

MARKET PROCEDURE: CERTIFICATION OF RESERVE CAPACITY

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9.0	15 June 2020	Amendments to Market Procedure resulting from AEPC_2020_02

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1. INTRODUCTION

1.1. Purpose and scope

- 1.1.1. This Market Procedure: Certification of Reserve Capacity (**Procedure**) is made in accordance with AEMO's functions under clause 2.1A.2(h) of the Wholesale Electricity Market Rules (**WEM Rules**). This Procedure is also made under clauses 4.9.10 and 4.28C.15 of the WEM Rules.
- 1.1.2. This Procedure describes the processes that:
- (a) Market Participants must follow when applying for Certified Reserve Capacity (**[clause 4.9.10(a)]**) or Early Certified Reserve Capacity (**[clause 4.28C.15]**);
 - (b) AEMO must follow in processing an application for Certified Reserve Capacity, including how:
 - (i) Certified Reserve Capacity is assigned; and
 - (ii) Reserve Capacity Obligation Quantities are set (**[clause 4.9.10(b)]**); and
 - (c) AEMO must follow in approving Capacity Credits associated with Early Certified Reserve Capacity (**[clause 4.28C.15]**).
- 1.1.3. This Procedure also specifies the format of data required to be submitted by a Market Participant applying for Certified Reserve Capacity in accordance with clause 4.9.3(a) of the WEM Rules.
- 1.1.4. In this Procedure, where obligations are conferred on a Rule Participant, that Rule Participant must comply with the relevant obligations in accordance with clauses 2.9.7, 2.9.7A, and 2.9.8 of the WEM Rules, as applicable.
- 1.1.5. References to particular WEM Rules within this Procedure in bold and square brackets **[clause XX]** are included for convenience only, and are not part of this Procedure.

1.2. Definitions and interpretation

- 1.2.1. Terms defined in the WEM Rules have the same meanings in this Procedure unless otherwise specified in this clause. The words, phrases and abbreviations in the table below have the meanings set out opposite them in the table when used in this Procedure.

Table 1 Defined terms

Term	Definition
DSOC Owner	In respect of Facilities sharing, or that are proposed to share, a Declared Sent Out Capacity, the party or proposed party (not being a Network Operator) to the Arrangement for Access or Access Proposal to which the Declared Sent Out Capacity relates.
Firm	Fuel supply or transportation that is underpinned by contractual rights to specified volumes (which may be flexible or subject to the Market Participant's nomination) and the conditions on those volumes (e.g. take or pay). For supply to be firm, the obligation to supply must be binding on the supplier and must not be interruptible (after allowing for planned and unplanned outages) or sold on an as-available (spot) basis.
Non-Firm	Fuel supply or transportation where the obligation to supply is not binding on the supplier or is interruptible (excluding planned and unplanned outages) or sold on an as-available (spot) basis.

Term	Definition
Wholesale Electricity Market System or WEMS	An interface software system that AEMO uses to administer and operate the Wholesale Electricity Market.

- 1.2.2. The following principles of interpretation apply to this Procedure unless otherwise expressly indicated:
- references to time are references to Australian Western Standard Time;
 - terms that are capitalised, but not defined in this Procedure, have the meaning given in the WEM Rules;
 - to the extent that this Procedure is inconsistent with the WEM Rules, the WEM Rules prevail to the extent of the inconsistency;
 - a reference to the WEM Rules or Market Procedures includes any associated forms required or contemplated by the WEM Rules or Market Procedures;
 - words expressed in the singular include the plural and vice versa; and
 - conventions specified in sections 1.3 to 1.5 of the WEM Rules apply.

1.3. Related documents

- 1.3.1. The following Market Procedures, Power System Operation Procedures (**PSOPs**) and market documents (available on the Market Web Site¹) provide background information to this Procedure:
- Market Procedure: Notices and Communications;
 - Market Procedure: Facility Registration, De-registration and Transfer;
 - Market Procedure: Rule Participant Registration and De-Registration;
 - Market Procedure: Balancing Facility Requirements;
 - Market Procedure: Consumption Deviation Applications;
 - Market Procedure: Declaration of Bilateral Trades and the Reserve Capacity Auction;
 - Market Procedure: Reserve Capacity Performance Monitoring;
 - Market Procedure: Reserve Capacity Security;
 - Market Procedure: Reserve Capacity Testing;
 - PSOP: Facility Outages; and
 - WEMS MPI User Guide.

2. MODIFICATION OF TIMEFRAMES

- 2.1.1. Under clause 4.1.1C of the WEM Rules, AEMO may modify or extend the dates or times specified in this Procedure or set under section 4.1 of the WEM Rules in relation to the Reserve Capacity Cycle outlined in section 4.1 of the WEM Rules. If AEMO extends a date or time, then it must publish a notice of the modified or extended time or date on the Market Web Site. This notice must include advice of when the modified or extended date or time takes effect.

¹ Available at <https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/procedures-policies-and-guides/procedures>.

- 2.1.2. AEMO may, in its sole discretion, modify or extend other dates or times in this Procedure to the extent permitted under the WEM Rules.

