**SUPPLEMENTARY CAPACITY CONTRACT (RESIDENTIAL DISTRIBUTED ENERGY RESOURCE)**

**Australian Energy Market Operator Limited**

and

**##**

Australian Energy Market Operator Limited

ABN 94 072 010 327

Level 12, 171 Collins Street

Melbourne VIC 3000

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# Contract Details

|  |  |
| --- | --- |
| **Parties** | *AEMO*Australian Energy Market Operator Limited (ABN 94 072 010 327) Level 12, 171 Collins Street, Melbourne VIC 3000 |
| Service Provider## (ABN ##)## |
| **Commencement Date** | The later of:* 1 December 20##; and
* the date on which all Conditions Precedent are satisfied or waived
 |
| **End Date** | 1 April 20## |
| **Availability Price** | $## per *MW* per *Trading Day* |
| **Activation Price** | $## per *MWh* |
| **Contract Representative** | *AEMO*Attention: Manager – WA Reserve CapacityEmail: wa.capacity@aemo.com.auCc:Attention: Managing Counsel – Gas/WEMEmail: reception.perth@aemo.com.au  |
| Service Provider## |

# Background

A. Clause 4.24.1 of the *WEM Rules* relevantly requires *AEMO* to seek to acquire supplementary capacity if, at any time after the day which is six months before the start of a *Capacity Year*, *AEMO* considers that inadequate *Reserve Capacity* will be available in the *SWIS* to maintain *Power System Security* and *Power System Reliability*.

B. *AEMO* and the Service Provider have agreed to enter into this *Supplementary Capacity Contract*.

# Operative Provisions

## Interpretation

### General

* + 1. Terms in capitalised italics have the meaning given in the Wholesale Electricity Market Rules.
		2. Other capitalised terms are defined in clause 1.2.1.

### Definitions

* + 1. The following definitions apply in this *Supplementary Capacity Contract*:

**Activation Notice** means an activation notice issued under clause 6.1.2.

**Activation Notice Period** means the activation notice period specified in Schedule 3 – Service.

**Activation Parameter** means an activation parameter specified in Schedule 3 – Service.

**Activation Payment** means an activation payment determined under clause 9.3.1.

**Activation Price** means the activation price specified in the Contract Details.

**Actual Service Quantity** (measured in *MWh* per *Trading Interval*) means the quantity of Service provided in a *Trading Interval*, relative to the Baseline Quantity, calculated in accordance with Schedule 4 – Actual Service Quantity.

**Availability Payment** means an availability payment determined under clause 9.2.1.

**Availability Price** means the availability price specified in the Contract Details.

**Available**, in relation to the Service, means the Service Equipment is capable of increasing Supply by the Maximum Service Quantity, relative to the Baseline Quantity, during a *Trading Interval* in the Service Period.

**Baseline Quantity** means the baseline quantity specified in Schedule 3 – Service.

**Commencement Date** means the commencement date specified in the Contract Details.

**Condition Precedent** means a condition precedent specified in Schedule 2 – Condition Precedent.

**Condition Precedent Satisfaction Date**, in relation to a Condition Precedent, means the corresponding condition precedent satisfaction date specified in Schedule 2 – Condition Precedent, unless the condition precedent satisfaction date is extended under clause 3.5.1.

**Contract Representative** means *AEMO's* contract representative or the Service Provider's contract representative (as applicable) specified in the Contract Details, unless the contract representative details are modified under clause 14.1.2.

**Contract Term** means the contract term specified in clause 2.

**Control and Communication Requirements** means the control and communication requirements specified in Schedule 3 – Service.

**Designated Connection Point** means a designated connection point specified in Schedule 3 – Service that forms part of the Service Equipment.

**End Date** means the end date specified in the Contract Details.

**Good Electricity Industry Practice** means the exercise of the degree of skill, diligence, prudence and foresight that a skilled and experienced person would reasonably and ordinarily exercise under comparable conditions and circumstances, consistent with applicable written laws and statutory instruments, and applicable recognised codes, standards and guidelines.

**Insolvency Event**, in relation to a party, means the happening of any of these events:

* + 1. it is (or states that it is) insolvent or under administration;
		2. it has a controller (as defined in the Corporations Act 2001 (Cth)) appointed, is in liquidation, in provisional liquidation, under administration, wound up or has had a receiver (or receiver and manager) appointed to any part of its property;
		3. 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);
		4. 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);
		5. it is otherwise unable to pay its debts when they fall due; or
		6. 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.

**Interval Meter Data** means interval meter data provided by the *Metering Data Agent* or the Service Provider to *AEMO* for a Designated Connection Point and a *Trading* *Interval* in the Service Period.

**Maximum Service Quantity**, in relation to the Service, means the maximum service quantity specified in Schedule 3 – Service, unless the maximum service quantity is adjusted under clause 3.3.1(b) or clause 3.3.2(c).

**Operational Representative** means *AEMO's* operational representative or the Service Provider's operational representative (as applicable) specified in Schedule 5 – Operational Representative, unless the operational representative details are modified under clause 14.1.2.

**SCADA** means *AEMO*’s supervisory control and data acquisition system.

**Service** means to increase Supply from the Service Equipment by a quantity up to the Maximum Service Quantity, relative to the Baseline Quantity, during a *Trading Interval* in the Service Period when required by *AEMO* for the purposes of this *Supplementary Capacity Contract*.

