the WEM Rules, provide Reserve Capacity Security to AEMO for:~~

- ~~(a) a new Facility that is yet to enter service;~~
- ~~(b) an existing Facility that is yet to re-enter service after Significant Maintenance; or~~
- ~~(c) a Planned Facility Upgrade.~~

~~3.1.2. Under clause 4.13.1B of the WEM Rules, a Market Participant is not required to provide Reserve Capacity Security for a Facility if it has provided Reserve Capacity Security in relation to the same Facility in a previous Reserve Capacity Cycle, unless:~~

- ~~(a) the Facility is an existing Facility undergoing Significant Maintenance or has an associated Planned Facility Upgrade; or~~
- ~~(b) AEMO cancelled the Capacity Credits assigned to the Facility for that previous Reserve Capacity Cycle in accordance with clause 4.20.14 of the WEM Rules.~~

⁴ Demand Side Programmes must provide DSM Reserve Capacity Security, which has different requirements to Reserve Capacity Security. For specific requirements for DSM Reserve Capacity Security, see section 6 of this Procedure.

~~3.1.3. For an existing Facility that is undergoing Significant Maintenance or has a Planned Facility Upgrade, the requirement to provide Reserve Capacity Security applies only to the Planned Facility Upgrade or the part of the Facility undergoing Significant Maintenance under clause 4.13.1A of the WEM Rules.~~

~~3.1.4. From the time and date specified in clause 4.1.13 of the WEM Rules in Year 1 of the first Reserve Capacity Cycle in which the Facility will enter service, all of the provisions of clause 4.13 of the WEM Rules apply equally to the Reserve Capacity Security of Facilities with Early Certified Reserve Capacity [clause 4.28C.12A].~~

3.2. AEMO's ~~n~~Notification requirements

~~3.2.1. The notifications in clause 4.9.9(c) and paragraph 3.2.2 will be made via WEMS, or another method determined by AEMO.~~

~~3.2.1. For Certified Reserve Capacity assigned under section clause 4.11 of the WEM Rules, and by the time and date specified in clause 4.1.12(b) of the WEM Rules (as modified or extended), AEMO must will notify Market Participants of:~~

- ~~(a) in accordance with clause 4.9.9(c) of the WEM Rules, the amount of any Reserve Capacity Security required under section clause 4.13.1 3.1 of this Procedure, calculated in accordance with clause 4.13.2(a) of the WEM Rules; and~~
- ~~(b) in accordance with clause 4.9.9(c) of the WEM Rules, the amount of any DSM Reserve Capacity Security required under section paragraph 6.1 of this Procedure, calculated in accordance with clause 4.13A.2(a) or clause 4.13A.4 of the WEM Rules (as applicable); and~~
- ~~(c) the date and time at which the Market Participant must provide the Reserve Capacity Security, as specified in clause 4.1.13(b) of the WEM Rules (as modified or extended).~~

~~3.2.2. For Conditional Certified Reserve Capacity assigned under clause 4.9.5₁ of the WEM Rules, AEMO must notify the relevant Market Participant and by the date and time specified in clause 4.1.12 in the Reserve Capacity Cycle when AEMO next processes applications for Certified Reserve Capacity. AEMO will notify the relevant Market Participant within 90 days of receiving the application of:~~

- ~~(a) In accordance with clause 4.9.9(c), the amount of any Reserve Capacity Security required under section 3.1 clause 4.13.1 of this Procedure, as a condition of a Market Participant holding Certified Reserve Capacity, as determined in accordance with clause 4.13.2(a) of the WEM Rules [clause 4.9.9(c)]; and~~
- ~~(b) In accordance with clause 4.9.9(c), the amount of any DSM Reserve Capacity Security required under section paragraph 6.1 of this Procedure, calculated in accordance with clause 4.13A.2 or clause 4.13A.4 of the WEM Rules [clause 4.9.9(c)]; and~~
- ~~(c) the date and time byat which the Market Participant must provide the Reserve Capacity Security, as specified in clause 4.1.13(b) of the WEM Rules (as modified or extended).~~

~~3.2.3.3.2.2.~~ For Early Certified Reserve Capacity assigned under ~~section paragraph 4.28C of the WEM Rules, and by the date and time specified in clause 4.1.12 of the Reserve Capacity Cycle that AEMO assigns Early Certified Reserve Capacity,~~ AEMO ~~must may will~~ notify the relevant Market Participant ~~within 90 days of receiving the application~~ of:

- (a) the amount of any Reserve Capacity Security required under ~~section 3.4 clause 4.13.1 of this Procedure,~~ calculated in accordance with clause 4.28C.9 ~~of the WEM Rules;~~ and
- (b) the date ~~by~~ which the Market Participant must provide the Reserve Capacity Security, which is the date determined in accordance with clause 4.28C.8 ~~of the WEM Rules.~~

~~3.2.4. will~~

3.3. Types of Security

~~3.3.1. A Market Participant must, under clauses 4.13.1(a) or 4.13A.1(b) of the WEM Rules, ensure that its Security documents comply with clause 4.13.5 or 4.13A.6 of the WEM Rules, as relevant.~~

~~3.3.2.3.3.1.~~ A Market Participant must provide Security in the form of a guarantee, bank undertaking, or Security Deposit.

~~3.3.3.3.3.2.~~ A Market Participant must provide and maintain current contact details for the Security Provider with AEMO.

~~3.3.4.3.3.3.~~ A Market Participant must update the contact details provided under ~~step~~paragraph 3.323.23 of this Procedure, if ~~required~~they are no longer accurate, by completing the change of contact details form on the Market WEM Webs Site, referenced in Table 2, and emailing it to wa.accounts@aemo.com.au.

~~3.3.5.3.3.4.~~ A Market Participant must ~~ensure and continue to~~ ensure that its Reserve Capacity Security will not cease to have effect earlier than 30 November of Year 4 of the relevant Reserve Capacity Cycle.

3.4. Submitting a guarantee or bank undertaking

3.4.1. A Market Participant providing Security in the form of a guarantee or bank undertaking must submit a signed original hard copy to AEMO (in person or by courier, requiring a signature on receipt), or a scanned copy of the original document emailed to wa.capacity@aemo.com.au. ~~The guarantee or bank undertaking must meet the requirements of clause 4.13.5(a) of the WEM Rules and be in the template published by AEMO, listed in Table 2, and for the amount determined in accordance with section paragraph 3.1 clause 4.13.2, 4.13A.2, 4.13.4A, or 4.28C.9 as applicable2 of this Procedure.~~

3.4.2. AEMO ~~must will~~must will reject a guarantee or bank undertaking that does not meet the criteria in ~~step~~paragraph 3.434.1 of this Procedure or clauses 4.13.5 or 4.13A.6 of the WEM Rules.

