



WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE REPORT: AEPC_2017_05

MARKET PROCEDURE: INDIVIDUAL RESERVE CAPACITY
REQUIREMENTS

Published: **November 2017**





© 2017 Australian Energy Market Operator Limited. The material in this publication may be used in accordance with the [copyright permissions on AEMO's website](#).



EXECUTIVE SUMMARY

Purpose

The publication of this Procedure Change Report, and the accompanying Market Procedure, completes the Procedure Change Process conducted by AEMO to consider a revised Market Procedure: Individual Reserve Capacity Requirements (Procedure) under the Wholesale Electricity Market (WEM) Rules.

Proposed amendments

The proposed revised Procedure has been developed in accordance with clause 4.28.12 of the WEM Rules, which requires AEMO to document the process to be followed in initially calculating, and subsequently revising, Individual Reserve Capacity Requirements.

Consultation

As the Market Advisory Committee (MAC) Working Group was not constituted in time for the Procedure Change Proposal, a draft version of the Procedure was presented at the AEMO WEM Procedure Change workshop held on 26 June 2017. Details of this forum are available at:

<http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums>.

Minor changes to improve clarity were recommended by stakeholders.

The MAC did not meet regarding this proposal.

No public workshops were held in relation to this Procedure Change Proposal.

AEMO published the Procedure Change Proposal (AEPC_2017_05) and issued a notice calling for submissions on 6 July 2017. The submission period closed on 3 August 2017. No submissions were received. Informal comments were received that improved the clarity of the Procedure. Following the consultation, AEMO identified further minor amendments to the Procedure that it considered would improve the clarity of the Procedure. AEMO considered recommencing the Procedure Change Process, but decided against this approach because the scale of the additional minor amendments was small compared to the amendments to the Procedure originally proposed. However, AEMO decided a further period of consultation was warranted to allow stakeholder submissions on the clarifying amendments. On 3 October 2017, AEMO extended the consultation period by 10 business days. The extended consultation period closed on 17 October 2017. No submissions were received.

AEMO's decision

AEMO's decision is to accept the Procedure as amended following the consultation period. AEMO considers that the revised Procedure is consistent with the Wholesale Market Objectives, the Electricity Industry Act, the WEM Regulations and the WEM Rules.

Next steps

The revised Market Procedure: Individual Reserve Capacity Requirements will commence at 8:00 AM on 3 November 2017.



CONTENTS

EXECUTIVE SUMMARY	1
Purpose	1
Proposed amendments	1
Consultation	1
AEMO's decision	1
Next steps	1
1. BACKGROUND	3
1.1 Regulatory requirements	3
1.2 Context	3
1.3 Procedure Change Process and Timetable	3
2. PROPOSED PROCEDURE CHANGE	4
2.1 Detail of the proposed procedure change	4
2.2 Proposed drafting	4
3. CONSULTATION PROCESS	4
3.1 Market Advisory Committee or Working Group	4
3.2 Public Workshop	4
3.3 Submissions received during consultation period	4
4. AEMO'S ASSESSMENT	5
4.1 Further changes to the Procedure	5
4.2 Consistency with Electricity Industry Act, WEM Regulations, and WEM Rules	5
4.3 Consistency with Wholesale Market Objectives	5
4.4 Implementation of the Procedure	5
4.5 AEMO's decision and commencement	5



1. BACKGROUND

1.1 Regulatory requirements

AEMO has published this Procedure Change Report in accordance with the Procedure Change Process specified in clause 2.10 of the WEM Rules.

1.2 Context

On 31 May 2016, the Minister for Energy gazetted amendments to the WEM Rules related to the Reserve Capacity Mechanism.¹

Clause 4.28.12 of the WEM Rules requires AEMO to document the process to be followed in initially calculating, and subsequently revising, Individual Reserve Capacity Requirements. This clause provides that:

4.28.12. AEMO must document the process to be followed in initially calculating, and subsequently revising, Individual Reserve Capacity Requirements in a Market Procedure, and AEMO and Market Customers must follow that documented Market Procedure.

The proposed Procedure would be the third version. AEMO proposes to commence the revised Procedure on 3 November 2017 for provision of Non-Temperature Dependent Load information by Market Participants for the Individual Reserve Capacity Requirement.

1.3 Procedure Change Process and Timetable

On 6 July 2017, AEMO published a Procedure Change Proposal (AEPC_2017_05) for the Market Procedure: Individual Reserve Capacity Requirements and issued a call for submissions, which are available at:

http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2017_05.

The proposal was progressed using the Procedure Change Process specified in clause 2.10 of the WEM Rules with submissions required by 3 August 2017.

