



Supplementary Capacity 2024-25 Tender Guideline

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Version Release History

Version	Effective Date	Summary of Changes
1.0	7 August 2024	Final version developed in accordance with section 4.24 of the WEM Rules
2.0	9 August 2024	Text corrections on Summary page, Section 5.1 and Section 7.1, plus typo corrections
3.0	29 August 2024	Text corrections to the years identified in 4.1.2(b) concerning Eligible Service

Welcome to the Tender for Supplementary Capacity 2024-25

What is Supplementary Capacity

Supplementary Capacity, previously known as Supplementary Reserve Capacity (**SRC**), may be procured by the Australian Energy Market Operator (**AEMO**) for the Wholesale Electricity Market (**WEM**) if, at any time after the day that is six months before the start of a Capacity Year, it considers that inadequate Reserve Capacity will be available in the SWIS to maintain Power System Security and Power System Reliability.

AEMO may call for tenders or negotiate directly with potential providers of Supplementary Capacity. This can be provided by load reduction (where the load is not already associated with a Demand Side Programme) or Energy Producing Systems that are not Registered Facilities or do not hold Capacity Credits for the relevant Reserve Capacity Cycle.

What to know about this tender

AEMO is calling for tenders for the provision of Supplementary Capacity for the 2024-25 Hot Season (1 December 2024 to 1 April 2025). The Service Period for providing Supplementary Capacity is 3:30PM to 8:30PM.

Submissions are invited for two different types of Supplementary Capacity Service:

1. **Availability and Activation (A&A) Service** provided by Registered Facilities and Unregistered Equipment¹. This service is similar to the service provided in previous Supplementary Capacity tenders for 2022-23 and 2023-24².
2. **Activation-only (AO) Service** provided by Unregistered Equipment only. This is a new service applicable to this tender.

AEMO will preference tenders received for the A&A Service under the upper price limit.

Potential Providers of Unregistered Equipment may make submissions for both the A&A and AO services for the same Unregistered Equipment. AEMO will consider both submissions but only select one of the two.

AEMO will seek to enter into the lowest-cost mix of Supplementary Capacity Contracts that will meet the requirement for Supplementary Capacity, and if this is not possible, that will minimise the remaining capacity shortfall.

¹ Unregistered Equipment means eligible Service Equipment (facility or equipment) that is not registered.

² Details on previous tenders can be found here <https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/supplementary-reserve-capacity>.

Important dates

Tender process commences with tender guidelines published	7 August 2024
Standard-form Contract Templates published	By 9 August 2024
Supplementary Capacity Industry Forum	12 August 2024
Tender deadline for questions from Potential Providers of Supplementary Capacity	22 August 2024
Tender deadline for questions to be answered	29 August 2024
Tender closes	5 September 2024, 5:00PM AWST
Potential Providers notified whether or not they have been shortlisted for contract discussions	Week starting 7 October 2024
Contracts signed	By end of November 2024
AEMO verifies the MW quantity in the contract (A&A only). <i>Note: A&A Potential Providers are encouraged to carry out their Verification Tests early:</i> <ul style="list-style-type: none"> • From 1 July 2024 for all Unregistered Equipment • From 1 November 2024 for Registered Facilities. 	By end of November 2024
Contracts ready to commence	By end of November 2024
Hot Season begins	1 December 2024, 8:00AM AWST*
Hot Season ends	1 April 2025, 8:00AM AWST*

** These dates are final.*

This timetable is provided to give Potential Providers an indication of the anticipated timing for the Tender Process. Unless otherwise specified in this Tender Guideline, dates in this timetable are indicative only, not yet finalised and are subject to change.

How to contact AEMO and Western Power

- AEMO enquiries can either be directed via AEMO's eSourcing tool, VendorPanel, or by contacting the WA Capacity Management Investment team at wa.capacity@aemo.com.au.
- Western Power enquiries must be directed to network.access@westernpower.com.au, unless otherwise advised by Western Power.

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1. Introduction

1.1. About AEMO

1.1.1. The Australian Energy Market Operator (**AEMO**) is the organisation responsible for operating eastern, south-eastern, and western energy markets and systems in accordance with the National Electricity Rules, Wholesale Electricity Market Rules, National Gas Rules, and Gas Services Information Rules. AEMO's functions include:

- market and system operator of the Wholesale Electricity Market (WA);
- market and system operator of the National Electricity Market;
- market and system operator of the Victorian Wholesale Gas Market;
- operator of the short-term trading market (wholesale) for gas hubs in Sydney, Adelaide and Brisbane, and operator of the Wallumbilla gas supply hub (wholesale);
- market operator of retail gas markets in New South Wales, Australian Capital Territory, Victoria, South Australia, Queensland and Western Australia; national transmission planning for electricity transmission networks.

