

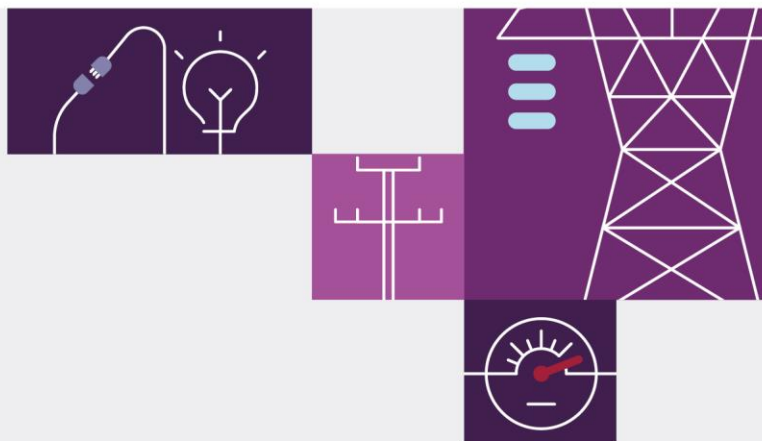
Wholesale Electricity Market

Procedure change report: AEPC_2024_02

April 2024

WEM Procedure: Certification of Reserve Capacity





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Executive summary

Purpose

The publication of this Procedure Change Report and the accompanying Wholesale Electricity Market Procedure (**WEM Procedure**) completes the Procedure Change Process conducted by AEMO to consider proposed amendments to the WEM Procedure: Certification of Reserve Capacity (**Procedure**) under the Wholesale Electricity Market Rules (**WEM Rules**).

Proposed amendments

In December 2023, the Minister for Energy amended the WEM Rules to implement the outcomes from the RCM Review affecting the 2024 Reserve Capacity Cycle. These amendments included:

- Changes to the certification methodology for Demand Side Programmes.
- Removal of Planned Outage rate calculations.
- Introduction of Capability Class 1 Assessment Intervals to replace Peak Trading Intervals on Business Days.

The Procedure Change Process addressed the associated amendments required to the WEM Procedure: Certification of Reserve Capacity, as well as amendments required to reflect the new market start on 1 October 2023.

Consultation

AEMO held an AEMO Procedure Change Working Group meeting on 21 February 2024. No feedback was received. AEMO published the Procedure Change Proposal and issued a call for submissions on 28 February 2024.

The submission period closed on 28 March 2024 with one submission received from Synergy. AEMO has responded to the issues raised in the submission in Section 3.2 and amended the WEM Procedure where necessary.

AEMO's decision

AEMO considers the revised Procedure is consistent with the WEM Rules, would better achieve Wholesale Market Objectives (a) and (d), and is consistent with all other objectives.

The revised Procedure is also consistent with the *Electricity Industry Act 2004* (WA), the *Electricity Industry (Wholesale Electricity Market) Regulations 2004* (WA) (**WEM Regulations**), and the WEM Rules.

As such, AEMO's decision is to accept the Procedure, as amended following the consultation period.

Next steps

The revised WEM Procedure: Certification of Reserve Capacity will commence at 8:00 am on 15 April 2024.



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1 Background

1.1 Regulatory requirements

AEMO has published this Procedure Change Report in accordance with the Procedure Change Process specified in section 2.10 of the WEM Rules.

1.2 Context

In December 2023, the Minister for Energy amended the WEM Rules to implement the outcomes from the RCM Review affecting the 2024 Reserve Capacity Cycle. These amendments included:

- Changes to the certification methodology for Demand Side Programmes (DSP).
- Removal of Planned Outage rate calculations.
- Introduction of Capability Class 1 Assessment Intervals to replace Peak Trading Intervals on Business Days.

1.3 Procedure change process and timetable

On 28 February 2024, AEMO published the Procedure Change Proposal (PCP) and issued a call for submissions. The proposal was progressed using the Procedure Change Process specified in section 2.10 of the WEM Rules with submissions required by 28 March 2024.

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

2.1.1 Changes to Demand Side Programme

The WEM Procedure was updated to reflect the change in certification methodology for DSPs. There are now two certification methodologies depending on the loads associated to the DSP (or expected to be associated) as follows:

1. Individual Reserve Capacity Requirement Contribution for DSPs with a single associated load.
2. Quantity nominated by the Market Participant for DSPs with multiple associated loads.

