



# MARKET PROCEDURE: DECLARATION OF BILATERAL TRADES AND THE RESERVE CAPACITY AUCTION

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Approved for distribution and use by:

APPROVED BY: [Erin Stone, Cameron Parrotte](#)

TITLE: [Group Manager, Development and Capacity, Executive General Manager, Western Australia](#)

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### VERSION RELEASE HISTORY

Version	Effective Date	Summary of Changes
1.0	01 January 2010	New Reserve Capacity Procedure for Declaration of Bilateral Trades and the Reserve Capacity Auction following PC_2009_05
2.0	25 February 2013	Amendments to Reserve Capacity Procedure resulting from PC_2012_06
3.0	16 April 2014	Amendments to Market Procedure resulting from PC_2014_02
4.0	30 November 2015	Changes resulting from the transfer of functions from the IMO to AEMO
5.0	<u>21 August July 2020</u>	<u>Amendments to Market Procedure resulting from AEPC_2020_08.</u>

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**FIGURES**

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Figure 1—Bilateral Trade Declaration and Reserve Capacity Auction process ..... 6

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## 1. INTRODUCTIONPROCEDURE OVERVIEW

### 1.1. Relationship with the Market RulesPurpose and scope

1.1.1. This Market Procedure: Declaration of Bilateral Trades and the Reserve Capacity Auction (**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 with clauses 4.14.11 and 4.17.9 of the Wholesale Electricity Market (WEM) Rules (Market Rules)WEM Rules.

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~~This Procedure has effect only for the purposes set out in the WEM Rules and the WEM Rules prevail over these Procedures to the extent of any inconsistency~~

1.1.2. Reference to particular Market Rules within this Procedure, which are in bold and square brackets [Clause XX] are current as of 16 April 2014. These references are included for convenience only and are not part of this Procedure.

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#### 1.1.1. Purpose of this Procedure

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1.1.2. The purpose of this Procedure is to outline the processes that:

1.1.4.(a) outlines the processes that Market Participants holding Certified Reserve Capacity must follow to:

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(a)(i) submit a Bilateral Trade Declaration; and

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(b)(ii) submit a Reserve Capacity Offer into the Reserve Capacity Auction; and

1.1.5.(b) This Procedure describes the processes that AEMO must follow to:

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(a)(i) assess and process Bilateral Trade Declarations;

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(b)(ii) determine if a Reserve Capacity Auction will be required and if so, how much Reserve Capacity will be required; and

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(c)(iii) clear the Reserve Capacity Auction.

#### 1.1. Application of this Procedure

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

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1.1.4. Reference to particular WEM Rules within this Procedure in bold and square brackets [clause XXI] are included for convenience only and are not part of this Procedure.

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### 1.2. Associated Market Procedures

1.3.0. The following Market Procedures are associated with this Procedure:

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(d) Certification of Reserve Capacity;

(e) Maximum Reserve Capacity Price; and

(f) Reserve Capacity Security.



## 1.2. — Definitions and interpretations

(h) MPR user guide

(i) WEMS MPI user guide

### 1.10. — Conventions used

1.11.0.1.1.1. In this Procedure the conventions specified in clauses 1.3 and 1.5 of the Market Rules apply.

1.12.0.1.1.1. The appendix contained within this Procedure forms part of the Procedure and is legally enforceable.

### 1.13.1.2. — Terminologies and Definitions Definitions and interpretations

1.13.1.1.2.1. 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 Table 1 have the meanings set out opposite them when used in this Procedure.

**Table 1 Defined terms**

Term	Definition
Bilateral Trade Declaration	A submission made by a Market Participant holding Certified Reserve Capacity to AEMO in accordance with clause 4.14.1 of the WEM Market Rules.
Reserve Capacity Facility Status	The status of a Facility for the purposes of the Reserve Capacity Mechanism, being 'proposed', 'committed' or 'in Commercial Operation'. The process for changing a Facility's status from 'proposed' to 'committed' is outlined in Appendix A.
Committed Status	Refers to the 'committed' facility status as assigned by AEMO under Appendix A of this Procedure, for the purpose of the Reserve Capacity Mechanism. A status determined under Appendix A of this Procedure and used for the purposes of assigning Capacity Credits in accordance with Appendix 3 of the WEM Rules and described in Appendix 3 of the WEM Rules as "committed facilities". Facilities in Committed Status have demonstrated that irrevocable and binding commitments have been made in relation to the construction of a Facility or Planned Facility Upgrade.
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).

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<sup>1</sup> Commercial Operation is a defined term in the Glossary of the Market Rules



Term	Definition
<u>Proposed Status</u>	<u>A status used for the purposes of assigning Capacity Credits in accordance with Appendix 3 of the WEM Rules. All Facilities that are not in operation or assigned a Committed Status have a Proposed Status. Facilities are automatically assigned Proposed Status when created by a Market Participant as a Candidate for Registration in WEMS, and comprise all Facilities that are not in operation or assigned a Committed Status. Refers to the 'proposed' facility status as assigned by AEMO to facilities that have not been assigned the 'committed' status under Appendix A of this Procedure, or been assessed as in Commercial Operation<sup>3</sup>.</u>
<u>SecurityWEMS (Wholesale Electricity Market System)</u>	<u>Refers to either of the following terms defined by the WEM Rules: Reserve Capacity Security; or DSM Reserve Capacity Security. The IT interface that AEMO uses to administer/operate the Wholesale Electricity Market.</u>
<u>Upgrade</u>	<u>An upgraded portion to an existing Facility, as determined by AEMO, where a Market Participant is seeking a higher level of Certified Reserve Capacity than the existing Facility has demonstrated through normal market operation or Reserve Capacity Test as a result of works done.</u>
<u>WEMS (Wholesale Electricity Market System) Wholesale Electricity Market System or WEMS MPI (Market Participant Interface)</u>	<u>An interface software that AEMO uses to administer and operate the Wholesale Electricity Market. An interface system that AEMO uses to administer and operate the Wholesale Electricity Market. The market portals maintained by AEMO for the purpose of enabling interactions between Market Participants and AEMO systems.</u>
<u>MPR</u>	<u>The Market Participant registration system, a component of the WEMS MPI and the central point for all of the Participant and Facility Registration-related activities related to operating in the WEM.</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; ~~and~~
- (m) words expressed in the singular include the plural and vice versa; and;
- (e) \_\_\_\_\_
- (f) in this Procedure the conventions specified in ~~clauses~~ sections 1.3 to and 1.5 of the ~~Market~~ WEM Rules apply.

