



Government of **Western Australia**  
Department of **Mines, Industry Regulation and Safety**  
**Energy Policy WA**

# Review of Supplementary Reserve Capacity Provisions

Stage 2 Information Paper

18 July 2023

Working together for a **brighter** energy future.

---

*An appropriate citation for this paper is: Review of Supplementary Reserve Capacity Provisions Stage 2 Consultation Paper*

Energy Policy WA

Level 1, 66 St Georges Terrace  
Perth WA 6000

Locked Bag 100, East Perth WA 6892

Telephone: 08 6551 4600

[www.energy.wa.gov.au](http://www.energy.wa.gov.au)

ABN 84 730 831 715

*Enquiries about this report should be directed to:*

Email: [EPWA-info@dmirs.wa.gov.au](mailto:EPWA-info@dmirs.wa.gov.au)

# Contents

<b>Glossary</b>	<b>iii</b>
<b>1. Introduction</b>	<b>1</b>
1.1 Overview of procurement and operation of SRC in 2022/23	1
1.2 Scope of the SRC Review	2
1.3 Purpose of this paper	2
<b>2. Consultation</b>	<b>3</b>
<b>3. The Coordinators Decision on the Proposed Improvements</b>	<b>5</b>
3.1 Availability of interval meter data for performance measurement	5
3.2 Formalisation of testing requirements for SRC services	6
3.3 Changes to the definition of Eligible Services	8
3.4 Minor amendments	9
3.5 Publishing the results of SRC procurement activities	10
<b>4. Additional Changes Proposed</b>	<b>12</b>
4.1 Introducing a requirement in Supplementary Capacity Contracts for compensation for services, which received an activation notice but were subsequently not activated	12
<b>Appendix A. Issues Raised in Submissions</b>	<b>13</b>
<b>Appendix B. Proposed WEM Rule changes</b>	<b>22</b>

# Glossary

Term	Definition
<b>AEMO</b>	Australian Energy Market Operator
<b>DSOC</b>	Declared Sent Out Capacity
<b>EPWA</b>	Energy Policy WA
<b>MW</b>	megawatt
<b>NMI</b>	national meter identifier
<b>RCM</b>	Reserve Capacity Mechanism
<b>SRC</b>	Supplementary Reserve Capacity
<b>STEM</b>	Short Term Energy Market
<b>SWIS</b>	South West Interconnected System
<b>TDOWG</b>	Transformation Design and Operation Working Group
<b>WEM</b>	Wholesale Electricity Market

Unless otherwise defined, capitalised terms have the meaning prescribed in the WEM Rules.

# 1. Introduction

The Coordinator of Energy (Coordinator) has completed the review of the Supplementary Reserve Capacity (SRC) provisions in Section 4.24 of the Wholesale Electricity Market Rules (the WEM Rules). The need for the review was triggered by the Australian Energy Market Operator's (AEMO's) call for the provision of SRC in September 2022, and was conducted by the Coordinator of Energy under clause 4.24.19 of the WEM Rules.

Energy Policy WA (EPWA) engaged ACIL Allen to assist with this review.

## 1.1 Overview of procurement and operation of SRC in 2022/23

On 23 September 2022, AEMO called for tenders from potential providers of SRC for the upcoming Hot Season, commencing on 1 December 2022. The need for SRC was identified at 174 MW. At the time, AEMO made available a standard form of Supplementary Capacity Contract, and a series of pre-qualification questions.

The tender process included a briefing session facilitated by AEMO on 4 October 2022, and an opportunity for questions to be posed by potential respondents. The tender period closed on 21 October, at which time AEMO commenced its assessment of all responses.

Following discussions and negotiations, AEMO entered into contracts with providers who responded to the tender process. After the completion of the tender process, AEMO also entered into negotiations with organisations who did not provide a response to the request for tender and entered into further contracts as a result of these negotiations.

AEMO entered into 11 Supplementary Capacity Contracts with a total of eight service providers for the period from 1 December 2022 to 31 March 2023. The individual contract periods ranged from 15 days to 110 days in length (noting that 84 days was the maximum for which any of the services was contracted to be available.). The highest total maximum available capacity<sup>1</sup> during the Hot Season was 67.3MW.

The services procured included:

- temporary uplifts to Declared Sent Out Capacity (DSOC) of Registered Facilities;
- distributed electric storage resources; and
- demand side management services.

AEMO activated SRC services on 30 January and 20 February 2023. The January event was the first time in the history of the WEM SRC services were activated. Most services responded well but some had difficulties or failed to deliver the contracted service. Further details regarding the performance of the SRC services are provided in the [Stage 2 Consultation Paper](#). Review and analysis of the performance of the services has informed the Rule Changes discussed in this Information Paper.

---

<sup>1</sup> Further capacity was contracted however due to non-performance of a service provider the effective available capacity of this service was reduced ex-post.

## 1.2 Scope of the SRC Review

The SRC Review was undertaken in two stages:

- Stage 1 focussed on a review of the procurement process undertaken by AEMO between September and December 2022. It resulted in changes to the WEM Rules, which were gazetted on 28 April 2023 with most of these changes commencing on 29 April 2023.
- Stage 2 focussed on the operation of the SRC services between 1 December 2022 and 31 March 2023. This Information Paper concerns Stage 2 of the Review.

**Figure 1: SRC Review Overview**



## 1.3 Purpose of this paper

The purpose of this Information Paper is to inform stakeholders about the outcome of Stage 2 of the SRC Review including:

- initial feedback from stakeholders, including AEMO and Western Power, through questionnaires and interviews;
- issues raised in the Transformation Design and Operations Working Group (TDOWG) and in public submissions, and the Coordinator’s response to these issues;
- the Coordinator’s final decisions on the proposals outlined in the Consultation Paper;
- additional proposals made following the issue of the Consultation Paper, and the Coordinator’s decisions on these proposals; and
- the WEM Amending Rules approved to the Minister.

The WEM Amending Rules will be implemented as outlined in Appendix B of this Information Paper.

## 2. Consultation

EPWA consulted extensively with stakeholders throughout May and June 2023 to inform Stage 2 of the Review as summarised in the remainder of this section.

