

MARKET PROCEDURE: BALANCING FACILITY REQUIREMENTS

PREPARED BY: Market Operations (WA)
DOCUMENT REF:
VERSION: 3.0
EFFECTIVE DATE: 18 April 2017
STATUS: FINAL

Approved for distribution and use by:

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VERSION RELEASE HISTORY

Version	Effective Date	Summary of Changes
1.0	Balancing Market Commencement Day	New Market Procedure for Balancing Facility Requirements resulting from PC_2012_02
2.0	30 November 2015	Changes resulting from the transfer of functions from the IMO to AEMO
3.0	18 April 2017	Changes resulting from the transfer of System Management functions to AEMO

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CHAPTER 1. PROCEDURE OVERVIEW

1.1. Relationship with the Market Rules

- 1.1.1. This Balancing Facility Requirements Procedure (Procedure) should be read in conjunction with clauses 7A.1.6 through 7A.1.13 of the Wholesale Electricity Market (WEM) Rules (Market Rules).
- 1.1.2. Reference to particular Market Rules within the Procedure in bold and square brackets [**Clause XX**] are current as of 10 December 2016. These references are included for convenience only, and are not part of this Procedure.

1.2. Purpose of this Procedure

- 1.2.1. This Procedure sets out:
- (a) the Requirements which a Balancing Facility with a rated capacity of 10 MW or more must meet and which a Balancing Facility with a rated capacity of less than 10 MW may meet; and
 - (b) where a Facility does not meet the Requirements, the process the Australian Energy Market Operator (AEMO) must follow in considering whether it is appropriate to impose conditions on the manner in which the applicable Facility must participate in the Balancing Market, the type of conditions that may be imposed and the manner and circumstances in which they may be imposed and lifted.

1.3. Application of this Procedure

- 1.3.1. This Procedure applies to:
- (a) Market Participants which own Balancing Facilities in relation to the Requirements which their Facilities must meet and related information they must provide to AEMO; and
 - (b) AEMO, where a Balancing Facility does not meet the Requirements, in determining whether it is appropriate to impose conditions on the relevant Market Participant in respect of that Facility's participation and on imposing and lifting conditions.
- 1.3.2. In this Procedure where obligations are conferred on a Rule Participant, as outlined in step 1.3.1, that Rule Participant must comply with the relevant obligations in accordance with clauses 2.9.6, 2.9.7, 2.9.7A, 2.9. 7B, 2.9.7C and 2.9.8, as applicable.

Note that prior to the Balancing Market Commencement Day AEMO will have regard to the specific transition provisions for the new Balancing and Load Following Markets, outlined in clause 1.10 of the Market Rules, with respect to the processes outlined in this Procedure, as applicable.

- 1.3.3. All Facilities with a rated capacity of 10 MW or more must meet the Balancing Facility Requirements. Where a Facility with a rated capacity of less than 10 MW meets the Requirements, the relevant Market Participant may inform AEMO under clause 7A.1.9 and apply to AEMO for the Facility to be considered in accordance with step 5.1.1 of this Procedure to meet the Balancing Facility Requirements (Facility Quantity Parameters).

1.4. Associated Market Procedures

- 1.4.1. The following AEMO Market Procedures are associated with this Procedure:
- (a) Notices and Communications; and

- (b) Facility Registration, De-registration and Transfer.

1.4.2. The following Power System Operation Procedures (PSOPs) are associated with this Procedure:

- (a) Communications and Control Systems and, as referenced in that Procedure, the PSOP: Operational Data Points for Generating Plant; and
- (b) Dispatch.

1.5. Conventions used

1.5.1. In this Procedure, subject to clause 7A.1.12, the conventions specified in clauses 1.3 - 1.5 of the Market Rules apply.

1.6. Terminologies and Definitions

1.6.1. A word or phrase defined in the Market Rules, the Electricity Industry Act or the Regulations has the same meaning when used in this Procedure. In addition the following defined terms have the given meaning:

- (a) Requirements mean the technical requirements and communication criteria for a Balancing Facility specified in section 2.1 of this Procedure.

