



MARKET PROCEDURE: RESERVE CAPACITY SECURITY

PREPARED BY: [AEMO | Western Australia | Reserve Capacity \(WA\) System Capacity \(WA\)](#)
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VERSION RELEASE HISTORY

Version	Effective Date	Summary of Changes
1.0	24 July 2009	Market Procedure for Reserve Capacity Security
2.0	2 April 2012	Amendments to Market Procedure resulting from PC_2012_01
3.0	19 January 2015	Amendments to Market Procedure resulting from PC_2013_05
4.0	30 November 2016	Changes resulting from the transfer of functions from the IMO to AEMO
5.0	1 July 2020	Amendments to Market Procedure Changes resulting from AEPC_2020_05

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CONTENTS

1.	INTRODUCTION	994
1.1.	Purpose and scope	994
1.2.	Definitions and interpretation	10104
1.3.	Related documents	12125
2.	MODIFICATION OF TIMEFRAMES	14146
3.	PROVIDING AND PROCESSING RESERVE CAPACITY SECURITY	14146
3.1.	Obligation to provide Reserve Capacity Security	14146
3.2.	AEMO's notification requirements	16167
3.3.	Types of Security	17178
3.4.	Submitting a guarantee or bank undertaking	17178
3.5.	Submitting a Security Deposit	18188
3.6.	AEMO's assessment of the Security	191910
3.7.	Failure to provide Security	202011
4.	HOLDING AND REPLACING SECURITY	222211
4.1.	Holding Security Deposits and associated costs	222211
4.2.	Replacing Security	232312
4.3.	Recalculation of the amount of Security	262613
5.	RETURNING RESERVE CAPACITY SECURITY	282814
5.1.	Eligibility and timing for returning Reserve Capacity Security	292914
5.2.	Required Level	323215
5.3.	Determining Commercial Operation status	464616
6.	DSM RESERVE CAPACITY SECURITY	515117
6.1.	Obligation to provide DSM Reserve Capacity Security	515117
6.2.	Waiving the requirement for DSM Reserve Capacity Security	525218
6.3.	Returning DSM Reserve Capacity Security	535320
6.4.	Requirement to provide DSM Reserve Capacity Security if waiver or release no longer applicable	545421
7.	DRAWING UPON SECURITY	555522
1.	INTRODUCTION	4
1.1.	Purpose and scope	4
1.2.	Definitions and interpretation	4
1.3.	Related documents	5
2.	MODIFICATION OF TIMEFRAMES	6
3.	PROVIDING AND PROCESSING SECURITY	6
3.1.	Obligation to provide Reserve Capacity Security	6
3.2.	AEMO's notification requirements	7

<u>3.3. Types of Security</u>	8
<u>3.4. Submitting a guarantee or bank undertaking</u>	8
<u>3.5. Submitting a Security Deposit</u>	9
<u>3.6. AEMO's assessment of the Security</u>	10
<u>3.7. Failure to provide Security</u>	11
<u>4. HOLDING AND REPLACING SECURITY</u>	11
<u>4.1. Holding Security Deposits and associated costs</u>	11
<u>4.2. Replacing Security</u>	11
<u>4.3. Recalculation of the amount of Security</u>	13
<u>5. RETURNING SECURITY</u>	14
<u>5.1. Eligibility and timing for returning Reserve Capacity Security</u>	14
<u>5.2. Required Level</u>	15
<u>5.3. Determining Commercial Operation status</u>	16
<u>6. DSM RESERVE CAPACITY SECURITY</u>	17
<u>6.1. Obligation to provide DSM Reserve Capacity Security</u>	17
<u>6.2. Waiving the requirement for DSM Reserve Capacity Security</u>	18
<u>6.3. Returning DSM Reserve Capacity Security</u>	19
<u>6.4. Requirement to provide DSM Reserve Capacity Security after waiver or release</u>	19
<u>7. DRAWING UPON SECURITY</u>	20
<u>1. Introduction</u>	4
<u>1.1. Purpose and scope</u>	4
<u>1.2. Definitions and interpretation</u>	4
<u>1.3. Related documents</u>	5
<u>2. Modification of timeframes</u>	6
<u>3. Providing and processing Security</u>	6
<u>3.1. Obligation to provide Reserve Capacity Security</u>	6
<u>3.2. AEMO's notification requirements</u>	7
<u>3.3. Types of Security</u>	8
<u>3.4. Submitting a guarantee or bank undertaking</u>	8
<u>3.5. Submitting a Security Deposit</u>	9
<u>3.6. AEMO's assessment of the Security</u>	10
<u>3.7. Failure to provide Security</u>	11
<u>4. Holding and replacing Security</u>	11
<u>4.1. Holding Security Deposits and associated costs</u>	11
<u>4.2. Replacing Security</u>	11
<u>4.3. Recalculation of the amount of Security</u>	13
<u>5. Returning Security</u>	14



<u>5.1</u>	<u>Eligibility and timing for returning Reserve Capacity Security</u>	14
<u>5.2</u>	<u>Required Level</u>	15
<u>5.3</u>	<u>Determining Commercial Operation status</u>	16
<u>5.4</u>	<u>How AEMO returns Security</u>	17
<u>6</u>	<u>Drawing upon Security</u>	17
<u>7</u>	<u>Specific requirements for DSM Reserve Capacity Security</u>	17
<u>7.1</u>	<u>Obligation to provide DSM Reserve Capacity Security</u>	18
<u>7.2</u>	<u>Eligibility and timing for returning DSM Reserve Capacity Security</u>	19
<u>1</u>	<u>Introduction</u>	4
<u>1.1</u>	<u>Purpose and scope</u>	4
<u>1.2</u>	<u>Definitions and interpretation</u>	4
<u>1.3</u>	<u>Related documents</u>	5
<u>2</u>	<u>Modification of timeframes</u>	6
<u>3</u>	<u>Providing and processing Security</u>	6
<u>3.1</u>	<u>Obligation to provide Reserve Capacity Security</u>	6
<u>3.2</u>	<u>Obligation to provide DSM Reserve Capacity Security</u>	7
<u>3.3</u>	<u>AEMO's notification requirements</u>	8
<u>3.4</u>	<u>Types of Security</u>	10
<u>3.5</u>	<u>Submitting a guarantee or bank undertaking</u>	10
<u>3.6</u>	<u>Submitting a Security Deposit</u>	11
<u>3.7</u>	<u>AEMO's assessment of the Security</u>	12
<u>3.8</u>	<u>Failure to provide Security</u>	13
<u>4</u>	<u>Holding and replacing Security</u>	13
<u>4.1</u>	<u>Holding Security Deposits and associated costs</u>	13
<u>4.2</u>	<u>Replacing Security</u>	13
<u>4.3</u>	<u>Recalculation of the amount of Reserve Capacity Security</u>	15
<u>5</u>	<u>Returning Reserve Capacity Security</u>	16
<u>5.1</u>	<u>Eligibility and timing for returning Reserve Capacity Security</u>	16
<u>5.2</u>	<u>Required Level</u>	17
<u>5.3</u>	<u>Determining Commercial Operation Status</u>	19
<u>5.4</u>	<u>How AEMO returns Reserve Capacity Security</u>	19
<u>6</u>	<u>Drawing upon Reserve Capacity Security</u>	19
<u>1</u>	<u>Introduction</u>	4
<u>1.1</u>	<u>Purpose and scope</u>	4
<u>1.2</u>	<u>Definitions and interpretation</u>	4
<u>1.3</u>	<u>Related documents</u>	5
<u>2</u>	<u>Modification of timeframes</u>	6

<u>3. Providing and processing Reserve Capacity Security or DSM Reserve Capacity Security</u>	6
<u>3.1. Obligation to provide Reserve Capacity Security</u>	6
<u>3.2. Obligation to provide DSM Reserve Capacity Security</u>	7
<u>3.3. AEMO's notification requirements</u>	8
<u>3.4. Types of Security</u>	10
<u>3.5. Submitting a guarantee or bank undertaking</u>	10
<u>3.6. Submitting a Security Deposit</u>	11
<u>3.7. AEMO's assessment of the Security</u>	12
<u>3.8. Failure to provide Security</u>	13
<u>4. Holding and replacing Security</u>	13
<u>4.1. Holding Security Deposits and associated costs</u>	13
<u>4.2. Replacing Security</u>	13
<u>4.3. Recalculation of the amount of Reserve Capacity Security</u>	15
<u>5. Returning Reserve Capacity Security</u>	16
<u>5.1. Eligibility and timing for returning Reserve Capacity Security</u>	16
<u>5.2. Required Level</u>	17
<u>5.3. Determining Commercial Operation Status</u>	19
<u>5.4. How AEMO returns Reserve Capacity Security</u>	19
<u>6. Drawing upon Reserve Capacity Security</u>	19
<u>1. Introduction</u>	5
<u>1.1. Purpose and scope</u>	5
<u>1.2. Definitions and interpretation</u>	5
<u>1.3. Related documents</u>	6
<u>2. Modification of timeframes</u>	7
<u>3. Providing and processing Reserve Capacity Security</u>	7
<u>3.1. Obligation to provide Reserve Capacity Security</u>	7
<u>3.2. AEMO's notification requirements</u>	8
<u>3.3. Types of Reserve Capacity Security</u>	9
<u>3.4. Submitting a guarantee or bank undertaking</u>	9
<u>3.5. Submitting a Security Deposit</u>	10
<u>3.6. AEMO's assessment of the Reserve Capacity Security</u>	11
<u>3.7. Failure to provide Reserve Capacity Security</u>	12
<u>4. Holding and replacing Reserve Capacity Security</u>	12
<u>4.1. Holding Security Deposits and associated costs</u>	12
<u>4.2. Replacing Reserve Capacity Security</u>	12
<u>4.3. Recalculation of the amount of Reserve Capacity Security</u>	14
<u>5. Returning Reserve Capacity Security</u>	15
<u>5.1. Eligibility and timing for returning Reserve Capacity Security</u>	15



5.2. Required Level	16
5.3. Determining Commercial Operation Status	18
5.4. How AEMO returns Reserve Capacity Security	18
6. Drawing upon Reserve Capacity Security	18

1. PROCEDURE OVERVIEW	5	Formatted	...
1.1. Relationship with the Market Rules	5	Formatted	...
1.2. Purpose of this Procedure	5	Formatted	...
1.3. Application of this Procedure	5	Formatted	...
1.4. Associated Market Procedures and Market Documents	5	Formatted	...
1.5. Conventions used	6	Formatted	...
1.6. Terminologies and Definitions	6	Formatted	...
1.7. Amendments to Proforma Documents	7	Formatted	...
2. REQUIREMENT FOR RESERVE CAPACITY SECURITY	7	Formatted	...
2.1. Conditions under which a Market Participant is Required to Provide Reserve Capacity Security	7	Formatted	...
2.2. Conditions under which a Market Participant is Not Required to Provide Reserve Capacity Security	8	Formatted	...
3. AEMO'S NOTIFICATION OF THE REQUIREMENT FOR RESERVE CAPACITY SECURITY	9	Formatted	...
3.1. Certified Reserve Capacity	9	Formatted	...
3.2. Conditional Certified Reserve Capacity	9	Formatted	...
3.3. Early Certified Reserve Capacity	10	Formatted	...
4. RECALCULATION OF THE AMOUNT OF RESERVE CAPACITY SECURITY TO BE PROVIDED	11	Formatted	...
4.1. Timeline for the Recalculation of the Amount of Reserve Capacity Security to be Provided	12	Formatted	...
4.2. AEMO's Process for Recalculation of the Amount of Reserve Capacity Security	12	Formatted	...
5. PROVISION OF RESERVE CAPACITY SECURITY	13	Formatted	...
5.1. Reserve Capacity Security Arrangements	15	Formatted	...
5.2. Failure to Provide Reserve Capacity Security	15	Formatted	...
5.3. Submitting Guarantees or Bank Undertakings	16	Formatted	...
5.4. Submitting Security Deposits	17	Formatted	...
5.5. Completing the Acceptable Credit Criteria Form	18	Formatted	...
5.6. AEMO's Process of Reviewing Reserve Capacity Security Arrangements	18	Formatted	...
5.7. Further Steps by AEMO with respect to Reserve Capacity Security Arrangements	19	Formatted	...
5.8. Holding Security Deposits and Associated Costs	19	Formatted	...
6. MAINTENANCE OF RESERVE CAPACITY SECURITY	20	Formatted	...
6.1. Requirement to Maintain Reserve Capacity Security with AEMO	20	Formatted	...



1. PROCEDURE OVERVIEW/INTRODUCTION

1.1. Relationship with the Market Rules Purpose and scope

1.1.1. This Market Procedure: Reserve Capacity Security (Procedure) is made in accordance with clause 4.13.8 of the Wholesale Electricity Market (WEM) Rules (Market Rules). This Market 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). This Procedure is also made under clauses 4.13.8 and 4.13A.23 of the WEM Rules.