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<sup>3</sup> Commercial Operation is a defined term in the Glossary of the WEM Market Rules.  
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1.2.3. Appendix A contained within this Procedure forms part of the Procedure

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### Related documents

The appendix contained within this Procedure forms part of the Procedure and is legally enforceable.

## 1.3. Related documents

1.3.1. The following Market Procedures and user guides (available on the Market Web Site) are associated with this Procedure:

- (a) Market Procedure: Certification of Reserve Capacity;
  - (b) Market Procedure: Facility Registration, De-Registration and Transfer Procedure;
  - (c) Market Procedure: Reserve Capacity Security;
  - (d) Market Procedure: Supplementary Reserve Capacity; and
  - (e) WEMS MPI User Guide.
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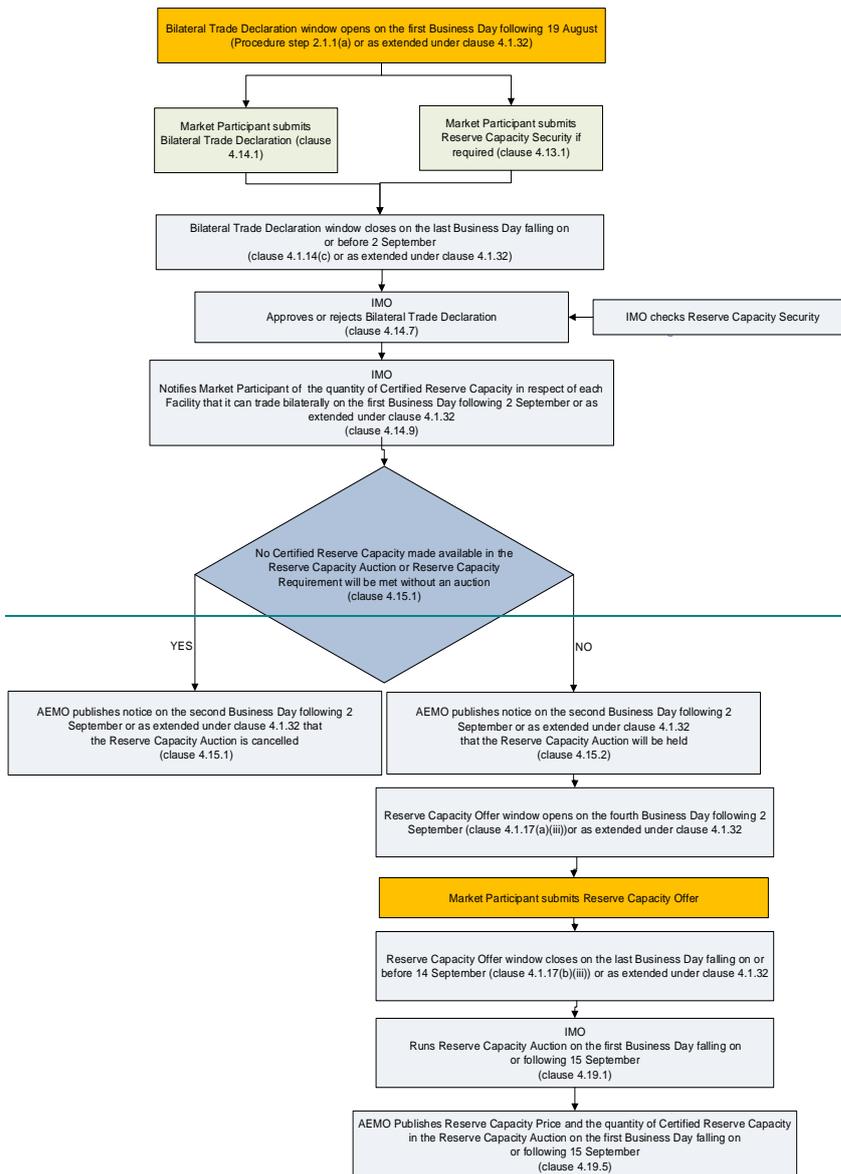
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## TIMEFRAMES

### 2. TIMEFRAMES

in this Procedure or set under section 4.1 of the WEM Rules and in relation to the Reserve Capacity Cycle outlined in section 4.1 of the WEM Rules. If AEMO extends a date or time, then it must publish a notice of the modified or extended time or date on the Market Web Site. This notice must include advice of when the modified or extended date or time takes effect.

#### Modification of Timeframes

2.1.1. Under clause 4.1.1C of the WEM Rules, AEMO may modify or extend the dates or times specified in this Procedure or set under section 4.1 of the WEM Rules and in relation to the Reserve Capacity Cycle outlined in section 4.1 of the WEM Rules. If AEMO extends a date or time, then it must publish a notice of the modified or extended time or date on the Market Web Site. This notice must include advice of when the modified or extended date or time takes effect.

