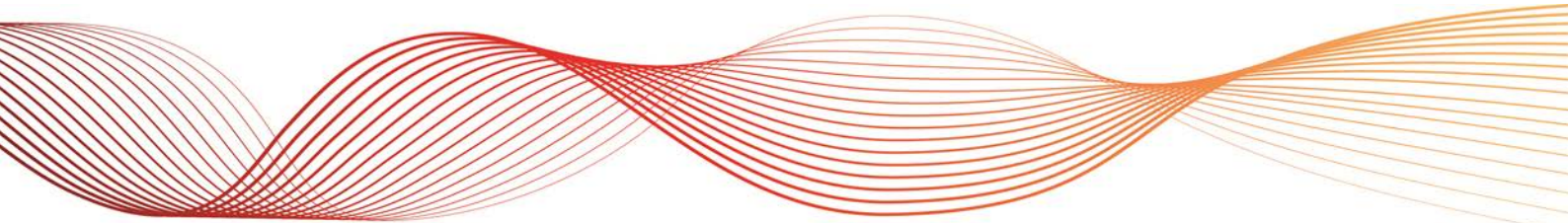




WHOLESALE ELECTRICITY MARKET

DETERMINATION PAPER: TOLERANCE RANGE

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EXECUTIVE SUMMARY

The publication of this determination paper commences the Tolerance Range under the Wholesale Electricity Market Rules (WEM Rules).

The Tolerance Range is required by clauses 2.13.6D, 2.13.6E, and 2.13.6G of the WEM Rules, which require AEMO to review the Tolerance Range and any Facility Tolerance Ranges at least annually, and vary the Tolerance Range and any Facility Tolerance Ranges following this review, if required.

This paper and the consultation documents are available at:

http://www.aemo.com.au/Stakeholder-Consultation/Consultations/TR_2018_01.



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1. DETERMINATION PAPER

Clause 2.13 of the WEM Rules outlines the requirements for WEM Rule compliance monitoring and enforcement, including with respect to the Tolerance Range and any Facility Tolerance Ranges.

Clause 2.13.6A requires AEMO to report any alleged breaches of the provisions of the WEM Rules referred to in clause 2.13.9, or of the Power System Operation Procedures (PSOP), to the Economic Regulation Authority in accordance with the Monitoring and Reporting Protocol developed by AEMO. Clause 2.13.6A is subject to two exceptions in clause 2.13.6B. One of those exceptions is that AEMO is not required to report an alleged breach of clause 3.21 or clause 7.10.1 by a Market Participant if the extent of the alleged breach is within the Tolerance Range or the Facility Tolerance Range for the Facility.

Clause 2.13.6G of the WEM Rules states:

System Management must review the Tolerance Range and any Facility Tolerance Ranges at least annually. System Management may vary the Tolerance Range and any Facility Tolerance Ranges following this review.

Clause 2.13.6D of the WEM Rules states:

System Management may determine the Tolerance Range to apply to all Facilities for the purpose of System Management's reporting of alleged breaches of clause 7.10.1 and section 3.21 to the Economic Regulation Authority under clause 2.13.6A. When determining the appropriate Tolerance Range to apply for all Market Participants, System Management must:

- (a) consult with Rule Participants prior to setting the Tolerance Range; and*
- (b) publish on the Market Web Site at least 14 Business Days prior to the date from which change to the Tolerance Range becomes effective, the following:*
 - i. all submissions received from Rule Participants;*
 - ii. the Tolerance Range; and*
 - iii. an effective date for the commencement of the Tolerance Range.*

Clause 2.13.6E of the WEM Rules states:

System Management may determine a Facility Tolerance Range to apply to a specific generation Facility. A Facility Tolerance Range will apply for a specific generation Facility in place of the Tolerance Range determined under clause 2.13.6D. When determining the Facility Tolerance Range to apply for the specific generation Facility, System Management must:

- (a) consult with Market Participants prior to setting the Facility Tolerance Range; and*
- (b) publish on the Market Web Site at least 14 Business Days prior to the date from which any changes to the Facility Tolerance Range become effective the following:*
 - i. the reasons for System Management's decision;*
 - ii. any submissions received from Market Participants;*
 - iii. the applicable Facility Tolerance Range; and*
 - iv. an effective date for the commencement of the applicable Facility Tolerance Range.*

AEMO may determine the Tolerance Range or any Facility Tolerance Range by developing a determination paper. Rule Participants may notify AEMO if they consider that the Tolerance Range needs to be amended or replaced.

