

FACT SHEET



Electricity procurement and Supplementary Reserve Capacity (SRC)

The amount of electricity capacity required to meet forecast demand in Western Australia's power system the South West Interconnected System is set via the state's Reserve Capacity Requirement (RCR) mechanism.

AEMO models generation availability against forecast demand to set the RCR in its annual Wholesale Electricity Market Electricity Statement of Opportunities (WEM ESOO) report. For example, the RCR for 2023 was determined in the 2021 WEM ESOO.

If supply risks are identified within this two-year period, AEMO can use the Supplementary Reserve Capacity (SRC) mechanism. SRC allows AEMO to procure additional electricity capacity six months prior to it being required.

About SRC

As part of the SRC procurement process, AEMO enters into contracts with providers to either use less energy or generate electricity (collectively known as capacity) when electricity reserves are low.

This extra capacity acts as "reserve buffer" for the contracted period, which is typically during the high demand summer months.

Once a contract has been signed with AEMO, these SRC capacity providers are on standby to deliver their respective capacity service when called upon over the agreed period – acting as an "emergency backstop" to maintain power system security and reliability in WA.



When SRC contracts may be called upon



Unplanned or extreme events can impact available electricity supplies. These may include a combination of high demand, extreme weather, natural disasters, generation or transmission outages or critical maintenance.



When there is a risk of a supply and demand imbalance, AEMO takes proactive steps to manage forecast reserve shortfalls (when electricity supply reserves are encroached).



If AEMO is unable to improve reserve levels through its usual channels, then SRC may be activated.



If SRC is required as an "emergency backstop", then AEMO will call on these contracts to improve reserve margins and maintain power system security and reliability.

The Reserve Capacity Mechanism (RCM)

The RCM ensures there is sufficient generation and demand side capacity to meet peak demand periods (roughly two years in the future).



About us: AEMO is the independent energy market and system operator and system planner for the National Electricity Market (NEM) and the Western Australia's Wholesale Electricity Market (WEM). We are a not-for-profit company, with a membership of state and federal governments (60%) and energy industry members (40%).

More info:
aemo.com.au/about/who-we-are