With its broad national focus for the future, AEMO's objectives are to promote efficient investment in and operation of Australia's electricity and gas services for the long-term interests of consumers with respect to price, quality, safety, reliability and security of energy supply.

1.2. Background

1.2.1. AEMO is required by the Wholesale Electricity Market Rules (**WEM Rules**) to secure sufficient Reserve Capacity in the SWIS to maintain Power System Security and Power System Reliability.

If, at any time after the day which is six months before the start of a Capacity Year, AEMO considers that inadequate Reserve Capacity will be available, AEMO must seek to acquire Supplementary Capacity in accordance with clause 4.24.2 of the WEM Rules.

Following the publication of the 2024 Wholesale Electricity Market Electricity Statement of Opportunities³, AEMO has revised the estimate of the forecast maximum demand and the capacity that is expected to be available for the Hot Season (1 December to 1 April) of the 2024-25 Capacity Year⁴, which identifies a potential capacity deficit of up to 285 MW over the 2024-25 Hot Season.

In accordance with section 4.24 of the WEM Rules, AEMO is seeking tenders from potential providers of Supplementary Capacity to provide one or more Eligible Services to meet the potential capacity shortfall during the 2024-25 Hot Season. As part of this Supplementary

³ See <https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wem-forecasting-and-planning/wem-electricity-statement-of-opportunities-wem-esoo>

⁴ All references to years are Capacity Years unless otherwise specified.

Capacity procurement, in addition to seeking tenders for the Availability and Activation (**A&A**) Service (similar to the service provided in previous Supplementary Capacity tenders for 2022-23 and 2023-24⁵), AEMO is also seeking tenders for a second, Activation-only (**AO**) Service.

1.3. Purpose and scope

1.3.1. AEMO has prepared this Supplementary Capacity 2024-25 tender guideline in accordance with section 4.24 of the WEM Rules and the WEM Procedure: Supplementary Capacity. This tender guideline includes:

- (a) the service requirements;
- (b) the expected technical capability of a Registered Facility or Unregistered Equipment that may be able to provide the service;
- (c) the maximum quantity of the service required;
- (d) the expected commencement and duration of the service;
- (e) instructions on how to respond to the call for tenders;
- (f) any terms and conditions that apply to the tender;
- (g) indicative timelines for assessment and communication of outcomes;
- (h) assessment criteria for assessing tenders in accordance with clause 4.24.8 or 4.24.8A, as applicable; and
- (i) other relevant matters.

1.4. Definitions

1.4.1. Terms defined in the WEM Rules have the same meaning in this Tender Guideline unless the context requires otherwise.

1.4.2. Capitalised terms used in this Tender Guideline:

- (a) (for terms that are currently defined in the WEM Rules) have the meaning given in the WEM Rules; and
- (b) otherwise have the meaning set out in Table 1.

Table 1 Definitions

Term	Meaning
Activation Notice	Means an activation notice issued in accordance with the applicable standard-form Supplementary Capacity Contract.
Activation-only Service (AO)	A flexible service where the provision of the Service is on the basis of voluntary Activation only, receiving only Activation Payments.

⁵ Details on previous tenders can be found here <https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/supplementary-reserve-capacity>

