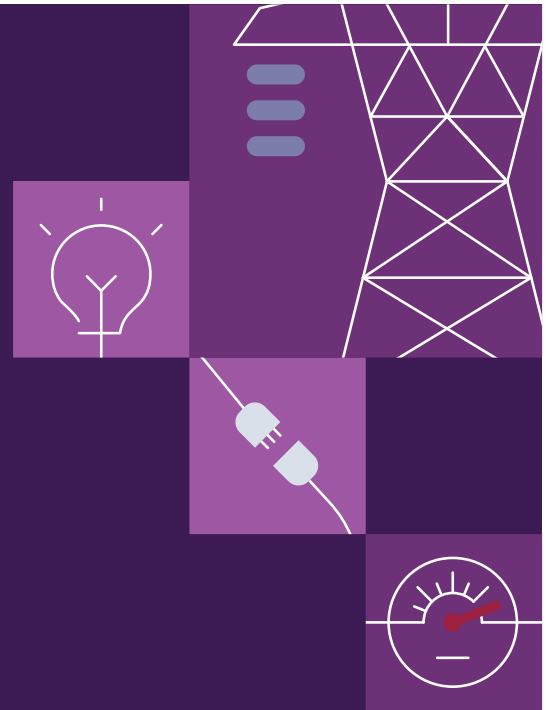




WEM Procedure: Capacity Credit Allocations



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Version Release History

Version	Effective Date	Summary of Changes
1.0	1 June 2008	Commencement
2.0	30 November 2015	Changes resulting from the transfer of functions from the IMO to AEMO.
3.0	1 May 2019	Transitional provisions resulting from Procedure Change Proposal AEPC_2019_01 related to the rule change proposal RC_2017_06: Reduction of the prudential exposure in the Reserve Capacity Mechanism.
4.0	1 June 2019	Changes resulting from Procedure Change Proposal AEPC_2019_03 related to the rule change proposal RC_2017_06: Reduction of the prudential exposure in the Reserve Capacity Mechanism and updates to reflect AEMO's new Market Procedure template.
5.0	24 August 2020	Changes resulting from AEPC_2020_06 related to: - to improve the accuracy the accuracy of a Market Participant's Outstanding Amount; and - Amending Rules made by the Minister for Energy as part of the Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019 gazetted on 21 February 2020.
6.0	1 October 2021	Changes resulting from the Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019, related to: - Capacity Credit Allocations (CCAs) can now be made by Market Participants and is not restricted to Market Generators. - Reserve Capacity Price is specific to a Facility. - CCAs are made from a respective Participant with respect to a Facility to a Participant. The transfer of the Procedure to the new AEMO Procedure template, formatting amendments and minor administrative improvements to align with WEM Rules.
7.0	1 October 2023	Changes resulting from the Wholesale Electricity Market Amendment (Tranche 2 and 3 Amendments) Rules 2020 related to: - Capacity Credit Allocations being on a Trading Day basis. - Removal of Capacity Credit Allocation Acceptances. - Removal of Capacity Credit Allocation reversals. - Removal of Trading Margin validations. Introduction of Capacity Credit Allocation Standing Submission List to provide a method by which Capacity Credit Allocation Submissions are automatically generated.
8.0	1 October 2026	Changes resulting from Schedule 3 of the Wholesale Electricity Market Amendment (RCM Reviews Sequencing) Rules 2025 related to Peak Capacity Credit Allocations commencing 1 October 2026.

IMPORTANT NOTICE – EXPLANATORY NOTES

Disclaimer

Explanatory notes included in this document as shaded in-line text are provided for explanatory purposes only to assist comprehension and readability. The information contained in these explanatory notes does not constitute legal or business advice and should not be relied on as a substitute for obtaining detailed advice about the *Electricity Industry Act 2004* (WA), ESM Rules, or any other applicable laws, procedures or policies. AEMO has made reasonable efforts to ensure the quality of the information, but cannot guarantee its accuracy or completeness.

