

2014 Call for Expressions of Interest for New Capacity

Summary of Results

The IMO operates a Reserve Capacity Mechanism to ensure that an appropriate level of capacity is maintained within the South West Interconnected System.

On 31 January 2014, the IMO issued a Request for Expressions of Interest for new generation and demand side management capacity to be available for service during the period October 2016 through to October 2017.

The preliminary estimate for the Reserve Capacity Requirement in the 2016/17 Capacity Year is 5,263 MW. Based on currently available information, it is anticipated that approximately 5,673 MW of Capacity Credits would be assigned to existing or committed facilities for 2016/17, based on the number of Capacity Credits assigned for the 2015/16 Capacity Year¹.

Certification of Reserve Capacity for the 2016/17 Capacity Year, which was expected to occur in the 2014 calendar year, has now been deferred. On 29 April 2014 the IMO received a direction from the Minister for Energy, the purpose of which is to defer certain aspects of the 2014 Reserve Capacity Cycle. The Ministerial direction instructs the IMO to extend the relevant dates of 2014 Capacity Cycle by one year, in accordance with clause 4.1.32 of the Market Rules. In light of having received this direction, it is anticipated that Certification of Reserve Capacity in respect of the 2016/17 Capacity Year will be delayed until 2015².

A total of five Expressions of Interest were received for the 2016/17 Capacity Year, totalling 56.050 MW of new capacity potential.

The diagram below shows how these facilities will contribute towards meeting the forecast system reliability target.

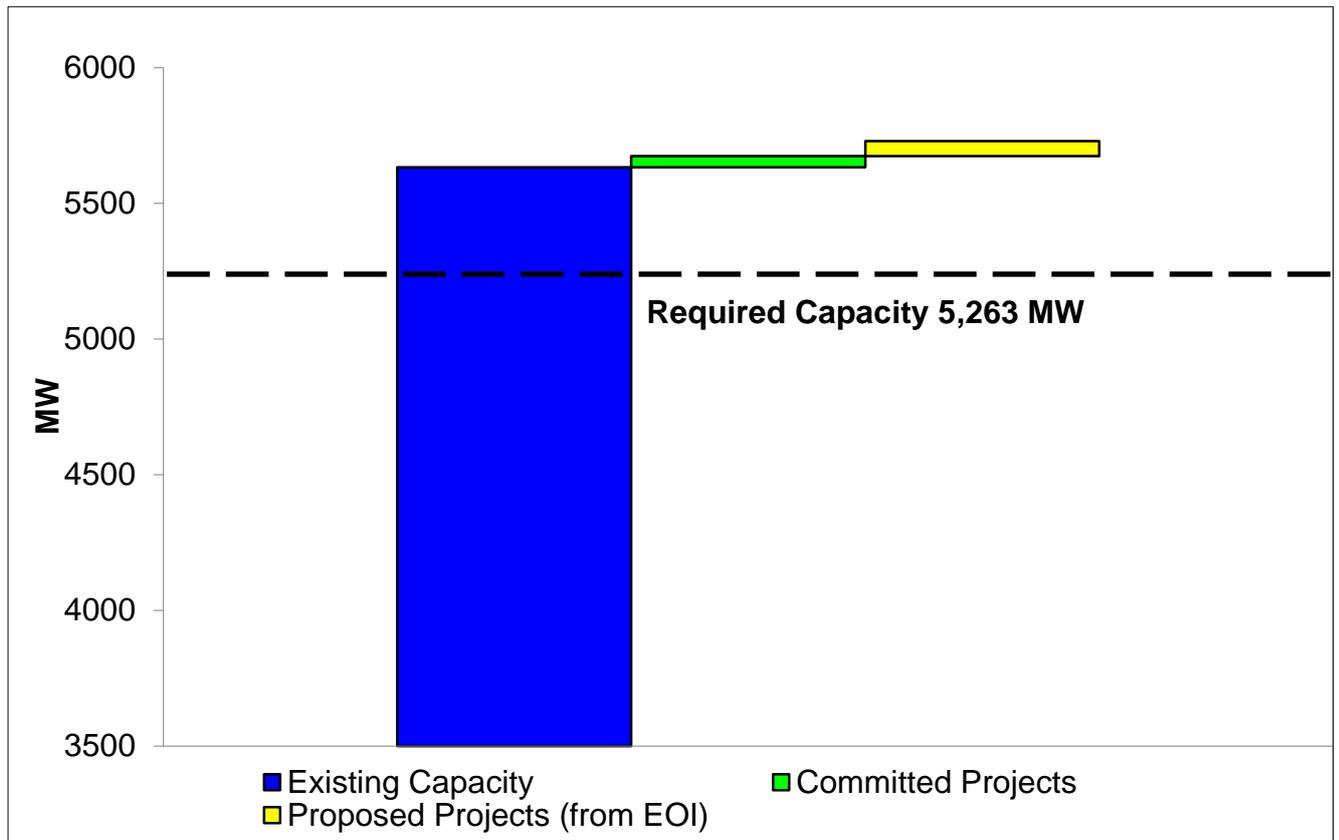
It should be noted that the forecast is based on figures provided in the 2013 Statement of Opportunities Report. The 2014 Statement of Opportunities Report is at this stage expected to update the demand forecasts for the 2016/17 Capacity Year and set the Reserve Capacity Requirement³. The level of Capacity Credits assigned to both new and existing facilities may also alter the preliminary supply/demand balance for this Reserve Capacity Cycle.

