

MARKET PROCEDURE: RESERVE CAPACITY PERFORMANCE MONITORING

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VERSION RELEASE HISTORY

| Version | Effective Date | Summary of Changes |
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| 1.0 | 21 September 2006 | Market Procedure at Market Start |
| 2.0 | 15 October 2008 | Amendments to Market Procedure resulting from PC_2008_07 |
| 3.0 | 18 April 2011 | Amendments to Market Procedure resulting from PC_2010_05 |
| 4.0 | 30 November 2015 | Changes resulting from the transfer of functions from the IMO to AEMO |
| 5.0 | 18 April 2017 | Changes resulting from the transfer of System Management functions to AEMO |
| 6.0 | 1 October 2017 | Changes resulting from AEPC_2017_09 |

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1 PROCEDURE OVERVIEW

1.1 Relationship with the WEM Rules

- 1.1.1 This Reserve Capacity Performance Monitoring Procedure (Procedure) is developed in accordance with clause 4.27.12 of the Wholesale Electricity Market Rules (WEM Rules).
- 1.1.2 References to particular WEM Rules within the Procedure in bold and square brackets [**Clause XX**] are current as of 1 October 2017. These references are included for convenience only, and are not part of this Procedure.

1.2 Interpretation

- 1.2.1 In this Procedure:
- terms that are capitalised but not defined in this Procedure have the meaning given in the WEM Rules;
 - to the extent that this Procedure is inconsistent with the WEM Rules, the WEM Rules prevail to the extent of the inconsistency;
 - a reference to the WEM Rules or Market Procedures includes any associated forms required or contemplated by the WEM Rules or Market Procedures; and
 - words expressed in the singular include the plural or vice versa.
- 1.2.2 In addition, the following defined terms have the meaning given.

Table 1: Defined terms

| Term | Definition |
|---|---|
| Reserve Capacity Progress Report | A progress report that is required to be submitted under clause 4.27.10 of the WEM Rules and which relates to a Facility that is yet to commence operation. |

1.3 Purpose and application of this Procedure

- 1.3.1 The Procedure describes the processes for conducting Reserve Capacity performance monitoring as required under clause 4.27 of the WEM Rules and details documents and other information that may be required by AEMO as supporting evidence.
- 1.3.2 This Procedure applies to:
- AEMO in conducting Reserve Capacity performance monitoring; and
 - Market Participants in complying with Reserve Capacity performance requirements.

1.4 Associated documents

- 1.4.1 The following Market Procedures (available on the Market Web-site¹) provide background information to this Procedure:
- Certification of Reserve Capacity;
 - Reserve Capacity Security; and
 - Power System Operation Procedure: Facility Outages.

¹ Available at: <http://aemo.com.au/Electricity/Wholesale-Electricity-Market-WEM/Procedures>.

2 RESERVE CAPACITY PERFORMANCE MONITORING

2.1 AEMO requirements related to Reserve Capacity Performance Monitoring

- 2.1.1 By the twenty-fifth day of each month, AEMO must assess the number of Equivalent Planned Outage Hours taken in the preceding 12 Trading Months by each Scheduled Generator and Non-Scheduled Generator assigned Capacity Credits for the current Capacity Year **[Clause 4.27.2]**.
- 2.1.2 AEMO may use the Wholesale Electricity Market System (WEMS) to conduct the Reserve Capacity monitoring process in step 2.1.1.
- 2.1.3 If the number of Equivalent Planned Outage Hours for a Facility, as determined under step 2.1.1, exceeds 1,750 hours for the preceding 12 Trading Months, AEMO may require the Market Participant holding Capacity Credits for that Facility to provide to AEMO **[Clause 4.27.3]**:
- (a) a Reserve Capacity Performance Report as described in step 3.1; and
 - (b) a Reserve Capacity Performance Improvement Report as described in step 3.2.
- 2.1.4 In making its decision whether to require a report under step 2.1.3, AEMO must assess whether the number of Equivalent Planned Outage Hours taken by the Facility in the previous 12 Trading Months was attributable to specific, infrequent events or is indicative of an underlying performance deficiency **[Clause 4.27.3A]**. AEMO may consider any matters it deems relevant in making this assessment including, but not limited to:
- (a) the number of Equivalent Planned Outage Hours over the lifetime of the Facility;
 - (b) Reserve Capacity Test results; and
 - (c) operation in the Short Term Energy Market or Balancing Market.
- 2.1.5 AEMO may, at the Market Participant's expense, consult with any person AEMO considers suitably qualified to provide an opinion on a report provided under step 2.1.3(a) or 2.1.3(b). AEMO may ask the person to provide an opinion on the report generally, or to limit the scope of the opinion to specified matters covered in the report **[Clause 4.27.6]**.
- 2.1.6 When deciding whether to consult under step 2.1.5, AEMO must act efficiently and ensure that any costs incurred are reasonable and prudent.