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1. Introduction

1.1. Purpose and scope

- 1.1.1. This WEM Procedure: Capacity Credit Allocations (Procedure) is made in accordance with AEMO's functions under clause 2.1A.2(h) of the Electricity System and Market Rules (ESM Rules).
- 1.1.2. The *Electricity Industry Act 2004*, the ESM Regulations and the ESM Rules prevail over this Procedure to the extent of any inconsistency.
- 1.1.3. In this Procedure, where obligations are conferred on a Rule Participant, that Rule Participant must comply with the relevant obligations in accordance with clause 2.9.7A, 2.9.7D, 2.9.7E or 2.9.8 of the ESM Rules, as applicable.
- 1.1.4. The purpose of this Procedure is to:
 - (a) deal with Capacity Credit Allocations **[clause 4.30.12(a)]**; and
 - (b) other matters relating to clauses 4.30 and 4.31 **[clause 4.30.12(b)]**, including:
 - (i) the processes that:
 - (A) a Market Participant may follow to provide AEMO with a Capacity Credit Allocation Standing Submission List that will be used to create Capacity Credit Allocation Submissions;
 - (B) a Market Participant must follow when submitting a Capacity Credit Allocation Submission **[clauses 4.30.1 and 4.30.2]**;
 - (C) AEMO must follow when deciding whether to approve or reject a Capacity Credit Allocation Submission **[clauses 4.30.3, 4.30.4 and 4.30.5]**;
 - (D) a Market Participant must follow when withdrawing a Capacity Credit Allocation Submission **[clause 4.30.6]**;
 - (E) AEMO must follow when a Market Participant withdraws a Capacity Credit Allocation Submission **[clause 4.30.8]**; and
 - (F) AEMO must follow to amend Capacity Credit Allocations **[clause 4.30.11]**; and
 - (ii) the format of Capacity Credit Allocation submissions **[clause 4.31]**.
- 1.1.5. Appendix A of this Procedure outlines the head of power clauses that this Procedure is made under, as well as other obligations in the ESM Rules covered by this Procedure.

1.2. Definitions

- 1.2.1. Terms defined in the *Electricity Industry Act 2004*, the ESM Regulations and the ESM Rules have the same meanings in this Procedure unless the context requires otherwise.
- 1.2.2. The following definitions apply in this Procedure unless the context requires otherwise.

Table 1 Definitions

Term	Definition
Capacity Credit Allocation Window	The Capacity Credit Allocation Window for a Trading Day is the period of time between the earliest date and time that Market Participants may submit or withdraw a Capacity Credit Allocation Submission as published by AEMO in the settlement cycle timeline [clause 4.32.1] and 5:00 PM on the Scheduling Day related to the relevant Capacity Credit Allocation Submission Trading Day [clauses 4.30.1 and 4.30.6] .
Capacity Credit Allocation Standing Submission List	An ordered list of Template Capacity Credit Allocation Submissions that are used by AEMO to automatically generate Capacity Credit Allocation Submissions for a Capacity Year.
Entity	A Separately Certified Component of a Scheduled Facility, a Separately Certified Component of a Semi-Scheduled Facility, a Non-Scheduled Facility, or a Demand Side Programme.
Peak Capacity Credit Allocation	A Capacity Credit Allocation in which Peak Capacity Credits have been allocated.
Template Capacity Credit Allocation Submission	A template provided by a Market Participant for a Capacity Year, which is used by AEMO to automatically generate a Capacity Credit Allocation Submission for the Market Participant for a Trading Day within the Capacity Year.
Wholesale Electricity Market System	An interface software that AEMO uses to administer and operate the Wholesale Electricity Market.

1.3. Interpretation

1.3.1. The following principles of interpretation apply in this Procedure unless the context requires otherwise.

- (a) Clauses 1.3 to 1.5 of the ESM Rules apply in this Procedure.
- (b) References to time are references to Western Standard Time.
- (c) Terms that are capitalised, but not defined in this Procedure, have the meaning given in the ESM Rules, unless the context requires otherwise.
- (d) A reference to the ESM Rules or WEM Procedures includes any associated forms required or contemplated by the ESM Rules or WEM Procedures.
- (e) Words expressed in the singular include the plural and vice versa.
- (f) A reference to a paragraph refers to a paragraph of this Procedure.
- (g) A reference to an appendix refers to an appendix of this Procedure.
- (h) A reference to a clause refers to a clause or section of the ESM Rules.
- (i) References to ESM Rules in this Procedure in bold and square brackets **[Clause XXX]** are included for convenience only, and do not form part of this Procedure.
- (j) Text located in boxes and headed as **E[X]** in this Procedure is included by way of explanation only and does not form part of this Procedure. The Procedure prevails to the extent of any inconsistency with the explanatory notes contained within it.
- (k) The body of this Procedure prevails to the extent of any inconsistency with the figures, diagrams, appendices, schedules, annexures or attachments contained within this document.