3.4.3. A Market Participant who wishes to provide Security from a provider who is not on the list of entities meeting the Acceptable Credit Criteria ~~referenced in in Table 2 described in step 1.3.1(j) of this Procedure,~~ must follow the process ~~described outlined~~ in ~~section~~paragraph 4.1 of the Market WEM Procedure: Prudential Requirements, reading all references to Credit Support as references to Security, prior to submitting a guarantee or bank undertaking.

3.4.4. In addition to the guarantee or bank undertaking document required under ~~step~~paragraph 3.434.1 of this Procedure, a Market Participant must provide:

(a) a completed contact details form, located on the Market WEM Webs Site, and referenced in Table 2, which includes the details of at least two representatives for the Market Participant, and two representatives for the Security Provider; and

(b) any instructions or procedures that AEMO is required to follow when drawing upon the Security.

3.4.5. If a Market Participant provides a scanned copy of a bank guarantee or bank undertaking under paragraph 3.4.1, it must deliver submit an the original hard copy (in person or by courier, requiring a signature on receipt) within 20 Business Days of the deadline specified in clause 4.1.13 or the date determined in accordance with clause 4.28C.8, as applicable.

3.5. Submitting a Security Deposit

3.5.1. A Market Participant who intends to provide Security in the form of a Security Deposit must request, in writing, AEMO's agreement to accept a Security Deposit at least five Business Days before either:

- (a) for Certified Reserve Capacity, the date and time specified in clause 4.1.13 ~~(b) of the WEM Rules~~; or
- (b) for Early Certified Reserve Capacity, the date determined in accordance with clause 4.28C.8 ~~of the WEM Rules~~.

~~3.5.2. AEMO may accept a Security Deposit if it considers it an acceptable alternative in the circumstances to the obligation under clauses 4.13.5(a) or 4.13A.6(a) of the WEM Rules.~~

~~3.5.3.3.5.2.~~ AEMO ~~must will~~ advise the Market Participant in writing whether a Security Deposit is acceptable and any related terms or conditions on which the Security Deposit ~~will be acceptable~~ must be provided to AEMO within one Business Day of receipt of the request ~~in under step~~ paragraph 3.545.1 of this Procedure.

~~3.5.4.3.5.3.~~ If AEMO advises that a Security Deposit is unacceptable under ~~step~~ paragraph 3.545.22 of this Procedure, the Market Participant must provide Security in the form of a guarantee or bank undertaking, in accordance with ~~section~~ paragraph 3.434 of this Procedure.

~~3.5.5.3.5.4.~~ If AEMO advises that a Security Deposit is acceptable under ~~step~~ paragraph 3.545.22 of this Procedure, the Market Participant must submit a signed original hard copy (in person or by courier, requiring a signature on receipt), or a scanned copy of the original document emailed to wa.capacity@aemo.com.au, of a Security Deposit deed ~~to~~ AEMO by either:

- (a) for Certified Reserve Capacity, the date and time specified in clause 4.1.13 ~~(b) of the WEM Rules~~; or
- (b) for Early Certified Reserve Capacity, the date determined in accordance with clause 4.28C.8 ~~of the WEM Rules~~.

~~3.5.6.3.5.5.~~ The Security Deposit deed provided under ~~step~~ paragraph 3.545.45 of this Procedure must be:

- (a) for an amount determined in accordance with ~~section~~ paragraph 3.1 clause 4.13.2, 4.13A.2, 4.13A.4, or 4.28C.9, as applicable ~~2 of this Procedure~~;
- (b) in the form prescribed by AEMO, listed in Table 2 and available on the Market WEM Web ~~s~~ Site; and
- (c) duly executed by ~~or on behalf of~~ the Market Participant.

~~3.5.7.~~3.5.6. A Market Participant providing Security in the form of a Security Deposit must provide the amount of the Security in cleared funds to AEMO's nominated bank account by either:

- (a) for Certified Reserve Capacity, the date and time specified in clause 4.1.13~~(b) of the WEM Rules~~; or
- (b) for Early Certified Reserve Capacity, the date determined in accordance with clause 4.28C.8 ~~of the WEM Rules.~~

~~3.5.8.~~3.5.7. If a Market Participant provides an electronic copy of a Security Deposit deed, it must ~~submit~~deliver the original hard copy (in person or by courier, requiring a signature on receipt) within 20 Business Days of the deadline specified in clause 4.1.13 or the date determined in accordance with clause 4.28C.8, as applicable.

~~3.5.9.~~3.5.8. AEMO ~~must~~will sign ~~the original of~~ the Security Deposit deed, either electronically or in hard copy, and return a copy to the Market Participant, as soon as practicable after confirming that the Security Deposit deed is compliant ~~under with~~ step paragraphs 3.5~~6.44~~ and 3.5~~5~~er ~~3.65.4~~ of this Procedure.

3.6. AEMO's assessment of the Security

3.6.1. Once AEMO has received:

- (a) ~~the~~ completed documentation ~~required from a Market Participant~~ under ~~section paragraph 3.434~~ or ~~section paragraph 3.45~~ from a Market Participant~~5~~ of this Procedure;
- (b) ~~or any additional information requested under paragraph 3.5.2~~ 3.6.2; or
- (c) re-submitted documentation under paragraph 3.6.6;

AEMO ~~must~~will, ~~as soon as practicable~~ within three Business Days, review the Security's compliance with either clause 4.13.5 or 4.13A.6 ~~of the WEM Rules~~, as relevant, and with AEMO's template listed in Table 2.

~~3.6.1.3.6.2.~~ AEMO may request more information from the Market Participant to support its Security documentation, specifying a time and date for the information to be provided, which must allow sufficient time for AEMO to complete its assessment and notify the Market Participant of the outcome within three Business Days, as required under ~~step~~paragraph 3.656.5 of this Procedure.

~~3.6.2.3.6.3.~~ A Market Participant may, but is not obliged to, provide additional supporting information by the time and date specified by AEMO under ~~step~~paragraph 3.656.2 of this Procedure.

~~3.6.3.3.6.4.~~ If a Market Participant does not provide additional information requested under ~~step~~paragraph 3.656.2 of this Procedure by the time and date specified by AEMO, AEMO ~~will~~must assess the compliance of the Security using the original submission.

~~3.6.4.3.6.5.~~ AEMO ~~will~~must notify the Market Participant of the results of its compliance assessment in relation to the Security under ~~step~~paragraphs 3.656.1 to 3.656.4 of this Procedure, within three Business Days of receiving complete documents under ~~section~~paragraph 3.434 or ~~section~~paragraph 3.554 of this Procedure, or after receiving additional information under ~~step~~paragraph 3.656.3 of this Procedure. If AEMO assesses the Security as non-compliant with either the WEM Rules or this Procedure, AEMO's notification to the Market Participant ~~must~~will include ~~its~~ reasons for ~~the determining the~~ non-compliance.