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- 1.1.2. This purpose of this Procedure is to outline: outlines the processes for dealing with:
- (a) the processes that Market Participants must follow when providing and requesting the return of Reserve Capacity Security; determining the initial and ongoing requirement for and the value of Reserve Capacity Security for a Facility;
 - (b) the processes that Market Participants must follow when providing and requesting the return or waiver of DSM Reserve Capacity Security;
 - (c) 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 against 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;
 - (d) standard form documents for Reserve Capacity Security and DSM Reserve Capacity Security, including bank undertakings, guarantees, and Security Deposit deeds; and
 - (e) other matters relating to sections 4.13 and 4.13A of the WEM Rules.

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 clauses 2.9.7, 2.9.7A, 2.9.7B, 2.9.7C, and 2.9.8 of the WEM Rules, as applicable.

- 1.1.2. —
- assessing persons against the Acceptable Credit Criteria;
 - Reserve Capacity Security arrangements, including:
 - the form of acceptable guarantees and bank undertakings;
 - where and how AEMO will hold cash deposits and how the costs and fees for holding cash deposits will be met; and
 - the application of monies drawn upon from Reserve Capacity Security in respect to amounts payable by the relevant Market Participant to AEMO under clause 4.13.11A of the Market Rules; and
 - other matters relating to section 4.13 of the Market Rules.



1.1.4. ~~References to particular Market WEM Rules within the Procedure, which are in bold and square brackets [Clause XX] are current as of 1 November 2014. These references are included for convenience only, and are not part of this Procedure.~~

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1.2. Definitions and interpretation

1.2.1. ~~Terms defined in the WEM Rules have the same meanings in this Procedure, unless otherwise specified in this clause. The words, phrases, and abbreviations in the table below have the meanings set out opposite them when used in this Procedure.~~

Table 1 Defined Terms

Term	Definition
Compliance Date	The date by which the Market Participant must comply with its obligations under clause 4.13.11 of the Market Rules, being 30 November of Year 4 of the relevant Reserve Capacity Cycle.
Commercial Operation	The status determined by AEMO for a Facility under clause 4.13.10B of the Market Rules that a Facility is operating in the WEM.
Completed Facility Upgrade	Where a Market Participant has completed works that previously formed a Planned Facility Upgrade.
Due Date	The date specified by AEMO in respect of a step in this Procedure.
Eligible Capacity Test	A set of conditions that a Market Participant must meet to be eligible for the return of its Reserve Capacity Security, as defined in step 0 of this Procedure.
EMM	Means the unique identifier assigned to a connection point, as defined in section 1.3 of the Electricity Industry (Metering) Code 2012.
Nominated Exchange Date	The date agreed upon by a Market Participant and AEMO on which AEMO will return any excess Reserve Capacity Security in exchange for a duly effective replacement Reserve Capacity Security provided by the Market Participant.
One Hundred Percent Test	A set of conditions that a Market Participant must meet to be eligible for the return of its Reserve Capacity Security, as defined in step 8.2 of this Procedure.
Reserve Capacity Security Due Date	The date and time specified in clause 4.13 of the Market Rules for Certified Reserve Capacity and clause 4.28C.8 for Early Certified Reserve Capacity and reproduced in Table 2 of this Procedure.
Planned Facility Upgrade	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 maintenance include, but are not limited to, major refurbishments of a Facility, and circumstances where major repairs or reconstruction of a Facility are required.

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Term	Definition
Temperature Dependence Curve	A dataset showing how a generation system's (other than an Intermittent Generator) 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 accompanied by a report from the original equipment manufacturer or independent engineering firm. <u>The information provided by a Market Participant under clause 4.10.1(e)(i) of the Market Rules, as detailed in the manufacturer's technical specifications or as determined by an independent engineering firm.</u>
Planned Facility its due to Wholesale Electricity Market System or for WEMS	AEMO's IT interface used to administer, operate and settle the Wholesale Electricity Market. An interface software that AEMO uses to administer and operate the Wholesale Electricity Market.
Reserve Corporation	<u>A central borrowing authority of an Australian State or Territory, which authority has been established by an Act of Parliament of that State or Territory.</u>

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1.2.2. The following principles of interpretation apply to this Procedure, unless otherwise expressly indicated:

- (a) references to time are references to Australian Western Standard Time;
- (b) terms that are capitalised, but not defined in this Procedure, have the meaning given in the WEM Rules;
- (c) to the extent that this Procedure is inconsistent with the WEM Rules, the WEM Rules prevail to the extent of the inconsistency;
- (d) a reference to the WEM Rules or Market Procedures includes any associated forms required or contemplated by the WEM Rules or Market Procedures;
- (e) words expressed in the singular include the plural and vice versa; and
- (f) conventions specified in clauses 1.3 to 1.5 of the WEM Rules apply.

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- 1.2.3. AEMO may, in its absolute discretion and following any relevant requirements for amendments outlined in the WEM Rules, amend and publish on the Market Web Site any documents listed in step 1.3.1 of this Procedure.
- 1.2.4. A Market Participant wishing to use any document listed in step 1.3.1 of this Procedure must ensure that it downloads the current version from the Market Web Site.
- 1.2.5. If AEMO amends and publishes a market document listed in step 1.3.1 of this Procedure prior to a Market Participant's provision of Security under this Procedure, AEMO must apply the latest amended and published version of that market document to assess compliance of the Security.
- 1.2.0. AEMO may modify or extend a date or time set under section 4.1 of the Market Rules (except the dates and times set by clauses 4.1.18, 4.1.26, 4.1.29 and 4.1.30) in accordance with the requirements outlined in clause 4.1.32 of the Market Rules.

1.3. Purpose of this Procedure

- 1.4.0.1.1.1. This Procedure outlines the processes for dealing with:
- (e)(a) determining the initial and ongoing requirement for and the value of Reserve Capacity Security for a Facility;
 - (f)(a) assessing persons against the Acceptable Credit Criteria;
 - (g)(a) Reserve Capacity Security arrangements, including:
 - (i) the form of acceptable guarantees and bank undertakings;
 - (ii) where and how AEMO will hold cash deposits and how the costs and fees for holding cash deposits will be met; and
 - (iii) the application of monies drawn upon from Reserve Capacity Security in respect to amounts payable by the relevant Market Participant to AEMO under clause 4.13.11A of the Market Rules; and
 - (k)(a) other matters relating to section 4.13 of the Market Rules.

1.12. Application of this Procedure

- 1.13.0. In this Procedure, where obligations are conferred on a Rule Participant, that Rule Participant must comply with the relevant obligations in accordance with clauses 2.9.6, 2.9.7 and 2.9.8 of the Market Rules, as applicable.

1.14.1.3. Associated Market Procedures and Market Documents Related documents

- 1.14.1.3.1. The following Market Procedures and documents (available on the Market Web Site) are associated with this Procedure:
- (a) Market Procedure: Certification of Reserve Capacity;
 - (b) Market Procedure: Declaration of Bilateral Trades and the Reserve Capacity Auction;
 - (c) Market Procedure: Reserve Capacity Testing;
 - (d) Market Procedure: Reserve Capacity Performance Monitoring; and



- (e) Market Procedure: Prudential Requirements;
- 1.1.0. The following market documents, available on the Market Web Site, are associated with this Procedure:
 - (b)(f) Proforma deeds for:
 - (i) — bank undertaking for Reserve Capacity Security;
 - (ii)(i) bank guarantees for Reserve Capacity Security (also used for bank undertaking);
 - (iii)(ii) Security Deposits Deed for Reserve Capacity Security; and
 - (-) — Security Deposit Deed for Reserve Capacity Security – Third Party Depositor (provided by third party);
 - (d)(g) change of contact details for guarantee or bank undertaking form;
 - (e)(h) contact details of guarantee or bank undertakings form;
 - (f) — Security Deposit instructions;
 - (g)(i) Acceptable Credit Criteria form; and
 - (h)(j) list of WEM entities meeting the Acceptable Credit Criteria Providers; and
 - (i) — progress report required under clause 4.27.10 of the WEM Market Rules.

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1.15. Conventions used

- 1.16.0. — In this Procedure the conventions specified in sections 1.3 to 1.5 of the Market Rules apply.
- 1.17.0. — The appendices, if any, contained within this Procedure form part of the Procedure and are legally enforceable.

1.18. Terminologies and Definitions

1.19.0. — A word or phrase defined in the Electricity Industry Act (the Act), the Electricity Industry (Wholesale Electricity Market) Regulations (Regulations) or the Market Rules has the same meaning when used in this Procedure. In addition, the following defined terms have the meanings detailed below.

Table 1 — Defined Terms

Term	Definition
Compliance Date	The date by which the Market Participant must comply with its obligations under clause 4.13.11 of the Market Rules, being 30 November of Year 4 of the relevant Reserve Capacity Cycle.
Commercial Operation	The status determined by AEMO for a Facility under clause 4.13.10B of the Market Rules that a Facility is operating in the WEM.
Due Date	The date specified by AEMO in respect of a step in this Procedure.
Ninety Percent Test	A set of conditions that a Market Participant must meet to be eligible for the return of its Reserve Capacity Security, as defined in step 0 of this Procedure.
NMI	Means the unique identifier assigned to a connection point, as defined in section 1.3 of the Electricity Industry (Metering) Code 2012.
Nominated Exchange Date	The date agreed upon by a Market Participant and AEMO on which AEMO will return any excess Reserve Capacity Security in exchange for a duly effective replacement Reserve Capacity Security provided by the Market Participant.



Term	Definition
One Hundred Percent Test	A set of conditions that a Market Participant must meet to be eligible for the return of its Reserve Capacity Security, as defined in step 9.2 of this Procedure.
Reserve Capacity Security Due Date	The date and time specified in clause 4.1.13 of the Market Rules for Certified Reserve Capacity and clause 4.28C.9 for Early Certified Reserve Capacity and reproduced in Table 2 of this Procedure.
Temperature Dependence Curve	The information provided by a Market Participant under clause 4.10.1(c)(i) of the Market Rules, as detailed in the manufacturer's technical specifications or as determined by an independent engineering firm.
Treasury Corporation	A central borrowing authority of an Australian State or Territory, which authority has been established by an Act of Parliament of that State or Territory.

2. MODIFICATION OF TIMEFRAMES

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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, in accordance with 4.1.1C of the WEM Rules, a single, as

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3.0. Amendments to Proforma Documents

- 4.0.0. AEMO may, in its absolute discretion, amend and publish on the Market Web Site and market documents listed in step 1.4.2 of this Procedure.
- 5.0.0. A Market Participant wishing to use any market document listed in step 1.4.2 of this Procedure must ensure that it downloads the current version from the Market Web Site.
- 6.0.0. If AEMO amends and publishes a market document prior to a Market Participant's provision of Reserve Capacity Security under this Procedure, AEMO must apply the amended and published version of that market document to assess compliance of the Reserve Capacity Security.

7.3. REQUIREMENT FOR RESERVE CAPACITY SECURITY PROVIDING AND PROCESSING RESERVE CAPACITY SECURITY

7.1.3.1. Conditions under which a Market Participant is Required to Provide Reserve Capacity Security Obligation to provide Reserve Capacity Security

7.1.3.1.1. Where AEMO assigns Certified Reserve Capacity to a Facility (except a Demand Side Programme¹) for a Reserve Capacity Cycle, the relevant Market Participant for that Facility must, in accordance with clause 4.13.1 of the WEM Rules, provide Reserve Capacity Security to AEMO for clause 4.13.1 any of the following apply:
 (a) the Facility is a new Facility that is yet to enter service;

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¹ 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.



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

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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 ~~clause 4.13.1B~~:

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- (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.

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- (a)
 - (a) subject to step 2.1.2 of this Procedure, the Facility is an existing Facility that has undergone significant maintenance or has been upgraded [Clause 4.13.1]; or
 - (a) AEMO cancelled the Capacity Credits assigned to the Facility for the previous Reserve Capacity Cycle in accordance with clause 4.20.14 of the Market Rules [Clause 4.13.1B(b)].

3.1.3. For the purpose of step 2.1.1(b) of this Procedure ~~For an existing Facility, where the Facility is an existing Facility that has undergone Significant Maintenance or has been upgraded~~, the requirement to provide Reserve Capacity Security applies only to ~~the Planned Facility Upgrade or the part of the Facility that was significantly maintained or upgraded~~ undergoing Significant Maintenance under clause 4.13.1A of the WEM Rules.

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7.1.6. For the purpose of clause 4.13.1 of the Market Rules and step 2.1.2 of this Procedure, AEMO will deem a Facility to be undergoing 'significant maintenance' if, in AEMO's opinion, the scope and duration of works represent a risk to the late or failed return to service of the Facility, similar to that for a new Facility.

