



# WHOLESALE ELECTRICITY MARKET

## PROCEDURE CHANGE REPORT: AEPC\_2017\_06

MARKET PROCEDURE: UNDERTAKING THE LONG TERM  
PASA AND CONDUCTING A REVIEW OF THE PLANNING  
CRITERION

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# EXECUTIVE SUMMARY

## Purpose

The publication of this Procedure Change Report, and the accompanying Market Procedure, completes the Procedure Change Process conducted by AEMO to consider a revised Market Procedure: Undertaking the Long Term PASA and conducting a review of the Planning Criterion (Market Procedure) under the Wholesale Electricity Market (WEM) Rules.

## Proposed amendments

The proposed revised Market Procedure has been developed in accordance with clause 4.5.14 of the WEM Rules, which requires AEMO to document the process by which it conducts the Long Term PASA and the review required under clause 4.5.15 of the WEM Rules.

## Consultation

As the Market Advisory Committee (MAC) Working Group was not constituted in time for the Procedure Change Proposal, a draft version of the Market Procedure was presented at the AEMO WEM Procedure Change workshop held on 26 June 2017. Details of this forum are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums>. Minor changes to improve clarity were recommended by stakeholders.

The MAC did not meet regarding this proposal, and no public workshops were held in relation to this Procedure Change Proposal.

AEMO published the Procedure Change Proposal (AEPC\_2017\_06) and issued a notice calling for submissions on 6 July 2017. The submission period closed on 3 August 2017. No submissions were received. Informal comments were received which helped improve the integrity of the Market Procedure.

## AEMO's decision

AEMO's decision is to accept the Market Procedure as amended following the consultation period. AEMO considers that the revised Market Procedure is consistent with the Wholesale Market Objectives and WEM Rules.

## Next steps

The revised Market Procedure: Undertaking the Long Term PASA and conducting a review of the Planning Criterion will commence at 8:00 AM on 1 October 2017.



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# 1. BACKGROUND

## 1.1 Regulatory requirements

AEMO has published this Procedure Change Report in accordance with the Procedure Change Process detailed in clause 2.10 of the WEM Rules.

## 1.2 Context

On 31 May 2016, the Minister for Energy gazetted amendments to the WEM Rules related to the Reserve Capacity Mechanism as a part of the Electricity Market Review.<sup>1</sup>

Clause 4.5.14 of the WEM Rules requires AEMO to document the process by which it conducts the Long Term PASA and the review required under clause 4.5.15 of the WEM Rules. This clause provides that:

*4.5.14. AEMO must document the procedure it follows in conducting the Long Term PASA, and which the Economic Regulation Authority must follow in conducting reviews under clause 4.5.15, in a Market Procedure. The Economic Regulation Authority and Rule Participants, including AEMO, must follow that documented Market Procedure in the conduct of the Long Term PASA study and the review under clause 4.5.15, as applicable.*

The proposed Market Procedure would be the fourth version of this procedure. AEMO proposes to commence the revised procedure on 1 October 2017 in time for the commencement of the relevant rules.

## 1.3 Procedure Change Process and Timetable

On 6 July 2017, AEMO published a Procedure Change Proposal (AEPC\_2017\_06) for the Market Procedure: Undertaking the Long Term PASA and conducting a review of the Planning Criterion, and issued a call for submissions, which are available at:

[http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC\\_2017\\_06](http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2017_06).

The proposal was progressed using the Procedure Change Process described in clause 2.10 of the WEM Rules with submissions required by 3 August 2017.

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<sup>1</sup> See Government Gazette No.89 dated 31 May 2016, *Electricity Industry (Commencement of Electricity Industry (Wholesale Electricity Market) Amendment Regulations) Order 2016*.



## 2. PROPOSED PROCEDURE CHANGE

This section details the changes that AEMO proposed when the call for submissions was published.

