# Request for Expressions of Interest for the 2025 Reserve Capacity Cycle

31 January 2025

A report for the Wholesale Electricity Market

**We acknowledge the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.**

**We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country; and hope that our work can benefit both people and Country.**

'Journey of unity: AEMO's Reconciliation Path' by Lani Balzan

AEMO Group is proud to have launched its first Reconciliation Action Plan in May 2024. 'Journey of unity: AEMO's Reconciliation Path' was created by Wiradjuri artist Lani Balzan to visually narrate our ongoing journey towards reconciliation - a collaborative endeavour that honours First Nations cultures, fosters mutual understanding, and paves the way for a brighter, more inclusive future.

# Important notice

## Purpose

The Australian Energy Market Operator (AEMO) has prepared this Request for Expressions of Interest (REOI) under clause 4.2.2 of the Wholesale Electricity Market Rules (WEM Rules). The purpose of the REOI is to invite existing and prospective Market Participants to notify AEMO of the amount of new Energy Producing System and Demand Side Programme (DSP) capacity they intend to make available as Peak Capacity and Flexible Capacity in the South West Interconnected System (SWIS) in the Capacity Year to which the REOI relates. This document is generally based on information available to AEMO as at 31 January 2025 unless otherwise indicated.

## Disclaimer

AEMO has made reasonable efforts to ensure the quality of the information in this document but cannot guarantee that information, forecasts, and assumptions are accurate, complete or appropriate for your circumstances.

Modelling work referred to in this document inherently requires assumptions about future behaviours and market interactions, which may result in forecasts that deviate from future conditions. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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# Executive summary

The South West Interconnected System (SWIS) is one of the largest and most isolated electricity grids in the world. The Reserve Capacity Mechanism (RCM) is a unique feature of the Wholesale Electricity Market (WEM) and aims to ensure sufficient Energy Producing System and Demand Side Programme (DSP) capacity is available to meet peak and flexible demand in the SWIS two years in the future.

The RCM operates over a four-year cycle, with Reserve Capacity[1] being procured two years before the relevant obligations take effect. In Year 1 of the Reserve Capacity Cycle (RC Cycle), the Reserve Capacity Requirement (RCR) is determined and Capacity Credits are assigned to Facilities taking into account the Facility's capability and network constraints. Facilities assigned Capacity Credits must provide capacity during the relevant Capacity Year, which runs across Year 3 and Year 4 of the RC Cycle.

The Request for Expressions of Interest (REOI) is the first activity AEMO undertakes as part of Year 1 of the 2025 RC Cycle, which will procure capacity for the SWIS for the 2027-28 Capacity Year[2]. It invites Market Participants and proponents to provide information to the Australian Energy Market Operator (AEMO) on the amount of new Energy Producing System or DSP capacity they intend to make available, and outlines the steps and requirements involved in the process.

The commencement of new WEM Rules on 15 January 2025 has introduced changes to the RCM with the aim that it continues to achieve system reliability at the most efficient cost for consumers for current and future system demand profiles, in light of the energy transformation underway in Western Australia (WA).

One of the key changes to the RCM has been the introduction of a new Flexible Capacity product for the 2025 and future RC Cycles. Specifically for the 2025 RC Cycle, proponents can apply to receive either Peak Certified Reserve Capacity (Peak CRC) or both Peak and Flexible Certified Reserve Capacity (Flexible CRC) for new capacity (new Facilities and upgrades to existing Facilities) for the 2027-28 Capacity Year:

- Peak CRC accounts for the ability of a Facility to support peak operational demand periods in the SWIS.
- Flexible CRC considers the ability of a Facility to respond at very short notice to manage changes in operational demand during high ramp periods. Facilities that meet the minimum eligibility requirements determined by AEMO will be assigned Flexible CRC. Flexible Capacity providers who are assigned Flexible Capacity Credits may be paid an additional amount.

The new WEM Rules also enable Distributed Energy Resources (DER)[3] to participate as DSP in the Certification of Reserve Capacity (CRC) process.

The addition of a 10-year fixed price option for eligible components of Scheduled and Semi-Scheduled Facilities, as an outcome of the WEM Investment Certainty Review, also supports investment in the WEM. Note that CRC applicants who opt for a Fixed Price Facility or a Fixed Price Component will be lower in the Network Access Quantity priority order compared to capacity that has not been nominated for a Fixed Price.

[1] Reserve Capacity means either Peak Capacity or both Peak Capacity and Flexible Capacity (a new product for the 2025 RC Cycle).

[2] The 2027-28 Capacity Year is for capacity available on Trading Days from 1 October 2027 to 30 September 2028. A Trading Day commences at 8:00 am.

[3] Distributed Energy Resources are smaller-scale devices that can either use, generate or store electricity, and form a part of the local distribution system, serving homes and businesses. They include renewable generation, energy storage, electric vehicles, and technology that consumers can use at their premises to manage their electricity demand (e.g. hot water systems, pool pumps or smart appliances).

It is not mandatory to submit an Expression of Interest (EOI) to be eligible to apply for Peak CRC or both Peak CRC and Flexible CRC[4]. However, in considering whether to submit an EOI, proponents may wish to consider the following:

- For proponents that submit an EOI, AEMO will assess the EOI and assign an Indicative Facility Class (IFC) for Peak CRC and Flexible CRC application purposes prior to the CRC application period specified in clause 4.9.1 of the WEM Rules. Proponents that do not submit an EOI must apply separately for an IFC assessment prior to applying for Peak CRC or both Peak CRC and Flexible CRC.
- The submission of a valid EOI and the submission time will affect the Facility's place in the priority order when assigning a Network Access Quantity (NAQ) in instances where there is a tie-break in the NAQ calculation process.
- An EOI must address all questions in the EOI submission template, with supporting evidence where appropriate, in order to be a valid EOI under clause 4.2.6 of the WEM Rules5.

Applicants are encouraged to:

- Commence securing all necessary approvals related to their Peak CRC or both Peak CRC and Flexible CRC application for the 2025 RC Cycle (see Section 3).
- Engage with AEMO for assistance in understanding the various RCM aspects relevant to their projects.

Key activities that apply to Year 1 of the 2025 RC Cycle are detailed in the 2025 RC Cycle Timetable[6] and presented in Appendix A1 of this report.

The preliminary Peak Reserve Capacity Requirement (Peak RCR) for the 2027-28 Capacity Year is 5,794 megawatts (MW), based on the 2024 WEM *Electricity Statement of Opportunities* (ESOO) forecasts[7]. AEMO has identified a potential capacity investment gap of between 158 MW and 592 MW for the 2027-28 Capacity Year, based on known coal facility retirements as well as preliminary consideration of potential coal supply issues and resulting impacts on coal generation capacity.

This potential investment gap is indicative only, and will be refined as part of the 2025 WEM ESOO. The recent record-breaking peak demand experienced on the SWIS in January 2025 is higher than what had been forecast in the 2024 WEM ESOO as the 10% probability of exceedance (10POE) demand forecast for the 2024-25 summer and further assessment is ongoing to determine whether this also suggests an under-forecast of the 10POE demand for the 2027-28 summer. If so, the Peak RCR for the 2027-28 Capacity Year will be higher than the preliminary estimate provided in this report.

The ongoing WA Capacity Investment Scheme[8] (CIS) is expected to incentivise additional capacity in the 2027-28 Capacity Year, but given current uncertainties regarding both future demand and supply in 2027-28, more investment may be required beyond this. The results of the CIS tender will be known in March 2025.

Both the Peak RCR and the Flexible Reserve Capacity Requirement (Flexible RCR) will be published in the 2025 WEM ESOO on or before 10 June 2025. Of the 5,953 MW Peak Capacity available from the existing fleet (Facilities assigned Capacity Credits in the 2024 RC Cycle), it is expected that 3,400 MW would be able to provide Flexible Capacity.

[4] Similar to Reserve Capacity, Certified Reserve Capacity means either Peak Certified Reserve Capacity or both Peak Certified Reserve Capacity and Flexible Certified Reserve Capacity.

[5] The WEM Rules are at https://www.wa.gov.au/government/document-collections/wholesale-electricity-market-rules.

[6] At https://aemo.com.au/en/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/reserve-capacity-timetable.

[7] Preliminary Peak RCR refers to Peak Reserve Capacity Target in the ESOO. See Table 2, 2024 WEM ESOO, at https://aemo.com.au/en/energy-systems/electricity/wholesale-electricity-market-wem/wem-forecasting-and-planning/wem-electricity-statement-of-opportunities-wem-esoo.

[8] The Capacity Investment Scheme – Tender 2 – WEM Dispatchable documentation is at https://aemoservices.com.au/tenders/cis-tender-2-wem-dispatchable.

To submit an EOI for the 2025 RC Cycle, an applicant is required to complete the 2025 EOI application form, which can be found on the WEM Website[9]. The information required to be included in an EOI, and the submission format is outlined in the application form.

The applicant must email the completed 2025 EOI application form, including any required supporting documentation, to AEMO at wa.capacity@aemo.com.au by **5:00 pm Australian Western Standard Time (AWST) on Tuesday, 4 March 2025**.

Any queries in relation to this REOI should be addressed to AEMO's WA Capacity Investment and Assessment team at wa.capacity@aemo.com.au.

[9] 2025 EOI Application Form, at https://aemo.com.au/en/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/expressions-of-interest.

# Contents


Executive summary 3

1 Introduction 7

2 Overview of the RCM 8

2.1 The Reserve Capacity Mechanism 8

3 Key RCM processes and requirements 12

3.1 EOI process 12

3.2 The Certified Reserve Capacity process 13

3.3 NAQ and Capacity Credits 18

4 Key information for the 2025 REOI 19

4.1 Submitting an EOI for the 2025 Reserve Capacity Cycle 19

A1. 2025 Reserve Capacity Cycle timetable 26

Abbreviations 29


## Tables


Table 1 Timelines for Market Participant registration, Facility creation, and IFC Assessment 15

Table 2 Key figures for the 2022, 2023, 2024, and 2025 RC Cycles 20


## Figures


Figure 1 Map of the SWIS 8

Figure 2 Interactions between Capacity Years and Calendar Years for 2025 Reserve Capacity Cycle 9

Figure 3 2025 Reserve Capacity Cycle key changes 10

Figure 4 2026-27 Availability Curve 21

Figure 5 2025-26 Availability Curve 21

Figure 6 2024-25 Availability Curve 22

Figure 7 2027-28 Capacity investment gap base scenario (Retirement of Collie) 23

Figure 8 2027-28 Capacity investment gap alternative scenario (Collie retirement and unavailability of Bluewaters) 24

# 1 Introduction

The 2025 REOI has been developed in accordance with clause 4.2.2 of the WEM Rules. All clause references in this document refer to a clause of the WEM Rules, unless otherwise indicated. Unless the context otherwise indicates, all terms capitalised in this document are defined in Chapter 11 of the WEM Rules.