### Direct engagement with AEMO

EPWA held several meetings with AEMO and received information from AEMO under clause 10.4.1 of the WEM Rules about the contracted SRC services and their activation. The information informed the review of the performance of SRC contracts and the direction of questions in the questionnaire and interviews stage.

### Questionnaire and interviews

Based on AEMO's initial feedback, EPWA developed a questionnaire for distribution to service providers who entered into a supplementary capacity contract during the 2022/2023 Hot Season. A specific questionnaire was provided to Western Power due to different areas of focus for the review.

EPWA received seven responses to the questionnaire, some of them through interviews. EPWA also met with AEMO to discuss issues raised in response to the questionnaire.

### The Consultation Paper

Based on the feedback provided to the questionnaire, and analysis of the information provided by AEMO about the operations of SRC during the two activation events, EPWA developed a Consultation Paper with five proposals, including proposed Amending Rules, to improve the operation of SRC.

The Consultation Period was between 7 June 2023 and 21 June 2023.

### TDOWG Meeting #49

EPWA convened a meeting of the TDOWG on 15 June 2023. At this meeting, EPWA:

- provided an overview of the SRC Review;
- provided a summary of the Rule Changes made as a result of Stage 1 of the Review; and
- discussed and invited feedback on each of the proposed improvements.

The presentation from the TDOWG meeting is available here: [Transformation Design and Operation Working Group \(www.wa.gov.au\)](http://www.wa.gov.au)

### Review of written submissions

EPWA received five written submissions to the Consultation Paper, from the organisations listed below:

- AEMO
- Alinta Energy
- Enel X
- Shell
- Synergy

All submissions are available here on EPWA's website: [Supplementary Reserve Capacity Review \(www.wa.gov.au\)](http://www.wa.gov.au).

---

Written submissions contained feedback which was consistent with the discussion at TDOWG, accompanied by proposals to modify the proposed Rule Changes. The feedback from the submissions is summarised in section 3 of this Information Paper. Responses contained within the written submissions were tabulated against each of the Rule Change proposals, with a table provided in Appendix A.

As with Stage 1 of the review, stakeholder perspectives were central in formulating and refining the Rule Change proposals as presented in this Information Paper. Based on the submissions received, EPWA amended the proposed improvements and submitted the final draft WEM Amending Rules to the Minister for his approval.

The remainder of this paper presents each of the Review Outcomes which are reflected in the draft WEM Amending Rules that have been approved by the Minister for Energy. The WEM Amending Rules were published in the Government Gazette on 18 July 2023 and the Minister will commence the majority of WEM Amending Rules on 22 July 2023 (link to [Gazettal Notice](#)).

## 3. The Coordinators Decision on the Proposed Improvements

The Coordinator has decided to further amend some of the improvements proposed in the Stage 2 Consultation Paper based on the feedback received in the TDOWG meeting and submissions on the Stage 2 Consultation Paper.

The remainder of this section outlines for each of the proposed improvements from the Stage 2 Consultation Paper:

- the improvement proposed in the Consultation Paper;
- a summary of the feedback received in the TDOWG and submissions;
- the Coordinator's decision; and
- assessment against the Wholesale Market Objectives<sup>2</sup>.

The WEM Amending Rules approved by the Minister that implement the improvements are provided in Appendix B of this Information Paper.

### 3.1 Availability of interval meter data for performance measurement

EPWA identified that AEMO's ability to measure the performance of some of the services provided by distributed energy resources, such as demand response aggregations, was impeded due to the following issues with meter data availability.

- Confidentiality prevented Western Power from providing AEMO with meter readings for some of the relevant NMIs.
- Some of the relevant meters were either not capable of providing, or were not set up to provide, interval meter data.

EPWA considered that the changes made as part of Stage 1 of the SRC Review will enable AEMO to obtain information from Western Power about which meters are set up as interval meters but not necessarily the actual interval meter data.

#### Proposal from the Consultation Paper

EPWA proposed to amend the WEM Rules to require and enable Western Power to provide AEMO with the information necessary for the performance measurement of SRC services.

---

<sup>2</sup> 1.2.1. 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.

## Summary of stakeholder feedback

Feedback at the TDOWG meeting and in written submissions confirmed that stakeholders saw no issues with interval meter data being made available to AEMO by Western Power for the purpose of performance measurement.

The TDOWG discussed how to best achieve improved information flows considering Western Powers confidentiality obligations under the Electricity Industry (Metering) Code.

At the TDOWG meeting:

- One stakeholder suggested that Western Power could possibly separate individual meters that are part of an SRC service out of the deemed accumulation meter list to allow Western Power to provide individual meter data to AEMO. Western Power already has discretion to remove individual meters from the deemed accumulation meter and provide the associated meter readings individually to AEMO.
- EPWA suggested that AEMO's tender form should have a request for provision of consent for Western Power to provide relevant information to AEMO. Stakeholders supported the suggestion.

## Review Outcome 1

Following consideration of the stakeholder responses, the Coordinator decided to recommend that the Minister makes WEM Amending Rules to:

- introduce a requirement in the WEM Procedure for AEMO to include specification of the metering information required to measure the performance of SRC services; and
- introduce a requirement for AEMO to include in the tender form requests for provision of:
  - any NMI's associated to the SRC service, where applicable; and
  - consent for Western Power to provide relevant information to AEMO.

The improvements, taking the above stakeholder feedback into account, were introduced through amendments to clauses 4.24.7, 4.24.7(k), 4.24.18 (b) and 4.24.10(c)(vi) of the WEM Rules and the introduction of a new clause 4.24.7(m).

### Assessment against the WEM Objectives

The Coordinator considers that providing AEMO with better data for the performance measurement of SRC services will better achieve WEM Objective 1.2.1(a), (d), and (e).

Provision of information to allow for the accurate assessment of the performance of services ensures service providers are correctly compensated for the services they provide. The changes will also provide AEMO with information which allows it to better manage the activation and assess the performance of services when required.

