

Reserve Contract (Interim Reliability Reserves)

Australian Energy Market Operator Limited

and

[name]

**Drafting Note: If a reserve provider is providing different types of Interim Reliability Reserves – i.e. scheduled generation, scheduled load reduction, unscheduled generation, unscheduled load reduction – a different contract will be needed for each type and the schedules and annexures that are not relevant to that type will be deleted)**

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click anywhere in the contents then press the F9 key to update the table of contents

Details 4

Operative Provisions 5

1 Interpretation and Incorporation of Schedules 5

1.1 Definitions 5

1.2 Interpretation 7

1.3 Construction 8

1.4 Symbols 8

1.5 Schedules 8

1.6 Priority 8

1.7 *Rules* prevail 8

2 Conditions Subsequent 9

2.1 Conditions 9

2.2 Fulfilment of Conditions 9

2.3 Updates 9

2.4 Waiver of condition subsequent 9

2.5 Conditions Subsequent Fulfilment Date 9

2.6 Effect of Termination 9

2.7 Survival 9

3 Term 9

3.1 Term 9

4 Appointment 9

4.1 Appointment and Acceptance 9

5 Provision of Reserve 9

5.1 Reserve 9

5.2 Reserve Provider Undertakings 10

5.3 Requests for Reserve 10

5.4 Unavailability of Reserve 10

5.5 Spot Market Transactions 10

5.6 Third party reserve 10

6 Measurement and verification 11

6.1 Measurement 11

6.2 Verification 11

7 Records, audits and inspections 11

7.1 Type of Records 11

7.2 Form and Retention 11

7.3 Right to Inspect Records 11

7.4 Audits by AEMO 11

7.5 Conduct of Audit 12

7.6 Inspections 12

7.7 Conduct of Inspection 12

8 Maintenance & Repairs 12

8.1 Maintenance of Reserve Equipment 12

8.2 Notice of Modifications to Reserve Equipment 13

8.3 Ad Hoc Maintenance & Repairs 13

9 Payments 14

9.1 Calculation of Payments 14

9.2 Final Statements 14

9.3 Disputes over Statements 14

9.4 Payment 14

9.5 Adjustment 15

9.6 Set-Off 15

9.7 GST 15

10 Extent of liability 16

10.1 AEMO Liability cap 16

10.2 Reserve Provider Liability Cap 16

10.3 Indemnity 17

10.4 National Electricity Law 17

10.5 Civil Liability Act 2002 17

10.6 Payments not affected 17

11 Force majeure 17

11.1 Effect on performance of obligation 17

11.2 Obligation to Notify 17

11.3 Obligation to mitigate 17

12 Termination 18

12.1 Termination for default 18

12.2 Termination by AEMO 18

(b) 18

12.3 Termination for convenience 18

12.4 Termination Notices 18

12.5 Survival 18

12.6 Reduction of Reserve 19

12.7 No other termination 19

13 Assignment and sub‑contracting 19

13.1 Assignment 19

13.2 Sub‑contracting 19

14 Dispute resolution 19

14.1 Registered Participant dispute resolution procedure 19

14.2 General dispute resolution procedure 20

15 Warranties 20

16 Compliance with Legislationand the Requirements of an Authority 21

17 General 21

17.1 Notices 21

17.2 Exercise of Rights 22

17.3 No Waiver or Variation 22

17.4 Amendment 23

17.5 Approvals and Consents 23

17.6 Continuing Indemnities 23

17.7 Payment not necessary before Claim 23

17.8 Costs and Expenses 23

17.9 Further Assurances 23

17.10 Supervening Legislation 23

17.11 Severability 23

17.12 Entire Agreement 23

17.13 Confidential Information 23

17.14 No other representations or warranties 24

17.15 Counterparts 24

17.16 Governing Law & Jurisdiction 24

17.17 No partnership, agency or trust 24

17.18 Role of AEMO 24

17.19 Modern Slavery 24

Schedule 1 –Scheduled Reserve (Generation Increase) 26

Annexure to Schedule 1 - Conditions Subsequent 37

Schedule 2 – Unscheduled Reserve (Generation Increase) 38

Annexure to Schedule 2 - Conditions Subsequent 49

Schedule 3 –Unscheduled Reserve (Load Reduction) 50

Annexure to Schedule 3 - Conditions Subsequent 63

Signing page 69

Details

|  |  |  |  |
| --- | --- | --- | --- |
| **Parties** |  | | |
| ***AEMO*** | Name | **AUSTRALIAN ENERGY MARKET OPERATOR LIMITED** | |
|  | ABN | 94 072 010 327 | |
|  | Address | Level 22, 530 Collins Street, Melbourne, Victoria | |
|  | Telephone | (03) 9609 8000 | |
|  |  |  | |
|  | Email | johnny.mangala@aemo.com.au | |
|  | Attention | Johnny Mangala Manager Systems Commercial | |
| ***Reserve Provider*** | Name |  | |
|  | ABN |  | |
|  | Address |  | |
|  | Telephone |  | |
|  |  |  | |
|  | Email |  | |
|  | Attention |  | |
| **Recitals** | **A** *AEMO* is responsible for managing the *National Electricity Market* in accordance with the *Rules*. | | |
|  | **B** *AEMO* has selected the *Reserve Provider* for the provision of *Interim Reliability Reserves*. | | |
|  | **C** This Agreement sets out the terms and conditions for the provision of *Interim Reliability Reserves*. | | |
| **Governing law** | New South Wales | | |
| **Date of Agreement** | See signing page | | |
| ***reserve period*** | **[to be completed]** | |  |

Operative Provisions

# Interpretation and Incorporation of Schedules

## Definitions

Unless a contrary intention appears, these meanings apply in this document:

“*30-minute period” means, w*here a *30-minute period* is identified by a time, the 30-minute period ending at that time.

“*authority*” means any Commonwealth, State, Territory or local government or regulatory department, body, instrumentality, minister, agency or other authority, but does not include *AEMO*.

“*availability charge*” is specified in **Item 8** of the **Schedule** as amended in accordance with this Agreement.

“*available*” means, in respect of each *reserve* at any time, that the *reserve* is, or under this Agreement is taken to be, capable of being provided by the *Reserve Provider* at all of the *contracted levels of performance*.

“*billing period*” means a period of 7 days commencing with the *trading interval* ending at 00:30 hours (*Eastern Standard Time*) on Sunday, provided that:

the first *billing period* commences when the *reserve period* commences; and

the last *billing period* ends when the *reserve period* ends.

*“charges”* means the *availability charge*, *usage charge, pre-activation charge* or *early* *termination charge*, as applicable.

“*claims*” means all claims, losses, liabilities, costs or expenses, whether arising in contract, tort (including negligence), equity or otherwise.

*“commencement date”* means the date this Agreement comes into effect under **clause 3.1**.

“*communication*” means any notice, demand, approval, consent, request or other communication required or given by a party to another party under this Agreement.

“*conditions subsequent fulfilment date*” for each *condition subsequent* is specified in the **Annexure** to the **Schedule**.

“*conditions subsequent*” for the *reserve* are specified in the **Annexure** to the **Schedule**.

“*contracted levels of performance*” are specified in **Item 5** of the **Schedule**.

“*Corporations Act*” means the Corporations Act 2001 (Cth).

“*datastream*” means a stream of *metering data* associated with a *connection point* as represented by a *NMI*. A *NMI* can have multiple *datastreams* (e.g. from one or more meters, or from one or more channels or registers that comprise a single meter). .

“*datastream suffix*” means the unique suffix which identifies a *datastream* and which is associated with the *NMI* to which it belongs.

“*dispose*” means assign, transfer or otherwise dispose of any legal or equitable estate, whether by sale, lease, declaration or creation of trust or otherwise.

“*early termination charge*” is specified in **Item 8** of the **Schedule***.*

“*EST*” means *Eastern Standard Time.*

“*event of force majeure*”means in respect of a party (in this definition called the *“affected party”*) an act of God, lightning strike, earthquake, flood, drought, storm, tempest, mudslide, explosion, fire or any other natural disaster, an act of war, act of public enemies or terrorists, riot, civil commotion, malicious damage, sabotage, blockade or revolution, an act or omission of any *authority*, or a *labour dispute*, that:

is beyond the reasonable control of the *affected party*;

is not the result of a breach of this Agreement, *legislation* or the *Rules* by the *affected party,* or of an intentional or negligent act or omission of the *affected party* (or of any other person over which the *affected party* should have exercised control); and

results in the *affected party’s* being unable to observe or perform on time and as required any obligation (other than an obligation to pay money) under this Agreement.

For the avoidance of doubt, the inability of a *generating unit* comprising the *reserve equipment* to *supply* electricity to the *regional reference node* in the *region* where the *reserve* is or may be required due to a *constraint* on a *network* is not an *event of force majeure*.

“*first stage dispute resolution processes*” means the procedures set out in Rule 8.2.4.

*“GST*” has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

“*insolvency event*” means, in relation to a party, the happening of any of these events:

it is (or states that it is) insolvent or under administration; or

it has a controller (as defined in the *Corporations Act*) appointed, is in liquidation, in provisional liquidation, under administration or wound up or has had a receiver (or receiver and manager) appointed to any part of its property;

it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other party);

an application or order has been made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that party, which is preparatory to or could result in any of the events detailed in **paragraphs (a), (b)** or **(c)**;

it is otherwise unable to pay its debts when they fall due; or

something having a substantially similar effect to the events detailed in **paragraphs (a)** to **(e)** happens in connection with that party under the law of any jurisdiction.

“*labour dispute*” means a strike, lockout, ban, “go‑slow” activity, stoppage, restraint of labour or other similar act that is not directed primarily at a party to this Agreement.

“*legislation*” means Acts of Parliament, regulations, statutory instruments and codes, and includes any licence, order, official policy, directive, request, requirement or guideline of an *authority* whether or not it has the force of law.

*“minimum technical requirements”* are specified in **item 5.1** of the **Schedule**.

*“Modern Slavery”* has the meaning given in the *Modern Slavery Act 2018 (Cth).*

*“Operational Information Spreadsheet”* means the agreed excel spreadsheet containing the operational information referred to in **Schedule 3**, in attachment 2. Drafting Note: The Operational Information Spreadsheet is only used for load reduction in Schedule 3.

“*pre-activation charge*” is specified in **Item 8** of a **Schedule** providing for *unscheduled reserve*.

“*representative*”, in relation to a party, means any officer, employee, agent, adviser, trustee, permitted assignee, liquidator, administrator, or third party contractor of that party or of a related body corporate(as that term is defined in the *Corporations Act*) of that party.

“*reserve*” is described in **item 2** of the **Schedule** as amended in accordance with this Agreement.

“*reserve equipment*” means any equipment at the location of a reserve specified in **item 3** of the *Operational Information Spreadsheet*that is used to provide the *reserve* including any *standby generating unit*.

“*reserve period”* means the period for which *reserve* is contracted under this Agreement as specified in the **Details.**

*“Reserve Provider”* is specified in the **Details**.

“*Rules*” means the National Electricity Rules.

“*second stage dispute resolution processes*” means the procedures set out in Rule 8.2.5.

“*standby generating unit*” means a *generating unit* that is not *connected* to the *network* and will *generate* in order for the *Reserve Provider* to provide the *reserve*.

“*term*” means the period during which this Agreement is in effect.

*“usage charges”* are specified in **item 8** of the **Schedule**.

*“Web Portal”* means the Reserve Trading (RERT) web portal accessable through *AEMO* market systems established by *AEMO* to allow reserve providers to confirm *available reserve* and provide *NMI* information and other functions.

All terms in italics not defined in this Agreement have the meaning given to that term in the *Rules*.

## Interpretation

Unless a contrary intention appears in this document, a reference to:

* + 1. this Agreement includes any schedules and annexures;
    2. a document (including this Agreement) includes the document as novated, varied, or replaced, and despite any change in the identity of the parties;
    3. a clause, paragraph, schedule, or annexure is a reference to a clause, paragraph, schedule, or annexure to this Agreement;
    4. a clause is a reference to all its subclauses;
    5. an “Item” is a reference to a provision in a **Schedule**;
    6. legislation includes subordinate legislation and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them;
    7. the word “**Rule**” followed by a number refers to provisions in the *Rules*;
    8. the singular includes the plural and vice versa and a gender includes all genders;
    9. the word “**person**” includes a firm, a body corporate, a partnership, joint venture, trust, an unincorporated association and any *authority*  and any successor entity to those persons;
    10. the word “**includes**” or “**including**” or “**such as**” are not words of limitation, and when introducing an example, do not limit the meaning of the words to which the example relates to examples of a similar kind;
    11. a person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
    12. a party includes, where the context requires it, that person’s directors, officers, employees, contractors, agents and any other persons authorised by that party;
    13. an agreement, representation or warranty:

(i) in favour of two or more persons is for the benefit of them jointly and each of them severally;

(ii) by two or more persons binds them jointly and each of them severally;

* + 1. a thing (including an amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to all of them collectively, to any two or more of them collectively, and to each of them individually;
    2. writing includes any mode of representing or reproducing words in tangible and permanently visible form;
    3. a month is a reference to a calendar month;
    4. a day is a reference to a period of time commencing at midnight and ending the following midnight; and
    5. a period of time and the period dates from a given day or the day of an act or event, it is to be calculated exclusive of that day and, if a period of time is specified as commencing on a given day or the day of an act or event, it is to be calculated inclusive of that day.

## Construction

* + 1. Headings are inserted for convenience and do not affect the interpretation of this Agreement.
    2. If a word or phrase is defined in this Agreement, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
    3. No rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause or would otherwise benefit from it.

## Symbols

A symbol in column 1 of the table below has the meaning set out opposite that symbol in column 2:

| **1** | | **2** | |
| --- | --- | --- | --- |
| **SYMBOL** | | **MEANING** | |
| MW | | Megawatt | |
| MWh | | Megawatt hour | |
| $ | | Australian dollars | |
|  | |

## Schedules

If a **Schedule** contains any provisions that impose additional obligations to those set out in the **Operative Provisions**, the provisions in the **Schedule** apply as if the provision was an **Operative Provision**.

## Priority

To the extent of any inconsistency a **Schedule** prevails over the **Operative Provisions**

## *Rules* prevail

If, and to the extent of, any inconsistency between an obligation of *AEMO* under this Agreement and an obligation of *AEMO* under the *Rules*, the obligation of *AEMO* under the *Rules* will prevail over the obligation of *AEMO* under this Agreement.

# Conditions Subsequent

## Conditions

Except for those in **clauses 3.1, , 7, 10, 13, 14, 15, 16** and **17** all of the parties’ rights and obligations in respect of a *reserve* under this Agreementare subject to the *conditions subsequent* applicable to that *reserve*.

## Fulfilment of Conditions

The *Reserve Provider* must use reasonable endeavours to fulfil or procure the fulfilment of the *conditions subsequent* by the *conditions subsequent fulfilment date*.

## Updates

Until a *condition subsequent* is fulfilled, the *Reserve Provider* must provide *AEMO* with weekly updates on the status of the fulfilment of each *condition subsequent,* including the anticipated date each *condition subsequent* will be fulfilled.

## Waiver of condition subsequent

Each *condition subsequent* is for the sole benefit of *AEMO* and can only be waived by *AEMO* in whole or in part with or without conditions.

## Conditions Subsequent Fulfilment Date

### If any *condition subsequent* is not fulfilled by the *condition subsequent fulfilment date* or waived in accordance with **clause 2.4**, *AEMO* may terminate this Agreement by giving the *Reserve* *Provider* 3 *business days’* notice.

## Effect of Termination

If this Agreement is terminated under **clause 2.5**, this Agreement is of no further effect and the parties are released from any further obligation under this Agreement but they remain liable for any breach committed before that termination.

## Survival

If this Agreement is terminated under **clause 2.5**, **clause 2.6** does not affect the rights and obligations of the parties under **clauses 10, 14, 16** and **17.**

# Term

## Term

### This Agreement comes into effect at the time when the last party to execute this Agreement does so.

### Subject to earlier termination in accordance with this Agreement, this Agreement continues until midnight at the end of the day that is [12 months] after the *commencement date.*

# Appointment

## Appointment and Acceptance

### *AEMO* appoints the *Reserve Provider* for provision of *Interim Reliability Reserves* in accordance with this Agreement and the *Reserve Provider* accepts that appointment.

# Provision of Reserve

## Reserve

### The Reserve Provider must ensure that the *reserve* is *available* at all times during the *reserve period*.

### The *Reserve Provider* must provide to *AEMO* the *reserve* in accordance with this Agreement.

### The *Reserve Provider* must ensure that the *reserve* is *available* and provided at the relevant *contracted levels of performance* and with due care and skill.

## Reserve Provider Undertakings

Except in accordance with this Agreement, the *Reserve Provider* undertakes that the *reserve* to be provided to *AEMO* under this Agreement will not be:

### the subject of any *dispatch offers* or *dispatch bids*;

### offered to the *market* through any other means;

### provided or available to be provided pursuant to any other arrangement or agreement, including any demand side management arrangement or agreement,

### during the *reserve* *period*.

## Requests for Reserve

### During the *reserve* *period*, *AEMO* may (but is not obliged to) request the *reserve* be provided by the *Reserve Provider* in accordance with **item 6** of the **Schedule**.