The release of this REOI is the first activity in Year 1 of the 2025 RC Cycle. It invites Market Participants and proponents to provide information to AEMO on the amount of new Energy Producing System or DSP capacity they intend to make available in the SWIS for the 2027-28 Capacity Year.

The REOI process precedes the CRC process which involves a formal assessment of CRC applications from Market Participants for their Facilities for the relevant Capacity Year. All proponents must have an IFC and indicative Facility Technology Type assigned to be eligible to apply for CRC. AEMO undertakes IFC assessments based on information provided in the EOI or alternatively as part of a formal IFC assessment application, if an EOI is not submitted.

This report outlines the steps and requirements proponents need to follow to submit an EOI for the 2027-28 Capacity Year.

# 2 Overview of the RCM

The WEM operates in relation to the SWIS. As shown in Figure 1, the SWIS covers the south-west of WA, extending north to Kalbarri, south to Albany, and east to Kalgoorlie.

**Figure 1 Map of the SWIS**


## 2.1 The Reserve Capacity Mechanism

### Overview

The SWIS is an isolated system with a high summer peak demand relative to the average load. Unlike many other energy markets, including the National Electricity Market (NEM), the WEM features an RCM. The purpose of the RCM is to ensure sufficient Energy Producing System and DSP capacity is available two years in the future. It achieves this purpose via payments to eligible Reserve Capacity providers, thus assisting with the recovery of their long-term fixed costs of providing capacity to serve the SWIS.

The RCM operates as a four-year cycle, with Reserve Capacity being procured two years before the relevant obligations take effect. In Year 1 of the RC Cycle, the RCR[10] is determined and Capacity Credits[11] are assigned to Facilities taking into account the Facility's capability and network constraints. These Facilities must provide capacity during the relevant Capacity Year, runs across Year 3 and Year 4 of the RC Cycle. Obligations are imposed on Market Participants holding Capacity Credits in return for receiving payments[12]. Facilities must make their assigned capacity available from the Trading Days[13] from 1 October Year 3 to 30 September Year 4 of the RC Cycle, except to the extent that the Facility is subject to a Planned Outage.

[10] The RCR for a Reserve Capacity Cycle is the Peak Reserve Capacity Requirement or the Flexible Reserve Capacity Requirement or both (as the context requires).

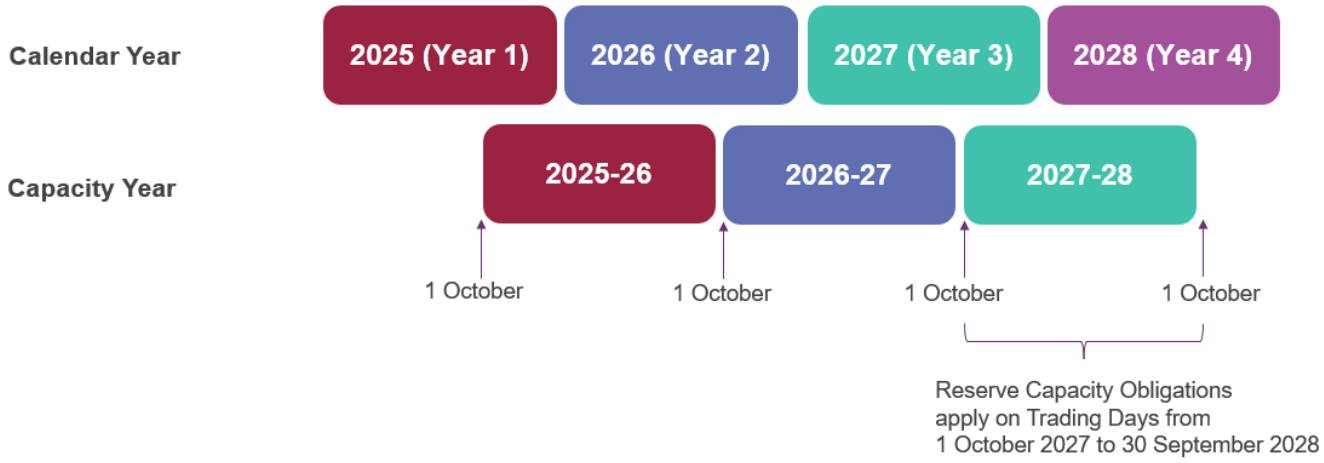
[11] Capacity Credits are notional units of capacity that can be traded via bilateral contracts among Market Participants.

[12] Reserve Capacity Obligations differ depending on Facility Technology Type and Facility Class. Failure to satisfy Reserve Capacity Obligations may result in Reserve Capacity refund obligations. See Sections 4.12 and 4.26 of the WEM Rules.

[13] A period of 24 hours commencing at 8:00 am.

Figure 2 presents the interactions between Capacity Years and Calendar Years relevant to the 2025 RC Cycle.

**Figure 2 Interactions between Capacity Years and Calendar Years for 2025 Reserve Capacity Cycle**




## RCM changes for the 2025 RC Cycle

To improve the effectiveness of the RCM, the Coordinator of Energy commenced a comprehensive review of the RCM[14] in September 2021 and the Reserve Capacity Reform Rules 2023[15] were published in the Government Gazette on 12 December 2023. The WEM Amendment (RCM Reviews Sequencing) Rules 2025[16] were gazetted on 14 January 2025 and Schedule 1 commenced on 15 January 2025. These WEM Rules introduce new aspects to the RCM, to commence in the 2025 RC Cycle, summarised as follows:

- **A new Flexible Capacity product** (capacity able to respond at very short notice to manage changes in load during high ramp periods) has been introduced for the 2025 and future RC Cycles. The new Rules also include a Flexible Reserve Capacity Price – a potential additional source of revenue for Flexible Capacity providers.

  New associated terms – such as Peak RCR and Peak Reserve Capacity Target (Peak RCT) – are analogous to previous Reserve Capacity terms/products. Reserve Capacity now means either Peak Capacity or both Peak Capacity and Flexible Capacity:

  - Peak Capacity accounts for the ability of a Facility to support peak demand periods in the SWIS.
  - Flexible Capacity considers the ability of a Facility to start, stop, ramp up, and ramp down quickly. Facilities that meet the minimum eligibility requirements determined by AEMO annually in line with clause 4.10.1A will be assigned Flexible Capacity. Flexible Capacity providers may be paid an additional amount.

  Specifically for the 2025 RC Cycle, proponents can apply to receive either Peak Capacity Credits or both Peak and Flexible Capacity Credits for new capacity (new Facilities and upgrades to existing Facilities) for the 2027-28 Capacity Year.

- **Addition of a 10-year fixed price option for eligible components** of Scheduled and Semi-Scheduled Facilities (Capability Class 1 facilities assigned Flexible CRC) under clause 4.14.1B.

[14] At https://www.wa.gov.au/government/document-collections/reserve-capacity-mechanism-review.

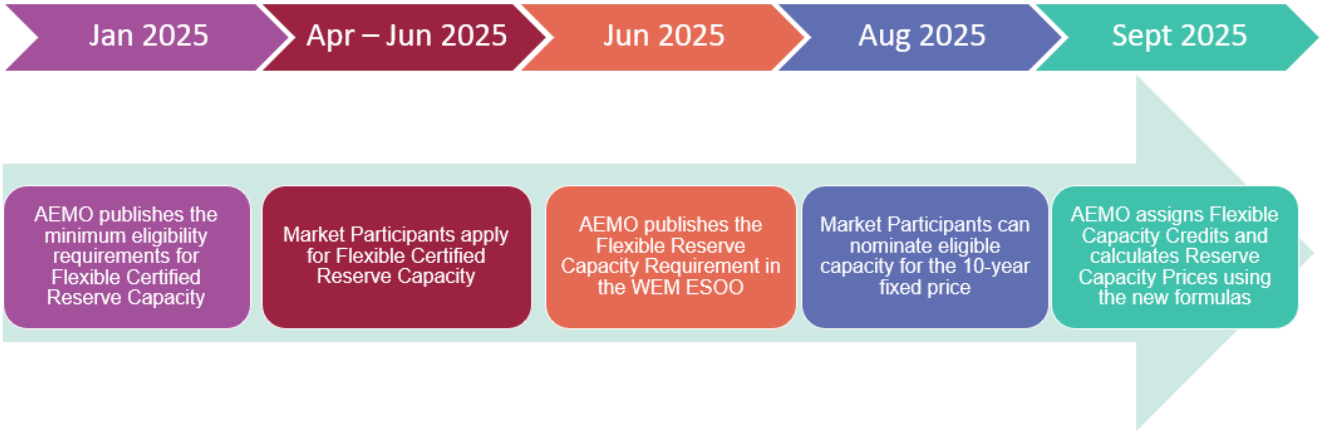
[15] At https://www.wa.gov.au/government/document-collections/wholesale-electricity-market-amendment-reserve-capacity-reform-rules-2023.

[16] At https://www.wa.gov.au/government/document-collections/wholesale-electricity-market-amendment-rcm-reviews-sequencing-rules-2025.

- **DER[17] is able to participate** as DSP in the CRC process under clause 4.10.1(f). AEMO notes it is State Government policy that *Electricity Generation and Retail Corporation* - trading as Synergy, is the sole aggregator for non-contestable customers (customers consuming less than 50 MWh per year), although Synergy may engage with third parties to deliver aggregation services.

An overview of the key changes in the RCM for the 2025 RC Cycle is presented in Figure 3.

**Figure 3 2025 Reserve Capacity Cycle key changes**




## Reserve Capacity Targets and Reserve Capacity Requirements

Every year, in the WEM ESOO, AEMO forecasts the Reserve Capacity Target (RCT)[18]. The Planning Criterion (the reliability standard for the SWIS) is used to set the RCT for each Capacity Year of the Long Term Projected Assessment of System Adequacy (Long Term PASA) Study Horizon. The RCT is then used to determine the RCR in Year 3 of the relevant RC Cycle.

The Planning Criterion is AEMO's estimate of the total amount of Energy Producing System or DSP capacity required in the SWIS and is calculated in accordance with clause 4.5.10(b). The Planning Criterion requires AEMO to ensure sufficient available capacity in each Capacity Year to meet the three Limbs:

- Limb A – meets peak demand forecast of 'one-in-10-year' conditions[19], otherwise stated as the 10POE[20], plus a reserve margin[21].
- Limb B – limit expected energy shortfalls to 0.0002% of annual energy consumption.
- Limb C – meet the highest forecast Four-Hour Demand Increase, plus a reserve margin[22].