Term	Meaning
Activation Payment	Means the payment for activation determined in accordance with the applicable standard-form Supplementary Capacity Contract.
Availability Payment	Means the payment for availability determined in accordance with the applicable standard-form Supplementary Capacity Contract.
Available	Means, in relation to the Service, that the Service Equipment is capable of increasing Injection, which may include reducing Withdrawal, or (in the case of the DER contract) increasing Supply by the Maximum Service Quantity, relative to the Baseline Quantity, during a Dispatch Interval for a Registered Facility contract, and Trading Interval for Unregistered Equipment, DER and Activation-only contracts in the Service Period.
Availability and Activation Service (A&A)	Provision of the Service on the basis of Availability and Activation, and receiving Availability and Activation Payments (where relevant).
AWST	Australian Western Standard Time.
2024-25 Capacity Year	The period of 12 months commencing 1 October 2024 and ending 1 October 2025.
DER	Distributed Energy Resources.
Eligible Service*	As defined in clause 4.24.3 of the WEM Rules.
Energy Producing Systems*	As defined in the WEM Rules (one or more electricity producing units, such as generation systems or Electric Storage Resources, located behind a single network connection point or electrically connected behind two or more shared network connection points).
Hot Season*	The period commencing 8AM AWST on 1 December and ending 8AM AWST on 1 April.
Market Participant*	A Market Participant is a party that transacts in the WEM, whether buying or selling energy, or providing Essential System Services or capacity. A Market Participant is registered as a Rule Participant in the Market Participant class under Chapter 2 of the WEM Rules.
Potential Provider	A party responding or intending to offer supplementary capacity in response to a call for tender or direct negotiation under clause 4.24.2 of the WEM Rules.
Proposed Service	An Eligible Service proposed to deliver Supplementary Capacity on either an Availability and Activation (A&A) basis or Activation-only (AO) basis.
Registered Facility*	A Facility registered with AEMO in a Facility Class under Chapter 2 of the WEM Rules.
Service	Means to increase Injection (may be to reduce Withdrawal or increase supply) from the Service Equipment by a quantity up to the Maximum Service Quantity, relative to the Baseline Quantity, during a Trading Interval (or Dispatch Interval for Registered Facility contract) in the Service Period when required by AEMO. The Service can be either on an Availability and Activation (A&A) basis or Activation-only (AO) basis.
Service Equipment	The Registered Facility or Unregistered Equipment from which the Service is required to be provided. Service Equipment must be an Eligible Service as defined in the WEM Rules.
Service Period	3:30PM to 8:30PM on each Trading Day in the Hot Season.
Service Quantity	The quantity of the Service that a service provider is required to provide under the Supplementary Capacity Contract.
SC 2024-25	The process to provide Supplementary Capacity for the 2024-25 Hot Season.
Supplementary Capacity	If AEMO considers that inadequate Reserve Capacity will be available in the SWIS to maintain Power System Security and Power System Reliability, it can procure supplementary capacity from Market Participants and others.

Term	Meaning
Supplementary Capacity Contract*	An agreement under which a service provider agrees to supply one or more Eligible Services to AEMO, entered into in accordance with section 4.24 of the WEM Rules.
SWIS	South West Interconnected System.
Tender Form	The form to be used by those applying to provide Eligible Services, in accordance with clause 4.24.7 of the WEM Rules.
Tender Process	The process commencing with the call for tenders in accordance with clauses 4.24.6 and 4.24.6.A of the WEM Rules, and ending when each Potential Provider has been notified.
Tender Submission	All information submitted by those applying to provide Eligible Services, including but not limited to the Tender Form.
Trading Day*	A period of 24 hours commencing at 8:00AM.
Trading Interval*	A period of 30 minutes commencing on the hour or half-hour during a Trading Day.
Unregistered Equipment	Means any Service Equipment (facility or equipment) that is not registered.
Verification Test	Means a test carried out to enable AEMO to determine whether the Service Equipment is capable of increasing Injection, reducing Withdrawal, or through Supply for a DER contract, by a quantity that is greater than or equal to the Maximum Service Quantity, relative to the Baseline Quantity, during 2 consecutive Trading Intervals (or equivalent Dispatch Intervals for Registered Facilities) in the Service Period.
WEM	Wholesale Electricity Market established under section 122 of the <i>Electricity Industry Act 2004</i> (WA).
WEM Rules	The WEM Rules are described in section 123(1) of the <i>Electricity Industry Act 2004</i> (WA) and made pursuant to the <i>Electricity Industry (Wholesale Electricity Market) Regulations 2004</i> (WA) and govern the WEM, and detail the roles and functions of AEMO and other governance bodies, and guide the operation of the market including the trading and dispatch of energy, the RCM, and settlement.

* These terms are more fully defined in the WEM Rules, Chapter 11 Glossary.

1.5. Additional information resources

1.5.1. Some further general information resources on the WEM:

- AEMO Webpage “About the Wholesale Electricity Market (WEM)”

<https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/about-the-wholesale-electricity-market-wa-wem>

- WEM Electricity Statement of Opportunities

<https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wem-forecasting-and-planning/wem-electricity-statement-of-opportunities-wem-esoo>

- Wholesale Electricity Market Design Summary

<https://aemo.com.au/initiatives/major-programs/wem-reform-program/market-design>

- WEM Rules

<https://www.wa.gov.au/government/document-collections/wholesale-electricity-market-rules>

1.5.2. Some specific information resources on Supplementary Capacity:

- AEMO Webpage “Supplementary Reserve Capacity”

<https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/supplementary-reserve-capacity>

- WEM Procedure “Supplementary Capacity”