CHAPTER 2. TECHNICAL REQUIREMENTS AND COMMUNICATION CRITERIA

2.1. Requirements for Balancing Facilities

- 2.1.1. A Market Participant must ensure that it is capable of receiving electronic or back-up Dispatch Instructions issued by AEMO (in its capacity as System Management), in accordance with the PSOP: Communications and Control Systems, for each of its Balancing Facilities.
- 2.1.2. A Market Participant must ensure that it is capable of confirming to AEMO, in accordance with the requirements specified in the PSOP: Communications and Control Systems and the PSOP: Dispatch, each electronic or backup Dispatch Instruction received from AEMO (in its capacity as System Management) for each of its Balancing Facilities.
- 2.1.3. A Market Participant must ensure that it is capable of implementing each Dispatch Instruction from AEMO (in its capacity as System Management), in accordance with the requirements outlined in the PSOP: Communications and Control Systems and the PSOP: Dispatch, for each of its Balancing Facilities.
- 2.1.4. A Market Participant must ensure that it is capable of responding to an electronic Dispatch Instruction from AEMO (in its capacity as System Management) for each of its Balancing Facilities to ramp upwards or downwards to a target MW level at a rate less than or equal to the Facility's Ramp Rate Limit.

2.2. Inability to meet Requirements

- 2.2.1. A Market Participant must advise AEMO (in its capacity as System Management) if one of its Balancing Facilities is unable to respond, or can no longer respond, in accordance with the Requirements in steps 2.1.1 to 2.1.3 of this Procedure, to an electronic Dispatch Instruction from AEMO (in its capacity as System Management). Market Participants must provide this advice in accordance with the requirements outlined in the PSOP: Communications and Control Systems.

2.3. Reporting Non-Compliance

- 2.3.1. A Market Participant must ensure that each of its Balancing Facilities with a rated capacity of 10 MW or more meets the Requirements specified in steps 2.1.1 to 2.1.4 of this Procedure **[Clause 7A.1.8]**.
- 2.3.2. Where a Balancing Facility does not or will not meet one or more of these Requirements, the relevant Market Participant must advise AEMO in writing and include the following details:
 - (a) the Balancing Facility concerned;
 - (b) the particular Requirement(s) which the Facility does not meet;
 - (c) the reasons for, and extent of, non-compliance with the Requirement(s); and
 - (d) any measures that the Market Participant will take, and by when, to ensure the Balancing Facility meets the Requirement(s).

- 2.3.3. Notwithstanding the above, AEMO may at any time request a Market Participant to provide in writing all information reasonably required to demonstrate that its Balancing Facilities meet the Requirements, including in respect of a Facility with a rated capacity less than 10 MW which a Market Participant has applied to AEMO, under step 5.1.1 of this Procedure, to be considered to meet the Requirements, or as a consequence of that process, is considered to meet the Requirements [**Clause 7A.1.10**].

CHAPTER 3. AEMO PROCESS FOR ASSESSING CONDITIONS

This section sets out the process AEMO must follow in relation to a Balancing Facility that does not meet one or more of the Requirements specified in steps 2.1.1 to 2.1.4 of this Procedure.

3.1. Background

- 3.1.1. Where a Balancing Facility does not meet one or more of the Requirements in steps 2.1.1 to 2.1.4 of this Procedure, AEMO may impose conditions on the manner in which the Market Participant, with respect to the applicable Balancing Facility, must participate in the Balancing Market [**Clause 7A.1.11**].
- 3.1.2. AEMO may impose conditions on a Market Participant's participation in the Balancing Market which include specifying the prices which the Market Participant must include in a Balancing Submission and the manner and time in which a Balancing Submission must be submitted for a Balancing Facility [**Clause 7A.1.11**].

3.2. Assessing Whether to Impose Conditions

- 3.2.1. If AEMO becomes aware that a Balancing Facility does not meet one or more of the Requirements specified in steps 2.1.1 to 2.1.4 of this Procedure then, as soon as practicable, AEMO must:
- notify the relevant Market Participant that it will be undertaking a review;
 - request the relevant Market Participant to provide within a specified timeframe, which must not be less than 10 Business Days, any additional information which AEMO considers relevant to its assessment of the extent to which the Balancing Facility does not meet the Requirements; and
 - make an assessment of whether to impose conditions on the Balancing Facility's participation in the Balancing Market.
- 3.2.2. In undertaking its assessment, AEMO may consider the technical implications of a Facility's non-compliance with the Requirements.
- 3.2.3. [Blank].
- 3.2.4. AEMO must complete its assessment of whether to impose conditions within 20 Business Days of:
- providing a notification under step 3.2.1(a); or
 - where applicable, receiving the information it has requested under steps 3.2.1(a) or 3.2.2.
- 3.2.5. Where AEMO determines to impose conditions on a Balancing Facility, AEMO must as soon as reasonably practicable publish on the Market Web Site details of that decision including:
- the relevant Balancing Facility;
 - the conditions to be imposed;

- (c) the reasons for imposing the conditions; and
- (d) the Trading Date and Trading Interval from which the conditions will be imposed [**Clause 7A.1.13**].

