



# Wholesale Electricity Market

Procedure Change Proposal No:  
AEPC\_2024\_10

Reserve Capacity Testing

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New South Wales | Queensland | South Australia | Victoria | Australian Capital Territory | Tasmania | Western Australia

Australian Energy Market Operator Ltd ABN 94 072 010 327

## Executive Summary

<b>Change requested by:</b>	AEMO
<b>Date submitted:</b>	26 August 2024
<b>Type of Procedure Change Proposal:</b>	Amendment
<b>Market Procedures affected:</b>	Reserve Capacity Testing

The publication of this Procedure Change Proposal and the accompanying notice of call for submissions commences the Procedure Change Process conducted by AEMO under clause 2.10 of the Wholesale Electricity Market Rules (**WEM Rules**). This Procedure Change Proposal relates to proposed amendments to the Reserve Capacity Testing WEM Procedure.

In summary, the proposed amendments include:

- Information about how AEMO will provide notification to Market Participants when conducting a Reserve Capacity Test.
- Information about how AEMO will conduct Verification Tests.
- Minor administrative amendments to improve alignment with the WEM Rules.

AEMO invites stakeholders to suggest alternative options or drafting where they consider that these would improve the proposed WEM Procedure or better meet the Wholesale Market Objectives specified in section 122(2) of the Electricity Industry Act 2004 (and clause 1.2.1 of the WEM Rules).

AEMO also asks stakeholders to identify any unintended adverse consequences of the proposed WEM Procedure.

Stakeholders are invited to submit written responses on the proposed WEM Procedure by 5.00 pm (Perth time) on 24 September 2024, in accordance with the notice of call for submissions published with this Procedure Change Proposal.

# 1. Procedure Change Process

Clause 2.10 of the WEM Rules outlines the Procedure Change Process.

AEMO may initiate the Procedure Change Process in respect of WEM Procedures for which it is responsible by developing a Procedure Change Proposal. Rule Participants may notify AEMO where they consider an amendment or replacement of a WEM Procedure would be appropriate.

If an Amending Rule requires AEMO to develop new WEM Procedures or to amend or replace existing WEM Procedures, then AEMO is responsible for the development, amendment, or replacement of WEM Procedures so as to comply with the Amending Rule.

Clause 2.9.3 of the WEM Rules states that WEM Procedures:

- (a) must:
  - (i) be developed, amended or replaced in accordance with the process in the WEM Rules;
  - (ii) be consistent with the Wholesale Market Objectives; and
  - (iii) be consistent with the WEM Rules, the *Electricity Industry Act 2004* and the WEM Regulations; and
- (b) may be amended or replaced in accordance with section 2.10 of the WEM Rules and must be amended or replaced in accordance with section 2.10 of the WEM Rules where a change is required to maintain consistency with Amending Rules.

The Wholesale Market Objectives are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

AEMO has published this Procedure Change Proposal in accordance with the Procedure Change Process.

AEMO's indicative timeline for this consultation is outlined below. Dates may be adjusted depending on the number and complexity of issues raised in submissions and any meetings with stakeholders.

Process Stage	Indicative date
Publication of Procedure Change Proposal	26 August 2024
Closing date for submissions on Procedure Change Proposal	24 September 2024
Publication of Procedure Change Report	30 September 2024
Proposed commencement of amended WEM Procedure	30 September 2024

Before the closing date for submissions, stakeholders may request a meeting with AEMO to discuss the issues and proposed changes raised in this Procedure Change Proposal.

## 2. Background

### 2.1. Regulatory requirements

The purpose of this WEM Procedure is to describe the processes:

- a) to be followed in performing Reserve Capacity Tests, including the situations in which AEMO may deem a Reserve Capacity Test to be invalid; and
- b) to be followed in performing Verification Tests including the situations in which AEMO may deem a Verification Test to be invalid.

### 2.2. Context for this consultation

AEMO has initiated this Procedure Change Proposal to provide clarity on the Reserve Capacity Testing communication protocol following the retirement of Operating Instructions since new market start on 1 October 2023. Amendments to the WEM Procedure include:

- information about the form of notification AEMO provides to Market Participants for Reserve Capacity Tests; and
- minor administrative amendments to improve alignment with the WEM Rules.

### 2.3. Detail of the proposed procedure change

The WEM Procedure has been updated to state the form of notification AEMO provides to Market Participants for Reserve Capacity Tests. This includes specifying the Trading Intervals the Reserve Capacity Test is to be conducted over.

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

## 2.4. Proposed drafting

AEMO has published a draft version of the WEM Procedure: Reserve Capacity Testing incorporating the changes AEMO proposes for consultation. Clean and change-marked versions are available at: [www.aemo.com.au/consultations/current-and-closed-consultations/aepec\\_2024\\_10](http://www.aemo.com.au/consultations/current-and-closed-consultations/aepec_2024_10).

## 3. Summary of matters for consultation

AEMO invites stakeholders to suggest alternative options for drafting, where they consider these would improve the WEM Procedure or better meet the Wholesale Electricity Market Objectives.

Stakeholders with questions in relation to the proposed amended WEM Procedure or this Procedure Change Proposal should contact AEMO via email at [wa.capacity@aemo.com.au](mailto:wa.capacity@aemo.com.au).

Stakeholders are invited to submit written responses on the proposed amended WEM Procedure to [wa.marketdevelopment@aemo.com.au](mailto:wa.marketdevelopment@aemo.com.au) by 5:00 pm (Australian Western Standard Time) on 24 September 2024, in accordance with the call for submissions published with this paper.

All correspondence in relation to this Procedure Change Proposal must be entitled “AEPC\_2024\_10: WEM Procedure: Reserve Capacity Testing – [Name of the submitting company or individual]”.