

# Minutes

<b>Meeting:</b>	<b>AEMO Procedure Change Working Group (APCWG)</b>
<b>Date:</b>	Monday, 21 November 2022
<b>Time:</b>	10:00am – 10:40am
<b>Location:</b>	Virtual meeting
<b>Teleconference details:</b>	MS Teams

## Attendees:

<b>Name</b>	<b>Company Department</b>
Mike Hales (Chair)	AEMO
Alex Gillespie	AEMO
Graham Miller	AEMO
Neetika Kapani	AEMO
Mena Gilchrist	AEMO
Grace Liu	AEMO
Martin Maticka	AEMO
Dean Sharafi	AEMO
Manus Higgins	AEMO
Bindi Shah	AEMO
Oscar Carlberg	Alinta Energy
Dimitri Lorenzo	Bluewaters Power
Rebeca White	Collgar Wind Farm
Elizabeth Walters	Economic Regulation Authority
Richard Cheng	Economic Regulation Authority
Michelle Thomas	EDL
Jenny Laidlaw	Energy Policy WA
Dora Guzeleva	Energy Policy WA
Harry Street	Entego Advisory
Sarah Bartley	Galetech Group
Shaq Mohajerani	Global Power
Penny Ling	Metro Power
Timothy Edwards	Metro Power
Sarah Rankin	Moonies Hill Energy
Vlasta Barac	Metro Power
Fernando Gonzalez Breijo	Naturgy
Erin Stone	Point Global
Eddy Buckovic	Red Hill Energy
Adam Stephen	SSC power

Name	Company Department
Tessa Liddelow	Shell Energy
Paul Arias	Shell Energy
Bec Ngooi	Synergy
Matthew Timmings	Synergy
Natalie Ristoski	Synergy
Rhiannon Bedola	Synergy
Genevieve Teo	Synergy
Sue Franke	Tesla
Hari Sridhar	Transalta
Mark McKinnon	Western Power

## 1 Welcome

- Mike Hales (Chair) opened the meeting with an acknowledgement of country.
- Participants were reminded that the session is being recorded.
- Mike introduced Neetika Kapani, who presented on the proposed amendments to the WEM Procedure: Certification of Reserve Capacity for the 2022 and 2023 Reserve Capacity Cycles (CRC Procedure).

## 2 WEM Procedure: Certification of Reserve Capacity for the 2022 and 2023 Reserve Capacity Cycles

- Neetika commenced by providing some background to the Procedure Change Proposal and noted that the proposed changes are intended to be applied to the 2022 Capacity Reserve Cycle, which opened on 18 October 2022 and will close on 14 February 2023.
- A major factor driving the proposed change is the present concerns on the tightness of the fuel supply situation, which has attracted considerable attention. AEMO has identified a potential shortfall of up to 174MW and has issued an invitation to tender for Supplementary Reserve Capacity (SRC) as a result.
- Neetika also cited factors that have exacerbated the situation, including predicted shortfalls in future years under the Electricity Statement of Opportunities (ESOO); potential reductions in the reliability of ageing thermal generators; retirement of generation; and stronger than forecast demand.
- It was noted that the CRC Procedure Change Proposal has been published on the WEM Website and has been discussed at the most recent Market Advisory Committee (MAC).
- Neetika outlined the changes proposed to the CRC Procedure which require participants to provide additional information for AEMO to make a reasonable assessment of a Facility's capability to meet its Reserve Capacity obligations from 1 October 2024. The additional information discussed included:
  - the nature of the contract;
  - the entitlement quantity under the contract;
  - the delivered quantity in the last 36 months, with reasons for any differences between the contractual entitlement quantity and the actual fuel quantity delivered;
  - the quantity of fuel kept in reserve;

- known issues that may affect supplies; and
- any controls or risk mitigation measures to manage fuel supply risks.
- AEMO’s assessment will consider information provided about plant availability, the likelihood that limitations will impact on power system security and reliability, and any other information that AEMO may be aware of that it considers relevant to the determination.
- Feedback was sought on the reasonableness of the proposed changes, the way AEMO will be considering the information, and whether there are any additional matters that AEMO should consider.
- Oscar Carlberg requested further context on Facility upgrade requirements. Neetika clarified that the intention is to ensure consistency between the parent facility and the upgrades, with no intention to impose additional requirements on upgrades. Neetika noted that AEMO is happy to discuss this further, including any alternative wording that may better describe the intention.
- Oscar also reiterated Alinta’s feedback provided to MAC regarding the applicability of the proposed changes to gas Facilities, which typically have high contractual entitlement quantities because of the 14-hour fuel requirement. Alinta is concerned that there may be a shortfall for its gas Facilities, which it does not believe is indicative of reliability, but rather the very high entitlement quantity. Alinta is keen to understand whether there is another interpretation of the proposed amendment, or whether there is additional information that can be provided to demonstrate reliability. Neetika invited Oscar to discuss Alinta’s situation directly with AEMO to assess whether there is a more useful or measurable way of providing this information.
- Paul Arias questioned the rationale behind the requirement to provide 36 months of information on fuel supplies delivered against contractual entitlement quantities. Paul is concerned that this period could be suitable for coal but might be problematic for gas which moves faster (i.e. because the contract has rolled off). This may require a different approach by fuel type. Neetika advised that 36 months was chosen because it aligns with other aspects, such as outages, and that AEMO did consider shorter timeframes but felt that this could skew the outcomes. Neetika reiterated that AEMO is keen to hear feedback from industry on a more appropriate timeframe.
- In referring to the proposed amendment that allows AEMO to “consider any other information of which AEMO is aware and considers relevant to the determination” Paul asked that AEMO consider factual matters only, noting that some media has been inaccurate. Neetika confirmed that AEMO would not be considering information that is questionable, such as media articles.
- Neetika encouraged participants to reach out to AEMO when submitting their CRC application to clarify any concerns or address questions about fuel requirements. When provided early, AEMO can provide feedback on a Facility’s submission.
- Rebecca White queried AEMO’s actions if a shortfall is identified. Neetika provided an overview of options available, including providing investment signals through the ESOO as well as options to procure capacity, for example through the SRC process.
- Timothy Edwards queried whether AEMO has reflected on the mandatory Expressions of Interest (EOI) requirement, which adds time to the CRC process. While the matter was outside of the scope of the CRC Procedure Change Proposal, discussion ensued on the benefits and challenges of the mandatory EOI requirement, with participants encouraged to reach out to Energy Policy WA to discuss further as part of future reforms.

### 3 Next Steps and Other Business

- Mike outlined the next steps, reiterating that AEMO is happy to meet one-on-one to discuss the CRC Procedure Change Proposal with participants. The details of any meetings will be provided to all participants, excluding confidential information.
- Participants were also reminded of the upcoming key dates, being 9 December 2022 for the submissions closure, 20 December 2022 for the proposed commencement of the WEM Procedure and 14 February 2023 which is the last day for applications for CRC.
- There being no other business, the meeting closed at 10:40am.