3.1.4. For the purpose of clause 4.13.1 of the Market Rules and step 2.1.2 of this Procedure, AEMO will deem a Facility to be undergoing an 'upgrade' if it has been assigned a higher level of Certified Reserve Capacity than during the previous Reserve Capacity Cycle as a direct result of works to be undertaken or already undertaken on the Facility, where the higher level of Certified Reserve Capacity has not been demonstrated by the Facility in the current Capacity Year. ~~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 assigned with Early Certified Reserve Capacity from the date and time specified in clause 4.1.13 of the WEM Rules.~~ clause 4.28C.12A.

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3.2. ~~Conditions under which a Market Participant is Not Required to Provide Reserve Capacity Security~~AEMO's notification requirements

3.2.1. ~~For Certified Reserve Capacity assigned under section 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 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 3.1 of this Procedure, calculated in accordance with clause 4.13.2 of the WEM Rules, ~~clause 4.9.9(c)~~; 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 6.1 of this Procedure, calculated in accordance with clause 4.13A.2 or clause 4.13A.4 of the WEM Rules (as applicable), ~~clause 4.9.9(c)~~; 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),~~
~~relevant the amount of Reserve Capacity Security calculated in accordance with clause 4.13.2(a) of the Market Rules, if applicable. ~~Clause 4.9.9(c)~~; and~~

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3.2.2. ~~For Conditional Certified Reserve Capacity assigned under clause 4.9.5 of the WEM Rules, AEMO must notify the relevant Market Participant within 90 days of receiving the application of:~~

- (a) ~~the amount of any Reserve Capacity Security required under section 3.1 of this Procedure, as a condition of a Market Participant holding Certified Reserve Capacity, as calculated/determined in accordance with clause 4.13.2(a) of the WEM Rules, ~~clause 4.9.9(c)~~; and~~
- (b) ~~the amount of any DSM Reserve Capacity Security required under section 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 at which the Market Participant must provide the Reserve Capacity Security, which is the date, as specified in clause 4.1.13(b) of the WEM Rules (as modified or extended).~~

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3.2.3. ~~For Early Certified Reserve Capacity assigned under section 4.28C of the WEM Rules, AEMO must notify the relevant Market Participant within 90 days of receiving the application of:~~

- (a) ~~the amount of any Reserve Capacity Security required under section 3.1 of this Procedure, calculated in accordance with clause 4.28C.9 of the WEM Rules; and~~
- (b) ~~the date on which the Market Participant must provide the Reserve Capacity Security for the Reserve Capacity Security, which is the date determined in accordance with clause 4.28C.8 of the WEM Rules, date of which AEMO notifies the relevant Market Participant in accordance with this step of the Procedure.~~

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3.3. Types of Security

3.3.1. A Market Participant that is required to provide Reserve Capacity Security must, under clauses 4.13.1(a) or 4.13A.1(b) of the WEM Rules, ensure that its Reserve Capacity Security arrangement documents comply with clause 4.13.5 or 4.13A.6 of the WEM Rules, as relevant to clauses 4.13.1(a) and 4.13A.1(b).

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

3.3.3. A Market Participant must ensure that the contact details it submits for its Reserve Capacity Security arrangements are current at all times. This includes contact details for persons at the Treasury Corporation or the bank to be provided in the contact details of guarantee/bank undertakings form. The Market Participant must update these contact details by completing the change of contact details form and emailing it to wa.accounts@aemo.com.au. provide current contact details for the party giving the Security Provider.

3.3.4. A Market Participant must update the contact details provided under step 3.3.3 of this Procedure, if required, by completing the change of contact details form on the Market Web Site and emailing it to wa.accounts@aemo.com.au.

3.3.5. A Market Participant must ensure and continue to ensure that its Reserve Capacity Security arrangement provided under step 5.1.2 of this Procedure will does not have a specified end date which is prior to cease to have effect earlier than 30 November of Year 4 of the relevant Reserve Capacity Cycle the Compliance Date.

A Market Participant must ensure that its DSM Reserve Capacity Security or replacement DSM Reserve Capacity Security does not expire.

3.4. Submitting a guarantee or bank undertaking

3.4.1. to AEMO be provided by and delivered unconditionally to AEMO 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). The guarantee or bank undertaking must meet the requirements of clause 4.13.5(a) of the WEM Rules, and be for the amount determined in accordance with section 3.2 of this Procedure.

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3.4.2. AEMO must reject a guarantee or bank undertaking that does not meet the criteria in step 3.4.1 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 described in step 1.3.1(i) of this Procedure, must follow the process described in section 4.1 of the Market 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 required under step 3.45.1 of this Procedure, a Market Participant must provide:

- (a) a completed contact details form, located on the Market Web Site, 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.

3.5. 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. AEMO must advise the Market Participant whether a Security Deposit is acceptable and any related terms or conditions on which the Security Deposit will be acceptable to AEMO within one Business Day of the request in step 3.5.1 of this Procedure.

3.5.4. If AEMO advises that a Security Deposit is unacceptable under step 3.5.2 of this Procedure, the Market Participant must provide Security in the form of a guarantee or bank undertaking, in accordance with section 3.4 of this Procedure.

3.5.5. If AEMO advises that a Security Deposit is acceptable under step 3.5.2 of this Procedure, the Market Participant must submit a signed original hard copy (in person or by courier, requiring a signature on receipt) 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. The Security Deposit deed provided under step 3.5.5 of this Procedure must be:

- (a) for an amount determined in accordance with section 3.2 of this Procedure;
- (b) in the form prescribed by AEMO and available on the Market Web Site; and
- (c) duly executed by or on behalf of the Market Participant.

3.5.7. 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

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(b) for Early Certified Reserve Capacity, the date determined in accordance with clause 4.28C.8 of the WEM Rules.

3.5.8. adulyAEMO must sign the original of the Security Deposit deed and return a copy to the Market Participant, as soon as practicable after ~~document~~ confirming that the Security Deposit deed is compliant under step 3.6.1 or 3.6.4 of this Procedure.

3.6. AEMO’s assessment of the Security

3.6.1. Once AEMO has received the completed documentation from a Market Participant under section 3.4 or section 3.5 of this Procedure, AEMO must, as soon as practicable, review the Security’s compliance with either clause 4.13.5 or 4.13A.6 of the WEM Rules, as relevant.

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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 3.6.5 of this Procedure.

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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 3.6.2 of this Procedure.

3.6.4. If a Market Participant does not provide additional information requested under step 3.6.2 of this Procedure by the time and date specified by AEMO, AEMO must assess the compliance of the Security using the original submission.

3.6.5. AEMO must notify the Market Participant of the ~~compliance of the Security~~results of its compliance assessment in relation to the Security under steps 3.6.1 to 3.6.4 of this Procedure, within three Business Days of receiving complete documents under section 3.4 or section 3.5 of this Procedure, or after receiving additional information under step 3.6.3 of this Procedure. If AEMO assesses the Security as non-compliant with either the WEM Rules or this Procedure, ~~the~~AEMO’s notification to the Market Participant must include reasons for the non-compliance.

3.6.6. If a Market Participant receives a notification, under step 3.6.5 of this Procedure, that a Security, provided under section 3.4 or 3.5 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 4.13(b) of the WEM Rules; or

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(b) for Early Certified Reserve Capacity, the date determined in accordance with clause 4.28C.8 of the WEM Rules.

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3.6.7. Following a notification of non-compliance under step 3.6.5 of this Procedure, if the Market Participant fails to submit a compliant Security before the date and time specified in step 3.6.6(a) or 3.6.6(b) of this Procedure (as relevant), the Facility's Certified Reserve Capacity or Early Certified Reserve Capacity will lapse and the provisions of Section 3.7 of this Procedure will apply.

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3.6.8. Once AEMO has confirmed that the Security is compliant under step 3.6.5 of this Procedure, it must place the guarantee, bank undertaking, or Security Deposit deed in a bank safe deposit box as soon as practicable.

3.6.9. If the Security is a Security Deposit, AEMO must register a security interest on the Personal Property Securities Register in accordance with the *Personal Property Securities Act 2009 (Cth)* within 10 Business Days of accepting the original Security Deposit deed under step 3.5.5 of this Procedure.

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

3.7. Failure to Provide Reserve Capacity Security

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). For a Facility that was assigned Certified Reserve Capacity (conditional or otherwise) under clauses 4.11 or 4.9.5 of the Market Rules and the conditions to provide Reserve Capacity Security under step 2.1 of this Procedure were met, if the Market Participant in respect of that Facility fails to provide the required amount of Reserve Capacity Security by the Reserve Capacity Security Due Date (as applicable), the Certified Reserve Capacity assigned to that Facility will lapse [Clause 4.13.9].

3.7.1. For a Facility that was assigned Early Certified Reserve Capacity under clause 4.28C of the Market Rules and the conditions to provide Reserve Capacity Security under step 2.1 of this Procedure were met, if the Market Participant in respect of that Facility fails to provide the required amount of Reserve Capacity Security by the Reserve Capacity Security Due Date, the Early Certified Reserve Capacity assigned to that Facility will lapse [Clause 4.28C.8A].

3.7.2. If a Market Participant does not comply with clause 4.28C.8 of the WEM Rules in full by which is the date 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].

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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 which is the date specified in clause 4.13A.14 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. 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, AEMO must notify the Market Participant within two Business Days that:

~~Where under steps 5.2.1 or 5.2.2, the Certified Reserve Capacity assigned to a Facility lapses due to the failure to provide Reserve Capacity Security, AEMO must notify the Market Participant in relation to that Facility, in writing as soon as practicable, that for the relevant Reserve Capacity Cycle:~~

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

8.0.

9.0.0. Where a Market Participant has provided Reserve Capacity Security for the same Facility in a previous Reserve Capacity Cycle and the following conditions are met:

- (-) the Facility has not yet undergone or is not scheduled to undergo significant maintenance or upgrade; and
- (-) AEMO has not cancelled the Facility's Capacity Credits in the previous Reserve Capacity Cycle;

then the Market Participant is not required to provide Reserve Capacity Security for that Facility [Clause 4.13.1B].

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Table 13 — Summary of the Requirement for Reserve Capacity Security

Scenarios under which Market Participant is required to provide Reserve Capacity Security	The amount of Reserve Capacity Security to be provided	Reserve Capacity Security Due Date	How to provide Reserve Capacity Security
The Facility was assigned Certified Reserve Capacity under section 4.11 of the Market Rules and the conditions under step 2.1 of this Procedure are met	As calculated under clause 4.13.2(a) of the Market Rules	As specified in clause 4.1.13(b) of the Market Rules and outlined in step 3.1.1(c) of this Procedure	As outlined in section 5 of this Procedure
The Facility was assigned Conditional Certified Reserve Capacity under clause 4.9.5 of the Market Rules and the conditions under step 2.1 of this Procedure are met	As calculated under clause 4.13.2(a) followed by confirmation under clause 4.9.5(c) of the Market Rules	As specified in clause 4.1.13(b) of the Market Rules and outlined in step 3.2.1(c) of this Procedure	
The Facility was assigned Early Certified Reserve Capacity under clause 4.28C of the Market Rules and the conditions under step 2.1 of this Procedure are met	As calculated under clause 4.28C.9 of the Market Rules	In accordance with clause 4.28C.8 of the Market Rules, 30 Business Days from the date the Market Participant receives AEMO's notification under step 3.3.1 of this Procedure	



32.4. AEMO'S NOTIFICATION OF THE REQUIREMENT FOR RESERVE CAPACITY SECURITY HOLDING AND REPLACING SECURITY

4.1. Certified Reserve Capacity Holding Security Deposits and associated costs

4.1.1. ~~Where~~ If AEMO receives a Security Deposit in accordance with section 3.5 of this Procedure Reserve Capacity Security in the form of a Security Deposit, it must:

- (a) ~~invest any Security Deposit~~ the amount of the Security Deposit less any fees associated with registration on the Personal Property Securities Register ~~payments 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 accounts.~~

4.1.2. ~~Where~~ AEMO receives a Security Deposit in accordance with section 3.5 of this Procedure, it will accrue interest daily at the AEMO Deposit Rate, and AEMO must 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]. AEMO~~

~~_____ must credit the interest earned daily at AEMO Deposit Rate on the balance of the Security Deposit to the relevant Market Participant's bank account on a monthly basis and deduct any costs and fees associated with holding the Security Deposit from the balance of the Security Deposit, including bank fees and charges [Clause 4.13.6].~~

4.1.3. ~~AEMO may provide written advice to a Market Participant on a monthly basis regarding the interest earned at AEMO Deposit Rate and the deduction of any accrued costs and fees 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.~~

32.1. _____

32.2.0. ~~Where~~ AEMO assigns Certified Reserve Capacity to a Facility under section 4.11 of the Market Rules for a Reserve Capacity Cycle, AEMO must notify the relevant Market Participant in writing by 5:00 PM on the last Business Day on or before 19 August of Year 1 of the Reserve Capacity Cycle [Clause 4.1.12(b)], of:

- (c) ~~whether any Reserve Capacity Security is required as a condition of the Market Participant holding the Certified Reserve Capacity, as determined under section 2 of this Procedure;~~
- (d) ~~the amount of Reserve Capacity Security calculated in accordance with clause 4.13.2(a) of the Market Rules, if applicable [Clause 4.9.9(c)]; and~~
- (e) ~~the Reserve Capacity Security Due Date by which the Market Participant must provide duly effective Reserve Capacity Security. The Reserve Capacity Security Due Date is no later than 5:00 PM of the last Business Day which falls on or before [Clause 4.1.13(b)]:~~
 - (i) ~~2 September of Year 1 of the relevant Reserve Capacity Cycle, if any of the Facility's Certified Reserve Capacity is to be traded bilaterally in accordance with clause 4.14.1(c) of the Market Rules or if the Facility is subject to a Network Control Service Contract; or~~

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- () — 14 September of Year 1 of the relevant Reserve Capacity Cycle, if any of the Facility's Certified Reserve Capacity is specified to be offered into the Reserve Capacity Auction in accordance with clause 4.14.1(a) of the Market Rules and where none of the Facility's Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c) of the Market Rules.