3. APPLICATIONS FOR CERTIFICATION OF RESERVE CAPACITY

3.1. Submission of applications

- 3.1.1. A Market Participant may apply for certification of the amount of Reserve Capacity which can be provided by the Facility if **[clause 4.8.1]**:
- (a) the Facility is a Registered Facility other than a Network; or
 - (b) the Facility is not a Registered Facility, but the Market Participant intends to have the Facility registered as a Registered Facility other than a Network by the commencement date of the Reserve Capacity Obligations for the relevant Reserve Capacity Cycle as specified in clause 4.1.26 of the WEM Rules.
- 3.1.2. A Market Participant may apply for Certified Reserve Capacity, including all supporting documentation as described in clause 4.10.1 of the WEM Rules, in respect of a Reserve Capacity Cycle between **[clause 4.9.1(a)]**:
- (a) 9.00 AM on the first Business Day falling on or following 1 May of Year 1 of the Reserve Capacity Cycle **[clause 4.1.7]**; and
 - (b) 5.00 PM on the last Business Day falling on or before 1 July of Year 1 of the Reserve Capacity Cycle **[clause 4.1.11]**; or
 - (c) in accordance with any dates that were modified or extended under step 2.1.1 of this Procedure.
- 3.1.3. A Market Participant may apply for Conditional Certified Reserve Capacity at any time prior to 9:00 AM on the first Business Day falling on or following 1 May of Year 1 of the Reserve Capacity Cycle to which the application relates **[clause 4.9.1(b)]**.
- 3.1.4. A Market Participant with a Facility that meets the criteria outlined in clause 4.28C.1 of the WEM Rules may apply for Early Certified Reserve Capacity at any time before 1 January of Year 1 of the Reserve Capacity Cycle to which the application relates **[clause 4.28C.2]**. Each application for Early Certified Reserve Capacity must relate to a single future Reserve Capacity Cycle. AEMO must not accept more than one application per Facility per calendar year **[clause 4.28C.3]**.
- 3.1.5. If the Market Participant's application under step 3.1.2, 3.1.3 or 3.1.4 of this Procedure relates to a Facility that is not a Registered Facility, then the Market Participant must do everything necessary to ensure that AEMO can create a Facility name for the Facility in WEMS in accordance with the Market Procedure: Facility Registration, De-Registration and Transfer. Creation of a Facility name in WEMS is an administrative process that is separate from the process of registering the Facility as a Registered Facility under the WEM Rules.
- 3.1.6. A Market Participant who applies for certification of Reserve Capacity under step 3.1.2, 3.1.3 or 3.1.4 of this Procedure must provide the data specified in clause 4.9.3 of the WEM Rules to AEMO. The format and content required for the information specified in clause 4.10.1 of the WEM Rules, which must be provided under clause 4.9.3(a) of the WEM Rules, is set out in steps 3.1.7 and 3.1.8 of this Procedure. The information provided for each Facility must be accurate for the relevant Reserve Capacity Cycle. Further details on supporting information

requirements are indicated by 'mandatory' and 'optional' submission fields in the application for Certified Reserve Capacity page in WEMS.

- 3.1.7. A Market Participant must submit an application for certification of Reserve Capacity under step 3.1.2 or 3.1.3 of this Procedure, including any supporting documentation, through WEMS. The application must include documentation required by all mandatory submission fields and may include documentation described in the optional submission fields, where appropriate. Supporting documentation may be submitted in any of the following formats:
- (a) compressed ZIP files (where the files in the archive must be in any of the formats listed below);
 - (b) Microsoft Office (.xlsx, .xls, .docx, .doc, .pptx, .ppt, or .msg);
 - (c) Adobe PDF;
 - (d) .txt or .csv; or
 - (e) common image formats (.jpg, .png, .gif, .bmp).
- 3.1.8. Supporting documentation must (where applicable):
- (a) relate to the Facility and cover the entire relevant Capacity Year;
 - (b) be duly executed by an Authorised Officer of the Market Participant and all other parties;
 - (c) be complete, with the exception that pricing and other commercially sensitive information may be redacted; and
 - (d) if applicable, include evidence that any conditions precedent have been satisfied or waived.
- 3.1.9. For a Facility that is expected to be decommissioned during the relevant Capacity Year, the requirement in step 3.1.8(a) of this Procedure only applies to the part of the Capacity Year during which the Facility will operate.
- 3.1.10. If it is not possible to satisfy or waive a condition precedent by the date and time specified in step 3.1.2(b) of this Procedure, and if AEMO, in its sole discretion, has no reason to believe that the condition precedent will not be satisfied or waived, then AEMO may consider that the supporting documentation meets step 3.1.8(d) of the Procedure.
- 3.1.11. AEMO must consider supporting documentation that meets the requirements specified in step 3.1.8 of this Procedure when assessing the application.
- 3.1.12. AEMO, in its sole discretion, may consider supporting documentation that does not meet the requirements specified in step 3.1.8 of this Procedure when assessing the application.
- 3.1.13. A Market Participant who submits an application for certification of Reserve Capacity for an Intermittent Generator may provide evidence of the temperature dependence of the Facility's capacity, where available, including any restrictions on Facility output at certain ambient temperatures.
- 3.1.14. AEMO will use the information provided under step 3.1.13 of this Procedure to understand the Facility's operational characteristics, and will not use it to reduce the quantity of Certified Reserve Capacity that would otherwise be determined under Section 6 of this Procedure.

3.2. Specific requirements for Early Certified Reserve Capacity

- 3.2.1. In addition to the requirements of steps 3.1.6, 3.1.7 and 3.1.8 of this Procedure, an application for Early Certified Reserve Capacity must:
- (a) relate to a single future Reserve Capacity Cycle, and AEMO must not accept more than one application for Certification of Reserve Capacity per Facility per calendar year [clause 4.28C.3]; and
 - (B) state that the applicant intends to trade all assigned Certified Reserve Capacity bilaterally as defined in clause 4.14.2 of the WEM Rules [clause 4.28C.4].

4. PROCESSING APPLICATIONS FOR CERTIFICATION OF RESERVE CAPACITY

4.1. Acknowledgement of application

- 4.1.1. AEMO must notify each applicant for certification of Reserve Capacity that its application has been received within one Business Day of receipt [clause 4.9.6]. This notification is automated and provided through WEMS.
- 4.1.2. An applicant who does not receive a receipt notification within one Business Day must contact AEMO and arrange to resubmit its application, subject to step 3.1.2 of this Procedure. The application must be resubmitted before the time and date specified in clause 4.1.11 of the WEM Rules [clause 4.9.7].

4.2. Data accuracy and sufficiency assessment

- 4.2.1. A complete application, including all supporting documentation, must be provided prior to the application deadline specified in step 3.1.2, 3.1.3 or 3.1.4 of this Procedure, as applicable. The supporting information required is described in section 4.10 of the WEM Rules.
- 4.2.2. AEMO may, in its sole discretion, carry out a preliminary screening review of an application that has been submitted at least 10 Business Days before the deadline specified in step 3.1.2, 3.1.3 or 3.1.4 of this Procedure, and provide feedback to the applicant. The purpose of a preliminary screening review is to consider whether:
- (a) all required information has been provided;
 - (b) the information provided is of sufficient detail; and
 - (c) supporting information has been provided and meets the requirements in step 3.1.7 and 3.1.8 of this Procedure.
- 4.2.3. AEMO's preliminary screening review is performed as a courtesy only. AEMO is not responsible for identifying errors or omissions in a Market Participant's application as part of this review.
- 4.2.4. Where AEMO, as part of its preliminary screening review, requires clarification in relation to the information provided and/or further information to process the application:
- (a) AEMO must, as soon as practicable, request clarification or further information; and
 - (b) the applicant must respond to the request and, if necessary, provide additional supporting documentation through WEMS, prior to the deadline specified in step 3.1.2, 3.1.3 or 3.1.4 of this Procedure.