<https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/procedures-policies-and-guides/procedures>

2. Tender documentation

2.1.1. The tender documentation consists of:

- (a) This Tender Guideline;
- (b) Acknowledgement Notice;
- (c) Tender Form for Availability and Activation Service;
- (d) Tender Form for Activation-only Service;
- (e) Three standard-form Supplementary Capacity Contracts for Activation and Availability (A&A) Service:
 - (i) Registered Facilities: for production of electricity;
 - (ii) Unregistered Equipment: for load reduction and/or production of electricity;
 - (iii) Residential DER: for load reduction and/or production of electricity by non-contestable customers;
- (f) One standard-form Supplementary Capacity Contract for Activation-only (AO) Service:
 - (i) Unregistered Equipment: load reduction AO Service.

3. Service details

3.1. Service requirements

3.1.1. Supplementary Capacity is required for the 2024-25 Hot Season commencing 8:00AM AWST on 1 December 2024 and ending at 8:00AM AWST on 1 April 2024.

3.1.2. The Service Period is 3:30PM AWST to 8:30PM AWST on each Trading Day during the 2024-25 Hot Season.

3.1.3. The required Service (measured in MW of response capability) is:

- (a) Other than for Services using the Residential DER Supplementary Capacity Contract
 - (i) For Registered Facilities, to increase Injection of electricity.

- (ii) For Unregistered Equipment, to increase Injection or reduce Withdrawal of electricity.
 - (b) For Services using the Residential DER Supplementary Capacity Contract, as detailed in the contract.
- 3.1.4. The maximum quantity of the Availability and Activation (A&A) Service required (from all providers) is 285 MW.
- 3.1.5. There is no maximum quantity for the Activation-only (AO) Service.

Service required over Hot Season for 5 hours during evening peak

Supplementary Capacity is required every day of the Hot Season (1 December to 1 April) for the 5-hour Service Period coinciding with the evening peak from 3:30PM AWST to 8:30PM AWST.

In 2023-24, AEMO activated Supplementary Capacity for 70 hours during the Service Period. AEMO does not expect to activate Supplementary Capacity in excess of that.

3.2. Availability and Activation (A&A) Service

- 3.2.1. This Service can be provided by a Registered Facility or Unregistered Equipment.
- 3.2.2. The Maximum Service Quantity:
- (a) Is the MW amount which the Potential Provider agrees to provide as Supplementary Capacity for every Trading Interval (or Dispatch Interval for Registered Facilities) in the Service Period.
 - (b) Must be a quantity between 1 MW and 285 MW.
 - (c) Will be determined relative to the Baseline Quantity.
 - (d) For Registered Facilities that are a Non-Intermittent Generating System or Electric Storage Resource, a quantity of Injection, net of Parasitic Loads, determined with reference to an ambient temperature of 41 degrees Celsius.
- 3.2.3. Potential Providers of:
- (a) Registered Facilities will be required to comply with all obligations under the WEM Rules, including in response to Dispatch Instructions; and
 - (b) Unregistered Equipment will be required to Activate in accordance with AEMO's Activation Notice.

- 3.2.4. The Service Period is 5 hours (10 Trading Intervals or 60 Dispatch Intervals). Potential Providers can nominate the maximum Activation duration for their Service Equipment within this Service Period.
- 3.2.5. Service providers of Unregistered Equipment can nominate:
- (a) a minimum notification time for Activation by AEMO, up to 5 hours⁶; and
 - (b) the maximum Activation duration for their Service Equipment within this Service Period, where the minimum Activation duration is 2 hours (4 Trading Intervals or 24 Dispatch Intervals).
- 3.2.6. Service providers will receive an Availability Payment for each Trading Interval or Dispatch Interval in the Service Period that the Service is Available, and also:
- (a) where the Service is provided by a Registered Facility, energy payments for participating in the WEM; or
 - (b) where the Service is provided by Unregistered Equipment, an Activation Payment for each Activation.

A&A Service Activation duration and notification

Maximum notification time AEMO will give to Potential Providers is 5 hours.

Potential Providers can specify the Activation duration of their Service Equipment between 2 and 5 hours. See clause 4.24.14A of the WEM Rules for more detail.