### The *Reserve Provider* must comply with a request under **paragraph (a)**.

## Unavailability of Reserve

If, at any time, the *Reserve Provider* considers that *reserve* *equipment* is, or will become, incapable of providing *reserve* in accordance with the *contracted levels of performance*, it must notify *AEMO* immediately specifying:

### which *reserve* the notice applies to;

### when the *reserve* *equipment* became, or will become, incapable of providing the *reserve*;

### how long the *Reserve Provider* expects the incapability to continue; and

### the cause of the incapability.

## Spot Market Transactions

Neither the *Reserve Provider*, nor any other party, will be entitled to *spot market* revenue associated with the provision of *reserve*. If requested by *AEMO*, the *Reserve Provider* will participate in the *spot market* as *AEMO’s* agent and account to *AEMO* for any *spot market* revenue associated with the *reserve*, or *AEMO* may set off that *spot market* revenue against an amount due to the *Reserve Provider* under this Agreement.

## Third party reserve

### The *Reserve Provider* must obtain written confirmation from each third party and end user contracted by the *Reserve Provider* to provide *load* *reduction* or *generation* increase for the purpose of the *Reserve Provider* providing *reserve* under this Agreementconfirming that the *load* *reduction* or *generation* *increase* is not and will not be:

### offered to the *market* through any other means;

### provided or available to be provided pursuant to any other arrangement or agreement, including any demand side management arrangement or agreement,

### during the period for which *reserve* is contracted under this Agreement.

# Measurement and verification

## Measurement

### Measurement of the *reserve* provided under this Agreementmust be made in accordance with the **Schedule**, and as provided by *AEMO’s* records and the *Reserve Provider’s* *metering*, measurement, supervisory and electronic data processing systems.

## Verification

*AEMO* may verify that *reserve* is being provided in accordance with this Agreement using the process contemplated by the **Schedule**.

# Records, audits and inspections

## Type of Records

The *Reserve Provider* must compile and maintain records concerning this Agreement, including the provision of *reserve* under this Agreement, records of electricity supply and demand side management agreements or arrangements or any network support agreements or arrangements affecting the *reserve* including the time, duration, quantity and amount of demand response or other services supplied or activated under any such agreement or arrangement, the operation and maintenance of *reserve* *equipment,* any procedures used in the performance of this Agreement and all notices given or received in relation to this Agreement including by telephone and SMS.

## Form and Retention

### The records referred to in **clause 7.1** may be maintained in writing or electronically.

### The *Reserve Provider* must maintain a record referred to in **clause 7.1** for at least 7 years from the date it was created.

## Right to Inspect Records

### *AEMO* may request a copy of any of the records maintained under **clause 7.1** or any other information in connection with *reserve* at any time.

### The *Reserve Provider* must comply with a request from *AEMO* under **paragraph (a)** within 5 *business days* of receipt.

## Audits by AEMO

* + 1. *AEMO* may audit any of the records maintained under **clause 7.1** by givingthe *Reserve Provider* at least 5 *business days'* notice. A notice under this **paragraph (a)** must include the following information:

#### the nature of the audit;

#### the *reserve* concerned;

#### the name of any *representative* appointed by *AEMO* to conduct the audit; and

#### the date on which the audit will commence.

### Unless the *Reserve Provider* agrees otherwise, an audit under this **clause 7.4** may only occur during normal business hours on a *business day*.

### On request from AEMO, the *Reserve Provider* must procure the disclosure of records and information from any party relating to electricity supply and demand side management agreements or arrangements or any network support agreements or arrangements affecting the *reserve* including the time, duration, quantity and amount of demand response or other services supplied or activated under any such agreement or arrangement and the *Reserve Provider* consents to the disclosure to *AEMO* of any such records and information.

## Conduct of Audit

Audits will occur at the site at which the relevant records are maintained by the *Reserve Provider* and the *Reserve Provider* must provide the *representatives* conducting the audit with all assistance those *representatives* may require to conduct it, including access to all relevant records (including computer records or systems) and any interpretation or explanation required.

## Inspections

* + 1. At a date and time convenient to both parties, *AEMO* may inspect any of the *reserve* *equipment* to determine whether the *Reserve Provider* is complying with this Agreement.
    2. Where any *reserve equipment* is located on a third party or end user’s property, the *Reserve Provider* will use all reasonable endeavours to procure consent for A*EMO* to inspect such equipment at a date and time convenient to both parties and the end user, such that *AEMO* may inspect any of the *reserve* *equipment* to determine whether the *Reserve Provider* is complying with this Agreement.
    3. At least 5 *business days* prior to the date on which *AEMO* wishes to make an inspection, *AEMO* must deliver a notice to the *Reserve Provider* detailing the following information:

#### the *reserve* *equipment* to be inspected;

#### the *representatives* who will be conducting the inspection on behalf of *AEMO*; and

#### the date and time when *AEMO* proposes to commence the inspection and the expected date and time when the inspection will conclude.

* + 1. The *Reserve Provider* must not unreasonably refuse access and must procure that all necessary third party consents to the access required by *AEMO* to conduct the inspection are secured in time for the inspection to commence as agreed between the parties.
    2. If *AEMO* conducts an inspection under this **clause 7.6**, the *Reserve Provider* must designate *representatives* to accompany *AEMO’s* *representatives* and answer any questions and assist with the conduct of the inspection.

## Conduct of Inspection

### Unless otherwise agreed by the *Reserve Provider*, an inspection under **clause 7.6** may take as long as reasonably necessary, provided it is no longer than 24 hours. Any agreement to extend the period of the inspection must not be unreasonably withheld, considering the extent of the inspection proposed.

(c) Whilst carrying out an inspection in accordance with **clause 7.6**, *AEMO* must, and must procure that its *representatives*:

#### not cause any loss or damage to the *Reserve Provider’s* assets;

#### not interfere with the operation of the *Reserve Provider's* business (provided that the inspection itself does not constitute interference);

#### observe the *Reserve Provider’s* requirements relating to occupational health and safety and industrial relations matters that apply to all invitees of the *Reserve Provider*; and

#### not ask any question or give any direction, instruction, or advice to any *representative* of the *Reserve Provider* other than the *representative* designated by the *Reserve Provider* for this purpose.

# Maintenance & Repairs

## Maintenance of Reserve Equipment

### In respect of *reserve equipment* owned, operated or controlled by the *Reserve Provider*, the *Reserve Provider* must maintain the *reserve equipment* in accordance with *good electricity industry practice*.

In respect of *reserve equipment* not owned, operated or controlled by the *Reserve Provider*, the *Reserve Provider* must:

(a) ensure that each third party and end user contracted by the *Reserve Provider* for the purposes of providing *reserve* maintains the reserve equipment applicable to that third party and end user in accordance with *good electricity industry practice*; and

(b) notify *AEMO* promptly after becoming aware of a change or modification to any *reserve equipment* in a way that affects or could reasonably be expected to affect the ability of that *reserve equipment* to meet the *contracted levels of performance*

## Notice of Modifications to Reserve Equipment

1. In respect of *reserve equipment* owned, operated or controlled by the *Reserve Provider*, the *Reserve Provider* must notify *AEMO* promptly after changing or modifying any *reserve equipment* in a way that affects or could reasonably be expected to affect the ability of that *reserve equipment* to meet the *contracted levels of performance.*
2. In respect of *reserve equipment* not owned, operated or controlled by the *Reserve Provider*, the Reserve Provider must ensure that each third party and end user contracted by the *Reserve Provider* for the purposes of providing *reserve* notifies the *Reserve Provider* as soon as the *reserve equipment* applicable to that third party and end user is, or will become, incapable of providing *reserve* in accordance with the *contracted levels of performance.*

## Ad Hoc Maintenance & Repairs

(a) If any maintenance or repair to the *reserve equipment* is required during the *reserve period* that could affect the provision of the *reserve* in accordance with this Agreement, the *Reserve Provider* must notify *AEMO* of the need for that maintenance or repair at least 24 hours before any maintenance or repair occurs. The notice must include the following information:

(A) the reason for the maintenance or repair;

(B) the proposed date and time of the maintenance or repair;

(C) the expected impact of the maintenance or repair on the *reserve* during the maintenance or repair period; and

(D) the *Reserve Provider’s* assessment of the urgency of the maintenance or repair.

(b) The *Reserve Provider* must not commence the proposed maintenance or repair unless *AEMO* agrees that the maintenance or repair take place as proposed.

(c) Despite agreeing to the maintenance or repair, *AEMO* may at any time request the *Reserve Provider* to defer it if *AEMO* considers it is likely that the *reserve* will needto be *activated* or *dispatched* at or about the time of the proposed maintenance or repair. If requested by *AEMO*, the *Reserve Provider* must make a good faith assessment of the risks associated with the deferral of the relevant maintenance or repair in relation to the ability of the *reserve* to meet the *contracted levels of performance* and notify *AEMO* of that assessment as soon as possible.

(d) The *Reserve Provider* must comply with a request by *AEMO* to defer the maintenance or repair, unless, in the *Reserve Provider’s* reasonable opinion, damage to the *reserve equipment* is imminent, or the deferral of the maintenance or repair significantly increases the risk of imminent danger to the safety of personnel.

(e) The *Reserve Provider* must notify *AEMO* of any deviation from the advice provided under **paragraph (a)** as soon as possible.

(f) *AEMO* will not be liable to reimburse any costs of the *Reserve Provider* incurred in respect of deferral of maintenance or repair if *AEMO* notifies the *Reserve Provider* of the intended deferral at least 24 hours before the proposed commencement of the maintenance or repair, or within two hours after *AEMO’s* receipt of the *Reserve Provider’s* notice of the maintenance or repair, whichever is the later.

If *AEMO* gives a notice to defer maintenance or repair at a time that is:

(a) less than 24 hours prior to the planned commencement of the maintenance or repair; or

(b) more than two hours after *AEMO’s* receipt of the *Reserve Provider’s* notice of the maintenance or repair,

whichever is the later:

(c) the *Reserve Provider* must use reasonable endeavours to defer the maintenance*;* and

(d) *AEMO* must reimburse the *Reserve Provider* for any reasonable expenses the *Reserve Provider* incurs that cannot be avoided and are directly attributable to the deferral, upon the *Reserve Provider’s* provision of evidence of incurring of the expense.

# Payments

## Calculation of Payments

### The charges owed by AEMO for reserve provided under this Agreement are to be determined in accordance with item 8 of the Schedule.

### The charges owed by the *Reserve Provider* for failure to provide *reserve* in accordance with this Agreement are to be determined in accordance with item 8 of the Schedule.

### The *Reserve Provider* acknowledges and agrees that:

#### *AEMO* has entered into this Agreement on the basis that the *Reserve Provider* will repay the *availability charge* to *AEMO* in the circumstances contemplated in item 8 of the Schedule;

#### The *Reserve Provider* is not entitled to the *availability charge* in the circumstances set out in item 8 of the Schedule.;

## Final Statements

### Subject to claue 9.2(b), not later than 60 *business days* after the end of each *billing period*, *AEMO* must give the *Reserve Provider* a final statement stating the net amount payable by one party to the other in respect of that *billing period* (*“final statement*”).

### *AEMO* is not required to give the first *final statement* under this Agreement until the end of the first *billing period* after the *conditions subsequent* have been satisfied or waived in accordance with this Agreement.

## Disputes over Statements

### Disputes in relation to a *final statement* must be raised within 6 months of the date of the *billing period* to which the statement relates. If a party does not raise a dispute within that period, the party will be taken to have agreed to the way in which that matter is dealt with in the *final statement*.

## Payment

### If a *final statement* indicates that a party must pay the other party a net amount, that party must pay the net amount specified in the *final statement* to the other party (whether or not there is a dispute in relation to the amount payable) on the later of:

### the 20th *business day* after the end of the *billing period*; and

### the 2nd *business day* after *AEMO* gives the *final statement*.

## Adjustment

### Where the parties agree that the *charges* or any other amounts specified in a *final statement* are incorrect, or it is determined in accordance with **clause 14** that they were incorrect or not payable, or the quantity of *reserve* or the *availability charge* is amended in accordance with this Agreement, *AEMO* must issue a replacement statement for the *billing period* stating the correct *charges* or any other amounts payable.

### If a payment has already been made, the party advantaged must pay the other party the amount required to put the other party in the position it would have been in at the time payment was due under **clause 9.4** plus interest on the difference between the amount paid to the party advantaged and the amount that should have been paid. The interest accrues daily at the *bank bill rate* on the relevant day for each day from the date on which payment was made under **clause 9.4** until payment is made under this **paragraph (b)**.

### Payment under **paragraph (b)** must be made on the same day as the next payment is made under **clause 9.4** or set off against an amount due to the party advantaged by the other party**,** or if no subsequent payments are to occur under **clause 9.4**,within 15 *business days* after the replacement statement is given under **paragraph (a)**.

## Set-Off

### (a) Without limiting *AEMO's* rights under this Agreement or at law, *AEMO* may deduct from any money due to the *Reserve Provider* under this Agreement any sum that is payable by the *Reserve Provider* to *AEMO* whether or not:

#### *AEMO's* right to payment arises by way of damages, debt, restitution or otherwise; or

#### the factual basis giving rise to *AEMO's* right to payment arises out of this Agreement, any other agreement, or is independent of any agreement.

### (b) If the money payable to the *Reserve Provider* under this Agreement is insufficient to discharge the liability of the *Reserve Provider* to pay *AEMO* the amount under **paragraph (a)**, the excess will be a debt due and payable and *AEMO* may have recourse to any payments due to the *Reserve Provider* other than under this Agreement. Nothing in **clause 9.6** affects *AEMO’s* rights to recover from the *Reserve Provider* such money, or any balance that remains owing.

## GST

### The *charges* and any other amounts payable to or by *AEMO* under this Agreement exclude *GST*.

### Where a party is required under this Agreement to reimburse or otherwise pay an amount to another party (“*reimbursed party*”) on account of a cost or expense incurred by that *reimbursed party*, the amount of the reimbursement will be reduced by the amount of any *input tax credit* to which the *reimbursed party* is entitled for an acquisition to which that cost or expense relates.

### If either party makes a *taxable supply* under thisAgreement, the party receiving the *taxable supply* must also pay an additional amount equal to the consideration payable for the *supply* multiplied by the applicable *GST* rate.

### *AEMO* must include the additional amounts contemplated under **paragraph (c)** in statements issued under this Agreement and each party must assist the other party to claim *input tax credits* for *GST* where relevant.

### If the additional amount paid or payable to a party in respect of a *taxable supply* under **paragraph (c)** differs from the actual amount of *GST* payable, adjustments must be made in accordance with the adjustment procedures under **clause 9.7**.

(f) In **clause 9.7,** “*input tax credit*”, “*supply*” and “*taxable supply*” each have the meaning given to those terms in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

(g) *AEMO* will issue tax invoices and adjustment notes in respect of taxable supplies (including supplies taken to be taxable supplies under Subdivision 153-B of the GST Act) made by the *Reserve Provider* to *AEMO* under this Agreement, and the *Reserve Provider* will not issue tax invoices in respect of those supplies.

(h) The *Reserve Provider* acknowledges that it is registered for GST purposes on the date of this Agreement and that it will notify *AEMO* if it ceases to be so registered.

(i) *AEMO* acknowledges that it is registered for GST purposes on the date of this Agreement and that it will notify the *Reserve Provider* if it ceases to:

#### be so registered; or

#### satisfy any of the requirements for issuing recipient created tax invoices listed in a relevant determination made under subsection 29-70(3) of the GST Act.

# Extent of liability

## AEMO Liability cap

### Subject to **paragraph (b)** and **clauses 10.4** and **10.6,** the total amount recoverable from *AEMO* in respect of any and all *claims* arising out of any one or more events during any 12-month period with respect to, arising from, or in connection with, this Agreement and the provision of *reserve* under this Agreement is limited to a maximum aggregate amount of $5,000,000.

### Regardless of the nature of any *claim*, *AEMO* is not liable in any circumstances for any:

#### damages or losses that are not direct and do not flow naturally from a breach of this Agreement, even if they may reasonably be supposed to have been in the contemplation of both parties as a probable result of the breach at the time they entered into this Agreement ;

#### loss of profit, business opportunity, production, revenue, contract or goodwill (whether direct or indirect); or

#### damages or loss to the extent that a claim results from the *Reserve Provider’s* failure to act in accordance with this Agreement , *legislation* or *good electricity industry practice*.

## Reserve Provider Liability Cap

### Except for *availability charges* that must be repaid to *AEMO* in accordance with **item 8** of the **Schedule** and subject to **paragraph (b)** and **clause 10.6,** the total amount recoverable from the *Reserve Provider* in respect of any and all *claims* arising out of any one or more events during any 12-month period with respect to, arising from, or in connection with, this Agreement and the provision of the *reserve* under this Agreement is limited to a maximum aggregate amount of $5,000,000.

### Regardless of the nature of any *claim*, the *Reserve Provider* is not liable in any circumstances for any:

#### damages or losses that are not direct and do not flow naturally from a breach of this Agreement, even if they may reasonably be supposed to have been in the contemplation of both parties as a probable result of the breach at the time they entered into this Agreement ;

#### loss of profit, business opportunity, production, revenue, contract or goodwill (whether direct or indirect); or

#### damages or loss to the extent that a claim results from *AEMO’s* failure to act in accordance with this Agreement, *legislation* or *good electricity industry practice*.

## Indemnity

Subject to **clause 10.2,** the *Reserve Provider* indemnifies *AEMO* against any liability or loss arising from, and any costs, charges or expenses incurred in connection with, a *claim* by a third person against *AEMO* with respect to, arising from, or in connection with, any act or omission of the *Reserve Provider* in relation to the provision of *reserve*.

## National Electricity Law

This Agreement does not vary or exclude the operation of sections 116, 119 or 120 or 120A of the *National Electricity Law*.

## Civil Liability Act 2002

The parties agree that Part 4 of the *Civil Liability Act* 2002 (NSW) will not apply to any *claim*, action, suit or proceeding under or in connection with this Agreement.