CHAPTER 4. APPLICATION OF CONDITIONS

Subject to the assessment described in section 3.2 of this Procedure, where a Balancing Facility does not meet one or more of the Requirements specified in steps 2.1.1 to 2.1.4 of this Procedure, AEMO may impose conditions on the relevant Market Participant with respect to the applicable Balancing Facility. Such conditions may include but are not limited to those outlined in this CHAPTER 4.

4.1. Requirement to Submit Balancing Submissions at Specified Prices

Price Cap Conditions for Scheduled Generator Submissions

- 4.1.1. Where a Scheduled Generator does not meet one or more of the Requirements in steps 2.1.1 to 2.1.4 of this Procedure, AEMO may impose conditions on the relevant Market Participant requiring that Balancing Submissions for the Facility be submitted at the Price Caps.
- 4.1.2. Where AEMO imposes a condition under step 4.1.1, the Market Participant must ensure that its Balancing Submissions for the Facility for each Trading Interval comprise:
 - (a) the expected generation at the Minimum STEM Price, which, subject to any other conditions imposed by AEMO or Outages, must be the Facility Resource Plan; and
 - (b) any remaining available generation capacity at the Maximum or Alternative Maximum STEM Price.

Price Conditions for Non-scheduled Generator Submissions

- 4.1.3. A Non-Scheduled Generator will not be able to meet the Requirements in steps 2.1.3 and 2.1.4 of this Procedure in respect of Dispatch Instructions to increase generation. As such, AEMO must impose a condition on the relevant Market Participant restricting Balancing Submissions for the applicable Facility, for each Trading Interval, to a single Price-Quantity Pair for dispatch.
- 4.1.4. Where the Non-Scheduled Generator does not meet the Requirements in steps 2.1.1, 2.1.2 or, in respect of Dispatch Instructions to reduce generation, 2.1.3 or 2.1.4 of this Procedure, AEMO may impose an additional condition on the relevant Market Participant that Balancing Submissions for the Facility must be at the Minimum STEM Price.

4.2. Manner and Time of Balancing Submissions

- 4.2.1. Where a Balancing Facility does not meet the Requirements in steps 2.1.1 or 2.1.2 of this Procedure or cannot respond to Dispatch Instructions in the timeframes required in step 2.1.3 of this Procedure, AEMO may impose conditions on the relevant Market Participant including restricting the times when it may submit or revise

Balancing Submissions or specifying the times when it must submit or revise Balancing Submissions for the applicable Facility and the manner in which it must make submissions.

4.3. Transitional Arrangements

- 4.3.1. Subject to step 4.3.2, AEMO may impose alternative conditions on a Market Participant in respect of a Balancing Facility which is unable to comply with the Requirements in this Procedure when it comes into effect on the Balancing Market Commencement Day.
- 4.3.2. AEMO may only impose alternative conditions on a Market Participant's Facility for a defined timeframe, not exceeding six months, from the Balancing Market Commencement Day.