[17] Information on the DER Roadmap, including Roles and Responsibilities is available here: https://www.wa.gov.au/government/distributed-energy-resources-roadmap.

[18] The RCT for a Capacity Year is the Peak Reserve Capacity Target or the Flexible Reserve Capacity Target or both (as the context requires).

[19] One-in-10-year demand conditions are a common benchmark in electricity markets when considering reserve margin levels. They are used in the NEM, as well as in major US electricity markets, such as those operated by PJM (regional transmission organisation for all or parts of 13 states and the District of Columbia), the New York Independent System Operator, and the New England Independent System Operator.

[20] Probability of exceedance means the likelihood that a peak demand forecast will be met or exceeded. A 10POE peak demand forecast is expected to be exceeded, on average, only one year in 10 and assumes more extreme weather than a 50% probability of exceedance forecast.

[21] The reserve margin accounts for both the Forced Outages and the size of the largest contingency relating to loss of supply that could be expected at the time of forecast peak demand, which may relate to outages of either generation or network assets.

[22] The reserve margin accounts for both the highest forecast Four-Hour Demand Increase and the proportion of Flexible Capacity expected to be unavailable at the highest forecast Four-Hour Demand Increase.

The Long Term PASA forecasts the Peak RCT over a 10-Capacity Year horizon and the results are published in the WEM ESOO annually. The Peak RCT is AEMO's estimate of the total amount of Energy Producing System and DSP capacity required in the SWIS to satisfy Limbs A and B of the Planning Criterion.

In addition to reporting the RCR as part of the Peak RCT determination, the 2025 WEM ESOO will also determine the Flexible RCR for the 2027-28 Capacity Year. This is AEMO's estimate of the total amount of Flexible Capacity required in the SWIS to satisfy the Planning Criterion for that Capacity Year, calculated in accordance with clause 4.5.10(bA). The Flexible Reserve Capacity Target (Flexible RCT) (set by Limb C) will also be published in the 2025 WEM ESOO.

## Capacity Credits and obligations

Peak Capacity Credits and Flexible Capacity Credits are valid for a single Capacity Year and are assigned to Energy Producing Systems and DSP Capacity. Any Energy Producing System or DSP capacity that can meet the timelines and requirements outlined in the WEM Rules may participate in the RCM.

If a Facility fails to meet its Reserve Capacity Obligations, the Facility is required to pay to AEMO a Facility Reserve Capacity Deficit Refund (including any Refund Payable Planned Outage Quantity), which is redistributed to other Market Participants.

Market Participants are required to purchase enough Peak Capacity Credits and Flexible Capacity Credits to meet the level of their Peak Individual Reserve Capacity Requirement (Peak IRCR) and Flexible Individual Reserve Capacity Requirement (Flexible IRCR) respectively.

Market Participants may purchase Peak Capacity Credits and Flexible Capacity Credits through bilateral contracts with capacity providers, or through the WEM at the administered Peak Reserve Capacity Price (Peak RCP) and Flexible Reserve Capacity Price (Flexible RCP).

# 3 Key RCM processes and requirements

## 3.1 EOI process

Applicants seeking Peak CRC or both Peak CRC and Flexible CRC may submit an EOI. The WEM Rules do not require a proponent to submit an EOI to be eligible to apply for Peak CRC or both Peak CRC and Flexible CRC[23].

However, in considering whether to submit an EOI, proponents may wish to note two matters. First, for proponents that submit an EOI, AEMO will assess the EOI and assign an IFC for Peak CRC and Flexible CRC application purposes prior to the CRC application period specified in clause 4.9.1. Proponents that do not submit an EOI must apply separately for an IFC assessment prior to applying for Peak CRC or both Peak CRC and Flexible CRC.

Second, the submission of a valid EOI and the submission time will affect the Facility's place in the priority order when assigning a NAQ in instances where there is a tie-break in the NAQ calculation process.

An EOI must address all questions in the EOI submission template, with supporting evidence where appropriate, to be a valid EOI under clause 4.2.6.

A proponent that is unsure of the final configuration of its Facility may submit multiple EOIs specifying different configurations for the Facility. Multiple EOIs submitted for the same Facility are referred to as EOI Facility Variants. A proponent is required to nominate one EOI as the primary variant (EOI Primary Variant). AEMO uses EOI Primary Variants for the purposes of clause 4.2.7(b) to formulate RCM Constraint Equations under section 4.4B of the WEM Rules.

Under clause 4.4B.2, by 5:00pm on the last Business Day falling on or before 8 May of Year 1 of an RC Cycle, AEMO is required to provide Network Operators[24], in respect of its Network for the RC Cycle, with the following information:

- Details of each Facility specified in an EOI.
- Details of each Facility for which AEMO has received a notice of intention to cease operation permanently by 1 October of Year 3 of the RC Cycle.
- Details of each Facility for which AEMO has received an Early Certified Reserve Capacity application, and whether the Facility has nominated to be classified as a Network Augmentation Funding Facility (NAFF).
- Details of any Non-Co-optimised Essential System Service Contracts (NCESS Contracts) procured by AEMO which are expected to be in service by 1 October of Year 3 of the RC Cycle and are expected to impact information provided by a Network Operator under clause 4.4B.5.
- Preliminary forecasts of peak demand determined under clause 4.5.10(a)(iv) for the third Capacity Year of the Long Term Projected Assessment of System Adequacy Study Horizon.

This information enables the Network Operator to develop and provide AEMO with an estimate of Thermal Network Limits, which are used to develop RCM Constraint Equations to be applied in the NAQ Model.

[23] Similar to Reserve Capacity, Certified Reserve Capacity means either Peak Certified Reserve Capacity or both Peak Certified Reserve Capacity and Flexible Certified Reserve Capacity.

[24] Western Power is the Network Operator in the SWIS.

The EOI submission template collects detailed locational and network connection information. This information enables the Network Operator to include information about new connections of Facilities provided in EOIs when developing an estimate of Thermal Network Limits under clause 4.4B.3. In addition, a Market Participant that intends to nominate a new Facility or an upgrade of an existing Facility as a NAFF in its CRC application (see Section 2.2.3) must include this nomination in the EOI. This enables the Network Operator to provide an estimate of the relevant Thermal Network Limits to AEMO to develop the RCM Constraint Equations.

## 3.2 The Certified Reserve Capacity process

The CRC process is an annual assessment undertaken by AEMO. For RC Cycles up to and including the 2024 RC Cycle, AEMO was required to assess and determine the level of Peak CRC. The WEM Rules were recently amended and, with effect from the 2025 RC Cycle, AEMO is now required to assess and determine the level of both Peak CRC and Flexible CRC (for which a CRC application has been received).

Sections 4.9 to 4.11 of the WEM Rules describe the process for applying for Peak CRC or both Peak CRC and Flexible CRC, and the process for determining the quantity of Peak CRC and Flexible CRC to be assigned to Facilities or components of Facilities. Information that must be provided during the CRC application process[25] is specified in clause 4.10.1 and the WEM Procedure: Certification of Reserve Capacity for the 2024 RC Cycle[26, 27]. Applicants can also refer to the 2024 RC Cycle information session presentation[28], which provides an overview of the CRC process and the supporting documentation required for a valid CRC application. Note that AEMO will run information sessions relevant to the 2025 CRC process after the opening of the CRC window.

An existing or prospective Market Participant may apply to AEMO for Peak CRC or both Peak CRC and Flexible CRC for an existing Facility, an upgrade to an existing Facility, or a new Facility, for the 2027-28 Capacity Year in accordance with the 2025 RC Cycle timetable. To be eligible for Peak CRC or both Peak CRC and Flexible CRC:

- A Facility must be capable of meeting Reserve Capacity Obligations by 1 October 2027, for the 2027-28 Capacity Year.
- A new Facility or Facility Upgrade must be assigned an IFC and indicative Facility Technology Type. Note that a prerequisite of the IFC assessment is registration as a Market Participant[29] and lodgement of a facility creation form[30] in the Wholesale Electricity Market System (WEMS).
- An EOI submission is not a prerequisite for eligibility to submit a CRC application but can affect the prioritisation order for Peak Capacity Credits assigned via the NAQ process (see Section 2.1).

[25] See the Certification of Reserve Capacity webpage. Available at https://www.aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/certification-of-reserve-capacity.

[26] The WEM Procedure: Certification of Reserve Capacity for the 2025 Reserve Capacity Cycle is not available yet due to changes to the WEM Rules made in late 2024, and will be made available before the opening of the 2025 CRC window.

[27] At https://aemo.com.au/en/energy-systems/electricity/wholesale-electricity-market-wem/procedures-policies-and-guides/procedures.

[28] Information on the 2024 certification information session is at https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/certification-of-reserve-capacity. AEMO intends to present a similar information session this year.

[29] At https://aemo.com.au/en/energy-systems/electricity/wholesale-electricity-market-wem/participate-in-the-market/registration/register-as-a-rule-participant-in-the-wem.

[30] At https://aemo.com.au/en/energy-systems/electricity/wholesale-electricity-market-wem/participate-in-the-market/registration/register-a-facility-in-the-wem.

- The applicant must submit a complete CRC application which contains all the information required under clause 4.10 in the format specified in the WEM Procedure referred to in clause 4.9.10.

### 3.2.1 Indicative Facility Class and indicative Facility Technology Type

When AEMO receives an EOI in relation to a new Facility or Facility upgrade in accordance with clause 4.2.6, AEMO must assign an IFC and an indicative Facility Technology Type to the new Facility or upgrade to an existing Facility and notify the applicant of the outcome with clause 4.8A.1 by the opening date for lodgement of CRC applications specified in clause 4.1.7. AEMO may request additional information from the applicant in making this assessment (clause 4.8A.2).

Where an EOI has not been submitted to AEMO, the proponent must apply for an IFC assessment and one or more indicative Facility Technology Types prior to submitting a CRC application (see clause 4.8A.3). Applications under clause 4.8A.3 must be submitted at least 25 Business Days prior to 24 June of Year 1 of a RC Cycle (the date from which AEMO must cease to accept lodgement of CRC applications). AEMO may request additional information from the applicant in making this assessment (clause 4.8A.5(c)).