## Payments not affected

To avoid doubt, the liability caps in this **clause 10** do not limit any specific obligation in this Agreement which requires a party to make a payment to the other party.

# Force majeure

## Effect on performance of obligation

A party’s obligation under this Agreement (other than an obligation to pay money, including an obligation to repay money) shall be suspended during the time and to the extent that the party (“*affected party*”) is unable to comply with that obligation by reason of the occurrence of an *event of force majeure*.

## Obligation to Notify

If an *affected party* becomes aware of a circumstance itreasonably considers constitutes or is likely to constitute or result in an *event of force majeure*, itmust:

### immediately give the other party notice of the circumstances and of the obligations under this Agreement that have been, or will be, or are likely to be, affected by that circumstance; and

### keep the other party informed both at reasonable intervals and upon request by the other party as soon as practicable following the receipt of that request of:

#### the *affected party’s* estimate of the likely and actual commencement (as appropriate) of and duration of the *event of force majeure*;

#### the action taken and the action proposed to be taken by the *affected party* in complying with **clause 11.3(a)**;

#### the cessation of the *event of force majeure* or the successful mitigation of the effects of the *event of force majeure*; and

#### any other matter the other party reasonably requests in connection with the occurrence of the *event of force majeure* and the matters referred to in **paragraph (b)**.

## Obligation to mitigate

### As soon as practicable after the occurrence of an *event of force majeure*, the *affected party* must use reasonable endeavours (including incurring any reasonable expenditure of funds and rescheduling manpower and resources) to mitigate the consequences of that *event of force majeure* and minimise any resulting delay in the performance of its obligations under this Agreement .

### The suspension granted under **clause 11.1** does not include any delay in the performance of the affected obligation attributable to a failure by the *affected party* to comply with **paragraph (a)**.

### The *affected party* bears the onus of proving that it has complied with its obligations under **paragraph (a)**.

### Nothing in **clause 11** requires the *affected party* to settle or compromise a *labour dispute* where the *affected party*, in its sole and absolute discretion, considers that course to be inappropriate.

# Termination

## Termination for default

A party (*“terminating party”*) may immediately terminate this Agreement by notice to the other party (*“defaulting party”*) if:

(a) the *defaulting party* does not pay any money due under this Agreement on the due date and the *defaulting party* does not pay the money within a further period of 45 *business days* after the *terminating party* serves notice on the *defaulting party* requiring payment;

(b) subject to **clause 12.2** the *defaulting party* does not carry out or meet any other material obligation under this Agreement and in the case of a default that is capable of remedy, does not remedy that default within 60 *business days* after the *terminating party* serves notice on the *defaulting party* requiring it to be remedied;

(c) any representation or warranty made by the *defaulting party* in this Agreement is materially inaccurate or untrue; or

(d) an *insolvency event* occurs in relation to the *defaulting party*.

## Termination by AEMO

(a) *AEMO* may terminate this Agreement by giving notice to the *Reserve Provider* if the *Reserve Provider*:

#### fails to demonstrate that it is capable of meeting the *contracted levels of performance* after being required by *AEMO* to do so; or

#### indicates that the *reserve equipment* might not be capable of providing the relevant *reserve* in accordance with the *contracted levels of performance*; or

#### fails to activate the *reserve* in accordance with an instruction or otherwise fails to provide the *reserve* at the relevant *contracted levels of performance*.

## (b) Termination for convenience

(a) *AEMO* may terminate this Agreement by giving the *Reserve Provider* not less than 5 *business days’* notice and and paying the *Reserve Provider* any applicable *early termination charge*.

## Termination Notices

A notice to terminate issued under **clause 12.1, 12.2 or 12.3** takes effect on the later of:

### the time it is given; and

### the time specified in the notice.

## Survival

### Expiry or termination of this Agreement for any reason does not affect:

#### any rights of either party against the other that:

##### arose prior to the time at which expiry or termination occurred; and

##### otherwise relate to or might arise at any future date from any breach of this Agreement occurring prior to the expiry or termination; or

#### the rights and obligations of the parties under **clauses 7.1** to **7.5**, **9**, **10**, **14** and **17**.

## Reduction of Reserve

If *AEMO* can terminate this Agreement under **clause 12.1 or 12.2**, *AEMO* may instead elect to reduce the *reserve* to be provided under this Agreement by specifying so in the notice issued under **clause 12.1 or 12.2** (as applicable). No *early termination charge* is payable to the *Reserve Provider* in connection with the reduction of *reserve*.

## No other termination

Subject to any written law to the contrary, a party must not terminate this Agreement other than for a ground provided for under this Agreement.

# Assignment and sub‑contracting

## Assignment

### The *Reserve Provider* must not *dispose* its rights in this Agreement or, in respect of *reserve equipment* owned, operated or controlled by the *Reserve Provider*, *reserve equipment* without first obtaining *AEMO’s* consent, which must not be unreasonably withheld or delayed.

### *AEMO* must give its consent for the purposes of **paragraph (a)** if:

#### the *Reserve Provider* *disposes* of the *reserve equipment* to one person or a group of persons (“*assignee*”); and

#### the assignee executes and delivers to *AEMO* a deed (in form and substance satisfactory to *AEMO*) prior to the *disposal* by which the *assignee* agrees to assume obligations that are substantially equivalent to the *Reserve Provider’s* obligations under this Agreement.

## Sub‑contracting

### If the *Reserve Provider* sub‑contracts the performance of obligations under this Agreement, the *Reserve Provider* remains responsible for the performance of those obligations.

### If *AEMO* sub-contracts the performance of obligations or rights under this Agreement, *AEMO* remains responsible for the performance of those obligations and rights.

# Dispute resolution

## Registered Participant dispute resolution procedure

### If the *Reserve Provider* is a *Registered Participant*:

### If a dispute arises in relation to this Agreement, the *first stage dispute resolution processes* and the *second stage dispute resolution processes* apply.

### A party must not have recourse to litigation or the *second stage dispute resolution processes* unless it has either given or received a *DMS referral notice.*

### **Paragraph (b)** does not prevent a party seeking an urgent interlocutory injunction from a court of competent jurisdiction.

### Unless otherwise agreed or determined under the *first stage dispute resolution processes* or the *second stage dispute resolution processes*, the parties must continue to perform their obligations despite the operation of **clause 14**.

## General dispute resolution procedure

### If the *Reserve Provider* is not a *Registered Participant*:

### If a party claims that a dispute has arisen between the parties relating to or arising out of this Agreement (“*dispute*”), they must give the other party a notice(“*dispute notice*”).

### A *dispute notice* must include details of:

#### the nature of the dispute and the circumstances giving rise to the *dispute*;

#### the party’s proposed resolution of the *dispute*; and

#### contact details of the relevant delegate of that party with authority to resolve the *dispute* (“*delegate*”).

### Upon provision of a *dispute notice*, the procedure that is to be followed to settle a *dispute* is as follows:

#### first, negotiation under **paragraph (d)**;

#### second, if the *dispute* is not resolved by negotiation, mediation under **paragraphs (e)** and **(f)**;

#### third, if the *dispute* is not resolved by mediation within one month of the appointment of the mediator, the parties agree that either party may commence proceedings in court.

### Within 7 days after the date of the *dispute notice*, the *delegates* must meet and use their best endeavours to agree to a resolution of the *dispute*.

### If the *dispute* is not resolved by the *delegates* within 7 days of their first meeting or by such other timeframe as the parties agree, either party may refer the *dispute* to mediation by a single mediator appointed by agreement of the parties or if they fail to agree within 30 days of referral to mediation, a mediator nominated by the Resolution Institute, who accepts appointment as Mediator.

### Unless the parties agree otherwise:

#### the mediation will be conducted by a mediator under the Resolution Institute Mediation Rules (whether or not the mediator is a legal practitioner), except that to the extent of any inconsistency between this Agreement and the Resolution Institute Mediation Rules, this Agreement will prevail;

#### each party may appoint a person, including a legally qualified person, to represent it or assist it in the mediation;

#### each party will bear their own costs relating to the preparation for and attendance at the mediation; and

#### the costs of the mediator and any other incidental costs will be borne equally by the parties.

### **Clause 14** does not prevent a party seeking an urgent interlocutory injunction from a court of competent jurisdiction.

### Unless otherwise agreed, the parties must continue to perform their obligations under this Agreement despite the existence of a *dispute*.

# Warranties

### The *Reserve Provider* represents and warrants to *AEMO* as at the date of this Agreement and at all times after the date of this Agreement that:

#### during the period of *dispatch* or *activation* of the *reserve* there will not be an increase in the demand or consumption of electricity from the *network* by any other equipment, plant or process owned, contracted or controlled directly or indirectly by the *Reserve Provider;*

#### it and its *representatives* are duly qualified and skilled to provide *reserve*;

#### it will provide *reserve* in accordance with all relevant *legislation*, *good electricity industry practice* and relevant Australian Standards and codes of practice;

#### it will ensure that data of the provision of *reserve* provided to *AEMO* for *AEMO’s* use in calculating payments and issuing statements in accordance with **clause 9** will be in a form suitable for use in *AEMO’s* systems, and will accurately reflect the level of provision of *reserve*;

#### the quantity of *reserve available* as notified by the *Reserve Provider* to *AEMO* from time to time including any quantity notified in the *Web Portal* is true and correct;

#### the *Reserve Provider’s* obligations under this Agreement are enforceable in accordance with their terms;

#### if *reserve* is being provided under this Agreement:

##### through the reduction of *load*, any relevant end users of electricity have agreed in writing to reducing their consumption of electricity or having their supply of electricity interrupted for the *Reserve Provider* to provide the *reserve* in accordance with this Agreement; or

##### by *generation increase*, the owners of the *generating units* have agreed in writing with the *Reserve Provider* that the *generating units* may be utilised to enable the *Reserve Provider* to provide the *reserve* in accordance with this Agreement; and

#### any relevant end users of electricity have agreed in writing to their Personal Information (as defined in the *Privacy Act* 1988 (Cth)) being disclosed to AEMO for the purposes of this Agreement;

#### the *Reserve Provider* is entitled to carry out its obligations under this Agreement.

### *AEMO* represents and warrants to the *Reserve Provider* as at the date of this Agreement and at all times after the date of this Agreement that its obligations under this Agreement are enforceable in accordance with their terms.

# Compliance with Legislationand the Requirements of an Authority

### Each party must comply with *legislation* in any way affecting this Agreement.

### Each party must procure that all notices required to be given, all consents required to be obtained and any form of authorisation, registration or certification required by *legislation* for the purpose of complying with its obligations under this Agreement are given or obtained.

### Each party must pay all fees and bear all costs connected with such notices, consents, authorisations, registrations and certifications.

### Each party must, upon demand by the other party (“*requesting party*”) at any time, provide to the *requesting party* all information necessary to establish to the satisfaction of the *requesting party* that the requirements of **paragraph (b)** have been complied with.

# General

## Notices

### Subject to **paragraph (b)** and the **Schedules**, all *communications* to a party must be:

#### in writing;

#### marked to the attention of the person named in respect of that party in the **Details**;and

#### left at, sent by ordinary pre-paid post (airmail if posted to or from a place outside Australia) or in electronic form, to the address, number, or electronic mail address of the addressee specified in respect of that party in the **Details**.

### Subject to the *Rules*, any:

#### *communications* given in the course of the day-to-day running of the *national grid* or the *national electricity market* by or on behalf of a party to the other including *instructions*; or

#### request for *reserve* made by *AEMO*; or

#### notifications of *availability* of the *reserve* and *NMIs* and *datastream suffixes* by the *Reserve Provider* in accordance with this Agreement*,*

must be made by automated electronic process, telephone or other instantaneous means of *communication* as notified by *AEMO*.

### Unless *communications* under **paragraph (b)** are recorded in some other way satisfactory to both parties, the parties must ensure that logs are kept in which persons or electronic systems giving and receiving those *communications* record brief details of their substance and timing.

### Unless a later time is specified in it, a *communication* takes effect from the time it is received.

### A *communication* is taken to be received:

#### in the case of a posted letter, on the 3rd (7th, if posted to or from a place outside Australia) *business day* after posting;

#### in the case of an electronic message, on production of a report by the computer from which the electronic message was sent that indicates that the message was received in its entirety at the electronic mail address of the recipient; and

#### in the case of *communications* under **paragraph (b)**, instantaneously.

### Other than *communications* given under **paragraph (b)**, if a *communication* is received, or deemed to be received, on a day that is not a *business day,* or after 4:00pm *EST* on a *business day*, it is taken to be received on the next *business day*.

### A party may at any time by notice given to the other party designate a different person, address or electronic mail address for the purposes of **clause 17.1** and the **Details** and any **Schedule**.

### If the automated electronic process, telephone or other instantaneous means of *communication* notified by *AEMO* for the purposes of clause 17.1(b) requires a data network connection to MarketNet, the *Reserve Provider* agrees to comply with the AEMO terms of use applicable to such connection as notified by *AEMO* from time to time.

## Exercise of Rights

Subject to the express provisions of this Agreement, a party may exercise a right, power or remedy at its discretion, and separately or concurrently with another right, power or remedy. A single or partial exercise of a right, power or remedy by a party does not prevent a further exercise of that or of any other right, power or remedy. Failure by a party to exercise or delay in exercising a right, power or remedy does not prevent its exercise.

## No Waiver or Variation

### A right may only be waived in writing, signed by the party giving the waiver and:

### no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right, or otherwise prevents the exercise of the right;

### a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and

### the exercise of a right does not prevent any further exercise of that right or of any other right.

## Amendment

An amendment to this Agreement will be effective only if made in writing and signed by the parties.

## Approvals and Consents

Subject to the express provisions of this Agreement, a party may give conditionally or unconditionally or withhold its approval or consent in its absolute discretion.

## Continuing Indemnities

Each indemnity in this Agreement is a continuing obligation, separate and independent from the other obligations of the parties and survives the end of this Agreement.

## Payment not necessary before Claim

It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity conferred by this Agreement.

## Costs and Expenses

Costs, fees and expenses of a party covered by a right of indemnity include legal expenses, fees and charges incurred by the indemnified party on a solicitor‑own client basis and are not subject to taxation on a party‑and‑party or any other basis.

## Further Assurances

Each party agrees, at its own expense, on the request of another party to:

### do everything reasonably necessary to give effect to this Agreement and the transactions contemplated by this Agreement (including the execution of documents); and

### use reasonable endeavours to cause relevant third parties to do likewise if necessary or desirable.

## Supervening Legislation

Any present or future *legislation* that operates to vary an obligation or right, power or remedy of a person in connection with this Agreement is excluded to the extent permitted by law.

## Severability

If a provision of this Agreement is void, unenforceable, or illegal in a jurisdiction, it is severed for that jurisdiction. The remainder of this Agreement remains effective and the validity or enforceability of that provision in any other jurisdiction is not affected. This **clause 17.11** has no effect if the severance alters the basic nature of this Agreement or is contrary to public policy.

## Entire Agreement

Subject to the *Rules*, this Agreementconstitutes the entire agreement of the parties in connection with the supply of *reserve* for the *reserve* *period* and any previous agreements, understandings and negotiations on that subject matter cease to have any effect.

## Confidential Information

All information exchanged between the parties under this Agreement or during the negotiations preceding this Agreement is declared by *AEMO* to be *confidential* *information* and must not be disclosed to any person except:

(a) for the purpose of assessing the viability and deliverability of the *reserve*, in which case the *Reserve Provider* hereby grants its consent to any relevant disclosures;

(b) in accordance with the *Rules*;

(c) to persons nominated by participating jurisdictions for the purpose of AEMO consulting with participating jurisdictions and agreeing cost-sharing arrangements between regions (if applicable) as required under the National Electricity Rules in which case the *Reserve Provider* hereby grants its consent to any relevant disclosures; and

(d) as contemplated by or for the purpose of complying with the *Rules,* the *RERT guidelines* and any relevant procedures published by *AEMO* in accordance with the *Rules* in which case the *Reserve Provider* hereby grants its consent to any relevant disclosures; and

(e) AEMO may publish the name of *the Reserve Provider*, the reserve volume (MW) and the *reserve period* and other details of this Agreement in accordance with the RERT guidelines and the *Reserve Provider* hereby consents to any such disclosures by AEMO.

## No other representations or warranties

Each party acknowledges that, in entering into this Agreement it has not relied on any representations or warranties about its subject matter except as provided in this Agreement.

## Counterparts

This Agreement may be executed in counterparts. All counterparts when taken together are deemed to constitute one instrument. The counterparts may be executed and delivered by email or other electronic signature by one or more of the parties and the receiving party or parties may rely on the receipt of such document so executed and delivered electronically as if the original had been received.

## Governing Law & Jurisdiction

This Agreement and the transactions contemplated by this Agreement are governed by the laws in force in the jurisdiction referred to in the **Details**. Each party submits to the non-exclusive jurisdiction of the courts of that place.

## No partnership, agency or trust

Nothing contained or implied in this Agreement:

### constitutes or may be deemed to constitute a party the partner, agent or legal representative of any other party for any purpose whatsoever, or create or be deemed to create any partnership; or

### creates or may be deemed to create any agency or trust.

## Role of AEMO

### Nothing in this Agreement will oblige *AEMO* to grant or exercise any administrative or regulatory discretion, or otherwise fetter, constrain or otherwise impair the due exercise of any administrative or regulatory discretion exercisable by *AEMO*.

### Anything which *AEMO* does, fails to do or purports to do pursuant to its statutory rights, duties, powers and functions conferred by or under any law will not be deemed to be an act or omission of *AEMO* under this Agreement.