**Service Equipment** means the service equipment specified in Schedule 3 – Service.

**Service Parameter** means a service parameter specified in Schedule 3 – Service.

**Service Period** means the service period specified in Schedule 3 – Service.

**Service Test** means a test carried out under clause 8 to enable AEMO to determine whether each Designated Connection Point, in aggregate, is capable of increasing Supply by a quantity that is greater than or equal to the Maximum Service Quantity, relative to the Baseline Quantity, during 2 consecutive *Trading Intervals* in the Service Period.

**Settlement Period** means a *Trading Week*, or a part of a *Trading Week*, where:

* + 1. the first settlement period commences on the Commencement Date; and
		2. the last settlement period ends on the End Date.

**Supplementary Capacity Payment**, in relation to a Settlement Period, means a payment calculated in accordance with clause 9.1.

**Supply**, in relation to the Service Equipment, means to vary the effective quantity of energy behind the Designated Connection Point by discharging or charging an *Electric Storage Resource*.

**Supply Availability Data** means data provided by the Service Provider (in a form approved by AEMO that complies with the Supply Information Protocol) that specifies the expected *MW* or *MWh* quantity of Service that will be available during each *Trading Interval* in the next Service Period.

**Supply Equipment Information** means information provided by the Service Provider (in a form approved by AEMO that complies with the Supply Information Protocol) that specifies the Designated Connection Point and the *Electric Storage Resource* providing the Service behind the Designated Connection Point.

**Supply Information Protocol** means the document developed by the Service Provider and approved by AEMO under clause 4.5.

**Supply Charge State Data**, in relation to the Service Equipment,means data (in a form approved by AEMO that complies with the Supply Information Protocol) that specifies the *MW* or *MWh* quantity of charge of the *Electric Storage Resource* at each Designated Connection Point.

**Supply Telemetry Data** means data (in a form approved by AEMO that complies with the Supply Information Protocol) that specifies the *MW* or *MWh* quantity of Supply behind the Designated Connection Point for each *Trading Interval*.

**Unavailable**, in relation to the Service, means the Service Equipment is (under clause 5.3.1 or clause 8.3) taken to be incapable of increasing Supply by the Maximum Service Quantity, relative to the Baseline Quantity, during a *Trading Interval* in the Service Period.

**Verification Test** means a test carried out under clause 3.2.1 (for the purposes of clause 4.24.16 of the *WEM Rules*) to enable AEMO to determine whether each Designated Connection Point, in aggregate, is capable of increasing Supplyby a quantity that is greater than or equal to the Maximum Service Quantity, relative to the Baseline Quantity, during 2 consecutive *Trading Intervals* in the Service Period.

### Interpretation

* + 1. In this *Supplementary Capacity Contract*:

* + - 1. headings are inserted for convenience and do not affect interpretation;
			2. if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
			3. the singular includes the plural and vice versa;
			4. the words “includes” or “including” or “such as” are not words of limitation and, when used to introduce an example, do not limit the meaning of the words to which the example relates or to examples of a similar kind; and
			5. a reference to:
				1. a thing (including an amount) is a reference to the whole and each part of it; and
				2. a period of time dating from a given day or from the day of an act or event 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.

## Contract Term

### Commencement Date

* + 1. This *Supplementary Capacity Contract* commences at 8:00 am on the Commencement Date.

### End Date

* + 1. This *Supplementary Capacity Contract* ends at 8:00 am on the End Date unless it is terminated earlier under clause 12.1.1.

## Condition Precedent

### Legal effect

* + 1. This *Supplementary Capacity Contract* (other than clause 1, this clause 3 and clause 14) has no legal effect unless and until each Condition Precedent is:
			1. (for the Verification Test Condition Precedent):
				1. taken to be satisfied under clause 3.2.1(e) on the date of *AEMO’s* determination under clause 3.2.1(d)(i); or
				2. taken to be satisfied under clause 3.3.1(c) on the date that AEMO notifies the Service Provider of a reduced Maximum Service Quantity under clause 3.3.1(b);
			2. (for a Condition Precedent other than the Verification Test) taken to be satisfied under clause 3.4.6 on the date of *AEMO’s* determination under clause 3.4.5 or clause 3.4.3; or
			3. waived by AEMO under clause 3.5.1.
		2. Each Condition Precedent is for *AEMO’s* benefit.