AEMO will no longer assess a DSP's Relevant Demand, contracted quantities, or Reserve Capacity Test results when assigning Certified Reserve Capacity (CRC) to a DSP.

2.1.2 Changes to Forced Outage rate calculations

AEMO proposed changes to the Forced Outage rate calculations. AEMO made updates to:

- Use Capacity Adjusted Forced Outage data after 1 October 2023.
- Treat Change Level shortfalls for Electric Storage Resources (ESR) as Forced Outages, as required under clause 4.9.10(b) of the WEM Rules.

The Planned Outage rate calculations have been removed as they are no longer required to be calculated under clause 4.11.1A of the WEM Rules.

2.1.3 Other changes

AEMO made some minor updates on the following:

- Alignment of defined terms in the WEM Procedure and WEM Rules (e.g. references to Capability Class 1 Assessment Intervals to replace Peak Trading Intervals on Business Days when assessing CRC for a Non-Intermittent Generating System).
- Clarification of requirements for submitting sent out capacity information for ESR.
- Minor editorial and formatting changes to improve readability.

2.2 Proposed drafting

AEMO published drafts of the proposed Procedure for consultation. Clean and change-marked versions are available at: https://www.aemo.com.au/consultations/current-and-closed-consultations/aepc_2024_02.

3 Consultation process

3.1 AEMO Procedure Change Working Group

An overview of the proposed amended WEM Procedure was presented at the APCWG meeting held on 21 February 2024. No feedback was received at the meeting. The papers and minutes from the meeting can be found at: <https://aemo.com.au/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/wem-aemo-procedure-change-working-group>.

3.2 Submissions received during the consultation period

AEMO published the PCP and issued a call for submissions on 28 February 2024. The submission period closed on 28 March 2024 with one submission from Synergy. Synergy's feedback and AEMO's responses can be found in the table below.

Respondent	Paragraph	Summary of feedback	AEMO response
Synergy	4.4.1	Synergy suggests separating calculations for Facilities and Separately Certified Components since a Separately Certified Component is a subset of a Facility.	<p>AEMO notes that Certified Reserve Capacity is assessed at a component level for Semi-Scheduled Facilities and Scheduled Facilities. Therefore, for these Facility Classes, Forced Outage rates are only calculated for components and not at the Facility level.</p> <p>For clarity, AEMO has separated the calculations at Facility level (which applies to Non-Scheduled Facilities) and components (which applies to Scheduled Facilities and Semi-Scheduled Facilities).</p>
Synergy	4.4.1	Synergy raised concerns that when applying FO(f,t) in the Forced Outage calculation, Forced Outages that have not been capacity adjusted and occurred before 1 October 2023 may result in an over estimation in Outages incurred by the Facility, which may reduce the Facility's Certified Reserve Capacity.	<p>AEMO discussed this feedback with Synergy to clarify concerns that were raised. AEMO advised that for the purposes of applying FO(f,t), AEMO uses Forced Outage quantities that were determined before New WEM Commencement Day, which are capacity adjusted.</p> <p>AEMO has updated the definition of FO(f,t) to clarify that the data used in the calculation is the same as that which was determined before New WEM Commencement Day.</p>



4 AEMO's assessment

4.1 Consistency with Electricity Industry Act, WEM Regulations, and WEM Rules

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

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

4.2 Consistency with Wholesale Market Objectives

AEMO considers the revised Procedure is consistent with the WEM Rules, would better achieve Wholesale Market Objectives (a) and (d), and is consistent with all other Wholesale Market Objectives.

4.3 AEMO's decision

AEMO's decision is to accept the Procedure, as amended during the consultation process.

AEMO has made this decision on the basis that:

- The revised Procedure is consistent with:
 - The *Electricity Industry Act 2004*, WEM Regulations 2004, and WEM Rules.
 - The Wholesale Market Objectives and may better address objectives (a) and (d).
- AEMO received one submission on the proposed amendments and incorporated the feedback.

4.4 Implementation of the Procedure

The amended Procedure will commence at 8:00 am on 15 April 2024.

The revised WEM Procedure: Certification of Reserve Capacity is available at https://www.aemo.com.au/consultations/current-and-closed-consultations/aepc_2024_02.