4.2.5. AEMO must reject an application if all of the information required under clause 4.10.1 of the WEM Rules has not been provided by the deadline specified in step 3.1.2, 3.1.3 or 3.1.4 of this Procedure.

4.2.6. AEMO must not accept any supporting documentation (including any updated supporting documentation) after the deadline specified in step 3.1.2, 3.1.3 or 3.1.4 of this Procedure, as applicable.

4.3. Assessment of application where Facility has previously been assigned Conditional Certified Reserve Capacity

4.3.1. Where a Market Participant re-lodges an application for certification of Reserve Capacity for a Facility that has previously been assigned Conditional Certified Reserve Capacity, AEMO must check whether:

- (a) the application is consistent with the information used to assign the Conditional Certified Reserve Capacity; and
- (b) the information remains correct as at 5:00 pm on the last Business Day falling on or before 1 July of Year 1 for that future Reserve Capacity Cycle **[clause 4.9.5]**.

4.3.2. A re-lodged application for Certified Reserve Capacity must include **[clause 4.10.1(bA)]**:

- (a) evidence of an Arrangement for Access or evidence that the Market Participant has accepted an Access Proposal from the relevant Network Operator made in respect of the Facility;
- (b) evidence that the Facility will be entitled to have access from a specified date²;
- (c) where the Facility is not a Constrained Access Facility, evidence of the level of unconstrained network access associated with the Arrangement for Access or Access Proposal referred to in clause 4.10.1(bA)(i) of the WEM Rules;
- (d) where relevant, whether the Facility is a Constrained Access Facility; and
- (e) details of any constraints that may apply.

4.3.3. Where a re-lodged application does not include details of network access as required under step 4.3.2 of this Procedure, AEMO must reject the application on the basis that the Market Participant has not provided all of the information required under clause 4.10.1(bA) of the WEM Rules.

4.3.4. Where AEMO is satisfied that an application for Certified Reserve Capacity re-lodged under clause 4.9.5(b) of the WEM Rules:

- (a) is consistent with the information used to assign the Conditional Certified Reserve Capacity; and
- (b) is correct,

AEMO must confirm the Certified Reserve Capacity, Reserve Capacity Obligation Quantity and the Reserve Capacity Security levels that were previously conditionally assigned, set or determined by AEMO. However, for an Intermittent Generator, the level of Certified Reserve Capacity must alternatively be re-calculated in accordance with clause 4.11.2(b) of the WEM Rules **[clause 4.9.5(c)]**.

² The specified date must be prior to when the Facility, or part of the Facility, will have completed all Commissioning Tests and be capable of meeting Reserve Capacity Obligations in full **[clause 4.10.1(c)(iii)(7)]**.

4.3.5. Where an application for certification of Reserve Capacity is re-lodged under clause 4.9.5(b) of the WEM Rules and AEMO determines that:

- (a) a re-lodged application is not consistent with the information used to assign the Conditional Certified Reserve Capacity; or
- (b) the information in the re-lodged application is inaccurate,

AEMO must process the application without regard for the Conditional Certified Reserve Capacity **[clause 4.9.5(d)]**.

4.4. Timing assessment

4.4.1. AEMO must not assign Certified Reserve Capacity to a Facility that³:

- (a) is not operational or is not scheduled to commence operation for the first time so as to meet its Reserve Capacity Obligations by 1 October of Year 3 of the relevant Reserve Capacity Cycle **[clause 4.11.1(c)(ii)]**; or
- (b) will cease operation permanently, and hence cease to meet Reserve Capacity Obligations, earlier than 1 August of Year 4 of the relevant Reserve Capacity Cycle **[clause 4.11.1(c)(iii)]**; or
- (c) is not expected to be a Registered Facility by the time its Reserve Capacity Obligations for the Reserve Capacity Cycle would take effect **[clause 4.11.1(f)]**.

4.5. Constrained Access Entitlement assessment

4.5.1. Subject to step 4.5.6 of this Procedure, where a Market Participant provides information under clause 4.10.1(bA) of the WEM Rules, or the relevant Network Operator confirms under clause 4.11.5 of the WEM Rules, that a Facility is a Constrained Access Facility, AEMO must request the Network Operator to determine the Constrained Access Entitlement for the Facility **[clause 4.10A.1]**.

4.5.2. In assigning Certified Reserve Capacity to a Facility, AEMO may require Network Operators to confirm that the data and information provided to AEMO by or on behalf of the applicant for Certified Reserve Capacity under step 4.5.1 of this Procedure is complete, accurate and up to date and Network Operators must use their best endeavours to cooperate with such requests and provide the information requested within the timeframe specified by AEMO in the request **[clause 4.11.5(a)]**.

4.5.3. If AEMO does not receive the information requested under step 4.5.2 of this Procedure within the specified timeframe, it will request the Market Participant (applicant) to seek confirmation of this information directly from the Network Operator.

4.5.4. On receiving confirmation from the Network Operator in response to a request under step 4.5.3 of this Procedure, the Market Participant must provide the information to AEMO.

4.5.5. If the Market Participant is unable to provide information requested under step 4.5.3 of this Procedure, AEMO will assess the application using the information available to it at the time, which may result in rejection where insufficient information has been provided.

4.5.6. Where there is any inconsistency between the information provided under steps 4.5.1, 4.5.2 and 4.5.3 of this Procedure, the requirement for AEMO to request the Network Operator to

³ For a full list of circumstances where AEMO must, or may, not assign Certified Reserve Capacity, or where AEMO may assign Certified Reserve Capacity but must not exceed specified limits, see clause 4.11.1 of the WEM Rules.

determine the Constrained Access Entitlement for the relevant Facility under clause 4.10A.1 of the WEM Rules will be based on the confirmation provided by the Network Operator **[clause 4.10A.2]**.