## Modern Slavery

### In performing its obligations under this Agreement, the *Reserve Provider* must, and must ensure that each *representative* engaged in connection with this Agreement will:

#### take all reasonable steps (including undertaking reasonable due diligence and implementing staff training programs) to ensure there is no *Modern Slavery* in the *Reserve Provider*’s or its subcontractor’s operations or supply chains; and

#### keep appropriate records evidencing the reasonable steps taken to ensure compliance with **clause 17.19(a)(i)** and provide these records to AEMO upon request.

### *Reserve Provider* represents and warrants that, to the best of its knowledge having made all reasonable enquiries and undertaken all reasonable due diligence:

#### it is not aware of any *Modern Slavery* in its, or any of its subcontractor’s, operations or supply chains; and

#### neither it, nor any of its subcontractor’s, have been or is the subject of, any investigation, inquiry, or enforcement proceeding by any authority regarding an offence or alleged offence in connection with *Modern Slavery*.

### Without limiting the *Reserve Provider*’s obligations under this clause, the *Reserve Provider* must promptly notify AEMO if it becomes aware of any information which means the representations and warranties in **clause 17.19((b)** may no longer be true and correct.

**EXECUTED** as an agreement

Schedule 1 –Scheduled Reserve (Generation Increase)

1. Definitions

In this **Schedule**:

“*block*” means the minimum amount of *reserve* that can be *dispatched* by *AEMO.*

“*disablement*” means reducing the output of the *reserve equipment* to the *network* as quickly as practicable until it is below its *market capacity* or is *de-synchronised*.

“*disablement lead time*” means the period required to *disable* the *reserve equipment*and is specified in **Item 2.2**.

“*dispatch constraints*” are detailed in the table in **item 4.2**.

*“dispatch end time”* means the time the *dispatch* of *reserve* specified in a *dispatch instruction* must cease*.*

“*dispatch instruction*” means an *instruction* from *AEMO* to the Res*erve Provider* to *dispatch* *reserve* or to *disable* the *reserve equipment* (as the case may be).

*“dispatch start time”* means the time by which the *reserve* specified in a *dispatch instruction* must be *dispatched.*

“*enablement*” means *synchronising* the *reserve equipment* until its *loading level* becomes equal to the *minimum operating level,* or preparing the *reserve equipment* to be *dispatched* above its *market capacity.*

“*enablement instruction*” means an *instruction* to *enable* the *reserve equipment*.

“*enablement lead time*” means the maximum period required from the time the *Reserve Provider* receives an *enablement instruction* until the *reserve equipment* is:

(a) *synchronised* and its *loading level* becomes equal to the *minimum operating level* for *slow start plant;*

(b) ready for *synchronisation* for *fast start plant*;or

(c) ready to be *dispatched* above its *market capacity,*

and is specified in **Item 2.2**.

“*fast start plant*” means a *scheduled generating unit* that can *synchronise* and increase its *loading level* to the *firm capacity* within 30 minutes of being requested to do so.

“*firm capacity*” means the *reserve equipment’s* *loading level* specified in **Item 2**.

“*instruction*” means any notification by *AEMO* to the *Reserve Provider* in respect of the provision of *reserve* in accordance with the Agreement.

“*market capacity*” means the *loading level* specified in **Item 2**, which is:

* + 1. the subject of *dispatch offers* or is considered by *AEMO* to be likely to be submitted or otherwise available for *dispatch*; or
    2. provided, or will be provided, or made available for provision under any other arrangement or agreement.

"*minimum operating level*" means the minimum *loading level* at which the *reserve equipment* can operate continuously and is specified in **Item 2.2**.

*“NMI Notification Date”* means the *Condition Subsequent Fulfilment Date* specified in the Annexure to this Schedule by which the *Reserve Provider* must notify *AEMO* using the *Web Portal* of all *NMI*’s and *datastream suffixes* related to the provision of *reserve*.

*“slow start plant”* means any *scheduled generating unit* other than *fast start plant.*

“*Vic AMI meter*“ means a smart meter installed in Victoria as part of the Victorian Government's Advanced Metering Infrastructure (AMI) Program.

*“weekday”* means a day that is not a Saturday or Sunday or observed as a public holiday in the *region* in which the *reserve* is located.

1. Description and quantity of Reserve
   1. Reserve description and quantity

The *reserve* comprises the provision of *generation* as described below:

| **Name of Generating Unit** | ***Firm Capacity***  (MW) | ***Market Capacity***  (MW) | ***Reserve***  (MW)  (*Firm Capacity* – *Market Capacity*) |
| --- | --- | --- | --- |
|
|  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Total Reserve** |  |  | MW |

* 1. Notice of NMIs

On request from *AEMO*, the *Reserve Provider* must notify *AEMO* of all the *NMI*s which, as at the *commencement date* or at any time during the *term,* are related to equipment, plant or processes owned, contracted or controlled by the *Reserve Provider* including *NMI*s which are not related to the provision of *reserve*.

* 1. Adjustments to *reserve* quantity and *availability charge*

### The quantity (MW) of *reserve* specified in the table in **item 2.1** will be amended to the amount specified below (provided that the quantity of the *reserve* may not exceed the total *reserve* specified in this Schedule on the date this Agreement was signed) for the applicable event and there will be a corresponding amendment to the *availability charge* with both amendments taking effect from the applicable effective date:

|  |  |  |  |
| --- | --- | --- | --- |
| **Event** | **Amendment to the quantity of reserve** | **Amendment to the *availability charge*** | **Effective date of amendment** |
| Test of the *reserve* | The quantity of *reserve* provided in response to the test | The amount of the *availability charge* is amended to a pro rata amount equivalent to the amendment to the quantity of *reserve* | The *commencement date* |
| If AEMO *instructs* the *Reserve Provider* to provide *reserve* BEFORE a test is completed and the *Reserve Provider* supplies less than the amount *instructed* by *AEMO* | The quantity of *reserve* provided in response to the *instruction* | Subject to items 5 and 8, the amount of the *availability charge* is amended to a pro rata amount equivalent to the amendment to the quantity of *reserve* | Subject to items 5 and 8, the *commencement date* |
| If *AEMO* *instructs* the *Reserve Provider* to provide *reserve* AFTER a test is completed and the *Reserve Provider* supplies less than the amount *instructed* by *AEMO* | The quantity of *reserve* provided in response to the *instruction* | Subject to **items 5 a**nd **8**, the amount of the *availability charge* applicable on the day on which the *instruction* was issued is amended to a pro rata amount equivalent to the amendment to the quantity of *reserve* | Subject to **items 5** and **8**, the day on which the test was completed |

For example, where the *reserve* specified in **item 2** of this Schedule at the time of a test or at the time an *instruction* is issued is 10 MW, but the quantity of *reserve* provided in response to the test or *instruction* is 8 MW:

1. the *reserve* amount specified in **item 3** of this Schedule will be reduced to 8 MW from the effective date of amendment; and
2. where the *availability charge* is $2,000 per calendar day, the *availability charge* will be reduced to $1,600 per calendar day from the effective date of amendment.
3. Reserve Equipment

|  |  |
| --- | --- |
| **Name of Generating Unit:****[[1]](#footnote-2)** |  |
| **Registration Status** | [market/non-market] |
| **Location** |  |
| ***Connection Point*** |  |
| ***Minimum Operating Level*** | [ ] MW |
| ***Enablement Lead Time*** | [ ] hours |
| ***Disablement Lead Time*** | [ ] hours |
| **Type of *scheduled generating unit*** | [*fast start plant/slow start plant*] |

1. Capabilities of Reserve Equipment
   1. Minimum and Maximum Rates of Change of theLevel of Generation

The minimum and maximum rates of change of thelevel of *generation* that can be specified in a *dispatch instruction* are as follows:

| **Name of Generating Unit**1 | |  | | | |
| --- | --- | --- | --- | --- | --- |
| **Power output range** | **Minimum rate of change of power output** | | | **Maximum rate of change of power output** | |
| **While operating on *AGC*** | | **Manual Control** | **While operating on *AGC*** | **Manual Control** |
| [ ] MW | [ ]MW/min | | [ ]MW/min | [ ]MW/min | [ ]MW/min |
| [ ] MW | [ ]MW/min | | [ ]MW/min | [ ]MW/min | [ ]MW/min |
| [ ] MW | [ ]MW/min | | [ ]MW/min | [ ]MW/min | [ ]MW/min |

* 1. DispatchConstraints

The *reserve* *equipment* is subject tothe following *dispatch* *constraints*:

|  |  |
| --- | --- |
| **Name of Generating Unit [[2]](#footnote-3)** |  |
| **Minimum run-time,** ie the minimum period the *scheduled generating unit* must *generate.*  For the avoidance of doubt, *AEMO* may issue an *instruction* to *disable* the *reserve* while the *reserve* is within the minimum run-time so that the *disablement lead time* and minimum run-time are satisfied concurrently at the end of the minimum run-time. | [ ] hours |
| **Minimum off-time,** ie the minimum period between the last time the *scheduled generating unit* was *generating* and the time at which the *scheduled generating unit* can re-commence *generating.* | [ ] hours |
| **Maximum run time,** ie the maximum period the *scheduled generating unit* can *generate*. | [ ] hours |
| **Other *dispatch* *constraints*** |  |

1. Contracted Levels of Performance

The *contracted levels of performance* comprise the provision of *generation* by the *reserve equipment* up to the total *reserve* that conforms to the following requirements:

* 1. Minimum Technical Requirements

1. The *reserve* must be capable of being *dispatched* by *instructions* to a single point of contact with operational responsibility for the *reserve*;
2. The *reserve* must be capable of being *dispatched* as a *block* of not less than 10 MW, which may be made up of smaller components that are managed by the *Reserve Provider*;
3. The *reserve* must capable of remaining *dispatched* for at least 1 hour;
4. Each *generating unit* comprising the *reserve equipment* must have a type 1, 2, 3 or 4 *metering installation* as required by Schedule 7.2 of the *Rules* or a *Vic AMI meter* to measure the electrical output or change in electrical consumption as a result of *dispatch*; and
5. Each *generating unit* comprising the *reserve equipment* must be capable of *supplying* electricity to the *regional reference node* in the *region* where the *reserve* is or may be required.
   1. Performance Criteria

The *Reserve Provider* must be capable of:

1. upon receiving from *AEMO* an *enablement instruction*, *enabling* the *reserve equipment* within the *enablement lead time*;
2. upon receiving from *AEMO* a *dispatch instruction, generating* at a rate of change of the level of *generation* as required by the *dispatch instruction*, but not greater than the relevant rate set out in **Item 4.1**, unless agreed otherwise between the parties;
3. unless required to continue to *generate* through *central dispatch*, upon receiving a *dispatch instruction* from *AEMO* to *disable*, *disabling* the *reserve equipment* within the *disablement lead time*; and
4. delivering at least 80% of the quantity of *reserve* specified in the *dispatch instruction contract* during each *30-minute period* covered by an *dispatch instruction*.
   1. *Reserve* taken to be not *available*

Drafting Note: the wording weekday below is not required for reserves that are available for weekdays and weekend, modify to suit.

The *reserve* is taken to be not *available* for a [*weekday*]if:

1. the quantity of reserve *available* during any *trading interval* (in MW) on the [*weekday*] due to reasons other than a relevant *dispatch constraint* is less than the total quantity of *reserve* specified, or taken to be specified, in **item 3.1** on that [*weekday*];
2. a *dispatch instruction* has been issued for a *trading interval* on the [*weekday*] and the *reserve equipment* has been unable to *generate* to at least 80% of the level requested by the *dispatch instruction* for that *trading interval*; or
3. the *Reserve Provider* does not respond to an ad hoc request from *AEMO* for advice on the *availability* of the *reserve* by the time and in the form and manner notified by *AEMO*.
   1. Availability notice and advice by the Reserve Provider
      1. **Availability notice**

At all times during the *reserve period*, the *Reserve Provider* must notify *AEMO* of the quantity of reserve (MW) *available*.

The *Reserve Provider* must notify *AEMO* of the quantity of *reserve available* by specifying the quantity of *reserve* *available* (MW) in the *Web Portal*. The quantity specified by the *Reserve Provider* must not exceed the contracted quantity.

* + 1. **Ad Hoc Availability Advice**

*AEMO* may request advice on the *availability* of the *reserve* on an ad hoc basis. If requested by *AEMO,* the *Reserve Provider* must provide the requested information by the time and in the form and manner notified by AEMO. The information that may be requested includes the following:

(i) a statement of the maximum level of *generation* that can be achieved up to the *firm capacity* for each *trading interval* for the period requested (in MWh);

(ii) details of any maintenance proposed for the period requested that will affect the *reserve*;

(iii) the cause of any *reserve* unavailability in the period requested;

(iv) details of any known problems of the type referred to in **paragraph (a)(iv)**. For each problem, the *Reserve Provider* must indicate to the best of its knowledge an assessment of the risk that the problem may escalate or improve;

(v) a description of any tests the *Reserve Provider* intends to conduct in the period requested and the proposed timing of each test and any *reserve* unavailability associated with each test; and

(vi) such other information concerning the *availability* of the *reserve* as *AEMO* may reasonably request.

* 1. Period in which reserve is taken to be not available

If the *reserve* is taken to be not available under **item 5.3** and the *Reserve Provider* had not provided prior notice of unavailability under **item 5.4**, the *reserve* is taken to be not available for the period commencing half-way between:

1. the time at which the *dispatch instruction* was issued; and
2. the most recent to occur of:
3. The last time the *reserve* was successfully tested or dispatched;
4. The *commencement date* set out in the *Confirmation*;
5. The *conditions subsequent fulfilment date*, and concluding when the *Reserve Provider* demonstrates to *AEMO*’s reasonable satisfaction that the *reserve* is available.
6. Requests for Provision of Reserve
   1. What AEMO may Request

Subject to any advice from the *Reserve Provider* that the *reserve* is not *available*, at any time during the *reserve period, AEMO* may request the provision of any level of *generation* between the *market capacity* and the *firm capacity*.

* 1. Method of Requests

(a) At any time during this Agreement, *instructions*will be issued by *AEMO’s* *market* systems, by email or by telephone or such other method as notified by AEMO.

(b) Any instructions issued by telephone may be recorded by *AEMO* in accordance with Rule 4.11.4.

* 1. Contact Persons for Operational Purposes

Subject to **clause 17.1(b)**, *instructions* will be given and received and communications concerning *instructions* must be made by the following persons on behalf of each party:

|  |  |
| --- | --- |
| **AEMO** | |
| **Contact Person at all times:**  **Name/Title:**  **Telephone No:**  **Email:** | Control Room Operator on shift |
| **Reserve Provider** | |
| **Contact Person at all times:**  **Name/Title:**  **Telephone No:**  **Email:** |  |
| **Backup Contact Person at all times:**  **Name/Title:**  **Telephone No:**  **Email:** |  |

* 1. Enablement Instruction

Subject to any *dispatch constraints, AEMO* may issue an *enablement instruction* at any time during the *reserve period* requiring the *Reserve Provider* to:

(a) *synchronise* and increase the *reserve equipment’s* output to the *minimum operating level* in the case of *slow start plant*; or

(b) prepare the *reserve equipment* to *dispatch* above its *market capacity*; or

(c) prepare the *reserve equipment* to be ready to *synchronise* and increase output to the *firm capacity* in the case of *fast start plant*.

*AEMO* may also request a time earlier than the time contemplated in **Item 2.2** by which the *reserve equipment* is to reach its *minimum operating level* or *market capacity*. The *Reserve Provider* must use reasonable endeavours to comply with the request.

The issue of an *enablement instruction* does not imply that a *dispatch instruction* will be issued.

* 1. Dispatch Instruction

Subject to any *dispatch constraints, AEMO* may issue a *dispatch instruction* to the *Reserve Provider* at any time during *reserve period* requesting the *Reserve Provider* to *dispatch,* vary or *disable* the *reserve.* A *dispatch instruction*:

(a) must specify the *dispatch start time* and the *dispatch end time;*

(b) must specify the *reserve* to be *dispatched* for each *trading interval* (in MWh) from the *dispatch start time* to the *dispatch end time,* which unless agreed otherwise between the parties, must not be more than the *firm capacity*;

(c) must not require the *reserve equipment* to *generate* below the *minimum operating level* unless the *dispatch instruction* is an *instruction* to *disable* or as agreed otherwise between the parties; and

(d) must not require the *reserve equipment* to change its level of *generation* at rates of change greater than those specified in **Item 4.1**, unless agreed otherwise betweenthe parties.

The *Reserve Provider* must comply with a *dispatch instruction* that complies with these requirements.

* 1. Terminating *dispatch instruction*

(a) At any time prior to the *dispatch start time* (taking into account the *enablement lead time*) specified in an *dispatch instruction* AEMO may issue an *instruction* to the *Reserve Provider* terminating that *dispatch instruction* if *AEMO* acting reasonably, considers that the *reserve* to be provided pursuant to that *dispatch instruction* is not required*.*

(b) Taking into account the *enablement lead time,* the *Reserve Provider* must comply with an *instruction* under (a).

* 1. AGC

Where available, *AEMO* may at any time request that the *reserve equipment* be switched to operate on *AGC* or under manual control. The *Reserve Provider* must comply with this request as soon as practicable.

1. Measurement and Verification
   1. Measurement

Actual *interval metering data* (not *estimated metering data* or *substituted metering data*) will be used to determine the quantity of energy *dispatched* by the *reserve equipment*.

### The *Reserve Provider* must provide to *AEMO* a list of *NMI*’s and *datastreams* used to provide *reserve* in response to a *dispatch instruction* within 2 *business days* after *dispatch*.

