

# MARKET PROCEDURE: RESERVE CAPACITY PERFORMANCE MONITORING

PREPARED BY: System Capacity (WA)  
DOCUMENT REF:  
VERSION: 5.0  
EFFECTIVE DATE: 18 April 2017  
STATUS: FINAL

**Approved for distribution and use by:**

APPROVED BY: Cameron Parrotte  
TITLE: Executive General Manager, WA

## VERSION RELEASE HISTORY

| Version | Effective Date    | Summary of Changes   |
|---------|-------------------|--|
| 1.0     | 21 September 2006 | Market Procedure at Market Start   |
| 2.0     | 15 October 2008   | Amendments to Market Procedure resulting from PC_2008_07                   |
| 3.0     | 18 April 2011     | Amendments to Market Procedure resulting from PC_2010_05                   |
| 4.0     | 30 November 2015  | Changes resulting from the transfer of functions from the IMO to AEMO      |
| 5.0     | 18 April 2017     | Changes resulting from the transfer of System Management functions to AEMO |

|                               |   |
|-------------------------------|---|
| CHAPTER 1. PROCEDURE OVERVIEW | 4 |
| CHAPTER 2. PROCEDURE STEPS    | 5 |

## FIGURES

|   |   |
|---|---|
| Figure 1 Performance Monitoring Process Diagram | 6 |
| Figure 2 Progress Reports Process Diagram       | 7 |

## CHAPTER 1. PROCEDURE OVERVIEW

### 1.1. Relationship with the Market Rules

- 1.1.1. This Reserve Capacity Performance Monitoring Procedure (Procedure) should be read in conjunction with clause 4.27 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 **[MR 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

- 1.2.1. The purpose of the Procedure is to describe the steps for conducting Reserve Capacity performance monitoring as required under the Market Rules.

### 1.3. Application

- 1.3.1. This Procedure applies to:
- (a) AEMO in conducting Reserve Capacity performance monitoring;
  - (b) System Management in testing facilities; and
  - (c) Market Participants in complying with Reserve Capacity performance requirements.

### 1.4. Associated Market Procedures

- 1.4.1. The following Market Procedures are associated with this Procedure:
- (a) Certification of Reserve Capacity; and
  - (b) Reserve Capacity Security.

### 1.5. Interpretation

- 1.5.1. In this Procedure, the conventions specified in clauses 1.3-1.5 of the Market Rules apply. The following additional clarifications are noted:
- (a) The term “Good industry practice” means the exercise of that degree of skill, diligence, prudence and foresight that a skilled and experienced person would reasonably and ordinarily exercise under comparable conditions and circumstances consistent with applicable written laws and statutory instruments and applicable recognised codes, standards and guidelines;
  - (b) The term “Reserve Capacity performance report” means a report provided by a Market Participant at the request of AEMO for the purposes of Reserve Capacity Monitoring;
  - (c) The term “Reserve Capacity progress report” means a report provided by a Market Participant in respect of a Facility that is yet to enter service and provided for the purpose of Reserve Capacity progress monitoring; and
  - (d) The term an “Authorised Officer” means, in respect of a Market Participant, an Officer as defined in Section 9 of the *Corporations Act 2001*.