- 4.5.7. Where the Network Operator requires information from AEMO to determine the Constrained Access Entitlement for a Constrained Access Facility, AEMO must **[clause 4.10A.6]**:
- (a) where the information is reasonably available to it and within two Business Days of a request from the Network Operator, provide the Network Operator with any information requested by the Network Operator irrespective of the confidentiality status of that information under the WEM Rules; and
 - (b) inform the Network Operator of the confidentiality status of the information provided.

4.6. Outage assessment

- 4.6.1. In order to make its decision under clause 4.11.1(h) of the WEM Rules, AEMO must identify:
- (a) each Facility that has been in Commercial Operation for at least 36 months with a Forced Outage or a combined Forced Outage rate and Planned Outage rate greater than the applicable percentage specified in the table in clause 4.11.1D of the WEM Rules, over the preceding 36 months; and
 - (b) each Facility that has been in Commercial Operation for less than 36 months, or is yet to commence Commercial Operation, where AEMO has cause to believe that the Facility is likely to have a Forced Outage rate or a combined Planned Outage rate and Forced Outage rate greater than the applicable percentage specified in the table in clause 4.11.1D of the WEM Rules over the first 36 months of Commercial Operation,
- 4.6.2. For the purpose of step 4.6.1 of this Procedure, AEMO must calculate the Planned Outage rate and Forced Outage rate for each Facility in accordance with the PSOP: Facility Outages **[clause 4.11.1(h)]**.
- 4.6.3. For each Facility identified in step 4.6.1 of this Procedure, AEMO must notify the applicant that its Facility has exceeded the relevant Planned Outage and Forced Outage rates, or that AEMO has reason to believe that the Facility is likely to exceed the relevant outage rates, as applicable. This notification must be provided to the applicant at least 15 Business Days prior to the deadline in step 4.10.1 of this Procedure. When assessing whether a Facility is likely to exceed the relevant Planned Outage and Forced Outage rates, AEMO may consider factors including, but not limited to, information provided by the Market Participant in its Certified Reserve Capacity application, historical outage requests, and any reports provided under clause 4.27.3 of the WEM Rules.
- 4.6.4. Each notification issued under step 4.6.3 of this Procedure may include a request for information from the applicant in relation to the present and future performance of the Facility, including:
- (a) reasons for the outages;
 - (b) the steps being taken, or that have been taken, to reduce the level of outages; and
 - (c) the expected level of future outages.
- 4.6.5. Subject to clauses 4.11.1B and 4.11.1C of the WEM Rules, AEMO may decide not to assign any Certified Reserve Capacity to a Facility identified in step 4.6.1 of this Procedure, or to assign a lesser quantity of Certified Reserve Capacity to such a Facility than it would otherwise assign in accordance with clause 4.11.1 of the WEM Rules **[clause 4.11.1(h)]**.

- 4.6.6. In making a decision under step 4.6.5 of this Procedure or clause 4.11.1(j) of the WEM Rules, and without limiting the ways in which AEMO may inform itself in either case, AEMO may **[clause 4.11.1B]**:
- (a) seek such additional information from the Market Participant that AEMO considers is relevant to the exercise of its discretion;
 - (b) use information provided in reports related to the Facility submitted by:
 - i. the Market Participant specified under clause 4.27.3 of the WEM Rules; and
 - ii. any other person under clause 4.27.6 of the WEM Rules; and
 - (c) consult with any person AEMO considers suitably qualified to provide an opinion or information on issues relevant to the exercise of AEMO's discretion.
- 4.6.7. In addition to the actions available to it under step 4.6.5 of this Procedure, AEMO may also use any information provided under step 4.6.4 of this Procedure.
- 4.6.8. In making a decision under step 4.6.5 of this Procedure, AEMO **[clause 4.11.1C]**:
- (a) must be satisfied that its decision under step 4.6.5 of this Procedure would not, on balance, be contrary to the Wholesale Market Objectives;
 - (b) may:
 - i. consider the extent to which the Reserve Capacity that can be provided by the Facility is necessary to meet the Reserve Capacity Target;
 - ii. consider whether the Reserve Capacity provided by the Facility is of material importance to the South West Interconnected System (SWIS), having regard to:
 - (A) the size of the Facility;
 - (B) the operational characteristics of the Facility;
 - (C) the extent to which the Facility contributes to Power System Security or Power System Reliability through fuel diversity or location; and
 - (D) the demonstrated reliability of the Facility;
 - iii. assess the effectiveness of strategies undertaken by the applicant in the previous three years to reduce outages, and consider the likelihood that strategies proposed by the applicant to maximise the availability of the Facility in the relevant Reserve Capacity Cycle will be effective;
 - iv. consider whether a decision to not assign Certified Reserve Capacity to the Facility is likely to result in a material decrease in competition in at least one market;
 - v. consider any positive or negative impacts on the long-term price of electricity supplied to consumers that might arise if Certified Reserve Capacity was not assigned to the Facility; and
 - vi. consider any other matter AEMO determines to be relevant.
- 4.6.9. Where AEMO determines under step 4.6.5 of this Procedure to not assign Certified Reserve Capacity to a Facility, or to assign a lesser quantity than it would otherwise assign in accordance with clause 4.11.1 of the WEM Rules, it must notify the applicant of its decision and the reasons for its decision in accordance with the timeframes outlined in step 4.10.1 of this Procedure. Otherwise, AEMO must continue to assess the application in accordance with the WEM Rules and this Procedure.

- 4.6.10. AEMO must publish the reasons for the decision made under step 4.6.5 of this Procedure on the Market Web Site to the extent those reasons do not contain confidential information [clause 4.11.1A].

4.7. Balancing Facility Requirements

- 4.7.1. AEMO must not assign Certified Reserve Capacity to a Balancing Facility with a rated capacity equal to or greater than 10 MW unless AEMO is satisfied the Facility is likely to be able to meet the Balancing Facility Requirements in accordance with the Market Procedure: Balancing Facility Requirements [clause 4.11.12].