All applicants seeking IFC assessment must:

- Complete the registration process in WEMS:
  - Register as a Market Participant in WEMS – the timeframe for the registration of a new Market Participant is 20 Business Days (clause 2.31.10(b)).
  - Lodge a facility creation form – the timeframe for processing a facility creation form is 10 Business Days.
  - Market Participant registration and facility creation cannot be processed concurrently. Applicants must allow sufficient time for registration as a Market Participant to be finalised before a facility creation form can be processed.
- Provide AEMO with the information requested in the EOI (or as required under clause 4.8A.4(a)).
  - The EOI submission template includes the information required under paragraph 3.2 of the WEM Procedure: Indicative Facility Class[31].
  - For an applicant that submits an EOI, AEMO will proceed with IFC assessment according to the information submitted in the EOI (unless AEMO requests additional information from the applicant under clause 4.8A.2).
  - If an applicant submits an EOI and applies for an IFC assessment but does not complete the registration process in WEMS by the deadline (see above and Table 1 dates), then the IFC application will be considered as a direct IFC application and the Facility will not be considered to have an associated EOI for the purpose of assigning a priority order in the NAQ process. In cases where registration deadlines are missed, AEMO will confirm with the Market Participant if they still wish to proceed with an IFC assessment and follow up their registration status.
  - Applicants that do not submit an EOI but wish to apply for Peak CRC or both Peak CRC and Flexible CRC are required to provide AEMO with the information requested in the EOI. Any EOI information provided after the closing date for EOI submissions will not be considered as an EOI, and will instead be only used for IFC assessment purposes. Applicants should notify AEMO that they are submitting information for the purposes of IFC assessment.

[31] At https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/procedures-policies-and-guides/procedures.

Deadlines for Market Participant registration, facility creation form, and IFC assessments are dependent on whether an EOI was submitted. Table 1 outlines the processing timeframes for both scenarios. The timetable for key milestones in the 2025 RC Cycle is presented in Appendix A1.

Applicants are encouraged to provide complete and accurate information for registration purposes to avoid delays in completion of this process. To ensure registration and facility creation form requirements have been met, applicants are encouraged to contact AEMO's WA Registration, Monitoring and Procurement team at wa.rmp@aemo.com.au prior to submitting their registration applications.

**Table 1 Timelines for Market Participant registration, Facility creation, and IFC Assessment**

| Processes | Responsible party | Scenario 1 - Participating through EOI process | | Scenario 2 - Sending IFC request without EOI | |
|---|---|---|---|---|---|
| | | Deadlines | Notes / References | Deadlines | Notes / References |
| **Application for Registration** | Market Participant | 28 Feb 2025 | 30 Business Days prior to the opening of the CRC window. | 02 Apr 2025 | 55 Business Days before the CRC window closes. |
| **Approval of Registration application** | AEMO/ Market Participant | 28 Mar 2025 | 20 Business Days required for processing Market Participant registration.<br>To ensure AEMO can approve Market Participant registration on time and that the Market Participant can apply for Facility creation on the next business day, the Market Participant must address all follow-up requests, including submitting any missing information or additional comments on the Registration application, before this date. | 02 May 2025 | 20 Business Days required for processing Market Participant registration.<br>To ensure AEMO can approve Market Participant registration on time and that the Market Participant can apply for Facility creation on the next business day, the Market Participant must address all follow-up requests, including submitting any missing information or additional comments on the Registration application, before this date. |
| **Application for Facility creation** | Market Participant | 31 Mar 2025 | 10 Business Days prior to the opening of the CRC window. | 05 May 2025 | 35 Business Days before the CRC window closes. |
| **Sending EOI / IFC request form** | Market Participant | 04 Mar 2025 | EOI Window closes.<br>Can still apply for IFC after this date but will not be considered as EOI, please refer to Scenario 2 of this table. | 19 May 2025 | 25 Business Days before the CRC window closes (clause 4.8A.4). |
| **Approval of Facility creation** | AEMO/ Market Participant | 11 Apr 2025 | 10 Business Days required for processing Facility creation.<br>To ensure AEMO can approve Facility creation on time and that the Market Participant can apply for CRC with IFC and Indicative Technology Type assigned on the next business day, the Market Participant must address all follow-up requests, including submitting any missing information or additional comments on the Facility creation application, before this date. | 19 May 2025 | 10 Business Days required for processing Facility creation.<br>To ensure AEMO can approve Facility creation on time and that the Market Participant can apply for IFC assessment and CRC on time, the Market Participant must address all follow-up requests, including submitting any missing information or additional comments on the facility creation application, before this date. |
| **IFC and Indicative Technology Type Assessment** | AEMO/ Market Participant | 11 Apr 2025 | Required for AEMO to assign IFC before the CRC window opens (clause 4.8A.1). | 16 Jun 2025 | Required for AEMO to assign IFC at the latest five Business Days before CRC window closes and to allow time for the Market Participant to submit a CRC application. |

### 3.2.2 Submitting a CRC application for the 2025 Reserve Capacity Cycle

Applications for Peak CRC or both Peak CRC and Flexible CRC for the 2025 RC Cycle may be submitted through WEMS from **9:00 am AWST, Monday, 14 April 2025**. Applicants must provide the information specified in clause 4.10.1 prior to the CRC window closure at **5:00 pm AWST, Tuesday 24 June 2025** (clause 4.1.11).

An application for Peak CRC or both Peak CRC and Flexible CRC for a Facility or component of a Facility that is to be assessed using the Relevant Level Method,[32] which has not operated for the full period specified in Step 1(a) of Appendix 9 of the WEM Rules (the five year period ending at 8:00am on 1 April of Capacity Year 1 of the relevant RC Cycle [or that otherwise meets the criteria specified in clause 4.10.3]), must include an independent expert report. This includes applications for components of Semi-Scheduled Facilities and Scheduled Facilities that are Intermittent Generating Systems, and Non-Scheduled Facilities[33].

### 3.2.3 Network Augmentation Funding Facility

Market Participants who fund the cost of network augmentation to support access for a new Facility or an upgrade of a Facility (known as a NAFF) will be assigned a higher NAQ priority over Facilities that are not funding network augmentation. In accordance with clause 4.10A.2, a Market Participant may only nominate a Facility or Facility upgrade to be classified as a NAFF in respect of a RC Cycle if:

- The Facility or Facility upgrade is an Energy Producing System.
- The Market Participant for the Facility has committed to funding Network Augmentation Works.
- The Network Augmentation Works are expected to be in-service (including completion of all required Commissioning Tests) by 1 October of Year 3 of the RC Cycle.
- The EOI for the Facility specifies that the Facility is expected to be nominated to be classified as a NAFF.

A Market Participant must provide information as part of the application for Peak CRC or both Peak CRC and Flexible CRC to support its nomination that a Facility or Facility upgrade be classified as a NAFF. Section 4.10A of the WEM Rules details the processes that AEMO must follow to verify the information with the Network Operator and, if verified, to classify a Facility or Facility upgrade as a NAFF.

### 3.2.4 Network access

A CRC applicant is required to provide evidence of network access for each Facility covered by the CRC application. Clause 4.10.1(bA) requires a CRC application to include (except for applications for Conditional Peak Certified Reserve Capacity or where the Facility is a DSP):

- Evidence of an Arrangement for Access or evidence that the Market Participant has accepted an Access Proposal from the Network Operator made in respect of the Facility or other evidence from the Network Operator that the Facility will have an Arrangement for Access.

[32] See Relevant Level Method, at https://www.aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/certification-of-reserve-capacity.

[33] Non-Scheduled Facilities comprising only an Electric Storage Resource, which have not operated for the full period specified in Step 1(a) of Appendix 9, must be assessed using AEMO's reasonable expectation of the Linearly Derated Capacity that the Electric Storage Resource can sustain over the Peak Electric Storage Resource Obligation Duration in accordance with clause 4.11.1(bD)(ii).

- Evidence that the Facility will be entitled to have network access from a specified date occurring prior to the date when the Facility will have completed all Commissioning Tests and be capable of meeting its Reserve Capacity Obligations in full[34]. Evidence typically consists of a signed electricity transfer access contract and, for a new Facility, a signed interconnection works contract or connection contract, covering the entire relevant Capacity Year.
- The Declared Sent Out Capacity for the Facility at the relevant connection point[35].

The timeframe to obtain network access for a new Facility varies with the type of generation, location, and existing queue of applicants. In many cases, access to the Network may take longer than the two-year time horizon of the RCM. For this reason, AEMO encourages applicants who intend to apply for CRC for a new Facility or a Facility upgrade to contact the Network Operator as early as possible to ensure that their project can progress through the RCM process in a timely manner.

### 3.2.5 Environmental approvals

Clause 4.10.1(c)(ii) requires a CRC application to include evidence with respect to any necessary Environmental Approvals (except for applications for Conditional Peak CRC). Applicants may be required to obtain approval from federal, state, and local government authorities. Applicants are encouraged to allow enough time to obtain any necessary environmental approvals.

### 3.2.6 Application for Flexible Capacity

Starting from the 2025 RC Cycle, eligible Market Participants may apply for Peak CRC and Flexible CRC. For Flexible Capacity minimum eligibility requirements, please refer to the Flexible Certified Reserve Capacity Minimum Eligibility Requirements Final Report[36].

Flexible CRC applications may be submitted as part of a single application for Peak CRC and Flexible CRC through WEMS (it is not possible to apply for Flexible CRC only). Clause 4.10.1(fE) requires a Flexible CRC application to include, where applicable:

- The amount of Flexible Capacity the Market Participant expects to make available from the Facility or each component of the Facility.
- The maximum ramp up rate and ramp down rate of the Facility or each component of the Facility, expressed in MW per minute.
- The minimum ramp up rate and ramp down rate of the Facility or each component of the Facility, expressed in MW per minute.
- The minimum required running time of the Facility or each component of the Facility, expressed in minutes.
- The minimum stable loading level of the Facility.
- If the Facility is a DSP, the minimum time (in minutes) required for the Facility or each component of the Facility, between receiving a Dispatch Instruction and changing consumption level, otherwise for the Facility or each

[34] Refer to section 4.12 of the WEM Rules regarding setting Reserve Capacity Obligations.

[35] See network access requirements, at https://aemo.com.au/en/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/certification-of-reserve-capacity.

[36] At https://aemo.com.au/consultations/current-and-closed-consultations/fcmer_2025.

component of the Facility, the minimum time required between receiving a Dispatch Instruction in a cold state and operating at the minimum stable loading level for the Facility or each component of the Facility.

- The minimum time (in minutes) required for the Facility or each component of the Facility, after receiving a Dispatch Instruction to ramp down from the minimum stable loading level to zero output.
- The minimum time (in minutes) before each component in the Facility, excluding Loads, can be restarted after it is shut down.
- The minimum time (in seconds) required for each Electric Storage Resource in the Facility to switching from discharging to charging and from charging to discharging.
- Which, if any, Frequency Co-optimised Essential System Services (FCESS) the Facility expects to be capable for providing in the relevant Capacity Year.