4.2. ~~Conditional Certified Reserve Capacity~~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 Reserve Capacity 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.~~

~~3.2.7.1. Where a Market Participant's Security is affected by any of the circumstances specified in step 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]. Where a Market Participant's Reserve Capacity Security is due to expire or cease to have effect for any reason and the Market Participant will continue to have an obligation to ensure AEMO holds Reserve Capacity Security, then the Market Participant must provide replacement Reserve Capacity Security that becomes effective at or prior to the expiry of the existing Reserve Capacity Security [Clause 4.13.3].~~

4.2.2.

- ~~(a) in the form specified in clause 4.13.5 or 4.13A.6 of the WEM Rules, as relevant;~~
- ~~(b) 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 relevantapplicable; and~~
- ~~(c) 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).~~

~~Where a Market Participant becomes aware that its Reserve Capacity Security is affected by any of the circumstances as outlined in step 6.1.4 of this Procedure, it must:~~

- ~~notify AEMO in writing immediately; and~~
- ~~provide duly effective replacement Reserve Capacity Security in an amount not less than its most recently calculated amount under clause 4.13.2 of the Market Rules, before the end of the next Business Day or within any longer period that AEMO has approved in writing under step 6.1.6 [Clause 4.13.4].~~

~~Where AEMO becomes aware of any circumstance (as outlined in step 6.1.4 of this Procedure) in relation to a Market Participant, it must:~~

- ~~notify the Market Participant in writing immediately; and~~

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~~require the Market Participant to provide duly effective replacement Reserve Capacity Security in an amount not less than its most recently calculated amount under clause 4.13.2, before the end of the next Business Day or within any longer period that AEMO has approved in writing under step 6.1.6 [Clause 4.13.4].~~

~~For the purposes of clause 4.13.4 of the Market Rules, circumstances that may require replacement Reserve Capacity Security in step 6.1.2 or 6.1.3 include, but are not limited to where:~~

- ~~existing Reserve Capacity Security is no longer current or valid;~~
- ~~the Reserve Capacity Security provider no longer meets any one of the Acceptable Credit Criteria;~~
- ~~the Reserve Capacity Security provider ceases to or threatens to cease to carry on providing Reserve Capacity Security in relation to the Market Participant; or~~
- ~~the Reserve Capacity Security provider in relation to the Market Participant becomes insolvent or is dissolved.~~

~~4.2.3. A Market Participant requesting to provide the replacement Reserve Capacity Security to AEMO after the end of the next Business Day under steps 6.1.2(b) or 6.1.3(b), must request an extension of the Due Date for providing replacement Reserve Capacity Security in writing requiring an extension to the deadline in step 4.2.2(c) of this Procedure must request the extension from AEMO in writing.~~

~~4.2.4. AEMO may, in its absolute discretion, approve or reject a Market Participant's Market Participant's request for an extension in step 6.1.5 request under step 4.2.3 of this Procedure, and must notify the Market Participant of its decision as soon as practicable. AEMO must provide its discretion in writing to the Market Participant as soon as practicable [Clause 4.13.4(c)].~~

~~4.2.5. In addition to the circumstances requiring replacement Security under step 4.2.1 of this Procedure, a Market Participant may replace its Security (for example, from a Security Deposit to a bank undertaking) by notifying AEMO in writing of its intention prior to the replacement.~~

~~4.2.6. A Market Participant must include in its notification provided in step 4.2.5 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.~~

~~32.8.~~

~~32.9.0. Where AEMO assigns Conditional Certified Reserve Capacity to a Facility under clause 4.9.5 of the Market Rules for a future Reserve Capacity Cycle, AEMO must notify the relevant Market Participant in writing within 90 days of receiving the application [Clause 4.9.8(b)], of:~~

- ~~(j) whether any Reserve Capacity Security is required as a condition of the Market Participant holding the Conditional Certified Reserve Capacity, as determined under section 2 of this Procedure;~~
- ~~(k) the amount of Reserve Capacity Security determined in accordance with clause 4.13.2(a) and confirmed in accordance with clause 4.9.5(c) of the Market Rules, if applicable [Clause 4.9.9(c)]; and~~

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- (l) the Reserve Capacity Security Due Date by which the Market Participant must provide duly effective Reserve Capacity Security. The Reserve Capacity Security Due Date is no later than 5:00 PM of the last Business Day which falls on or before [Clause 4.1.13(b)]:
 - (-) 2 September of Year 1 of the relevant Reserve Capacity Cycle, if any of the Facility's Certified Reserve Capacity is to be traded bilaterally in accordance with clause 4.14.1(c) of the Market Rules or if the Facility is subject to a Network Control Service Contract; or
 - (-) 14 September of Year 1 of the relevant Reserve Capacity Cycle, if any of the Facility's Certified Reserve Capacity is specified to be offered into the Reserve Capacity Auction in accordance with clause 4.14.1(a) of the Market Rules and where none of the Facility's Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c) of the Market Rules.



4.3. Early Certified Reserve Capacity Recalculation of the amount of Security

4.3.1. 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) **of the amount of Reserve Capacity Security required to be held by AEMO for a Facility [c]Clause 4.13.2A] after 5:00 PM on the last Business Day falling on or before 24 September of Year 1 of the Reserve Capacity Cycle [Clause 4.1.21].**

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4.3.2. A Market Participant may apply to AEMO for a recalculation³ of the amount of DSM Reserve Capacity Security required to be held for a Facility under clauses 4.13A.1 using the formula in clause 4.13A.2(b) subject to clause 4.13A.4 of the WEM Rules after the time and date specified in clause 4.1.21 of the WEM Rules (as modified or extended). In respect of a Reserve Capacity Cycle, after the time and date referred to in clause 4.1.21 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 [clause 4.13A.8].⁴

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In respect of a Reserve Capacity Cycle, after the time and date referred to in clause 4.1.23 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 relevant [clause 4.13A.8].

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4.3.3. Within 10 Business Days after receipt of a request from a Market Participant under step 4.3.1 and/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].

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Where a Market Participant applied for Early Certified Reserve Capacity, AEMO must recalculate the amount of Reserve Capacity Security to be provided for its Facility [Clause 4.28C.12] before 5:00 PM on the last Business Day falling on or before: 2 September of Year 1 of the Reserve Capacity Cycle in which the Facility will enter service (as advised under clause 4.10.1(b) of the Market Rules), if any of the Facility's Early Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c) or if the Facility is subject to a Network Control Service Contract; or

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² For example, in situations where the number of Capacity Credits is less than the quantity of Certified Reserve Capacity.
³ For example, in situations where the number of Capacity Credits is less than the quantity of Certified Reserve Capacity made available in the Reserve Capacity Auction.
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.



4.3.4. ~~14 September of Year 1 of the Reserve Capacity Cycle in which the Facility will enter service (as advised under clause 4.10.1(b) of the Market Rules), if any of the Facility's Early Certified Reserve Capacity is specified to be offered into the Reserve Capacity Auction in accordance with clause 4.14.1(a) and none of its Early Certified Reserve Capacity will be traded bilaterally [Clause 4.1.13(b)(i)].~~ If the recalculated amount of Security, determined under step 4.3.3 of this Procedure, is the same as the original amount, AEMO must notify the Market Participant accordingly within 10 Business Days of receiving the application under step 4.3.1 or 4.3.2 of this Procedure.

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4.3.5. If the amount ~~determined~~ recalculated by AEMO under step 4.3.3 of this Procedure is less than that previously calculated under section 3.1 or section 3.2 of this Procedure, then within 10 Business Days of receiving the request under step 4.3.1 or 4.3.2 of this Procedure, then AEMO must:

(a) notify the Market Participant of the result of the calculation, ~~clause 4.13.2B(a) and clause 4.13A.9(a)~~;

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(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

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(c) if the Market Participant ~~chooses to replace its~~ 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)~~.

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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~~;

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(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, which is specified in clause 4.1.13(a) of the WEM Rules; and

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(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.

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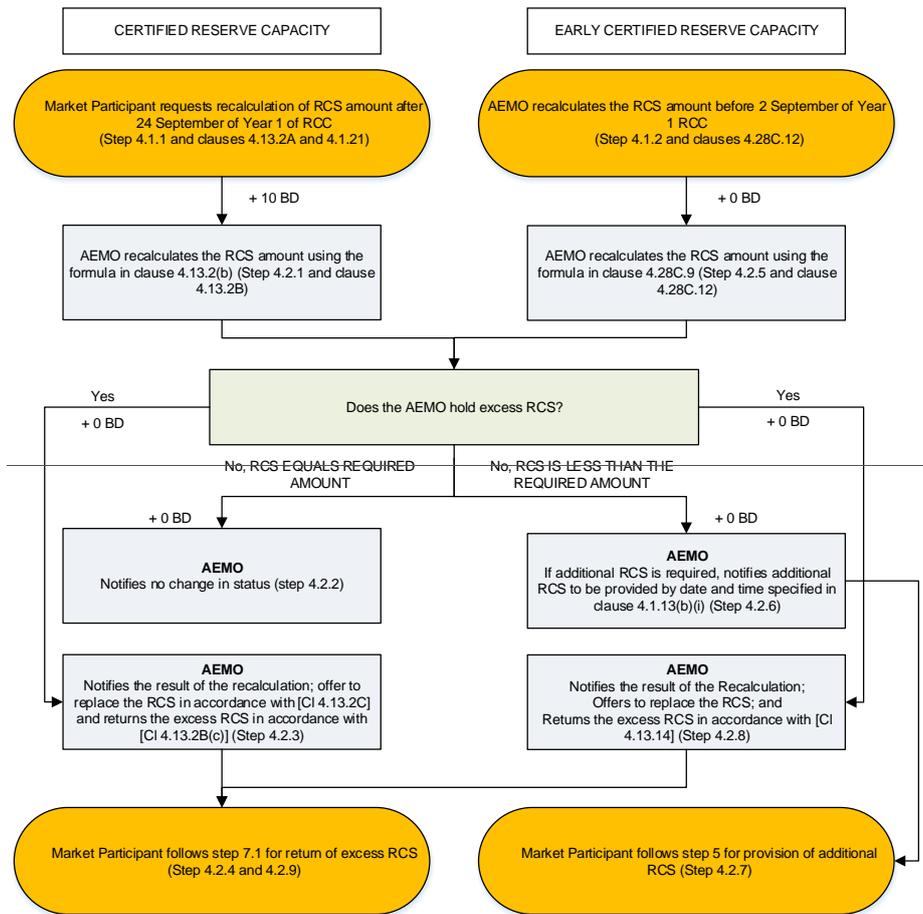
34.0.0. Where AEMO assigns Early Certified Reserve Capacity to a Facility under clause 4.28C of the Market Rules for a future Reserve Capacity Cycle, AEMO must notify the relevant Market Participant in writing within 90 days of receiving the application [Clause 4.28C.7], of:

- (-) whether any Reserve Capacity Security is required as a condition of the Market Participant holding the Early Certified Reserve Capacity, as determined under section 2 of this Procedure;
- (-) the amount of Reserve Capacity Security determined in accordance with clause 4.28C.9 of the Market Rules, if applicable; and
- (-) the Reserve Capacity Security Due Date by which the Market Participant must provide duly effective Reserve Capacity Security. The Reserve Capacity Security Due Date is 30 Business

Days from the date the Market Participant receives AEMO's notification under this step 3.3.1 [Clause 4.28C.8].

38.5. RECALCULATION OF THE AMOUNT OF RESERVE CAPACITY SECURITY TO BE PROVIDED RETURNING RESERVE CAPACITY SECURITY

Figure 38 – The Process for Recalculation of Reserve Capacity Security



5.1. ~~Timeline for the Recalculation of the Amount of Reserve Capacity Security to be Provided~~ Eligibility and timing for returning Reserve Capacity Security

5.1.1. A Market Participant that has provided Reserve Capacity Security must meet the following conditions for the return of its Reserve Capacity Security after the end of the relevant Capacity YearA 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 of the WEM Rules, in at least two Trading Intervals prior to the end of the relevant Capacity Year; and

either:

the Facility has operated to 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 Market Rules, in at least two Trading Intervals before the end of the relevant Capacity Year; or

the Market Participant for that Facility has provided AEMO a report under clause 4.13.10C of the Market 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 level of Capacity Credits specified in clause 4.20.5A of the Market Rules; and

(b) the Facility must be in Commercial Operation as determined by AEMO under step 8.4 and clause 4.13.10B of the Market Rules is considered by AEMO to be in Commercial Operation [Clause 4.13.10].