~~3.6.5.3.6.6.~~ If a Market Participant receives a notification, under ~~step~~paragraph 3.656.5 of this Procedure, that a Security, provided under ~~section~~paragraph 3.434 or 3.554 of this Procedure, is non-compliant, it must re-submit a compliant Security before either:

- (a) for Certified Reserve Capacity, the date and time specified in clause 4.1.13(b) of the WEM Rules; or
- (b) for Early Certified Reserve Capacity, the date determined in accordance with clause 4.28C.8 of the WEM Rules.

~~3.6.6-3.6.7.~~ Following a notification of non-compliance under ~~step~~paragraph 3.656.65 of this Procedure, if the Market Participant fails to submit a compliant Security before the date and time specified in ~~step~~paragraph 3.656.6(a) or 3.656.6(b) of this Procedure (as relevant), the Facility or Facility Upgrade's Certified Reserve Capacity or Early Certified Reserve Capacity will lapse and the provisions of ~~Section~~paragraph 3.767 of this Procedure will apply.

~~3.6.7-3.6.8.~~ Once AEMO has ~~confirmed that the a Security is compliant under step~~paragraph 3.56.5 received the original hard copy under paragraph 3.4.1, 3.4.5, 3.5.4, or 3.5.7 of this Procedure, it must will place the guarantee, bank undertaking, or Security Deposit deed in a bank safe deposit box as soon as practicable.

~~3.6.8-3.6.9.~~ If the Security is a Security Deposit, AEMO must will register ~~a one or more~~ security interests on the Personal Property Securities Register in accordance with the *Personal Property Securities Act 2009* (Cth) within 10 Business Days of accepting the original or electronic Security Deposit deed under ~~step~~paragraph 3.645.5 of this Procedure.

~~3.6.9.~~ AEMO must deduct any fees incurred in registering its security interest under ~~step~~paragraph 3.56.9 of this Procedure from the balance of the Security Deposit.

3.7. Failure to provide Security

~~3.7.1.~~ In accordance with clause 4.13.9 of the WEM Rules, if a Market Participant does not comply with clause 4.13.1 of the WEM Rules in full by the time and date specified in clause 4.1.13(b) of the WEM Rules, then for the Reserve Capacity Cycle to which the certification relates, the Certified Reserve Capacity assigned to that Facility will lapse for the purposes of the WEM Rules (including for the purposes of setting the Reserve Capacity Obligations Quantity).

~~3.7.2.~~ If a Market Participant does not comply with clause 4.28C.8 of the WEM Rules in full by the time specified in clause 4.28C.8 of the WEM Rules, the Early Certified Reserve Capacity assigned to that Facility will lapse [clause 4.28C.8A].

~~3.7.3.~~ In accordance with clause 4.13A.14 of the WEM Rules, if a Market Participant does not comply with clause 4.13A.1 of the WEM Rules in full by the time and date specified in clause 4.1.13(b) of the WEM Rules, then for the Reserve Capacity Cycle to which the certification relates, the Certified Reserve Capacity assigned to that Demand Side Programme will lapse for the purposes of the WEM Rules (including for the purposes of setting the Reserve Capacity Obligations Quantity).

~~3.7.4-3.7.1.~~ Where Certified Reserve Capacity or Early Certified Reserve Capacity lapses under steps 3.7.1, 3.7.2 or 3.7.3 of this Procedure clauses 4.13.9, 4.13A.14 or 4.28C.8A, AEMO must will notify the Market Participant within ~~five~~two Business Days that:

- (a) the Certified Reserve Capacity or Early Certified Reserve Capacity has lapsed; and
- (b) the Facility or Facility Upgrade will not be assigned any Capacity Credits.

4. Holding and replacing Security

4.1. Holding Security Deposits and associated costs

~~4.1.1.~~ If AEMO receives a Security Deposit in accordance with ~~section paragraph 3.545 of this Procedure~~, it must:

- (a) invest the amount of the Security Deposit ~~less any fees associated with registration on the Personal Property Securities Register~~ on behalf of the relevant Market Participant; and
- (b) maintain individual accounts for each Market Participant's Security Deposits, which are separate from any accounts held by AEMO in relation to its operating funds.

~~4.1.2.~~ ~~In accordance with clauses 4.13.6 and 4.13A.13, Where AEMO receives a Security Deposit in accordance with section paragraph 3.45 of this Procedure, it will accrue interest daily at the AEMO Deposit Rate, and AEMO must will pay the Market Participant the interest accumulated at the end of each calendar month, less any liabilities and expenses incurred by AEMO, including bank fees and charges [clause 4.13.6 and clause 4.13A.13].~~

4.1.2. AEMO may provide a monthly statement to a Market Participant of the interest earned at the AEMO Deposit Rate and the deduction of any accrued costs and fees.

4.1.3. AEMO will deduct any liabilities and expenses incurred, including bank fees and charges and the cost of registering security interests on the Personal Property Securities Register in accordance with clause 4.13.6.

4.2. Replacing Security

~~4.2.1.~~ For the purposes of clauses ~~4.13.3, 4.13.4, 4.13A.11, and 4.13A.12 of the WEM Rules,~~ circumstances that may require replacement Security include, but are not limited to:

- (a) existing Security is due to expire;
- (b) existing Security is no longer current or valid;
- (c) the ~~person who was the~~ Security Provider ~~for the Security~~ no longer meets any one of the Acceptable Credit Criteria;
- (d) the Security Provider ceases to, or threatens to cease to, continue to provide Security for the Market Participant; or
- (e) the Security Provider becomes insolvent or is dissolved.

~~4.2.2. Where a Market Participant's Security is affected by any of the circumstances specified in stepparagraph 4.2.1 of this Procedure, then that Market Participant must ensure that AEMO holds the benefit of replacement Security that is **[clause 4.13.4 and clause 4.13A.12]**:~~

~~4.2.3. in the form specified in clause 4.13.5 or 4.13A.6 of the WEM Rules, as relevant;~~

~~4.2.4. for an amount not less than the level or amount required under clause 4.13.2, 4.13A.1 or 4.13A.4 of the WEM Rules, as applicable; and~~

~~4.2.5. effective before the end of the next Business Day or within any longer period approved in writing by AEMO after the Market Participant first becomes aware of the relevant change in circumstances (whether by reason of the Market Participant's own knowledge or a notification by AEMO).~~

~~4.2.6.~~4.2.2. A Market Participant requiring an extension to the deadline in stepparagraph 4.2.2(c) either clause 4.13.4(c) or 4.13A.12(c), as applicable, of this Procedure must request the extension from AEMO in writing.