## 3.2 Formalisation of testing requirements for SRC services

The current WEM Rules provide the means for AEMO to require testing as part of an SRC contract (WEM Rule 4.24.13(h)(xii)). Based on the information provided by AEMO, EPWA identified non-performance issues associated with some SRC contracts in the 2022/2023 Hot Season.

A number of service providers failed to make fully available their contracted services during the 2022/2023 Hot Season. These services were typically not tested or had not demonstrated self-testing had been conducted.

### Proposal from the Consultation Paper

EPWA proposed to amend the WEM Rules to require AEMO to test every service subject to a Supplementary Capacity Contract as soon as practicable after entering into that contract.

## Summary of stakeholder feedback

At the TDOWG meeting stakeholders generally supported the testing of services, noting that the current WEM Rules already allow AEMO to test SRC services.

The following was discussed at the TDOWG meeting:

- Some stakeholders raised concerns about the cost associated with requiring AEMO to activate SRC services for the purpose of testing, and suggested there may be alternative approaches to testing which do not require actual activation (and the associated costs). AEMO supported this view, and suggested the word “testing” in the proposed Amending Rules could be replaced to permit AEMO discretion regarding the use of alternatives to service activation as a proof of the ability for a provider to deliver its contracted services.
- One stakeholder suggested that it should be further specified what such a test would entail. It was noted that a broad definition of “testing” could include matters such as a service’s compliance with rules and standards. It was proposed to further amend the proposed Amending Rules to reflect that “testing” in this context meant testing the provider’s ability to deliver the capacity contracted under its Supplementary Capacity Contract.

In submissions to the Consultation Paper, a number of stakeholders requested modifications to the proposal which included:

- payment of financial compensation in the event an activation was triggered as part of the testing regime;
- introduction of a time-bound testing period, that is if a service had undertaken a formal test or self-test within six months of the commencement of a Supplementary Capacity Contract than no verification was required; and
- loosening of the requirement to “activate” services as a means of testing (in line with feedback provided at TDOWG).

A further suggestion was made whereby AEMO would introduce – either formally through the WEM Procedure or informally through tender assessment criteria – a means to prioritise responses to a request for tender for SRC based on the level of certainty or surety a provider could provide that its service would perform.

## Review Outcome 2

Following consideration of the stakeholder responses, the Coordinator decided to recommend that the Minister makes WEM Amending Rules to:

- remove the reference to “testing” and instead require AEMO to verify the capability of each service subject to a Supplementary Capacity Contract to meet its obligations under a Supplementary Capacity Contract.

The improvements are introduced through the introduction of a new clause, clause 4.24.16 of the WEM Rules.

Regarding the suggested financial compensation in the event an activation was triggered as part of the testing regime, the Coordinator considers that it is reasonable for consumers to be assured that they receive what they are paying for, particularly given a number of services’ failure to perform in the 2022/2023 Hot Season.

While service providers may decide to include provision for costs associated with testing in their offered price for SRC, the Coordinator notes that it should be the SRC provider’s responsibility to demonstrate its capacity to provide the service that customers are paying for. Further, in analogous mechanism of the WEM, such as Commissioning Tests or Reserve Capacity tests, facilities do not receive extra compensation for testing.

## Assessment against the WEM Objectives

The Coordinator considers that a more formalised verification of SRC services capabilities will better achieve WEM Objectives 1.2.1(a), and (d).

This will increase certainty that contracted SRC Services will be delivered when needed, and allow AEMO to reduce the SRC contracted quantity when an SRC service fails to provide evidence of its capacity to deliver. This will increase efficiency of the SRC mechanism and ensure costs are only incurred if the contracted services can be delivered.

By providing AEMO with the flexibility to obtain evidence of capability to deliver a service as an alternative to an actual test (through activation of a service), the revised approach will assist in maintaining the cost effectiveness of the Supplementary Capacity Contracts while delivering on the intent of the Amending Rules as originally proposed.

## 3.3 Changes to the definition of Eligible Services

Clause 4.24.3 of the WEM Rules states that a service provider cannot provide SRC services:

- for load reduction, if the service provider is a Market Participant with a Demand Side Programme that does not satisfy, or has not satisfied, its Reserve Capacity Obligations during the current Capacity Year or a previous Capacity Year; and
- for a Registered Facility or load reduction for which the relevant Market Participant has held or holds Capacity Credits for the current or a previous Capacity Year.

These restrictions are designed to ensure Market Participants that fail to perform in the RCM cannot participate in the SRC, while also avoiding incentives for Market Participants to withhold capacity from the RCM to maximise their returns in a possible SRC process.

### Proposal from the Consultation Paper

EPWA proposed to amend the WEM Rules to limit the restrictions related to Demand Side Programme performance and to previously holding Capacity Credits to three Capacity Years, including the current Capacity Year, before the Capacity Year for which the SRC is procured.

### Summary of stakeholder feedback

At the TDOWG meeting and in written submissions, some stakeholders suggested that Market Participants with Demand Side Programmes that had failed to meet their Reserve Capacity Obligations should still be allowed to participate in the SRC if they could prove that they had rectified the problem. EPWA noted that the change was an easing of the current restriction and that some restriction must remain to incentivise compliance under the RCM.

Some stakeholders suggested in their formal submissions that the restrictions on service providers could be further eased relative to the proposal, suggesting that periods of up to a twelve months could be effective at deterring gaming while opening up the option to respond to a request for Supplementary Capacity to more participants.

A stakeholder, in its formal submissions, expressed concern that the amendment could create a blanket restriction on a provider offering SRC with non-DSP loads if it hasn't met its RCM obligations in relation to any DSP load. It was suggested that if the new amendment allow for this interpretation, the restriction should be removed completely.

### Review Outcome 3

Following consideration of the stakeholder responses, the Coordinator decided to further relax the limitations and to recommend the Minister makes WEM Amending Rules to:

- limit the restriction on participation in a SRC contracting period to service providers with a Demand Side Programme who have failed to satisfy its Reserve Capacity Obligations in the current Capacity Year or the immediately preceding Capacity Year; and
- limit the restriction on participation in a SRC contracting period for Market Participants which have held or currently hold Capacity Credits for a Registered Facility or load reduction in the current Capacity Year or the immediately preceding Capacity Year.

