

Non-Co-optimised Essential System Services (NCESS)

Procurement of Reliability
Services 2024/25
2023



NCESS for Reliability 2024/25

AEMO has identified risks which may prevent it operating the SWIS securely and reliably at both peak and minimum demand from October 2024 unless new services are procured.

- The services AEMO is procuring are:
 - Up to 830 MW of peak capacity; and
 - 269 MW of minimum demand service.
- Each service will carry availability obligations for the relevant Dispatch Intervals:
 - Peak demand intervals specified in the WEM Rules as Electric Storage Resource Obligation Intervals (16:30 to 20:30); and
 - Minimum demand intervals between 10:00 and 14:00 unless modified by AEMO.
- The contract for the proposed NCESS services would start from 1 October 2024 – 1 December 2024 with a 2-year duration:
 - Feedback from the Expressions of Interest process has helped AEMO to understand any economic or technical benefits associated with a longer contract duration or a change to the start date.

Timeline

1 February 2022: Tranche 5 WEM Rules for the NCESS framework commenced

9 December 2022: AEMO submitted a Trigger request to the Coordinator of Energy to trigger NCESS for Reliability

16 December 2022: the Coordinator determined to trigger the NCESS procurement, with AEMO to undertake the procurement and contracting

20 December 2022: AEMO released the call for Expressions of Interest

20 January 2023: Expressions of Interest process closed