~~4.2.7.~~4.2.3. AEMO ~~may~~may, in its absolute discretion, approve or reject a Market Participant's request under stepparagraph 4.2.23 of this Procedure, and ~~must~~will notify the Market Participant of its decision as soon as practicable.

~~4.2.8.~~4.2.4. In addition to the circumstances requiring replacement Security under stepparagraph 4.2.1 of this Procedure, a Market Participant may replace its Security (for example, ~~from replacing~~ a Security Deposit ~~with~~to a bank undertaking) by notifying AEMO in writing of its intention prior to the replacement.

~~4.2.9.~~4.2.5. A Market Participant must include the following in its notification provided under~~in~~ stepparagraph 4.2.45 of this Procedure:

- (a) the type of replacement Security to be provided;
- (b) evidence that the replacement Security will comply with clause 4.13.5 or clause 4.13A.6 ~~of the WEM Rules~~, as relevant; and
- (c) the date on which the replacement Security arrangement will be provided to AEMO.

4.3. Recalculation of the amount of Security

- 4.3.1. ~~Reserve Capacity Security may be recalculated under clause 4.13.2A, when the quantity of Capacity Credits assigned to a Facility under clause 4.20.5A(a) is less than the quantity of Certified Reserve Capacity that can be traded bilaterally under clause 4.14.9. A Market Participant may apply to AEMO for a recalculation² of the amount of a Reserve Capacity Security required to be held for a Facility using the formula in clause 4.13.2(b) of the WEM Rules after the time and date specified in clause 4.1.21 of the WEM Rules (as modified or extended) [clause 4.13.2A].~~
- 4.3.2. In respect of a Reserve Capacity Cycle, after the time and date referred to in clause 4.1.21³ of the WEM Rules, a Market Participant may apply to AEMO for a recalculation of the amount of DSM Reserve Capacity Security required to be held for a Demand Side Programme under clauses 4.13A.1 or 4.13A.4, as applicable [ccClause 4.13A.8]⁴.
- ~~4.3.3. Within 10 Business Days after receipt of a request from a Market Participant under step 4.3.1 or 4.3.2 of this Procedure, AEMO must recalculate the amount of Reserve Capacity Security or DSM Reserve Capacity Security required to be held by a Facility using the formula in clause 4.13.2(b) of the WEM Rules, or in accordance with clauses 4.13A.1 or 4.13A.4, as relevant [clause 4.13.2B and clause 4.13A.9].~~
- ~~4.3.4.4.3.3. If the recalculated amount of Security, determined under ~~step 4.3.3~~ clauses 4.13.2(b), 4.13A.1(a)(ii), or set under clause 4.13A.4 of this Procedure, is the same as the original amount calculated under ~~paragraph 3.1~~ clause 4.13.2, 4.13A.2, 4.13A.4, or 4.28C.9, as applicable, AEMO must notify the Market Participant accordingly within 10 Business Days of receiving the ~~request~~ application under clause 4.13.2A or 4.13A.8. ~~step 4.3.1 or 4.3.2 of this Procedure.~~~~
- ~~4.3.5. In accordance with clauses 4.13.2B and 4.13A.9, if the amount recalculated by AEMO under clauses 4.13.2(b), 4.13A.1(a)(ii) or 4.13A.4 ~~step 4.3.3 of this Procedure~~ is less than that previously calculated under ~~section paragraph 3.12~~ of this Procedure, then within 10 Business Days of receiving the request under clause 4.13.2A or 4.13A.8 under ~~step 4.3.1 or 4.3.2 of this Procedure~~, then AEMO will must:~~
- ~~(a) — notify the Market Participant of the result of the calculation [clause 4.13.2B(a) and clause 4.13A.9(a)];~~
 - ~~(b) — offer the Market Participant the opportunity to replace the Security in accordance with clause 4.13.2C or clause 4.13A.10 of the WEM Rules, as relevant [clause 4.13.2B(b) and clause 4.13A.9(b)]; and~~
 - ~~(c) — if the Market Participant provides a replacement Security in accordance with clause 4.13.2C or clause 4.13A.10 of the WEM Rules, as relevant, return any excess Security; [clause 4.13.2B(c) and clause 4.13A.9(c)].~~

² For example, in situations where the number of Capacity Credits is less than the quantity of Certified Reserve Capacity.

³ Clause 4.13A.8 references clause 4.1.23. This is a clear manifest error. The intended reference (clause 4.1.21) is used in this Procedure.

⁴ Clause 4.13A.8 of the WEM Rules references clause 4.1.23 of the WEM Rules. This is a clear manifest error. The intended reference (clause 4.1.21 of the WEM Rules) is used in this Procedure.

~~4.3.6. Prior to the time and date specified in clause 4.1.13 of the WEM Rules, in Year 1 of the Reserve Capacity Cycle specified in clause 4.10.1(b) of the WEM Rules in which the Facility will enter service, AEMO must recalculate the amount of Reserve Capacity Security to be provided by each Market Participant in accordance with clause 4.28C.9 of the WEM Rules and **[clause 4.28C.12]**:~~

- ~~(a) if an additional amount of Reserve Capacity Security is required, the Market Participant must ensure that AEMO holds the benefit of the additional Reserve Capacity Security by the date and time specified in clause 4.1.13(a) of the WEM Rules; and~~
- ~~(b) if a reduced amount of Reserve Capacity Security is required, the Market Participant may request AEMO to return any additional Reserve Capacity Security, in accordance with clause 4.13.14 of the WEM Rules, provided that at all times AEMO holds a Reserve Capacity Security to the level determined in accordance with clause 4.28C.12 of the WEM Rules.~~

5. Returning Reserve Capacity Security

5.1. Eligibility and timing for returning Reserve Capacity Security

~~5.1.1. A Market Participant may apply to AEMO for the release of any Reserve Capacity Security held by AEMO, at any time prior to the end of the relevant Capacity Year, if the Reserve Capacity Security relates to a Facility (except a Demand Side Programme) that **[clause 4.13.13]**:~~

- ~~(a) has operated at a level equivalent to its Required Level, adjusted to 100% of the level of Capacity Credits specified in clause 4.20.5A(a) of the WEM Rules, in at least two Trading Intervals prior to the end of the relevant Capacity Year; and~~
- ~~(b) is considered by AEMO to be in Commercial Operation.~~

~~5.1.2.5.1.1. For the purposes of ~~step~~paragraph 5.1.1(a) of this Procedure, ~~clause 4.13.13(a)~~, the adjusted Required Level is calculated in accordance with ~~step~~paragraph 5.2.1 of this Procedure.~~

~~5.1.3.5.1.2. AEMO must use Meter Data Submissions in making a determination under clause 4.13.13(a) or clause 4.13.10(a), whether a Facility has operated at a level equivalent to its Required Level, adjusted to 100% of the level of Capacity Credits specified in ~~assigned under clause 4.20.5A(a) of the WEM Rules under stepparagraph 5.1.1(a) of this Procedure.~~~~