### Satisfaction of Condition Precedent – Verification Test

* + 1. The following process applies with respect to a Verification Test:
			1. The Service Provider (by notice to *AEMO’s* Operational Representative):
				1. may propose 2 consecutive *Trading Intervals* in the Service Period on or after the 1 July 20## *Trading Day* during which each Designated Connection Point, in aggregate, increased Supplyby a quantity that is greater than or equal to the Maximum Service Quantity, relative to the Baseline Quantity; and
				2. otherwise, must propose an alternative method to enable *AEMO* to determine whether each Designated Connection Point, in aggregate, is capable of increasing Supplyby a quantity that is greater than or equal to the Maximum Service Quantity, relative to the Baseline Quantity, during 2 consecutive *Trading Intervals* in the Service Period.
			2. *AEMO* (acting reasonably and by notice to the Service Provider’s Operational Representative):
				1. must approve a proposed alternative method under clause 3.2.1(a)(ii) if *AEMO* considers that it is appropriate and enables *AEMO* to determine whether each Designated Connection Point, in aggregate, is capable of increasing Supplyby a quantity that is greater than or equal to the Maximum Service Quantity, relative to the Baseline Quantity, during 2 consecutive *Trading Intervals* in the Service Period; and
				2. otherwise, must reject the proposed alternative method, in which case the Service Provider must propose 2 consecutive *Trading Intervals* in the Service Period under clause 3.2.1(a)(i) or clause 3.2.1(a)(ii).
			3. *AEMO* (acting reasonably) must notify the Service Provider’s Operational Representative of the Verification Test outcome within 3 *Business Days* after the later of:
				1. the date of the Service Provider’s proposal under clause 3.2.1(a)(i);
				2. the date when AEMO approves the Service Provider’s proposed alternative method under clause 3.2.1(b)(i); and
				3. the date when AEMO receives Supply Telemetry Data with respect to each Designated Connection Point.
			4. *AEMO* must determine the Verification Test outcome as follows:
				1. the Verification Test is successful if Supply Telemetry Data indicates that each Designated Connection Point, in aggregate, is capable of increasing Supplyby a quantity that is greater than or equal to the Maximum Service Quantity, relative to the Baseline Quantity, during the 2 consecutive *Trading Intervals* in the Service Period proposed by the Service Provider under clause 3.2.1(a)(i) or clause 3.2.1(a)(ii); and
				2. otherwise, the Verification Test is unsuccessful, in which case the Service Provider must:

propose 2 consecutive *Trading Intervals* in the Service Period under clause 3.2.1(a)(i) or clause 3.2.1(a)(ii); or

request a reduction to the Maximum Service Quantity under clause 3.3.1.

* + - 1. The date when the Verification Test Condition Precedent is taken to be satisfied is the date of *AEMO’s* determination under clause 3.2.1(d)(i).

### Maximum Service Quantity adjustment

* + 1. If a Verification Test is unsuccessful:
			1. the Service Provider (by notice to *AEMO’s* Operational Representative) may request a reduction to the Maximum Service Quantity;
			2. *AEMO* (by notice to the Service Provider’s Operational Representative in response to a request under clause 3.3.1(a)) must reduce the Maximum Service Quantity to a quantity that *AEMO* reasonably expects the Service Provider to be capable of providing, having regard to all relevant information available to *AEMO*, including the Verification Test data; and
			3. the Verification Test Condition Precedent is taken to be satisfied with respect to the reduced Maximum Service Quantity on the date that AEMO notifies the Service Provider under clause 3.3.1(b).
		2. If the Maximum Service Quantity is reduced under clause 3.3.1(b):

* + - 1. the Service Provider (by notice to *AEMO’s* Operational Representative) may subsequently request that *AEMO* increases the Maximum Service Quantity to a quantity up to but not exceeding the Maximum Service Quantity specified in Schedule 3 – Service;
			2. the Service Provider’s request must nominate 2 consecutive *Trading Intervals* in the Service Period on or after the 1 July 20## *Trading Day* during which each Designated Connection Point, in aggregate, increased Supply by a quantity that is greater than or equal to the Maximum Service Quantity, relative to the Baseline Quantity; and
			3. *AEMO* must increase the Maximum Service Quantity to a quantity (up to but not exceeding the Maximum Service Quantity specified in Schedule 3 – Service) to which *AEMO* reasonably considers, based on Supply Telemetry Data, each Designated Connection Point, in aggregate, increased Supply, relative to the Baseline Quantity, during the 2 consecutive *Trading Intervals* nominated by the Service Provider under clause 3.3.2(b).

### Satisfaction of Condition Precedent other than Verification Test

* + 1. This clause 3.4 applies with respect to a Condition Precedent other than the Verification Test Condition Precedent.
		2. The Service Provider must:
		3. use reasonable endeavours to satisfy each Condition Precedent as soon as practicable and, in any event, by the Condition Precedent Satisfaction Date; and

* + 1. notify *AEMO’s* Operational Representative without undue delay if the Service Provider reasonably considers that a Condition Precedent is:

* + - 1. satisfied; or
			2. unlikely to be satisfied by the Condition Precedent Satisfaction Date.
		1. *AEMO* must determine whether a Condition Precedent is satisfied and notify the Service Provider’s Operational Representative of its determination within 3 *Business Days* after the later of:
		2. the date when the Service Provider notifies *AEMO* under clause 3.4.2(b); and
		3. the date when *AEMO* receives information requested under clause 3.4.4.
		4. *AEMO* may request information from the Service Provider that it reasonably requires to make a determination under clause 3.4.3. The Service Provider must provide requested information without undue delay.
		5. *AEMO* (acting reasonably) may determine that a Condition Precedent is satisfied and notify the Service Provider’s Operational Representative of its determination without receiving a notification from the Service Provider under clause 3.4.2(b).
		6. The date when a Condition Precedent is taken to be satisfied is the date of *AEMO’s* determination under clause 3.4.3 or clause 3.4.5.

### Waiver and extension

* + 1. *AEMO* (in its sole discretion and by notifying the Service Provider’s Operational Representative) may waive a Condition Precedent or extend a Condition Precedent Satisfaction Date.

### Termination for non-satisfaction

* + 1. *AEMO* (by notice to the Service Provider’s Contract Representative) may terminate this *Supplementary Capacity Contract* if a Condition Precedent is not satisfied by the Condition Precedent Satisfaction Date and *AEMO* (in its sole discretion) does not waive the Condition Precedent or extend the Condition Precedent Satisfaction Date under clause 3.5.1.