Any relevant *metering installation* must be installed by a *Metering Provider*, and data collected by an *AEMO* accredited Metering Data Provider (category MDP 1-4 or, in respect of *Vic AMI meters*, such category accredited by *AEMO* entitled to collect data for *Vic AMI meters*).

The maximum level at which *reserve* is taken to have been *dispatched* is the level specified in a relevant *dispatch instruction*.

* 1. Verification

*AEMO’s* market systems, metering systems and energy management systems will be used to verify the quantity of *reserve* *dispatched* under this Agreement.

If *AEMO* requests further information relating to the measurement and determination of the *dispatched* *reserve*, the *Reserve Provider* must provide that information to *AEMO* within 2 *business days* of *AEMO’s* request.

### The *Reserve Provider* will not be entitled to be paid the *usage charge* in relation to *reserve* provided by a *NMI* that is also included as a *NMI* in a listby another reserve provider. *AEMO* will notify the *Reserve Provider* of any *NMI* included in a list provided by the *Reserve Provider* which is included in a list by another reserve provider.

1. Charges
   1. Billing Period

(a) For each *billing period* during the *reserve period,* the *Reserve Provider* will be entitled to charge *AEMO:*

(i) subject to paragraphs (b) and (c), an *availability charge* of [$XXXX] per [*weekday*] for each [*weekday*] that the *reserve* is *available* in that *billing period*; and

(ii) where *reserve* has been *dispatched* during a *trading interval* during the *billing period*, a *usage charge*, which is equal to the product of the price of [$XXXX]and the quantity (in MWh) of the *reserve* *dispatched* by the *reserve equipment* as measured at its *connection point* during each *trading interval* as a result of a *dispatch instruction.*

(b) The amount of the *availability charge* payable by AEMO will be amended to the amount specified for the applicable event with effect from the applicable effective date as specified in the table in **item 2.3** and paragraph (c) below.

(c) The *availability charge* is not payable by *AEMO* to the *Reserve Provider* in respect of a [*weekday*] in a *billing period* during which the relevant *reserve* is not *available,* including, for the avoidance of doubt, any [*weekday*] on which the *reserve* is taken to be not *available* under **Items 5.3****, 5.4 or 5.5**. If the *reserve* is taken to be not available for a period under **item 5.5**, the *Reserve Provider* must repay *AEMO* any *availability charge* previously paid in respect of that period.

* 1. Early Termination

If the *reserve* specified in this Agreement is terminated by *AEMO* in accordance with **clause 12.3(a)** before during the *reserve period*, the *Reserve Provider* is entitled to charge *AEMO* an *early termination charge* of [$XXXX] less the sum of all *availability charges* paid prior to the date of termination.

1. **Security Payment** 
   1. **Definitions**

In this **item 9**:

**Bank Guarantee** means a guarantee having the following attributes:

* + 1. it is issued by:

(i) one of the following banks provided that the relevant bank has a Credit Rating that is at least equal to the Reference Credit Rating:

(A) Australia and New Zealand Banking Group Limited;

(B) Commonwealth Bank of Australia;

(C) National Australia Bank; or

(D) Westpac Banking Group Limited; or

(ii) any other bank that:

(A) is incorporated in Australia, lawfully carrying on banking business in Australia and authorised by the Australian Prudential Regulation Authority under section 9 of the Banking Act 1959 to carry on that business; and

(B) has a Credit Rating that is at least equal to the Reference Credit Rating;

and is approved by *AEMO*;

* + 1. it provides for presentation and payment at a branch of the issuing bank in the City of Melbourne;
    2. it is governed by the Law of New South Wales;
    3. it provides an irrevocable and unconditional commitment on the part of the bank to pay without further enquiry the amount demanded by *AEMO* up to the face value of the Bank Guarantee or, if a payment has previously been demanded and paid under the Bank Guarantee, that face value less the total payments previously made;
    4. it is valid for the term of the *reserve contract*;
    5. it is in the form set out in the **Attachment** or as otherwise prescribed by *AEMO* for the purposes of the prudential requirements under the Rules (or, if there is no such form at any time, the form prescribed by *AEMO* for this purpose (acting reasonably)); and
    6. it is executed by the issuing bank in accordance with section 127(1) of the Corporations Act, by a person with a current power of attorney from the issuing bank, or in another way acceptable to *AEMO*. If it is executed in another way, *AEMO* may require that the validity of the execution be confirmed in a way reasonably acceptable to *AEMO*.

**Credit Rating** means the short term rating in respect of an entity assigned by the Ratings Agency.

**Minimum Amount** means an amount equivalent to the initial 4 weeks of *availability charges*

**Ratings Agency** means Standard & Poor’s Financial Services LLC or one of its local subsidiaries operating as Standard & Poor’s.

**Reference Credit Rating** means a short term Credit Rating from the Ratings Agency of at least 'A-1'.

* 1. **Provision of Bank Guarantees**

At all times during the term of the *reserve contract*, the *Reserve Provider* must ensure that *AEMO* is the recipient and beneficiary of one or more Bank Guarantees the aggregate face value of which must, at all times, be equal to or exceed the Minimum Amount.

* 1. **Calling on a Guarantee**
     1. On or after a failure by the *Reserve Provider* to repay AEMO under **item 8.1(c)**, *AEMO* may call on the Bank Guarantee for a sum less than or equal to the amount the *Reserve Provider* must repay *AEMO*.
     2. *AEMO* is not required to give the *Reserve Provider* notice before it exercises its rights under this **item 9** and **clause 14** does not apply to the exercise by *AEMO* of its rights under this **item 9** but *AEMO* must promptly give the *Reserve Provider* notice after it has exercised its rights under **this item 9**.
     3. If *AEMO* calls on a Bank Guarantee and is paid the amount of the call, the *Reserve Provider* is taken to have paid a sum toward the repayment equal to the amount received by *AEMO* under the call.
     4. If *AEMO* calls on an Bank Guarantee when it is not entitled to do so, it must, on demand, reimburse the *Reserve Provider* for all losses and costs incurred by the *Reserve Provider* (including any increase to the *Reserve Provider’s* cost of funds) directly caused by that wrongful call.
  2. **No Merger of Rights**
     1. Except as provided by **item 9.3(c)**, an exercise by *AEMO* of its rights under this **item 9** does not:
        1. relieve the Reserve Provider of any of its obligations under the reserve *contract*; or
        2. merge, extinguish, postpone or lessen any right *AEMO* may have against the *Reserve Provider* under the *reserve contract*.
     2. An exercise by *AEMO* of its rights to call on a Bank Guarantee under **item 9** does not extinguish the Bank Guarantee and does not prevent a later exercise by *AEMO* of its rights to make a further call on the Bank Guarantee.
  3. **Return of Bank Guarantee**
     1. *AEMO* must return each Bank Guarantee to the issuing bank or, if requested by the *Reserve Provider*, to the *Reserve Provider*, within 5 Business Days of whichever of the following events occurs first:
        1. the date on which the *Reserve Provider* has discharged all payment obligations to *AEMO* under the *reserve contract*; and
        2. the date on which *AEMO* receives in cleared funds the total amount payable under the Bank Guarantee.
     2. Within 10 Business Days of the date on which the *Reserve Provider* has discharged all payment obligations to *AEMO* under the *reserve contract*, *AEMO* must provide the *Reserve Provider* with a notice confirming that all of the *Reserve Provider's* payments under the *reserve contract* have been met.

Annexure to Schedule 1 - Conditions Subsequent

Each *condition subsequent* applying to the *reserve* described in **Item 2** and relevant *condition subsequent fulfilment date* is listed in the table below:

| **Conditions Subsequent** | | **Condition Subsequent Fulfilment Date** |
| --- | --- | --- |
| 1 | The *Reserve Provider* must complete a test of the *enablement*, *dispatch* and *disablement* of the *reserve equipment* under instruction from *AEMO* to *AEMO’s* reasonable satisfaction*.*  This test requires the *scheduled generating unit* to perform the following actions in sequence (failure to perform these actions in sequence will constitute a failure to complete this test satisfactorily):   * *enable* the *reserve equipment* within the *enablement lead time*; * *generate* at a level above the greater of the *minimum operating level* and the *market capacity*, and in accordance with *dispatch instructions* issued by *AEMO*; and * *disable* under *instructions* from *AEMO* within the *disablement lead time*.   During the test:   * All automatic *control systems*, for example, the *excitation control system* and *governor system*, must be operated in their automatic regulating mode; * The *reserve equipment* must be operated in a constant and stable manner; and * If *AGC* is installed, the *scheduled generating unit* must be operated under *AGC* control.   Trend display printouts of the performance of the *reserve equipment* must be provided to *AEMO* as evidence of completion of this test. |  |
| 2 | The *Reserve Provider* must notify *AEMO* using the *Web Portal* of all *NMI*s and *datastream suffixes* related to the provision of *reserve*. |  |
| 3 | Finalisation of jurisidictional consultation under National Electricity Rules clause 3.20.3(c) and agreement of cost-sharing arrangments under National Electricity Rules clause 3.20.3(f) to the reasonable satisfaction of AEMO. |  |
| 4 | Provision of the Bank Guarantee to AEMO |  |

Schedule 2 – Unscheduled Reserve (Generation Increase)

1. Definitions

In this **Schedule**:

“*activation*” means *synchronising* the *reserve equipment* where required and increasing its output to the *firm capacity*.

“*activation constraints*” are detailed in the table in **Item 5.1**.

*“activation end time”* means the time the *activation* of the *reserve* must cease*.*

“*activation instruction*” means an instruction from *AEMO* for the *reserve* to become *activated* or *de-activated* (as the case may be)*.*

“*activation lead time*” means the maximum period required by the *Reserve Provider* to *activate* *reserve* in response to an *activation instruction* including *synchronising* the relevant *non-scheduled generating unit* and, if required, increasing its output to the *firm capacity* and is specified in **Item 4.**

*“activation start time”* means the time by which the *reserve* specified in an *activation instruction* is to be *activated.*

“*block*” means the minimum amount of *reserve* that can be *activated* by *AEMO.*

“*de-activation*” means reducing the output of the *reserve equipment* to the *network* as quickly as practicable until it is below its *market capacity* or is *de-synchronised*.

“*de-activation lead time*” means the maximum period required to *disable* the *reserve equipment*and is specified in **Item 4**.

“*firm capacity*” means the *reserve equipment* *loading level* specified in **Item 3**.

“*instruction*” means any notification by *AEMO* to the *Reserve Provider* in respect of the provision of *reserve* in accordance with this Agreement.

“*market capacity*” means the *loading level* specified in **Item 3**, which is:

* + 1. is considered by *AEMO* to be likely to be available to the *market*; or
    2. provided, or will be provided, or made available for provision under any other arrangement or agreement.

"*minimum operating level*" means the minimum *loading level* at which the *reserve equipment* can operate continuously and is specified in **Item 4.**

*“NMI Notification Date”* means the *Condition Subsequent Fulfilment Date* specified in the Annexure to this Schedule by which the *Reserve Provider* must notify *AEMO* using the *Web Portal* of all *NMI*’s and *datastream suffixes* related to the provision of *reserve*.

“*pre-activation*” meanspreparing the *reserve equipment* for *activation.*

“*pre-activation instruction*” means an *instruction* to prepare the *reserve* for *activation*.

“*pre-activation lead time*” means the maximum period required to prepare the *reserve equipment* for *activation* and is specified in **Item 4**.

“*Vic AMI meter*“ means a smart meter installed in Victoria as part of the Victorian Government's Advanced Metering Infrastructure (AMI) Program.

*“weekday”* means a day that is not a Saturday or Sunday or observed as a public holiday in the *region* in which the *reserve* is located.

1. Description and quantity of Reserve
   1. Reserve description and quantity

The *reserve* comprises the provision of *generation* as described below:

| **Name of Generating Unit** | ***Firm Capacity* (MW)** | ***Market Capacity* (MW)** | ***Reserve***  **(MW)**  **(Firm Capacity – Market Capacity)** |
| --- | --- | --- | --- |
|
|  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Total *Reserve*** |  |  | MW |

* 1. Notice of NMIs

On request from *AEMO*, the *Reserve Provider* must notify *AEMO* of all the *NMI*s which, as at the *commencement date* or at any time during the *term,* are related to equipment, plant or processes owned, contracted or controlled by the *Reserve Provider* including *NMI*s which are not related to the provision of *reserve*.

* 1. Adjustments of *reserve* and *availability charge*

### The quantity (MW) of *reserve* specified in the table in **item 2.1** will be amended to the amount specified below (provided that the quantity of the *reserve* may not exceed the total *reserve* specified in this Schedule on the date this Agreement was signed) for the applicable event and there will be a corresponding amendment to the *availability charge* with both amendments taking effect from the applicable effective date:

|  |  |  |  |
| --- | --- | --- | --- |
| **Event** | **Amendment to the quantity of reserve** | **Amendment to the *availability charge*** | **Effective date of amendment** |
| Test of the *reserve* | The quantity of *reserve* provided in response to the test | The amount of the *availability charge* is amended to a pro rata amount equivalent to the amendment to the quantity of *reserve* | The *commencement date* |
| If AEMO *instructs* the *Reserve Provider* to provide *reserve* BEFORE a test is completed and the *Reserve Provider* supplies less than the amount *instructed* by *AEMO* | The quantity of *reserve* provided in response to the *instruction* | Subject to **items 5 and 8**, the amount of the *availability charge* is amended to a pro rata amount equivalent to the amendment to the quantity of *reserve* | Subject to **items 5 and 8**, the *commencement date* |
| If *AEMO* *instructs* the *Reserve Provider* to provide reserve AFTER a test is completed and the *Reserve Provider* supplies less than the amount *instructed* by *AEMO* | The quantity of *reserve* provided in response to the *instruction* | Subject to **items 5 and 8**, the amount of the *availability charge* applicable on the day on which the *instruction* was issued is amended to a pro rata amount equivalent to the amendment to the quantity of *reserve* | Subject to **items 5 and 8**, the day on which the test was completed |

For example, where the *reserve* specified in **item 2** of this Schedule at the time of a test or at the time an instruction is issued is 10 MW, but the quantity of *reserve* provided in response to the test or *instruction* is 8 MW:

1. the *reserve* amount specified in item 3 of this Schedule will be reduced to 8 MW from the effective date of amendment; and
2. where the *availability charge* is $2,000 per calendar day, the *availability charge* will be reduced to $1,600 per calendar day from the effective date of amendment.
3. Reserve Equipment

|  |  |
| --- | --- |
| **Name of Generating Unit****[[3]](#footnote-4)** |  |
| **Registration Status** | [market/non-market] |
| **Location** |  |
| ***Connection Point*** |  |
| ***Minimum Operating Level*** | [ ] MW |
| ***Pre-activation Lead Time*** | [ ] hours |
| ***Activation Lead Time*** | [ ] hours |
| ***De-Activation Lead Time*** | [ ] hours |

1. Capabilities of Reserve Equipment
   1. ActivationConstraints

The *reserve equipment* is subject to the following *activation* *constraints*:

|  |  |
| --- | --- |
| **Name of Generating Unit**3 |  |
| **Minimum run-time,** ie the minimum period the *scheduled generating unit* must *generate.*  For the avoidance of doubt, *AEMO* may issue an *instruction* to *de-activate* the *reserve* while the *reserve* is within the minimum run-time so that the *de-activation lead time* and minimum run-time are satisfied concurrently at the end of the minimum run-time. | [ ] hours |
| **Minimum off-time,** ie the minimum period between the last time the *scheduled generating unit* was *generating* and the time at which the *scheduled generating unit* can re-commence *generating.* | [ ] hours |
| **Maximum run time,** ie the maximum period the *scheduled generating unit* can *generate*. | [ ] hours |
| **Other *activation constraints*** |  |

1. Contracted Levels of Performance

The *contracted levels of performance* comprise the provision of *generation* by the *reserve equipment* up to the total *reserve* that conforms to the following requirements:

* 1. Minimum Technical Requirements

1. The *reserve* must be capable of being *activated* by *instructions* to a single point of contact with operational responsibility for the *reserve*;
2. The *reserve* must be capable of being *activated* as a *block* of not less than 10 MW, which may be made up of smaller components that are managed by the *Reserve Provider*;
3. The *reserve* must capable of remaining *activated* for at least 1 hour;
4. Each *generating unit* comprising the *reserve equipment* must have a type 1, 2, 3 or 4 *metering installation* as required by Schedule 7.2 of the *Rules* or a *Vic AMI meter* to measure the electrical output or change in electrical consumption as a result of an *activation*; and
5. Each *generating unit* comprising the *reserve equipment* must be capable of *supplying* electricity to the *regional reference node* in the *region* where the *reserve* is or may be required.
   1. Performance Criteria

The *Reserve Provider* must be capable of:

(a) upon receiving from *AEMO* a *pre-activation instruction,* *pre-activating* the *reserve equipment* within the *pre-activation lead time;*

(b) upon receiving from *AEMO* an *activation instruction, synchronising* if required and increasing output to the *firm capacity* within the *activation lead time*; (c) upon receiving from *AEMO* an *activation instruction* to *de-activate*, *de-activating* the *reserve equipment* within the *de-activation lead time*; and.

(d) delivering at least 80% of the quantity of *reserve* specified in the *activation instruction* during each *30-minute period* covered by an *activation instruction*.

* 1. *Reserve* taken to be not *available*

Drafting Note: the wording weekday below is not required for reserves that are available for weekdays and weekend, modify to suit.