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

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## BILATERAL TRADE DECLARATIONS

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

### 3. BILATERAL TRADE DECLARATIONS

#### 6.

##### 6.1.3.1. Submission of Bilateral Trade Declarations

~~3.1.1. Under clause 4.1.14 of the WEM Rules, each Market Participant holding Certified Reserve Capacity for the Reserve Capacity Cycle must provide to AEMO notification in accordance with clause 4.14.1 of the WEM Rules as to how its Certified Reserve Capacity will be dealt with not later than 5:00 pm on the last Business Day falling on or before 2 September of Year 1 of the Reserve Capacity Cycle.~~

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~~6.1.1. AEMO must open the window for Bilateral Trade Declarations in WEMS at 8:00 am on the first Business Day following AEMO's notification to Market Participants of the Certified Reserve Capacity to be assigned to each of their Facilities under clause 4.1.12(b) of the WEM Rules.~~

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~~(d) open the window for Bilateral Trade Declarations in WEMS at 8:00 AM on the first Business Day falling on or before 19 August of Year 1 in the relevant Reserve Capacity Cycle following the date specified in Clause 4.1.12(b) of the Market Rules; and~~

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~~close the window for Bilateral Trade Declarations in WEMS at 5:00 PM on the last Business Day falling on or before 2 September of Year 1 in the relevant Reserve Capacity Cycle the date specified in clause 4.1.14(c) of the Market Rules [C]clause 4.1.14];~~

~~3.1.2. unless these dates and times have been modified under step 2.1.1 of this Market Procedure.~~

~~3.1.3. Subject to clause 4.14.3 of the WEM Rules, each Market Participant holding Certified Reserve Capacity for the current Reserve Capacity Cycle must, by the date and time specified in step 3.1.1 of this Procedure provide the following information to AEMO for each Facility (expressed in MW to a precision of 0.001 MW) [C]clause 4.14.1]:~~

- ~~(i) subject to clause 4.14.1A of the WEM Rules, the total amount of Reserve Capacity the Market Participant intends to make available in a Reserve Capacity Auction if held for the current Reserve Capacity Cycle;~~
- ~~(ii) the total amount of Reserve Capacity the Market Participant intends will be traded bilaterally; and~~
- ~~(iii) the total amount of Reserve Capacity that the Market Participant has decided will not now be made available to the market;~~

~~where the sum of the values for steps 3.1.3(i), 3.1.3(ii), and 3.1.3(iii) of this Procedure must equal the Certified Reserve Capacity of the Facility for the Reserve Capacity Cycle.~~

~~3.1.4. A Market Participant holding Certified Reserve Capacity associated with [C]clause 4.14.1A]:~~

~~(a) a Transitional Facility in a Transitional Reserve Capacity Cycle; or~~

(b) a Fixed Price Facility in a Fixed Price Reserve Capacity Cycle for that Fixed Price Facility, must not nominate any of that Certified Reserve Capacity under step 3.1.1(i) of this Procedure.

3.1.5. A Market Participant holding Certified Reserve Capacity for the current Reserve Capacity Cycle may, by the date and time specified in step 3.1.1 of this Procedure, nominate to AEMO by notice in writing that the Facility be classified as a Fixed Price Facility [clause 4.14.1B].

3.1.6. If a Market Participant does not make a nomination under step 3.1.5 of this Procedure, the Facility will not be classified as a Candidate Fixed Price Facility for the purposes of Appendix 3 of the WEM Rules.

3.1.7. Synergy must ensure that the amount of Reserve Capacity that it intends will be traded bilaterally, as nominated under step 3.1.3(ii) of this Procedure, meets the requirements in clauses 4.14.4 and 4.14.5 of the WEM Rules.

6.1.2. A Market Participant must submit Bilateral Trade Declarations through WEMS, unless an alternative format is specified by AEMO. WEMS will only allow a Bilateral Trade Declaration to be submitted where the information is consistent with the relevant Reserve Capacity Cycle and meets the requirements of step 3.1.3 of this Procedure.

3.1.8. A Market Participant must submit Bilateral Trade Declarations through ~~the in~~ WEMS MPI, unless an alternative format is specified by AEMO. WEMS will only allow a Bilateral Trade Declaration to be submitted where the information is consistent with the relevant Reserve Capacity Cycle and meets the requirements of step 3.1.3 of this Procedure.

6.1.3. AEMO must confirm receipt of a Market Participant's Bilateral Trade Declaration within one Business Day. This confirmation may be sent as an automated response in WEMS.

~~6.1.4.3.19. AEMO must provide a confirmation of receipt of a Market Participant's Bilateral Trade Declaration within one Business Day. This confirmation which may be sent as an automated response in WEMS.~~

6.1.5.3.1.10. If a Market Participant has not received confirmation of receipt of its Bilateral Trade Declaration from AEMO within one Business Day of its submission under step 3.1.1 of this Procedure, the Market Participant must:

- (a) contact AEMO to determine whether there has been an issue; and
- (b) arrange for resubmission, if required.



~~AEMO must review the information provided by Market Participants in accordance with clause 4.14.1 of the WEM Rules to ensure that the information provided is consistent with the Certified Reserve Capacity of each Facility and the requirements of section 4.14 of the WEM Rules, and clause 4.14.7i:~~

~~clause 4.13.1 of the Market Rules to provide Reserve Capacity Security; or~~

~~clause 4.13A.1 of the Market Rules to provide DSM Reserve Capacity Security;~~

~~clause 4.13.1 of the Market Rules to provide Reserve Capacity Security for a Facility, the Market Participant must provide the relevant Reserve Capacity Security to AEMO provide Security in accordance with the process outlined in the Market Rules and the relevant Market Procedure, for Reserve Capacity Security:~~

- ~~, if any of the Facility's Certified Reserve Capacity is to be traded bilaterally or if the Facility is subject to 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 to be offered into the Reserve Capacity Auction and step (a) above does not apply [clause 4.13(b)(iii)].~~

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— AEMO must review the information provided by Market Participants in accordance with clause 4.14.1 of the WEM Rules to ensure that the information provided is consistent with the Certified Reserve Capacity of each Facility and the requirements of section 4.14 of the WEM Rules, and ~~clause 4.14.7~~:

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(a) — specifies under clause 4.14.1(c) of the Market Rules to trade its Certified Reserve Capacity bilaterally; and

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(a) — is required under ~~either clause 4.13.1 or 4.13A.1~~ of the Market Rules to provide Reserve Capacity Security for a Facility,

— does not provide in full the required amount of Reserve Capacity Security by 5:00 PM on the last Business Day falling on or before 2 September of Year 1 of the relevant Reserve Capacity Cycle ~~[Clause 4.13(b)(i)]~~, the Certified Reserve Capacity for the Facility will lapse ~~[Clause 4.13.9]~~. This will invalidate the Bilateral Trade Declaration in respect of that Facility.