## Service

### Service Parameters and Activation Parameters

* + 1. The Service Parameters and the Activation Parameters apply for the purposes of this *Supplementary Capacity Contract*.

### Service obligations

* + 1. The Service Provider must:
			1. operate and maintain the Service Equipment in accordance with Good Electricity Industry Practice;
			2. use reasonable endeavours to activate the Service Equipment (or cause third-party Service Equipment to be activated) and provide the Service in compliance with an Activation Notice and otherwise in accordance with this *Supplementary Capacity Contract*; and
			3. not enter into or be a party to any contractual or legal arrangement relating to the Service Equipment (other than in the ordinary course of business) that may adversely affect the Service Provider’s ability to provide the Service.

### Service Provider notification

* + 1. The Service Provider must notify *AEMO’s* Operational Representative without undue delay if:
			1. the Service Provider changes or modifies any Service Equipment that it owns, operates, or controls in a manner that affects or could reasonably be expected to affect its ability to provide the Service;
			2. the Service Provider becomes aware of any other material information with respect to the Service Equipment (including any Service Equipment applicable to a third-party with whom the Service Provider enters into a contract or an arrangement for the purposes of providing the Service) or the Designated Connection Point (including *NMI* details) that affects or could reasonably be expected to affect the Service Provider’s ability to provide the Service; or
			3. an Insolvency Event occurs with respect to the Service Provider.

###  Changes in Service Equipment, a Designated Connection Point or Supply Equipment Information

* + 1. The Service Provider must notify *AEMO’s* Operational Representative of a proposed change with respect to:
			1. the Service Equipment (except in the ordinary course of business) that affects or could reasonably be expected to affect the Service Provider’s ability to provide the Service;
			2. a Designated Connection Point; or
			3. the Supply Equipment Information.
		2. *AEMO* must approve the proposed change and notify the Service Provider’s Operational Representative of the approval unless the proposed change relates to a Designated Connection Point:
			1. that is simultaneously included in any other existing *Supplementary Capacity Contract* entered into by the Service Provider or a third-party;
			2. that is or has been associated with a *Demand Side Programme* for the 20##-## *Capacity Year* or the immediately preceding Capacity Year; or
			3. in respect of which both of the following apply:
				1. the Service Provider is not the *Market Participant* associated with the Designated Connection Point; and
				2. the Designated Connection Point is simultaneously included in any NCESS Contract entered into by the relevant *Market Participant* that is effective during the Contract Term.
		3. AEMO (acting reasonably) may require the Service Provider to carry out a Service Test after approving a proposed change under clause 4.4.2.

### Supply Information Protocol

* + 1. The Service Provider must develop a Supply Information Protocol that specifies operational details with respect to:
			1. Supply Equipment Information (including operational information relating to provision and auditing of Supply Equipment Information);
			2. Supply Availability Data (including operational information relating to provision and auditing of Supply Availability Data);
			3. Supply Telemetry Data (including operational information relating to provision and auditing of Supply Telemetry Data);
			4. Supply Charge State Data; and
			5. any other information relating to Supply required by AEMO for the purposes of this *Supplementary Capacity Contract*.
		2. The Supply Information Protocol must be approved by *AEMO* (which must not unreasonably be withheld) and is effective from the approval date or a later date determined by *AEMO*. The parties may agree to amend the Supply Information Protocol during the Contract Term.
		3. During the Contract Term, the Service Provider must provide to *AEMO* (in the time and manner specified in this *Supplementary Capacity Contract* or in the Supply Information Protocol):
			1. Supply Availability Data and Supply Telemetry Data;
			2. Supply Charge State Data;
			3. all other information specified in the Supply Information Protocol; and
			4. (if the *Metering Data Agent* is unable to provide Interval Meter Data for the Designated Connection Point) Interval Meter Data.

### *AEMO* information request

* + 1. *AEMO* (acting reasonably) may request information from the Service Provider’s Operational Representative regarding the Service Equipment or the Service at any time during the Contract Term. The Service Provider must provide requested information without undue delay.

## Service Availability

### Available

* + 1. The Service is Available in any *Trading Interval* during the Service Period unless it is taken to be Unavailable under clause 5.3.1 or clause 8.3.1.

### Unavailability notification by Service Provider

* + 1. The Service Provider must notify *AEMO’s* Operational Representative without undue delay if it considers that:
			1. the Service Equipment is or will become incapable of increasing Supplyfrom the Baseline Quantity; or
			2. the Service is or will become Unavailable for any other reason.
		2. The notice must specify:
			1. when the Service became or will become Unavailable;
			2. the cause of the Unavailability; and
			3. the expected period of Unavailability.
		3. The Service Provider must notify *AEMO’s* Operational Representative without undue delay when the Service becomes Available after a period of Unavailability.