2.2 Market Participant requirements if issued with a request for a Reserve Capacity Performance Report or a Reserve Capacity Performance Improvement Report

- 2.2.1 If AEMO requests a Market Participant to provide a Reserve Capacity Performance Report, the Market Participant must provide the report to AEMO **[Clause 4.27.5(a)]**:
- (a) within 20 Business Days of being requested to do so; and
 - (b) using the format detailed in step 3.1.
- 2.2.2 If AEMO requests a Market Participant to provide a Reserve Capacity Performance Improvement Report, the Market Participant must provide the report to AEMO **[Clauses 4.27.3(b) and 4.27.5(b)]**:
- (a) by a date specified by AEMO, which must not be more frequent than once per quarter; and

- (b) using the format detailed in step 3.2.

3 FORMAT OF RESERVE CAPACITY PERFORMANCE REPORTS AND RESERVE CAPACITY PERFORMANCE IMPROVEMENT REPORTS

3.1 Format of a Reserve Capacity Performance Report

- 3.1.1 Reserve Capacity Performance Reports must be provided by the Market Participant in writing.
- 3.1.2 Reserve Capacity Performance Reports must be signed by an Authorised Officer of the Market Participant.
- 3.1.3 Information in the Reserve Capacity Performance Report must include:
 - (a) details of the Facility as appropriate;
 - (b) explanations of all Planned Outages taken by the Facility in the 12 Trading Months referred to in step 2.1.1 **[Clause 4.27.4(a)]**;
 - (c) a statement of the expected maximum number of days of Planned Outages to be taken by the Facility in each of the next 36 Trading Months commencing from the Trading Month in which the report is requested, including adequate explanation of the reason for each Planned Outage **[Clause 4.27.4(b)]**;
 - (d) the relationship of the Planned Outages to the long term asset management strategy and established maintenance plan for the Facility **[Clause 4.27.4(bA)]**;
 - (e) measures being undertaken or proposed by the Market Participant to increase the availability of the Facility, and their actual and anticipated effect on the frequency of Planned Outages **[Clause 4.27.4(c)]**;
 - (f) any other information concerning the availability of the Facility that AEMO may request **[Clause 4.27.4(d)]**;
 - (g) any other information as deemed relevant by the Market Participant; and
 - (h) a declaration including the following text:

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|---|
| <p>Declaration (To be made by an Authorised Officer of the Market Participant)</p> <p>On behalf of (Company or business name).....</p> <p>I declare that the above information provided in respect to this Reserve Capacity Performance Report is accurate and complete.</p> <p>Signed</p> <p>Date:</p> <p>Person making declaration: Position held in company or business: Postal address: Phone: Email address:</p> |
|---|