~~5.1.4.5.1.3. Where AEMO receives an application made under ~~step~~paragraph 5.1.1 clause 4.13.13 or clause 4.28C.12 (paragraph 5.1.1) of this Procedure, it must, within 10 Business Days **[clause 4.13.14]**:~~

- ~~(a) determine whether the need to maintain Reserve Capacity Security has ceased **[Clause 4.13.14(a)]**;~~
- ~~(b) notify the Market Participant of its determination **[eClause 4.13.14(b)]**;~~
- ~~(c) if the Reserve Capacity Security is a Security Deposit that is no longer required to be held, return the Security Deposit (plus interest earned) **[eClause 4.13.14(c)]**; and~~

- (d) if the Reserve Capacity Security is not a Security Deposit and is no longer required to be held, notify the Security Provider that AEMO relinquishes any rights to draw on the Reserve Capacity Security ~~[eClause 4.13.14(d)]~~.

~~5.1.5.5.1.4.~~ If a Market Participant that provides Reserve Capacity Security in respect of a Facility (except for a Demand Side Programme) ~~[clause 4.13.10]~~:

- (a) either:
 - (i) operates the Facility at a level which is at least equivalent to its Required Level, adjusted to 90 ~~percent~~% of the level of Capacity Credits specified in clause 4.20.5A ~~of the WEM Rules~~, in at least two Trading Intervals before the end of the relevant Capacity Year; or
 - (ii) provides AEMO with a report under clause 4.13.10C ~~of the WEM Rules~~, which specifies that the Facility can operate at a level which is at least equivalent to its Required Level, adjusted to 90 ~~percent~~% of the Capacity Credits specified in clause 4.20.5A ~~of the WEM Rules~~; and

(b) is considered by AEMO to be in Commercial Operation, then AEMO will return the Reserve Capacity Security to the Market Participant as soon as practicable after the end of the relevant Capacity Year and in any event by 30 November of ~~the~~ Year 4 of the relevant Reserve Capacity Cycle ~~[Clause 4.13.10]~~.

~~5.1.6.5.1.5.~~ For the purposes of ~~step~~paragraph 5.1.45(a) ~~of this Procedure~~, the adjusted Required Level is calculated by multiplying the value determined in ~~step~~paragraph 5.2.1(a), 5.2.1(b), or 5.2.1(c) ~~of this Procedure~~ by 90%.

~~5.1.7.~~ ~~AEMO must use Meter Data Submissions in determining whether a Facility has operated at a level equivalent to its Required Level, adjusted to 90% of the Capacity Credits specified in clause 4.20.5A of the WEM Rules under step~~paragraph 5.1.5(a)(i) ~~of this Procedure.~~

5.2. Required Level

5.2.1. ~~In accordance with clause 4.11.3B,~~ AEMO must determine the adjusted Required Level to be achieved (which, for an ~~Completed~~ Facility Upgrade, is calculated for the Facility as a whole) for each Facility as follows:

- (a) for Certified Reserve Capacity assigned to a Facility under clause 4.11.1(a) ~~of the WEM Rules~~, the adjusted Required Level in Trading Interval t is:

$$CC_{int} \times \frac{CC_{int} \times TDC(Temp(t))}{TDC(41^{\circ}C)}$$

where the variables are defined in the table below:

Variable	Units	Definition
CC_{int}	MW	The number of Capacity Credits initially assigned under clause 4.20.5A(a) of the WEM Rules .
$TDC(Temp(t))$	MW	The Facility output indicated in the Temperature Dependence Curve at temperature Temp(t).
$Temp(t)$	°C	The temperature during Trading Interval t measured according to the method specified in the Standing Data for the Facility.
$TDC(41^{\circ}C)$	MW	The Facility output indicated in the Temperature Dependence Curve at a temperature of 41°C.

- (b) for Certified Reserve Capacity assigned to a Facility under clause 4.11.2(b) ~~of the WEM Rules~~, the adjusted Required Level is:

$$RL_{CRC} \times \frac{RL_{CRC} \times CC_{int}}{CRC}$$

where the variables are defined in the table below:

Variable	Units	Definition
RL_{CRC}	MW	Either: <ul style="list-style-type: none"> the five percent probability of exceedance of expected generation output for the Facility, submitted to AEMO in the report described in clause 4.10.3A(b) of the WEM Rules; or a proposed alternative value provided in the report described in clause 4.10.3A(c) of the WEM Rules (where AEMO has not rejected the proposed alternative value under clause 4.11.2A of the WEM Rules).
CC_{int}	MW	The number of Capacity Credits initially assigned under clause 4.20.5A(a) of the WEM Rules .
CRC	MW	The Certified Reserve Capacity assigned to the Facility Facility.

- (c) for a Demand Side Programme, the adjusted Required Level is:

$$RD - CC_{int}$$

where the variables are defined as per the table below:

Variable	Units	Definition
RD	MW	The Relevant Demand as determined in accordance with clause 4.26.2CA of the WEM Rules .
CC_{int}	MW	The number of Capacity Credits initially assigned under clause 4.20.5A(a) of the WEM Rules .

5.3. Determining Commercial Operation status

~~5.3.1. In accordance with clause 4.13.10A, a~~ Market Participant may make a request under clause 4.13.10A to AEMO in writing by email to wa.capacity@aemo.com.au, to determine that a Facility or Completed Facility Upgrade is in Commercial Operation [clause 4.13.10A].

~~5.3.2. A Market Participant may request AEMO to determine that a Completed Facility Upgrade is in Commercial Operation.~~

~~5.3.3.5.3.2. On receipt of a request under step paragraph 5.3.1 of this Procedure, AEMO must determine, within 20 Business Days, whether the Facility or~~ The reference to a Completed Facility Upgrade is in Commercial Operation. In making each such determination AEMO in clause 4.13.10B includes any Facility Upgrade made to that Facility. [clause 4.13.10B]:

- ~~(a) must have regard to the following, if applicable⁵:~~

⁵ ~~Paragraph Step 5.3.23(a) of this Procedure is not relevant to a Demand Side Programme and in this case steps paragraph 5.3.23(b) and 5.3.43 of this Procedure will apply.~~

~~(i) whether the Facility has completed an approved Commissioning Test under clause 3.21A of the WEM Rules and subsequently produced energy for at least two Trading Intervals; and~~

~~any formal advice received from the Market Participant that it has completed an approved Commissioning Test under clause 3.21A of the WEM Rules and is commercially operational; and~~

~~(ii) in accordance with clause 2.29.12, whether the Facility has installed Facility Sub-Metering; and~~