¹ See Government Gazette No.89 dated 31 May 2016, *Wholesale Electricity Market Amending Rules 2016*.



2. PROPOSED PROCEDURE CHANGE

This section details the changes that AEMO proposed when the call for submissions was published.

2.1 Detail of the proposed procedure change

AEMO proposed to update the Procedure to:

- Increase clarity and update the current format.
- Reflect the amendments to the WEM Rules that were gazetted by the Minister for Energy on 31 May 2016, the last of which commenced on 1 October 2017.² These amendments include changes to Appendix 5 of the WEM Rules.
- Clarify the format in which Market Customers must provide the information specified in clause 4.28.8 of the WEM Rules.

2.2 Proposed drafting

AEMO published a draft of the proposed Procedure for consultation. The Procedure as drafted is available at:

http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2017_05.

AEMO also provided a marked-up version of the revised Procedure.

3. CONSULTATION PROCESS

3.1 Market Advisory Committee or Working Group

As the Market Advisory Committee (MAC) Working Group was not constituted in time for the Procedure Change Proposal, a draft version of the Procedure was presented at the AEMO WEM Procedure Change workshop held on 26 June 2017. Details of this forum are available at:

<http://aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/WA-Forums>.

Minor changes to improve clarity were recommended by stakeholders.

In accordance with clause 2.10.9 of the WEM Rules, AEMO notified the MAC once the Procedure Change Proposal was published and noted that the Rule Change Panel would convene a meeting of the MAC should two or more members request it. The Rule Change Panel did not convene a meeting of the MAC in regard to this Procedure Change Proposal.

3.2 Public Workshop

No public workshops were held in relation to this Procedure Change Proposal.

3.3 Submissions received during consultation period

AEMO published the Procedure Change Proposal (AEPC_2017_05) and issued a notice calling for submissions on 6 July 2017. The submission period closed on 3 August 2017. No submissions were received. Informal comments were received which improved the clarity of the Procedure.

Following the consultation, AEMO identified further minor amendments to the Procedure that it considered would improve the clarity of the Procedure. AEMO considered recommencing the Procedure Change Process, but decided against this approach because the scale of the additional minor

² Until such time as the Minister publishes a notice in the Gazette indicating the commencement time of the amending rules set out in Schedule B, Part 4.



amendments was small compared to the amendments to the Procedure originally proposed. However, AEMO decided a further period of consultation was warranted to allow stakeholder submissions on the clarifying amendments. On 3 October 2017, AEMO extended the consultation period by 10 business days. The extended consultation period closed on 17 October 2017. No submissions were received.

4. AEMO'S ASSESSMENT

4.1 Further changes to the Procedure

While no submissions were received relating to this Procedure, AEMO has made minor editorial amendments.

4.2 Consistency with Electricity Industry Act, WEM Regulations, and WEM Rules

The proposed Procedure has been reviewed as a whole by AEMO to ensure compliance with the relevant provisions in the:

- Electricity Industry Act.
- WEM Regulations.
- WEM Rules.

4.3 Consistency with Wholesale Market Objectives

The steps outlined in the revised Procedure describe the processes to be followed by:

- a) Market Customers in providing information relating to their Loads and Demand Side Management arrangements for the determination of their Individual Reserve Capacity Requirements (IRCR) on an annual basis and/or on a monthly basis.
- b) AEMO in requesting information from Market Customers in respect of determination of the yearly IRCR and in calculating and publishing the monthly IRCR.

AEMO considers that the steps are drafted in a way that is consistent with the objectives of the WEM Rules. As a result, AEMO considers that the revised Procedure, as a whole, is consistent with the Wholesale Market Objectives.

4.4 Implementation of the Procedure

The Procedure was developed in accordance with clause 4.28.12 of the WEM Rules.

The Procedure does not require system changes by AEMO and will not require Rule Participants to implement any procedural or system amendments before the commencement.

Consequently, AEMO considers that the commencement at 8:00 AM on 3 November 2017 will allow Rule Participants sufficient time from the date of publication of this Procedure Change Report to ensure compliance.

4.5 AEMO's decision and commencement

AEMO's decision is to accept the Procedure as amended following the consultation period. The revised Market Procedure: Individual Reserve Capacity Requirements will commence at 8:00 AM on 3 November 2017.

AEMO has made this decision on the basis that the revised Procedure:

- Is consistent with the Wholesale Market Objectives.



- Is consistent with the Electricity Industry Act, WEM Regulations and the WEM Rules.
- Has the general support of Market Participants as no submissions were received during the consultation period.

The revised Market Procedure: Individual Reserve Capacity Requirements is available at: http://www.aemo.com.au/Stakeholder-Consultation/Consultations/AEPC_2017_05.