### Unavailable

* + 1. The Service is taken to be Unavailable in any *Trading Interval* during the Service Period if:
			1. either of the following applies:
				1. the Service Provider does not activate the Service Equipment in compliance with an Activation Notice (excluding non-compliance with clause 6.1.2(d)) and otherwise in accordance with this *Supplementary Capacity Contract*; or
				2. the Service Provider activates the Service Equipment in compliance with an Activation Notice, but the Actual Service Quantity is less than 90% of the quantity specified in the Activation Notice issued for the *Trading Interval*;
			2. the *Trading Interval* is within a period notified under clause 5.2;
			3. the Supply Availability Data indicates that the Service Equipment is unable to provide the Maximum Service Quantity;
			4. *AEMO* loses communication with, or visibility of, the Service Equipment for the entire *Trading Interval*; or
			5. *AEMO* otherwise reasonably determines from Interval Meter Data, SCADA data and Supply Telemetry Data that the Service Equipment is unable to provide the Maximum Service Quantity in the *Trading Interval*.

## Activation

* + 1. *AEMO* must use reasonable endeavours to only activate the Service when it considers that *Real-Time Market* outcomes may be insufficient to ensure *Power System Security* and *Power System Reliability* during the Service Period.
		2. The following process applies with respect to activation:
			1. *AEMO* (by notice to the Service Provider’s Operational Representative) may issue an Activation Notice with respect to the Service Period on a *Trading Day*. An Activation Notice must be consistent with the Service Parameters and the Activation Parameters.
			2. An Activation Notice must specify:
				1. the *MW* quantity of increased Supply, relative to the Baseline Quantity, that is required to be provided during each *Trading Interval* in the Service Period on the *Trading Day*, which must not exceed the Maximum Service Quantity;
				2. the time by when the Service Equipment is required to increase Supply relative to the Baseline Quantity, which must be consistent with the Service Parameters and the Activation Parameters; and
				3. the time when the Service Equipment is no longer required to maintain the *MW* quantity specified in clause 6.1.2(b)(i), which must be consistent with the Service Parameters and the Activation Parameters.
			3. The Service Provider must use reasonable endeavours to comply with an Activation Notice.
			4. If the Maximum Service Quantity is greater than or equal to 20 *MW*, the Service Provider must use reasonable endeavours to increase Supplybefore the time specified for the purposes of clause 6.1.2(b)(ii), at a rate approximating the service ramp rate, where the service ramp rate is the rate (in *MW* per minute on a linear basis) at which the Service Equipment is required to increase Supply.

## Measurement and verification

### Measurement

* + 1. *AEMO* (acting reasonably) must use Supply Telemetry Data to determine the *MWh* quantity of increased Supply at each Designated Connection Point, relative to the Baseline Quantity, for each *Trading Interval*.

### Verification

* + 1. *AEMO* (acting reasonably) may use Supply Telemetry Data to verify quantities provided under this *Supplementary Capacity Contract*.
		2. *AEMO* may use Interval Meter Data or other information provided in compliance with the Supply Information Protocol to assess the integrity of the Supply Telemetry Data for each Designated Connection Point.
		3. *AEMO* may audit Supply Telemetry Data from time to time as specified in the Supply Information Protocol. If *AEMO* reasonably considers that Supply Telemetry Data is inaccurate, then the Service Provider must resubmit Supply Telemetry Data to *AEMO* that addresses the inaccuracy.
		4. *AEMO* may audit Supply Availability Data from time to time as specified in the Supply Information Protocol. If *AEMO* reasonably considers that Supply Availability Data is inaccurate, then the Service Provider must update the Supply Availability Data to address the inaccuracy and, if required by *AEMO*, must demonstrate the accuracy of the updated data as specified in the Supply Information Protocol.

## Service Test

###  Service Test

* + 1. *AEMO* (acting reasonably) may notify the Service Provider’s Operational Representative that a Service Test is required if the Actual Service Quantity is less than 80% of the quantity specified in an Activation Notice issued for a *Trading Interval*.

### Service Test process

* + 1. The Service Test process is as follows:
			1. *AEMO* must determine 2 consecutive Trading Intervals in the Service Period for the purposes of the Service Test;
			2. *AEMO* must issue an Activation Notice with respect to the Service Test *Trading Intervals*; and
			3. *AEMO* (acting reasonably) must determine the Service Test outcome without undue delay based on Supply Telemetry Data as follows:
				1. the Service Test is successful if the relevant data indicates that the Service Equipment is capable of increasing Supplyby a quantity that is greater than or equal to the Maximum Service Quantity, relative to the Baseline Quantity, during 2 consecutive *Trading Intervals* in the Service Period; and
				2. otherwise the Service Test is unsuccessful.

### Deemed Unavailability

* + 1. The Service is taken to be Unavailable from the start of the first Service Test *Trading Interval* of an unsuccessful Service Test until the earlier of:
			1. the start of the *Trading Day* after *AEMO* determines that a Service Test is successful under clause 8.2.1(c)(i); or
			2. the start of the *Trading Day* after *AEMO* otherwise reasonably considers that the Service is Available.

## Supplementary Capacity Payment

### Determination

* + 1. *AEMO* must determine the Supplementary Capacity Payment for each Settlement Period.
		2. The Supplementary Capacity Payment is equal to the sum of the Availability Payment and the Activation Payment.

### Availability Payment

* + 1. The Availability Payment for the Service in a Settlement Period is determined as follows:

where:

* **t∈SP** denotes all *Trading Intervals* in the Service Period in the Settlement Period (excluding *Trading Intervals* when the Service is taken to be Unavailable);
* **AP** is the Availability Price (in $ per *MW* per *Trading Day*);
* **N** is the number of *Trading Intervals* in the Service Period in a *Trading Day* (including *Trading Intervals* when the Service is taken to be Unavailable); and
* **MSQ** is the Maximum Service Quantity in *MW*.