- 1.3.2. This Procedure must be read in conjunction with the ESM Rules relevant to this WEM Procedure, noting that in many cases the ESM Rules provide descriptive processes, timeframes and other obligations that are not duplicated in AEMO’s WEM Procedures.

1.4. Related documents

- 1.4.1. The documents in Table 2 are associated with this Procedure.

Table 2 Related documents

Reference	Title	Location
ESM Rules	ESM Rules	Coordinator’s Website

1.5. Communications and provision of information

- 1.5.1. All communications and provision of information by a Rule Participant to AEMO under this Procedure must be conducted via email, unless otherwise specified in this Procedure.
- 1.5.2. All communication and provision of information by AEMO to a Rule Participant under this Procedure will be conducted via email, unless otherwise specified in this Procedure.

2. Summary of Capacity Credit Allocation Processes

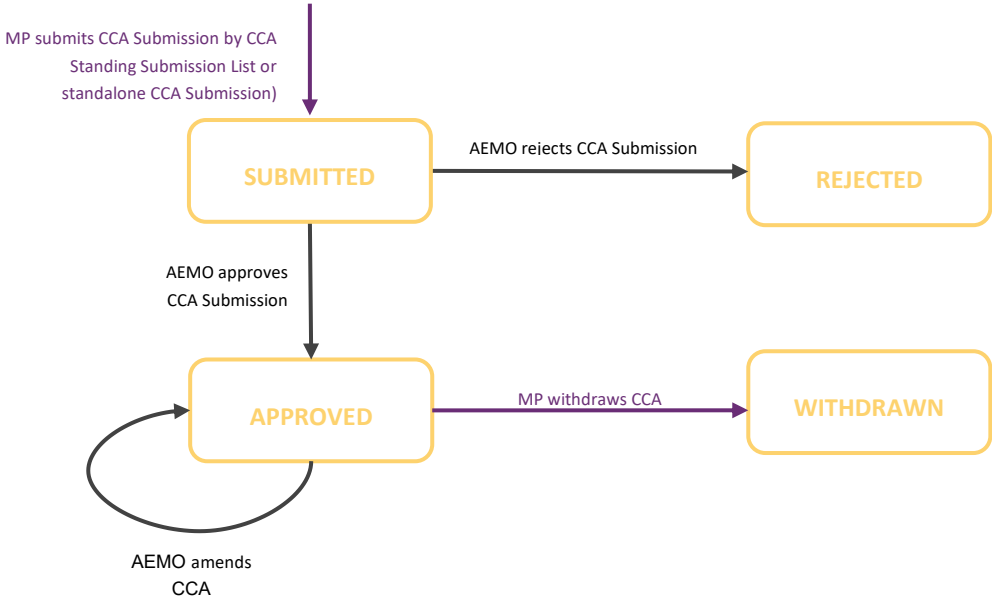
2.1. Process Details

- 2.1.1. All submissions and withdrawals related to Capacity Credit Allocations made by Market Participants in accordance with this Procedure must be conducted in WEMS.
- 2.1.2. All approvals, rejections, amendments, and notifications related to Capacity Credit Allocations made by AEMO in this Procedure must be conducted in WEMS or by contacting the relevant Market Participant by email.
- 2.1.3. AEMO must process Capacity Credit Allocation Submissions and requests for the withdrawal of a Capacity Credit Allocation Submission, in the order in which they are received.
- 2.1.4. AEMO must publish the Capacity Credit Allocation Windows for a Financial Year at least one calendar month prior to the commencement of that Financial Year on the WEM Website under clause 4.32.1.