The *reserve* is taken to be not *available* for a [*weekday*]if:

1. the quantity of reserve *available* during any *trading interval* (in MW) on the [*weekday*] due to reasons other than a relevant *dispatch constraint* is less than the total quantity of *reserve* specified, or taken to be specified, in item 3.1 on that [*weekday*];
2. a *dispatch instruction* has been issued for a *trading interval* on the [*weekday*] and the *reserve equipment* has been unable to *generate* to at least 80% of the level requested by the *dispatch instruction* for that *trading interval*; or
3. the *Reserve Provider* does not respond to an ad hoc request from *AEMO* for advice on the *availability* of the *reserve* by the time and in the form and manner notified by *AEMO*.
   1. Availability notice and advice by the Reserve Provider
      1. **Availability notice**

At all times during the *reserve period*, the *Reserve Provider* must notify *AEMO* of the quantity of reserve (MW) *available*.

The *Reserve Provider* must notify *AEMO* of the quantity of *reserve available* by specifying the quantity of *reserve* *available* (MW) in the *Web Portal.* The quantity specified by the *Reserve Provider* must not exceed the contracted quantity

* + 1. **Ad Hoc Availability Advice**

*AEMO* may request advice on the *availability* of the *reserve* on an ad hoc basis. If requested by *AEMO,* the *Reserve Provider* must provide the requested information by the time and in the form and manner notified by AEMO. The information that may be requested includes the following:

(i) a statement of the maximum level of *generation* that can be achieved up to the *firm capacity* for each *trading interval* for the period requested (in MWh);

(ii) details of any maintenance proposed for the period requested that will affect the *reserve*;

(iii) the cause of any *reserve* unavailability in the period requested;

(iv) details of any known problems of the type referred to in **paragraph (a)(iv)**. For each problem, the *Reserve Provider* must indicate to the best of its knowledge an assessment of the risk that the problem may escalate or improve;

(v) a description of any tests the *Reserve Provider* intends to conduct in the period requested and the proposed timing of each test and any *reserve* unavailability associated with each test; and

(vi) such other information concerning the availability of the *reserve* as *AEMO* may reasonably request.

* 1. Period in which *reserve* is taken to be not available

If the *reserve* is taken to be not available under **item 5.3** and the *Reserve Provider* had not provided prior notice of unavailability under **item 5.4,** the *reserve* is taken to be not available for the period commencing half-way between:

1. the time at which the *dispatch instruction* was issued; and
2. the most recent to occur of:
3. The last time the *reserve* was successfully tested or dispatched;
4. The *commencement date* set out in the *Confirmation*;
5. The *conditions subsequent fulfilment date*, and concluding when the *Reserve Provider* demonstrates to *AEMO*’s reasonable satisfaction that the *reserve* is available.
6. Requests for Provision of Reserve
   1. What AEMO may Request

Subject to any advice from the *Reserve Provider* that the *reserve* is not *available*, at any time during the *reserve period*, *AEMO* may request the provision of any level of *generation* between the *market capacity* and the *firm capacity*.

* 1. Method of Requests

*Instructions* will be given by email or telephone, which *AEMO* will record in accordance with Rule 4.11.4, or such other method as notified by AEMO.

* 1. Contact Persons for Operational Purposes

Subject to **clause 17.1(b)**, *instructions* will be given and received and communications concerning *instructions* must be made by the following persons on behalf of each party:

|  |  |
| --- | --- |
| **AEMO** | |
| **Contact Person at all times:**  **Name/Title:**  **Telephone No:**  **Email:** | Control Room Operator on shift |
| **Reserve Provider** | |
| **Contact Person at all times:**  **Name/Title:**  **Telephone No:**  **Email:** |  |
| **Backup Contact Person at all times:**  **Name/Title:**  **Telephone No:**  **Email:** |  |

* 1. Pre-Activation Instruction

Subject to any *activation constraints*, *AEMO* may issue a *pre-activation instruction* at any time during the *reserve period* requiring the *Reserve Provider* to:

(a) prepare the *reserve equipment* for *synchronisation;* or

(b) prepare the *reserve equipment* to *activate* above its *market capacity.*

*AEMO* may also request a time earlier than the time contemplated in **Item 4** by which the *reserve equipment* is to be available for *synchronisation* or reach its *market capacity*. The *Reserve Provider* must use reasonable endeavours to comply with the request.

The issue of a *pre-activation instruction* does not imply that an *activation instruction* will be issued.

* 1. Activation Instruction

Subject to any *activation constraints*, *AEMO* may issue an *activation instruction* to the *Reserve Provider* at any time during the *reserve period* requesting the *Reserve Provider* to *activate* or *de-activate* the *reserve.* An *activation instruction*:

(a) must specify the *activation start time* (taking into account the *activation lead time*) and the *activation end time* (taking into account the *de-activation lead time*);

(b) must specify the *reserve* to be *activated* for each *trading interval* (in MWh) from the *activation start time* to the *activation end time*, which unless agreed otherwise between the parties, must not be more than the *firm capacity;*  and

(c) must not require the *reserve equipment* to *generate* below the *minimum operating level* unless the *activation instruction* is an *instruction* to *de‑activate*.

The *Reserve Provider* must comply with an *activation instruction* that complies with these requirements.

* 1. Terminating *dispatch instruction*

(a) At any time prior to the *activation start time* (taking into account the *activation lead time*) specified in an *activation instruction* AEMO may issue an *instruction* to the *Reserve Provider* terminating that *activation instruction* if *AEMO* acting reasonably, considers that the *reserve* to be provided pursuant to that *activation instruction* is not required*.*

(b) Taking into account the *activation lead time,* the *Reserve Provider* must comply with an *instruction* under (a).

* 1. AGC

Where available, *AEMO* may at any time request that the *reserve equipment* be switched to operate on *AGC* or under manual control. The *Reserve Provider* must comply with this request as soon as practicable.

1. Measurement and Verification
   1. Measurement

Actual *metering data* (not *estimated metering data* or *substituted metering data*) will be used to determine the quantity of *reserve* *activated* by the *reserve equipment.*

### The *Reserve Provider* must provide to *AEMO* a list of *NMI*’s and *datastreams* used to provide *reserve* under in response to an *activation instruction* within 2 *business days* after *activation*.

Any relevant *metering installation* must be installed by a *Metering Provider*, and data collected by an *AEMO* accredited Metering Data Provider (category MDP 1-4 or, in respect of *Vic AMI meters*, such category accredited by *AEMO* entitled to collect data for *Vic AMI meters*).

The maximum level at which the *reserve* is taken to have been *activated* will be the level specified in the relevant *activation instruction*.

* 1. Verification

*AEMO’s* *market* systems, metering systems and energy management systems will be used to verify the quantity of *reserve* *activated* in accordance with this Agreement.

### The *Reserve Provider* will not be entitled to be paid the *usage charge* in relation to *reserve* provided by a *NMI* that is also included as a *NMI* in a listby another reserve provider. *AEMO* will notify the *Reserve Provider* of any *NMI* included in a list provided by the *Reserve Provider* which is included in a list by another reserve provider.

If *AEMO* requests further information relating to the measurement and determination of the *activated* *reserve*, the *Reserve Provider* must provide that information to *AEMO* within 2 *business days* of *AEMO’s* request.

1. Charges
   1. Billing Period

(a) For each *billing period* during the *reserve period,* the *Reserve Provider* will be entitled to charge *AEMO*

(i) subject to paragraphs (b) and (c), an *availability charge* of [$XXXX] per [*weekday*] for each [*weekday*] that the *reserve* is *available* in that *billing period;*

(ii) subject to the *reserve* being available if *activated* for the *weekday* for which the *pre-activation charge* relates, a *pre-activation charge* equal to product of the price of [$XXXX]and the number of times a *pre-activation instruction* (not including *instructions* amending previous *instructions*)is given during the *billing period*; and

(iii) where *reserve* has been *activated* in accordance with this Agreement during the *billing period*, a *usage charge,* which is equal to the product of the price of [$XXXX] and the quantity (in MWh) of the *reserve* *activated* by the *reserve equipment* as measured at its *connection point* during each *trading interval* as a result of an *activation instruction* under this Agreement.

(b) The amount of the *availability charge* payable by AEMO will be amended to the amount specified for the applicable event with effect from the applicable effective date as specified in the table in item 2.3 and paragraph (c) below.

(c) The *availability charge* is not payable by *AEMO* to the *Reserve Provider* in respect of a [*weekday*] in a *billing period* during which the relevant *reserve* is not *available*, including, for the avoidance of doubt, any [*weekday*] on which the *reserve* is taken to be not *available* under Items 5.3, 5.4 or 5.5. If the *reserve* is taken to be not available for a period under item 5.5, the *Reserve Provider* must repay *AEMO* any *availability charge* previously paid in respect of that period.

* 1. Early Termination

If the *reserve* specified in this Agreement is terminated by AEMO in accordance with **clause 12.3(a)** during the *reserve period*, the Reserve Provider is entitled to charge AEMO an early termination charge of [$XXXX] less the sum of all *availability charges* paid prior to the date of termination.

1. **Security Payment** 
   1. **Definitions**

In this **item 9**:

**Bank Guarantee** means a guarantee having the following attributes:

* + 1. it is issued by:

(i) one of the following banks provided that the relevant bank has a Credit Rating that is at least equal to the Reference Credit Rating:

(A) Australia and New Zealand Banking Group Limited;

(B) Commonwealth Bank of Australia;

(C) National Australia Bank; or

(D) Westpac Banking Group Limited; or

(ii) any other bank that:

(A) is incorporated in Australia, Lawfully carrying on banking business in Australia and authorised by the Australian Prudential Regulation Authority under section 9 of the Banking Act 1959 to carry on that business; and

(B) has a Credit Rating that is at least equal to the Reference Credit Rating;

and is approved by *AEMO*;

* + 1. it provides for presentation and payment at a branch of the issuing bank in the City of Melbourne;
    2. it is governed by the Law of New South Wales;
    3. it provides an irrevocable and unconditional commitment on the part of the bank to pay without further enquiry the amount demanded by *AEMO* up to the face value of the Bank Guarantee or, if a payment has previously been demanded and paid under the Bank Guarantee, that face value less the total payments previously made;
    4. it is valid for the term of the *reserve contract*;
    5. it is in the form set out in the **Attachment** or as otherwise prescribed by *AEMO* for the purposes of the prudential requirements under the Rules (or, if there is no such form at any time, the form prescribed by *AEMO* for this purpose (acting reasonably)); and
    6. it is executed by the issuing bank in accordance with section 127(1) of the Corporations Act, by a person with a current power of attorney from the issuing bank, or in another way acceptable to *AEMO*. If it is executed in another way, *AEMO* may require that the validity of the execution be confirmed in a way reasonably acceptable to *AEMO*.

**Credit Rating** means the short term rating in respect of an entity assigned by the Ratings Agency.

**Minimum Amount** means an amount equivalent to the initial 4 weeks of *availability charges*

**Ratings Agency** means Standard & Poor’s Financial Services LLC or one of its local subsidiaries operating as Standard & Poor’s.

**Reference Credit Rating** means a short term Credit Rating from the Ratings Agency of at least 'A-1'.

* 1. **Provision of Bank Guarantees**

At all times during the term of the *reserve contract*, the *Reserve Provider* must ensure that *AEMO* is the recipient and beneficiary of one or more Bank Guarantees the aggregate face value of which must, at all times, be equal to or exceed the Minimum Amount.

* 1. **Calling on a Guarantee**
     1. On or after a failure by the *Reserve Provider* to repay AEMO under **item 8.1(c)**, *AEMO* may call on the Bank Guarantee for a sum less than or equal to the amount the *Reserve Provider* must repay *AEMO*.
     2. *AEMO* is not required to give the *Reserve Provider* notice before it exercises its rights under this item 9 and **clause 14** does not apply to the exercise by *AEMO* of its rights under those clauses but *AEMO* must promptly give the *Reserve Provider* notice after it has exercised its rights under this **item 9**.
     3. If *AEMO* calls on a Bank Guarantee and is paid the amount of the call, the *Reserve Provider* is taken to have paid a sum toward the repayment equal to the amount received by *AEMO* under the call.
     4. If *AEMO* calls on an Bank Guarantee when it is not entitled to do so, it must, on demand, reimburse the *Reserve Provider* for all losses and costs incurred by the *Reserve Provider* (including any increase to the *Reserve Provider’s* cost of funds) directly caused by that wrongful call.
  2. **No Merger of Rights**
     1. Except as provided by **item 9.3(c)**, an exercise by *AEMO* of its rights under **item 9** does not:
        1. relieve the *Reserve Provider* of any of its obligations under the *reserve contract*; or
        2. merge, extinguish, postpone or lessen any right *AEMO* may have against the *Reserve Provider* under the *reserve contract*.
     2. An exercise by *AEMO* of its rights to call on a Bank Guarantee under **item 9** does not extinguish the Bank Guarantee and does not prevent a later exercise by *AEMO* of its rights to make a further call on the Bank Guarantee.
  3. **Return of Bank Guarantee**
     1. *AEMO* must return each Bank Guarantee to the issuing bank or, if requested by the *Reserve Provider*, to the *Reserve Provider*, within 5 Business Days of whichever of the following events occurs first:
        1. the date on which the *Reserve Provider* has discharged all payment obligations to *AEMO* under the *reserve contract*; and
        2. the date on which *AEMO* receives in cleared funds the total amount payable under the Bank Guarantee.
     2. Within 10 Business Days of the date on which the *Reserve Provider* has discharged all payment obligations to *AEMO* under the *reserve contract*, *AEMO* must provide the *Reserve Provider* with a notice confirming that all of the *Reserve Provider's* payments under the *reserve contract* have been met.

Annexure to Schedule 2 - Conditions Subsequent

Each *condition subsequent* applying to the *reserve* described in **Item 3** and *condition subsequent fulfilment date* is listed in the table below:

| **Conditions Subsequent** | | **Condition Subsequent Fulfilment Date** |
| --- | --- | --- |
| 1 | The *Reserve Provider* must complete a test of the *pre-activation, activation* and *de-activation* of the *reserve equipment* under *instruction* from *AEMO* to *AEMO’s* reasonable satisfaction*.*  This test requires the *reserve equipment* to perform the following actions in sequence (failure to perform these actions in sequence will constitute a failure to complete this test satisfactorily):   * *pre-activate* the *reserve equipment* within the *pre-activation lead time*; * *generate* at a level above the greater of the *minimum operating level* and the *market capacity*, and in accordance with *activation instructions* issued by *AEMO*; and * *de-activate* under *instructions* from *AEMO* within the *de-activation lead time*.   During the test:   * All automatic *control systems*, for example, the *excitation control system* and *governor system*, must be operated in their automatic regulating mode; * The *reserve equipment* must be operated in a constant and stable manner; and * If *AGC* is installed, the *reserve equipment* must be operated under *AGC* control.   Trend display printouts of the performance of the *reserve equipment* must be provided to *AEMO* as evidence of completion of this test. |  |
| 2 | The *Reserve Provider* must complete a test of the notifications and procedures used to provide the *reserve* in accordance with the *contracted levels of performance*.  The *Reserve Provider* must demonstrate how the *Reserve Provider* would comply with a *pre-activation instruction* and an *activation instruction*, but these actions are not required for this test. |  |
| 3 | The *Reserve Provider* must notify *AEMO* using the *Web Portal* of all *NMI*’s and *datastream suffixes* related to the provision of *reserve* |  |
| 4 | Finalisation of jurisidictional consultation under National Electricity Rules clause 3.20.3(c) and agreement of cost-sharing arrangments under National Electricity Rules clause 3.20.3(f) to the reasonable satisfaction of AEMO. |  |
| 5 | Provision of the Bank Guarantee to AEMO |  |

Schedule 3 –Unscheduled Reserve (Load Reduction)

1. Definitions

In this **Schedule**:

“*activation constraints*” are the Other Activation Constraints detailed in the table in item 4 of the *Operational Information Spreadsheet*.

*“activation end time”* means the time the *activation* of the *reserve* specified in an *activation instruction* must cease*.*

“*activation instruction*” means an instruction from *AEMO* for the *reserve* to be *activated* or *de-activated* (as the case may be).

“*activation lead time*” means the maximum period between the issue of an *activation instruction* and the time at which the *reserve* is *activated* and is specified in item 4 of the *Operational Information Spreadsheet*.

“*block*” means the *reserve* that can be *activated* by *AEMO* as a group and is specified in item 3 and item 4 of the Operational *Information Spreadsheet.*

“*consumer*” means a person listed as such in item 3 of the *Operational Information Spreadsheet*.

“*de-activate*” means the cessation of the provision of *reserve* required by an *activation instruction* and resuming the taking of supply of electricity.

“*de-activation lead time*” means the maximum period required for the *reserve* to be *de-activated* and is specified initem 4 of the *Operational Information Spreadsheet*.

“*firm capacity*” means the *firm capacity* specified in item 3 of the *Operational Information Spreadsheet*.

“*instruction*” means any notification by *AEMO* to the *Reserve Provider* in respect of the provision of *reserve* in accordance with this Agreement.

“*load reduction*” is the reduction (in MW) in the level at which electricity is taken from the *network* at the *connection points* specified in item 3 of the *Operational Information Spreadsheet.*

“*market capacity*” means the *loading level* specified in item 3 of the *Operational Information Spreadsheet*, which is:

* + 1. considered by *AEMO* to be likely to be available to the *market*; or

(b) provided, or will be provided, or made available for provision under any other arrangement or agreement, including any demand side management arrangement or agreement.

*“NMI Notification Date”* means the *Condition Subsequent Fulfilment Date* specified in the Annexure to this Schedule by which the *Reserve Provider* must notify *AEMO* using the *Web Portal* of all *NMI*’s and *datastream suffixes* related to the provision of *reserve*.

