

APCWG Meeting 13/11/24 Item 6: WEM Procedure: Minimum Eligibility Requirements for Flexible Certified Reserve Capacity - AEMO Responses to APCWG stakeholder questions

Question	AEMO Response
<p>1. Will the flexible capacity be affected by the NAQ process?</p>	<ul style="list-style-type: none"> • Only Peak Capacity is tested in the NAQ model. If a Facility's Peak Capacity Credits (CC) are reduced due to constraints in the NAQ Model, the Facility's Flexible CC may also be reduced given Flexible CC are capped at the Peak CC. • New Facilities with Flexible Certified Reserve Capacity (CRC) do not receive a higher priority in the NAQ model.
<p>2. Are there benefits if a facility can operate for more than 4 hours?</p>	<ul style="list-style-type: none"> • New Facilities assigned Peak CRC will be assessed based on the Electric Storage Resource (ESR) Duration Requirement in the year they apply for CRC. • There are no additional benefits of operating for periods longer than the ESR Duration Requirement. • The ESR Duration Requirement is set annually in the Wholesale Electricity Market Electricity Statement of Opportunities. • Flexible Capacity will always be limited by Peak Capacity. Therefore, while the flexible requirement is 4-hours, an increase in duration for Peak Capacity will limit Flexible CC.
<p>3. Will AEMO be revisiting the 2024 capacity allocation (for capacity year 26/27) following commencement of the RCM Rules?</p>	<ul style="list-style-type: none"> • No, AEMO will not revisit CC assignments once they are assigned unless AEMO has made errors in the CC assignment process. The RCM Rules are not retrospective in that respect.
<p>4. The capacity credit process appears not to be linked to the NAQ technology class (i.e. the flexible product appears covers class 1 and 2, but doesn't differentiate class 1 and 2).</p>	<ul style="list-style-type: none"> • This is correct. The NAQ model was designed based on the assumption that Limb A will bind (and would continue to be the case for a while). Although, it is likely that the Reserve Capacity Requirement could be set by Limb B in the future.

	<ul style="list-style-type: none">• The NAQ prioritisation order does not preference technology type (e.g. generation over storage). A Facility could technically be in any Capability Class to receive Flexible CRC (Class 1, 2 or 3) as long as they meet the minimum eligibility requirements.
5. How will the introduction of the flexible capacity interact with the CIS process?	<ul style="list-style-type: none">• There is no interaction with the current CIS WEM tender process. Information on the tender process is available here.