~~(b) may have regard to any additional information AEMO considers relevant.~~

~~5.3.4. For the purposes of the WEM Rules, in determining whether a Demand Side Programme is in Commercial Operation, AEMO may have regard to any information AEMO considers relevant [clause 4.13A.25 Additional i].~~

~~5.3.5.5.3.3. Information that AEMO may have regard to under stepparagraph 5.3.23(b) clause 4.13.10B(b) in determining whether a Facility is in Commercial Operation of this Procedure may include, but is not limited to:~~

- ~~(a) a statement by an Authorised Officer of the Market Participant;~~
- ~~(b) technical documents, such as evidence of trading, transactional documentation, or financial statements;~~
- ~~(c) for a Demand Side Programme, signed contracts with loads participating in the Facility; and~~
- ~~(d) whether the Facility has passed a Reserve Capacity Test under clause 4.25.2 of the WEM Rules or a Verification Test under clause 4.25A.1 of the WEM Rules.~~

~~5.3.6.5.3.4. Information that AEMO will have regard to under clause 4.13A.25 includes Under clause 4.13A.25 of the WEM Rules, in relation to determining whether a Demand Side Programme is in Commercial Operation, AEMO must have regard to the information outlined in stepparagraphs 5.3.2 clause 4.13.10B(b)3 and paragraph 5.3.34 of this Procedure.~~

~~5.3.7. On receipt of a request under step 5.3.2 of this Procedure, AEMO must determine, within 20 Business Days, whether the Completed Facility Upgrade is in Commercial Operation. This determination may consider, at AEMO's sole discretion, any of the matters specified in steps 5.3.3, 5.3.4 and 5.3.5 of this Procedure.~~

6. DSM Reserve Capacity Security

6.1. Obligation to provide DSM Reserve Capacity Security

6.1.1. Where AEMO assigns Certified Reserve Capacity to a Demand Side Programme, the relevant Market Participant must ensure that AEMO holds the benefit of DSM Reserve Capacity Security that is ~~[clause 4.13A.1]:~~

- (a) where:
 - (i) clause 4.1.13 ~~of the WEM Rules~~ applies, for an amount determined under clause 4.13A.2(a) ~~of the WEM Rules~~ by the date and time referred to in clause 4.1.13 [Clause 4.13A.1(a)(i)] ~~of the WEM Rules~~; or

- (ii) clause 4.1.21 ~~of the WEM Rules~~ applies, for an amount determined under clause 4.13A.2(b) ~~of the WEM Rules~~ by the date and time referred to in clause 4.1.21 **[Clause 4.13A.1(a)(ii)]** ~~of the WEM Rules~~; and
- (b) in the form specified in clause 4.13A.6 **[Clause 4.13A.1(b)]** ~~of the WEM Rules~~.

6.1.2. Where ~~[clause 4.13A.3]~~:

- (a) AEMO holds the benefit of a DSM Reserve Capacity Security in accordance with ~~section paragraph clause~~ 4.13A ~~of the WEM Rules~~ in respect of a Demand Side Programme for a Reserve Capacity Cycle **[Clause 4.13A.3(a)]**; and
- (b) AEMO assigns Certified Reserve Capacity to the same Demand Side Programme for a subsequent Reserve Capacity Cycle **[Clause 4.13A.3(b)]**;

then the DSM Reserve Capacity Security for the previous Reserve Capacity Cycle will be deemed to satisfy the requirement in clause 4.13A.1 ~~of the WEM Rules~~ for AEMO to have the benefit of DSM Reserve Capacity Security for the subsequent Reserve Capacity Cycle if:

- (c) the amount of the DSM Reserve Capacity Security complies with clause 4.13A.4 **[Clause 4.13A.3(c)]** ~~of the WEM Rules~~; and
- (d) the DSM Reserve Capacity Security remains in force at all relevant times for the purposes of ~~section paragraph clause~~ 4.13A **[Clause 4.13A.3(d)]** ~~of the WEM Rules~~.

6.1.3. A Market Participant must follow the processes in:

- (a) ~~section paragraphs 3.434 and 3.545 of this Procedure~~ when providing DSM Reserve Capacity Security; and
- (b) ~~section paragraphs 4.2 and 4.3 of this Procedure~~ in replacing DSM Reserve Capacity Security and requesting AEMO to recalculate the amount of DSM Reserve Capacity Security required to be provided.

6.1.4. AEMO ~~must~~ will follow the processes in:

- (a) ~~section paragraphs 3.24 and 3.656 of this Procedure~~ in notifying a Market Participant of the requirement for DSM Reserve Capacity Security and assessing compliance of DSM Reserve Capacity Security with the WEM Rules; and
- (b) ~~section paragraphs 4.1 and 4.3 of this Procedure~~ in holding DSM Reserve Capacity Security and recalculating the amount of DSM Reserve Capacity Security required to be provided.

6.2. Waiving the requirement for DSM Reserve Capacity Security

E[A] DSM Reserve Capacity Security waiver timelines

The deadline for a Market Participant to provide DSM Reserve Capacity Security to AEMO under clause 4.1.13(b)(i) is 10 Business Days after the date for assignment of Certified Reserve Capacity under clause 4.1.12. AEMO requires sufficient time to assess a Market Participant's application for waiver of DSM Reserve Capacity Security, under clause 4.13A.18(b), prior to making a decision. If a Market Participant provides preliminary notice to AEMO of its intention to seek a waiver of its Reserve Capacity Security obligations and the documents and information supporting this position, this will assist AEMO to provide a prompt response to the Market Participant in relation to its application and, therefore, give the Market Participant additional time to arrange DSM Reserve Capacity Security if its application for waiver is not successful.

- 6.2.1. A Market Participant may, where the Market Participant is required to provide DSM Reserve Capacity Security in accordance with ~~section paragraph clause~~ 4.13A ~~of the WEM Rules~~, request that the requirement for DSM Reserve Capacity Security is waived [~~e~~C ~~clause 4.13A.18(b)~~].
- 6.2.2. ~~AEMO encourages Market Participants to~~ A Market Participant may give preliminary notice to AEMO that they intend to make a request under ~~step paragraph~~ 6.2.1 ~~of this Procedure~~ prior to the date and time for assignment of Certified Reserve Capacity specified in clause 4.1.12 ~~of the WEM Rules~~.⁶
- 6.2.3. In providing notice under ~~step paragraph~~ 6.2.2 ~~of this Procedure~~, a Market Participant ~~must~~ must provide the supporting documentation required under ~~step paragraph~~ 6.2.5 ~~of this Procedure~~.
- 6.2.4. A Market Participant must make a request under ~~step paragraph~~ 6.2.1 ~~of this Procedure~~ no later than two Business Days after the date and time for assignment of Certified Reserve Capacity specified in clause 4.1.12 ~~of the WEM Rules~~.
- 6.2.5. A request from a Market Participant under ~~step paragraph~~ 6.2.1 ~~of this Procedure~~ must include the following supporting documentation and information:
- (a) copies of contracts between the Market Participant and Associated Loads, unless previously provided to AEMO for the relevant Reserve Capacity Cycle as part of an application for certification of Reserve Capacity;
 - (b) reasons why the Market Participant considers that AEMO may reasonably decide to waive the requirement for DSM Reserve Capacity Security; and
 - (c) any other evidence the Market Participant considers relevant to support its request.