3.3. Activation-only (AO) Service

- 3.3.1. This voluntary Service can only be provided by Unregistered Equipment.
- 3.3.2. The Maximum Service Quantity:
- (a) Is the MW amount which the service provider is able to Activate as Supplementary Capacity for any Trading Interval in the Service Period.
 - (b) Must be at least 1 MW.
 - (c) Will be determined relative to the Baseline Quantity.
- 3.3.3. Service providers are not obligated to:
- (a) respond to Activation Notices, and
 - (b) where the service provider chooses to respond to an Activation Notice, provide the Maximum Service Quantity (they may provide a lower quantity that exceeds 1MW).
- 3.3.4. Service providers can nominate the minimum notification time that they require for Activation.

⁶ See clause 4.24.14A of the WEM Rules.

- 3.3.5. AEMO will aim to contact AO service providers 24 hours in advance of expected Supplementary Capacity activations, to determine whether the Service can be Activated.
- 3.3.6. Following Activation, the service provider will be paid an Activation Payment based on the level of Service provided relative to the Baseline Quantity, up to the Maximum Service Quantity.
- 3.3.7. Service providers will not receive any Availability Payments.

4. Who can provide the Service

4.1. Eligibility

- 4.1.1. Supplementary Capacity can be provided through withdrawal of load (measures to reduce a consumer's consumption of electricity supplied through the SWIS from that which the consumer would have otherwise consumed) or production of electricity (electricity injection).
- 4.1.2. AEMO may acquire Supplementary Capacity from Eligible Services which include:
 - (a) Demand-side (load reduction) and Energy Producing System (electricity injection) options that are not currently Registered Facilities; and
 - (b) Existing demand-side and Energy Producing System options, but only to the extent that the relevant Market Participant:
 - (i) does not hold Capacity Credits with respect to the relevant capacity in 2024-25; or
 - (ii) has not previously held Capacity Credits with respect to the relevant capacity in 2024-25; or
 - (iii) has not previously held Capacity Credits with respect to the relevant capacity in 2023-24.

Ensure Capacity is not withheld from RCM

Requirements (ii) and (iii) for existing demand-side and Energy Producing System options (which are specified in the WEM Rules) on existing resources ensure that existing Market Participants do not withhold capacity that they would otherwise offer through the RCM.

- (iv) for Energy Producing System options only, provides evidence satisfactory to AEMO, prior to a Supplementary Capacity Contract taking effect, that:
 - (A) costs have been incurred to enable the provision of the capacity through the installation of physical equipment; and
 - (B) the capacity is in addition to the sent-out capacity of the Energy Producing Systems, or the maximum amount of load that can be curtailed, that existed prior to the installation of the physical equipment.
- 4.1.3. AEMO must exclude from each Supplementary Capacity Contract any NMI which is simultaneously included in any existing NCESS Contract that is effective during the 2024-25 Hot Season.

4.2. Control and communication requirements

- 4.2.1. The control and communication requirements for Unregistered Equipment are:
- (a) a single point of communication for activation;
 - (b) a capability to activate the Service Quantity in accordance with the requirements specified in the applicable standard-form Supplementary Capacity Contract for the Service,

4.3. Likely network location where the Service may be provided

- 4.3.1. The Service may be delivered at any location in the SWIS.
- 4.3.2. AEMO may consider the level of constrained operation that the facility or equipment may be subject to.

4.4. Registration

- 4.4.1. Any Potential Provider that signs a Supplementary Capacity Contract for a Maximum Service Quantity greater than 10 MW will be required to register as a Market Participant.
- 4.4.2. Any Potential Provider who is already a Market Participant will be required, regardless of the Maximum Service Quantity of the Supplementary Capacity Contract, to use the Market Participant registration details, including Potential Provider name and ABN, as the party in the Supplementary Capacity Contract.

5. How the Service is to be provided

5.1. Verification Test

- 5.1.1. For A&A Service only, a pre-commencement Verification Test will be required to demonstrate the Maximum Service Quantity.
- 5.1.2. AEMO will accept Verification Tests related to Trading Intervals from 1 July 2024 for Unregistered Equipment, and 1 November 2024 for Registered Facilities.
- 5.1.3. The Verification Test is part of the Conditions Precedent for the Supplementary Capacity Contract. The Verification Test outcome will be dated according to the date AEMO determines the outcome of the Verification Test, not the date that the Verification Test was carried out.
- 5.1.4. Potential Providers are encouraged to carry out their Verification Tests as early as practicable, to ensure that their Supplementary Capacity Contracts are ready to commence by 1 December 2024.