*“pre-activation”* means preparing *reserve* for *activation*.

“*pre-activation instruction*” means an *instruction* to the *Reserve Provider* to prepare the *reserve* for *activation.*

“*pre-activation lead time*” means the maximum period required for the *reserve* to reach a state of readiness to act upon an *activation instruction* and is specified in item 4 of the *Operational Information Spreadsheet*.

“*SAPS*” means a Stand-Alone Power System that is an electricity supply arrangement that is not physically connected to the national grid.

“*standby generating unit*” means a *generating unit* that is not *connected* to the *network* and will *generate* in order for the *Reserve Provider* to provide the *reserve*.

“*Vic AMI meter*“ means a smart meter installed in Victoria as part of the Victorian Government's Advanced Metering Infrastructure (AMI) Program.

*“weekday”* means a day that is not a Saturday or Sunday or observed as a public holiday in the *region* in which the *reserve* is located.

1. Description and quantity of Reserve
   1. Reserve description and quantity

The *reserve* is comprised of *load reduction* at the locations and in the amounts detailed in item 3 and item 4 of the *Operational Information Spreadsheet.* For the purpose of calculating *availability charges* the total *reserve (MW)*  being provided by the *Reserve Provider* is specified in item 4 of the *Operational Information Spreadsheet.*

* 1. Notice of NMIs

On request from *AEMO*, the *Reserve Provider* must notify *AEMO* of all the *NMI*s which, as at the *commencement date* or at any time during the *term,* are related to equipment, plant or processes owned, contracted or controlled by the *Reserve Provider* including *NMI*’s which are not related to the provision of *reserve*.

* 1. Adjustments of *reserve* and *availability charge*

### The quantity (MW) of *reserve* specified in item 4 of the *Operational Information Spreadsheet* will be amended to the amount specified below (provided that the quantity of the *reserve* may not exceed the total *reserve* specified in this Schedule on the date this Agreement was signed) for the applicable event and there will be a corresponding amendment to the *availability charge* with both amendments taking effect from the applicable effective date:

|  |  |  |  |
| --- | --- | --- | --- |
| **Event** | **Amendment to the quantity of reserve** | **Amendment to the *availability charge*** | **Effective date of amendment** |
| Test of the *reserve* | The quantity of *reserve* provided in response to the test | The amount of the *availability charge* is amended to a pro rata amount equivalent to the amendment to the quantity of *reserve* | The *commencement date*. |
| If AEMO *instructs* the *Reserve Provider* to provide *reserve* BEFORE a test is completed and the *Reserve Provider* supplies less than the amount *instructed* by *AEMO* | The quantity of *reserve* provided in response to the *instruction* | Subject to **items 5 and 8,** the amount of the *availability charge* is amended to a pro rata amount equivalent to the amendment to the quantity of *reserve* | Subject to **items 5 and 8**, the *commencement date.* |
| If *AEMO* *instructs* the *Reserve Provider* to provide reserve AFTER a test is completed and the *Reserve Provider* supplies less than the amount *instructed* by *AEMO* | The quantity of *reserve* provided in response to the *instruction* | Subject to **items 5 & 8,** the amount of the *availability charge* applicable on the day on which the *instruction* was issued is amended to a pro rata amount equivalent to the amendment to the quantity of *reserve* | Subject to **items 5 and 8**, the day on which the test was completed, |

For example, where the *reserve* specified in item 4 of the *Operational Information Spreadsheet* at the time of a test or at the time an instruction is issued is 10 MW, but the quantity of *reserve* provided in response to the test or *instruction* is 8 MW:

1. the *reserve* amount specified item 4 of the *Operational Information Spreadsheet*  will be reduced to 8 MW from the effective date of amendment; and
2. where the *availability charge* is $2,000 per calendar day, the *availability charge* will be reduced to $1,600 per calendar day from the effective date of amendment.
3. Characteristics of Reserve

The characteristics of *reserves* are nominated in item 4 of the *Operational Information Spreadsheet.*

1. Not used
2. Contracted Levels of Performance

The *contracted levels of performance* comprise the provision of *load reduction* up to the total *reserve* that conforms to the following requirements:

* 1. Minimum Technical Requirements

### The *reserve* must be capable of being *activated* by *instructions* to a single point of contact with operational responsibility for the *reserve*;

### The *reserve* must be capable of being *activated* as a *block* of a whole number of MWs (not a fraction of MWs) that is not less than 10 MW, which may be made up of smaller components that are managed by the *Reserve Provider*;

### The *reserve* must capable of remaining *activated* for at **least 1 hour**; and

### Each *connection point* for the *reserve* must have a type 1, 2, 3 or 4 metering installation as required by Schedule 7.2 of the *Rules* or a *Vic AMI meter* to measure the electrical output or change in electrical consumption as a result of activation.

* 1. Performance Criteria

The *Reserve* *Provider* must be capable of:

(a) upon receiving from *AEMO* a *pre-activation instruction*, preparing the *reserve* for *activation* within the *pre-activation lead time*;

(b) upon receiving from *AEMO* an *activation instruction*, *activating* the *reserve* within the *activation lead time;*

(c) upon receiving a *de-activation instruction* from *AEMO*, *de-activating* within the *de-activation lead time*.

(d) delivering at least 80% of the quantity of *reserve* specified in the *activation instruction* during each *30-minute period* covered by an *activation instruction*.

No part of the *reserve* shall be *activated* prior to receipt of a relevant *activation instruction* without *AEMO’s* prior consent.

*Activation* of the *reserve* must not lead to any consequent increase in the rate at which electricity is taken from the *network* by any other equipment or process owned by a *consumer* unless this effect has been deducted from the *reserve*.

* 1. *Reserve* taken to be not *available*

**Drafting Note**: the wording weekday below is not required for reserves that are available for weekdays and weekend, modify to suit.

The *reserve* is taken to be not *available* for a [*weekday*]if:

1. the quantity of reserve *available* during any *trading interval* (in MW) on the [*weekday*] due to reasons other than a relevant *dispatch constraint* is less than the total quantity of *reserve* specified, or taken to be specified, in item 4 of the *Operational Information Spreadsheet* on that [*weekday*];
2. a *activation instruction* has been issued for a *trading interval* on the [*weekday*] and the *reserve equipment* has been unable to *generate* to at least 80% of the level requested by the *activation instruction* for that *30-minute period*; or
3. the *Reserve Provider* does not respond to an ad hoc request from *AEMO* for advice on the *availability* of the *reserve* by the time and in the form and manner notified by *AEMO*.
   1. Availability notice and advice by the Reserve Provider
      1. **Availability notice**

At all times during the *reserve period*, the *Reserve Provider* must notify *AEMO* of the quantity of reserve (MW) *available*.

The *Reserve Provider* must notify *AEMO* of the quantity of *reserve available* by specifying the quantity of *reserve* *available* (MW) in the *Web Portal*. The quantity specified by the *Reserve Provider* must not exceed the contracted quantity as per item 4 of the *Operational Information Spreadsheet.*

* + 1. **Ad Hoc Availability Advice**

*AEMO* may request advice on the *availability* of the *reserve* on an ad hoc basis. If requested by *AEMO,* the *Reserve Provider* must provide the requested information by the time and in the form and manner notified by AEMO. The information that may be requested includes the following:

(i) for each *trading interval* falling in the period requested by *AEMO*, the level at which the *reserve* is available (in MWh); and

(ii) the cause of any *reserve* unavailability in the period requested; and

(iii) such other information concerning the availability of the *reserve* as *AEMO* may reasonably request.

* 1. Period in which reserve is taken to be not available

If the *reserve* is taken to be not available under **item 5.3** and the *Reserve Provider* had not provided prior notice of unavailability under **item 5.4**, the *reserve* is taken to be not available for the period commencing half-way between:

1. the time at which the *dispatch instruction* was issued; and
2. the most recent to occur of:
3. The last time the *reserve* was successfully tested or dispatched;
4. The *commencement date* set out in the *Confirmation*;
5. The *conditions subsequent fulfilment date*, and concluding when the *Reserve Provider* demonstrates to *AEMO*’s reasonable satisfaction that the *reserve* is available.
6. Requests for Provision of Reserve
   1. What AEMO may Request

Subject to any advice from the *Reserve Provider* that the *reserve* is not *available*, at any time during the *reserve period*, *AEMO* may request any *load reduction* between the *market capacity* and *firm capacity* in accordance with the *Operational Information Spreadsheet*

* 1. Method of Requests

*Instructions* will be given by email, or telephone, which *AEMO* will record in accordance with Rule 4.11.4, or such other method as notified by AEMO.

* 1. Contact Persons for Operational Purposes

Subject to **clause 17.1(b)**, *instructions* will be given and received and communications concerning *instructions* must be made by the persons nominated in item 2 of the *Operational Information Spreadsheet* on behalf of each party.

* 1. Pre-Activation Instruction

Subject to any *activation constraints*, *AEMO* may issue a *pre*-*activation instruction* at any time during the term of this Agreement requiring the *Reserve Provider* to prepare *reserve* for *activation.* A *pre-activation instruction* must specify:

(a) the proposed *activation start time* (taking into account the *activation lead time*) and the proposed *activation end time* (taking into account the *de-activation lead time*); and

(b) the amount of *reserve* (in MWh) that the *Reserve Provider* must prepare for *activation* for each *trading interval.*

For a *load reduction* with a *pre-activation lead time* of zero, a *pre-activation instruction* will not be required and the *load reduction* shall be taken to be constantly in a state of readiness to act on an *activation instruction* issued by *AEMO*.

The issue of a *pre-activation instruction* does not imply that an *activation instruction* will be issued.

The *Reserve Provider* must notify *AEMO* as soon as the provision of *reserve* is *pre-activated*.

* 1. Activation Instruction

Subject to any *activation constraints*, *AEMO* may issue an *activation instruction* to the *Reserve Provider* at any time during the term of this Agreement requesting the *Reserve Provider* to *activate,* vary or *de-activate* the *reserve.* The *activation instruction* must specify:

(a) the *activation start time* (taking into account the *activation lead time*) and the *activation end time* (taking into account the *de-activation lead time*); and

(b) the amount of *reserve* the *Reserve Provider* must *activate* for each *trading interval* from the *activation start time* to the *activation end time* (in MWh), which unless agreed otherwise between the parties, must not be greater than the *firm capacity.*

The *Reserve Provider* must comply with an *activation instruction* that complies with these requirements.

The *Reserve Provider* must notify *AEMO* as soon as the provision of *reserve* is *activated*.

* 1. Terminating *activation instruction*

(a) At any time prior to the *activation start time* (taking into account the *activation lead time*) specified in an *activation instruction* AEMO may issue an *instruction* to the *Reserve Provider* terminating that *activation instruction* if *AEMO* acting reasonably, considers that the *reserve* to be provided pursuant to that *activation instruction* is not required*.*

(b) Taking into account the *activation lead time,* the *Reserve Provider* must comply with an *instruction* under (a).

* 1. De-activation

The *Reserve Provider* must notify *AEMO* as soon as the provision of *reserve* is *de-activated*.

1. Measurement and Verification
   1. Measurement

Measurement of any *reserve activated* under this Agreement will be in accordance with the following:

(a) Actual *metering data* (not *estimated metering data* or *substituted metering data*) will be used to determine the quantity of *load reduction*.

### (b) The *Reserve Provider* must provide to *AEMO* a list of *NMI*’s and *datastreams* used to provide *reserve* in response to an *activation instruction* within 2 *business days* after *activation*.

(c) The NMI’s and *datastreams* provided in the list by the *Reserve Provider* must only be *NMI*’s and *datastreams* that were included in the Operational Information Spreadsheet at the time of *pre-activation* and/or *activation*.

(d) The *NMIs* and *datastream* *suffixes* provided by the *Reserve Provider* to *AEMO* must:

### be *NMIs* and *datastream suffixes* in the Market Settlement and Transfer Solutions (MSATS) system; and

### have actual *interval metering data* (not *estimated metering data* or *substituted metering data*) for all *trading intervals* for at least 60 calendar days prior to [day/weekday]on which *reserve* was *activated* and for the period of *activation*.

(e) Any relevant metering installation must be installed by a Metering Provider, and data collected by an AEMO accredited Metering Data Provider (category MDP 1-4 or, in respect of *Vic AMI meters*, such category accredited by AEMO entitled to collect data for *Vic AMI meters*).

(f) The maximum level at which *reserve* is taken to have been *dispatched* is the level specified in a relevant *dispatch instruction*.

(g) *SAPS* *NMIs* must not be included in the measurement of any *reserve* and must not be included in the *Operational Information Spreadsheet*.

* 1. Verification

Verification of the measurement of any *reserve activated* under this Agreement will be in accordance with the following:

(a) AEMO’s market systems, metering systems and energy management systems will be used to verify the quantity of reserve activated under a reserve contract.

### (b) The *Reserve Provider* will not be entitled to be paid the *usage charge* in relation to *reserve* provided by a *NMI* that is also included as a *NMI* in a listby another reserve provider. *AEMO* will notify the *Reserve Provider* of any *NMI* included in a list provided by the *Reserve Provider* which is included in a list by another reserve provider.

### (c) The *Reserve Provider* will only be entitled to be paid a *usage charge* in relation to *reserve* provided by *NMIs* that were included in the *Operational Information Spreadsheet* at the time of *activation.*

(d) If *AEMO* requests further information relating to the measurement and determination of the *activated* *reserve*, the *Reserve Provider* must provide that information to *AEMO* within 2 *business days* of *AEMO’s* request.

* 1. Calculation

The calculation of the quantity of *reserve activated* under this Agreement will be in accordance with the following:

### The aggregated electricity demand of all *NMI*s and *datastreams* in the list provided by the *Reserve Provider* to *AEMO* after *activation* will be used to calculate the baseline and the amount of *reserve* *activated*. Baselines and *reserve* *activated* will not be calculated for individual *NMIs* and *datastreams*.

**Unadjusted baseline calculation**

Where:

𝑏 = unadjusted baseline MWh for a given time interval (t)

i = one of S selected days

**Drafting note:** Please replace [] with “day” if your reserves are available on the weekend and weekdays, if your reserves are only available on the weekdays please use the word weekdays.

S = the set of selected days in the 45 calendar days immediately preceding the [day/weekday]on which *reserve* was *activated* and for which the calculation is being made (the **45 day period**). The days in the 45 day period selected for the set will be based on [day/*weekdays*]on which *reserve* was not *activated* (**Non**-**Activated Days**) and [day/*weekdays*]on which *reserve* was *activated* (**Activated Days**) determined as follows:

Step 1 - This set of selected days will normally comprise the 10 Non-Activated Days immediately preceding the [day/weekday]on which *reserve* was *activated* and for which the calculation is being made. The *Reserve Provider* may request that *AEMO* exclude days from the set of selected days. *AEMO* may determine to exclude or include those days at *AEMO’s* discretion.

Step 2 - If, in the 45 day period, there are less than 10 Non-Activated Days but 5 or more Non-Activated Days, then S comprises those Non-Activated Days.

Step 3 - If, in the 45 day period, there are less than 5 Non-Activated Days, then S comprises the Non-Activated Days plus one or more of the Activated Days in the 45 day period will be added to the number of Non-Activated Days so that the total number of days in the set equals 5. The Activated Days added to the Non-Activated Days will be determined based on the level of demand during the *trading intervals* during the period of *activation* on the Activated Days (with the Activated Day with the highest demand during any *trading interval* during the period of *activation* on that Activated Day ranked highest and added to the Non-Activated Days, with the next highest ranked Activated Day added and so on, until the total number of days in the set equals 5). If 2 or more Activated Days are ranked the same based on the highest demand during any *trading interval* during the period of *activation*, the Activated Day closest in time to the [day/weekday]on which *reserve* was *activated* and for which the calculation is being made will be ranked higher.

𝑡 = *trading interval*.

𝑐 = MWh electricity demand for a given *trading interval* (t) occurring on one of the selected days i.

**Relative Root Mean Squared Error (RRMSE)**

AEMO may measure the accuracy of the unadjusted baseline by determining the unadjusted baseline’s relative root mean squared error (RRMSE) by comparing the *Reserve Provider’s* unadjusted baseline against the 60 days not being Activated Days immediately preceding the [day/weekday]on which *reserve* was *activated* and for which the calculation is being made and if they vary from each other by a value greater than or equal to 20%, AEMO may adjust the variables which are used to determine the unadjusted baseline to ones which AEMO determines, acting reasonably, more accurately reflects the *Reserve Provider’s* typical demand.

The RRMSE is calculated as follows:



Where:

* n is the set of *trading intervals* from which *metering data* is taken for the performance of the calculation.
* *N* is the number of elements in set n
*  is the calculated baseline load associated with a *trading interval* in set *n*.
*  is the actual metered load associated with a *trading interval* in set *n*.

**Adjustment factor calculation**

For calculations based on 30 minute metering data:

Where:

𝑎 = adjustment factor (this may be positive or negative)

𝑠 = the start of the *trading interval* (t) for which the *activation instruction* was issued and for which the calculation is being made. This value may be adjusted by AEMO if required to reflect operational conditions on the day.

c = MWh electricity demand for a given time interval (t) during the period of *reserve activation* for which the calculation is being made.

𝑠−𝑛 = *trading interval* n 30-min intervals before *activation* start time

If the adjustment factor is a positive amount, the adjustment factor is limited to an amount equivalent to 20% of the amount of the *reserve.*

If the *reserve* is *activated* for 2 or more separate periods on the same day, the adjustment factor *a* for each period of *activation* will be the adjustment factor calculated for the first period of *activation* on that day.