⁶ ~~The deadline for a Market Participant to provide DSM Reserve Capacity Security to AEMO under clause 4.1.13(b)(i) of the WEM Rules is 10 Business Days after the date for assignment of Certified Reserve Capacity under clause 4.1.12 of the WEM Rules. AEMO requires sufficient time to assess a Market Participant's application for waiver of DSM Reserve Capacity Security, under clause 4.13A.18(b) of the WEM Rules, prior to making a decision. If a Market Participant provides preliminary notice to AEMO of its intention to seek a waiver of its Reserve Capacity Security obligations and the documents and information supporting this position, this will assist AEMO to provide a prompt response to the Market Participant in relation to its application and, therefore, give the Market Participant additional time to arrange DSM Reserve Capacity Security if its application for waiver is not successful.~~

~~6.2.6.~~ AEMO will make a determination under clause 4.13A.19 after receiving a request under paragraph 6.2.1 by taking the matters in paragraphs 6.2.8 and 6.2.9 into account.

~~6.2.6-6.2.7.~~ Where AEMO rejects a waiver request made under paragraph 6.2.1, it will ~~Where AEMO includes reasons in the notification under clause 4.13A.19(b).~~ receive a request under ~~step~~paragraph 6.2.1 of this Procedure, and subject to ~~step~~paragraph 6.2.7 of this Procedure, it must, within 10 Business Days⁷:

- ~~(a)~~ determine whether AEMO will waive the requirement for DSM Reserve Capacity Security; and
- ~~(b)~~ notify the Market Participant of its determination, including reasons for rejection, if relevant.

~~6.2.7-6.2.8.~~ In making a determination under ~~step~~paragraph 6.2.6 of this Procedure, AEMO ~~must~~will reject a request if the Demand Side Programme:

- (a) is not in Commercial Operation;
- (b) has not previously passed a Reserve Capacity Test; or
- (c) is failing to comply with its Reserve Capacity Obligations, as specified in ~~section~~clause 4.12 of the WEM Rules, for the current Capacity Year.

~~6.2.8-6.2.9.~~ In making a determination under ~~step~~ clause 4.13A.19 (paragraph 6.2.6) ~~paragraph 6.2.6 of this Procedure~~, AEMO must have regard to the following matters ~~[clause 4.13A.20]~~:

- (a) the size and type of the Loads associated with the Demand Side Programme ~~[Clause 4.13A.20(a)]~~; **[Clause 4.13A.20(a)]**;
- (b) the historical performance of the Demand Side Programme, including the results of any Reserve Capacity Tests or Verification Tests ~~[Clause 4.13A.20(b)]~~; and **[Clause 4.13A.20(b)]**;
- (c) any other matters AEMO considers relevant ~~[Clause 4.13A.20(c)]~~. **[Clause 4.13A.20(c)]**.

⁷ ~~AEMO will make all reasonable endeavours to process requests prior to the time and date specified in clause 4.1.13(b) of the WEM Rules.~~

~~6.2.9-6.2.10.~~ AEMO may request any information it deems relevant from the Market Participant to assist in making a determination under ~~step~~paragraph 6.2.6~~clause 4.13A.19(a), specifying a time and date for the Market Participant to provide the requested information~~4 of this Procedure.

~~6.2.11.~~ A Market Participant may provide additional information requested under ~~step~~paragraph 6.2.97~~of this Procedure.~~ If the Market Participant does not provide additional information requested by the time and date specified by AEMO under ~~paragraph- 6.2.106-2.9,~~ AEMO's determination in ~~step~~paragraph 6.2.6(a)4 of this Procedure will be based on information provided under ~~step~~paragraph 6.2.53 of this Procedure, or, at AEMO's discretion, any other information available to AEMO at the time of making its determination.

~~6.2.10-6.2.12.~~ AEMO will make all reasonable endeavours to process requests made under paragraph 6.2.1 prior to the date and time specified in clause 4.1.13(b).

6.3. Returning DSM Reserve Capacity Security

6.3.1. A Market Participant may, where AEMO has the benefit of DSM Reserve Capacity Security in accordance with ~~section~~clause 4.13A of the WEM Rules, request that the DSM Reserve Capacity Security be released ~~[~~Clause 4.13A.18(a)~~].~~

6.3.2. On receipt of a request under paragraph 6.3.1, AEMO will make a determination under clause 4.13A.19(a).

~~6.3.2.~~ Where AEMO ~~receives~~rejects a request under ~~step~~paragraph 6.3.1 of this Procedure, it will include reasons in the notification under clause 4.13A.19(b). ~~and subject to step~~paragraph 6.3.3 ~~and having regard to the matters in step~~paragraphs 6.3.4 and 6.3.5 of this Procedure, it must, within 10 Business Days:

~~4.1.0.~~ ~~determine whether AEMO will release the DSM Reserve Capacity Security; and~~

~~4.2.0-6.3.3.~~ notify the Market Participant of its determination, including reasons for rejection, if relevant.

~~6.3.3-6.3.4.~~ In making a determination under stepparagraph 6.3.2 of this Procedure, AEMO ~~must~~ will reject a request if the Demand Side Programme:

- (a) is not in Commercial Operation;
- (b) has not previously passed a Reserve Capacity Test; or
- (c) is failing to comply with its Reserve Capacity Obligations, as specified in ~~section~~clause 4.12 of the WEM Rules, for the current Capacity Year.

6.3.5. In making a determination under clause 4.13A.19 (paragraph 6.3.2)~~step~~paragraph 6.3.2 of this Procedure, AEMO must have regard to the following matters ~~[~~clause 4.13A.20~~]:~~

- (a) the size and type of the Loads associated with the Demand Side Programme [Clause 4.13A.20(a)];
 - (b) the historical performance of the Demand Side Programme, including the results of any Reserve Capacity Tests or Verification Tests [Clause 4.13A.20(b)]; and
 - (c) any other matters AEMO considers relevant [Clause 4.13A.20(c)].
- ~~(a) the size and type of the Loads associated with the Demand Side Programme;~~

~~(b) the historical performance of the Demand Side Programme, including the results of any Reserve Capacity Tests or Verification Tests; and~~

~~(c) any other matters AEMO considers relevant.~~

~~6.3.5-6.3.6.~~ In making a determination under ~~step~~paragraph 6.3.2 of this Procedure, AEMO ~~may~~will consider the following matters:

- (a) changes in the level of Capacity Credits assigned in subsequent Reserve Capacity Cycles;
- (b) changes in the amount of DSM Reserve Capacity Security determined under clause 4.13A.4 of the WEM Rules; and
- (c) historical changes in the Demand Side Programme's Associated Loads.

