



Wholesale Electricity Market

Procedure Change Proposal No:
AEPC_2024_03

Long Term Projected Assessment of System
Adequacy

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Australian Energy Market Operator Ltd ABN 94 072 010 327

Executive Summary

Change requested by:	AEMO
Date submitted:	1 May 2024
Type of Procedure Change Proposal:	Amendment
WEM Procedures affected:	Long Term Projected Assessment of System Adequacy

The publication of this Procedure Change Proposal and the accompanying notice of call for submissions commences the Procedure Change Process conducted by AEMO under section 2.10 of the Wholesale Electricity Market Rules (**WEM Rules**). This Procedure Change Proposal relates to proposed amendments to the WEM Procedure: Long Term Projected Assessment of System Adequacy.

In December 2023, the Minister for Energy amended the WEM Rules. These amendments included:

- Introduction of Availability Duration Gap metrics and ESR Duration Requirements for Electric Storage Resources (ESR) and Peak Demand Side Programme Dispatch Requirement for Demand Side Programmes (DSP).
- Replacement of Availability Classes with Capability Classes.
- Change in the scenario required for the assessment of the extent to which the anticipated installed capacity of the Energy Producing Systems and Demand Side Programmes is capable of satisfying the Planning Criterion

This Procedure Change Proposal addresses the associated amendments required to the WEM Procedure: Long Term Projected Assessment of System Adequacy, as well as amendments to account for the outcomes of the Reserve Capacity Mechanism (RCM) Review¹ and those required to reflect the new market start on 1 October 2023.

AEMO invites stakeholders to suggest alternative options or drafting where they consider that these would improve the proposed WEM Procedure or better meet the Wholesale Market Objectives specified in section 122(2) of the *Electricity Industry Act 2004* (WA) (and clause 1.2.1 of the WEM Rules).

AEMO also requests that stakeholders identify any unintended adverse consequences of the proposed WEM Procedure.

Stakeholders are invited to submit written responses on the proposed WEM Procedure by 5.00 pm (Western Standard Time) on 29 May 2024, in accordance with the notice of call for submissions published with this Procedure Change Proposal.

¹ Reserve Capacity Mechanism Review Information Paper (Stage 1) and Consultation Paper (Stage 2) located at [epwa_reserve_capacity_mechanism_review_information_and_consultation_paper.pdf](http://www.wa.gov.au) (www.wa.gov.au).

1. Procedure Change Process

Section 2.10 of the WEM Rules outlines the Procedure Change Process (Note: terms that are capitalised in this document, but not otherwise defined in this document or capitalised for any other reason, have the meaning given in the WEM Rules).

AEMO may initiate the Procedure Change Process in respect of WEM Procedures for which it is responsible by developing a Procedure Change Proposal. Rule Participants may notify AEMO where they consider an amendment or replacement of a WEM Procedure would be appropriate.

If an Amending Rule requires AEMO to develop new WEM Procedures or to amend or replace existing WEM Procedures, then AEMO is responsible for the development, amendment, or replacement of WEM Procedures to comply with the Amending Rule.

Clause 2.9.3 of the WEM Rules states that WEM Procedures:

- (a) must:
 - (i) be developed, amended or replaced in accordance with the process in the WEM Rules;
 - (ii) be consistent with the Wholesale Market Objectives; and
 - (iii) be consistent with the WEM Rules, the *Electricity Industry Act 2004 (WA)* and the WEM Regulations; and
- (b) may be amended or replaced in accordance with section 2.10 of the WEM Rules and must be amended or replaced in accordance with section 2.10 of the WEM Rules where a change is required to maintain consistency with Amending Rules.

The Wholesale Market Objectives are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

AEMO has published this Procedure Change Proposal in accordance with the Procedure Change Process.

AEMO's indicative timeline for this consultation is outlined below. Dates may be adjusted depending on the number and complexity of issues raised in submissions and any meetings with stakeholders.