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6.1.11. — For the purpose of accepting Bilateral Trade Declarations, AEMO must use the Reserve Capacity Facility Status for a Facility that is recorded in the MPR in WEMS at the time that the Bilateral Trade Declaration is submitted. Further information on the Reserve Capacity Facility Status and the process for applying for 'committed' status is included within Appendix A of this Market Procedure.

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## 6.1. Information to be Included in Bilateral Trade Declarations

6.1.13. — A Bilateral Trade Declaration will only be accepted through the WEMS. A Market Participant must ensure that ~~where~~ the information to be included in a Bilateral Trade Declaration is consistent with the Reserve Capacity Cycle for which the application is being made.

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6.1.14. — When submitting a Bilateral Trade Declaration the WEMS requires A Market Participants ~~to~~ specify the quantities of Reserve Capacity for each Facility (expressed in MW to a precision of 0.001 MW), as required under clause 4.14.1 of the Market Rules, in the Bilateral Trade Declaration ~~which the Market Participant intends:~~

— ~~to make available in a Reserve Capacity Auction if held;~~

— ~~to be traded bilaterally; and~~

— ~~to not be made available to the market.~~

~~Where the sum of these quantities must equal the Certified Reserve Capacity for that Facility [clause 4.14.1].~~

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— AEMO must review the information provided by Market Participants in accordance with clause 4.14.1 of the WEM Rules to ensure that the information provided is consistent with the Certified Reserve Capacity of each Facility and the requirements of section 4.14 of the WEM Rules, and ~~clause 4.14.7~~:

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— With reference to 3.2.2 and 3.2.3 above, a Market Participant must ensure that any Certified Reserve Capacity it holds for:  
 — a Fixed Price Facility; or  
 — a Transitional Facility in a Transitional Reserve Capacity Cycle;  
 is not made available in a Reserve Capacity Auction under step 3.2.2(a) above ~~clause 4.14.1A~~

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6.1.16. The Market Participant must ensure that the sum of the quantities as required under clause 4.14.1 of the Market Rules for a Facility is equal to the Certified Reserve Capacity for that Facility for the current Reserve Capacity Cycle.

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6.1.17. Synergy must ensure that the amount of Reserve Capacity that it intends to trade bilaterally, as required under clause 4.14.1(c) of the Market Rules, is made in accordance with the requirements outlined in clauses 4.14.4 and 4.14.5 of the Market Rules.

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**6.1.** ~~Assessment and Processing of Bilateral Trade Declarations~~

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6.1.19. AEMO must review the information provided by Market Participants in accordance with clause 4.14.1 of the WEM Rules to ensure that the information provided is consistent with the Certified Reserve Capacity of each Facility and the requirements of section 4.14 of the WEM Rules, and ~~clause 4.14.7~~; AEMO must review the information provided in a Bilateral Trade Declaration for a Facility within one Business Day of receipt of the Bilateral Trade Declaration. ~~This may be automated in WEMS.~~

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3.1.11.

- (a) if the information is not consistent, then AEMO must endeavour to resolve the discrepancy with the Market Participant within one Business Day of receipt;
- (b) if the information is consistent, then AEMO must inform the Market Participant within one Business Day of receipt that the information is accepted; and
- (c) if AEMO cannot establish what a Market Participant's intentions are with respect to all or part of its Certified Reserve Capacity within the time allowed for resolving discrepancies by step 3.1.10(a) of this Procedure, then the relevant part of that Market Participant's Certified Reserve Capacity will be treated as being unavailable to the market, and AEMO must notify the Market Participant of this outcome within one Business Day of the deadline for resolving discrepancies specified in step 3.1.11(a) of this Procedure.



6.1.20.—The review required by step 3.1.11 of this Procedure may be automated through validations in WEMS.

(a) — the applicant is a Market Participant;

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— the Facility referred to in the Bilateral Trade Declaration has been assigned Certified Reserve Capacity;

(b) — all the information provided meets the requirements information required under clause section 4.14 of the Market Rules has been provided. Clause 4.14.7;

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(b) — the total quantity of Certified Reserve Capacity held by the Market Participant is equal to that included in the Bilateral Trade Declaration. Clause 4.14.1; and

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— the Facility to which the submission refers is not subject to a Network Control Service Contract. Clause 4.14.3 must be performed within one Business Day of Receipt and done

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3.1.12. If a Bilateral Trade Declaration if it does not satisfy the requirements under 3.3.1 above AEMO must endeavour to resolve any discrepancies with the Market Participant, within one Business Day of receipt. Clause 4.14.7(a).

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(b) —

### 6.3.— Resolution of Discrepancies

6.4.0.— AEMO must endeavour to resolve, with the Market Participant, any discrepancy in the consistency of the information provided in a Bilateral Trade Declaration, within one Business Day of receipt [Clause 4.14.7(a)].

6.5.0.— In seeking to resolve a discrepancy under step 2.4.1, AEMO may request additional information from a Market Participant. The request must outline the information that is needed by AEMO to proceed with its consideration of the Bilateral Trade Declaration.

