

## Electricity Industry (Wholesale Electricity Market) Regulations 2004

# Wholesale Electricity Market Amendment (Supplementary Capacity) Rules 2023

### **Commencement**

- The amending rules set out in Schedule A come into operation at 8:00 AM (WST) on 29 April 2023.
- The amending rules set out in Schedule B come into operation at 8:00 AM (WST) on 1 July 2023.
- The amending rules set out in Schedule C come into operation at a time specified by the Minister in a notice published in the Gazette. Different days may be specified for different provisions.

Where there are market rules made by the Minister for Energy in accordance with regulation 7(5) of the *Electricity Industry (Wholesale Electricity Market) Regulations 2004* prior to the date this Instrument is made which are specified to come into operation on the same day as the amending rules set out in this Instrument, the amending rules set out in this Instrument come into operation immediately after the commencement of those market rules.

### **Schedule A**

#### **1. Section 4.24 amended**

- 1.1 The heading for section 4.24 '**Supplementary Reserve Capacity**' is amended by deleting the word '**Reserve**'.
- 1.2 Clause 4.24.1 is amended by:
  - (a) inserting the words 'start of a' immediately after the words 'If, at any time after the day which is six months before the';
  - (b) deleting the words ', in its opinion,;' and
  - (c) inserting the words 'and any other information AEMO considers relevant,' immediately after the words 'clauses 4.5.9(a) and 4.5.9(b)'.
- 1.3 Insert the following new clause 4.24.1A:
  - 4.24.1A. Without limiting clause 4.24.1, if, at any time after the day which is six months before the start of a Capacity Year AEMO considers that there is a risk that adequate Reserve Capacity may not be available in the SWIS to maintain Power System Security and Power System Reliability, then it may advertise a call for

expressions of interest for supplementary capacity by publishing a notice on the WEM Website and issuing a Market Advisory.

1.4 Insert the following new clause 4.24.1B:

- 4.24.1B. A notice calling for expressions of interest for supplementary capacity in accordance with clause 4.24.1A must include:
- (a) the date and time by when any person wishing to respond to the call for expressions of interest must have completed and lodged with AEMO the form specified in clause 4.24.1B(i);
  - (b) contact details for AEMO and Western Power;
  - (c) AEMO's preliminary estimate of the amount of capacity which AEMO considers may be required if AEMO decides to seek to acquire supplementary capacity pursuant to clause 4.24.1;
  - (d) AEMO's preliminary estimate of the number of hours over which the capacity is expected to be used;
  - (e) AEMO's preliminary estimate of the time of the day where the capacity is expected to be required;
  - (f) AEMO's preliminary estimate of the term of any Supplementary Capacity Contract if AEMO decides to seek to acquire supplementary capacity pursuant to clause 4.24.1;
  - (g) AEMO's preliminary estimate of the maximum contract value per hour of availability for any Supplementary Capacity Contract that AEMO will accept if AEMO decides to seek to acquire supplementary capacity pursuant to clause 4.24.1;
  - (h) the location on the WEM Website of the standard Supplementary Capacity Contract;
  - (i) the location on the WEM Website of the form to be used in responding to the call for expressions of interest; and
  - (j) the location on the WEM Website of the WEM Procedure referred to in clause 4.24.18.

1.5 Insert the following new clause 4.24.1C:

- 4.24.1C. Following the close of a call for expressions of interest for supplementary capacity in accordance with clause 4.24.1A, AEMO:
- (a) must assess all responses received by the closing date, and may assess any late responses;

- (b) must consult with Western Power on any network access matters related to the proposed Eligible Services specified in the responses in accordance with the WEM Procedure referred to in clause.4.24.18; and
- (c) must, for each response assessed by it, provide feedback to each respondent on whether AEMO or Western Power, as applicable, consider the Eligible Services they propose to provide would be capable of meeting the requirements outlined in the call for expressions of interest and contained in the standard Supplementary Capacity Contract.