Process Stage	Indicative Date
Publication of Procedure Change Proposal	1 May 2024
Closing date for submissions on Procedure Change Proposal	29 May 2024
Publication of Procedure Change Report	6 June 2024
Proposed commencement of amended WEM Procedure	6 June 2024

Before the closing date for submissions, stakeholders may request a meeting with AEMO to discuss the issues and proposed changes raised in this Procedure Change Proposal.

2. Background

2.1. Regulatory requirements

This WEM Procedure: Long Term Projected Assessment of System Adequacy (**Procedure**) is made in accordance with AEMO's functions under clause 2.1A.2(h) of the WEM Rules.

The purpose of this Procedure is to describe the procedure AEMO follows in conducting the Long Term PASA [**Clause 4.5.14**].

2.2. Context for this consultation

AEMO has initiated this Procedure Change Proposal to amend the Procedure to reflect amendments arising from the Wholesale Electricity Market Amendment (Reserve Capacity Reform) Rules 2023, gazetted on 13 December 2023. These amendments included:

- Introduction of availability duration gap metrics and availability duration requirements for Electric Storage Resources and Demand Side Programme.
- Replacement of Availability Classes with Capability Classes.
- Change in the scenario required for the assessment of the extent to which the anticipated installed capacity of the Energy Producing Systems and Demand Side Programmes is capable of satisfying the Planning Criterion

The scope of this Procedure Change Proposal addresses the associated amendments required for the WEM Procedure: Long Term Projected Assessment of System Adequacy, as well as amendments to account for the outcomes of the Reserve Capacity Mechanism (RCM) Review² and those required to reflect the new market start on 1 October 2023.

² Reserve Capacity Mechanism Review Information Paper (Stage 1) and Consultation Paper (Stage 2) located at [epwa_reserve_capacity_mechanism_review_information_and_consultation_paper.pdf](http://www.wa.gov.au) (www.wa.gov.au).

These changes are discussed in further detail in Section 3.1.

3. Proposed procedure change

3.1. Detail of the proposed procedure change

3.1.1. New factors to be considered when preparing demand and consumption forecasts

The WEM Procedure has been updated to reflect the change in the factors AEMO considers when preparing its demand and consumption forecasts. With the rapidly changing energy environment, hydrogen production and residential and business electrification are likely to have a greater impact on demand and AEMO has added these as part of its forecast considerations.

3.1.2. Reserve Capacity Target assessment

AEMO has also made changes to account for the change of scenario to assess the Planning Criterion to align with the WEM Rules. AEMO is also amended the Procedure to be specific in scope requirements for the Reserve Capacity Target assessment in accordance with the WEM Rules.

3.1.3. Availability Duration Gap Load Scenario

AEMO has added in the new WEM Rules requirement for Availability Duration Gap Load Scenario and Availability Duration Gap in order to calculate the ESR Duration Requirement.

3.1.4. Capability Classes

AEMO has replaced the previous term Availability Classes with the updated term Capability Classes to align the WEM Procedure with the WEM Rules

3.1.5. Other changes

The proposed amended Procedure contains minor administrative amendments to update the Procedure version history and scope and to improve alignment with the WEM Rules.

3.2. Proposed drafting

AEMO has published a draft version of the WEM Procedure: Long Term Projected Assessment of System Adequacy for consultation, incorporating the changes that AEMO proposes. Clean and change -marked versions are available at: <https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/procedures-policies-and-guides/procedures/ongoing-procedure-change-proposals>.

4. Summary of matters for consultation

AEMO invites stakeholders to suggest alternative options for drafting, where they consider these would improve the WEM Procedure or better meet the Wholesale Electricity Market Objectives.

Stakeholders with questions in relation to the proposed amended WEM Procedure or this Procedure Change Proposal should contact AEMO via email at WA.FutureSystemDesign@aemo.com.au.

Stakeholders are invited to submit written responses on the proposed amended WEM Procedure to wa.marketdevelopment@aemo.com.au by 5:00 pm (Australian Western Standard Time) on 29 May 2024, in accordance with the call for submissions published with this paper.

All correspondence in relation to this Procedure Change Proposal must be entitled “AEPC_2024_03: WEM Procedure: Long Term Projected Assessment of System Adequacy – [Name of the submitting company or individual]”.