6.6.0.— Upon receiving a request for additional information under step 2.4.2, the Market Participant must respond to AEMO by making necessary adjustments to its Bilateral Trade Declaration and providing additional information as necessary. If AEMO cannot establish what a Market Participant's intentions are with respect to all or part of its Certified Reserve Capacity within the time specified for resolving discrepancies in clause 4.14.7(a) of the Market Rules AEMO must determine that:

(b) — the Market Participant's Certified Reserve Capacity corresponding to pre-existing Long Term Special Price Arrangements cannot be traded bilaterally; and

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(b) — the Market Participant's Certified Reserve Capacity not covered by pre-existing Long Term Special Price Arrangements will be treated as being unavailable to the market

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(b) **Mutually exclusive Facilities**

**6.10.3.2. Mutually exclusive Facilities**

6.10.1.3.2.1. AEMO must review the information submitted to it in Bilateral Trade Declarations and identify any Facilities that it determines cannot exist simultaneously, taking into account any circumstances it deems relevant

3.2.2. If two or more Facilities cannot simultaneously exist (for example, because more than one Market Participant is proposing to build a Facility that will be located at the same site) then AEMO cannot accept a non-zero value provided in accordance with step 3.1.3(ii) of this Procedure in respect of more than one of these Facilities and must reject all but one Facility based on the following criteria [clause 4.14.6]:

- (a) Facilities that are operational or are committed will be accepted ahead of other Facilities; then
- (b) if more than one Facility remains, then Facilities that can demonstrate having secured financing will be accepted ahead of other Facilities; then
- (c) if more than one Facility remains, then Facilities with the greatest quantity of Certified Reserve Capacity will be accepted ahead of Facilities with lower Certified Reserve Capacity; then
- (d) if more than one Facility remains, then Facilities identified in Expressions of Interest will be accepted ahead of other Facilities; then
- (e) if more than one Facility remains, then AEMO will accept one based on the order in which they applied for Certified Reserve Capacity, including applications for Conditional Certified Reserve Capacity.

3.2.3. AEMO may request supporting information from a Market Participant in making an assessment under step 3.2.2 of this Procedure.

~~6.11.0. When a Bilateral Trade Declaration is deemed invalid, AEMO must:~~

6.12.0. AEMO may request supporting information from a Market Participant to support in making any assessment required under clause 4.14.6 of the Market Rules under step 3.2.2 of this Procedure.

**6.13.3.3. Acceptance and rejection of Bilateral Trade Declarations**

~~6.13.1. From 1 July 2020, AEMO will reject a Bilateral Trade Declaration where a Market Participant has not provided the required Reserve Capacity Security or DSM Reserve Capacity Security.~~

~~If a Bilateral Trade Declaration does not satisfy the requirements under step 3.3.1 and AEMO as not been able to resolve discrepancies under step 3.3.2, then AEMO must:~~

- ~~reject any Bilateral Trade Declarations that are deemed invalid from the bilateral trade process and the subsequent Capacity Credit assignment process; notify the Market~~

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Participant that the information is rejected within one Business Day of receipt [clause 4.14.7(b)]; and reject a Bilateral Trade Declaration where a Market Participant has not provided the required Reserve Capacity Security or DSM Reserve Capacity Security.

3.3.1. treat the relevant Certified Reserve Capacity as being unavailable to the market [clause 4.14.7(c)]; in accordance with section 3.7 of the Market Procedure: Reserve Capacity Security. AEMO must reject a Bilateral Trade Declaration where a Market Participant has not provided the required Reserve Capacity Security or DSM Reserve Capacity Security.

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3.3.2. For the purpose of accepting Bilateral Trade Declarations, AEMO must use the Facility status (Proposed Status or Committed Status) determined in accordance with Appendix A of this Procedure and recorded in WEMS at the time that the Bilateral Trade Declaration is submitted.

3.3.3. If Certified Reserve Capacity is not to be made available to the market as a result of the acceptance by AEMO of information submitted by a Market Participant in accordance with step 3.1.3(iii) of this Procedure, or because step 3.1.11(c) of this Procedure applies, then all obligations associated with that part of the Certified Reserve Capacity held by the relevant Market Participant are to terminate from the time AEMO notifies the Market Participant that it accepts the information provided in accordance with step 3.1.3 of this Procedure or the application of step 3.1.11(c) of this Procedure (as applicable) and that part of the Certified Reserve Capacity ceases to be Certified Reserve Capacity for the purposes of the WEM Rules (including for the purposes of setting the Reserve Capacity Obligation Quantity) [clause 4.14.8].

6.14.0-

### **B**ilaterally

### **6.15.3.4. Confirmation of Certified Reserve Capacity that may be **B**traded **B**ilaterally**

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3.4.1. AEMO must notify each Market Participant that specified a non-zero amount under step 3.1.3(ii) of this Procedure by the date and time specified in clause 4.1.15 of the WEM Rules of the quantity of Certified Reserve Capacity held by the Market Participant in respect of each Facility that it can trade bilaterally, where this quantity must [clause 4.14.9]:

- (a) exclude Certified Reserve Capacity to which clause 4.14.8 of the WEM Rules relates; and
- (b) be determined using the methodology described in Appendix 3 of the WEM Rules.

## **RESERVE CAPACITY AUCTION**

### **RESERVE CAPACITY AUCTION**

( ) determine the quantity of Certified Reserve Capacity that may be traded bilaterally for each Facility in accordance with the methodology described in Appendix 3 of the Market Rules [clause 4.14.9(b)]; and.

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AEMO must ensure that the quantity for each Facility in step 2.7.1 excludes Certified Reserve Capacity that is associated with pre-existing Long Term Special Price Arrangements or that is not to be made available to the market [Clause 4.14.9(a)].