3.2 Format of a Reserve Capacity Performance Improvement Report

- 3.2.1 Reserve Capacity Performance Improvement Reports must be provided by the Market Participant in writing.
- 3.2.2 Reserve Capacity Performance Improvement Reports must be signed by an Authorised Officer of the Market Participant.
- 3.2.3 Information in the Reserve Capacity Performance Improvement Reports must include:
 - (a) details of the Facility as appropriate;
 - (b) descriptions of the measures proposed, being undertaken or already undertaken by the Market Participant to increase the availability of the Facility **[Clause 4.27.4A(a)]**;
 - (c) details of any changes to the expected maximum number of days of Planned Outages to be taken by the Facility for a Trading Month previously provided by the Market Participant in a Reserve Capacity Performance Report as detailed in step 3.1.3(c) or in a Reserve Capacity Performance Improvement Report as detailed in this step, including adequate explanations for each change **[Clause 4.27.4A(b)]**;
 - (d) explanation of any variation between expected and actual improvement of the availability of the Facility as a result of the measures taken **[Clause 4.27.4A(c)]**;
 - (e) any other information as deemed relevant by the Market Participant; and
 - (f) a declaration including the following text:

| |
|---|
| <p>Declaration (To be made by an Authorised Officer of the Market Participant)</p> <p>On behalf of (Company or business name).....</p> <p>I declare that the above information provided in respect to this Reserve Capacity Performance Improvement Report is accurate and complete.</p> <p>Signed</p> <p>Date:</p> <p>Person making declaration: Position held in company or business: Postal address: Phone: Email address:</p> |
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4 RESERVE CAPACITY PROGRESS REPORTS

4.1 Overview

- 4.1.1 A Reserve Capacity Progress Report allows AEMO to monitor the progress of a new Facility that holds Capacity Credits but is yet to commence operation. It provides Market Participants an opportunity to submit an update to any of the Key Project Dates for their Facility.
- 4.1.2 Market Participants holding Capacity Credits for Facilities that are yet to commence operation must submit a report on progress with AEMO [**Clause 4.27.10**]:
- (a) at least once every three months from the date the Capacity Credits are confirmed under clause 4.20.5A of the WEM Rules until step 4.1.2(b) applies; and
 - (b) at least once every month:
 - (i) from the first month of the calendar year in which the date referred to in clause 4.10.1(c)(iii)(7) of the WEM Rules falls (which is the date when the Facility, or part of the Facility, will have completed all Commissioning Tests and be capable of meeting Reserve Capacity Obligations in full); and
 - (ii) until the month in which AEMO notifies the Market Participant, under clause 4.13.14 of the WEM Rules, that the need to maintain the Reserve Capacity Security for the Facility has ceased.
- 4.1.3 Late delivery of capacity will lead to a Market Participant being liable for Reserve Capacity refund payments. In addition, a Market Participant may forfeit its Reserve Capacity Security if it fails to deliver capacity within the first Capacity Year for which the Facility was assigned Capacity Credits.

4.2 AEMO requirements in respect of Reserve Capacity Progress Reports

- 4.2.1 AEMO must publish a copy of the Reserve Capacity Progress Report template on the Market Web Site and Market Participants must use that template.
- 4.2.2 On receiving a Reserve Capacity Progress Report, AEMO must determine if all details and information have been provided.
- 4.2.3 If AEMO determines that the information provided is insufficient, AEMO may contact the Market Participant and request the required information as specified in the Reserve Capacity Progress Report template as detailed in step 4.2.1.
- 4.2.4 The report described in step 4.1.2 must include any changes to Key Project Dates [**Clause 4.27.11**].
- 4.2.5 Upon receipt of a report provided under step 4.1.2, AEMO must revise the date referred to in clause 4.10.1(c)(iii)(7) of the WEM Rules in accordance with the report unless, in its opinion, the Facility, or part of the Facility, is unlikely to have completed all Commissioning Tests by that date [**Clause 4.27.11A**].
- 4.2.6 If AEMO rejects a change to the Key Project Dates it must, within 10 Business Days from the date the report was submitted, notify the Market Participant of its decision and provide reasons why the date(s) have been rejected [**Clause 4.27.11C**].