### Activation Payment

* + 1. The Activation Payment for the Service in a Settlement Period is determined as follows:

where:

* **t∈SP** denotes all *Trading Intervals* in the Service Period in the Settlement Period;
* **AP** is the Activation Price (converted to $ per *MWh*); and
* **ASQ** is the Actual Service Quantity (in *MWh*) for the *Trading Interval*, up to but not exceeding the *MWh* quantity equivalent to the *MW* quantity specified in the Activation Notice issued for the *Trading Interval*.

## Settlement

### Market Participant

* + 1. Chapter 9 of the *WEM Rules* applies with respect to a Supplementary Capacity Payment if the Service Provider is a *Market Participant*.

### Unregistered Service Provider

* + 1. The following settlement process applies if the Service Provider is not a *Market Participant*:
			1. *AEMO* must:
				1. issue a recipient created tax invoice to the Service Provider’s Operational Representative on the *Invoicing Date* (as published by *AEMO* in accordance with clause 9.3.1(c) of the *WEM Rules*)for the *Trading Week* associated with the Settlement Period; and

* + - * 1. pay the Supplementary Capacity Payment via bank transfer to the Service Provider’s nominated account within 5 *Business Days* after the *Invoicing Date*, unless clause 9.20.4 of the *WEM Rules* requires *AEMO* to reduce the payment.
			1. *AEMO* may recalculate a Supplementary Capacity Payment for a previous Settlement Period, taking into account any revised Supply Telemetry Data, and any other revised value that AEMO reasonably considers to be accurate and otherwise in accordance with this *Supplementary Capacity Contract*. AEMO must:
				1. (if the adjustment indicates an increased Supplementary Capacity Payment):

issue a recipient created tax invoice to the Service Provider’s Operational Representative that reflects the recalculated Supplementary Capacity Payment; and

pay the underpayment amount via bank transfer to the Service Provider’s nominated account within 5 Business Days after the revised invoice date, unless clause 9.20.4 of the *WEM Rules* requires *AEMO* to reduce the payment; and

* + - * 1. (if the adjustment indicates a reduced Supplementary Capacity Payment) must adjust the Supplementary Capacity Payment for the next invoiced Settlement Period to account for the overpayment amount, unless the *Invoicing Date* for the final Settlement Period has passed, in which case *AEMO* may issue a tax invoice for the overpayment amount.
			1. *AEMO* must not issue a revised invoice for a Settlement Period after the date which is 40 *Business Days* before the *Settlement Adjustment Date 3* for the relevant *Trading Week*, except where the revised invoice is issued under clause 10.2.4(a), but in any case must not issue a revised invoice after the *Settlement Adjustment Date 3* for the relevant *Trading Week*.
		1. The Service Provider must provide *AEMO’s* Operational Representative with any information and do anything that *AEMO* reasonably requires to facilitate the payment of an invoice.

* + 1. The Service Provider may issue a disagreement notice to *AEMO’s* Operational Representative within 30 *Business Days* after an invoice is issued under clause 10.2.1(a)(i) or a revised invoice is issued under clause 10.2.1(b). A disagreement notice must specify:
			1. the reason for the disagreement; and
			2. a revised value that the Service Provider reasonably considers to be accurate and otherwise in accordance with this *Supplementary Capacity Contract*.
		2. *AEMO* must respond within 30 *Business Days* after receiving a disagreement notice by:
			1. agreeing with the disagreement notice (and issuing a revised invoice under clause 10.2.1(b)); or
			2. disagreeing with the notice of disagreement (and taking no action).
		3. The Service Provider may commence a dispute under clause 13 if it is not satisfied with *AEMO*’s response to the disagreement notice under clause 10.2.3.

### Continuing effect

* + 1. This clause 10 survives expiry or termination of this *Supplementary Capacity Contract*.

## Liability

### *AEMO’s* liability cap

* + 1. Subject to clause 11.1.2, and other than in respect of any unpaid Supplementary Capacity Payment amounts, the total amount recoverable from *AEMO* in respect of any and all claims arising out of any one or more events during the Contract Term with respect to, arising from, or in connection with, this *Supplementary Capacity Contract* is limited to the prescribed maximum amount for the purposes of section 126 of the Electricity Industry Act and regulation 52 of the WEM Regulations.
		2. Regardless of the nature of any claim, *AEMO* is not liable in any circumstances for any:
			1. damages or losses that are not direct and do not flow naturally from a breach of this *Supplementary Capacity Contract*, 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 *Supplementary Capacity Contract*;
			2. loss of market, opportunity or profit (whether direct or indirect); or
			3. damages or losses to the extent that an act or omission by the Service Provider (including a negligent act or omission) caused or contributed to the damages or losses.

### Service Provider’s liability cap

* + 1. Subject to clause 11.2.2, and other than in respect of any Supplementary Capacity Payment amounts repayable by the Service Provider under this *Supplementary Capacity Contract*, the total amount recoverable from the Service Provider in respect of any and all claims arising out of any one or more events during the Contract Term with respect to, arising from, or in connection with, this *Supplementary Capacity Contract* is limited to the lesser of:
			1. the total amount of Supplementary Capacity Payments paid to the Service Provider; and
			2. $1 million.
		2. Regardless of the nature of any claim, the Service Provider is not liable in any circumstances for any:
			1. damages or losses that are not direct and do not flow naturally from a breach of this *Supplementary Capacity Contract*, 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 *Supplementary Capacity Contract*;
			2. loss of market, opportunity or profit (whether direct or indirect); or
			3. damages or losses to the extent that an act or omission by *AEMO* (including a negligent act or omission) caused or contributed to the damages or losses.