20 February 2023: Call for NCESS Submissions (Tender phase)

21 March 2023: Close of Call for NCESS Submissions

April 2023: Selection and Contracting

Further detail available here:

<https://aemo.com.au/consultations/tenders/tenders-and-expressions-of-interest-for-ncess-reliability-services-wa>

Submissions must be submitted via the [VendorPanel](#)

EOI Summary

AEMO received a strong response with quantities of offers significantly exceeding requirements for both the Peak Demand Service and Minimum Demand Service.

AEMO received offers from:

- DER Aggregators
- Demand Response
- New Scheduled and Semi-Scheduled Generation
- Scheduled Facility Upgrades

Following stakeholder feedback AEMO is making a range of changes to the NCESS Service Specification to reflect the capabilities of proponents.

Service Specification

Reliability Services



Peak Demand Service

The Peak Demand Service is an NCESS (measured in MW of response capability) to increase Injection or decrease Withdrawal.

The service may be provided by:

- New or Upgraded Scheduled or Semi-Scheduled Facilities, for Service Quantities not holding Capacity Credits in the 2022/23 or 2023/24 Capacity Years.
- Unregistered Equipment (which are not required to register under the WEM Rules).

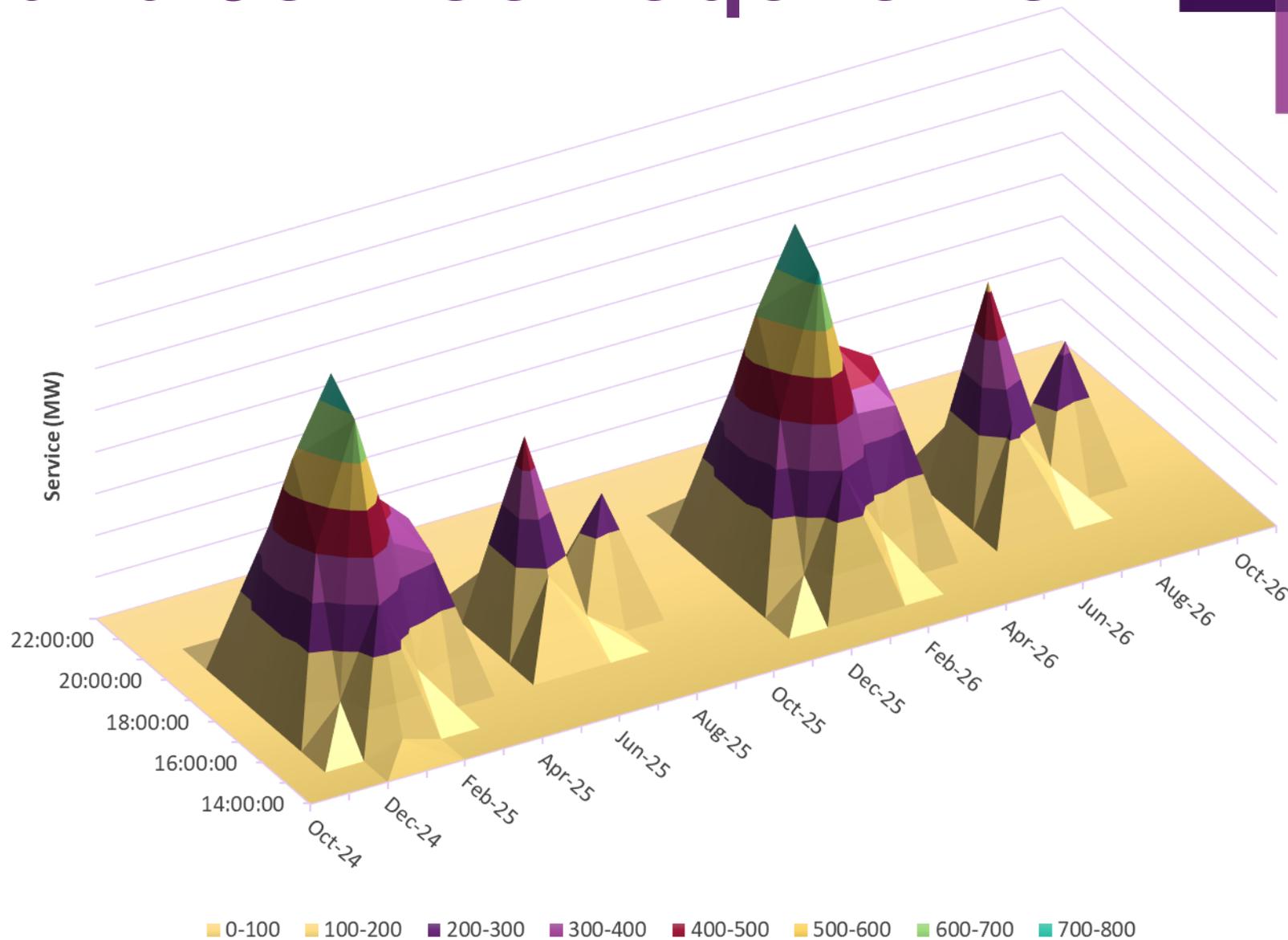
Registered Facilities are paid for availability (analogous to Capacity Credits) to make themselves available in the Electric Storage Resource Obligation Intervals (currently set as 16:30 – 20:00).