38.2.1. For the purposes of step 5.1.1(a) of this Procedure, the adjusted Required Level is calculated in accordance with step 5.2.1 of this Procedure. A Market Participant that has provided Reserve Capacity Security must meet the following conditions to apply to AEMO for the return of its Reserve Capacity Security at any time before the end of the relevant Capacity Year:

5.1.2.

5.1.3. AEMO must use Meter Data Submissions in determining whether a Facility 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 of the WEM Rules under step 5.1.1(a) of this Procedure.

the Facility must have operated at a level equivalent to its Required Level, adjusted to 100 percent of the level of Capacity Credits specified in clause 4.20.5A of the Market Rules, in at least two Trading Intervals before the end of the relevant Capacity Year; and

the Facility must be in Commercial Operation as determined by AEMO under step 8.4 and clause 4.13.10B of the Market Rules [Clause 4.13.13].

5.1.4. Where the Reserve Capacity Security for a Facility relates to only a portion of the Facility's total Capacity Credits, that Facility as a whole must pass the Ninety Percent Test or One Hundred Percent Test for the return of its Reserve Capacity SecurityWhere AEMO receives an application made under step 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;

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- (b) notify the Market Participant of its determination;
- (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); 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.

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

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- (a) either:
 - (i) operates the Facility at 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; 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% 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.

5.1.6. For the purposes of step 5.1.5(a) of this Procedure, the adjusted Required Level is calculated by multiplying the value determined in step 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 5.1.5a(i) of this Procedure.

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An Upgrade must meet the requirements of step 5.1.2 or step 5.1.3 of this Procedure separately from the original Facility to be eligible for the return of Reserve Capacity Security.

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38.3. Where AEMO assesses the performance of a Demand Side Programme under the Ninety Percent Test or One Hundred Percent Test for the return of Reserve Capacity Security, AEMO must not take into account the same Non-Dispatchable Load or Interruptible Load more than once during the relevant Capacity Year for the Demand Side Programme.

Where any Non-Dispatchable Load or Interruptible Load was associated with more than one Demand Side Programme during the relevant Capacity Year, AEMO must determine when each of those Demand Side Programmes met the performance requirements under the Ninety Percent Test or One Hundred Percent Test and must take the relevant Load into account for only the first of those Demand Side Programmes that met the performance requirements. For the purposes of determining whether to return Reserve Capacity Security for all other Demand Side Programmes that the relevant Load had been associated with during the Capacity Year, AEMO must calculate the Relevant Demand and Demand Side Programme Load for the Demand Side Programme as if that Load was not associated with that Demand Side Programme.

For the purpose of assessing the performance of Demand Side Programmes under the Ninety Percent Test or One Hundred Percent Test, AEMO must exclude any Trading Intervals where the relevant Market Participant has a Reserve Capacity Deficit greater than zero for another Demand Side Programme for which AEMO does not hold the benefit of a Reserve Capacity Security.

Where the Facility has met the conditions in the Ninety Percent Test before the end of the relevant Capacity Year, AEMO must return any Reserve Capacity Security to the Market Participant:
as soon as practicable after the end of the relevant Capacity Year and before 30 November of Year 1 of the relevant Reserve Capacity Cycle; and
in accordance with step 8.8 of this Procedure [Clause 4.13.10].

38.4.

38.5.0.1.1.1. A Market Participant may apply to AEMO for the recalculation⁵ of the amount of Reserve Capacity Security required to be held by AEMO for a Facility [Clause 4.13.2A] after 5:00 PM on the last Business Day falling on or before 24 September of Year 1 of the Reserve Capacity Cycle [Clause 4.1.21].

38.6.0.1.1.1. Where a Market Participant applied for Early Certified Reserve Capacity, AEMO must recalculate the amount of Reserve Capacity Security to be provided for its Facility [Clause 4.28C.12] before 5:00 PM on the last Business Day falling on or before:

- (g)(a) 2 September of Year 1 of the Reserve Capacity Cycle in which the Facility will enter service (as advised under clause 4.10.1(b) of the Market Rules), if any of the Facility's Early Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c) or if the Facility is subject to a Network Control Service Contract; or
- (h)(a) 14 September of Year 1 of the Reserve Capacity Cycle in which the Facility will enter service (as advised under clause 4.10.1(b) of the Market Rules), if any of the Facility's Early Certified Reserve Capacity is specified to be offered into the Reserve Capacity Auction in accordance

⁵ For example, in situations where the number of Capacity Credits is less than the quantity of Certified Reserve Capacity.

~~with clause 4.14.1(a) and none of its Early Certified Reserve Capacity will be traded bilaterally [Clause 4.1.13(b)(i)].~~

38.9.5.2. AEMO's Process for Recalculation of the Amount of Reserve Capacity Security Required Level

38.9.1. Within 10 Business Days of receiving a request from a Market Participant under step 4.1.1 of this Procedure, AEMO must recalculate the amount of the Reserve Capacity Security required to be held for a Facility using the formula in clause 4.13.2(b) of the Market Rules [Clause 4.13.2B].

38.9.2. If the recalculated amount under step 4.2.1 of this Procedure is the same as the original amount of Reserve Capacity Security determined using the formula in clause 4.13.2(a) of the Market Rules, then AEMO must notify the Market Participant in writing of no change in status within 10 Business Days of receiving the request under step 4.1.1 of this Procedure.

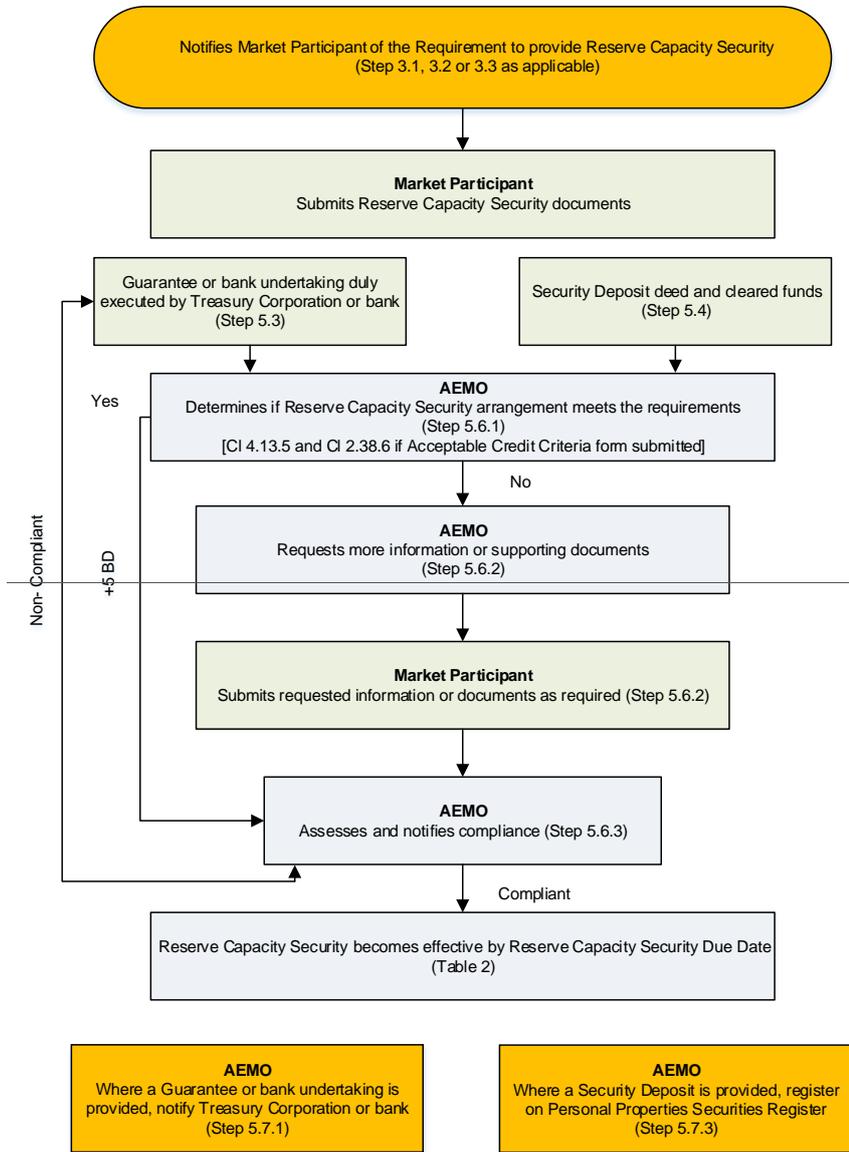
38.9.3. If the recalculated amount under step 4.2.1 of this Procedure is less than the original amount of Reserve Capacity Security determined using the formula in clause 4.13.2(a) of the Market Rules, then AEMO must, within 10 Business Days of receiving the request under step 4.1.1 of this Procedure:

- (i) — notify the Market Participant in writing of the result of the recalculation [Clause 4.13.2B(a)];
- (i) — offer the Market Participant in writing the opportunity to replace the Reserve Capacity Security arrangement in accordance with clause 4.13.2C of the Market Rules and step 7.1 of this Procedure [Clause 4.13.2B(b)]; and
- (i) — return the excess Reserve Capacity Security if the Market Participant provides a replacement Reserve Capacity Security arrangement under step 4.2.3(b) of this Procedure [Clause 4.13.2B(c)].

- 38.9.7. Where a Market Participant receives AEMO's notification under step 4.2.3 of this Procedure that excess Reserve Capacity Security is held by AEMO and elects to replace its Reserve Capacity Security, the Market Participant must do so in accordance with step 7.1 of this Procedure.
- 38.9.8. Where under step 4.1.2 of this Procedure, AEMO is recalculating the Reserve Capacity Security for a Facility that holds Early Certified Reserve Capacity, AEMO must recalculate the amount of Reserve Capacity Security required to be held for that Facility using the formula in clause 4.28C.9 of the Market Rules [Clause 4.28C.12].
- 38.9.9. If the recalculated amount determined under step 4.2.5 of this Procedure is more than the original amount of Reserve Capacity Security determined using the formula in clause 4.28C.9 of the Market Rules, then AEMO must notify the Market Participant in writing that additional Reserve Capacity Security is required to be provided by the date and time specified in clause 4.1.13(b)(i) of the Market Rules [Clause 4.28C.12(a)].
- 38.9.10. Where a Market Participant receives AEMO's notification under step 4.2.6 of this Procedure that additional Reserve Capacity Security is required, the Market Participant must provide the additional Reserve Capacity Security in accordance with section 5 of this Procedure.
- 38.9.11. If the recalculated amount determined under step 4.2.5 of this Procedure is less than the original amount of Reserve Capacity Security determined using the formula in clause 4.28C.9 of the Market Rules, then AEMO must, by the date and time outlined in step 4.1.2 of this Procedure:
- (i) notify the Market Participant in writing of the result of the recalculation; and
 - (ii) offer to return the excess Reserve Capacity Security in accordance with clause 4.13.14 of the Market Rules [Clause 4.28C.12(b)].
- 38.9.14. Where a Market Participant receives AEMO's notification under step 4.2.8 of this Procedure that excess Reserve Capacity Security is held by AEMO and elects to replace its Reserve Capacity Security, the Market Participant must do so in accordance with step 7.1 of this Procedure [Clause 4.28C.12(b)].