2.2. Process Overview

- 2.2.1. The Capacity Credit Allocation process outlined in clause 4.30 and this Procedure is summarised as follows and as outlined in Figure 1:
 - (a) A Market Participant may provide AEMO with a Capacity Credit Allocation Standing Submission List for a Capacity Year that will be used by AEMO to automatically generate Capacity Credit Allocation Submissions at the opening of each relevant Capacity Credit Allocation Window.
 - (b) A Market Participant may submit Capacity Credit Allocation Submissions to AEMO as standalone submissions within the relevant Capacity Credit Allocation Window under clause 4.30.1.
 - (c) AEMO must approve a Capacity Credit Allocation Submission unless it is required to reject it under clause 4.30.5.
 - (d) A Market Participant may withdraw a Capacity Credit Allocation Submission within the relevant Capacity Credit Allocation Window under clause 4.30.6.
 - (e) AEMO must amend Capacity Credit Allocations for an Entity if they exceed the number of bilaterally tradeable Peak Capacity Credits for the Entity under clause 4.30.11.

Figure 1 Capacity Credit Allocation Process Overview



3. Capacity Credit Allocation Standing Submission List

- 3.1.1. A Market Participant may provide AEMO with a Capacity Credit Allocation Standing Submission List for a Capacity Year that will be used by AEMO to automatically generate Capacity Credit Allocation Submissions in accordance with paragraph 3.1.5.
- 3.1.2. A Capacity Credit Allocation Standing Submission List must contain an ordered list of Template Capacity Credit Allocation Submissions.
- 3.1.3. A Capacity Credit Allocation Standing Submission List must contain only Peak Capacity Credits.
- 3.1.4. Each Template Capacity Credit Allocation Submission must set out the information required of a Capacity Credit Allocation Submission as specified in clause 4.31.1 and adhere to clause 4.31.2.
- 3.1.5. Within 1 Business Day after the Capacity Credit Allocation Window opens for a Trading Day, AEMO must use the most currently held Capacity Credit Allocation Standing Submission List (for each Market Participant for the relevant Capacity Year) to convert each Template Capacity Credit Allocation Submission into a Capacity Credit Allocation Submission.
- 3.1.6. AEMO must convert Template Capacity Credit Allocation Submissions into Capacity Credit Allocation Submissions in the order specified within the relevant Capacity Credit Allocation Standing Submission List.

4. Submitting Capacity Credit Allocation Submissions

- 4.1.1. A Market Participant may use a Capacity Credit Allocation Standing Submission List outlined in paragraph 3 to submit Capacity Credit Allocation Submissions to AEMO.
- 4.1.2. A Market Participant may submit Capacity Credit Allocation Submissions to AEMO on a stand alone basis within the relevant Capacity Credit Allocation Window.
- 4.1.3. A Capacity Credit Allocation Submission must set out the information specified in clause 4.31.1 and adhere to clause 4.31.2.

5. Approving and Rejecting Capacity Credit Allocation Submissions

- 5.1.1. AEMO must comply with clauses 4.30.3, 4.30.4 and 4.30.5 with respect to rejecting and approving Capacity Credit Allocation Submissions.
- 5.1.2. For the purposes of clause 4.30.4, a Market Participant 'p' has insufficient bilaterally tradeable Peak Capacity Credits available to allocate in Capacity Credit Allocation 'a' in respect of Entity 'e' and Trading Day 'd' if the following inequality holds:

$$PeakCC(p, e, d) < PeakCCA(a) + \sum_{b \in ALLOCATIONS(p, e, d)} PeakCCA(b)$$

where:

Variable	Units	Definition
<i>PeakCC(p, e, d)</i>	Peak Capacity Credits	The quantity of Peak Capacity Credits for Market Participant p in relation to Entity e and Trading Day d.
<i>PeakCCA(a)</i>	Peak Capacity Credits	The quantity of Peak Capacity Credits proposed to be allocated in a Capacity Credit Allocation a.
<i>ALLOCATIONS(p, e, d)</i>	Set	The set of approved Peak Capacity Credit Allocation Submissions made by Market Participant p in relation to Entity e for Trading Day d, which have not been withdrawn.

6. Withdrawing Capacity Credit Allocation Submissions

- 6.1.1. For the purposes of clause 4.30.6, a Market Participant may withdraw a Capacity Credit Allocation Submission within the relevant Capacity Credit Allocation Window.
- 6.1.2. A Market Participant must comply with clause 4.30.7 when withdrawing a Capacity Credit Allocation Submission.
- 6.1.3. Upon receipt of a withdrawal of a Capacity Credit Allocation by a Market Participant, AEMO must comply with paragraph 3.1.3 and clause 4.30.8, and may also notify the submitting Market Participant that the Capacity Credit Allocation has been withdrawn.
- 6.1.4. In the case where a Capacity Credit Allocation Submission is unable to be withdrawn by the Market Participant, then AEMO must notify the submitting Market Participant of the reason.

