



# 2015 AND 2016 EXPRESSIONS OF INTEREST SUMMARY REPORT

FOR THE WHOLESALE ELECTRICITY MARKET

Published: 13 May 2016





# IMPORTANT NOTICE

## **Purpose**

AEMO has prepared this document to provide information about the Western Australia Wholesale Electricity Market, as at the date of publication.

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# 1. BACKGROUND

Each year, as part of the Reserve Capacity Cycle and as required by the Wholesale Electricity Market Rules, AEMO must publish an Expression of Interest (EOI) summary report.

The purpose of the Reserve Capacity EOI is to provide AEMO with an indication from existing and potential new Market Participants of any new capacity that they are willing to offer and make available as Reserve Capacity.

The process with respect to the EOI summary report for the 2015 and 2016 Reserve Capacity Cycles has been modified.

In March 2015, the WA Minister for Energy issued a direction to the Independent Market Operator<sup>1</sup> to defer certain aspects of the 2015 Reserve Capacity Cycle for the 2017–18 Capacity Year by one year. The requirement to publish the EOI summary report for the 2015 Reserve Capacity Cycle was deferred until 16 May 2016.

In March 2016, following a request from the Public Utilities Office, AEMO deferred certain aspects of the 2016 Reserve Capacity Cycle by one year. The requirement to publish the EOI summary report for the 2016 Reserve Capacity Cycle was not deferred.

This document is the EOI summary report for the 2015 and 2016 Reserve Capacity Cycles.

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<sup>1</sup> On 30 November 2015, most of the IMO's functions (including functions with respect to the EOI summary report) were transferred to AEMO. For more information, see <http://www.aemo.com.au/News-and-Events/News/News/AEMO-extends-role-to-Western-Australia>.



## 2. SUMMARY OF RESULTS

### 2017–18 Capacity Year

AEMO did not receive any EOIs for the 2017–18 Capacity Year,

The preliminary estimate for the Reserve Capacity Requirement (RCR) for the 2017–18 Capacity Year is 4,599 MW<sup>2</sup>. It is anticipated that 5,618.442 MW of Capacity Credits will be assigned to existing or committed facilities for 2017–18, based on the number of Capacity Credits assigned for the 2016–17 Capacity Year<sup>3</sup>.

### 2018–19 Capacity Year

AEMO received one EOI for the 2018–19 Capacity Year. The EOI related to the proposed new Facility with a nameplate capacity of 42.0 MW.

Based on this EOI, the preliminary estimate for the Reserve Capacity Requirement (RCR) for the 2018–19 Capacity Year is 4,631 MW<sup>4</sup>.

In a recent development, the WA Government has announced that Synergy will reduce its plant generation capacity by 380 MW by October 1 2018<sup>5</sup>. This reduction will affect the supply-demand balance for the 2018–19 Capacity Year.

Based on the EOI and the announcement related to Synergy's generation, the estimated quantity of Capacity Credits expected to be available for the 2018–19 Capacity Year is 5,660.442 MW.

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<sup>2</sup> As published in the 2014 Electricity Statement of Opportunities. The deferred 2015 Wholesale Electricity Market ESOO scheduled to be published by 17 June 2016 will set the RCR for the 2017–18 Capacity Year and provide information about the expected level of capacity for the Long Term Projected Assessment of Supply Adequacy Study Horizon

<sup>3</sup> This estimate has been calculated from the Capacity Credits assigned to generation facilities for the 2016–17 Capacity Year. AEMO is not aware of any anticipated plant closures for the 2017–18 Capacity Year.

<sup>4</sup> As published in the 2014 Electricity Statement of Opportunities.

<sup>5</sup> Available at: <https://www.mediastatements.wa.gov.au/Pages/Barnett/2016/04/Electricity-reforms-ensure-fairer-system-for-all.aspx>.

### 3. ANALYSIS

Table 1 show the preliminary supply-demand balance for the 2017–18 and 2018–19 Capacity Years. Based on these figures, excess capacity is expected to be 1,019 MW and 607 MW<sup>6</sup>, for the 2017–18 and 2018–19 Capacity Years, respectively.

**Table 1 Preliminary supply-demand balance, 2017–18 and 2018–19**

	2017–18 (MW)	2018–19 (assuming Synergy's 380 MW capacity is not retired, MW)	2018–19 (assuming Synergy's 380 MW capacity is retired, MW)
Estimated Capacity	5,618.442	5,618.442	5,238.442
EOI	0.000	42.000	42.000
Preliminary RCR (2014 ESOO)	4,599.000	4,631.000	4,631.000
Estimated Excess Capacity (without taking EOI into account)	1,019.44	987.442	607.442

In accordance with clause 4.2.7 of the Wholesale Electricity Market Rules, Table 2 summarises the EOI submitted to AEMO.

**Table 2 Summary of EOI for 2015 and 2016 Reserve Capacity Cycles in accordance with clause 4.2.7 of the Wholesale Electricity Market Rules**

Summary of Expressions of Interest	2017–18	2018–19*
<b>Number of EOIs received</b>	0	1
Committed Facilities (in place or under construction)	0.000	0.000
Proposed Facilities	0.000	42.000
<b>Total</b>	0.000	42.000
<b>Approvals for proposed Facilities</b>		
<b>Environmental</b>		
Facilities with environmental approval or do not require environmental approvals	0.000	42.000
Facilities with approval underway	0.000	0.000
Facilities yet to commence environmental approval process	0.000	0.000
<b>Total</b>	0.000	42.000
<b>Access offers</b>		
Facilities with approval or do not require a network access offer	0.000	0.000
Facilities with approval underway	0.000	42.000
Facilities yet to commence approval process	0.000	0.000
<b>Total</b>	0.000	42.000
<b>Information required under clause 4.2.7(b)(ii) of the WEM Rules</b>		
Facilities with environmental approval and network access offer, or do not require approvals	0.000	0.000
Facilities with both applications lodged, one or both pending approval	0.000	42.000
Facilities with one approval underway	0.000	0.000

<sup>6</sup> This is assuming Synergy retires 380 MW of Capacity credits for the 2018–19 Capacity Years.



<b>Summary of Expressions of Interest</b>	<b>2017–18</b>	<b>2018–19*</b>
Facilities yet to commence approval process	0.000	0.000
<b>Total</b>	<b>0.000</b>	<b>42.000</b>
<b>Categorisation by plant type</b>		
Intermittent generators	0.000	42.000
Non-intermittent generators	0.000	0.000
Demand side management	0.000	0.000
<b>Total</b>	<b>0.000</b>	<b>42.000</b>
<b>Categorisation by primary fuel</b>		
Diesel	0.000	0.000
Natural gas	0.000	0.000
Renewable	0.000	42.000
Demand side management	0.000	0.000
<b>Total</b>	<b>0.000</b>	<b>42.000</b>
<b>Categorisation by alternate fuel</b>		
None or not applicable	0.000	42.000
<b>Total</b>	<b>0.000</b>	<b>42.000</b>
<b>Potential Certified Reserve Capacity</b>		
Capacity offered through EOIs	0.000	42.000
Estimate of existing capacity eligible to be assigned Certified Reserve Capacity	5,618.442	5,280.442

\* This assumes Synergy's 380 MW of generation capacity is retired. If 380 MW of Capacity Credits are not retired prior to 1 October 2018 the estimate of existing capacity eligible to be assigned Certified Reserve Capacity is 5,660.442 MW