



Call for Further Consultation

Changes to Section 8.3 of the proposed amended Market Procedure: Reserve Capacity Security (PC_2013_05)

30 October 2014

1. BACKGROUND

The IMO is currently progressing the Procedure Change Proposal: Changes to Market Procedure for Reserve Capacity Security (PC_2013_05¹). The consultation period on this Procedure Change Proposal was held between 15 July and 11 August 2014.

Following the close of the consultation period, the IMO has identified that further amendments are required to section 8.3 of the proposed amended Market Procedure: Reserve Capacity Security² to provide clarity on the determination of a Facility's Required Level as required under clause 4.11.3B and the adjusted Required Level that must be achieved under clauses 4.13.10(a) and 4.13.13(a) for the purpose of return of Reserve Capacity Security.

In the following sections, the IMO has outlined the issue and the proposed amendments to the relevant steps of the proposed amended Market Procedure to allow for Market Participants to provide submissions to the IMO on these new proposed amendments prior to the IMO preparing and publishing the Procedure Change Report.

2. ISSUE

Section 8.3 of the proposed amended Market Procedure published on the website³ outlines the determination of the Required Level that must be achieved for return of Reserve Capacity Security. For the purposes of the Market Procedure, the Ninety Percent and One Hundred Percent Tests for the return of Reserve Capacity Security have been defined as a Facility's ability to demonstrate that it can achieve a Required Level adjusted to 90 percent (as required under clause 4.13.10(a)) and 100 percent (as required under clause 4.13.13(a)) of its level of Capacity Credits, respectively.

The IMO notes that the formulae contained in step 8.3.1 of the proposed amended Market Procedure outline the determination of the Required Level adjusted to 100 percent of the level of Capacity Credits. The formulae, however, do not explicitly account for the Required Level adjusted to 90 percent of the level of Capacity Credits.

The IMO considers that it can further clarify the application of these steps by outlining the distinction between the Required Level as specified in clause 4.11.3B of the Market Rules

¹ Available at: http://www.imowa.com.au/pc_2013_05.

² The marked-up and clean versions of the proposed amended Market Procedure are available at: http://www.imowa.com.au/pc_2013_05.
Note that no amendments were proposed to section 8.3 of the proposed amended Market Procedure.

³ At: http://www.imowa.com.au/pc_2013_05

and the adjusted Required Level that must be achieved either the Ninety Percent or the One Hundred Percent Test (under clauses 4.13.10(a) and 4.13.13(a), respectively).

3. CONSULTATION ON THE PROPOSED FURTHER AMENDMENTS

The IMO requests feedback on the proposed amendments outlined in this document by **5:00 PM on Thursday 27 November 2014**. Submitters are requested to send their feedback by email to market.development@imowa.com.au.

4. PROPOSED FURTHER AMENDMENTS

The IMO proposes the following further amendments to section 8.3 of the proposed amended Market Procedure.

8.3 Determining Required Level

8.3.1 ~~In accordance with clause 4.11.3B of the Market Rules, For the purposes of clause 4.13.10(a) or 4.13.13(a) of the Market Rules and step 8.1.1(a) or 8.2.1(a) of this Procedure,~~ the IMO must determine the Required Level (which for an upgraded Facility is calculated for the Facility as a whole) for each Facility as follows~~in accordance with the following:~~

- (a) for Certified Reserve Capacity assigned to a Scheduled Generators under clause 4.11.1(a) of the Market Rules, the Required Level in Trading Interval t is:

$$\frac{CC_{int} \times TDC(Temp(t))}{TDC(41^{\circ}C)}$$

Where:

CC_{int} is the number of Capacity Credits initially assigned under clause 4.20.5A of the Market Rules;

$TDC(Temp(t))$ is the Facility output indicated in the Temperature Dependence Curve at temperature $Temp(t)$;

$Temp(t)$ is the temperature during Trading Interval t measured according to the method specified in the Standing Data for the Facility; and

$TDC(41^{\circ}C)$ is the Facility output indicated in the Temperature Dependence Curve at a temperature of $41^{\circ}C$.

- (b) for Certified Reserve Capacity assigned to a Scheduled Generator or a Non-Scheduled Generator under clause 4.11.2(b), the Required Level ~~in Trading Interval t~~ is:

$$\frac{RL_{CRC} \times CC_{int}}{CRC}$$

Where:

RL_{CRC} is the MW value that equals the five percent probability of exceedence of expected generation output, submitted in the report provided under clause 4.10.3A(b) or a proposed alternative MW value submitted in the report provided under clause 4.10.3A(c); Required Level for the Facility provided under clause 4.11.3B of the Market Rules and determined on the same basis as the Certified Reserve Capacity for that Facility;

CC_{int} is the number of Capacity Credits initially assigned under clause 4.20.5A of the Market Rules; and

CRC is the Certified Reserve Capacity assigned to the Facility (which was used as the basis for determining the Facility's Required Level).

- (c) for a Demand Side Programmes, the Required Level is by the following formula:

$$RD - CC_{int}$$

Where:

RD is the Relevant Demand as determined in clause 4.26.2CA of the Market Rules; and

CC_{int} is the number of Capacity Credits initially assigned under clause 4.20.5A of the Market Rules.

8.3.2 For the purposes of clause 4.13.10(a) of the Market Rules and step 8.1.1(a) of this Procedure, the IMO must determine the adjusted Required Level to be achieved as 90 percent of the value calculated in step 8.3.1(a), (b) or (c), as applicable.

8.3.3 For the purposes of clause 4.13.13(a) of the Market Rules and step 8.2.1(a) of this Procedure, the IMO must determine the adjusted Required Level to be achieved as 100 percent of the value calculated in step 8.3.1(a), (b) or (c), as applicable.