For calculations based on 5 minute metering data:

Where:

𝑎 = adjustment factor (this may be positive or negative)

𝑠 = the start of the *trading interval* (t) for which the *activation instruction* was issued and for which the calculation is being made. This value may be adjusted by AEMO if required to reflect operational conditions on the day.

c = MWh electricity demand for a given time interval (t) during the period of *reserve activation* for which the calculation is being made.

𝑠−𝑛 = *trading interval* n 5-min intervals before *activation* start time

If the adjustment factor is a positive amount, the adjustment factor is limited to an amount equivalent to 20% of the amount of the *reserve.*

If the *reserve* is *activated* for 2 or more separate periods on the same day, the adjustment factor *a* for each period of *activation* will be the adjustment factor calculated for the first period of *activation* on that day.

**Adjusted baseline calculation**

𝐵 = adjusted baseline MWh for a given time interval (t)

**Delivered *reserve***

𝐷 = quantity of *reserve activated* for a given time interval (t)

Where D is more than the level specified in the relevant *activation instruction*, D = the level specified in the relevant *activation instruction*.

Where D is less than zero, D = 0.

1. Charges
   1. Billing Period

(a) For each *billing period* during the *reserve period,* the *Reserve Provider* will be entitled to charge *AEMO*:

(i) subject to paragraphs (b) and (c), an *availability charge* of [$XXXX] per [*weekday*] for each [*weekday*] that the *reserve* is *available* in that *billing period*;

(ii) a *pre-activation charge* equal to the product of [$XXXX] and the quantity (in MW) *pre-activated* in accordance with the *pre-activation instruction* and the number of times a *pre-activation instruction* (not including instructions amending previous instructions) is given during the *billing period*; and

(iii) subject to the *reserve* being available if *activated* for the [day/weekday] for which the *pre-activation charge* relates, where *reserve* has been *activated* during a *trading interval* in accordance with a *reserve contract* during the *billing period*, a *usage charge* equal to the product [$XXXX] and the quantity (in MWh) of the *reserve* *activated* as measured, verified and calculated in accordance with the relevant *reserve contract*.

Not more than one *pre-activation charge* is payable in a 24 hour period

(b) The amount of the *availability charge* payable by AEMO will be amended to the amount specified for the applicable event with effect from the applicable effective date as specified in the table **in item 2.3** and **paragraph (c)** below.

(c) The *availability charge* is not payable by *AEMO* to the *Reserve Provider* in respect of a [*weekday*] in a *billing period* during which the relevant *reserve* is not *available* including, for the avoidance of doubt, any [*weekday*] on which the *reserve* is taken to be not *available* under **Item 5.3, 5.4 or 5.5**. If the *reserve* is taken to be not available for a period under **item 5.5**, the *Reserve Provider* must repay *AEMO* any *availability charge* previously paid in respect of that period.

* 1. Early Termination

If the *reserve* specified in this Agreement is terminated by *AEMO* in accordance with **clause 12.3(a)** during the *reserve period*, the *Reserve Provider* will be entitled to charge *AEMO* an *early termination charge* of [$XXXX] less the sum of all *availability charges* paid prior to the date of termination.

1. **Security Payment** 
   1. **Definitions**

In this item9:

**Bank Guarantee** means a guarantee having the following attributes:

* + 1. it is issued by:

(i) one of the following banks provided that the relevant bank has a Credit Rating that is at least equal to the Reference Credit Rating:

(A) Australia and New Zealand Banking Group Limited;

(B) Commonwealth Bank of Australia;

(C) National Australia Bank; or

(D) Westpac Banking Group Limited; or

(ii) any other bank that:

(A) is incorporated in Australia, Lawfully carrying on banking business in Australia and authorised by the Australian Prudential Regulation Authority under section 9 of the Banking Act 1959 to carry on that business; and

(B) has a Credit Rating that is at least equal to the Reference Credit Rating;

and is approved by *AEMO*;

* + 1. it provides for presentation and payment at a branch of the issuing bank in the City of Melbourne;
    2. it is governed by the Law of New South Wales;
    3. it provides an irrevocable and unconditional commitment on the part of the bank to pay without further enquiry the amount demanded by *AEMO* up to the face value of the Bank Guarantee or, if a payment has previously been demanded and paid under the Bank Guarantee, that face value less the total payments previously made;
    4. it is valid for the term of the *reserve contract*;
    5. it is in the form set out in the **Attachment** or as otherwise prescribed by *AEMO* for the purposes of the prudential requirements under the Rules (or, if there is no such form at any time, the form prescribed by *AEMO* for this purpose (acting reasonably)); and
    6. it is executed by the issuing bank in accordance with section 127(1) of the Corporations Act, by a person with a current power of attorney from the issuing bank, or in another way acceptable to *AEMO*. If it is executed in another way, *AEMO* may require that the validity of the execution be confirmed in a way reasonably acceptable to *AEMO*.

**Credit Rating** means the short term rating in respect of an entity assigned by the Ratings Agency.

**Minimum Amount** means an amount equivalent to the initial 4 weeks of *availability charges*

**Ratings Agency** means Standard & Poor’s Financial Services LLC or one of its local subsidiaries operating as Standard & Poor’s.

**Reference Credit Rating** means a short term Credit Rating from the Ratings Agency of at least 'A-1'.

* 1. **Provision of Bank Guarantees**

At all times during the term of the *reserve contract*, the *Reserve Provider* must ensure that *AEMO* is the recipient and beneficiary of one or more Bank Guarantees the aggregate face value of which must, at all times, be equal to or exceed the Minimum Amount.

* 1. **Calling on a Guarantee**
     1. On or after a failure by the *Reserve Provider* to repay AEMO under item 8.1(c), *AEMO* may call on the Bank Guarantee for a sum less than or equal to the amount the *Reserve Provider* must repay *AEMO*.
     2. *AEMO* is not required to give the *Reserve Provider* notice before it exercises its rights under this item 9 and the **clause 14** does not apply to the exercise by *AEMO* of its rights under those clauses but *AEMO* must promptly give the *Reserve Provider* notice after it has exercised its rights under this **item 9**.
     3. If *AEMO* calls on a Bank Guarantee and is paid the amount of the call, the *Reserve Provider* is taken to have paid a sum toward the repayment equal to the amount received by *AEMO* under the call.
     4. If *AEMO* calls on an Bank Guarantee when it is not entitled to do so, it must, on demand, reimburse the *Reserve Provider* for all losses and costs incurred by the *Reserve Provider* (including any increase to the *Reserve Provider’s* cost of funds) directly caused by that wrongful call.
  2. **No Merger of Rights**
     1. Except as provided by **item 9.3(c)**, an exercise by *AEMO* of its rights under **item 9** does not:
        1. relieve the *Reserve Provider* of any of its obligations under the *reserve contract*; or
        2. merge, extinguish, postpone or lessen any right *AEMO* may have against the *Reserve Provider* under the *reserve contract*.
     2. An exercise by *AEMO* of its rights to call on a Bank Guarantee under **item 9** does not extinguish the Bank Guarantee and does not prevent a later exercise by *AEMO* of its rights to make a further call on the Bank Guarantee.
  3. **Return of Bank Guarantee**
     1. *AEMO* must return each Bank Guarantee to the issuing bank or, if requested by the *Reserve Provider*, to the *Reserve Provider*, within 5 Business Days of whichever of the following events occurs first:
        1. the date on which the *Reserve Provider* has discharged all payment obligations to *AEMO* under the *reserve contract*; and
        2. the date on which *AEMO* receives in cleared funds the total amount payable under the Bank Guarantee.
     2. Within 10 Business Days of the date on which the *Reserve Provider* has discharged all payment obligations to *AEMO* under the *reserve contract*, *AEMO* must provide the *Reserve Provider* with a notice confirming that all of the *Reserve Provider's* payments under the *reserve contract* have been met.

Annexure to Schedule 3 - Conditions Subsequent

Each *condition subsequent* applying to the *reserve* described in **Item 3** and *condition subsequent fulfilment date* is listed in the table below:

| **Conditions subsequent** | | **Condition Subsequent Fulfilment Date** |
| --- | --- | --- |
| 1. | The *Reserve Provider* must complete a test of the *pre-activation*, *activation* and *de-activation* of the *reserve* under instruction from *AEMO* to *AEMO’s* reasonable satisfaction*.*  This test requires the *Reserve Provider* to perform the following actions in sequence (failure to perform these actions in sequence will constitute a failure to complete this test satisfactorily):   * *pre-activate* the *reserve* within the *pre-activation lead time*; * provide *load reduction* at a level in accordance with *activation instructions* issued by *AEMO*; and * *de-activate* under *instructions* from *AEMO* within the *de-activation lead time*. |  |
| 2. | The procedures relevant to the provision of *reserve* that have been accepted by relevant *consumers* must be provided to *AEMO* (if some procedures are generic, a typical procedure will suffice). The procedures must include information protocols and indicate the steps to be carried out for:   * *pre-activation,* *activation* and *de-activation* of that part of the *reserve*; and * the notifications and responses required for each notification of the *reserve’s* availability*,*   for each part of the *reserve* that relates to each relevant *consumer*. |  |
| 3. | The *Reserve Provider* must demonstrate to *AEMO*’s reasonable satisfaction that the required notifications can be provided to the operator of each part of the *reserve* in sufficient time to allow the *reserve* to be *activated* in accordance with the *contracted levels of performance*.  *Pre-activation* and *activation* are not required as part of this demonstration. |  |
| 4. | Where theprovision of *reserve* relies on *standby generation* being available to supply the *load* *disconnected* from the *network*, the *Reserve Provider* must provide *AEMO* with test certificates or other evidence of satisfactory starts of each *standby generating unit,* indicating that the prime mover and energisation of the alternator of each *standby generating unit* were started recently without fail and the *standby generating unit* must *generate* electricity for at least 1 hour.  The evidence to be provided to *AEMO* must indicate that each *standby generating unit* was tested within 30 days of the date of provision of the evidence to *AEMO*. |  |
| 5 | The *Reserve Provider* must notify *AEMO* using the *Web Portal* or *Operational Information Spreadsheet* of all *NMI*’s and *datastream suffixes* related to the provision of *reserve* |  |
| 6 | Finalisation of jurisidictional consultation under National Electricity Rules clause 3.20.3(c) and agreement of cost-sharing arrangments under National Electricity Rules clause 3.20.3(f) to the reasonable satisfaction of AEMO. |  |
| 7 | Provision of the Bank Guarantee to AEMO |  |

Attachment 1 – Form of Bank Guarantee

**[*FINANCIAL INSTITUTION LETTERHEAD*]**

TO: Australian Energy Market Operator Limited   
ABN 94 072 010 327  
Level 22, 530 Collins Street   
MELBOURNE VIC 3000

**Attention: Chief Operating Officer**

Dear Sir

**Guarantee**

**Defined Terms**

Unless otherwise defined, the meaning of all capitalised terms is specified in table below:

|  |  |  |
| --- | --- | --- |
| **RESERVE PROVIDER:** | Name: |  |
|  | ABN: |  |
|  | Address: |  |
|  | Fax No: |  |
| **Maximum Period:** | | 24 hours |
| **Financial Institution:** | Name: |  |
|  | ABN: |  |
|  | Address: |  |
|  | Fax No: |  |
|  | Contact Person: |  |
|  | Contact Person Telephone No: |  |
| **Maximum Amount:** | | AUD |
| **Guarantee No:** | |  |
| **Effective Date:** | |  |
| **Expiry Date:** | |  |

**Introduction**

This is a Guarantee for the benefit of the Australian Energy Market Operator Limited (**AEMO**) provided in accordance with a reserve contract entered into between AEMO and the Reserve Provider on or about [insert date] (**Reserve Contract**).

At the request of the Reserve Provider and in consideration of AEMO’s:

(a) acceptance of this Guarantee for the purposes of the Reserve Contract at our request; or

(b) payment or agreement to pay us the sum of $1; or

(c) extending other valuable consideration to Reserve Provider at our request,

the Financial Institution unconditionally and irrevocably undertakes to pay to AEMO on demand from time to time any and all amounts (in AUD) to an aggregate amount not exceeding the Maximum Amount.

**Demand**

A demand from AEMO under this Guarantee must:

1 be in writing and sent, presented or faxed to the Financial Institution at the address and fax number specified in the Details;

2 state it is sent under the Guarantee No. specified in the Details;

3 specify the amount demanded by AEMO;

4 specify the time at which payment is to be made (such time to be not less than the Maximum Period after the demand is received by the Financial Institution); and

5 be signed by, or purportedly signed by, the Chief Financial Officer or the Group Manager Commercial Services of AEMO or any person acting in the place of or performing the duties of either of those officers.

Any telephone communications to the Financial Institution should be directed to the Contact Person using the Contact Person Telephone No.

The Financial Institution must pay the amount specified in a demand in cleared funds to the account specified in the demand at or before the time specified for payment, however, if:

(A) in the case where the demand is sent, it is received by the Financial Institution; or

(B) in the case where the demand is presented or faxed, it is received by the Financial Institution,

(as the case may be) on a day that is not a Business Day or after 3.00 pm in the place where the relevant office of the Financial Institution is situated on a Business Day, the Financial Institution will be taken to have received the demand at 9.00 am in the place where the relevant office of the Financial Institution is situated on the next Business Day. For this purpose, a “Business Day” is a day on which the Financial Institution is open for business in the city in which the Financial Institution’s address set out in the Details is located.

If a demand under this Guarantee is faxed to the Financial Institution, AEMO must provide to the Financial Institution the original of the fax as soon as practicable after the fax is sent. Notwithstanding this requirement, the Financial Institution must pay the amount specified in the faxed demand on the basis of the faxed demand.

**Other matters**

The Financial Institution must make the payment demanded without reference to the Reserve Provider and notwithstanding any contrary notice or direction from the Reserve Provider.

This Guarantee is a primary obligation and is not reduced, impaired, discharged or otherwise affected by anything that might otherwise affect it, or would discharge a surety, at law or in equity including, but not limited to, any extension or variation to the Reserve Contract or time or other indulgence or forbearance on the part of AEMO on the one hand or the Reserve Provider on the other hand to each other made or agreed without the Financial Institution’s knowledge or consent.

The Financial Institution irrevocably waives to the fullest extent it is permitted to do so by law any right to claim sovereign immunity for itself and its assets (including from jurisdiction, enforcement or execution) to which it might otherwise be entitled in any action based on this Guarantee that may be instituted in a competent court.

This Guarantee:

(a) must not be assigned without the Financial Institution’s written consent; and

(b) is governed by and construed in accordance with the laws of Victoria.

**Effective Date**

This Guarantee will take effect on and from the Effective Date.

**Termination**

A demand may be made under this Guarantee at any time until the first to occur of:

(i) the Financial Institution’s receiving notice in writing signed by the Chief Financial Officer or Group Manager Commercial Services of AEMO or any person acting in the place of or performing the duties of any of those officers that the Guarantee is no longer required;

(ii) payment to AEMO by the Financial Institution of the whole of the Maximum Amount;

(iii) replacement of this Guarantee by another guarantee in a form satisfactory to AEMO for an amount agreed to by the Reserve Provider and AEMO; and

(iv) 5.00 pm, in the place where the relevant office of the Financial Institution is located, on the Expiry Date (unless prior to that date AEMO notifies the Financial Institution in writing that an application has been made for the winding up of the Reserve Provider, in which case this Guarantee will continue until the first to occur of the events listed in paragraphs (i), (ii) and (iii)).

The Financial Institution may at any time, without being required to do so, pay to AEMO the Maximum Amount less any amounts the Financial Institution may have already paid under this Guarantee (or such lesser sum as the Chief Financial Officer or Group Manager Commercial Services of AEMO may agree in writing) and thereupon its liability under this Guarantee immediately ceases.

Once demands may no longer be made under this Guarantee for any of the reasons specified above, AEMO must return the Guarantee to the Financial Institution.

Executed as a deed poll on [***insert date***]

|  |  |  |
| --- | --- | --- |
| SIGNED by [***insert name of attorney***] as attorney for [***insert name of Financial Institution***] under power of attorney dated [***insert date of power of attorney***] in the presence of:    Signature of witness    Name of witness (block letters)    Address of witness    Occupation of witness | )  )  )  )  )  )  )  )  )  )  )  )  )  )  )  ) | By executing this agreement the attorney states that the attorney has received no notice of revocation of the power of attorney |

Attachment 2 – Operational information spreadsheet

Signing page

|  |  |  |
| --- | --- | --- |
| **SIGNED** by XXas authorised representative for and on behalf of **AUSTRALIAN ENERGY MARKET OPERATOR LIMITED** in the presence of:    Signature of witness    Name of witness (block letters)    Address of witness | )  )  )  )  )  )  )  )  )  )  )  )  )  )  )  )  )  )  )  ) | By executing this Agreement the signatory warrants that the signatory is duly authorised to execute this Agreement on behalf of **AUSTRALIAN ENERGY MARKET OPERATOR LIMITED** |
| **Date signed:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** |  |  |

|  |  |  |
| --- | --- | --- |
| **SIGNED** by XXas authorised representative for and on behalf of **xxx** in the presence of:    Signature of witness    Name of witness (block letters)    Address of witness | )  )  )  )  )  )  )  )  )  )  )  )  )  )  )  )  ) | By executing this Agreement the signatory warrants that the signatory is duly authorised to execute this Agreement on behalf of **xxx** |
| **Date signed:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** |  |  |

1. Copy table and use one for each Generating Unit involved. [↑](#footnote-ref-2)
2. Copy table and use one for each Generating Unit involved. [↑](#footnote-ref-3)
3. Copy table and use one for each Generating Unit involved. [↑](#footnote-ref-4)