The above information should be supported by documented evidence in the Flexible CRC application, if applicable, except to the extent that it is already accurately provided in Standing Data.

## 3.3 NAQ and Capacity Credits

The NAQ framework[37] has been in effect since the 2022 RC Cycle, and serves two purposes:

- It establishes a process for determining network capacity at peak demand periods. The NAQ (calculated in MW) represents AEMO's forecast of a Facility's network access level at peak demand periods.
- It provides investment certainty for prospective capacity providers who contribute to the reliability of the power system, by establishing a priority order for the assignment of a NAQ to Facilities. In any given year, existing Facilities will be assessed and assigned a NAQ ahead of new Facilities, with new Facilities receiving a NAQ up to the residual capacity of the Network.

Peak Capacity Credits and Flexible Capacity Credits are assigned in accordance with clause 4.20.5A.

The quantity of Peak Capacity Credits assigned to a Facility is equal to the NAQ for that Facility, as determined in accordance with clause 4.20.5B.

In accordance with clause 4.20.5BA, the quantity of Flexible Capacity Credits assigned to a Facility is equal to the lesser of:

- The NAQ determined by AEMO in accordance with Section 4.15 for the Facility.
- The Flexible CRC quantity notified by AEMO under clause 4.14.9.

[37] See https://www.wa.gov.au/government/publications/reserve-capacity-mechanism-changes-support-the-implementation-of-constrained-access-and-facilitate-storage-participation.

# 4 Key information for the 2025 REOI

## 4.1 Submitting an EOI for the 2025 Reserve Capacity Cycle

AEMO is requesting a response in the form of an EOI from parties who are seeking CRC for new Facilities or upgrades to existing Facilities for the 2025 RC Cycle in relation to the 2027-28 Capacity Year. Proponents may apply for Peak CRC only or for both Peak CRC and Flexible CRC. Interested proponents should submit their response by the relevant time outlined in clause 4.1.5 (and as outlined below). Applicants seeking CRC are not obliged to submit an EOI. However, the submission of a valid EOI and the respective submission time of that EOI will affect the priority order assigned by AEMO to Facilities when assigning the NAQ in instances where there is a tie-break in the NAQ calculation process.

To submit an EOI for the 2025 RC Cycle, an applicant is required to complete the 2025 EOI application form on the WEM Website[38]. The information required to be included in an EOI, and the format in which it should be submitted, is outlined in the application form.

The applicant must email the completed 2025 EOI application form, including any required supporting documentation, to AEMO at wa.capacity@aemo.com.au by the closing time and date, that is, **5:00 pm AWST on Tuesday, 4 March 2025**.

Any queries in relation to this REOI should be addressed to WA Capacity Investment and Assessment at wa.capacity@aemo.com.au.

### 4.1.1 Preliminary Peak Reserve Capacity Requirements

Based on the 2024 WEM ESOO forecasts, for the 2027-28 Capacity Year, the preliminary Peak RCR[39] is 5,794 MW. The final Peak RCR[40] for the 2027-28 Capacity Year will be published in the 2025 WEM ESOO on or before 10 June 2025. With current uncertainty surrounding peak demand forecasts and timing of coal-fired generation retirements, the preliminary Peak RCR is considered to be a lower bound on the likely capacity requirement for the 2027-28 Capacity Year.

### 4.1.2 Key information on timetables for the Reserve Capacity Cycle

The 2025 RC timetable presents key dates relevant to the 2025 RC Cycle, but applicants should particularly note the key dates below:

- 9:00 am AWST, 14 April 2025 – Opening date for Peak CRC and Flexible CRC applications.
- 5:00 pm AWST, 24 June 2025 – Closing date for Peak CRC and Flexible CRC applications.
- 5:00 pm AWST, 12 August 2025 – AEMO notifies each applicant of the Peak CRC and Flexible CRC to be assigned to each Facility.

[38] 2025 EOI Application Form, at https://aemo.com.au/en/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/expressions-of-interest.

[39] The preliminary Peak RCR for an RC Cycle is the estimated amount of Peak Capacity required as reported in the previous RC Cycle's WEM ESOO.

[40] The Peak RCT is set by the greater of Limb A and Limb B and Limb C capacity requirements described in clause 4.5.9. To date, the Peak RCR has been set by Limb A of the Planning Criterion. This setting could shift to Limb B as a result of increase in demand and earlier-than-forecast retirement of coal fired generation capacity.

- 5:00 pm AWST, 25 August 2025 – Market Participants holding Peak CRC and Flexible CRC must notify AEMO as to how their Peak CRC and Flexible CRC will be dealt with in accordance with clause 4.14.1.
- 5:00 pm AWST, 30 September 2025 – AEMO assigns Peak Capacity Credits and Flexible Capacity Credits, and notifies Market Participants of the NAQ determined for each of their Facilities.

### 4.1.3 Key figures for the 2022, 2023, 2024, and 2025 Reserve Capacity Cycles

Table 2 outlines the Peak Benchmark Reserve Capacity Price (Peak BRCP), the Peak RCR, the transitional Peak Reserve Capacity Price (Transitional Peak RCP)[41], and the corresponding quantities of Capacity Credits, where available. No Fixed Price Facilities were assigned Capacity Credits in the 2024-25 to 2026-27 Capacity Years.

**Table 2 Key figures for the 2022, 2023, 2024, and 2025 RC Cycles**

| Capacity Year | Peak BRCP | Peak RCR | Peak Capacity Credits assigned | Non-Transitional Facilities and DSP Facilities | | | Transitional Facilities[B] | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Peak RCP | Facility Monthly Peak RCP | Peak Capacity Credits assigned | Transitional Peak RCP | Transitional Peak Monthly RCP[42] | Peak Capacity Credits Assigned |
| Unit | $/MW/year | MW | MW | $/MW/year | $/MW/month | MW | $/MW/year | $/MW/month | MW |
| 2024-25 | $165,700 | 4,526 | 4,596 | $194,784 | $16,232 | 260 | $150,746 | $12,562 | 4,337 |
| 2025-26 | $193,400 | 5,543 | 4,717 | $251,420 | $20,952 | 447 | $155,419 | $12,952 | 4,270 |
| 2026-27 | $230,000 | 5,696 | 5,953 | $216,092 | $18,008 | 1,642 | $160,392 | $13,366 | 4,310 |
| 2027-28 | $360,700 | 5,794[A] | To be determined | | | | | | |

Notes:

- Figures have been rounded to the nearest integer. Capacity Credits values are assigned up to three decimal places. Historical Capacity Credit assignments are available on the Market Data site, at https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/data-wem/market-data-wa.
- In accordance with clause 4.3.1(c)(viii), the aggregate quantity of MW of Capacity Credits assigned to Facilities at each of the prices referred to in clauses 4.3.1(c)(vi) and 4.3.1(c)(vii) is reported in Table 2.

A: This figure is the preliminary Peak RCR for the 2025 RC Cycle, as specified by the 2027-28 Peak RCT in the 2024 WEM ESOO. Revisions to demand and supply forecasts as part of the 2025 WEM ESOO process may alter this figure.
B: Transitional Facility means a Facility (other than a DSP) that was assigned Peak Capacity Credits for the 2018 RC Cycle.

As Flexible Capacity is being introduced for the first time in the 2025 RC Cycle, there is no relevant information related to Flexible Capacity in the previous RC Cycles.

## Availability Curves

Figures 4-6 detail the Availability Curves for the 2024-25 to 2026-27 Capacity Years. Availability Curves are two-dimensional duration curves of the forecast minimum Peak Capacity requirement for each Trading Interval over a Capacity Year, as described in clause 4.5.10(e). The lower end of demand remains constant at a minimum of 500 MW in the 2026-27 Capacity Year as a result of the implementation of a minimum demand threshold in reliability modelling[43]. The reserve margin was increased in the 2025-26 Capacity Year to account for the risk of simultaneous outages for multiple generating units[44].

[41] A Transitional Reserve Capacity Cycle is either the 2019 RC Cycle or any of the subsequent RC Cycles up to and including the 2028 RC Cycle. The Peak Reserve Capacity Price for these RC Cycles is known as the transitional Peak Reserve Capacity Price.

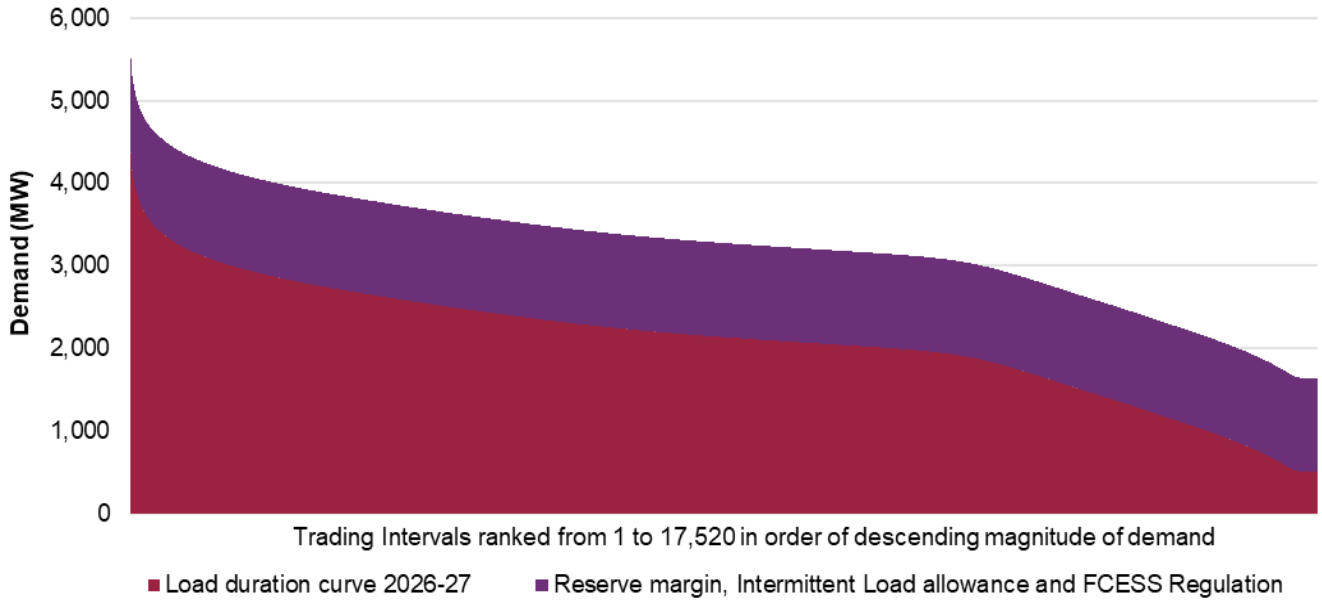
[42] For Transitional Reserve Capacity Cycles, a Facility Monthly Reserve Capacity Price is calculated for Transitional Facilities. This is referred to in this document as a Transitional Peak Monthly RCP.

