

WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE REPORT: AEPC_2021_02

WEM PROCEDURE: CAPACITY CREDIT ALLOCATION

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EXECUTIVE SUMMARY

Purpose

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

Proposed amendments

In February 2020, the Minister for Energy for Western Australia gave notice of the Wholesale Electricity Market Amendment (Reserve Capacity Reforms) Rules 2019¹. The Amending WEM Rules made by the Minister for Energy has a commencement date of 1 October 2021.

Clause 2.9.3(b) of the WEM Rules requires a WEM Procedure to be amended where a change is required to maintain consistency with Amending Rules. AEMO has therefore initiated the Procedure Change Proposal, to ensure that it is consistent with the Amending Rules introduced by the Minister for Energy.

The proposed amendments to the Procedure are:

- align terminology to the Amending Rules
 - o clarify that Capacity Credit Allocations can now be made by Market Participants and not restricted to Market Generators
- clarify that Reserve Capacity Price is specific to a Facility
- ensure that Capacity Credit Allocations are made from a respective Participant-Facility pair to a Participant

Consultation

The Procedure Change Proposal was first consulted on at the AEMO Procedure Change Working Group (APCWG) meeting on 2 August 2021. Stakeholders did not request any changes at the meeting.

AEMO published the Procedure Change Proposal (AEPC_2021_02) on the Market Web Site and issued a call for submissions on 9 August 2021. The submission period closed on 6 September 2021, with no submissions received.

AEMO's decision

AEMO's decision is to accept the Procedure, as amended, following the consultation period. AEMO considers that the revised Procedure is consistent with the Wholesale Market Objectives, the Electricity Industry Act 2004, the Electricity Industry (Wholesale Electricity Market) Regulations 2004, and the WEM Rules.

Next steps

The revised WEM Procedure: Capacity Credit Allocation will commence at 8:00 am on 16 September 2021.

¹ The Amending WEM Rules can be found at <https://www.wa.gov.au/government/document-collections/wholesale-electricity-market-amendment-reserve-capacity-pricing-reforms-rules-2019>



CONTENTS

EXECUTIVE SUMMARY	2
Purpose	2
Proposed amendments	2
Consultation	2
AEMO's decision	2
Next steps	2
1. BACKGROUND	4
1.1. Regulatory requirements	4
1.2. Context	4
1.3. Procedure change process and timetable	4
2. PROPOSED PROCEDURE CHANGE	4
2.1. Detail of the proposed procedure change	4
2.2. Proposed drafting	4
3. CONSULTATION PROCESS	5
3.1. Market Advisory Committee or Working Group	5
3.2. Public workshop	5
3.3. Submissions received during consultation period	5
4. AEMO'S ASSESSMENT	5
4.1. Further changes to the Procedure	5
4.2. Consistency with Electricity Industry Act, WEM Regulations, and WEM Rules	5
4.3. Consistency with Wholesale Market Objectives	5
4.4. Implementation of the Procedure	5
4.5. AEMO's decision and commencement	6



1. BACKGROUND

1.1. Regulatory requirements

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

1.2. Context

Clause 2.9.3(b) of the WEM Rules requires a WEM Procedure to be amended where a change is required to maintain consistency with the Amending Rules. AEMO has initiated this Procedure Change Proposal to propose amendments to the Procedure to ensure that it is consistent with the Amending Rules under Wholesale Electricity Market Amendment (Reserve Capacity Reforms) Rules 2019².

1.3. Procedure change process and timetable

On 9 August 2021, AEMO published Procedure Change Proposal (AEPC_2021_02) for WEM Procedure: Capacity Credit Allocation and issued a call for submissions.

The proposal was progressed using the Procedure Change Process specified in section 2.10 of the WEM Rules with submissions required by 6 September 2021.

2. PROPOSED PROCEDURE CHANGE

This section details the changes that AEMO proposed when the call for submissions was published.

2.1. Detail of the proposed procedure change

The proposed changes to the WEM Procedure are summarised below:

- Revisions to sections 1, 2, 3, 4, 5, 6, 7 and 8 of the Procedure to:
 - ensure that Capacity Credit Allocations (CCAs) can now be made by Market Participants and is not restricted to Market Generators
 - clarify that Reserve Capacity Price is specific to a Facility
 - CCAs are made from a respective Participant with respect to a Facility to a Participant
 - align terminology to the Amending Rules
- Various other revisions to:
 - formatting and typographical updates.
 - minor consequential changes.
 - changes to reflect AEMO's current WEM Procedure Template.

2.2. Proposed drafting

AEMO published a draft of the proposed Procedure for consultation. Clean and change-marked versions are available at: https://aemo.com.au/en/consultations/current-and-closed-consultations/aepec_2021_02.

² The Amending WEM Rules can be found at <https://www.wa.gov.au/government/document-collections/wholesale-electricity-market-amendment-reserve-capacity-pricing-reforms-rules-2019>



3. CONSULTATION PROCESS

3.1. Market Advisory Committee or Working Group

The Market Advisory Committee (MAC) has delegated its advisory role with respect to AEMO Procedure Change Proposals to the AEMO Procedure Change Working Group (APCWG), in accordance with clause 2.3.17(a) of the WEM Rules.

A draft version of the proposed amended WEM Procedure was presented at the AEMO Procedure Change Working Group held on 2 August 2020. The minutes and papers from the AEMO Procedure Change Working Group meeting can be found at: <https://aemo.com.au/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/wem-aemo-procedure-change-working-group>.

AEMO published the Procedure Change Proposal (AEPC_2021_02) on the Market Web Site and issued a call for submissions on 9 August 2021.

In accordance with clause 2.10.9 of the WEM Rules, AEMO notified the MAC once the Procedure Change Proposal was published and noted that the Rule Change Panel would convene a meeting of the MAC if two or more members requested it. The MAC did not convene a meeting for this Procedure.

3.2. Public workshop

No public workshops were held in relation to this Procedure Change Proposal.

3.3. Submissions received during consultation period

AEMO received no submissions to the Procedure Change Proposal.

4. AEMO'S ASSESSMENT

4.1. Further changes to the Procedure

The Procedure has been amended for additional minor administrative, typographical, and formatting amendments prior to final publication.

4.2. Consistency with Electricity Industry Act, WEM Regulations, and WEM Rules

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

- Electricity Industry Act 2004.
- Electricity Industry (Wholesale Electricity Market) Regulations 2004 (WEM Regulations).
- WEM Rules.

4.3. Consistency with Wholesale Market Objectives

AEMO considers that the steps are drafted in a way that is consistent with the objectives of the WEM Rules. As a result, AEMO considers that the revised Procedure is consistent with the Wholesale Market Objectives.

4.4. Implementation of the Procedure

Market Participants have not raised issues with implementing the Procedure.



Consequently, AEMO considers that commencement at 8:00 am on 16 September 2021 will allow Rule Participants sufficient time to ensure compliance.

4.5. AEMO's decision and commencement

AEMO's decision is to accept the Procedure as amended following the consultation period. The new WEM Procedure: Capacity Credit Allocation will commence at 8:00 am on 16 September 2021.

AEMO has made this decision on the basis that the new Procedure:

- Is consistent with the Wholesale Market Objectives.
- Is consistent with the Electricity Industry Act, WEM Regulations, and WEM Rules.
- Has the general support of submissions received during the consultation period.

The revised WEM Procedure: Capacity Credit Allocation is available at:

https://aemo.com.au/en/consultations/current-and-closed-consultations/aepc_2021_02.