4.8. Facilities sharing a Declared Sent Out Capacity

- 4.8.1. If AEMO receives applications for Certified Reserve Capacity for a Reserve Capacity Cycle for two or more generation Facilities that share a Declared Sent Out Capacity in an Arrangement for Access or Access Proposal, it must:
- (a) request that each relevant applicant provides AEMO details of how the Declared Sent Out Capacity will be shared among the Facilities; and
 - (b) limit the total quantity of Certified Reserve Capacity assigned to the Facilities so that it does not exceed the Declared Sent Out Capacity quantity in accordance with clause 4.11.1(bB).
- 4.8.2. If a Market Participant receives a request described in step 4.8.1(a) of this Procedure, the Market Participant must use its best endeavours to ensure that the DSOC Owner provides a written response to AEMO within five Business Days. The response must:
- (a) be signed:
 - i. by an Authorised Officer of the Market Participant; or
 - ii. otherwise, in a manner reasonably acceptable to AEMO; and
 - iii. if the DSOC Owner is a company as defined in the *Corporations Act 2001*, in accordance with section 127 of the *Corporations Act 2001*; and
 - (b) identify, for each Facility proposed to share the Declared Sent Out Capacity, the level of network access that will be available for use by that Facility in the relevant Capacity Year.
- 4.8.3. If AEMO receives a response from the DSOC Owner to a request, sent under step 4.8.1(a) of this Procedure, that meets the requirements in step 4.8.2 of this Procedure, then AEMO must:
- (a) within one Business Day, acknowledge receipt of the response by email; and
 - (b) for each affected Facility:
 - i. within one Business Day, notify the Market Participant by email of the share of the Declared Sent Out Capacity assigned to the Facility by the DSOC Owner; and
 - ii. for the purposes of steps 5.2.2 and 6.2.2 of this Procedure, replace the level of network access, provided in the application for Certified Reserve Capacity, with the level specified for the Facility by the DSOC Owner in its response.
- 4.8.4. If AEMO does not receive a response from the DSOC Owner to a request sent in step 4.8.1(a) of this Procedure, that meets the requirements in step 4.8.2 of this Procedure, then AEMO must reject all the applications referred to in the request on the grounds that the applications do not meet the requirements under clause 4.10.1(bA) of the WEM Rules.

4.9. Facility specific assessment

- 4.9.1. In addition to the requirements above, AEMO must further assess applications for Certified Reserve Capacity in accordance with:
- (a) section 5 of this Procedure, for a Scheduled Generator that has nominated to use the methodology described in clause 4.11.1(a) of the WEM Rules;
 - (b) section 6 of this Procedure, for Intermittent Generators and other generation facilities that have nominated to use the methodology described in clause 4.11.2(b) of the WEM Rules; or
 - (c) section 7 of this Procedure, for Demand Side Programmes and Interruptible Loads.
- 4.9.2. When assessing applications for Certified Reserve Capacity, AEMO must apply the principles of clause 4.11.1 of the WEM Rules as a whole, and sections 5, 6 and 7 are not intended to limit AEMO's assessment.

4.10. Notifications regarding Certified Reserve Capacity

- 4.10.1. AEMO must notify applicants for certification of Reserve Capacity for **[clause 4.9.8]**:
- (a) the current Reserve Capacity Cycle, of the quantity of the Certified Reserve Capacity assigned to, and the initial Reserve Capacity Obligation Quantity set for, each Facility covered by the application by 5:00 PM on the last Business Day on or before 19 August of Year 1 of that Reserve Capacity Cycle; or
 - (b) a future Reserve Capacity Cycle, of the quantity of Conditional Certified Reserve Capacity assigned to, and the initial Reserve Capacity Obligation Quantity set for, each Facility covered by that application within 90 days of AEMO receiving the application.
- 4.10.2. AEMO must, within 90 days of receiving an application for Early Certified Reserve Capacity, set Early Certified Reserve Capacity to that amount it would normally grant the relevant Facility if processing an application for Certified Reserve Capacity in accordance with clause 4.11 of the WEM Rules **[clause 4.28C.7]**.
- 4.10.3. AEMO must decide whether or not to assign Certified Reserve Capacity to a Facility in respect of a Reserve Capacity Cycle, and if so, the quantity to be assigned **[clause 4.9.9]**. If AEMO assigns Certified Reserve Capacity to a Facility, the notification provided in step 4.10.1 of this Procedure must include the information specified in clause 4.9.9 of the WEM Rules. The notification to applicants may be provided through WEMS or by another means determined by AEMO.
- 4.10.4. Following a notification under step 4.10.1 of this Procedure, a Market Participant may request AEMO to provide the calculations upon which AEMO's Certified Reserve Capacity determinations are based **[clause 4.9.9(e)]**.
- 4.10.5. If AEMO receives a request under step 4.10.4 of this Procedure, AEMO will endeavour to provide the Market Participant with the calculations upon which its determinations are based within 10 Business Days of receiving the request.
- 4.10.6. AEMO must notify each applicant for Early Certified Reserve Capacity of the quantity assigned (within 90 days of receipt of the application), the initial Reserve Capacity Obligation Quantity and, provided the Reserve Capacity Security has been provided to AEMO, the quantity of Capacity Credits assigned to the Facility.

5. ASSESSMENT FOR GENERATION FACILITIES BEING ASSESSED UNDER CLAUSE 4.11.1(A)

5.1. Plant capability assessment

- 5.1.1. AEMO must determine its reasonable expectation of the amount of capacity likely to be available for each Facility, as described in step 5.1.2 of this Procedure.
- 5.1.2. Subject to clause 4.11.2 of the WEM Rules, the Certified Reserve Capacity for a Scheduled Generator for a Reserve Capacity Cycle must not exceed AEMO's determination of its reasonable expectation of the amount of capacity likely to be available, after netting off capacity required to serve Intermittent Loads, embedded loads and Parasitic Loads, for each Facility for Peak Trading Intervals on Business Days in the period from the Trading Day starting on 1 October of Year 3 of the Reserve Capacity Cycle until the end of July of Year 4 of the Reserve Capacity Cycle, assuming an ambient temperature of 41°C **[clause 4.11.1(a)]**.
- 5.1.3. Where the Facility is a generation system (other than an Intermittent Generator), the amount of capacity likely to be available, as determined in step 5.1.1 of this Procedure, must not exceed the sum of the capacities specified by the Market Participant under clauses 4.10.1(e)(ii) and 4.10.1(e)(iii) of the WEM Rules **[clause 4.11.1(b)]**.
- 5.1.4. For a Facility that is yet to enter service or a Facility that has provided new or updated temperature dependence information under clause 4.10.1(e)(i) of the WEM Rules, the amount of capacity determined under step 5.1.1 of this Procedure is equal to the output of the Facility at 41°C, as shown in the temperature dependence information and supporting documentation from the original equipment manufacturer or an independent engineering firm provided under clause 4.10.1(e)(i) of the WEM Rules.
- 5.1.5. For all other Facilities not covered under step 5.1.4 of this Procedure, the amount of capacity determined under step 5.1.1 of this Procedure is equal to the maximum historical sent out generation of the Facility in the previous 12 months, as observed from Meter Data Submissions and adjusted to a temperature of 41°C using the temperature dependence information provided under clause 4.10.1(e)(i) of the WEM Rules.
- 5.1.6. A Market Participant must provide temperature dependence information for each fuel type specified under clause 4.10.1(e)(v)(1)(ii) of the WEM Rules and AEMO must use this information to determine the amount of capacity specified in steps 5.1.4 or 5.1.5 of this Procedure for each fuel type.