## Termination

### Termination notice

* + 1. *AEMO* may (by notice to the terminate this *Supplementary Capacity Contract* by giving notice to the Service Provider if any of the following applies after the Commencement Date:
			1. the Service ceases to be an *Eligible Service*; or
			2. an Insolvency Event occurs with respect to the Service Provider.
		2. A termination notice takes effect on the later of:
			1. the time it is given; and
			2. the time specified in the notice.

### Consequences

* + 1. If *AEMO* terminates this *Supplementary Capacity Contract*:
			1. the Service Provider is entitled to receive any Supplementary Capacity Payment arising before the effective date of termination; and
			2. *AEMO* is not liable to the Service Provider under this *Supplementary Capacity Contract* in any other respect.

## Dispute resolution

### *WEM Rules* dispute process

* + 1. If the Service Provider is a *Market Participant*, then sections 2.18, 2.19, 2.20, 9.16 and 9.17 of the *WEM Rules* apply to any dispute arising under this *Supplementary Capacity Contract*.
		2. If the Service Provider is not a *Market Participant*, then sections 2.18, 2.19 and 2.20 apply to any dispute arising under this *Supplementary Capacity Contract* as if the Service Provider were a *Rule Participant*.

### Continuing performance

* + 1. The parties must continue to perform their obligations under this *Supplementary Capacity Contract* despite the existence of a dispute.

## General

### Notices

* + 1. Subject to clause 14.1.5, a notice to a party under this *Supplementary Capacity Contract* must be:
			1. in writing;
			2. addressed to the party’s Contract Representative or Operational Representative (as applicable); and
			3. sent by email or other automated electronic process approved by AEMO for the purposes of this *Supplementary Capacity Contract*.
		2. A party may notify the other party of a change in its Contract Representative or Operational Representative details in accordance with clause 14.1.1.
		3. A notice (other than a termination notice to which clause 12.1.2 applies) takes effect from the time it is received.
		4. Subject to clause 14.1.5, if a notice is received after 4:00 pm on a *Business Day* or on a day that is not a *Business Day*, then it is taken to be received at 9:00 am on the next *Business Day*.
		5. Clauses 14.1.1 and 14.1.4 do not apply with respect to a notice given by a party under the *WEM Rules* in connection with the operation of the *Wholesale Electricity Market*.

### No force majeure rights

* + 1. Clause 4.24.13(a) of the *WEM Rules* excludes force majeure rights under this *Supplementary Capacity Contract*.

### Assignment or other dealing

* + 1. The Service Provider must not assign or otherwise deal with its rights or obligations under this *Supplementary Capacity Contract* or (except in the ordinary course of business) in respect of the Service Equipment without *AEMO’s* written consent.
		2. *AEMO* must not unreasonably withhold or delay its consent under clause 14.3.1.
		3. *AEMO*, as a condition of consent under clause 14.3.1, may require the Service Provider and the third-party to enter into a deed of novation with *AEMO* on terms that are reasonably satisfactory to *AEMO*, under which the third-party agrees to assume obligations that are substantially equivalent to the Service Provider’s obligations under this *Supplementary Capacity Contract*.
		4. Any purported assignment in breach of clause 14.3.1 is invalid and of no legal effect.

### Amendment and variation

* + 1. This *Supplementary Capacity Contract* may only be amended or varied by written agreement between the parties unless otherwise stated.

### Confidential information

* + 1. The Service Provider consents to the use or disclosure of its confidential information by *AEMO* to the extent reasonably necessary for *AEMO* to carry out its functions or comply with its obligations under the *WEM Regulations* and the *WEM Rules*.
		2. Clause 14.5.1 survives expiry or termination of this *Supplementary Capacity Contract*.

### Entire agreement

* + 1. Subject to the *WEM Rules*, this *Supplementary Capacity Contract* constitutes the entire agreement of the parties in connection with its subject-matter.

### Counterparts

* + 1. This *Supplementary Capacity Contract* may be executed in counterparts.

### Governing law and jurisdiction

* + 1. This *Supplementary Capacity Contract* and the transactions contemplated by it are governed by the laws in force in Western Australia. Each party submits to the non-exclusive jurisdiction of the courts of that place. The parties must not object to the exercise of jurisdiction by those courts on any basis.

# Signing Page

EXECUTED as an AGREEMENT

|  |  |  |
| --- | --- | --- |
| **SIGNED** by ## (##) as authorised representative for **Australian Energy Market Operator Limited**:     | ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) )   |       By executing this *Supplementary Capacity Contract*, the signatory warrants that the signatory is duly authorised to execute this *Supplementary Capacity Contract* on behalf of **Australian Energy Market Operator Limited**   Date:  …....................................................  |

|  |  |  |
| --- | --- | --- |
| **SIGNED** by ## (##) as authorised representative for **##**:     | ) ) ) ) ) ) ) ) ) ) ) ) ) ) )  |       By executing this *Supplementary Capacity Contract*, the signatory warrants that the signatory is duly authorised to execute this *Supplementary Capacity Contract* on behalf of **##**   Date:  .......................................................  |