## CHAPTER 2. PROCEDURE STEPS

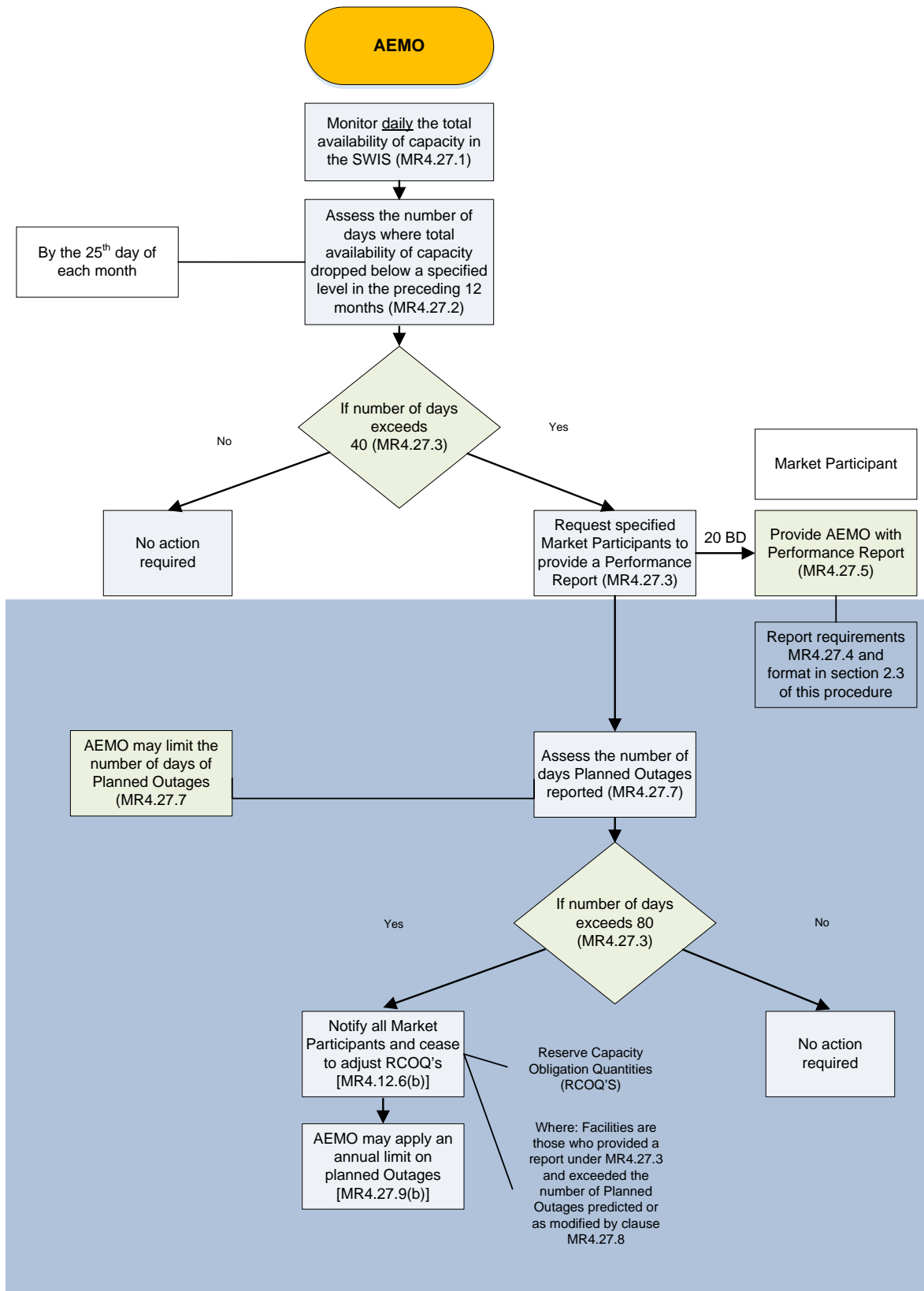
This section outlines the procedure steps associated with Reserve Capacity performance monitoring and progress reports.

The diagrams on the following two pages outline the processes for the:

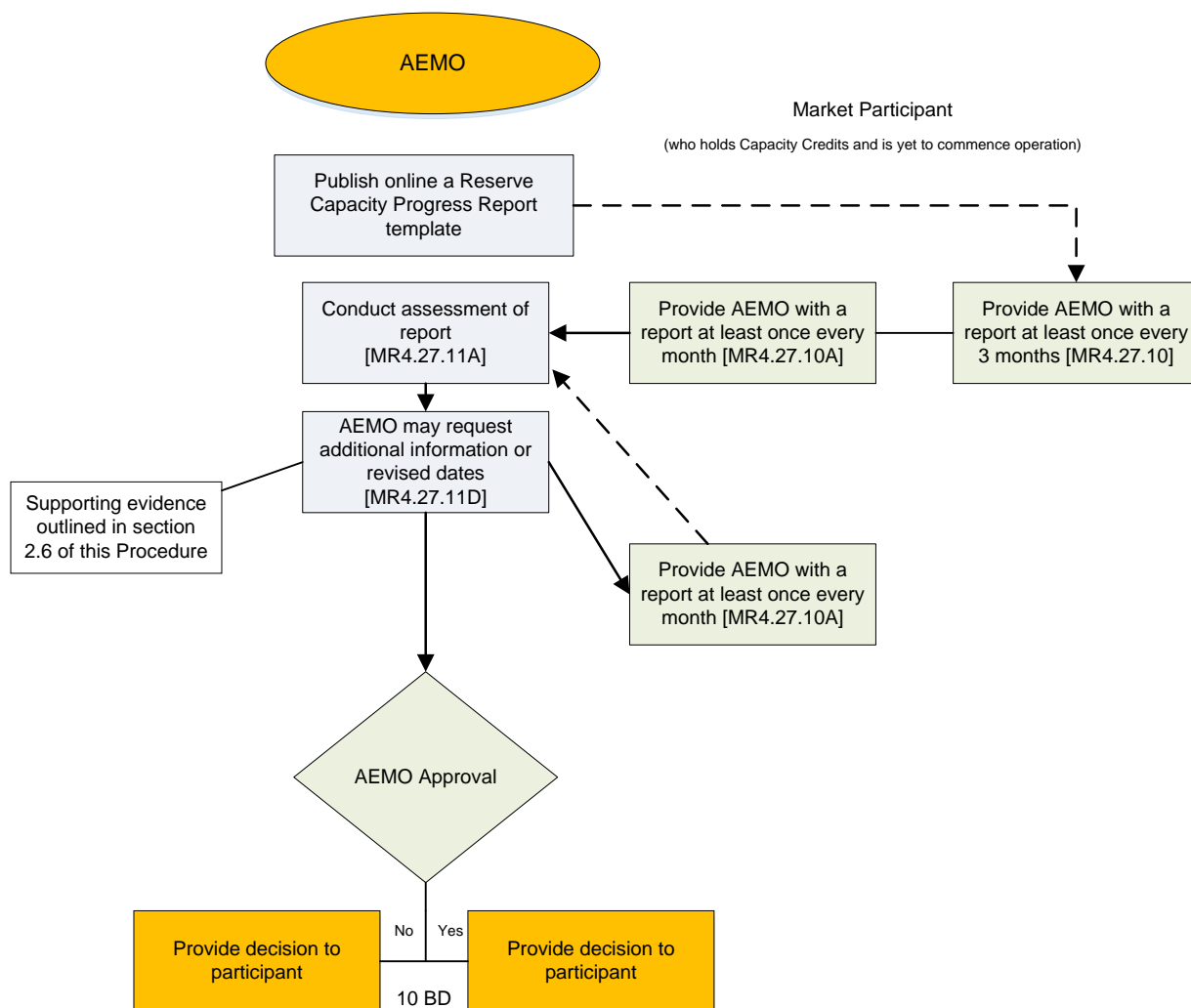
- (a) Reserve Capacity performance monitoring; and
- (b) Progress reports.

Details of certain associated sections of this Procedure are also indicated in these diagrams.

Figure 1 Performance Monitoring Process Diagram



**Figure 2 Progress Reports Process Diagram**



## 2.1. Steps to be followed by AEMO to perform Reserve Capacity monitoring

- 2.1.1. AEMO must monitor the total availability of capacity in the South West interconnected system (SWIS) daily in accordance with clause 4.27.1.
- 2.1.2. By the twenty fifth day of each month, AEMO must assess the number of days in the preceding 12 calendar months where the total available capacity in the SWIS dropped below 80% (during the Hot Season), and 70% (in either the Intermediate Season or Cold Season), of the total Capacity Credits held by Market Participants for more than six hours on the day **[Clause 4.27.2]**.
- 2.1.3. AEMO may use the Wholesale Electricity Market System (WEMS) to conduct the Reserve Capacity monitoring process in steps 2.1.1 and 2.1.2.
- 2.1.4. If the number of days determined in accordance with step 2.1.2 exceeds 40, then AEMO must require Market Participants to fill out a report (“The Reserve Capacity performance report”) for each Facility holding Capacity Credits which **[Clause 4.27.3]**:

- (c) has been unavailable due to Planned Outages for more than 1000 hours during the preceding 12 calendar months; and
  - (d) has not been included in such a report during the preceding 12 calendar months.
- 2.1.5. The Reserve Capacity Performance Report described in step 2.1.4 must include the information listed in section 2.3 of this Market Procedure and must be provided to AEMO within 20 Business Days of being requested to do so **[Clause 4.27.5]**.

2.1.6. [Blank]

2.1.7. AEMO at its sole discretion may limit the number of days of Planned Outages in each of the next 24 months, if AEMO considers the number of days reported to be unjustified based on good industry practice. AEMO must notify the Market Participant who filed the report described in step 2.1.4 of the limit **[Clause 4.27.7]**.

Note: The limit is NOT on the number of days that Planned Outages can occur, but on the number of days that Planned Outages can be taken while being exempt from Capacity Credit Refund payments (and only when clause 4.27.9 applies). This section is not intended to restrict the ability of a Market Participant to request a Planned Outage.

2.1.8. If AEMO limits the number of days in accordance with step 2.1.7, then the modified value supersedes the corresponding value specified in the report **[Clause 4.27.8]**.