If the criteria in step 4.1.1 of this Procedure are not met, then by the date and time specified in clause 4.1.16 of the WEM Rules, AEMO must publish a notice in accordance with clause 4.15.1 of the WEM Rules specifying for that Reserve Capacity Cycle:

- (a) that the Reserve Capacity Auction has been cancelled;
- (b) the Reserve Capacity Requirement;
- (c) the total amount of Certified Reserve Capacity;
- (d) the Capacity Credits assigned, by Facility, under section 4.28C of the WEM Rules; and
- (e) the total amount of Certified Reserve Capacity that would have been made available in the Reserve Capacity Auction had one been held.

**Submission of Reserve Capacity Offers**

determine that the Reserve Capacity Auction is cancelled; and

publish a notice with the information outlined in clauses 4.15.1(a) – (d) and 4.20.5AA of the Market Rules, by 5:00 PM on the second Business Day following 2 September in Year 1 of the relevant Reserve Capacity Cycle [clauses 4.1.18A and 4.20.5AA] [clause 4.15.1(a)].

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## Submission of Reserve Capacity Offers

~~10.1.4. Where AEMO does not determine under step 3.1.2 that a Reserve Capacity Auction is cancelled for a Reserve Capacity Cycle, AEMO must, by the date and time specified in clause 4.1.16 of the Market Rules or as extended in accordance with clause 4.1.32, publish a notice that a Reserve Capacity Auction will be held and specifying:~~

- ~~(a) the information outlined in clauses 4.15.2(a) – (c) of the Market Rules;~~
- ~~(a) the dates during which AEMO will accept Reserve Capacity Offers; and~~
- ~~(b) the date on which the Reserve Capacity Auction results will be published.~~

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### 10.2.4.2. Submission of Reserve Capacity Offers

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10.2.1.4.2.1. Where AEMO accepted a Bilateral Trade Declaration submission from a Market Participant who specified a non-zero quantity of Certified Reserve Capacity to be made available in the Reserve Capacity Auction, the Market Participant must submit a Reserve Capacity Offer in respect of that Certified Reserve Capacity if a Reserve Capacity Auction is required under step 4.1.1 of this Procedure.

4.2.2. A Market Participant submitting a Reserve Capacity Offer must submit the information specified in section 4.18 of the WEM Rules, using the Reserve Capacity Auction form, prescribed under clause 4.17.1 of the WEM Rules, to AEMO during the period specified in clause 4.1.17 of the WEM Rules [clause 4.17.2].

10.2.2. ~~AEMO may reject a Reserve Capacity Offer if [clause 4.17.4]:~~

~~— After 9:00 AM on the fourth Business day following 2 September in Year 1 of the relevant Reserve Capacity Cycle;~~

- ~~(a) Before 5:00 PM on the last Business Day falling on or before 14 September in Year 1 of the relevant Reserve Capacity Cycle; and during the time period specified in clause 4.1.17 of the Market Rules; and~~
- ~~(b) through the WEMS MPI, unless an alternative Reserve Capacity Auction form is specified by AEMO and published on the Market Web Site [Clause 4.17.2].~~

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4.2.3. ~~AEMO may reject a Reserve Capacity Offer must be if [clause 4.17.4]:~~

- ~~(a) the offer is inconsistent with the requirements of the WEM Rules, including clause 4.14.10 of the WEM Rules;~~
- ~~(b) the offer does not contain any of the information specified in section 4.18 of the WEM Rules; and~~
- ~~(c) the offer is not in the form required by step 4.2.2 of this Procedure.~~

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10.2.3.— ~~AEMO may not accept a Reserve Capacity Offer submitted outside the interval specified in clause 4.1.17 of the WEM Rules **clause 4.17.8**.~~

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10.2.4.— A Market Participant must provide the information ~~[clause 4.17.4]~~ specified in:

(a) ~~clause 4.18.1 of the Market Rules in its Reserve Capacity Offer WEM; and~~

(b) ~~clause 4.18.2 of the Market Rules in respect of each Reserve Capacity Price-Quantity Pair WEM.~~

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~~4.2.4. AEMO may not accept a Reserve Capacity Offer submitted outside the period specified in Reserve Capacity Offer window in the interval specified in clause 4.1.17 of the WEM Rules step 4.2.2 of this Procedure **clauses 4.1.17 and clause 4.17.8**.~~

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~~4.2.5. For the purpose of the Reserve Capacity Auction, AEMO must use the Facility status (Proposed Status or Committed Status) determined in accordance with Appendix A of this Procedure, which is recorded in WEMS at the time that the Reserve Capacity Offer is submitted.~~

10.2.5.— ~~AEMO must accept that the Reserve Capacity Offer is valid if:~~

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10.2.6.— Upon receipt of a Reserve Capacity Offer, AEMO must determine whether it ~~[clause 4.17.4]:~~

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(a) ~~is consistent with the requirements of the Market WEM Rules, including clause 4.14.10;~~

(b) ~~contains all of the information required under clause 4.18 of the Market WEM Rules; and~~

(c) ~~is in the form required by clause 4.17.2 of the Market WEM Rules [Clause 4.17.4].~~

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~~4.2.6. AEMO must accept that the Reserve Capacity Offer is valid if it meets the criteria specified in step 3.2.64.2.3, and may reject the Reserve Capacity Offer if one or more of the criteria are not met:~~

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(a) ~~the offer is consistent with the requirements of the WEM Rules, including clause 4.14.10 of the WEM Rules;~~

(b) ~~the offer contains all of the information specified in section 4.18 of the WEM Rules; and~~

(c) ~~the offer is in the form required by step 4.2.2 of this Procedure.~~

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10.2.7.—

~~Market Participant to confirm receipt, and whether it has accepted the offer as valid or rejected the offer as invalid, with reasons for rejection provided **clause 4.17.3**.~~

10.2.8.— Upon receipt of a Reserve Capacity Offer, AEMO must within one Business Day:

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(a) ~~contact the Market Participant to confirm receipt of the Reserve Capacity Offer; and~~

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10.2.7. Upon receipt of a Reserve Capacity Offer, AEMO must within one Business Day contact the Market Participant to confirm receipt, and whether it has accepted the offer as valid or rejected the offer as invalid, with reasons for rejection provided [clause 4.17.3].