# Schedule 1 – Amendments to standard-form contract

The following amendments to the standard-form contract apply in this *Supplementary Capacity Contract* for the purposes of clause 4.24.14 of the *WEM Rules*:

|  |  |
| --- | --- |
| **Clause/Schedule** | **Amendment** |
|  |  |

# Schedule 2 – Condition Precedent

|  |  |  |
| --- | --- | --- |
| **No** | **Condition Precedent** | **Condition Precedent Satisfaction Date** |
|  | If the Maximum Service Quantity is greater than or equal to 10 *MW*, the Service Provider must register as a *Market Participant*. | 1 February 20## |
|  | The Service Provider must provide *NMI* details of each Designated Connection Pointassociated with the Service Equipment, where each Designated Connection Point:* + - must have an interval meter installed;
		- must have been assigned a *NMI*;
		- must not be (and must not previously have been) associated with any Demand Side Programme during the 20##-## Capacity Year or the immediately preceding Capacity Year; and
		- must not be simultaneously included in any existing NCESS Contract that is effective during the Contract Term or *Supplementary Capacity Contract* with the *Market Participant* that is the relevant *Market Participant* for the Designated Connection Point.
 | 1 February 20## |
|  | The Service Provider must complete commissioning of the Control and Communication Requirements to *AEMO’s* satisfaction. | 1 February 20## |
|  | The Service Provider must develop the Supply Information Protocol and obtain *AEMO*’s approval under clause 4.5.2. | 1 February 20## |
| 1.
 | The Service Provider must carry out a successful Verification Test under clause 3.2.1 (unless AEMO notifies the Service Provider of a reduced Maximum Service Quantity under clause 3.3.1(b)). | 1 February 20## |

# Schedule 3 – Service

**Service Equipment and Designated Connection Point(s)**

|  |  |
| --- | --- |
| Service Equipment | ## |
| Designated Connection Point | [Option 1] The following *NMI*s[Option 2] *NMI* details to be provided at a later time |

**Service Parameters**

|  |  |
| --- | --- |
| Service Period | From ## to ## on a *Trading Day* |
| Maximum Service Quantity | ## |
| Baseline Quantity | 0 MW |

**Activation Parameters**

|  |  |
| --- | --- |
| Notification method | *Activation Notice* |
| Notification time | ## hours |
| Minimum activation quantity | ## MW |
| Minimum activation event duration | 4 *Trading Intervals* in the Service Period |
| Maximum activation event duration | All *Trading Intervals* in the Service Period |

**Control and Communication Requirements**

|  |  |
| --- | --- |
| Control | Capable of activating up to the Maximum Service Quantity during each *Trading Interval* in the Service Period |
| Communication | 1. Single point of communication for activation
2. Visibility, through the Supply Information Protocol approved by *AEMO* (which must not unreasonably be withheld), at a granularity of not more than 5 minutes (unless *AEMO* approves a different granularity), of:
* Supply Telemetry Data;
* Supply Availability Data; and
* historical Supply Telemetry Data and Supply Availability Data for each of the previous 30 *Trading Days* (to be maintained by the Service Provider).
1. (If the Maximum Service Quantity comprises more than 10 *MW* at multiple connection points behind a single *Transmission Node*) aggregated visibility for each connection point at the *Transmission Node*, unless otherwise approved by *AEMO*.
 |

# Schedule 4 – Actual Service Quantity

*AEMO* must determine the Actual Service Quantity (in *MWh* per *Trading Interval*) in accordance with this Schedule 4 – Actual Service Quantity.

**Summary**

The Actual Service Quantity is calculated with respect to each Activation Event.

The Actual Service Quantity is calculated by reference to the aggregate Supply of all *NMIs* from each Designated Connection Point. A separate Actual Service Quantity is not calculated for individual *NMIs* forming part of an aggregation.

*AEMO* must calculate the Actual Service Quantity for each *Trading Interval* in each Activation Event.

**Definition**

The following definition applies for the purposes of this Schedule 4 – Actual Service Quantity:

**Activation Event** means:

* (before the Commencement Date) the set of *Trading Intervals* proposed by the Service Provider for the purposes of a Verification Test; and
* (after the Commencement Date) the set of *Trading Intervals* specified in an Activation Notice.

**Actual Service Quantity**

*AEMO* must determine the Actual Service Quantity for each *Trading Interval* in the Activation Event as follows:

where:

* **Bt** is the Baseline Quantity (in *MWh*) for *Trading Interval* (t);
* **ct** is the Supply Telemetry Data for the *Trading Interval* in the Activation Event;
* **Dt**is the Actual Service Quantity (in MWh) for *Trading Interval* (t); and
* **Qt** is the quantity, in *MW*, specified in the Activation Notice issued for the *Trading Interval* (t), or (if the Activation Event occurs prior to the Commencement Day) the Maximum Service Quantity.

# Schedule 5 – Operational Representative

***AEMO’s* Operational Representative**

|  |  |
| --- | --- |
| Name | WA Energy Market Management |
| Telephone | 1300 989 797 |
| Email | wa.operations@aemo.com.au |

**Service Provider’s Operational Representative**

Primary Operational Representative

|  |  |
| --- | --- |
| Name | ## |
| Telephone | ## |
| Email | ## |

Backup Operational Representative

|  |  |
| --- | --- |
| Name | ## |
| Telephone | ## |
| Email | ## |