2.1.9. If the number of days determined in accordance with step 2.1.2 exceeds 80, then AEMO must **[Clause 4.27.9]**:

- (a) notify all Market Participants that this has occurred; and
- (b) cease to adjust Reserve Capacity Obligation Quantities for 12 months commencing on the first trading day of the following month under clause 4.12.6(b) of the Market Rules in response to Planned Outages for Facilities:
  - (i) referred to in step 2.1.4; and
  - (ii) where the number of days of Planned Outage during that 12 month period has exceeded the total number of days of Planned Outage predicted for that 12 month period in accordance with step 2.3.4(c) and modified by step 2.1.8.

## **2.2. Steps to be undertaken by Market Participants if issued with a request for a Reserve Capacity performance report**

2.2.1. If a Market Participant is provided with a request for a Reserve Capacity performance report by AEMO, the Market Participant must:

- (a) Provide a Reserve Capacity performance report to AEMO within 20 Business Days from the date the request is issued to the Market Participant **[Clause 4.27.5]**; and
- (b) Provide the Reserve Capacity performance report using the format detailed in section 2.3.

## **2.3. Format of a Reserve Capacity performance report**

Reserve Capacity performance reports provided by Market Participants in accordance with clause 4.27 of the Market Rules and in accordance with this Market Procedure must be provided using the format listed in the following procedure steps.

2.3.1. Reports provided in accordance with this Procedure must be provided by the Market Participant in writing.



2.3.2. Reports provided in accordance with this Procedure must be signed by an Authorised Officer of the Market Participant.

2.3.3. Sections to be included in the Reserve Capacity performance report include:

- (a) Section 1 – details of the Facility as appropriate;
- (b) Section 2 - explanations of all Planned Outages taken by the Facility in the preceding 12 calendar months **[Clause 4.27.4(a)]**;
- (c) Section 3 - a statement of the expected maximum number of days of Planned Outages to be taken by the Facility in each of the next 24 months commencing from the month in which the report is requested, including adequate explanation to make clear the reason for each Planned Outage **[Clause 4.27.4(b)]**;
- (d) Section 4 - measures proposed (including timing of such measures), or already undertaken, by the Market Participant to increase the availability of the Facility **[Clause 4.27.4(c)]**;
- (e) Section 5 – other information as deemed appropriate by the Market Participant; and
- (f) Section 6 – declaration including the following text:

Declaration

(This needs to be made by an officer of the Market Participant as defined by Section 9 of the Corporations Act 2001)

On behalf of (Company or business name).....,

I declare that the above information provided in respect to this Reserve Capacity performance report is accurate.

Signed .....

Date:

Person making declaration:

Position held in company or business:

Postal address:

Phone:

Email address:

Fax no:

## 2.4. Procedure Steps to be followed by AEMO in respect of Reserve Capacity progress reports

While the following procedure steps relate to Facilities that are yet to enter service, they are included in this performance monitoring section as AEMO must monitor their progress towards achieving the scheduled date in clause 4.10.1(c)(iii) of the Market Rules.

Late delivery of capacity will lead to a Market Participant being liable for Reserve Capacity refund payments. In addition, a Market Participant may forfeit its Reserve Capacity security deposit if it fails to deliver capacity within the first Capacity Year for which the Facility was assigned Capacity Credits.

- 2.4.1. Progress reports must be submitted by Market Participants with Facilities that are yet to commence operation at least once every three months between the date the Capacity Credit is confirmed under clause 4.20 and the date the Facility commences operation [**Clause 4.27.10**].
- 2.4.2. In the calendar year in which all Commissioning Tests will be completed, Market Participants must file a progress report with AEMO at least once every month between the commencement of that calendar year and the date AEMO has notified the Market Participant that the need to hold Reserve Capacity Security has ceased [**Clause 4.27.10A**].
- 2.4.3. AEMO must publish on the Market Web Site a copy of the Reserve Capacity progress report template and Market Participants must use that template.
- 2.4.4. On receiving a Reserve Capacity progress report, AEMO must determine if all details and information have been completed.
- 2.4.5. If AEMO determines that the information provided is insufficient, AEMO may contact the Market Participant and request additional supporting information in accordance with clause 4.27.11D and section 2.5 of this Procedure.
- 2.4.6. The report described in step 2.4.1 must include the current revised estimates of each date to which clause 4.10.1(c)(iii) refers [**Clause 4.27.11**].
- 2.4.7. AEMO must conduct an assessment and approve or not approve the current nominations for each date provided in the report in accordance with clause 4.27.11. AEMO must not approve a date if, in its opinion, the Facility is unlikely to have completed all Commissioning Tests by that date [**Clause 4.27.11A**].
- 2.4.8. [Blank]
- 2.4.9. If AEMO does not approve one or more of the dates it must, within 10 Business Days from the date the report was submitted, notify the Market Participant of its decision and provide reasons why the dates have not been approved [**Clause 4.27.11C**].
- 2.4.10. AEMO may require the Market Participant to provide supporting evidence submitted by an Authorised Officer, submit further reports or revise the dates [**Clause 4.27.11D**].
- 2.4.11. AEMO may use the information contained in any Reserve Capacity progress report to:
  - (g) determine the start date of any applicable Reserve Capacity Obligations associated with that Facility; and
  - (h) trigger a Reserve Capacity Test under section 4.25 of the Market Rules (if appropriate).