38. PROVISION OF RESERVE CAPACITY SECURITY

Figure 38 — Reserve Capacity Security Delivery Process



~~38.9. Reserve Capacity Security Arrangements~~

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~~38.9.23. A Market Participant that is required to provide Reserve Capacity Security must ensure that its Reserve Capacity Security arrangement meets the requirements of clause 4.13.5 of the Market Rules [Clause 4.13.1(a)].~~

~~38.9.24. A Market Participant must provide Reserve Capacity Security in the form of either a:~~

- ~~(i) — guarantee or bank undertaking, in accordance with the process detailed in step 5.3 of this Procedure and in accordance with clause 4.13.5(a) of the Market Rules; or~~
- ~~(ii) — Security Deposit in accordance with the process detailed in step 5.4 of this Procedure and clause 4.13.5(b) of the Market Rules, if AEMO in its discretion has agreed to accept a Security Deposit and the Security Deposit is made on terms acceptable to AEMO.~~

~~38.9.27.1.1.1. A Market Participant must ensure that the contact details it submits for its Reserve Capacity Security arrangements are current at all times. This includes contact details for persons at the Treasury Corporation or the bank to be provided in the contact details of guarantee/bank undertakings form. The Market Participant must update these contact details by completing the change of contact details form and emailing it to wa.accounts@aemo.com.au.~~

~~38.9.28.1.1.1. A Market Participant must ensure that the Reserve Capacity Security arrangement provided under step 5.1.2 of this Procedure does not have a specified end date which is prior to the Compliance Date.~~

~~38.9.1.1. Failure to Provide Reserve Capacity Security~~

~~38.9.30.1.1.1. For a Facility that was assigned Certified Reserve Capacity (conditional or otherwise) under clauses 4.11 or 4.9.5 of the Market Rules and the conditions to provide Reserve Capacity Security under step 2.1 of this Procedure were met, if the Market Participant in respect of that Facility fails to provide the required amount of Reserve Capacity Security by the Reserve Capacity Security Due Date (as applicable), the Certified Reserve Capacity assigned to that Facility will lapse [Clause 4.13.9].~~

~~38.9.31.1.1.1. For a Facility that was assigned Early Certified Reserve Capacity under clause 4.28C of the Market Rules and the conditions to provide Reserve Capacity Security under step 2.1 of this Procedure were met, if the Market Participant in respect of that Facility fails to provide the required amount of Reserve Capacity Security by the Reserve Capacity Security Due Date, the Early Certified Reserve Capacity assigned to that Facility will lapse [Clause 4.28C.8A].~~

~~38.9.32.1.1.1. Where under steps 5.2.1 or 5.2.2, the Certified Reserve Capacity assigned to a Facility lapses due to the failure to provide Reserve Capacity Security, AEMO must notify the Market Participant in relation to that Facility, in writing as soon as practicable, that for the relevant Reserve Capacity Cycle:~~

- ~~(i)(a) — the Certified Reserve Capacity has lapsed; and~~
- ~~(ii)(a) — the Facility will not be assigned any Capacity Credits.~~

38.9. Submitting Guarantees or Bank Undertakings

38.9.36. On receiving AEMO's notification that Reserve Capacity Security must be provided in steps 3.1.1, 3.2.1 or 3.3.1 of this Procedure as applicable, a Market Participant must download a copy of the following documents from the Market Web Site:

- (i) proforma deed for a guarantee or bank undertaking, as applicable; and
- (ii) Acceptable Credit Criteria form (this is required if the Treasury Corporation or bank is not on the list of entities meeting the Acceptable Credit Criteria, as published on the Market Web Site).

38.9.39. A Market Participant must then submit to AEMO a signed original hard copy of:

- (i) the guarantee or bank undertaking, as applicable, which:
 - (xli) is for the most recently calculated Reserve Capacity Security amount under clauses 4.13.2(a), 4.13.2(b) or 4.28C.9 (for Early Certified Reserve Capacity) as applicable;
 - (xlii) is in the form approved by AEMO and published on the Market Web Site; and
 - (xliii) has been executed by a Treasury Corporation (in the case of a guarantee) or a bank (in the case of a bank undertaking), that meets the Acceptable Credit Criteria; and
- (ii) the Acceptable Credit Criteria form for the Reserve Capacity Security provider (if applicable), completed in accordance with step 5.5 of this Procedure.

38.9.45. AEMO must not accept a proforma deed that does not meet the criteria in step 5.3.2(a) of this Procedure.

38.9.46. At the same time as providing the guarantee or bank undertaking to AEMO, a Market Participant must also provide to AEMO:

- (i) a completed contact details of guarantee/bank undertakings form which provides the contact details of at least two individuals representing the Market Participant and two individuals representing the Treasury Corporation or bank for AEMO to contact when drawing upon its Reserve Capacity Security; and
- (ii) any procedure that the Treasury Corporation or bank requires AEMO to follow when drawing upon the Reserve Capacity Security.

38.9.49. The Market Participant must provide a hard copy of the guarantee or bank undertaking to AEMO either in person or by courier or registered mail, requiring a signature on receipt.

38.9. Submitting Security Deposits

38.9.51. On receiving AEMO's notification to provide Reserve Capacity Security in steps 3.1.1, 3.2.1 or 3.3.1 of this Procedure, a Market Participant providing a Security Deposit as a Reserve Capacity Security arrangement must request AEMO's agreement to accept the Security Deposit in writing.

38.9.52. Upon receiving the request under step 5.4.1 of this Procedure, AEMO must notify the Market Participant in writing whether a Security Deposit is an acceptable alternative and the terms under which the Security Deposit deed will be acceptable to AEMO.

38.9.53. If AEMO has notified the Market Participant under step 5.4.2 that a Security Deposit is not acceptable, then the Market Participant must provide Reserve Capacity Security in the form of a guarantee or bank undertaking, in accordance with step 5.3 of this Procedure.

38.9.54. If AEMO has notified the Market Participant under step 5.4.2 that a Security Deposit is acceptable, then the Market Participant must download a copy of the following documents from the Market Web Site:

- (i) — proforma deed for Security Deposit for Reserve Capacity Security or proforma deed for Security Deposit for Reserve Capacity Security (provided by third party) as applicable; and
- (ii) — Security Deposit instructions.

38.9.57. A Market Participant must then submit a signed original hard copy of the completed Security Deposit deed to AEMO which:

- (i) — is in the form approved by AEMO and published on the Market Web Site; and
- (ii) — has been executed by or on behalf of the Market Participant.

38.9.60. AEMO must not accept a proforma deed that does not meet the criteria in step 5.4.5 of this Procedure.

38.9.61. A Market Participant providing Reserve Capacity Security in the form of a Security Deposit must provide the amount of the Reserve Capacity Security in cleared funds by 5:00 PM on the date on which the accompanying Security Deposit deed is made, in accordance with the Security Deposit instructions.

38.9.62. The Market Participant must provide a hard copy of the Security Deposit deed to AEMO either in person or by courier or registered mail, requiring a signature on receipt.

38.9.63. AEMO must sign the original of the Security Deposit deed and return a copy of the signed original to the Market Participant.

38.9. Completing the Acceptable Credit Criteria Form

38.9.65. Where a Market Participant provides a Reserve Capacity Security in the form of a guarantee or bank undertaking and the Reserve Capacity Security provider is not included on the current list of entities meeting the Acceptable Credit Criteria, the Market Participant must arrange for the completion of an Acceptable Credit Criteria form, providing evidence that the entity providing the Reserve Capacity Security meets the Acceptable Credit Criteria outlined in clause 2.38.6 of the Market Rules.

38.9.66. A Market Participant required to complete the Acceptable Credit Criteria form under step 5.5.1 of this Procedure must do so in accordance with step 4.1 of the Market Procedure: Prudential Requirements.

38.9.67. For the purposes of this Procedure, all occurrences of Credit Support in step 4.1 of the Market Procedure: Prudential Requirements must be read as Reserve Capacity Security.

38.9.68. In accordance with clause 2.38.7 of the Market Rules, AEMO must publish and maintain on the Market Web Site, a list of entities meeting the Acceptable Credit Criteria.

38.9.69. AEMO must fulfil obligations under step 5.5.4 by following step 4.2 of the Market Procedure: Prudential Requirements.

38.9. AEMO's Process of Reviewing Reserve Capacity Security Arrangements

38.9.71. On receiving completed documentation for Reserve Capacity Security from a Market Participant, AEMO must review the Reserve Capacity Security arrangement to:

- (i) determine whether it is compliant with clause 4.13.5(a) of the Market Rules and step 5.3 of this Procedure, if the arrangement is in the form of a guarantee or bank undertaking; or
- (ii) determine whether it is compliant with the terms determined by AEMO under clause 4.13.5(b) of the Market Rules and step 5.4 of this Procedure, if the arrangement is in the form of a Security Deposit.

38.9.74. AEMO may at its discretion, request more information from the Market Participant to support its Reserve Capacity Security arrangement, by a Due Date determined and notified by AEMO. The Market Participant must provide the relevant information by that Due Date.

38.9.75. Within five Business Days of the later of the dates on which AEMO receives completed documents under steps 5.6.1 and 5.6.2 of this Procedure, AEMO must notify the Market Participant in writing that the Reserve Capacity Security arrangement is either:

- (i) — compliant with the Market Rules and this Procedure; or
- (ii) — not compliant with the Market Rules and/or this Procedure and provide reasons as to why the Reserve Capacity Security is not compliant.

38.9.78. If a Market Participant receives a notification of non-compliance under step 5.6.3(b) of this Procedure, the Market Participant must re-submit a Reserve Capacity Security arrangement that is compliant with clause 4.13.5 of the Market Rules and step 5.1 of this Procedure.

38.9. Further Steps by AEMO with respect to Reserve Capacity Security Arrangements

38.9.80. Where the Reserve Capacity Security arrangement is a guarantee or bank undertaking, then at the same time as AEMO issues a notice of compliance to the Market Participant in step 5.6.3(a) of this Procedure, AEMO must also notify the Treasury Corporation or the bank, as applicable, in writing, that the arrangement has been provided in accordance with clause 4.13.5(a) of the Market Rules and this Procedure.

38.9.81. After AEMO notifies the Market Participant and the Treasury Corporation or the bank, as applicable, in step 5.7.1 of this Procedure, AEMO must place the completed guarantee or bank undertaking in a bank safe box, as soon as practicable.

38.9.82. Where the Reserve Capacity Security arrangement is provided as a Security Deposit, then within 10 Business Days of the required amount of cleared funds having been received by AEMO, AEMO must complete the process for registration of the security interest on the Personal Property Securities Register in accordance with the Personal Property Securities Act 2009 (Cth)². As part of this process, AEMO must deduct any fees incurred in registering the security interests from the balance of the Security Deposit and send a notice of the verification statement containing the details of the registration to the Reserve Capacity Security provider and the Market Participant, as soon as practicable.

38.9.83. Upon completion of step 5.7.3 of this Procedure, AEMO must place the completed Security Deposit deed in a bank safe box, as soon as practicable.

38.9. Holding Security Deposits and Associated Costs

38.9.85.1.1.1. ~~Where AEMO receives Reserve Capacity Security in the form of a Security Deposit, it must:~~

- ~~(i)(a) invest any Security Deposit payments on behalf of the relevant Market Participant; and~~
- ~~(ii)(a) maintain individual accounts for each Market Participant's Security Deposits separate from any AEMO operating funds accounts.~~

~~38.9.88.1.1.1. AEMO must credit the interest earned daily at AEMO Deposit Rate on the balance of the Security Deposit to the relevant Market Participant's bank account on a monthly basis and deduct any costs and fees associated with holding the Security Deposit from the balance of the Security Deposit, including bank fees and charges [Clause 4.13.6].~~

~~38.9.89.1.1.1. AEMO may provide written advice to a Market Participant on a monthly basis regarding the interest earned at AEMO Deposit Rate and the deduction of any accrued costs and fees.~~

~~38. MAINTENANCE OF RESERVE CAPACITY SECURITY~~

~~38.9. Requirement to Maintain Reserve Capacity Security with AEMO~~

~~38.9.92.1.1.1. Where a Market Participant's Reserve Capacity Security is due to expire or cease to have effect for any reason and the Market Participant will continue to have an obligation to ensure AEMO holds Reserve Capacity Security, then the Market Participant must provide replacement Reserve Capacity Security that becomes effective at or prior to the expiry of the existing Reserve Capacity Security [Clause 4.13.3].~~

~~38.9.93.1.1.1. Where a Market Participant becomes aware that its Reserve Capacity Security is affected by any of the circumstances as outlined in step 6.1.4 of this Procedure, it must:~~

- ~~(i)(a) notify AEMO in writing immediately; and~~
- ~~(i)(a) provide duly effective replacement Reserve Capacity Security in an amount not less than its most recently calculated amount under clause 4.13.2 of the Market Rules, before the end of the next Business Day or within any longer period that AEMO has approved in writing under step 6.1.6 [Clause 4.13.4].~~

~~38.9.96.1.1.1. Where AEMO becomes aware of any circumstance (as outlined in step 6.1.4 of this Procedure) in relation to a Market Participant, it must:~~

- ~~(i)(a) notify the Market Participant in writing immediately; and~~
- ~~(i)(a) require the Market Participant to provide duly effective replacement Reserve Capacity Security in an amount not less than its most recently calculated amount under clause 4.13.2, before the end of the next Business Day or within any longer period that AEMO has approved in writing under step 6.1.6 [Clause 4.13.4].~~

~~38.9.99.1.1.1. For the purposes of clause 4.13.4 of the Market Rules, circumstances that may require replacement Reserve Capacity Security in step 6.1.2 or 6.1.3 include, but are not limited to where:~~