~~6.3.6-6.3.7.~~ If AEMO determines that a Market Participant no longer has any Reserve Capacity Obligations with respect to any Capacity Year for which the Market Participant was assigned Capacity Credits, AEMO must return any DSM Reserve Capacity Security to the Market Participant as soon as practicable after the end of the relevant Capacity Year and in any event by 30 November of Year 4 of the relevant Reserve Capacity Cycle **[Clause 4.13A.24]**.

~~6.3.7-6.3.8.~~ Where AEMO ~~decides~~determines that it is appropriate to release DSM Reserve Capacity Security under ~~step~~clause 4.13A.19(a) paragraph 6.3.2(a) of this Procedure, or is required to release DSM Reserve Capacity Security under ~~step~~paragraph 6.3.76 of this Procedure, it ~~must~~will:

- (a) if the DSM Reserve Capacity Security is a Security Deposit that is no longer required to be held, in consultation with the Market Participant return the Security Deposit (plus interest earned); or
- (b) if the DSM Reserve Capacity Security is not a Security Deposit and is no longer required to be held, notify the Security Provider that AEMO relinquishes any rights to draw on the DSM Reserve Capacity Security.

6.4. Requirement to provide DSM Reserve Capacity Security if waiver or release no longer applicable

6.4.1. If, at any time, AEMO is no longer satisfied that an assessment under clause 4.13A.20 (stepparagraph 6.2.6, 6.3.2, or 6.3.67) of this Procedure would result in AEMO determining to release a DSM Reserve Capacity Security or waive the requirement for a Market Participant to provide AEMO with the benefit of DSM Reserve Capacity Security, AEMO must give notice to the Market Participant specifying ~~[clause 4.13A.21]~~:

- (a) that the Market Participant must provide AEMO with the benefit of DSM Reserve Capacity Security **[Clause 4.13A.21(a)]**;
- (b) the reasons for its decision **[Clause 4.13A.24(b)]**;
- (c) the amount of the DSM Reserve Capacity Security as determined in accordance with clauses 4.13A.1 or 4.13A.4 of the WEM Rules, as applicable **[Clause 4.13A.24(c)]**; and
- (d) the date by which the Market Participant must provide AEMO with the benefit of DSM Reserve Capacity Security, which must not be before the date which is five Business Days after the date of the notice **[Clause 4.13A.24(d)]**.

- 6.4.2. In making an assessment under ~~step~~paragraph 6.4.1 of this Procedure, AEMO may consider changes in the Demand Side Programme's Associated Loads, including reductions in Relevant Demand or other changes in consumption patterns that affect the Demand Side Programme's ability to meet its Reserve Capacity Obligations.
- 6.4.3. Where a Market Participant receives a notice under ~~clause 4.13A.21 (step~~paragraph 6.4.1) of this Procedure, the Market Participant must provide AEMO with the benefit of DSM Reserve Capacity Security for an amount and by the date specified in the notice [~~e~~Clause 4.13A.22].

7. Drawing upon Security

- 7.1.1. ~~If a Facility (other than a Demand Side Programme) fails to achieve the requirements of step~~paragraph 5.1.5 of this Procedure, then AEMO may draw upon the Reserve Capacity Security held for that Facility as soon as practicable after the end of the relevant Capacity Year and before 30 November of that year in accordance with ~~clauses 4.13.11 and 4.13.11A of the WEM Rules. Rule Participants will comply with clauses 4.13.11, 4.13.11A, and 4.13A.16 when drawing upon Security.~~
- 7.1.2. If a Market Participant that provides DSM Reserve Capacity Security in respect of a Demand Side Programme fails to reduce the consumption of the Associated Loads for that Demand Side Programme to a level which is at least equivalent to its Required Level, adjusted to 90% of the level of Capacity Credits specified in clause 4.20.5A of the WEM Rules, in at least two Trading Intervals before the end of the relevant Capacity Year, then the Market Participant must pay to AEMO, as compensation to the market, an amount equal to the DSM Reserve Capacity Security amount for that Demand Side Programme for that Capacity Year as soon as practicable after the end of the relevant Capacity Year and in any event by 30 November of Year 4 of the relevant Reserve Capacity Cycle [~~C~~clause 4.13A.15].
- 7.1.3. For the purposes of ~~step~~paragraph 7.1.2 of this Procedure, the adjusted Required Level is calculated by multiplying the value determined in 5.2.1(c) of this Procedure by 90%.
- 7.1.4. ~~In accordance with clauses 4.13.11A and 4.13A.16 of the WEM Rules, as soon as practicable after the end of the relevant Reserve Capacity Cycle, AEMO must will apply the Security drawn upon (after meeting AEMO's costs) under step~~paragraph 7.1.1 or 7.1.2 of this Procedure as follows:
- (a) ~~to offset the cost of funding any Supplementary Reserve Capacity Contracts for any capacity shortage stemming entirely or in part from the Facility not being available; and~~
 - (b) ~~making a rebate payment to Market Customers in proportion to their Individual Reserve Capacity Requirement during the Trading Month in accordance with Chapter 9 of the WEM Rules.~~
- ~~7.1.5.~~7.1.4. If the Reserve Capacity Security or DSM Reserve Capacity Security drawn upon under clauses 4.13.11A or 4.13A.16 of the WEM Rules ~~an~~(paragraph 7.1.4) of this Procedure is a Security Deposit, then the Market Participant forfeits the amount of the Security Deposit [~~C~~clauses 4.13.12 and 4.13A.17].

Appendix A. Relevant clauses of the WEM Rules

Table 3 details:

- (a) the head of power clauses in the WEM Rules under which the Procedure has been developed; and
- (b) each clause in the WEM Rules requiring an obligation, process or requirement be documented in a WEM Procedure, where the obligation, process or requirement has been documented in this Procedure.

Table 3 Relevant clauses of the WEM Rules

Clause
4.13.8(a)
4.13.8(b)
4.13.8(c)(i)
4.13.8(c)(ii)
4.13.8(c)(iiA)
4.13.8(c)(iiii)
4.13.8(d)
4.13A.23(a)
4.13A.23(b)
4.13A.23(c)(i)
4.13A.23(c)(ii)
4.13A.23(c)(iii)
4.13A.23(c)(iv)
4.13A.23(d)(i)
4.13A.23(d)(ii)
4.13A.23(d)(iii)
4.13A.23(d)(iv)
4.13A.23(e)