[43] See page 87 of the 2024 WEM ESOO. Available at https://aemo.com.au/-/media/files/electricity/wem/planning_and_forecasting/esoo/2024/2024-wem-electricity-statement-of-opportunities.pdf?la=en.

[44] See page 7 of the 2023 WEM ESOO. Available at https://aemo.com.au/-/media/files/electricity/wem/planning_and_forecasting/esoo/2023/2023-wholesale-electricity-market-electricity-statement-of-opportunities-wem-esoo.pdf?la=en.

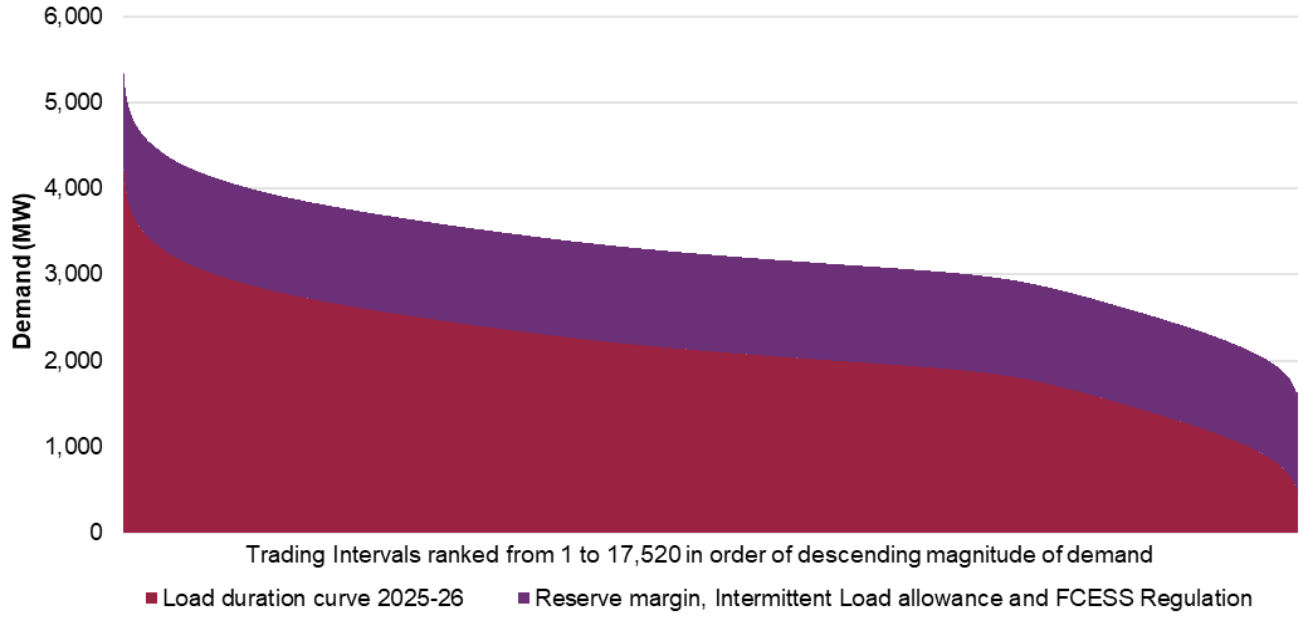
Increases in the minimum Regulation Raise requirement also contributed to the increase in reserve margin. The Availability Curve for 2027-28 Capacity year will be published in the 2025 WEM ESOO in accordance with clause 4.5.13(f).

**Figure 4 2026-27 Availability Curve**



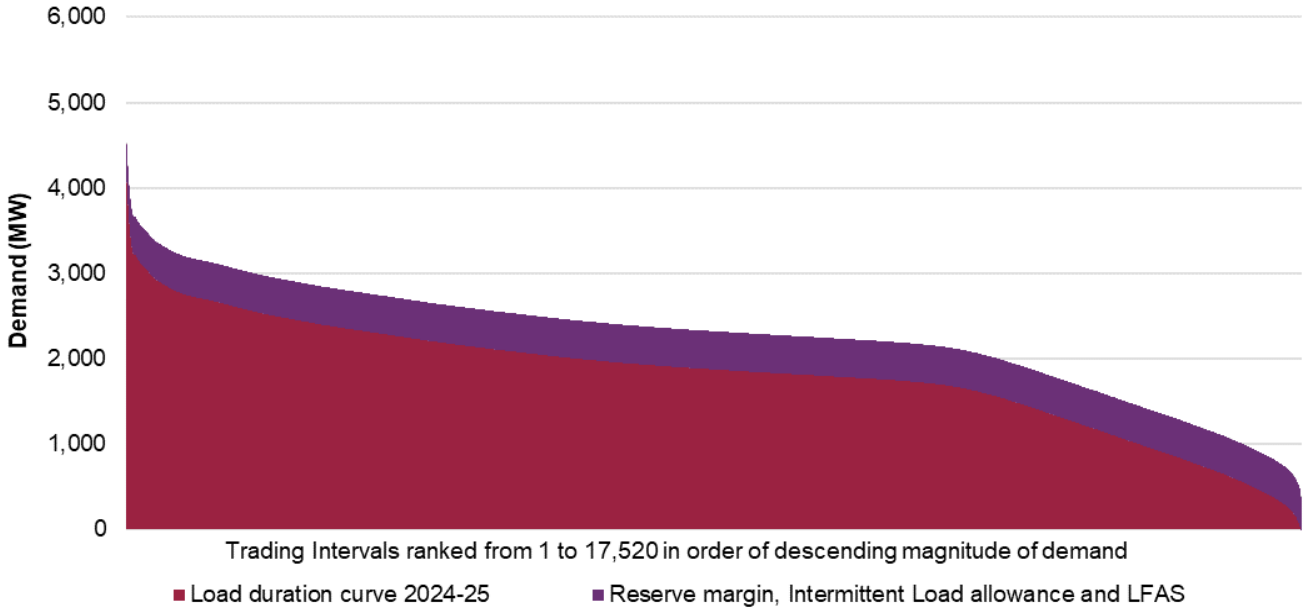

Source: AEMO and EY

**Figure 5 2025-26 Availability Curve**




Source: EY

**Figure 6 2024-25 Availability Curve**




Source: RBP
Note: LFAS is an abbreviation of Load Following Ancillary Service. A type of FCESS known as Regulation replaced LFAS in the WEM on 1 October 2023.

### 4.1.4 Bilateral Trade Declarations

Market Participants assigned Peak CRC and Flexible CRC are required to submit a bilateral trade declaration detailing the quantity of Peak CRC and Flexible CRC they intend to trade bilaterally, in accordance with clause 4.14.1.

For the 2026-27 Capacity Year, AEMO assigned 5,953 MW of Peak Capacity Credits. Based on the 2026-27 Capacity Credit assignments, and noting that 317 MW of capacity will exit the SWIS as a result of the retirement of the COLLIE_G1 Facility (noted in Section 3.1.7 of this report), AEMO anticipates 5,636 MW of Peak Capacity Credits will be traded bilaterally in accordance with 4.14.1(c) for the 2027-28 Capacity Year.

### 4.1.5 Peak Capacity required from new Facilities and Facility upgrades

The capacity investment gap is the difference between the preliminary Peak RCR calculated in accordance with clause 4.6.3 and the expected aggregate available capacity for the SWIS, based on the latest information available to AEMO, in a Capacity Year. The capacity investment gap is the amount of capacity expected to be required from new Facilities and upgrades of existing Facilities to meet peak demand (that is, Peak RCR).

In this REOI, the assessment of the preliminary Peak RCR and bilateral trades assumes only the retirement of Collie coal-fired power station ahead of the 2027-28 Capacity Year.

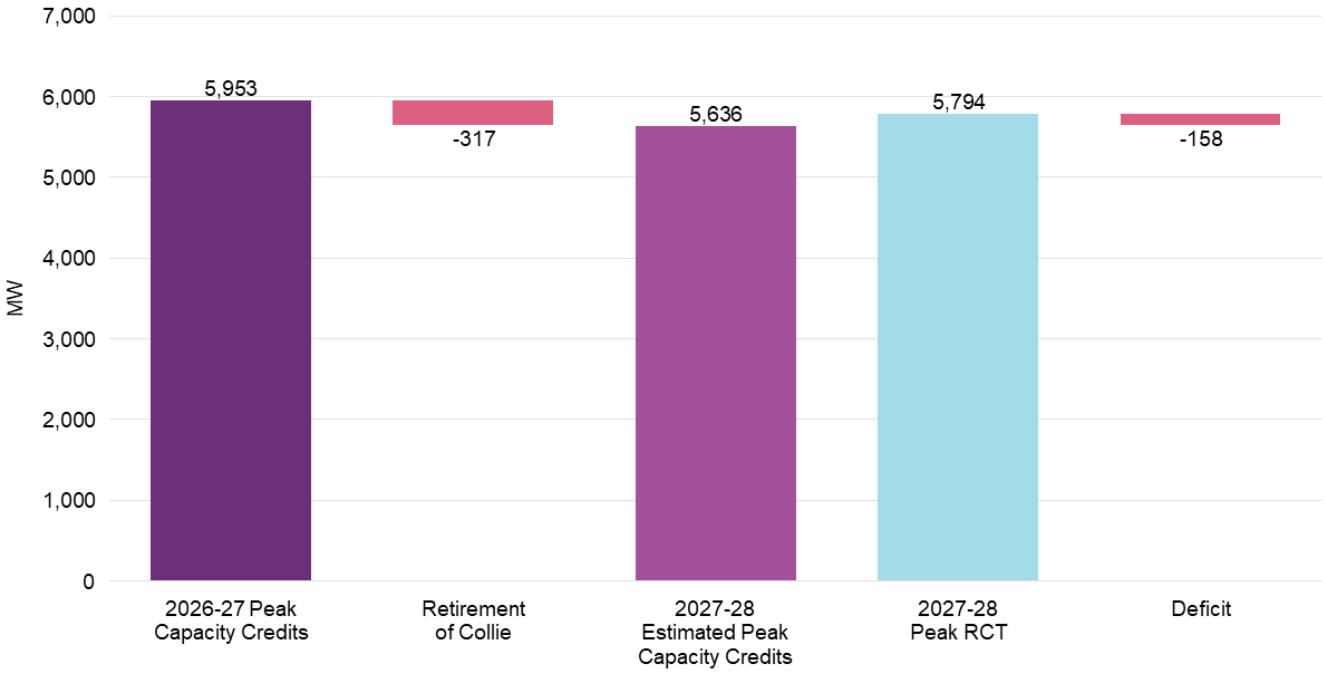
However, there is uncertainty associated with the increasing pressures facing coal-fired generation as the Western Australian economy decarbonises and the operational characteristics of power stations change. Sensitivity analysis has therefore been undertaken to understand the impacts on potential capacity investment gaps in the 2027-28 Capacity Year if

coal supplies to Bluewaters Power Station cannot be secured beyond 2026[45] resulting in earlier than expected closure of this plant.