5.2. Network access assessment

- 5.2.1. AEMO must assess the evidence of network access provided by the applicant, including evidence that the Facility will be entitled to have access from a specified date⁴ provided under clause 4.10.1(bA)(ii) of the WEM Rules.
- 5.2.2. Where the Facility is a generation system, the Certified Reserve Capacity must not exceed **[clause 4.11.1(bA)]**:

⁴ The specified date must be prior to when the Facility, or part of the Facility, will have completed all Commissioning Tests and be capable of meeting Reserve Capacity Obligations in full **[clause 4.10.1(c)(iii)(7)]**.

- (a) where that Facility is a Constrained Access Facility, the Constrained Access Entitlement as at the date and time specified in clause 4.1.12(b) of the WEM Rules; or
 - (b) otherwise, the level of unconstrained network access as referred to in clause 4.10.1(bA)(iii) of the WEM Rules.
- 5.2.3. In respect of a Facility that will be subject to a Network Control Service Contract, AEMO must not assign Certified Reserve Capacity in excess of **[clause 4.11.1(g)]**:
- (a) the Constrained Access Entitlement of the Facility at the date and time specified in clause 4.1.12(b) of the WEM Rules, if applicable; or
 - (b) the capacity that AEMO believes that Facility can usefully contribute given its location and any network constraints that are likely to occur.
- 5.2.4. If AEMO requests a Network Operator to confirm data or information under clause 4.11.5(a) of the WEM Rules, it must not provide information to the Network Operator that was provided to it as part of an application for Certified Reserve Capacity, except with the permission of the applicant.
- 5.2.5. Step 5.2.4 of this Procedure does not apply if AEMO must provide information under clause 4.10A.6(a) of the WEM Rules, or any other provision of the WEM Rules or other relevant law requiring AEMO to publish or disclose the data or information.

5.3. Assessment of fuel supply, staffing constraints and other restrictions

- 5.3.1. AEMO must make a determination whether it reasonably expects that the Facility is likely to be available at the level of capacity determined in step 5.1.1 of this Procedure for Peak Trading Intervals on Business Days.
- 5.3.2. If AEMO reasonably expects that the Facility is not likely to be available at the level of capacity determined in step 5.1.1 of this Procedure, AEMO may determine that the Facility is likely to be available for Peak Trading Intervals on Business Days at a lower level of capacity.
- 5.3.3. To make the determination in step 5.3.1 of this Procedure, AEMO must identify, in accordance with the limits outlined in clause 4.11.1(a) of the WEM Rules, and assess the following:
- (a) details of primary and any alternative fuels⁵, including:
 - i. where the Facility has primary and alternative fuels:
 - (A) the process for changing from one fuel to another; and
 - (B) the fuel or fuels which the Facility is to use in respect of the application for Certified Reserve Capacity, including the information specified in clause 4.10.1(e)(v)(1) of the WEM Rules; and
 - ii. details acceptable to AEMO together with supporting evidence of both Firm and any Non-Firm fuel supplies and the factors that determine restrictions on fuel availability that could prevent the Facility operating at its full capacity for Peak Trading Intervals on Business Days **[clause 4.10.1(e)(v)(2)]**; and
 - (b) any restrictions on the availability of the Facility due to staffing constraints or any other restrictions on the availability of the Facility **[clause 4.10.1(g)]**.
- 5.3.4. For the purposes of step 5.3.3(a)(ii) of this Procedure, AEMO considers that a fuel supply or fuel transportation (including gas pipeline capacity) that has a Non-Firm component may indicate a

⁵ A Facility may satisfy its fuel obligations using a combination of primary and alternative fuels.

restriction on fuel availability that could prevent the Facility operating at its full capacity for Peak Trading Intervals on Business Days.

- 5.3.5. A Market Participant must provide details of the quantity of fuel per MWh required to operate the Facility.
- 5.3.6. Where a Market Participant specifies more than one fuel type to be used for its Facility in accordance with clause 4.10.1(e)(v)(1)(ii) of the WEM Rules, it must provide evidence that the Facility complies with the requirements of steps 5.3.4 and 5.3.5 of this Procedure for each fuel type specified.
- 5.3.7. Where a Market Participant specifies more than one fuel type to be used for its Facility in accordance with clause 4.10.1(e)(v)(1)(ii) of the WEM Rules, the level of capacity in step 5.3.1 of this Procedure is equal to the lowest capability calculated in accordance with steps 5.1.4 or 5.1.5 of this Procedure, using the information provided for each fuel type under step 5.1.6 of this Procedure.
- 5.3.8. Steps 5.3.6 and 5.3.7 of this Procedure do not apply to a dual fuel Facility that nominates only one fuel under clause 4.10.1(e)(v)(1)(ii) of the WEM Rules.
- 5.3.9. When making a determination in step 5.3.1 of this Procedure, AEMO may consider the:
- (a) expected operational characteristics of the Facility;
 - (b) potential impacts that limitations on the availability of the Facility may have on its ability to contribute to Power System Adequacy; and
 - (c) water requirements for the Facility.

5.4. Environmental approval assessment

- 5.4.1. Where a Facility, or part of the Facility, is yet to enter service, AEMO must assess the evidence, provided under clause 4.10.1(c)(ii) of the WEM Rules, of Environmental Approvals having been granted, or evidence that the necessary Environmental Approvals will be granted in time to meet the Facility's Reserve Capacity Obligations.
- 5.4.2. If AEMO reasonably expects that the Environmental Approvals that have been granted, or are being sought, are insufficient to satisfy the requirement of step 5.1.1 of this Procedure, AEMO may determine that the Facility is likely to be available for Peak Trading Intervals on Business Days at a lower level of capacity than it may have otherwise determined under step 5.1.1 of this Procedure.