The relaxation of restrictions on these service providers are introduced through amendments to clause 4.24.3 of the WEM Rules.

The Coordinator will continue to monitor the behaviour of SRC service providers and may recommend that the pre-existing restrictions are reinstated if there is evidence that SRC services providers withhold capacity from the normal RCM processes.

### **Assessment against the WEM Objectives**

The Coordinator considers that the changes to the definition of Eligible Services will better achieve WEM Objectives 1.2.12(a) and (d).

Relaxing the definition of Eligible Services will ensure possible providers of SRC services are not unnecessarily prevented from providing SRC, in an environment where available capacity in the market is limited.

The Coordinator considers that restricting participation in the SRC processes to service providers who have held Capacity Credits for two years, including the current Capacity Year, as opposed to the effective permanent exclusion of services under the current WEM Rules, provides adequate safeguards against the potential risk service providers may withhold capacity from the RCM to instead enter into the SRC process.

## **3.4 Minor amendments**

During the engagement process, AEMO identified that the WEM Rules, as amended after Stage 1 of the SRC Review, required the following additional changes to fully facilitate the rule changes of Stage 1 of the SRC Review:

- allow the assessment of responses to a call for expression of interest to be less detailed than the assessment of responses to an actual call for tender;
- include requirements for respondents to a call for expression of interest, a call for tender or direct negotiation to provide evidence or information about their arrangements for network access; and
- ensure that the head of power for the relevant WEM Procedure covers the interaction between stakeholders and Western Power before the stakeholder has decided to respond to a call for expression of interest, a call for tender, or enters into direct negotiation.

### **Proposal from the Consultation Paper**

EPWA proposed to amend the WEM Rules to facilitate the changes requested by AEMO.

### **Summary of stakeholder feedback**

Feedback at the TDOWG meeting was supportive of the intent of the minor changes as proposed in the Consultation Paper.

At the TDOWG meeting:

- some stakeholders noted that for some potential service providers there may be a misalignment of timing between when Supplementary Capacity Contract negotiations occur and when access to the network can be achieved. For example, a provider negotiating with AEMO in July but its physical access to the network not being confirmed until November.

- AEMO noted that it would be sufficient if the provider could provide evidence that it will have network access for the SRC contract period.

In submissions to the Consultation Paper:

- the issue and suggested solution raised at TDOWG was also raised in formal submissions to the Consultation Paper;
- a stakeholder suggested, in its formal submission, that the proposed clause 4.24.7(l) may preclude respondents, who are in the process of finalising network access contracts, from meeting the prescribed requirements. The stakeholder expressed concern that this may result in potential service providers being deemed ineligible to secure an SRC contract; and
- AEMO requested that the commencement of amendments to clause 4.24.18 of the WEM Rules is deferred until after the 2023/2024 Hot Season. It argued that the immediate requirement for the AEMO to develop the relevant WEM Procedure changes could create complexities in the likely event that AEMO calls for SRC tenders ahead of the 2023/2024 Hot Season.

## Review Outcome 4

Following consideration of the stakeholder responses, the Coordinator has decided to recommend that the Minister makes WEM Amending Rules to:

- allow the assessment of responses to a call for expression of interest to be less detailed than the assessment of responses to an actual call for tender;
- include requirements for respondents to a call for expression of interest, a call for tender or direct negotiation to provide evidence or information about their actual or expected arrangements for network access for their contract duration; and
- ensure that the head of power for the relevant WEM Procedure covers the interaction between stakeholders and Western Power before the stakeholder has decided to respond to a call for expression of interest, a call for tender, or enters into direct negotiation.

The improvements are introduced through amendment to clause 4.24.1B, 4.24.1C and 4.24.18 and introduction of new clause 4.24.7(l) of the WEM Rules.

The Coordinator has also decided to recommend that the Minister commences the majority of the changes to clause 4.24.18 until after the completion of the 2023/24 Hot Season.

### Assessment against the WEM Objectives

The Coordinator considers that the introduction of the proposed clarifications are consistent with all WEM Objectives. The changes will remove ambiguity from the WEM Rules.

## 3.5 Publishing the results of SRC procurement activities

The WEM Rules currently do not provide for any information related to the Supplementary Capacity Contracts to be published. EPWA considers that it is appropriate for the high level outcomes of the SRC procurement activities to be published. Ultimately, consumers pay for these services and should be able to understand what they are paying for and how much.

### Proposal from the Consultation Paper

Following consideration of the stakeholder responses, the Coordinator decided to recommend that the Minister makes WEM Amending Rules to require AEMO to publish the following information for each Supplementary Capacity Contract following the completion of a tender process and any direct negotiation with SRC providers:

- the name of the contracted service provider;
- quantity of supplementary capacity contracted;

- means of contracting (i.e. tender or direct negotiation); and
- the type of the service contracted.

## Summary of stakeholder feedback

During the engagement period, one stakeholder considered that the identity of the service providers is commercial information and should not be published, and that instead the information should be aggregated.

There were no comments regarding this proposal during the TDOWG meeting, or in formal submissions to the Consultation Paper.

## Review Outcome 5

Following consideration of the stakeholder responses, the Coordinator decided to recommend that the Minister makes WEM Amending Rules to require AEMO to publish the following information for each Supplementary Capacity Contract following the completion of a tender process and any direct negotiation with SRC providers:

- the name of the contracted service provider;
- quantity of supplementary capacity contracted;
- means of contracting (i.e. tender or direct negotiation); and
- the type of the service contracted.

The improvements are introduced through the introduction of new clause 4.24.11C of the WEM Rules.

### **Assessment against the WEM Objectives**

The Coordinator considers that requiring the publication of information about the Supplementary Capacity Contracts will better achieve WEM Objective 1.2.1(a).

The publication of the information will increase transparency and increase market efficiency regarding the provision of SRC.

## 4. Additional Changes Proposed

Some additional changes were proposed by stakeholders (in written submissions) and EPWA following the TDOWG meeting. These are discussed below.