- Registered Facilities do not receive activation payments.

Unregistered Equipment are paid for both availability in ESROI intervals and for activation by AEMO.

Peak Demand Service Requirement

| Hour | 2024 Capacity Year (Hours) | 2025 Capacity Year (Hours) |
|----------|----------------------------|----------------------------|
| 12:00:00 | 0 | 0 |
| 13:00:00 | 0 | 0 |
| 14:00:00 | 0 | 0 |
| 15:00:00 | 1 | 0 |
| 16:00:00 | 7 | 7 |
| 17:00:00 | 23 | 24 |
| 18:00:00 | 28 | 30 |
| 19:00:00 | 12 | 15 |
| 20:00:00 | 2 | 2 |
| 21:00:00 | 0 | 0 |
| 22:00:00 | 0 | 0 |
| 23:00:00 | 0 | 0 |



Minimum Demand Service

The Minimum Demand Service is an NCESS (measured in MW of response capability) to decrease Injection or increase Withdrawal.

The service may be provided by:

- New or Upgraded Scheduled or Semi-Scheduled Facilities.
- Unregistered Equipment (which are not required to register under the WEM Rules).

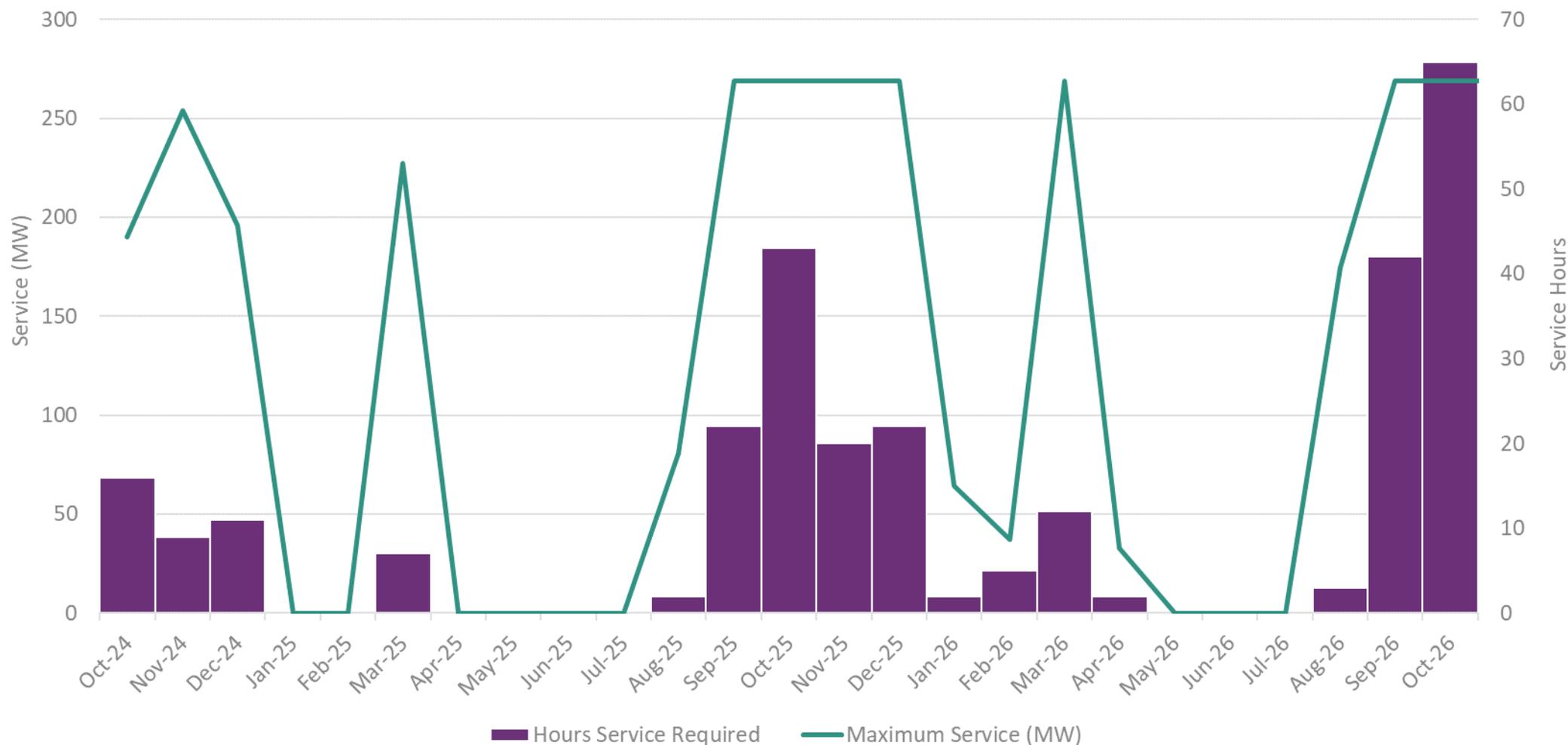
The service must be made available between 10:00 – 14:00, unless the intervals are revised by AEMO (process will be specified contractually but will not exceed 4 hours).

Registered Facilities are paid for availability to make themselves available to Withdraw.

- Registered Facilities do not receive activation payments.
- Registered Facilities would not be eligible to reduce Injection.

Unregistered Equipment are paid for both availability and for activation by AEMO.