5.5. Assignment of Certified Reserve Capacity

- 5.5.1. Based on the outcome of assessments in sections 5.1 to 5.4 of this Procedure, but subject to any other relevant principles in clause 4.11.1 of the WEM Rules, AEMO must assign a quantity of Certified Reserve Capacity equal to the minimum of:
- (a) the capacity determined in step 5.1.1 of this Procedure;
 - (b) the level of unconstrained access as assessed in step 5.2.2 of this Procedure, if applicable;
 - (c) the Constrained Access Entitlement in step 4.5.1 of this Procedure, if applicable;
 - (d) a lower level of capacity as determined in step 5.3.2 of this Procedure, if applicable;

- (e) a lower level of capacity as determined in step 5.4.2 of this Procedure, if applicable.

5.6. Initial Reserve Capacity Obligation Quantity

- 5.6.1. When setting the initial Reserve Capacity Obligation Quantity, AEMO must account for staffing and other restrictions on the ability of the Facility to provide energy upon request **[clause 4.12.4(b)(iii)]**.
- 5.6.2. AEMO must set the initial Reserve Capacity Obligation Quantity for the Facility at a level equal to the Certified Reserve Capacity, except where step 5.6.1 of this Procedure applies.
- 5.6.3. Subject to clause 4.12.5 of the WEM Rules, the Reserve Capacity Obligation Quantity for a Facility for a Trading Interval established by AEMO:
 - (a) must not exceed the Certified Reserve Capacity held by the Market Participant for the Facility **[clause 4.12.4(a)]**;
 - (b) for a generation system that is not an Intermittent Generator, must not be less than the amount specified in clause 4.10.1(e)(ii) of the WEM Rules except on Trading Days when the maximum daily temperature at the site of the generator exceeds 41°C, in which case the Reserve Capacity Obligation Quantity must not be less than the amount specified in clause 4.10.1(e)(ii) adjusted to an ambient temperature of 45°C **[clause 4.12.4(b)(i)]**; and
 - (c) may exceed the amount in clause 4.12.4(b)(i) by an amount up to the amount specified in clause 4.10.1(e)(iii), adjusted to an ambient temperature of 45°C on Trading Days when the maximum daily temperature at the site of the generator exceeds 41°C, for not more than the maximum duration specified in accordance with clause 4.10.1(e)(iii) **[clause 4.12.4(b)(ii)]**.

6. ASSESSMENT FOR GENERATION FACILITIES BEING ASSESSED UNDER CLAUSE 4.11.2(B) OF THE WEM RULES

6.1. Consideration of nomination to use the methodology under clause 4.11.2(b) of the WEM Rules

- 6.1.1. Where a Market Participant submits an application for Certified Reserve Capacity, in accordance with section 4.10 of the WEM Rules, and nominates, under clause 4.10.1(i) of the WEM Rules, for a Facility to be assessed by AEMO using the methodology described in clause 4.11.2(b) of the WEM Rules to apply to a Scheduled Generator or a Non-Scheduled Generator, AEMO may reject that nomination if it reasonably believes that the capacity of the Facility has permanently declined, or is anticipated to permanently decline prior to or during the Reserve Capacity Cycle to which the Certified Reserve Capacity relates **[clause 4.11.2(a)]**.
- 6.1.2. If AEMO rejects a nomination under step 6.1.1 of this Procedure, it must process the application (under section 5 of this Procedure) as if the applicant had nominated to use the methodology described in clause 4.11.1(a) of the WEM Rules rather than the methodology described in clause 4.11.2(b) of the WEM Rules **[clause 4.11.2(aA)]**.

6.2. Network access assessment

- 6.2.1. AEMO must assess the evidence that the Facility will be entitled to have access to the Network, provided by the applicant under clause 4.10.1(bA)(ii) of the WEM Rules, including that the Facility will be entitled to have access from a specified date⁶ **[clause 4.11.1(bA)]**.
- 6.2.2. Where the Facility is not a Constrained Access Facility, AEMO must assess evidence of the level of unconstrained access and details of any constraints that may apply.
- 6.2.3. In undertaking its assessment under step 6.2.2 of this Procedure, the Certified Reserve Capacity assigned by AEMO must not exceed the level of unconstrained network access referred to in clause 4.10.1(bA)(iii) of the WEM Rules **[clause 4.11.1(bA)(ii)]**. If applicable, AEMO will undertake the process in section 4.8 of this Procedure.
- 6.2.4. Where the Facility is a Constrained Access Facility, AEMO must assess details of any constraints that may apply.
- 6.2.5. In undertaking its assessment under step 6.2.4 of this Procedure, the Certified Reserve Capacity assigned by AEMO must not exceed the Constrained Access Entitlement as at the date and time specified in clause 4.1.12(b) of the WEM Rules **[clause 4.11.1(bA)(i)]**. If applicable AEMO will undertake the processes in sections 4.5 and 4.8 of this Procedure.
- 6.2.6. For a Facility that will be subject to a Network Control Service Contract, AEMO must not assign Certified Reserve Capacity in excess of:
- (a) the Constrained Access Entitlement of the Facility at the date and time specified in clause 4.1.12(b) of the WEM Rules, if applicable; or
 - (b) the capacity that AEMO believes that Facility can usefully contribute given its location and any network constraints that are likely to occur **[clause 4.11.1(g)]**.
- 6.2.7. If AEMO requests a Network Operator to confirm data or information under clause 4.11.5(a) of the WEM Rules, it must not provide information to the Network Operator that was provided to it as part of an application for Certified Reserve Capacity, except with the permission of the applicant.
- 6.2.8. Step 6.2.7 of this Procedure does not apply if AEMO must provide information under clause 4.10A.6(a) of the WEM Rules, or any other provision of the WEM Rules or other relevant law requiring AEMO to publish or disclose the data or information.

6.3. Assessment of Independent Expert Report

- 6.3.1. AEMO must assess the accuracy of an independent expert report provided under clause 4.10.3 of the WEM Rules. This assessment may consider the following factors:
- (a) the configuration of the Facility that was used to develop the report;
 - (b) the level of network access available, or expected to be available, to the Facility as assessed in step 6.2.1 of this Procedure;
 - (c) the observed sent out generation of similar Facilities, if applicable;

⁶ The specified date must be prior to when the Facility, or part of the Facility, will have completed all Commissioning Tests and be capable of meeting Reserve Capacity Obligations in full **[clause 4.10.1(c)(iii)(7)]**.