### 4.1 Introducing a requirement in Supplementary Capacity Contracts for compensation for services, which received an activation notice but were subsequently not activated

One stakeholder suggested in its written submission that service providers should receive compensation under the WEM Rules in the event services receive an activation notice but are subsequently not activated by AEMO. The activation of services, particularly where the service is a DSOC uplift, results in a service provider incurring fuel acquisition and other costs. The service provider noted in its submission that any additional energy generated could not be dispatched under other market mechanisms, resulting in unrecoverable costs for the service provider in this instance.

The stakeholder suggested that the introduction of compensation would provide a disincentive for AEMO to activate services if there is uncertainty as to whether the services will actually be activated. The suggestion was to incorporate a mechanism to address this risk as part of the standard Supplementary Capacity Contract, under clause 4.24.13(h) of the WEM Rules.

#### Review Outcome 6

The Coordinator has assessed the request made by the stakeholder and considers that WEM Amending Rules are not required at this time. The allocation of risk is a matter to be addressed between a service provider and AEMO, under the existing mechanisms associated with negotiation of a Supplementary Capacity Contract.

It is also noted that the 2022/2023 Hot Season was the first time SRC services were activated. All parties should now be more familiar with both the circumstances in which supplementary capacity may be needed to address a capacity shortfall, and the processes by which supplementary capacity will be activated. Further, changes made to the WEM Rules as part of Stage 1 of the Review to better align activation notice periods to other services are expected to assist in this regard.

## Appendix A. Issues Raised in Submissions

Proposed Change	Clause	Submitter	Submitter Feedback/Suggestions	EPWA's Assessment
<b>Availability of interval meter data for performance measurement</b>				
<b>PROPOSAL 1</b> EPWA proposes to require and enable Western Power to provide AEMO with the information necessary for the effective procurement and performance measurement of SRC services	4.24.18(b)	AEMO	Supportive of intent, suggested additional clause is required to overcome issues and challenges with confidentiality.  AEMO also identified a need to make consistent the wording of clause 4.24.18(c) and 4.24.18B with respect to the description of a request for assistance or an assessment by Western Power.	EPWA agreed and introduced an additional Rule Change proposal to 4.24.17(k) and new Rule 4.24.7(m) to introduce the provision of consent.  The Amending Rules have also been made consistent in line with AEMO's identification of an inconsistency.
		Perth Energy	No comment	
		Alinta Energy	No comment	
		Enel X	Supportive	
		Shell	No comment	
		Synergy	No comment	
		Western Power	Supportive of intent but noted challenges associated with the application of the Metering Code having precedence over the WEM Rules may make it challenging to comply with the Rule Change (and so the intent of the Rule Change	See above

Proposed Change	Clause	Submitter	Submitter Feedback/Suggestions	EPWA's Assessment
			would not be delivered). Agreed with AEMO that an additional Rule Change to introduce the provision of consent to share information as part of Supplementary Capacity Contracts would assist.	
<b>Formalisation of Testing Requirements for SRC Services</b>				
<b>PROPOSAL 2</b> EPWA proposes to amend the WEM Rules to require AEMO to activate all services as soon as practical after Supplementary Capacity Contracts are entered into.	4.24.16 (new clause)	AEMO	Confirmed during TDOWG that an alternative proposal, which would provide it with discretion to consider alternative evidence to physical activation of services as a means of confirming a service's capacity to deliver would satisfy the intent of the proposal.	EPWA agreed to amend the Rule Change proposal to provide discretion to AEMO as to how it satisfies itself that services will perform when required. This is achieved through a change in the wording of the new clause, removing the requirement for AEMO to "activate" the service and replacing it with additional drafting that permits this discretion.
		Perth Energy	Asked whether there was alternatives to activation as a means to confirm service's capacity to perform.	See above.
		Alinta Energy	Suggested service providers should be compensated for costs incurred during testing, at the contracted Activation Charge rate.  Noted the addition of compliance requirements may make SRC less attractive to potential service providers and actively work against the intent of the provisions in the WEM Rules.  Suggested AEMO could develop a means to prioritise submissions based on the level of	EPWA considers that it is reasonable for consumers to be assured that they receive what they are paying for, particularly given a number of services' failure to perform in the 2022/2023 Hot Season.  While service providers may decide to include provision for costs associated with testing in their offered price for

Proposed Change	Clause	Submitter	Submitter Feedback/Suggestions	EPWA's Assessment
			certainty or surety a provider could provide that its service would perform.	<p>SRC, EPWA notes that it should be the SRC provider's responsibility to demonstrate its capacity to provide the service that customers are paying for.</p> <p>Further, in analogous mechanism of the WEM, such as Commissioning Tests or Reserve Capacity tests, facilities do not receive extra compensation for testing.</p> <p>The suggestion to prioritise submissions based on the level of certainty or surety was noted.</p>
		Enel X	<p>Questioned whether individual participants in an aggregation program would need to be tested, or whether the testing was at the overall service provider.</p> <p>Suggested AEMO should be given discretion as to how a service's capacity to perform is confirmed (ie not all services need to be activated as part of a testing regime).</p>	EPWA considers that the requirement, as amended, could be imposed on the service provider, not individual loads.
		Shell	Suggested service providers should be compensated for costs incurred during testing, at the contracted Activation Charge rate, in order to provide an incentive for AEMO to only test when necessary.	<p>See above.</p> <p>Further, the amended rule changes now provide discretion to AEMO as to how it satisfies itself that services will perform, when required.</p>

Proposed Change	Clause	Submitter	Submitter Feedback/Suggestions	EPWA's Assessment
		Synergy	Asked whether there was alternatives to activation as a means to confirm service's capacity to perform.	See above.
		Western Power	No comment.	
<b>Changes to the Definition of Eligible Services</b>				
<p><b>PROPOSAL 3</b></p> <p>EPWA proposes to amend the WEM Rules to ease restrictions associated with participation in the RCM and past non-performance in Demand Side Programmes to provide greater opportunities for service providers to participate in the provision of SRC.</p>	4.24.3 (a) and 4.24.3 (c) (ii)	AEMO	<p>Noted the intent around excluding past non-performers, but questioned whether there was merit in allowing past non-performers to make offers for SRC if they can prove they have made changes to their facilities to address past issues / augment the services offered.</p> <p>AEMO questioned whether excluding a service for failing to perform "just one time out of 100" was a proportionate response.</p>	EPWA noted that the current Rule Change proposal was designed to ease restrictions and felt the balance was right as currently drafted.
		Perth Energy	<p>Noted the intent around excluding past non-performers, but questioned whether there was merit in allowing past non-performers to make offers for SRC if they can prove they have made changes to their facilities to address past issues / augment the services offered.</p>	See above.
		Alinta Energy	<p>Noted SRC is a more risky service from a providers' perspective as there is no guarantee the service would be called, and therefore market incentives would dictate choices to participate in the RCM.</p>	Noted.