5.2. Operational requirements for A&A Service

- 5.2.1. For a Service provided on an Availability and Activation (A&A) basis, the Service must be offered (i.e. the Service must be Available) for every Relevant Interval agreed in the Supplementary Capacity Contract:

- (a) for a Scheduled Facility – as Real-Time Market Submissions for energy with an In-Service Capacity for Injection greater than or equal to the sum of the Maximum Service Quantity and the Baseline Quantity; and
- (b) for Unregistered Equipment other than for Services using the Residential DER standard-form Supplementary Capacity Contract – as a standing contractual offer to Inject or Withdraw a quantity greater than or equal to the sum of the relevant Maximum Service Quantity and the Baseline Quantity.
- (c) for Unregistered Equipment using the Residential DER standard-form Supplementary Capacity Contract – as a standing contractual offer to meet the requirements detailed in the standard-form Residential DER Supplementary Capacity Contract.

5.2.2. AEMO will issue an Activation notice to the holder of an A&A contract that is consistent with the agreed minimum notification time.

5.3. Operational requirements for AO Service

5.3.1. For a Service provided on an Activation-only (AO) basis:

- (a) Activation is voluntary.
- (b) AEMO may contact potential providers holding AO contracts up to 24 hours in advance to determine whether a Service Provider is able and willing to provide Supplementary Capacity, and also determine the amount of capacity likely to be available, up to the Maximum Service Quantity agreed in the Supplementary Capacity Contract with the Service Provider.
- (c) If the need for Supplementary Capacity is confirmed, then AEMO may issue an Activation Notice to the holder of an AO contract, consistent with the agreed minimum notification time, requesting a quantity (which must be greater than 1 MW, and no more than the Maximum Service Quantity in the contract).
- (d) The Activation is only confirmed once the AO Service Provider confirms that they will provide the service in response to the Activation Notice.

6. How the Service will be measured and paid

6.1. Measurement

6.1.1. Other than for Services using the standard-form Residential DER Supplementary Capacity Contract AEMO will determine historical and actual Injection or Withdrawal from:

- (a) for Registered Facilities:
 - (i) for relevant Trading Intervals, using Interval Meter data; and
 - (ii) for relevant Dispatch Intervals, using SCADA end-of-interval values; and
- (b) for Unregistered Equipment utilising:

- (i) a NMI associated with a Contestable Customer – Interval Meter data provided by the Meter Data Agent; and
- (ii) a NMI not associated with a Contestable Customer – Interval Meter data provided by the Meter Data Agent or the Supplementary Capacity provider.

6.1.2. For Services using the standard-form Residential DER Supplementary Capacity Contract, AEMO will determine performance as detailed in the contract.

6.2. Baseline Quantity

6.2.1. The Baseline Quantity will determine the baseline from which the Service Quantity is measured.

6.2.2. The Baseline Quantity for the Service is determined as:

- (a) for a Registered Facility to increase Injection – the MW quantity of Capacity Credits held by the Service Equipment for 2024-25.
- (b) for Unregistered Equipment to increase Injection or decrease Withdrawal – the MW quantity determined by one of the following methods:
 - (i) the method described in Schedule 4 of the relevant standard-form Supplementary Capacity Contract; or
 - (ii) where the Potential Provider can demonstrate to AEMO's satisfaction that a parameter in the method described in Schedule 4 of the standard-form Supplementary Capacity contract is not applicable, a revised parameter proposed by the Potential Provider and approved by AEMO (having regard to the restrictions in clause 4.24.14 of the WEM Rules); or
 - (iii) where the Potential Provider can demonstrate to AEMO's satisfaction that the method described in Schedule 4 of the standard-form Supplementary Capacity Contract is not appropriate, a method to identify a baseline Injection or Withdrawal proposed by the Potential Provider and approved by AEMO (having regard to the restrictions in clause 4.24.14 of the WEM Rules).

6.3. Availability

6.3.1. For the Supplementary Capacity A&A Service, a minimum availability requirement applies, as detailed in the Supplementary Capacity Contract. If this requirement is not met, the Service will be considered unavailable for a Trading Interval, or unavailable until testing demonstrates that the Service Provider is able to deliver the agreed Maximum Service Quantity.