### 2.1 Detail of the proposed procedure change

AEMO proposed to update the Procedure to:

- Increase clarity and update to the current format.
- Reflect amendments to the WEM Rules that were gazetted by the Minister for Energy on 31 May 2016, the last of which will commence on 1 October 2017. These amendments include changes to the Availability Curve, and publication of the Demand Side Management (DSM) Reserve Capacity Price (RCP) and related parameters in the Statement of Opportunities Report.

### 2.2 Proposed drafting

AEMO published a draft of the proposed Market Procedure: Undertaking the Long Term PASA and conducting a review of the Planning Criterion for consultation. The procedure as drafted is available at:

[http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC\\_2017\\_06](http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2017_06).

AEMO also provided a marked-up version of the revised Market Procedure.

## 3. CONSULTATION PROCESS

### 3.1 Market Advisory Committee or Working Group

As the MAC Working Group was not constituted in time for the Procedure Change Proposal, a draft version of the Market Procedure was presented at the AEMO WEM Procedure Change workshop held on 26 June 2017. Details of this forum are available at: <http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums>.

Minor changes to improve clarity were recommended by stakeholders.

In accordance with clauses 2.10.8 and 2.10.9, AEMO notified the MAC once the Procedure Change Proposal was published and noted that the Rule Change Panel would convene a meeting of the MAC should two or more members request it. The Rule Change Panel did not convene a meeting of the MAC in regard to this Procedure Change Process.

### 3.2 Public Workshop

No public workshops were held in relation to this Procedure Change Proposal.

### 3.3 Submissions received during consultation period

AEMO commenced the Procedure Change Proposal (AEPC\_2017\_06) and issued a notice calling for submissions on 6 July 2017. The submission period closed on 3 August 2017. No submissions were received. Informal comments were received that helped improve the integrity of the Market Procedure.



## 4. AEMO'S ASSESSMENT

### 4.1 Further changes to the Market Procedure

While no submissions were received relating to this Market Procedure, AEMO has made minor typographical amendments. A tracked-changes version indicating these amendments is available at:

[http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC\\_2017\\_06](http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2017_06).

### 4.2 Consistency with WEM Rules, Electricity Industry Act and WEM Regulations

The proposed revised WEM Market Procedure has been reviewed as a whole by AEMO to ensure compliance with the relevant provisions in the:

- Electricity Industry Act.
- WEM Regulations.
- WEM Rules.

### 4.3 Consistency with Wholesale Market Objectives

The steps outlined in this revised Market Procedure describe the process by which AEMO conducts the Long Term PASA and the review required under clause 4.5.15 of the WEM Rules.

AEMO considers that the steps are drafted in a way that does not change the objectives of the WEM Rules. As a result, AEMO considers that the revised Market Procedure, as a whole, is consistent with the Wholesale Market Objectives.

### 4.4 Implementation of the Market Procedure

The revised Market Procedure: Undertaking the Long Term PASA and conducting a review of the Planning Criterion was developed in accordance with clause 4.5.14 of the WEM Rules.

This Market Procedure does not require system changes by AEMO.

The Market Procedure will not require Rule Participants to implement any procedural or system amendments before the procedure can commence.

Consequently, AEMO considers that the commencement at 8:00 AM on 1 October 2017 will allow Rule Participants sufficient time from the date of publication of this Procedure Change Report to ensure compliance with the amended Market Procedure.

### 4.5 AEMO's decision and commencement

AEMO's decision is to accept the Market Procedure as amended following the consultation period. The revised Market Procedure for Undertaking the Long Term PASA and conducting a review of the Planning Criterion will commence at 8:00 AM on 1 October 2017.

AEMO has made this decision on the basis that the revised Market Procedure:

- Is consistent with the Wholesale Market Objectives.
- Is consistent with the WEM Rules, Electricity Industry Act and Regulations.
- Has the general support of Market Participants as no submissions were received during the consultation period.

The revised Market Procedure for Undertaking the Long Term PASA and conducting a review of the Planning Criterion is available at:



[http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC\\_2017\\_06](http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2017_06).