



Questions & Answers

1. What happens in the Network Access Quantities (NAQ) process if a Facility has selected a Fixed Price? Does it affect the order that Facilities are added?

If there is a Candidate Fixed Price Facility or Facility Upgrade, AEMO will use Part B of Appendix 3 of the WEM Rules to determine the NAQ for that Reserve Capacity Cycle. Note that Facilities or Facility Upgrades with Fixed Price are given lower priority than non-Fixed Price Facilities or Facility Upgrades in the NAQ model. Please refer to slide 20 of the [NAQ Information Session presentation](#).

2. Regarding Peak vs. Flexible Certified Reserve Capacity (CRC), I understand the NAQ process is based solely on a facility's Peak CRC, but is there any impact to priority order within the NAQ process for facilities opting to be considered for providing Flexible Capacity?¹

The NAQ process is used to determine Peak Capacity and there is no impact from applying for Flexible Capacity. Note that if a Facility's Peak Capacity is reduced due to NAQ, Flexible Capacity continues to be capped at the level of Peak Capacity.

3. How often does AEMO review the Reserve Capacity Mechanism (RCM) Constraint Equations, including coefficients and line ratings? How conservative are the network limits in the constraint equations?

RCM Constraint Equations are reviewed extensively as part of creation and prior to use in the NAQ model, however there is no further review after publication of constraint equations. It should be noted that the NAQ model for each RC Cycle is never re-run, so RCM Constraint Equations are never formally re-used. Therefore, any modifications to RCM Constraint Equations have no impact on assigned Capacity Credits.

Constraint Equation coefficients are a function of Network configuration, predominantly impedances (e.g. physical characteristics of lines and transformers) and "open points" (e.g. the state of switches in the network). The coefficients in RCM Constraint Equations are based on RCM Limit Advice provided by Western Power, and in effect are a function of the Network Service Provider's opinion of most likely network configuration at the time of peak in the relevant capacity year.

¹ Question 1 and 2 have also been published on the [2025 CRC Information Session – Q&A](#)

Similarly, RCM Constraint Equation line ratings are provided as part of RCM Limit Advice. It is not known to AEMO how conservative each rating is. These ratings are developed by the Network Service Provider as a function of many variables, such as the physical characteristics of network equipment (e.g. clearance distances of lines, maximum temperature of transformers) and an assessment of most likely ambient conditions that effect these ratings (e.g. wind, temperature, and sunlight).

AEMO performs due diligence of RCM Limit Advice and the corresponding RCM Constraint Equations, for instance by comparing to real-time operations or to a “load flow model”. AEMO may request clarification from the Network Service Provider on any discrepancies identified, which may lead to updated RCM Limit Advice. However, the final RCM Constraint Equations reflect the published RCM Limit Advice.

4. Why don't the total assigned Capacity Credits and Reserve Capacity Requirement (RCR) figures for each Capacity Year match exactly?

AEMO aims to meet the RCR as part of the Certified Reserve Capacity (CRC) process. However, the final amount of Capacity Credits (CC) does not generally match the RCR exactly (there could be a shortfall or excess of capacity). All non-fixed price Committed Facilities are added to the model regardless of the RCR being reached, so there can be an excess of Capacity if the Capacity from existing and committed Facilities exceeds the RCR. Conversely, if all available Facilities have been added and the RCR is still not met, there will be a shortfall. If assigned CC, a Facility receive its Final NAQ. Where a Facility is the last Proposed Facility being added to meet the RCR, it is very likely it will exceed the RCR as it cannot be reduced to just match the remaining gap.

5. Can you explain further how NAQ Floor is set? Can or will it be changed in the next Cycle? Can an existing Facility receive lower NAQ in a future round? If possible, under what scenarios?

The NAQ Floor was implemented to satisfy the following NAQ Rule from the Appendix 3: “The preliminary Network Access Quantity determined for a Facility under a step in Part A or Part B, as applicable, cannot be reduced, but can be increased, in a subsequent step”.

The NAQ Floor for a Facility is set to the Preliminary NAQ determined in the previous Prioritisation Step. The Preliminary NAQ determined for a Facility in a given Prioritisation Step cannot be lower than its NAQ Floor. A Facility NAQ Floor always starts at zero in a Prioritisation Step where the Facility is included for the first time in the current cycle , regardless of whether the Facility received NAQ in a previous Cycle.

6. Is it clear ahead of the NAQ process how much grid capacity is available in each part of the network, based on ageing facilities, retirements etc?

The primary method of estimating available capacity in the Network is studying the RCM Limit Advice, and stated assumptions about other facilities, to form a forecast or estimate of available NAQ.

AEMO aims to provide additional supporting information, such as reports which identify historic congestion and potential issues with specific Network Locations. This information is publicly available for Market Participants to get an indication of constrained areas.

Please refer to slide 48 of the [NAQ Information Session presentation](#).

7. What happens when 2 new facilities join the NAQ process in the same cycle in a constrained area? Are they each given an equally reduced NAQ?

If both Facilities are at the same location (have the same coefficients in relevant constraint equations), the NAQ Engine reduces them in the same proportion of their NAQ Ceiling.

8. Is the start date of a Facility considered when prioritising Existing Facilities? For example, in the 2025 CRC Cycle, will a Facility that received CC/NAQ in previous cycles always be prioritised over a Facility applying for CRC for the first time in 2025?

The Facilities will eventually be in the same priority group. However, in the first Prioritisation Step, the NAQ is assigned up to the NAQ obtained in previous cycle. The existing Facilities (i.e., Facilities received CC/NAQ in the previous cycle) will therefore retain an advantage in comparison to a newer Facility, assuming they are in a constrained area with NAQ reductions. The only exception is for Facilities associated with a NCESS contract as these Facilities get added to the NAQ model in the first priority group up to their CRC level.

Note

This Q&A summary is based on the Information Session held by AEMO on 31 March 2025.

All rule references in this document refer to the WEM Rules as at 10 March 2025. Terms that are capitalised, but not defined in this document, have the meaning given in the WEM Rules.

AEMO has taken all due care in preparing this material however, accepts no liability for any errors it may contain.

For any further queries, please contact the WA Capacity Investment & Assessment team at wa.capacity@aemo.com.au.