Proposed Change	Clause	Submitter	Submitter Feedback/Suggestions	EPWA's Assessment
		Enel X	<p>Questioned whether the new testing requirements addressed this concern as service providers would only obtain contracts in the event AEMO was satisfied they could perform.</p> <p>In its submission Enel X suggested the restrictions on participation in the RCM / non-performance of DSPs could be further eased while reducing the capacity for service providers to game the market.</p>	<p>EPWA considers that testing and Eligible Services definition are separate issues, and notes that the proposed Rule Change significantly eases the current restrictions.</p> <p>EPWA's view is the proposed Rule Change was designed to significantly ease the current restrictions and feels that the balance is right if the proposed relaxation of these restrictions.</p>
		Shell	No comment.	
		Synergy	No comment.	
		Western Power	No comment.	
Minor Clarifying Amendments				
<b>PROPOSAL 4</b> AEMO advised a number of minor clarifying amendments were required following changes to the WEM Rules gazetted in Stage 1 of the Review to ensure the Supplementary Capacity rules	4.24.1B	AEMO	Supportive.	
		Perth Energy	No comment.	
		Alinta Energy	No comment.	
		Enel X	Supportive.	

Proposed Change	Clause	Submitter	Submitter Feedback/Suggestions	EPWA's Assessment
<p>reflect the intent of the provisions. These changes are:</p> <p>(a) Allow the assessment of responses to a call for expression of interest to be less detailed than the assessment of responses to an actual call for tender</p> <p>(b) Include requirements for respondents to a call for expression of interest, a call for tender or those that enter into direct negotiation to provide evidence or information about their arrangements for network access</p> <p>(c) Ensure that the WEM Procedure covers the interaction between Western Power and stakeholders that have not yet decided to respond to a call for expression of interest, a call for tender, or to enter into direct negotiation (d) the name and contact details, provided by Western Power, which must be used when assistance or assessment by Western Power is requested.</p>		Shell	No comment.	
		Synergy	No comment.	
		Western Power	No comment.	
	4.24.7	AEMO	Supportive.	
		Perth Energy	Noted that there is a misalignment of timing between when SRC procurement occurs and when services need to be provided, and when Western Power may grant access given current resource constraints. Suggested that there could be a change to the Amending Rule which permits service providers to demonstrate they have taken steps to obtain access, as opposed to having to provide proof of actual access, during the SRC procurement.	On reflection EPWA agrees with this suggestion and has adjusted the Amending Rule to reflect this.
		Alinta Energy	No comment.	
		Enel X	Supportive.	
		Shell	No comment.	
		Synergy	Noted in its submission similar concerns to Perth Energy at TDOWG and provided a suggestion for a change to the Amending Rule.	See above.

Proposed Change	Clause	Submitter	Submitter Feedback/Suggestions	EPWA's Assessment
	4.24.1C	Western Power	No comment.	
		AEMO	Supportive.	
		Perth Energy	No comment.	
		Alinta Energy	No comment.	
		Enel X	No comment.	
		Shell	No comment.	
		Synergy	No comment.	
		Western Power	No comment.	
	4.24.18	AEMO	Supportive, but requested this Rule Change is deferred to after the 2023/2024 Hot Season to reduce the risk of complexities associated with tendering for SRC while simultaneously preparing a new Procedure.	EPWA has requested that the Minister defers the commencement of these changes, as requested by AEMO.
		Perth Energy	Noted that there may be some challenges with appropriately enforcing and managing respondents who "intend" to respond as this could be anyone.	EPWA notes the concern but considers that no change required.

Proposed Change	Clause	Submitter	Submitter Feedback/Suggestions	EPWA's Assessment
		Alinta Energy	No comment.	
		Enel X	No comment.	
		Shell	No comment.	
		Synergy	No comment.	
		Western Power	No comment.	
Publishing the Results of SRC Procurement Activities				
<b>PROPOSAL 5</b> EPWA is considering whether to amend the WEM Rules to require AEMO to public certain information about Supplementary Capacity Contracts it enters into to promote market transparency.	4.24.11B	AEMO	Supportive.	
		Perth Energy	No comment.	
		Alinta Energy	No comment.	
		Enel X	Supportive.	
		Shell	No comment.	
		Synergy	No comment.	
		Western Power	No comment.	

Proposed Change	Clause	Submitter	Submitter Feedback/Suggestions	EPWA's Assessment
Additional feedback				
<p><b>Additional feedback</b></p> <p>The following additional matters were raised by stakeholders during the TDOWG meeting or in a written submission.</p>	N/A	AEMO	N/A	
		Perth Energy	N/A	
		Alinta Energy	N/A	
		Enel X	N/A	
		Shell	Shell suggested an amendment to clause 4.24.13(h) of the WEM Rules (contents of Supplementary Capacity Contracts) to require AEMO to provide a minimum payment to service providers during events where services receive an Activation notice but are not Dispatched. This situation results in a Service Provider incurring unrecoverable costs to activate its service as additional generation cannot be sold in the STEM under the WEM Rules.	EPWA considers that the current WEM Rules provide adequate means for service providers to negotiate terms in Supplementary Capacity Contracts which address the risks associated with service activation.
		Synergy	N/A	
		Western Power	N/A	

## Appendix B. Proposed WEM Rule changes

EPWA proposes the following Amending Rules to implement the changes proposed in Section 3 of this Consultation Paper (~~deleted text~~, added text). The mark up is based on the WEM Rules expected to be in place on 1 July 2023 based on current Amending Rules that are made but yet have to commence.