## **2.5. Procedure Steps to be undertaken by the Market Participant for Reserve Capacity progress reports**

- 2.5.1. Reserve Capacity progress reports must be submitted by Market Participants with Facilities that are yet to commence operation:
  - (a) at least once every three months between the date the Capacity Credit is confirmed under clause 4.20 and the date the Facility commences operation [**Clause 4.27.10**]; and

- (b) at least once every month between the commencement of the calendar year in which the date referred to in clause 4.10.1(c)(iii)(7) falls and the date that AEMO has notified the Market Participant, in accordance with 4.13.10A, of its determination, that the need to maintain the Reserve Capacity Security for the facility has ceased [**Clause 4.27.10A**].
- 2.5.2. Market Participants may provide AEMO with Reserve Capacity progress reports on a more frequent basis than is detailed in step 2.5.1.
- 2.5.3. The report described in step 2.5.1 must include the current revised estimates of each date to which clause 4.10.1(c)(iii) refers [**Clause 4.27.11**].
- 2.5.4. The Reserve Capacity progress report must be signed by an Authorised Officer.
- 2.5.5. AEMO may contact the Market Participant and request additional supporting information as per step 2.6. The Market Participant must comply with such requests if made by AEMO.
- 2.5.6. Market Participants must provide the Reserve Capacity progress report in the form specified by AEMO, which can be found on Market Web Site.

## **2.6. Supporting Evidence that AEMO may request from a Market Participant**

- 2.6.1. AEMO may request additional information to complete its assessment of whether a Facility will be able to fully meet its Reserve Capacity Obligations by a nominated date [**Clause 4.27.11D**].
- 2.6.2. If AEMO requires additional information or evidence, it must notify the Market Participant in writing within 5 Business Days of receiving the Reserve Capacity progress report and list the information to be submitted to AEMO.
- 2.6.3. Supporting evidence that may be requested by AEMO may include, but not be limited to:
- (a) Network access agreements;
  - (b) Local government approvals;
  - (c) Evidence of execution of fuel supply and transport contracts;
  - (d) Evidence of financial approvals;
  - (e) Relevant construction and operational licenses;
  - (f) Independent construction schedules for the plant, network and fuel supply facilities;
  - (g) Repair and/or rework schedules;
  - (h) Photographs of construction works;
  - (i) Evidence of environmental test completion;
  - (j) Evidence of network connection tests completion as indicated in the Network Access Code;
  - (k) Full load testing results;
  - (l) Practical completion certificates; and
  - (m) Quality assurance certificates.
- 2.6.4. AEMO may take whatever reasonable steps that it deems necessary to determine the accuracy of information provided to it under step 2.6 and step 2.7 of this Procedure.

- 2.6.5. AEMO may request additional information, evidence or clarification in respect of the information provided in accordance with step 2.6.3 of this Procedure.
- 2.6.6. Once AEMO has determined that the additional information provided is appropriate and relevant, AEMO must make an assessment as to whether the information may impact on the likely progress of the Facility with respect to meeting any Reserve Capacity Obligations and the nominated date for commencing the obligations.
- 2.6.7. AEMO may use the additional information to determine whether it should approve the start date of any applicable Reserve Capacity Obligations associated with that Facility.
- 2.6.8. If AEMO is not provided with the requested additional information from the Market Participant, AEMO may decide not to approve the nominated date for commencing the Reserve Capacity Obligations.
- 2.6.9. If AEMO does not approve the nominated date, the date will be as specified in 4.1.26.

## **2.7. Procedure steps to be undertaken by the Market Participant in response to a request by AEMO for additional supporting evidence**

- 2.7.1. If a Market Participant is requested to provide additional information for AEMO's assessment of whether its facility will complete its Commissioning Tests by a nominated date, the Market Participant must provide the requested information to AEMO within 5 Business Days from the date the request is issued to the Market Participant.
- 2.7.2. The Market Participant may provide reasons to AEMO as to why any information or evidence cannot be provided by the requested time, however, failure to provide information or evidence may influence AEMO's ability to approve any nominated dates.
- 2.7.3. The letter providing the additional information must be signed by an Authorised Officer.