

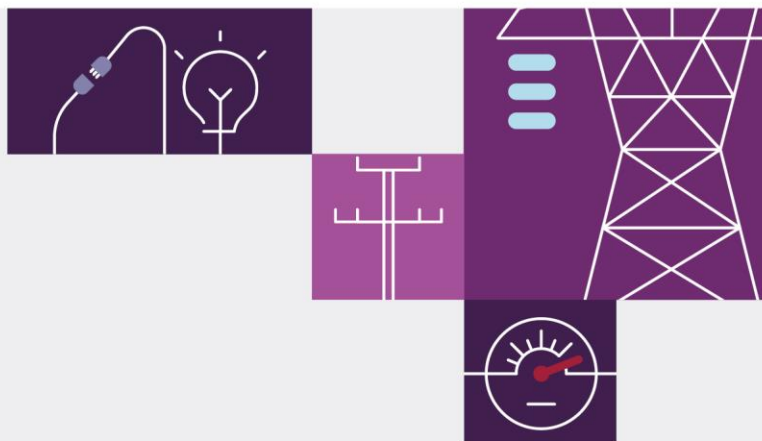
# Wholesale Electricity Market

## Procedure change report: AEPC\_2024\_04

June 2024

WEM Procedure: Reserve Capacity Mechanism Constraint Formulation





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# Executive summary

## Purpose

The publication of this Procedure Change Report and the accompanying Wholesale Electricity Market Procedure (**WEM Procedure**) completes the Procedure Change Process conducted by AEMO to consider proposed amendments to the WEM Procedure: Reserve Capacity Mechanism Constraint Formulation (**Procedure**) under the Wholesale Electricity Market Rules (**WEM Rules**).

## Proposed amendments

AEMO has initiated this Procedure Change Proposal to amend the Procedure to reflect amendments arising from the Wholesale Electricity Market Amendment (Reserve Capacity Reform) Rules 2023, gazetted on 13 December 2023.

These amendments include the removal of all references and requirements associated with "Preliminary RCM Constraint Equations".

## Consultation

AEMO published the Procedure Change Proposal and issued a call for submissions on 2 May 2024.

AEMO held an AEMO Procedure Change Working Group meeting on 9 May 2024. No feedback was received.

The submission period closed on 30 May 2024, and no submissions were received.

## AEMO's decision

AEMO considers the revised Procedure is consistent with the WEM Rules, would better achieve Wholesale Market Objective (d), and is consistent with all other objectives.

The revised Procedure is also consistent with the *Electricity Industry Act 2004* (WA), the *Electricity Industry (Wholesale Electricity Market) Regulations 2004* (WA) (**WEM Regulations**), and the WEM Rules.

As such, AEMO's decision is to accept the Procedure, as amended following the consultation period.

## Next steps

The revised WEM Procedure: Reserve Capacity Mechanism Constraint Formulation will commence at 8:00 am on 13 June 2024.



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# 1 Background

## 1.1 Regulatory requirements

The publication of this Procedure Change Report and the accompanying Wholesale Electricity Market Procedure (**WEM Procedure**) completes the Procedure Change Process conducted by AEMO to consider proposed amendments to the WEM Procedure: Reserve Capacity Mechanism Constraint Formulation (**Procedure**) under the Wholesale Electricity Market Rules (**WEM Rules**).

The purpose of this Procedure is to document (with respect to RCM Constraint Equations):

- (a) the processes to be followed and the methodology to be used by AEMO in determining Constraint Equation terms and coefficients for Network Constraints **[clause 2.27A.10(cA)]**;
- (b) the processes to be followed and the methodology to be used by AEMO in selecting one or more Constraint Equations to respond to a Network Constraint, including in respect of the location of terms on each side of the Constraint Equation **[clause 2.27A.10(cB)]**;
- (c) the processes to be followed by AEMO and the matters it must consider in formulating and, where applicable, updating Constraint Equations, including:
  - (i) the approach to be taken by AEMO in applying:
    - (A) an Operating Margin; and
    - (B) the principles described in clause 2.27A.9; and
  - (ii) the conventions for assigning a unique identifier to Constraint Equations and Constraint Sets **[clause 2.27A.10(b)]**; and
- (d) any other processes or procedures relating to Constraints or Network congestion that AEMO considers are reasonably required to enable it to carry out its functions under the WEM Rules **[clause 2.27A.10(d)]**.

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

## 1.2 Context

In December 2023, the Minister for Energy amended the WEM Rules. These amendments included the removal of the requirement for AEMO to develop the Preliminary Reserve Capacity Mechanism (RCM) Constraint Equations. These amendments were as a result of recommendations from the RCM Review.

The Procedure Change Process addressed the associated amendments required to align the Procedure with the Rules update.

## 1.3 Procedure change process and timetable

On 2 May 2024, AEMO published the Procedure Change Proposal (PCP) and issued a call for submissions. The proposal was progressed using the Procedure Change Process specified in section 2.10 of the WEM Rules with submissions closing on 30 May 2024. No submissions were received.

# 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

### 2.1.1 Removal of Preliminary RCM Constraint Equations

The proposed Procedure has been updated to remove the terms Preliminary RCM Constraint Equations and Preliminary RCM Facility. This has been done to align with the WEM Rules.

### 2.1.2 Other changes

The proposed amended Procedure contains minor administrative amendments to update the Procedure version history and scope and to improve alignment with the WEM Rules.

## 2.2 Proposed drafting

AEMO published drafts of the proposed Procedure for consultation. Clean and change-marked versions are available at: [https://aemo.com.au/consultations/current-and-closed-consultations/aepc\\_2024\\_03](https://aemo.com.au/consultations/current-and-closed-consultations/aepc_2024_03).

# 3 Consultation process

## 3.1 AEMO Procedure Change Working Group

An overview of the proposed amended WEM Procedure was presented at the AEMO Procedure Change Working Group meeting held on 9 May 2024. No feedback was received at the meeting. The papers and minutes from the meeting can be found at: <https://aemo.com.au/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/wem-aemo-procedure-change-working-group>.



## 3.2 Submissions received during the consultation period

AEMO published the PCP and issued a call for submissions on 2 May 2024. The submission period closed on 30 May 2024 and no submissions were received.



## 4 AEMO's assessment

### 4.1 Consistency with Electricity Industry Act, WEM Regulations, and WEM Rules

The revised Procedure has been reviewed by AEMO to ensure compliance with the relevant provisions in the:

- *Electricity Industry Act 2004* (WA).
- WEM Regulations.
- WEM Rules.

### 4.2 Consistency with Wholesale Market Objectives

AEMO considers the revised Procedure is consistent with the WEM Rules, would better achieve Wholesale Market Objective (a) and is consistent with all other Wholesale Market Objectives.

### 4.3 AEMO's decision

AEMO's decision is to accept the Procedure, as amended during the consultation process.

AEMO has made this decision on the basis that:

- The revised Procedure is consistent with:
  - The *Electricity Industry Act 2004*, WEM Regulations 2004, and WEM Rules.
  - The Wholesale Market Objectives and may better address objective (a).
- AEMO received no submissions or feedback from market participants and the changes will have minimal impact on the market.

### 4.4 Implementation of the Procedure

The amended Procedure will commence at 8:00 am on 13 June 2024.

The revised WEM Procedure: Reserve Capacity Mechanism Constraint Formulation is available at [https://aemo.com.au/consultations/current-and-closed-consultations/aepc\\_2024\\_04](https://aemo.com.au/consultations/current-and-closed-consultations/aepc_2024_04).