## Base scenario: Capacity investment gap – Retirement of Collie

Synergy has notified AEMO of its intention to retire the Collie coal-fired plant (COLLIE_G1) from 1 October 2027, in line with the WA Government's announced closure dates[46]. AEMO has modelled the estimated capacity investment gap created by this facility retirement by considering the Peak Capacity Credits assigned for the 2024 RC Cycle, excluding COLLIE_G1's 317 MW Peak Capacity Credits. A total of 5,636 MW of Peak Capacity Credits is expected to be available, which indicates a potential capacity investment gap of 158 MW in the 2027-28 Capacity Year (when compared with the 2027-28 Peak RCT of 5,794 MW).

**Figure 7 2027-28 Capacity investment gap base scenario (Retirement of Collie)**




## Sensitivity: Capacity investment gap – Retirement of Collie and unavailability of Bluewaters

Bluewaters Power Station has 434 MW Peak Capacity Credits associated with BW1_BLUEWATERS_G1 and BW1_BLUEWATERS_G2. It is one of the largest coal-fired power stations in the SWIS, sourcing its coal supply primarily from the Griffin Coal mine, which is under receivership. In December 2023, the Western Australian State Government announced financial support for continued operations at Griffin Coal mine to June 2026[47]. Furthermore, in May 2024, the Western

[45] On 1 December 2023, the Western Australian Government announced financial support for Griffin Coal (which supplies Bluewaters Power Station) to June 2026. For the purposes of this sensitivity analysis, AEMO has assumed an early retirement ahead of the 2027-28 Capacity Year. See https://www.wa.gov.au/government/media-statements/Cook-Labor-Government/Funding-delivers-certainty-for-Collie%2C-WA-electricity-and-workers-20231201

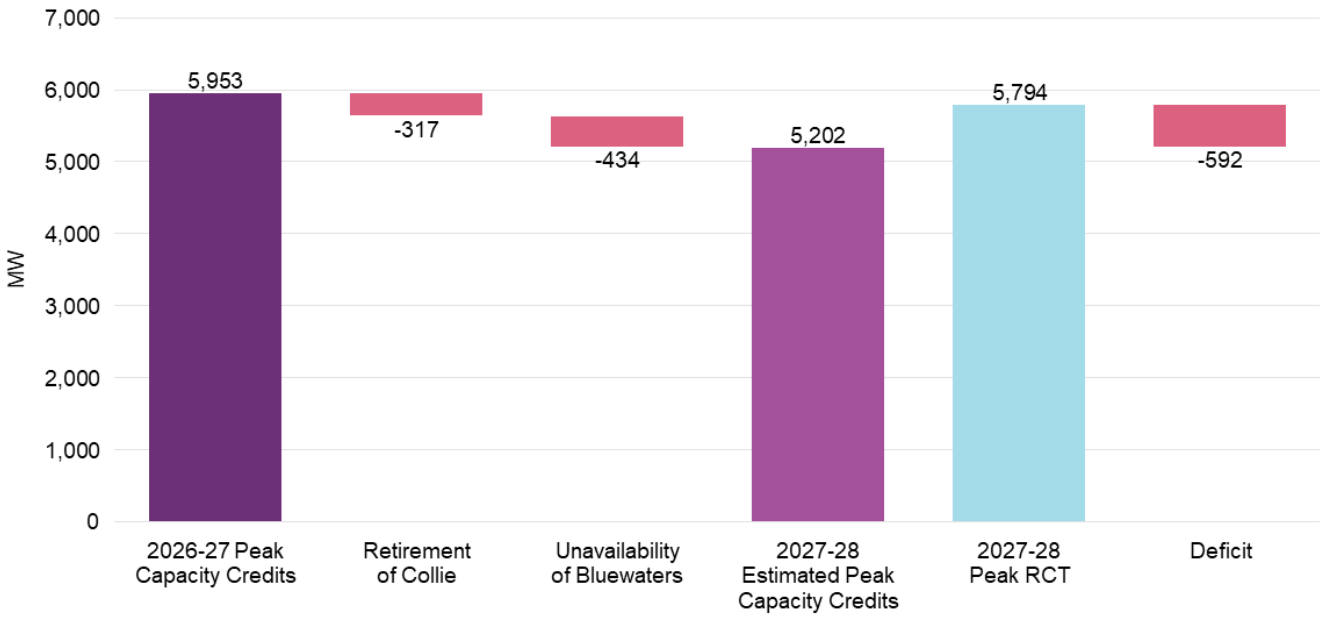
[46] WA Government's announcement is at https://www.wa.gov.au/government/announcements/state-owned-coal-power-stations-be-retired-2030-move-towards-renewable-energy.

[47] See https://www.wa.gov.au/government/announcements/funding-offers-certainty-griffin-workers-and-wa-electricity-system.

Australian State Government agreed to extend the term for Griffin's mining leases to June 2026[48]. In the event that coal supplies to Bluewaters Power Station cannot be secured beyond 2026, resulting in earlier than expected closure of this plant, the total Peak Capacity Credits for the 2027-28 Capacity Year would be expected to reduce to 5,202 MW.

This sensitivity indicates a potential 592 MW capacity investment gap compared to the Peak RCT of 5,794 MW in the 2027-28 Capacity Year.

**Figure 8 2027-28 Capacity investment gap sensitivity (Collie retirement and unavailability of Bluewaters)**




## Sensitivity outcomes

The above analysis indicates a potential capacity investment gap in the range of 158 - 592 MW for the 2027-28 Capacity Year, depending on the availability of Bluewaters Power Station. AEMO acknowledges the recent record-breaking demand experienced on the SWIS in January 2025, the impact of which continues to be analysed and modelled by AEMO. If demand forecast uncertainty were also considered within the sensitivity analysis, the capacity investment gap range would widen.

The potential investment gap described in this report is therefore preliminary only and highlights the capacity investment opportunity in the SWIS to continue to ensure a reliable and secure power system. AEMO notes that demand forecasts, which will consider different weather traces, will be updated as part of the reliability modelling for the 2025 WEM ESOO.

Other factors that will impact the investment gap include, but are not limited to:

- The Commonwealth Government-funded Capacity Investment Scheme[49] is ongoing to procure 500 MW of four-hour storage in the WEM (the current Availability Duration Gap (ADG)). The results of this tender will be finalised and publicly announced in March 2025. This may result in additional capacity in 2027-28 (which, in turn, would reduce the capacity investment gap). Note successful CIS projects will be assessed in the same manner as other CRC applications.

[48] See Schedule 3 of the *Collie Coal (Griffin) Agreement Act 1979 (WA)*, at https://www.legislation.wa.gov.au/legislation/prod/filestore.nsf/FileURL/mrdoc_47736.pdf/$FILE/Collie%20Coal%20(Griffin)%20Agreement%20Act%201979%20-%20%5B01-e0-00%5D.pdf?OpenElement.

[49] The Capacity Investment Scheme – Tender 2 – WEM Dispatchable documentation is at https://aemoservices.com.au/tenders/cis-tender-2-wem-dispatchable.

- The ADG is determined annually. The ADG for the 2025 RC Cycle will be published in the 2025 WEM ESOO on or before 10 June 2025. Any ADG increase will decrease the quantity of Peak CRC assigned to Facilities with an Electricity Storage Resource component (clause 4.11.3)

It is also possible that some NAQ may be released following the retirement of COLLIE_G1, as this will result in reduced network usage in the Collie region. As such, some of the Facilities that received NAQ reductions in the 2024 RC Cycle may have additional NAQ in the 2025 RC Cycle. Further information on constraints and NAQ impacts can be found in the 2024 Reserve Capacity Mechanism Congestion Report[50].

### 4.1.6 Flexible Capacity expected to be available from the existing fleet

The Flexible RCR will be published in the 2025 WEM ESOO publication. Of the 5,953 MW Peak Capacity available from the existing fleet (Facilities assigned Capacity Credits in the 2024 RC Cycle), it is expected that 3,400 MW would be able to provide Flexible Capacity.

### 4.1.7 2027-28 Benchmark Reserve Capacity Prices

The Economic Regulation Authority (ERA) is responsible for determining and publishing the Benchmark Reserve Capacity Prices. Refer to the ERA report associated to the Benchmark Reserve Capacity Prices for the 2027-28 Capacity Year[51].

#### Peak Benchmark Reserve Capacity Price

The Peak BRCP for the 2027-28 Capacity Year is $360,700 per MW. The 2027-28 Peak BRCP is 57% higher than the 2026-27 Peak BRCP ($230,000 per MW). This increase is primarily driven from the change in the reference technology requirements from a 160 MW open cycle gas turbine peaking generator that ran on diesel fuel, to a 200 MW / 800 MWh battery[52], which requires more land and incurring higher capital and construction costs.

#### Flexible Benchmark Reserve Capacity Price

The Flexible Benchmark Reserve Capacity Price (Flexible BRCP) is the same as the Peak BRCP for the 2025 RC cycle.

### 4.1.8 Expected Facility closures

The MUJA_G6 Facility, a 193 MW Scheduled Facility, has an expected closure date of 1 April 2025. MUJA_G6 has been placed on reserve outage mode from 1 October 2024 to 1 April 2025. During this mode, AEMO may request, with three days' notice, that the Facility be made available for significant peak demand events[53].

As noted above, COLLIE_G1 Facility, a Scheduled Facility holding 317 MW Peak Capacity Credits for the 2026-27 Capacity Year, is expected to close on 1 October 2027 and not be available for the 2027-28 Capacity Year.

[50] At https://aemo.com.au/-/media/files/electricity/wem/reports/2024-reserve-capacity-mechanism-congestion-report.pdf?la=en.

[51] At https://www.erawa.com.au/cproot/24513/2/BRCP-2025-2025-Benchmark-Reserve-Capacity-Prices-for-the-2027-28-capacity-year-Final-determination-For-publication.PDF.

[52] See https://www.erawa.com.au/cproot/24513/2/BRCP-2025-2025-Benchmark-Reserve-Capacity-Prices-for-the-2027-28-capacity-year-Final-determination-For-publication.PDF

[53] At https://www.wa.gov.au/government/media-statements/Cook-Labor-Government/Muja-C-Unit-6-in-reserve-mode-and-online-for-summer-2024-25-20230817.