1.6 Clause 4.24.3 is deleted and replaced with the following:

4.24.3. The only eligible sources of supplementary capacity are the following services (“**Eligible Services**”):

- (a) load reduction, that is measures to reduce a consumer’s consumption of electricity supplied through the SWIS from that which the consumer would have otherwise consumed, but excluding reductions provided by a Market Participant with a Demand Side Programme that does not satisfy its Reserve Capacity Obligations during the current Capacity Year or a previous Capacity Year;
- (b) the production of electricity by Energy Producing Systems that are not Registered Facilities; and
- (c) the production of electricity by Energy Producing Systems that are Registered Facilities, or load reductions provided by loads, but only to the extent that the electricity is generated, or the load reduction is provided, by capacity for which the relevant Market Participant, either:
  - i. does not hold Capacity Credits in the current Capacity Year; and
  - ii. has not held Capacity Credits in the current Capacity Year or a previous Capacity Year; and
  - iii. holds Capacity Credits in a subsequent Capacity Year,
 or
  - iv. provides evidence satisfactory to AEMO, prior to a Supplementary Capacity Contract taking effect, that:
    - 1. costs have been incurred to enable the provision of the capacity through the installation of physical equipment; and
    - 2. the capacity is in addition to the sent out capacity of the Energy Producing Systems, or the maximum amount of

load that can be curtailed, that existed prior to the installation of the physical equipment.

- 1.7 Clause 4.24.4 is amended by deleting the second space immediately before the word 'However'.
- 1.8 Clause 4.24.6 is amended by deleting the second space immediately before the words 'The advertisement'.
- 1.9 Clause 4.24.6(a) is amended by deleting the words 'at which' and replacing them with the words 'by when'.
- 1.10 Clause 4.24.6(b) is amended by inserting the words 'and Western Power' immediately after the word 'AEMO'.
- 1.11 Clause 4.24.6(h) is deleted and replaced with the following:
  - (h) the location on the WEM Website of the standard Supplementary Capacity Contract; and
- 1.12 Clause 4.24.7 is amended by deleting the second space immediately before the words 'This form must'.
- 1.13 Clause 4.24.11 is amended by:
  - (a) deleting the words 'clause 4.24.3' and replacing them with the words 'clauses 4.24.3, 4.24.11A and 4.24.14'; and
  - (b) deleting the word 'employ' and replacing it with the word 'use'.
- 1.14 Insert the following new clause 4.24.11A:

4.24.11A. Where AEMO has issued a call for tenders under clauses 4.24.2(a) or 4.24.2(b)(i), AEMO must not enter into negotiations for a negotiated Supplementary Capacity Contract under clause 4.24.11 before the completion of the tender, including, to avoid doubt, assessment of all in-time responses received by AEMO in response to the tender.
- 1.15 Clause 4.24.12 is amended by:
  - (a) inserting the words ', in consultation with stakeholders,' immediately after the words 'AEMO must'; and
  - (b) inserting a comma immediately after the word 'Contract'.
- 1.16 Clause 4.24.13 is amended by deleting the word 'generation' and replacing it with the words 'energy production' in each place where it occurs.
- 1.17 Clause 4.24.13(h)(i) is amended by deleting the words 'is not to exceed 12 weeks' and replacing them with the words 'is not to exceed, but may be shorter than, the Hot Season'.
- 1.18 Clause 4.24.14 is deleted and replaced with the following:

4.24.14. AEMO must enter into a Supplementary Capacity Contract in the form of the standard form Supplementary Capacity Contract, except where AEMO considers that one or more variations are reasonably required, having regard to the specific characteristics of the facility providing the supplementary capacity and to any other matter that AEMO considers appropriate, then AEMO may enter into a Supplementary Capacity Contract containing such variations.