Minimum Demand Service Requirement



Service Specification Changes

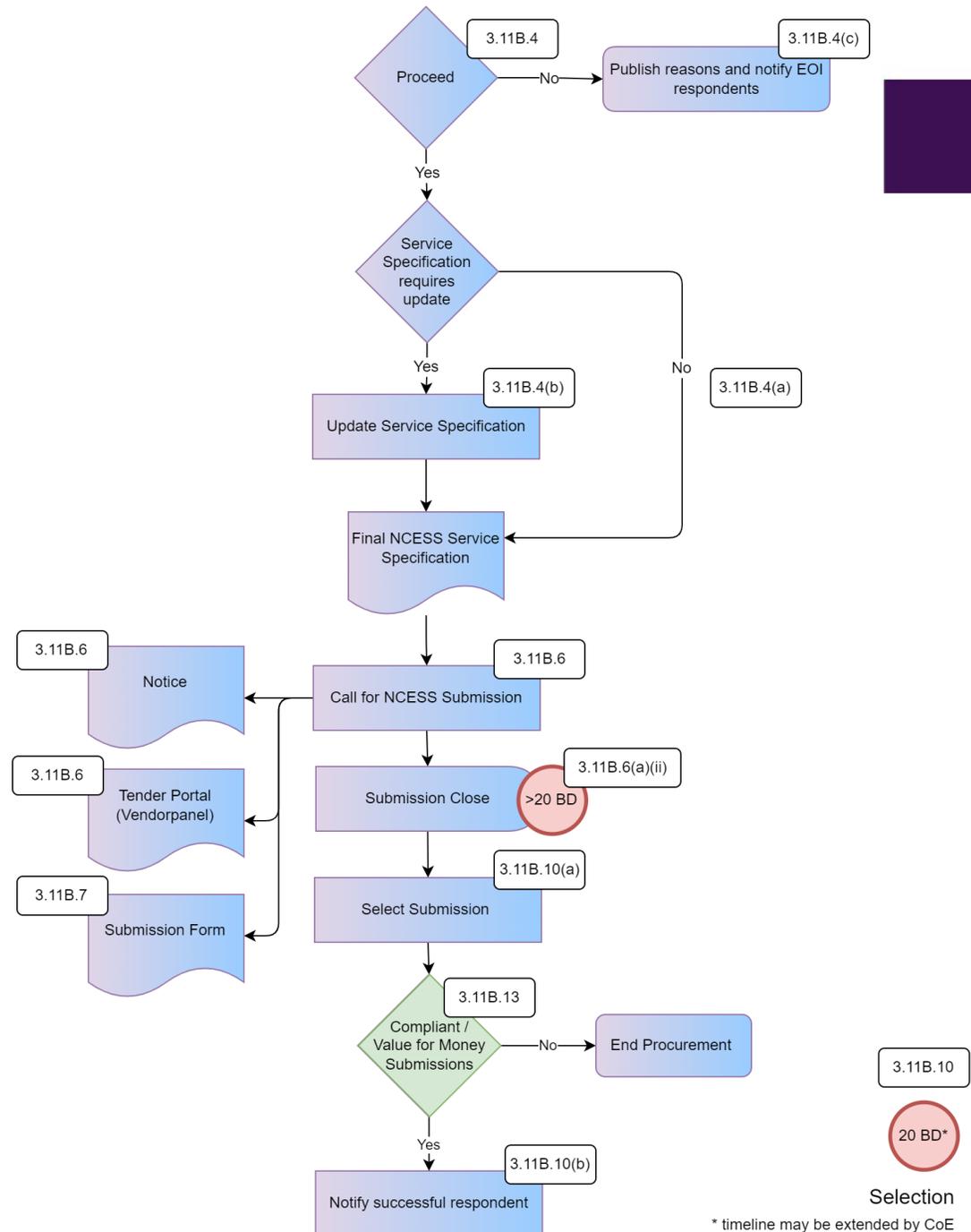
As a result of feedback and further analysis, AEMO has amended the Service Specification.

Key changes include:

1. Including Maximum Service Quantities.
2. Varying the Minimum Demand Service obligation hours to 10:00 – 14:00 hrs, but allowing AEMO to vary.
3. Amending security provisions.
4. Indicating preferred baselining methodology (based on CAISO 10 of 10).
5. Amending unavailability to exclude approved Outages.
6. Adding Progress Reporting obligations.

Next Steps

- Call for NCESS Submissions:
 - Notifying proponents in writing
 - Vendor Panel - Tender release
- Opens 20 February 2023
 - 20 Business Days
- Close 21 March 2023
- Selection within 20 Business Days
- Notification to successful respondents in writing



Next Steps (cont'd)

- Critical elements of the Call for NCESS Submissions to inform AEMO's determination under 3.11B.9:
 - Offers **must** comply with the NCESS Service Specification (3.11B.10(a))
 - Proponents **must** provide evidence to support NCESS delivery dates (3.11B.10(b)(i))
 - Proponents **must** evidence sufficient Environmental Approvals have been granted (3.11B.10(b)(ii))

3.11B.8. An NCESS Submission must:

- (a) be made in good faith;
- (b) be made in accordance with the NCESS Submission form referred to in clause 3.11B.7 and contain any other information requested; and
- (c) include the cost information and any assumptions used to calculate the proposed NCESS payment structure.

Selection process and signing of NCESS Contract

3.11B.9. Within 20 Business Days, or as reasonably agreed with the Coordinator, of the closing date for NCESS Submissions, AEMO or the Network Operator, as applicable, must:

- (a) in accordance with clause 3.11B.10, select one or more NCESS Submissions which:
 - i. comply with the requirements in clause 3.11B.7;
 - ii. meet the NCESS Service Specification published in the request for NCESS Submissions; and
 - iii. in AEMO's or the Network Operator's reasonable opinion, as applicable, will result in the highest value for money for providing the NCESS; and
- (b) notify the relevant Market Participant or service provider that their NCESS Submission has been selected.

3.11B.10. Subject to clause 3.11B.12, when determining which NCESS Submissions to select under clause 3.11B.9, AEMO or the Network Operator, as applicable, must:

- (a) exclude NCESS Submissions that do not comply with the NCESS Service Specification; and
- (b) exclude NCESS Submissions for new facilities or equipment where:
 - i. insufficient evidence has been provided to support NCESS delivery dates; or
 - ii. sufficient Environmental Approvals have not been granted.



For more information visit

aemo.com.au