6.3.2. For the Supplementary Capacity AO Service, there is no availability obligation, and therefore no Availability Payment

6.4. Payment

- 6.4.1. Payment will be according to the prices specified by the Potential Provider in the Tender Submission, and will be fixed for the Supplementary Capacity Contract period.
- 6.4.2. The payment mechanisms for Supplementary Capacity are:
- (a) for Registered Facilities – in accordance with the WEM Rules;
 - (b) for Unregistered Equipment provided by a Market Participant – in accordance with the WEM Rules; or
 - (c) for Unregistered Equipment provided by an unregistered Supplementary Capacity provider – in accordance with a monthly payment mechanism specified by AEMO.
- 6.4.3. Payment for Availability and Activation (A&A) Service:
- (a) For a Registered Facility, the contract amount payable will consist of:
 - (i) An Availability Payment (which is not payable unless and until the Potential Provider satisfies all the conditions precedent specified in the Supplementary Capacity Contract).
 - (b) For Unregistered Equipment, the contract amount payable will consist of:
 - (i) An Availability Payment (which is not payable unless and until the Potential Provider satisfies the conditions precedent specified in the Supplementary Capacity Contract).
 - (ii) An Activation Payment payable for all Trading Intervals within the Service Period for which AEMO has activated the Service, excluding Trading Intervals during which the facility or equipment is deemed to be unavailable. The Activation Payment for Unregistered Equipment will be determined by AEMO's calculation of the actual service quantity for each trading interval in each activation, using the methodology in Schedule 4 of the relevant standard-form Supplementary Capacity Contract, unless an alternative means of evaluation has been agreed with AEMO.
- 6.4.4. Payment for Activation-only (AO) Service:
- (a) The contract amount payable will consist of an Activation Payment based on the amount of service MW actually delivered.
 - (b) The Activation Payment for Unregistered Equipment will be payable for all Trading Intervals within the Service Period for which AEMO has activated the Service.
 - (c) The Activation Payment for Unregistered Equipment will be determined by AEMO's calculation of the actual service quantity for each trading interval in each activation, using the methodology in Schedule 4 of the relevant standard-form Supplementary Capacity Contract, unless an alternative means of evaluation has been agreed with AEMO.

7. Evaluation criteria

7.1. Overall evaluation approach

7.1.1. For Availability and Activation (A&A) service, AEMO will seek to enter into the lowest-cost mix of Supplementary Capacity Contracts that will meet the requirement for Supplementary Capacity in paragraph 3.1.4, and if this is not possible, that will minimise the remaining capacity shortfall.

7.2. Assessment criteria for A&A Service

7.2.1. Tender Submissions for Availability and Activation (A&A) Service will be evaluated using the selection criteria summarised 7.2, in accordance with clause 4.24.8 of the WEM Rules.

Table 2 Selection criteria for Availability and Activation (A&A) Service

Criteria	Description	Weighting
Eligible Service	AEMO must only accept an offer for the provision of Eligible Services (clause 4.24.8(a) of the WEM Rules).	Pass / Fail
Available in Hot Season	AEMO must only accept an offer for the provision of an Eligible Service being offered on an availability and activation basis if AEMO is satisfied that the Eligible Service will be available during times of system peak demand coinciding with the shortfall period (clause 4.24.8(b) of the WEM Rules).	Pass / Fail
Network access	AEMO must be reasonably satisfied that the provider of the Eligible Service has access to a network, where applicable (clause 4.24.8(d) of the WEM Rules).	Pass / Fail
Compliance with Tender requirements	The submission complies with the Tender requirements specified in this document for the Service.	Pass / Fail
Contracting overhead	The extent and potential contracting impact of contract amendments submitted for the Proposed Service.	15%
Service utility	The utility of the Proposed Service to AEMO, including notification time required, any restrictions on Availability including hours of Availability each day, maximum number of hours of Activation, and maximum hours of service available per Activation.	30%
Control and communication	AEMO must be reasonably satisfied that the Proposed Service will be able to meet the control and communication requirements.	5%
Risk to successful service delivery	Risks posed by the Proposed Service, both technical and commercial, that could hinder the successful delivery of the Service.	10%
Lowest cost mix	Ranking of the lowest-cost mix of Supplementary Capacity Contracts that will meet the requirement for Supplementary Capacity; or if this is not possible, minimise the remaining Reserve Capacity shortfall (clause 4.24.8(c) of the WEM Rules).	40%

7.3. Assessment criteria for AO Service

7.3.1. Tender Submissions for Activation-only (AO) Service will be evaluated using the selection criteria summarised in Table 3, in accordance with clause 4.24.8A of the WEM Rules.