### 4.24. Supplementary Capacity

- 4.24.1. If, at any time after the day which is six months before the start of a Capacity Year, AEMO considers that inadequate Reserve Capacity will be available in the SWIS to maintain Power System Security and Power System Reliability, using the most recent published forecasts and the methodology outlined in clauses 4.5.9(a) and 4.5.9(b) and any other information AEMO considers relevant, then it must:
- (a) determine the expected start and end dates for the period of the shortfall;
  - (b) determine the expected amount of the shortfall; and
  - (c) seek to acquire supplementary capacity in accordance with clause 4.24.2.
- 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.
- 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;

~~(gA) a statement that a respondent must provide evidence that it has access to a network, or has taken steps to obtain access to a network, where applicable;~~

- (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.

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 proposed 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.~~

(c) must, for each response assessed by it, provide feedback to each respondent on whether AEMO or Western Power, as applicable, considers the Eligible Services the respondent proposes to provide would be likely to be capable of meeting the requirements outlined in the call for expressions of interest and contained in the standard Supplementary Capacity Contract.

4.24.2. If AEMO decides to seek to acquire supplementary capacity and:

- (a) the expected start date of the shortfall is at least 12 weeks from the date AEMO becomes aware of the shortfall, then it must call for tenders from potential suppliers of supplementary capacity in an invitation to tender;
- (b) clause 4.24.2(a) does not apply, then it must either:
  - i. call for tenders from potential suppliers of supplementary capacity in an invitation to tender; or
  - ii. negotiate directly with potential suppliers of supplementary capacity.

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 did not satisfy its Reserve Capacity Obligations during the immediately preceding~~ 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.~~

(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:

i. does not hold Capacity Credits in the current Capacity Year or has not held Capacity Credits in the current Capacity Year or the immediately preceding Capacity Year; or

ii. 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.

4.24.4. A person is not required to be a Rule Participant in order to submit a tender in response to a call for tenders under clause 4.24.2 or enter into a Supplementary

Capacity Contract with AEMO. However, if a Rule Participant does enter into a Supplementary Capacity Contract with AEMO, then it must comply with that contract.

- 4.24.5. AEMO must not call for tenders for supplementary capacity earlier than six calendar months prior to the calendar month in which the shortfall period is expected to start.
- 4.24.6. If AEMO decides to call for tenders for supplementary capacity, then, no earlier than 30 Business Days and no later than 10 Business Days prior to the proposed closing date for submission of tenders, AEMO must advertise the call for tenders in accordance with clause 4.24.6A. The advertisement must include:
- (a) the date and time by when any person wishing to tender to supply Eligible Services must have completed and lodged with AEMO the form specified in clause 4.24.7;
  - (b) contact details for AEMO and Western Power;
  - (c) the amount of capacity required;
  - (d) the number of hours over which the capacity is expected to be used;
  - (e) the time of the day where the capacity is expected to be required;
  - (f) the expected term of any Supplementary Capacity Contracts entered into as a result of the call for tenders;
  - (g) the maximum contract value per hour of availability for any Supplementary Capacity Contract that AEMO will accept;
  - (h) the location on the WEM Website of the standard Supplementary Capacity Contract; and
  - (i) the location on the WEM Website of the tender form to be used in applying to provide Eligible Services.
- 4.24.6A. In advertising the call for tenders in accordance with clause 4.24.6, AEMO must:
- (a) publish a notice on the WEM Website;
  - (b) publish a notice on at least one major tender portal; and
  - (c) issue a Market Advisory.
- 4.24.7. AEMO must prescribe the tender form to be used by those applying to provide Eligible Services. This form must require the provision of the following information ~~specification~~ of:
- (a) the name and contact details of the applicant;
  - (b) the nature of the Eligible Service to be provided;
  - (c) the amount of the Eligible Service available;
  - (d) the maximum number of hours over the term of the Supplementary Capacity Contract that the Eligible Service will be available;

- (e) the maximum number of hours on each day during the term of the Supplementary Capacity Contract that the Eligible Service will be available;
- (f) the time of each day during the term of the Supplementary Capacity Contract that the Eligible Service will be available;
- (g) any information required to complete the relevant standard form Supplementary Capacity Contract for the Eligible Service and the applicant, together with full details of any amendments to the standard form Supplementary Capacity Contract required by the applicant;
- (h) the mechanism for activating the Eligible Service;
- (i) the mechanisms available for measuring the Eligible Service provided;
- (j) the values of
  - i. the availability price for the Eligible Service expressed in dollars; and
  - ii. the activation price for the Eligible Service, expressed in dollars per hour of activation, where this price must reflect direct or opportunity costs incurred,

where the activation price plus:

- iii. the availability price; divided by
- iv. the lesser of:
  - 1. the number of hours specified in the advertisement for the call for tenders under clause 4.24.6(d); and
  - 2. the number of hours specified for the Eligible Service in accordance with clause 4.24.7(d),

must not exceed the maximum contract value per hour of availability specified in the advertisement for the call for tenders under clause 4.24.6(g); ~~and~~

- (k) the location of the Eligible Service and any associated Transmission Node Identifier; and any associated NMI, where applicable;

(l) evidence that the Eligible Service will have access to a network for the contract period, where applicable; and

(m) the applicant's consent for Western Power to provide AEMO with relevant information, including information related to meters, meter readings and status of access arrangements, where applicable.