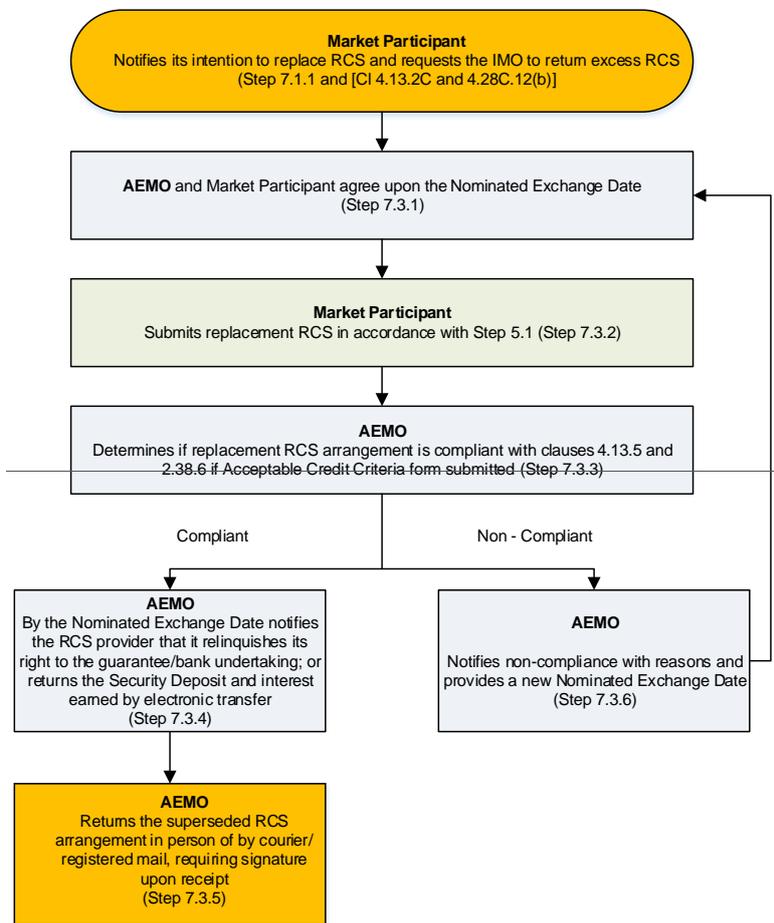
- ~~(i)(a) existing Reserve Capacity Security is no longer current or valid;~~
- ~~(i)(a) the Reserve Capacity Security provider no longer meets any one of the Acceptable Credit Criteria;~~
- ~~(i)(a) the Reserve Capacity Security provider ceases to or threatens to cease to carry on providing Reserve Capacity Security in relation to the Market Participant; or~~
- ~~(i)(a) the Reserve Capacity Security provider in relation to the Market Participant becomes insolvent or is dissolved.~~

~~38.9.104.1.1.1. A Market Participant requesting to provide the replacement Reserve Capacity Security to AEMO after the end of the next Business Day under steps 6.1.2(b) or 6.1.3(b), must request an extension of the Due Date for providing replacement Reserve Capacity Security in writing.~~

~~38.9.105.1.1.1. AEMO may, in its absolute discretion, approve or reject a Market Participant's request for an extension in step 6.1.5. AEMO must provide its discretion in writing to the Market Participant as soon as practicable [Clause 4.13.4(c)].~~

38. REPLACEMENT OF RESERVE CAPACITY SECURITY

Figure 38 — Replacing and Exchanging Reserve Capacity Security



~~38.9. A Market Participant's Notification of Replacing its Reserve Capacity Security when AEMO Holds Excess~~

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38.9.110. Where a Market Participant receives AEMO's notification under step 4.2.4 (for Certified Reserve Capacity) or step 4.2.9 (for Early Certified Reserve Capacity) that excess Reserve Capacity Security is held by AEMO, then the Market Participant may:

- (i) — notify AEMO in writing of its intention to replace its Reserve Capacity Security; and
- (i) — request AEMO in writing to return the excess Reserve Capacity Security [Clauses 4.13.2C and 4.28C.12(b)].

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38.9.113. A Market Participant must include in its notification provided in step 7.1.1 of this Procedure:

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- (i) — the form of replacement Reserve Capacity Security arrangement to be provided and evidence that it will meet the requirements of clause 4.13.5 of the Market Rules [Clause 4.13.2C(a)];
- (i) — the amount of the Reserve Capacity Security which must not be less than the recalculated amount under clause 4.13.2(b) or clause 4.28C.12 as applicable [Clause 4.13.2C(b)]; and
- (i) — a Nominated Exchange Date on which AEMO is requested to return the current Reserve Capacity Security to the Market Participant, where this date must be at least 10 Business Days after the date the Market Participant will provide its replacement Reserve Capacity Security arrangement to AEMO.

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38.9. A Market Participant's Notification of Replacing a Reserve Capacity Security Arrangement

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38.9.118. A Market Participant may replace the Reserve Capacity Security arrangement provided (for example from a Security Deposit to a bank undertaking) by notifying AEMO in writing of its intention prior to the replacement.

38.9.119. A Market Participant must include in its notification provided under step 7.2.1 of this Procedure:

- (i) — the form of replacement Reserve Capacity Security arrangement to be provided;
- (i) — evidence that the replacement Reserve Capacity Security arrangement will meet the requirements of clause 4.13.5 of the Market Rules; and
- (i) — a Nominated Exchange Date on which AEMO is requested to return the current Reserve Capacity Security to the Market Participant, where this date must be at least 10 Business Days after the date the Market Participant will provide its replacement Reserve Capacity Security arrangement to AEMO.

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38.9. The Process for Replacing Reserve Capacity Security

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38.9.124. — AEMO and the Market Participant must agree upon the Nominated Exchange Date notified by the Market Participant under step 7.1.2(c) or 7.2.2(e) of this Procedure.

38.9.125. — The Market Participant must then submit to AEMO the replacement Reserve Capacity Security arrangement:

- (i) — in accordance with step 5.1 of this Procedure;
- (i) — at least 10 Business Days before the agreed Nominated Exchange Date; and
- (i) — with a duly effective date that falls no less than five Business Days before the Nominated Exchange Date [Clause 4.13.2C(e)].

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38.9.129. — Within five Business Days of receiving the completed replacement Reserve Capacity arrangement, AEMO must assess whether the arrangement is compliant with clauses 4.13.5 and 2.38.6 (if Acceptable Credit Criteria form was submitted) of the Market Rules.

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38.9.130. If AEMO assesses the replacement Reserve Capacity Security arrangement as compliant under step 7.3.3, AEMO must, by the Nominated Exchange Date, either:

- (i) notify the Reserve Capacity Security provider and the relevant Market Participant in writing that it relinquishes any rights to Draw Upon the superseded Reserve Capacity Security, where it is a guarantee or bank undertaking [Clause 4.13.14(d)]; or
- (ii) return the cash deposit plus any interest earned by electronic cash transfer to the Market Participant's nominated bank account, where the superseded Reserve Capacity Security is a Security Deposit [Clause 4.13.14(c)].

38.9.133. As soon as practicable after step 7.3.4, AEMO must return the superseded Reserve Capacity Security:

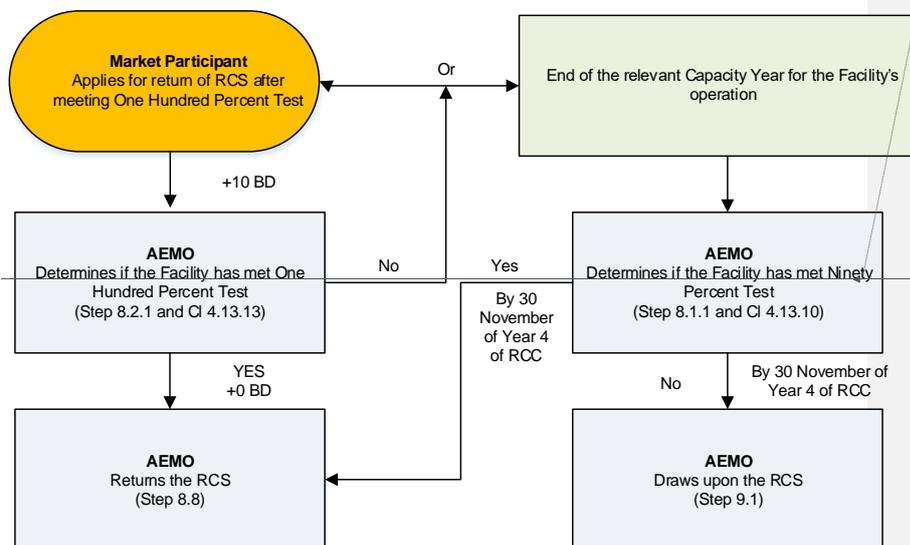
- (i) either in person to the Market Participant's Authorised Officer; or
- (ii) by courier or registered mail requiring signature on receipt.

38.9.136. If AEMO assesses the replacement Reserve Capacity Security arrangement as non-compliant under step 7.3.3, AEMO must:

- (i) notify the Market Participant of the decision in writing with reasons; and
- (ii) provide a new Nominated Exchange Date to allow the Market Participant to resubmit its replacement Reserve Capacity Security arrangement in accordance with step 7.1 of this Procedure.

38. Return of Reserve Capacity Security

Figure 38 Return of Reserve Capacity Security after Meeting Tests



38.9. Ninety Percent Test for Return of Reserve Capacity Security

38.9.143. A Market Participant that has provided Reserve Capacity Security must meet the following conditions for the return of its Reserve Capacity Security after the end of the relevant Capacity Year:

- (i) either:



~~(xlv) the Facility has operated to 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 Market Rules, in at least two Trading Intervals before the end of the relevant Capacity Year; or~~

~~(xlvii) the Market Participant for that Facility has provided AEMO a report under clause 4.13.10C of the Market 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 level of Capacity Credits specified in clause 4.20.5A of the Market Rules; and~~

~~(i) the Facility must be in Commercial Operation as determined by AEMO under step 8.4 and clause 4.13.10B of the Market Rules [Clause 4.13.10].~~

38.9. One Hundred Percent Test for Return of Reserve Capacity Security

~~38.9.149. A Market Participant that has provided Reserve Capacity Security must meet the following conditions to apply to AEMO for the return of its Reserve Capacity Security at any time before the end of the relevant Capacity Year:~~

~~(i) the Facility must have operated at a level equivalent to its Required Level, adjusted to 100 percent of the level of Capacity Credits specified in clause 4.20.5A of the Market Rules, in at least two Trading Intervals before the end of the relevant Capacity Year; and~~

~~(ii) the Facility must be in Commercial Operation as determined by AEMO under step 8.4 and clause 4.13.10B of the Market Rules [Clause 4.13.13].~~

38.9. Determining Required Level

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

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

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

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.

CC_{int} is the number of Capacity Credits initially assigned under clause 4.20.5A of the Market Rules;

$TDC(Temp(t))$ is the Facility output indicated in the Temperature Dependence Curve at temperature Temp(t);

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$Temp(t)$ is the temperature during Trading Interval t measured according to the method specified in the Standing Data for the Facility; and

$TDC(41^{\circ}C)$ is the Facility output indicated in the Temperature Dependence Curve at a temperature of $41^{\circ}C$.

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

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

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 accepted 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.

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RL_{CRC} is the MW value that equals the five percent probability of exceedance of expected generation output, submitted in the report provided under clause 4.10.3A(b) or a proposed alternative MW value submitted in the report provided under clause 4.10.3A(c);

CC_{int} is the number of Capacity Credits initially assigned under clause 4.20.5A of the Market Rules;

CRC is the Certified Reserve Capacity assigned to the Facility (which was used as the basis for determining the Facility's Required Level).

(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.

RD is the Relevant Demand as determined in clause 4.26.2CA of the Market Rules; and

CC_{int} is the number of Capacity Credits initially assigned under clause 4.20.5A of the Market Rules.



38.12.0. For the purposes of clause 4.13.10(a) of the Market Rules and step 8.1.1(a) of the Procedure, AEMO must determine the adjusted Required Level to be achieved as 90 percent of the value calculated in step 8.3.1(a), (b) or (c) as applicable.

38.13.0. For the purposes of clause 4.13.13(a) of the Market Rules and step 8.2.1(a) of the Procedure, AEMO must determine the adjusted Required Level to be achieved as 100 percent of the value calculated in step 8.3.1(a), (b) or (c) as applicable.

38.14.5.3. Determining Commercial Operation Status

5.3.1. For the purposes of clause 4.13.10(b) or 4.13.13(b) of the Market Rules and steps 8.1.1(b) or 8.2.1(b) of this Procedure, a Market Participant may request AEMO in writing to make a determination whether its determine that a Facility is in Commercial Operation ~~[c~~**Clause 4.13.10A]**.

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~~38.14.1.5.3.2.~~ A Market Participant may request AEMO to determine that ~~ana CompletedPlanned Facility Upgrade~~ is in Commercial Operation.

5.3.3. On receipt of a request under step 5.3.1 of this Procedure, AEMO must determine, within 20 Business Days, whether the Facility is in Commercial Operation. In making each such determination AEMO ~~[clause 4.13.10B and clause 4.13A.25]~~:

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(a) must have regard to the following, if applicable⁶:

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(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

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(ii) 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

(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]**.