1.19 Insert the following new clause 4.24.14A:

4.24.14A. The notification time for activation specified in a Supplementary Capacity Contract must be aligned, to the extent practicable and considering the characteristics of the facility providing the Eligible Service, with the notification time applicable to a similar type of facility providing a similar service under the WEM Rules.

1.20 Clause 4.24.19 is amended by:

- (a) deleting the words 'Supplementary Reserve Capacity' and replacing them with the words 'supplementary capacity'; and
- (b) deleting the words 'of the WEM Rules'.

## **2. Appendix 3 amended**

- 2.1 Step 12 of Part A of Appendix 3 is amended by deleting the words 'Supplementary Reserve Capacity' and replacing them with the words 'supplementary capacity'.
- 2.2 Step 12 of Part B of Appendix 3 is amended by deleting the words 'Supplementary Reserve Capacity' and replacing them with the words 'supplementary capacity'.

## **Schedule B**

### **1. Section 4.24 amended**

1.1 Clause 4.24.18 is deleted and replaced with the following:

4.24.18. AEMO must document in a WEM Procedure:

- (a) the processes it follows in:
  - i. acquiring Eligible Services;
  - ii. entering into Supplementary Capacity Contracts; and
  - iii. determining the maximum contract value per hour of availability for any Supplementary Capacity Contract;
- (b) requirements regarding the information and assistance AEMO may require from Western Power to support an expression of interest process or a procurement process for supplementary capacity under this section 4.24;
- (c) requirements, developed in consultation with Western Power, regarding the information that must be provided by those applying to provide Eligible

Services, who request assistance or an assessment from Western Power in accordance with clause 4.24.18B;

- (d) timelines, developed in consultation with Western Power where applicable, for the provision of requested information and for assistance or an assessment of requests submitted; and
- (e) contact details for Western Power which must be used by AEMO or those applying to provide Eligible Services when assistance or assessment by Western Power is requested in accordance with clause 4.24.18B.

1.2 Insert the following new clauses 4.24.18A and 4.24.18B:

4.24.18A. Western Power must provide information and respond to requests for assistance or assessment related to the provision of supplementary capacity under this section 4.24 in accordance with the WEM Procedure referred to in clause 4.24.18.

4.24.18B. A request to Western Power for assistance or an assessment by those applying to provide Eligible Services or a request to Western Power by AEMO must:

- (a) be in writing and addressed to the contact nominated by Western Power in the WEM Procedure referred to in clause 4.24.18;
- (b) allow sufficient time to enable Western Power to provide the assistance or make the assessment requested in accordance with the timelines specified under clause 4.24.18(d); and
- (c) contain the information and analysis as may be required under the WEM Procedure referred to in clause 4.24.18.

## **Schedule C**

### **1. Section 4.24 amended**

1.1 Clause 4.24.18 is deleted and replaced with the following:

4.24.18. AEMO must document in a WEM Procedure:

- (a) the process it follows in:
  - i. acquiring Eligible Services;
  - ii. entering into Supplementary Capacity Contracts;
  - iii. determining the maximum contract value per hour of availability for any Supplementary Capacity Contract;
  - iv. determining how a payment in relation to a Supplementary Capacity Contract is to be made to the party identified in clause 4.29.3(e)(ii) if that party is not a Market Participant; and

- v. determining under clause 4.24.8(d) that a provider of an Eligible Service has access to the network;
- (b) requirements regarding the information and assistance AEMO may require from Western Power to support an expression of interest process or a procurement process for supplementary capacity under this section 4.24;
- (c) requirements, developed in consultation with Western Power, regarding the information that must be provided by those applying to provide Eligible Services, who request assistance or an assessment from Western Power in accordance with clause 4.24.18B;
- (d) timelines, developed in consultation with Western Power where applicable, for the provision of requested information and for assistance or an assessment of requests submitted; and
- (e) contact details for Western Power which must be used by AEMO or those applying to provide Eligible Services when assistance or assessment by Western Power is requested in accordance with clause 4.24.18B.