- 4.2.7 AEMO may use the information contained in any Reserve Capacity Progress Report to:
- (a) determine the start date of any applicable Reserve Capacity Obligations associated with that Facility [**Clause 4.1.26(c)**]; and
 - (b) trigger a Reserve Capacity Test under clause 4.25 of the WEM Rules (if appropriate).

4.3 Supporting evidence that AEMO may request from a Market Participant

- 4.3.1 Where AEMO rejects a change to the Key Project Dates, AEMO may require the Market Participant to provide additional information, submitted by an Authorised Officer, and may also require the Market Participant to submit further reports or revise the Key Project Dates [**Clause 4.27.11D**].
- 4.3.2 If AEMO requires additional information, it must notify the Market Participant in writing within 5 Business Days of rejecting the Market Participant's change to the Key Project Dates and list the information to be submitted to AEMO.
- 4.3.3 Additional information (which may be in the form of supporting evidence) that may be requested by AEMO may include, but is not limited to:
- (a) relevant construction and operational licenses;
 - (b) independent construction schedules for the plant, network and fuel supply facilities;
 - (c) repair and/or rework schedules;
 - (d) photographs of construction works;
 - (e) evidence of environmental test completion;
 - (f) evidence of network connection tests completion as indicated in the Network Access Code;
 - (g) full load testing results;
 - (h) practical completion certificates; and
 - (i) quality assurance certificates.
- 4.3.4 AEMO may request additional information, evidence or clarification in respect of the supporting evidence provided in accordance with step 4.3.3.
- 4.3.5 AEMO may take whatever reasonable steps that it deems necessary to determine the accuracy of information or supporting evidence provided to it under this step 4.3 and step 4.5.
- 4.3.6 Once AEMO has determined that the additional information or supporting evidence provided is accurate, AEMO must make an assessment as to whether the information or supporting evidence may impact on the likely progress of the Facility with respect to the date nominated by the Market Participant for the purposes of clause 4.10.1(c)(iii)(7) of the WEM Rules (which is the date when the Facility, or part of the Facility, will have completed all Commissioning Tests and be capable of meeting Reserve Capacity Obligations in full).
- 4.3.7 If AEMO does not approve the change to the nominated date, the date will remain as the last approved date by AEMO.

4.4 Market Participant requirements in respect of Reserve Capacity Progress Reports

- 4.4.1 Reserve Capacity Progress Reports must be submitted by Market Participants with Facilities that are yet to commence operation in accordance with the timeframes specified in step 4.1.2.
- 4.4.2 Market Participants may provide AEMO with Reserve Capacity Progress Reports on a more frequent basis than is detailed in step 4.1.2.
- 4.4.3 The report described in step 4.1.2 must include any changes to Key Project Dates [**Clause 4.27.11**].
- 4.4.4 The Reserve Capacity Progress Report must be signed by an Authorised Officer.
- 4.4.5 AEMO may contact the Market Participant and request additional supporting information as per step 4.2.3. The Market Participant must comply with such requests (if made).
- 4.4.6 Market Participants must provide the Reserve Capacity Progress Report in the form specified by AEMO, which can be found on the Market Web Site.²

4.5 Market Participant requirements in response to a request by AEMO for additional supporting evidence

- 4.5.1 If a Market Participant is requested to provide additional information or supporting evidence under step 4.3, the Market Participant must provide the requested information or evidence to AEMO within 5 Business Days from the date the request is issued to the Market Participant.
- 4.5.2 The Market Participant may provide reasons to AEMO as to why any information or evidence cannot be provided by the requested time. However, failure to provide information or evidence may affect AEMO's decision whether or not to accept a change to the Key Project Dates.
- 4.5.3 The cover letter enclosing the additional information or evidence must be signed by an Authorised Officer.

² Available at http://aemo.com.au/-/media/Files/Electricity/WEM/Reserve_Capacity_Mechanism/Assignment/2017/progress-report-template.pdf.