5.3.5. Information that AEMO may have regard to under step 5.3.3(b) of this Procedure may include, but is not limited to:

(c) a statement by an Authorised Officer of the Market Participant;

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(d) technical documents, such as evidence of trading, transactional documentation, or financial statements;

(e) for a Demand Side Programme, signed contracts with loads participating in the Facility; and

(f) 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.

⁶ Step 5.3.3(a) of this Procedure is not relevant to a Demand Side Programme and in this case steps 5.3.3(b) and 5.3.4 of this Procedure will apply

5.3.6. 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 steps 5.3.3 and 5.3.4 of this Procedure.

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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.

38.14.2. To decide whether a Facility is in Commercial Operation, AEMO must have regard to the information described in clause 4.13.10B(a) of the Market Rules and may consider any other relevant information submitted by the Market Participant under clause 4.13.10B(b) of the Market Rules including, but not limited to:

- (a) a signed statement from the Market Participant that the Facility is in Commercial Operation;
- (b) technical documents that indicate the Facility is in Commercial Operation, such as evidence of trading, transactional documentation or financial statements; and
- (c) for a Demand Side Programme, copies of executed agreements to engage in a Demand Side Programme from companies which are being supplied with electricity from the nominated NEMs associated with that Facility.

38.14.3. Within 20 Business Days of receipt of a request under step 8.4.1 [Clause 4.13.10B], AEMO must:

- (a) determine whether a Facility is in Commercial Operation in accordance with step 8.4.2; and



~~notify the Market Participant in writing of the status assigned to that Facility, with reasons.~~

~~(b) —~~

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~~38.15. Other Conditions for Return of Reserve Capacity Security~~

~~38.15.1.1.1.1. — Where the Reserve Capacity Security for a Facility relates to only a portion of the Facility's total Capacity Credits, that Facility as a whole must pass the Ninety Percent Test or One Hundred Percent Test for the return of its Reserve Capacity Security.~~

~~38.15.2.1.1.1. — Where AEMO assesses the performance of a Demand Side Programme under the Ninety Percent Test or One Hundred Percent Test for the return of Reserve Capacity Security, AEMO must not take into account the same Non Dispatchable Load or Interruptible Load more than once during the relevant Capacity Year for the Demand Side Programme.~~

~~38.15.3.1.1.1. — Where any Non Dispatchable Load or Interruptible Load was associated with more than one Demand Side Programme during the relevant Capacity Year, AEMO must determine when each of those Demand Side Programmes met the performance requirements under the Ninety Percent Test or One Hundred Percent Test and must take the relevant Load into account for only the first of those Demand Side Programmes that met the performance requirements. For the purposes of determining whether to return Reserve Capacity Security for all other Demand Side Programmes that the relevant Load had been associated with during the Capacity Year, AEMO must calculate the Relevant Demand and Demand Side Programme Load for the Demand Side Programme as if that Load was not associated with that Demand Side Programme.~~

~~38.15.4.1.1.1. — For the purpose of assessing the performance of Demand Side Programmes under the Ninety Percent Test or One Hundred Percent Test, AEMO must exclude any Trading Intervals where the relevant Market Participant has a Reserve Capacity Deficit greater than zero for another Demand Side Programme for which AEMO does not hold the benefit of a Reserve Capacity Security.~~

~~38.16. AEMO's Obligation to Return Reserve Capacity Security after Ninety Percent Test~~

~~38.16.1. — Where the Facility has met the conditions in the Ninety Percent Test before the end of the relevant Capacity Year, AEMO must return any Reserve Capacity Security to the Market Participant:~~

- ~~(a) — as soon as practicable after the end of the relevant Capacity Year and before 30 November of Year 4 of the relevant Reserve Capacity Cycle; and~~
- ~~(b) — in accordance with step 8.8 of this Procedure [Clause 4.13.10].~~

38.17. AEMO's Obligation to Return Reserve Capacity Security after One Hundred Percent Test

38.17.1. Where the Facility has met the conditions in the One Hundred Percent Test before the end of the relevant Capacity Year, the Market Participant may apply to AEMO in writing at any time before the end of the relevant Capacity Year for the return of its Reserve Capacity Security [Clause 4.13.13].

- (a) — Where AEMO receives an application for the return of Reserve Capacity Security under step 8.7.1 of this Procedure, AEMO must within 10 Business Days of receipt of that application:
 - (b) — determine whether the need to maintain the Reserve Capacity Security has ceased by assessing if the conditions in the One Hundred Percent Test have been met;
 - (c) — notify the Market Participant in writing of its determination under step 8.7.1(b); and
 - (d) — if applicable, return the Reserve Capacity Security in accordance with step 8.8 of this Procedure to [Clause 4.13.14].

38.18. AEMO's Process of Returning Reserve Capacity Security to Eligible Market Participants

38.18.1. Where AEMO is required to return Reserve Capacity Security to eligible Market Participants under steps 8.6 or 8.7 of this Procedure, AEMO must either:

- (a) — notify the Reserve Capacity Security provider and the relevant Market Participant in writing that it relinquishes any rights to Draw Upon the Reserve Capacity Security, where it is a guarantee or bank undertaking [Clause 4.13.14(d)]; or
- (b) — return the cash deposit plus any interest earned by electronic cash transfer to the Market Participant's nominated bank account, where the superseded Reserve Capacity Security is a Security Deposit [Clause 4.13.14(e)].

38.18.2. As soon as practicable after step 8.8.1 of this Procedure, AEMO must also arrange for the return of the Reserve Capacity Security arrangement (being the deeds for the guarantee, bank undertaking or Security Deposit, as applicable), either:

- (a) — in person to the Authorised Officer of the Market Participant; or
- (b) — by courier or registered mail, requiring a signature upon receipt.

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~~39. DRAWING UPON RESERVE CAPACITY SECURITY~~

~~39.1. CONDITIONS IN WHICH AEMO MAY DRAW UPON RESERVE CAPACITY SECURITY~~

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~~39.1.1. If a Market Participant fails to satisfy the conditions in the Nextly Recent Text then AEMO may Draw Upon the Market Participant's Reserve Capacity Security as soon as practicable after the end of the relevant Capacity Year and before 30 November of Year End of the relevant Reserve Capacity Cycle (Clause 4.13.11 and 4.13.11A).~~

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~~39.2. Application of Monies Drawn Upon~~

~~39.2.1. As soon as practicable after the end of the relevant Reserve Capacity Cycle, AEMO must apply the monies drawn upon (after meeting AEMO's costs associated with doing so) in step 9.1.1 of this Procedure as following:~~

- ~~(a) firstly, to offset the cost of funding any Supplementary Capacity Contracts for any capacity shortage that may stem entirely or in part from the Facility not being available during the relevant Capacity Year; and~~
- ~~(b) secondly, once all costs of funding Supplementary Capacity Contracts are covered as applicable, make a rebate payment to Market Customers in proportion to their Individual Reserve Capacity Requirements during the Trading Month in accordance with Chapter 9 of the Market Rules [Clause 4.13.11A].~~

~~39.2.2. WHERE AEMO DRAWS UPON A MARKET PARTICIPANT'S RESERVE CAPACITY SECURITY, THE MARKET PARTICIPANT FORFEITS ITS RIGHTS TO THE GUARANTEE OR BANK UNDERTAKING OR FORFEITS THE ENTIRE AMOUNT OF ITS SECURITY DEPOSIT, AS APPLICABLE [CLAUSE 4.13.12].~~

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6. DSM RESERVE CAPACITY SECURITY

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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;

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(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 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 of the WEM Rules; and

(b) in the form specified in clause 4.13A.6 of the WEM Rules.

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6.1.2. Where **clause 4.13A.3**:

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(a) AEMO holds the benefit of a DSM Reserve Capacity Security in accordance with section 4.13A of the WEM Rules in respect of a Demand Side Programme for a Reserve Capacity Cycle; and

(b) AEMO assigns Certified Reserve Capacity to the same Demand Side Programme for a subsequent Reserve Capacity Cycle;

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 of the WEM Rules; and

(d) the DSM Reserve Capacity Security remains in force at all relevant times for the purposes of section 4.13A of the WEM Rules.

6.1.3. A Market Participant must follow the processes in:

(a) sections 3.4 and 3.5 of this Procedure when providing DSM Reserve Capacity Security; and



(b) sections 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.

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6.1.4. AEMO must follow the processes in:

(a) sections 3.1 and 3.6 of this Procedure in notifying a Market Participant of the requirement for DSM Reserve Capacity Security and assessing compliance of DSM Reserve Capacity Security; and

(b) sections 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.

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6.2. Waiving the requirement for DSM Reserve Capacity Security

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6.2.1. A Market Participant may, where the Market Participant is required to provide DSM Reserve Capacity Security in accordance with section 4.13A of the WEM Rules, request that the requirement for DSM Reserve Capacity Security is waived [clause 4.13A.18(b)].

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6.2.2. AEMO encourages Market Participants to give preliminary notice to AEMO that they intend to make a request under step 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.⁷

6.2.3. In providing notice under step 6.2.2 of this Procedure, a Market Participant may provide the supporting documentation required under step 6.2.5 of this Procedure.

6.2.4. A Market Participant must make a request under step 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 6.2.1 of this Procedure must include:

(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;

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(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.

6.2.6. Where AEMO receives a request under step 6.2.1 of this Procedure, and subject to step 6.2.7 of this Procedure, it must, within 10 Business Days⁸:

(d) determine whether AEMO will waive the requirement for DSM Reserve Capacity Security; and

⁷ 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, 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.

⁸ 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.



- (e) notify the Market Participant of its determination, including reasons for rejection, if relevant.
- 6.2.7. copies of between the Market Participant and to AEMO for ion, if relevant. In making a determination under step 6.2.6 of this Procedure, AEMO must 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 4.12 of the WEM Rules, for the current Capacity Year.
- 6.2.8. In making a determination under step 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;
 - (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.
- 6.2.9. AEMO may request any information it deems relevant from the Market Participant in making a determination under step 6.2.4 of this Procedure.
- 6.2.10. A Market Participant may provide additional information requested under step 6.2.7 of this Procedure. If the Market Participant does not provide additional information, AEMO's determination in step 6.2.4 of this Procedure will be based on information provided under step 6.2.3 of this Procedure, or any other information available to AEMO at the time of making its determination.

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 4.13A of the WEM Rules, request that the DSM Reserve Capacity Security be released [clause 4.13A.18(a)].
- 6.3.2. Where AEMO receives a request under step 6.3.1 of this Procedure, and subject to step 6.3.3 and having regard to the matters in steps 6.3.4 and 6.3.5 of this Procedure, it must, within 10 Business Days:
 - (a) determine whether AEMO will release the DSM Reserve Capacity Security; and
 - (b) notify the Market Participant of its determination, including reasons if the request was for rejection, if relevant.
- 6.3.3. In making a determination under step 6.3.2 of this Procedure, AEMO must 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 4.12 of the WEM Rules, for the current Capacity Year.

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6.3.4. In making a determination under step 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;
- (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.

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

- (a) changes in the level of Capacity Credits assigned between 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.

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6.3.6. **step 7.2.3 of this procedure** and 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]**.

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6.3.7. Where AEMO decides to ~~return~~ release DSM Reserve Capacity Security under step 6.3.2(a) of this Procedure, or is required to ~~releasereturn~~ DSM Reserve Capacity Security under step 6.3.6 of this Procedure, it must:

- (a) if the DSM Reserve Capacity Security is a Security Deposit that is no longer required to be held, 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.

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

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6.4.1. If, at any time, AEMO is no longer satisfied that an assessment under step 6.2.6, 6.3.2, or 6.3.6 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]**:

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- (a) that the Market Participant must provide AEMO with the benefit of DSM Reserve Capacity Security;
- (b) the reasons for its decision;
- (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; 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.



6.4.2. In making an ~~determination~~ assessment under step 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.

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6.4.3. Where a Market Participant receives a notice under step 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 ~~[clause 4.13A.22].~~

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7. DRAWING UPON SECURITY

7.1.1. If a Facility (other than a Demand Side Programme) fails to achieve the requirements of step 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 clause 4.13.11A of the WEM Rules].~~

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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 ~~[clause 4.13A.15].~~

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7.1.3. For the purposes of step 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 apply the- Security drawn upon (after meeting AEMO's costs) under in step 7.1.1 or 7.1.2 of this Procedure as follows-~~[clauses 4.13.11A and 4.13A.16]:~~

- (a) to offset the cost of funding any Supplementary Reserve Capacity Contracts for any capacity shortage stemming entirely or in part from ~~required as a result of the Facility not being available; and~~
- (b) rebating making a rebate payment -any remaining amount- 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. If the Reserve Capacity Security or DSM Reserve Capacity Security drawn upon under clauses 4.13 or 4.13A.16 of the WEM Rules and 7.1.4 of this Procedure is a Security Deposit, ~~Where AEMO draws upon a Market Participant's Security Deposit,~~ then the Market Participant forfeits ~~any rights to the amount of the Security Deposit~~ ~~[clauses 4.13.12 and 4.13A.17].~~