10.2.9.4.2.8. AEMO may notify a Market Participant under step 4.2.7 of this Procedure by an automated response within WEMS or by email.

10.2.10.4.2.9. A Market Participant that does not receive confirmation of receipt of a Reserve Capacity Offer within the time specified in step 4.2.7 of this Procedure must contact AEMO to arrange for resubmission of the Reserve Capacity Offer [clause 4.17.5].

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10.2.11.4.2.10. A Market Participant may not revise or resubmit a Reserve Capacity Offer after AEMO has confirmed receipt of the Reserve Capacity Offer in accordance with step 4.2.7 of this Procedure [clause 4.17.6].

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4.2.11. Subject to step 4.2.4 of this Procedure, a Market Participant may only resubmit a Reserve Capacity Offer in the event that [clause 4.17.7]:

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(a) AEMO fails to acknowledge receipt of a Reserve Capacity Offer; or

10.2.12.(b) AEMO rejects the Reserve Capacity Offer under step 4.2.7 of this Procedure.

(a) AEMO has advised the Market Participant that its Reserve Capacity Offer is invalid; or

(b) AEMO fails to acknowledge receipt of a Reserve Capacity Offer [clause 4.17.7].

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10.2.13. A Market Participant must resubmit a Reserve Capacity Offer during the time period specified in step 4.2.2(a) – (b) of this Market Procedure clause 4.1.17 of the Market Rules.

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### 10.3.4.3. Reserve Capacity Auction Clearing

4.3.1. Under clause 4.1.18 of the WEM Rules, if a Reserve Capacity Auction proceeds, then AEMO must run the Reserve Capacity Auction on the first Business Day falling on or following 15 September of Year 1 of the Reserve Capacity Cycle.

4.3.2. If Reserve Capacity Offers exist from two or more Facilities that cannot simultaneously be scheduled (for example, because more than one Market Participant is proposing to build a Facility that will be located at the same site), then AEMO must [clause 4.19.31]:

(a) not accept any Reserve Capacity Offer from any such Facility unless AEMO has either accepted a non-zero value for that Facility under step 3.2.2 of this Procedure or has not accepted a non-zero value for any Facility under step 3.2.2 of this Procedure; and

(b) subject to step 4.3.2(a) of this Procedure, apply the methodology set out in Appendix 3 of the WEM Rules for each permutation of such Facilities. The Reserve Capacity Auction result will be:

(i) if no result meets the Reserve Capacity Requirement, then the result that minimises the shortfall;

(ii) if one or more results meet the Reserve Capacity Requirement, then, of those results, the result which produces the least value for the sum over all Reserve Capacity Offers of the offer price multiplied by the quantity of capacity scheduled from that Reserve Capacity Offer.

10.3.1. AEMO, by the time and date specified in step 4.3.1 of the WEM Rules, must process the Reserve Capacity Offers applying the methodology set out in Appendix 3 and determine the Reserve Capacity Auction result in accordance with the objective set out in clause 4.19.2 of the WEM Rules [clause 4.19.1].

AEMO may only consider a Reserve Capacity Offer from a Facility identified under step 3.3.1 where in applying clause 4.14.6 of the Market Rules, AEMO has accepted a non-zero value for that Facility [clause 4.19.3(a)].

10.3.2.

10.3.3. AEMO must process the Reserve Capacity Offers:

(a) by the first Business Day falling on or following the 15 September of Year 1 in the Reserve Capacity Cycle the time and date specified in [clause 4.1.18] of the Market Rules; and

by applying the methodology described in Part B Appendix 3 of the Market Rules [clause 4.19.1]; and

(b) 4.3.3. if step 4.3.1 above applies, in accordance with 4.19.3(b) [clause 4.19.3(b)]. AEMO, by the time and date specified in step 4.3.1 of the WEM Rules, must process the Reserve Capacity Offers applying the methodology set out in Appendix 3 and determine the Reserve Capacity Auction result in accordance with the objective set out in clause 4.19.2 of the WEM Rules [clause 4.19.1].

10.3.4.4.3.4. AEMO may use WEMS to complete the process of clearing the Reserve Capacity Auction.

#### **10.4.4.4. Publication of the Reserve Capacity Auction outcome**

4.4.1. Under clause 4.1.18 of the WEM Rules, if a Reserve Capacity Auction proceeds, AEMO must publish the results in accordance with step 4.4.2 of this Procedure by 5:00 pm on 15 September of Year 1 of the Reserve Capacity Cycle.

4.4.2. AEMO must publish [clause 4.19.5]:

(a) the Reserve Capacity Price included in the Reserve Capacity Auction results determined in accordance with step 4.3.3 of this Procedure; and

(b) the quantity of Certified Reserve Capacity scheduled from each Facility registered by each Market Participant in the Reserve Capacity Auction results determined in accordance with step 4.3.3 of this Procedure.

by the time and date specified in step 4.4.1 of this Procedure.

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4.4.3. If, after determining the Reserve Capacity Auction result under step 4.3.3 of this Procedure, there is a capacity shortfall in any Availability Class, AEMO must publish the capacity shortfall in each Availability Class at the same time as it publishes the results under step 4.4.1 of this Procedure.