¹ This estimate has been calculated from the Capacity Credits assigned to generation facilities for the 2015/16. The IMO is not aware of any anticipated plant closures for 2016/17, however this figure does take into account the announced retirement of the Kwinana C facility in 2015/16.

² Information on the deferral of activities relating to the 2014 Reserve Capacity Cycle is available at <http://www.imowa.com.au/reserve-capacity/reserve-capacity-timetable/reserve-capacity-timetable-overview>.

³ The 2014 Statement of Opportunities is currently scheduled to be published on 17 June 2014. However, the IMO is considering deferring the publication of this document, including the formal setting of the Reserve Capacity Requirement for 2016/17 due to the deferral of aspects of the 2014 Reserve Capacity Cycle pursuant to the Ministerial Direction received on 29 April 2014. Any amendment to the date for publication of the Statement of Opportunities will be published on the IMO website <http://www.imowa.com.au>.

Fig 1: Preliminary Capacity Outlook 2016/17



Details of the capacity offered through the Expressions of Interest are set out below in accordance with Market Rule 4.2.7.

2014 Summary of Expressions of Interest	2016/17
Number of EOIs Received	5
Committed facilities (in place or under construction)	0.000
Facilities that are not yet committed	56.050
Total	56.050
Approvals for Facilities that are not yet committed	
Environmental Approvals	
Facilities with environmental approval or do not require environmental approvals	16.250
Facilities with approval underway	19.800
Facilities yet to commence environmental approval process	20.000
Total	56.050
Access offers	
Facilities with approval or do not require a network access offer	0.250
Facilities with approval underway	35.800
Facilities yet to commence approval process	20.000
Total	56.050
Clause 4.2.7 (b) (ii) Requirements	
Facilities with environmental approval and network access offer, or do not require approvals	0.250
Facilities with both applications lodged, one or both pending approval	35.800
Facilities with one approval underway	0.000
Facilities yet to commence approval process	20.000
Total	56.050
Categorisation by Plant Type	
Intermittent generators	16.000
Non-intermittent generators	39.800
Demand side management	0.250
Total	56.050

Categorisation by Primary Fuel Source	
Diesel	19.800
Natural gas	20.000
Renewable energy	16.000
Demand management	0.250
Total	56.050
Categorisation by Backup Fuel Source	
None or not applicable	56.050
Total	56.050
Reserve Capacity Potential	
Capacity offered through EOIs	56.050
Estimate of existing capacity eligible to be assigned Certified Reserve Capacity	5673.000
Preliminary estimate of Reserve Capacity Requirement	5263.000