Table 3 Selection criteria for Activation-only (AO) Service

Criteria	Description	Weighting
Eligible Service	AEMO must only accept an offer for the provision of Eligible Services (clause 4.24.8A(a) of the WEM Rules).	Pass / Fail
Network access	AEMO must be reasonably satisfied that the provider of the Eligible Service has access to a network, where applicable (clause 4.24.8A(c) of the WEM Rules).	Pass / Fail
Risk to successful service delivery	Risks posed by the Proposed Service, both technical and commercial, that could hinder the successful delivery of the Service, and outcome of any verbal and/or written reference checks, if deemed necessary by AEMO.	10%
Compliance with Tender requirements	The submission complies with the Tender requirements specified in this document for the Service.	10%
Contracting overhead	Assessment of compliance with the relevant standard-form Supplementary Capacity Contract, and extent and potential contracting impact of submitted contract amendments.	20%
Control and communication	AEMO must be reasonably satisfied that the Proposed Service will be able to meet the control and communication requirements.	20%
Likelihood of reliable Activation	AEMO must be reasonably satisfied that the Proposed Service will be able to identify their likely MW available for activation a day in advance, and then activate this amount if Activation is confirmed.	20%
Service utility	Utility of the Proposed Service, including notification time required, and maximum hours of service available per Activation.	20%

8. How to apply

8.1. Submit on Vendor Panel by closing date

8.1.1. Potential Providers must submit their Tender Submissions on the Vendor Panel Supplementary Capacity 2024-25 portal [VendorPanel](#) by the closing date (5:00PM AWST 5 September 2024).

8.2. Submission requirements

8.2.1. Tender Submissions are invited for two different types of Supplementary Capacity Service for the 2024-25 Hot Season:

- (a) Availability and Activation (A&A) Service provided by Registered Facilities and Unregistered Equipment. This service is similar to the service provided in previous Supplementary Capacity tenders for 2022-23 and 2023-24⁷.
- (b) Activation-only (AO) Service provided by Unregistered Equipment only. This is a new service applicable to this tender.

8.2.2. Potential Providers of Unregistered Equipment may make submissions for both the A&A and AO services for the same Unregistered Equipment. AEMO will therefore be able to consider both submissions but only select one of the two.

8.2.3. Each Tender Submission must consist of:

- (a) A fully complete Tender Form.
- (b) A fully complete Acknowledgement Notice.
- (c) If the Potential Provider seeks amendments to the relevant standard-form Supplementary Capacity Contract, other than for the methodology to determine the Baseline Quantity, and noting the restrictions in clause 4.24.14 of the WEM Rules:
 - (i) For the Availability and Activation (A&A) Service, proposed contract amendments (with justification for the purposes of clause 4.24.14 of the WEM Rules) using track changes in MS Word in the applicable standard-form Supplementary Capacity Contract.
 - (ii) For the Activation-only (AO) Service, a summary of issues with the relevant standard-form Supplementary Capacity Contract and impacts upon the Unregistered Equipment.
- (d) If the Potential Provider of Unregistered Equipment seeks amendments to a parameter in the methodology to determine the Baseline Quantity of the relevant standard-form Supplementary Capacity Contract for either Service, the Potential Provider must:
 - (i) In a separate MS Word document, provide justification why the parameter is not appropriate to determine the Baseline Quantity for the Unregistered Equipment.

⁷ Details on previous tenders can be found here <https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/supplementary-reserve-capacity>.

- (ii) Summarise proposed amendments or alternative proposals for the parameter (with justification for the purposes of clause 4.24.14 of the WEM Rules).
- (e) If the Potential Provider of Unregistered Equipment seeks amendments to the methodology to determine the Baseline Quantity of the relevant standard-form Supplementary Capacity Contract for either Service, the Potential Provider must, in a separate MS Word document:
 - (i) Provide justification why the methodology is not appropriate to determine the Baseline Quantity for the Unregistered Equipment.
 - (ii) Summarise proposed amendments or alternative proposals for the methodology to determine the Baseline Quantity (with justification for the purposes of clause 4.24.14 of the WEM Rules).

8.3. General

- 8.3.1. As proposed amendments to the relevant standard-form Supplementary Capacity Contract form part of the assessment criteria, AEMO is unable to consider amendments that are not included in the Tender Submission.
- 8.3.2. Each Tender Submission is Confidential Information under clause 10.2.3(b)(iv) of the WEM Rules.
- 8.3.3. Following the completion of a tender process, AEMO must publish on the WEM Website the following information for each Supplementary Capacity Contract under clause 4.24.11B of the WEM Rules:
 - (a) the name of the service provider that has been contracted to provide supplementary capacity;
 - (b) the quantity contracted under the Supplementary Capacity Contract;
 - (c) whether the contract was entered in through a tender process or direct negotiation;
 - (d) the type of the Eligible Service contracted;
 - (e) the availability price for the Eligible Service expressed in dollars; and
 - (f) the activation price for the Eligible Service, expressed in dollars per MW per hour of activation.