**11.**

11.1.1. the Reserve Capacity Price;

the quantity of Certified Reserve Capacity scheduled from each Facility registered by each Market Participant; and

the capacity shortfall in any Availability Class determined in Part B Step 11 of Appendix 3 of the Market Rules;

as determined in accordance with 4.19.1 [clause 4.19.5].

AEMO must also publish the summary of information described in clause 4.20.5AA of the Market Rules, this includes [clauses 4.20.5AA and 4.1.18A];

the Reserve Capacity Price;

the Facility Monthly Reserve Capacity Price for each Transitional Facility multiplied by 12;

the Facility Monthly Reserve Capacity Price for each Fixed Price Facility multiplied by 12; and

each Special Reserve Capacity Price.

The information required under step 4.4.2 above must be published on or before the following [clause 4.1.18A];

if a Reserve Capacity Auction has proceeded, by no later than 5:00 PM on the last Business Day falling on or before 24 September of Year 1 of the relevant Reserve Capacity Cycle; or

if a Reserve Capacity Auction was cancelled, the first Business Day following the confirmation deadline specified in clause 4.1.15 of the Market Rules [clause 4.1.16].

11.1.2. By the date and time specified in clause 4.1.18 of the Market Rules, AEMO must publish:

(a) the Reserve Capacity Price included in the Reserve Capacity Auction results, determined in accordance with clause 4.19.1 of the Market Rules [Clause 4.19.5(a)];

(a) the quantity of Certified Reserve Capacity scheduled from each Facility registered by each Market Participant in the Reserve Capacity Auction results, determined in accordance with clause 4.19.1 of the Market Rules [Clause 4.19.5(b)]; and

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(b) \_\_\_\_\_



A.1.3 A Market Participant must make an application under step A.1.2 of this Procedure at least 10 Business Days prior to the date on which it intends to submit a Bilateral Trade Declaration or Reserve Capacity Offer.

A.1.4 AEMO must acknowledge receipt of an application made under step A.1.2(b) of this Procedure as soon as practicable.

A.1.2A.1.5 AEMO must assess an application made under step A.1.2 of this Procedure within 10 Business Days of receipt.

A.1.3A.1.6 A Market Participant submitting ~~Following Corresponding with a submission of an an~~ application under step A.1.1.42 of this Procedure must include, a Market Participant must submit supporting information including any supporting documentation specifically requested by AEMO; to AEMO, in writing to provided via email to wa.capacity@aemo.com.au<sup>4</sup>, demonstrating that the Facility is 'committed'. ~~Supporting information will vary for each Facility but may include~~ Supporting information will vary depending on the specific circumstances and may include, but is not limited to:

- (a) evidence of a generation licence as required under section 7(1) of the Electricity Industry Act 2004;
- (b) formal commitment, including financial approval, on behalf of the person obtaining funding for the project (for example, Board approval);
- (c) evidence of funding arrangements for the Facility;
- (d) financial commitment by the Market Participant to a primary equipment supplier (this would usually take the form of a signed purchase agreement indicating purchase of the main plant equipment, including penalty clauses associated with non-compliance with the purchase agreement);
- (e) details of planning, construction and environmental applications, approvals and licences;
- (f) access to land, either through ownership or an appropriate long-term written leasing agreement;
- (g) a signed contract for civil works (or appropriate alternative), including contractual delivery times;
- (h) where a Facility is being built primarily to supply energy to one or more foundation customers, evidence that relevant power supply contracts are in place;
- (i) for Demand Side Programmes, evidence of capacity already procured by third parties (for example, contracts for load curtailment) or evidence of capacity procurement activity (for example, letters of intent or memoranda of understanding); and
- (i)(j) any other information that AEMO considers relevant.

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<sup>4</sup> Unless this information was previously submitted as part of the application for Certified Reserve Capacity, in which case, the Market Participant must advise AEMO that the information was previously provided.

A.1.7 AEMO must treat any information provided by a Market Participant under step A.1.6 of this Procedure as Rule Participant Market Restricted.

A.1.4A.1.8 AEMO may request further information from a Market Participant when assessing an application made under step A.1.2 of this Procedure.

A.1.5—A Market Participant must respond as soon as practicable to any requests for information under A.1.5. A Market Participant must respond as soon as practicable to any requests for information under

A.1.6A.1.9 A Market Participant must respond as soon as practicable to any requests for information under step A.1.7 of this Procedure ~~654 so as to allow the assessment to be completed by the time required for the Bilateral Trade Declaration or Reserve Capacity Auction processes within 10 Business Days in accordance with step A.1.5 of this Procedure.~~

## A.2 Assessment of Committed Status applications

A.2.1 Upon receipt of an application under step A.1.2 of this Procedure, AEMO must:

- (a) consider the supporting information provided by the Market Participant; and
- (b) determine whether the new Facility or Planned Facility Upgrade has a Committed Status.

A.2.2 If under step A.2.1(b) of this Procedure AEMO determines that the new Facility or Planned Facility Upgrade has a Committed Status, AEMO must:

- (a) reflect the change in WEMS by approving the change request submitted under step A.1.2(a) of this Procedure or updating the Planned Facility Upgrade's status; and
- (b) notify the Market Participant of the outcome and the effective date of the Committed Status.

A.2.3 Once the effective date has passed (as notified by AEMO under step A.2.2(b) of this Procedure), a Bilateral Trade Declaration or Reserve Capacity Offer submitted for the Facility will hold a Committed Status.

A.2.4 If AEMO rejects or is unable to approve the Committed Status application before the Bilateral Trade Declaration or Reserve Capacity Offer submission window closes, the Facility will retain a Proposed Status for the purposes of the Bilateral Trade Declaration or Reserve Capacity Auction process for that Reserve Capacity Cycle.

A.2.5 If AEMO rejects or is unable to approve a Committed Status application, it must notify the Market Participant as soon as practicable. This notification may be automated and provided through WEMS.

A.2.4—