- (d) if the application relates to an upgrade of a Facility, the observed sent out generation of the relevant Facility prior to the upgrade;
 - (e) any restrictions on the availability of the Facility, as specified by the applicant under clause 4.10.1(g) of the WEM Rules; and
 - (f) any other factors that AEMO considers relevant.
- 6.3.2. Following the assessment in step 6.3.1 of this Procedure, if AEMO reasonably considers the independent expert report provided under clause 4.10.3 of the WEM Rules to be inaccurate, it may, in accordance with Appendix 9, Step 10 of the WEM Rules, calculate alternative estimates of the expected energy that would have been sent out by the Facility, if it had been in operation with the configuration proposed under clause 4.10.1(dA) of the WEM Rules, and use such estimates in its assessment of the application for Certified Reserve Capacity.

6.4. Assignment of Certified Reserve Capacity

- 6.4.1. AEMO must assign a quantity of Certified Reserve Capacity equal to the minimum of:
- (a) the Relevant Level, determined in accordance with the Relevant Level Methodology prescribed in Appendix 9 of the WEM Rules;
 - (b) the level of unconstrained access assessed in step 6.2.2 of this Procedure, if applicable; and
 - (c) the Constrained Access Entitlement in step 4.5.1 of this Procedure, if applicable, but subject to any other relevant principles in clause 4.11.1 of the WEM Rules.

6.5. Initial Reserve Capacity Obligation Quantity

- 6.5.1. AEMO must set the initial Reserve Capacity Obligation Quantity to zero for an Intermittent Generator [clause 4.12.4(aA)].
- 6.5.2. AEMO must set the initial Reserve Capacity Obligation Quantity for a generation system other than an Intermittent Generator in accordance with clause 4.12.4(b) of the WEM Rules.

7. ASSESSMENT FOR DEMAND SIDE PROGRAMMES OR INTERRUPTIBLE LOADS

7.1. Assessment of availability restrictions

- 7.1.1. A Market Participant must not submit an application for a Demand Side Programme that does not meet the minimum availability requirements specified in clause 4.10.1(f) of the WEM Rules.
- 7.1.2. A Market Participant must not specify a notice period for dispatch under clause 7.6.1C(e) of the WEM Rules of more than two hours for a Facility that is a Demand Side Programme [clause 4.11.1(c)(vi)].
- 7.1.3. Under clause 4.11.4 of the WEM Rules, AEMO must allocate each Facility to an Availability Class. Subject to clause 4.11.12 of the WEM Rules, Demand Side Programmes will be allocated Availability Class 2, unless available for all Trading Intervals.

7.2. Facility capability assessment

7.2.1. AEMO must determine:

- (a) the quantity of capacity that it reasonably expects to be available from the Facility during the periods specified in clause 4.10.1(f)(vi) of the WEM Rules, after netting off capacity required to serve the Minimum Consumption for each of the Facility's Associated Loads for the specified period in order to meet the requirements of clause 4.11.1(j)(i) of the WEM Rules; and
- (b) the amount by which the Facility could reduce its consumption, measured as a decrease from the Facility's Relevant Demand, by the end of one Trading Interval in response to a Dispatch Instruction requiring it to reduce consumption from the beginning of the Trading Interval at the ramp rate proposed for the Facility under clause 4.10.1(f)(vii) of the WEM Rules, for which purpose AEMO may have regard to the ramp rate proposed under clause 4.10.1(f)(vii) of the WEM Rules and any other information AEMO considers relevant in order to meet the requirements of clause 4.11.1(j)(ii) of the WEM Rules.

7.2.2. In determining the capacity in step 7.2.1 of this Procedure, AEMO must have regard to the following information, as applicable:

- (a) the previous performance of the Facility, including the results of Reserve Capacity Tests;
- (b) evidence of contracts with Associated Loads provided by the Market Participant;
- (c) evidence that loads are being actively pursued to be associated with a Demand Side Programme;
- (d) the estimated Relevant Demand for the Facility, or loads that are expected to be associated with the Facility, determined in accordance with Appendix 10 of the WEM Rules;
- (e) any restrictions on the availability of the Facility due to staffing constraints and any other restrictions on the availability of the Facility, as specified by the Market Participant under clause 4.10.1(g) of the WEM Rules;
- (f) the proposed DSP Ramp Rate Limit provided to AEMO in accordance with clause 4.10.1(f)(vii) of the WEM Rules;
- (g) the history of the Market Participant in procuring DSM capacity; and
- (h) any other factors that AEMO considers relevant.

7.3. Assignment of Certified Reserve Capacity

7.3.1. Unless it has rejected the application in accordance with a step in this Procedure, AEMO must assign Certified Reserve Capacity to a Facility equivalent to the quantity determined in step 7.2.1 but subject to any other relevant principles in clause 4.11.1 of the WEM Rules.

7.4. Initial Reserve Capacity Obligation Quantity

7.4.1. Subject to clause 4.12.4 of the WEM Rules, where AEMO establishes the initial Reserve Capacity Obligation Quantity to apply for a Facility for a Trading Interval:

- (a) the Reserve Capacity Obligation Quantity must not exceed the Certified Reserve Capacity held by the Market Participant for the Facility [**clause 4.12.4(a)**]; and
- (b) except where otherwise precluded by clause 4.12.4 of the WEM Rules, the Reserve Capacity Obligation Quantity for an Interruptible Load or Demand Side Programme:

- A. will equal zero once the capacity has been dispatched under clause 7.6.1C(d) or 7.6.1C(e) of the WEM Rules for the number of hours per year that are specified under clause 4.10.1(f)(ii) of the WEM Rules;
- B. will equal zero for the remainder of a Trading Day in which the capacity has been dispatched under clause 7.6.1C(d) or 7.6.1C(e) of the WEM Rules for the number of hours per day that are specified under clause 4.10.1(f)(iii) of the WEM Rules;
- C. must account for staffing and other restrictions on the ability of the Facility to curtail energy upon request; and
- D. will equal zero for Trading Intervals which fall outside of the periods specified in clause 4.10.1(f)(vi) of the WEM Rules [**clause 4.12.4(c)**].