AEMO has published this determination paper in accordance with clauses 2.13.6D and 2.13.6E of the WEM Rules.



2. OUTCOME OF REVIEW

2.1 Consultation

As required by clause 2.13.6D(a) of the WEM Rules, AEMO consulted on a proposed Tolerance Range. The consultation period commenced on 11 May 2018 and concluded on 8 June 2018. The consultation paper and the invitation to make submissions were published on the Market Web Site^{1,2}.

One submission was received from Alinta Energy in support of the proposed Tolerance Range³. No submissions were received from Market Participants requesting a Facility Tolerance Range be applied to their Facility.

2.2 Tolerance Range

Based on the consultation process, AEMO has decided to set the Tolerance Range as proposed, and has therefore determined that the following Tolerance Range will apply from 20 July 2018:

- (a) For **Scheduled Generators**, the Tolerance Range is:

$$TR (MW) = (+/-) \text{ MAX } (6, \text{ MIN } [5\% \text{ NPC}, 4*RR])$$

Where:

- *NPC* is the nameplate capacity of the Scheduled Generator, expressed in MW, using the value set in Standing Data [**Appendix 1(b)(ii)**]; and
- *RR* is the ramp rate of the Scheduled Generator, expressed in MW/min, using the value set in Standing Data [**Appendix 1(b)(v)**].

- (b) For **Non-Scheduled Generators**, the Tolerance Range is:

$$TR (MW) = (+) 6$$

- (c) For **Demand Side Programmes**, the Tolerance Range is:

$$TR (MW) = (+) \text{ MAX } (6, 5\% \text{ MCL})$$

Where:

- *MCL* is the maximum amount of load that can be curtailed by the Demand Side Programme, expressed in MW, using the value set in Standing Data [**Appendix 1(h)(iii)**].

- (d) For **all other Facilities**:

$$TR (MW) = 0$$

¹ The consultation paper is available at: https://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/WA_WEM_Consultation_Documents/2018/TR_2018_01/Consultation-paper-on-proposed-Tolerance-Range.docx.

² The Invitation to make submissions is available at: https://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/WA_WEM_Consultation_Documents/2018/TR_2018_01/Call-for-submissions-on-proposed-Tolerance-Range.docx.

³ The submission is available at: https://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/WA_WEM_Consultation_Documents/2018/TR_2018_01/2018-Annual-Review-of-Tolerance-Ranges-Alinta-Energy-Submission-FINAL.pdf.



3. FACILITY TOLERANCE RANGES

Under clause 2.13.6E of the WEM Rules, AEMO may determine a Facility Tolerance Range to apply to a specific generation Facility in place of the Tolerance Range. Clause 2.13.6G of the WEM Rules requires AEMO to review any Facility Tolerance Ranges at least annually.

At the request of Market Participants, AEMO previously applied Facility Tolerance Ranges to two Non-Scheduled Generators, as the Tolerance Range at the time did not apply to this Facility Class.

As a consequence of the Tolerance Range determined in section 2.2:

1. all current Facility Tolerance Ranges will not be renewed in line with clause 2.13.6E of the WEM Rules, which requires that a Facility Tolerance Range only apply for a specific generation Facility in place of the Tolerance Range; and
2. the two Facilities affected by this change will have their respective Tolerance Range calculated in accordance with section 2.2(b).

AEMO will not apply any Facility Tolerance Ranges.