4.4. Review and lifting of conditions

- 4.4.1. A Market Participant may request AEMO to review conditions imposed on the participation of a Facility in the Balancing Market where the extent to which the Facility complies with the Requirements has changed and this change may result in AEMO changing the conditions imposed.
- 4.4.2. A Market Participant must make any request under step 4.4.1 in writing, including the following details:
 - (a) the relevant Balancing Facility and conditions concerned;
 - (b) the measures that the Market Participant has taken to ensure the Balancing Facility meets the Requirements; and
 - (c) the extent to which the Balancing Facility now complies with the Requirements.
- 4.4.3. On receiving a request from a Market Participant under step 4.4.1, AEMO may as soon as reasonably practicable request the relevant Market Participant to provide within a specified timeframe, which must not be less than 10 Business Days, any additional information which AEMO considers relevant to the review.
- 4.4.4. AEMO must review the conditions that have been imposed on a Balancing Facility's participation in the Balancing Market where:
 - (a) AEMO becomes aware that the extent to which the Facility complies with the Requirements has changed and this change may result in AEMO changing the conditions imposed; or
 - (b) a Market Participant has requested AEMO to review the conditions imposed on the participation of a Facility in the Balancing Market under step 4.4.1.
- 4.4.5. Where under step 4.4.4(a) AEMO becomes aware that it would be appropriate to undertake a review of the conditions placed on a Balancing Facility, then as soon as reasonably practicable AEMO must notify the relevant Market Participant that it will be undertaking a review and must include in the notification:
 - (a) details of the Facility and conditions under consideration;
 - (b) the reasons for the review;
 - (c) a request for any information that AEMO considers relevant to the review; and
 - (d) details of the timeframe in which the Market Participant must respond to AEMO's request for information and in which the Market Participant may provide any additional

information which it considers relevant to AEMO's review, where this timeframe must not be less than 10 Business Days.

- 4.4.6. In reviewing conditions placed on a Balancing Facility AEMO must take into account the extent to which the relevant Balancing Facility's non-compliance with the Requirements has altered or been addressed.
- 4.4.7. [Blank].
- 4.4.8. [Blank].
- 4.4.9. Where a Market Participant is able to demonstrate to AEMO's satisfaction that the non-compliance which led to conditions being imposed has been adequately addressed or no longer exists, AEMO must lift the relevant conditions. Otherwise, AEMO must follow the process in section 3.2 to assess whether to extend conditions or, if the Facility's non-compliance has altered, impose modified conditions.
- 4.4.10. AEMO must complete any review it undertakes in accordance with step 4.4.4 within 20 Business Days of:
- (a) receiving a request under step 4.4.1;
 - (b) providing a notification under clause 4.4.3; or
 - (c) where applicable, receiving the information it has requested under step 4.4.3, step 4.4.5(c) or step 4.4.7.
- 4.4.11. Where AEMO determines to lift or vary any conditions on a Balancing Facility AEMO must as soon as reasonably practicable publish on the Market Web Site details of that decision including:
- (a) the relevant Balancing Facility;
 - (b) the conditions to be lifted or varied;
 - (c) the reasons for lifting or varying the conditions; and
 - (d) the Trading Day and Trading Interval from which the conditions will be lifted or varied.
- 4.4.12. Where AEMO determines to not lift or vary any conditions on a Balancing Facility AEMO must as soon as reasonably practicable advise the applicable Market Participant of the details of its decision, including any reasons for not lifting or varying the conditions.

CHAPTER 5. TREATMENT OF FACILITIES WITH RATED CAPACITY LESS THAN 10 MW

5.1. Facilities with rated capacity less than 10 MW that meet the Requirements

- 5.1.1. A Market Participant with a Facility with a rated capacity less than 10 MW that meets the Requirements may apply to AEMO requesting that the Facility be considered to meet the Requirements without conditions. A Market Participant making such an application must apply in writing identifying the Facility and providing supporting information to confirm that the Facility meets the Requirements.
- 5.1.2. On receiving an application under step 5.1.1, AEMO may as soon as reasonably practicable request the relevant Market Participant to provide within a specified timeframe, which must be not less than 10 Business Days, any additional information which AEMO reasonably considers is required to assess the application.
- 5.1.3. AEMO must complete its assessment of whether a Facility meets the Requirements within 20 Business Days of:
- (a) receiving an application under step 5.1.1; or
 - (b) where applicable, receiving the information it has requested under step 5.1.2.
- 5.1.4. Where AEMO determines that a Facility with a rated capacity of less than 10 MW is to be considered to meet the Requirements, AEMO must as soon as reasonably practicable publish on the Market Web Site details of that decision including:
- (a) the relevant Balancing Facility; and
 - (b) the reasons for approving the application; and
 - (c) the Trading Date and Trading Interval from which the Facility will be treated as meeting the Requirements.
- 5.1.5. Where AEMO determines under step 5.1.3 that a Facility does not meet the Requirements, AEMO must as soon as reasonably practicable advise the applicable Market Participant of the details of its decision, including its reasons for considering that the Facility does not meet the Requirements.