4.24.8. In determining the result of a call for tenders and entering into Supplementary Capacity Contracts:

- (a) AEMO must only accept an offer for the provision of Eligible Services;
- (b) AEMO must not accept an offer for the provision of an Eligible Service if AEMO is not satisfied that the Eligible Service will be available during times of system peak demand coinciding with the shortfall period;

- (c) ~~subject to the preceding paragraphs and clause 4.24.9~~ subject to clauses 4.24.8(a), 4.24.8(b) and 4.24.9, AEMO is to seek to enter into the lowest cost mix of Supplementary Capacity Contracts that:
- i. will meet the requirement for supplementary capacity; or
  - ii. will, if it is not possible to meet the requirement for supplementary capacity, minimise the remaining Reserve Capacity shortfall,
- where the cost of each Supplementary Capacity Contract is to be defined to be the sum of:
- iii. the availability price; plus
  - iv. the product of the activation price and the lesser of:
    1. the number of hours specified in the advertisement for the call for tenders under clause 4.24.6(d); and
    2. the number of hours specified for the Eligible Service in the relevant tender form in accordance with clause 4.24.7(d); and
- (d) AEMO must be reasonably satisfied that the provider of the Eligible Service has access to a network, where applicable.

4.24.9. AEMO is not under any obligation to accept any tender, or enter into a Supplementary Capacity Contract in respect of any tender, made in response to a call for tenders under clause 4.24.2.

4.24.10. If AEMO negotiates directly with a potential supplier of Eligible Services in accordance with clause 4.24.2(b)(ii), then it must provide the following information to the potential supplier:

- (a) the amount of capacity required;
- (b) the relevant standard form Supplementary Capacity Contract; and
- (c) details of the information to be provided by the potential supplier, including:
  - i. the amount of the Eligible Service available;
  - ii. the mechanism for activating the Eligible Service;
  - iii. the mechanisms available for measuring the Eligible Service provided;
  - iv. the availability price for the Eligible Service expressed in dollars;
  - v. the activation price for the Eligible Service, expressed in dollars per hour of activation, where this price must reflect direct or opportunity costs incurred; and
  - vi. the location of the Eligible Service and any associated Transmission Node Identifier and any associated NMI, where applicable.

4.24.11. Subject to clauses 4.24.3, ~~4.24.11A~~ 4.24.11B and 4.24.14, AEMO may at its discretion enter into any negotiated Supplementary Capacity Contract, but must use reasonable endeavours to minimise the cost of Eligible Services acquired in this manner.

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.

4.24.11B. Following the completion of a tender process called under clauses 4.24.2(a) or 4.24.2(b)(i) and any negotiations in accordance with clause 4.24.2(b)(ii), as applicable, AEMO must publish on the WEM Website the following information for each Supplementary Capacity Contract:

- (a) the name of the service provider that has been contracted to provide supplementary capacity;
- (b) the quantity contracted under the Supplementary Capacity Contract;
- (c) whether the contract was entered in through a tender process or direct negotiation; and
- (d) the type of the Eligible Service contracted.

4.24.12. AEMO must, in consultation with stakeholders, develop and maintain a standard form Supplementary Capacity Contract, which accords with the requirements in clause 4.24.13.

4.24.13. A standard form Supplementary Capacity Contract will require the supplier of an Eligible Service to reduce net consumption, or to increase energy production, on instruction from AEMO and must specify:

- (a) that there are no force majeure conditions;
- (b) the settlement process to be followed, including timing of payments;
- (c) contract variation conditions;
- (d) any conditions required to ensure that if a different person takes over the facility used to provide the Eligible Service, that the person taking over will be bound by the contract obligations (for example, by requiring the execution of a deed of assumption or novation);
- (e) the financial consequences of failing to supply the Eligible Service in accordance with the contract, based on the arrangements which apply under section 4.26 where a Market Participant holding Capacity Credits for a Facility fails to comply with its Reserve Capacity Obligations;
- (f) [Blank]
- (g) the technical standards and verification arrangements which facilities used to provide Eligible Services must comply with; and
- (h) blank schedules specifying:
  - i. the term of the Supplementary Capacity Contract, where this term is not to exceed, but may be shorter than, the Hot Season;
  - ii. the sources of the net consumption reduction or energy production increase;

- iii. the amount of net consumption reduction or energy production increase required;
- iv. the notification time to be given for activation;
- v. the method of notification of activation;
- vi. the minimum duration of any activation;
- vii. the maximum duration of any single activation;
- viii. any limits on the number of times AEMO can request activation;
- ix. the basis to be used for measuring the response;
- x. the availability price;
- xi. the activation price;
- xii. technical matters relating to the facility (including testing); and
- xiii. the fact that activation instructions will be given by AEMO.

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.

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.

4.24.15. AEMO must recover the full cost it incurs in respect of Supplementary Capacity Contracts in accordance with section 4.28 and Chapter 9.

4.24.16. ~~[Blank]~~ AEMO must verify the ability of each contracted Eligible Service to provide the maximum quantity contracted under the Supplementary Capacity Contract.

4.24.17. [Blank]

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;~~

(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;
- 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;~~
- (b) requirements regarding the information and assistance AEMO may require from Western Power to support:
  - i. an expression of interest process or a procurement process for supplementary capacity under this section 4.24;
  - ii. measuring the performance of activated Eligible Services subject to a Supplementary Capacity Contract;
- (c) requirements, developed in consultation with Western Power, regarding the information that must be provided by those ~~applying to provide Eligible Services intending to respond to a call for expression of interest under clause 4.24.1A or intending to provide supplementary capacity in response to a call for tender or direct negotiation under clause 4.24.2~~, 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.

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 intending to respond to a call for expressions of interest under clause 4.24.1A or intending to provide supplementary capacity in response to a call for tenders or direct negotiation under clause 4.24.2~~ 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.

4.24.19. Following each call for tenders for supplementary capacity or otherwise acquiring Eligible Services, the Coordinator must review the supplementary capacity provisions of this section 4.24 with regard to the Wholesale Market Objectives and must undertake a public consultation process in respect of the outcome of the review.

...

## 11. Glossary

...

**National Metering Identifier:** The unique identifier for a connection point.

...

**NMI:** See National Metering Identifier.

...

**Energy Policy WA**

Level 1, 66 St Georges Terrace, Perth WA 6000

Locked Bag 100, East Perth WA 6892

Telephone: 08 6551 4600

[www.energy.wa.gov.au](http://www.energy.wa.gov.au)

*We're working for  
Western Australia.*