7. Amendments to Capacity Credit Allocations

- 7.1.1. For the purposes of clause 4.30.9, for each Trading Day for which the Capacity Credit Allocation Window is open, AEMO must identify the Peak Capacity Credit Allocations that are impacted by the termination of a Capacity Credit in respect of an Entity, by performing the validation in paragraph 7.1.2.
- 7.1.2. For the purposes of clause 4.30.9, the Peak Capacity Credit Allocations by Market Participant 'p' in respect of Entity 'e' for Trading Day 'd' exceed the Peak Capacity Credits held by the Market Participant for the Entity on the Trading Day, if the following inequality holds:

$$PeakCC(p, e, d) < \sum_{a \in ALLOCATIONS(p, e, d)} PeakCCA(a)$$

where:

Variable	Units	Definition
$PeakCC(p, e, d)$	Peak Capacity Credits	The quantity of Peak Capacity Credits for Market Participant p in relation to Entity e and Trading Day d.
$PeakCCA(a)$	Peak Capacity Credits	The quantity of Peak Capacity Credits proposed to be allocated in Peak Capacity Credit Allocation a.
$ALLOCATIONS(p, e, d)$	Set	The set of approved Peak Capacity Credit Allocation Submissions made by Market Participant p in relation to Entity e and Trading Day d which have not been withdrawn.

- 7.1.3. If a Market Participant does not comply with clause 4.30.10 within the Capacity Credit Allocation Window for the relevant Trading Day, then AEMO must comply with clause 4.30.11 by performing the steps in paragraph 7.1.4 to 7.1.6.
- 7.1.4. For the purposes of clause 4.30.11, upon the closure of the Capacity Credit Allocation Window for a Trading Day, AEMO must identify the Peak Capacity Credit Allocations to amend for that Trading Day, and proportionally amend them in accordance with paragraph 7.1.6.
- 7.1.5. AEMO must round numbers down to the nearest 0.001 Capacity Credits when proportionally amending Capacity Credit Allocations in accordance with paragraph 7.1.6.
- 7.1.6. For the purposes of clause 4.30.11, AEMO must use the following equation to proportionally amend each Peak Capacity Credit Allocation 'a' for Market Participant 'p' in respect to Entity 'e' for Trading Day 'd':

$$PeakCCA_{after}(a) = rounddown \left(\frac{PeakCCA_{before}(a)}{\sum_{b \in ALLOCATIONS(p,e,d)} PeakCCA_{before}(b)} \times PeakCC(p,e,d), 3 \right)$$

where:

Variable	Units	Definition
$PeakCCA_{after}(a)$	Peak Capacity Credits	The quantity of Peak Capacity Credits allocated by Peak Capacity Credit Allocation a, after AEMO amends it.
$PeakCCA_{before}(a)$	Peak Capacity Credits	The quantity of Peak Capacity Credits allocated by Peak Capacity Credit Allocation a, before AEMO amends it.
$PeakCC(p,e,d)$	Peak Capacity Credits	The quantity of Peak Capacity Credits for Market Participant p in relation to Entity e and Trading Day d.
$ALLOCATIONS(p,e,d)$	Set	The set of approved Peak Capacity Credit Allocation Submissions made by Market Participant p in relation to Entity e and Trading Day d, which have not been withdrawn.
$rounddown(x,y)$	Function	A function that rounds x down to y decimal places.

Appendix A. Relevant clauses of the ESM Rules

Table 3 details:

- (a) the head of power clauses in the ESM Rules under which the Procedure has been developed; and
- (b) each clause in the ESM Rules requiring an obligation, process or requirement be documented in a WEM Procedure, where the obligation, process or requirement has been documented in this Procedure.

Table 3 Relevant clauses of the ESM Rules

Clause
4.30.1
4.30.2
4.30.3
4.30.4
4.30.4A
4.30.5
4.30.6
4.30.8
4.30.9
4.30.10
4.30.11
4.30.11A
4.30.12