# A1. 2025 Reserve Capacity Cycle timetable

For Reserve Capacity to be provided for the 2027-28 Capacity Year.

| Date | Time | WEM Rule | Action |
|---|---|---|---|
| Wednesday<br>31 January 2025[54] | 5:00pm | **4.1.4**<br>**4.1.19** | AEMO publishes the REOI.<br>• The REOI publication includes the Economic Regulation Authority's determination of the Peak Benchmark Reserve Capacity Price and Flexible Benchmark Reserve Capacity Price. |
| Tuesday<br>4 March 2025 | 5:00pm | **4.1.5** | EOI submissions close. |
| Tuesday<br>1 April 2025 | 5:00pm | **4.1.6** | AEMO publishes a summary of responses to the REOI. |
| Monday<br>14 April 2025 | 9:00am | **4.1.7** | Opening date for Peak CRC and Flexible CRC applications. |
| | 9:00am | **4.8A.1** | For proponents who submitted an EOI for a new Facility or Facility Upgrade, AEMO must:<br>- Assign an indicative Facility Class and one or more indicative Facility Technology Types.<br>- Notify the proponent of the assigned indicative Facility Class and indicative Facility Technology Types. |
| Thursday<br>8 May 2025 | 5:00pm | **4.4B.2** | AEMO provides information to Western Power regarding:<br>a. EOIs.<br>b. Facility retirements.<br>c. Early CRC applications, and whether any Facility has nominated to be classified as a Network Augmentation Funding Facility.<br>d. NCESS Contracts.<br>e. Preliminary peak demand forecasts for the 2027-28 Capacity Year. |
| Monday<br>19 May 2025 | 5:00pm | **4.8A.4(b)** | Closing date for indicative Facility Class and indicative Facility Technology Type(s) assessment submissions from proponents for Facilities seeking CRC that did not submit an EOI. |
| Tuesday<br>10 June 2025 | 5:00pm | **4.1.8** | AEMO publishes the 2025 WEM ESOO that includes:<br>• Mid Peak Electric Storage Resource Obligation Interval, ESR Duration Requirement, Electric Storage Resource Obligation Duration and (Peak and Flexible) Electric Storage Resource Obligation Intervals.<br>• Peak Demand Side Programme Dispatch Requirement.<br>• Peak Reserve Capacity Requirement and Flexible Reserve Capacity Requirement. |
| | 5:00pm | **4.1.10** | AEMO publishes the Reserve Capacity Information Pack. |
| Thursday<br>12 June 2025 | 5:00pm | **4.4B.5** | Western Power must provide the following information to AEMO:<br>a. Estimated proportion of peak demand at each Electrical Location on its Network.<br>b. Preliminary estimate of Thermal Network Limits.<br>c. Electrical Location and identity of new loads or increase of existing loads equal to or greater than 10 MW.<br>d. RCM Limit Advice.<br>e. An explanation of any changes from previous RCM Limit Advice. |
| Thursday<br>19 June 2025 | 5:00pm | **4.4B.6** | AEMO publishes the information provided by Western Power under **WEM Rule 4.4B.5**. |

[54] AEMO has deferred this date from 15 January 2025 to 31 January 2025 in light of the timing uncertainty of the gazettal of the final Amending Rules. Consultation on the Exposure Draft of the WEM Investment Certainty and RCM Review Amending Rules closes on 9 December 2025.

| Date | Time | WEM Rule | Action |
|---|---|---|---|
| Tuesday<br>24 June 2025 | 5:00pm | **4.1.11** | Closing date for Peak CRC and Flexible CRC applications. |
| Tuesday<br>1 July 2025 | 5:00pm | **4.4B.7** | AEMO provides information to Western Power regarding:<br>a. CRC applications.<br>b. Facility retirements.<br>c. Early CRC applications, and whether the Facility has nominated to be classified as a Network Augmentation Funding Facility.<br>d. NCESS Contracts.<br>e. Peak demand forecasts for the 2027-28 Capacity Year (from 2025 WEM ESOO). |
| Tuesday<br>29 July 2025 | 5:00pm | **4.4B.9** | Western Power provides information to AEMO regarding:<br>a. Estimated proportion of peak demand at each Electrical Location on its Network.<br>b. Estimate of Thermal Network Limits.<br>c. Electrical Location and identity of new loads or increase of existing loads equal to or greater than 10 MW.<br>d. RCM Limit Advice.<br>e. An explanation of any changes from previous RCM Limit Advice.<br>f. Transmission Nodes and respective Transmission Node Identifiers for all Transmission Nodes that are expected to be in service on 1 October of Year 3 of the Reserve Capacity Cycle. |
| Tuesday<br>12 August 2025 | 5:00pm | **4.1.12** | AEMO notifies each applicant of the Peak CRC and Flexible CRC to be assigned to each Facility. |
| Monday<br>25 August 2025 | 5:00pm | **4.1.13** | If required, Market Participants must provide Reserve Capacity Security (RCS) or DSP RCS for Peak CRC. |
| | 5:00pm | **4.1.14**<br>**4.14.1** | Market Participants holding Peak CRC and Flexible CRC must notify AEMO as to how their Peak CRC and Flexible CRC will be dealt with.<br>Market Participants must specify the amount of Peak CRC and Flexible CRC which they will trade bilaterally, and the amount not to be made available to the market. |
| | 5:00pm | **4.14.1B** | Market Participants may nominate that a Facility be classified as a Fixed Price Facility, or a Facility Technology Type within that Facility be classified as a Fixed Price Component. |
| Tuesday<br>26 August 2025 | 5:00pm | **4.1.15** | AEMO confirms the quantity of Peak CRC and Flexible CRC that can be traded bilaterally from each Facility. |
| Wednesday<br>27 August 2025 | 5:00pm | **4.1.15A** | AEMO publishes the level of Peak CRC and Flexible CRC assigned to each Facility. |
| Tuesday<br>30 September 2025 | 5:00pm | **4.1.16A** | AEMO:<br>a. Assigns Peak Capacity Credits and Flexible Capacity Credits.<br>b. Publish the required information pursuant to clause 4.20.5A(b) including:<br>i. For each Facility:<br>▪ The assigned Capacity Credits assigned.<br>▪ The Facility class.<br>ii. The Peak CRC for the Reserve Capacity Cycle.<br>iii. If it is a Transitional Reserve Capacity Cycle:<br>▪ The Facility Monthly Reserve Capacity Prices as determined under clause 4.29.1B multiplied by 12.<br>▪ Each Facility Monthly Reserve Capacity Price as determined under clause 4.29.1D multiplied by 12.<br>c. Notifies each Market Participant of the NAQ determined for each of its Facilities.<br>d. Publishes the NAQ Model Inputs, the NAQ or Indicative NAQ determined for each Facility assessed in the NAQ Model and the Highest NAQ for each Facility. |
| Wednesday<br>1 October 2025 | 5:00pm | **4.1.21** | Market Participants may apply for a recalculation of the amount of RCS or DSP RCS required to be held for a Facility (applications may only be made after this date/time). |

| Date | Time | WEM Rule | Action |
|---|---|---|---|
| Thursday<br>30 October 2025 | 5:00pm | **4.1.21A** | Market Participants must notify AEMO of the number of Capacity Credits that are to be associated with each component of a Facility, where applicable, in accordance with clause 4.20.16 (applicable to Facilities who have been assigned less Capacity Credits than their CRC). |
| | 5:00pm | **4.1.22** | AEMO sets and publishes the number of Peak Capacity Credits and Flexible Capacity Credits associated with each component of a Facility. |
| Thursday<br>6 November 2025 | 5:00pm | **4.20.5AA** | AEMO publishes the Reserve Capacity Prices and the aggregate quantity of MW of Capacity Credits assigned at each price:<br>a. The Peak Reserve Capacity Price.<br>b. The Reserve Capacity Price for each Transitional Facility or Transitional Component.<br>c. The Reserve Capacity Price for each Fixed Price Facility or Fixed Price Component. |

# Abbreviations

| Abbreviation | Definition |
|---|---|
| **ADG** | Availability Duration Gap |
| **AEMO** | Australian Energy Market Operator |
| **AWST** | Australian Western Standard Time |
| **CRC** | Certification of Reserve Capacity |
| **DER** | Distributed Energy Resources |
| **DSP** | Demand Side Programme |
| **EOI** | Expression of Interest |
| **ERA** | Economic Regulation Authority |
| **ESOO** | Electricity Statement of Opportunities |
| **FCESS** | Frequency Co-optimised Essential System Services |
| **Flexible BRCP** | Flexible Benchmark Reserve Capacity Price |
| **Flexible CRC** | Flexible Certified Reserve Capacity |
| **Flexible IRCR** | Flexible Individual Reserve Capacity Requirement |
| **Flexible RCP** | Flexible Reserve Capacity Price |
| **Flexible RCR** | Flexible Reserve Capacity Requirement |
| **Flexible RCT** | Flexible Reserve Capacity Target |
| **GSOO** | Gas Statement of Opportunities |
| **IFC** | Indicative Facility Class |
| **Long Term PASA** | Long Term Projected Assessment of System Adequacy |
| **MW** | Megawatts |
| **NAFF** | Network Augmentation Funding Facility |
| **NAQ** | Network Access Quantity |
| **NCESS Contracts** | Non-Co-optimised Essential System Service Contracts |
| **NEM** | National Energy Market |
| **Peak BRCP** | Peak Benchmark Reserve Capacity Price |
| **Peak CRC** | Peak Certified Reserve Capacity |
| **Peak IRCR** | Peak Individual Reserve Capacity Requirement |
| **Peak RCP** | Peak Reserve Capacity Price |
| **Peak RCR** | Peak Reserve Capacity Requirement |
| **Peak RCT** | Peak Reserve Capacity Target |
| **RC Cycle** | Reserve Capacity Cycle |
| **RCM** | Reserve Capacity Mechanism |
| **RCR** | Reserve Capacity Requirement |
| **RCS** | Reserve Capacity Security |
| **RCT** | Reserve Capacity Target |
| **REOI** | Request for Expressions of Interest |
| **SWIS** | South West Interconnected System |

| Abbreviation | Definition |
|---|---|
| **Transitional Peak RCP** | Transitional Peak Reserve Capacity Price |
| **WA** | Western Australia |
| **WEM** | Wholesale Electricity Market |
| **WEM Rules** | Wholesale Electricity Market Rules |
| **WEMS** | Wholesale Electricity Market System |
| **10POE** | 10% probability of exceedance |