



# PROPOSED WEM AMENDING RULES - SYSTEM RESTART SERVICES AND TRANSITIONAL ARRANGEMENTS FOR REGISTRATION

## EXPLANATORY MEMORANDUM

### Background

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The Taskforce has released three tranches of Amending Rules:

1. *Tranche 1*, comprising the new framework for Generator Performance Standards (GPS) GPS framework, revised frequency operating standards, contingency events framework, and administrative changes to improve the clarity and consistency of the Wholesale Electricity Market (WEM) Rules;
2. *Tranche 2*, comprising the design of the new real-time WEM, including changes to energy scheduling and dispatch, new Essential System Services (ESS), revised market settlement arrangements, changes to operational planning and outage management, a revised registration framework, and an improved framework for market compliance and monitoring; and
3. *Tranche 3*, comprising changes to the Reserve Capacity Mechanism (RCM) to reflect the implementation of constrained network access in the South West Interconnected System, including a new framework for assigning 'Network Access Quantities' to facilitate the accreditation of capacity.

This explanatory memorandum supports two additional extracts of draft Amending Rules relevant to Tranche 2 and Tranche 3 Amending Rules.

These two extracts are:

1. System Restart Service outlined in revised section 3.7 of the WEM Rules; and
2. specific transitional aspects of the Registration Framework to support the implementation of the 2021 and 2022 Reserve Capacity Cycles and the new facility registration taxonomy for new market arrangements from October 2022 onwards.

### Consultation process for System Restart Services and Transitional Arrangements for Registration Amending Rules

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The Exposure Draft of the Amending Rules for System Restart Service and Transitional Arrangements for Registration is available in the consultation section of the Energy Transformation Website at <https://www.wa.gov.au/organisation/energy-policywa/energy-transformation-strategy>.

Stakeholders are invited to provide written comment on this rules package by 5:00 PM Western standard (Perth) time on 24 November 2020 (aligned with the consultation closing date for the Tranche 3 Amending Rules) to:

[energytransformation@energy.wa.gov.au](mailto:energytransformation@energy.wa.gov.au)

The Energy Transformation Implementation Unit is also available on request to meet with interested stakeholders to discuss the Amending Rules. Contact can be made using the email address above.

One meeting of the Transformation Design and Operation Working Group (TDOWG) has been planned to consult with stakeholders on the Transitional Arrangements for Registration and System Restart Service draft Amending Rules.

Date and time of TDOWG	Topics of Amending Rules	Relevant sections of the Amending Rules
<b>18 November</b> <b>9:30am - 11:30am</b>	System Restart Service	Section 3.7
	Transitional Arrangements – Registration for the 2021 and 2022 Reserve Capacity Cycles	Section 1.45
	Transitional Arrangements – Registration from the New WEM Commencement Date	Section 1.46
	Participation and Registration	Sections 2.28 and 2.29

## Components of this Amending Rules package

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### System Restart Service

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Revised section 3.7 of the Amending Rules sets out detailed rules for the planning and development of the System Restart Standard and the System Restart Plan by the Australian Energy Market Operator (AEMO), the requirement to consult and coordinate with Network Operators in the development of the standard and plan as well as in the enactment of the plan, and the obligations of Network Operators and Market Participants to support the plan. This section also sets out new clauses for the procurement of System Restart Services and the awarding of System Restart Service Contracts by AEMO.

Changes to this section have been made to:

1. clarify the roles and responsibilities of AEMO and Network Operators in relation to the System Restart Service, clarifying the roles of AEMO and the Network Operator (which prior to the transfer of system management responsibilities to AEMO in 2015 was the responsibility of Western Power);
2. clarify the requirements to review the System Restart Standard and System Restart Plan to ensure they remain effective in the event of a system shutdown or major supply disruption;

3. clarify the obligations of all Market Participants with Registered Facilities to maintain Local Black Start Procedures;
4. outline the previously unclear publication requirements for the System Restart Standard and the System Restart Plan;
5. place obligations on AEMO and Rule Participants to do all things necessary to ensure the system can be restarted in the event of a system shutdown or major supply disruption including by following AEMO's directions;
6. add transparency to the procurement of System Restart Services; and
7. clarify cost-recovery in relation to System Restart Services by different entities.

## **Transitional Registration Framework Amending Rules**

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The Transitional Registration Framework Amending Rules have been drafted to account for the new registration taxonomy that is to be gazetted with the Tranche 2 and Tranche 3 Amending Rules to support the new WEM. This is to allow for facilities to be registered under the new Facility Technology Types (clause 2.29.1) and Facility Classes (2.29.1A) and to provide clarity their market obligations for each registration class. The new taxonomy was described in the Energy Transformation Taskforce information paper: [Registration and Participation Framework in the Wholesale Electricity Market](#), published in February 2020. Other aspects of the registration and participation framework, including Facility Aggregation, Intermittent Loads and Standing Data, will be progressed in early 2021.

The transitional provisions in section 1.45 enable the new registration taxonomy to apply to the 2021 and 2022 RCM Capacity Cycles while maintaining the existing registration rules to apply under current market arrangements until the New WEM Commencement Day on 1 October 2022. These transitional provisions in section 1.45 of the Amending Rules will ensure that all existing and new facilities participating in the 2021 and 2022 Reserve Capacity Cycles are able to be recognised under a new Facility Class. Section 1.45 will commence in early 2021 pending final decision by the Taskforce regarding the dates of the 2021 and 2022 Reserve Capacity Cycles.

The transitional arrangements drafted in section 1.46 outline the Facility Classes that are to apply on and from the New WEM Commencement Day.

These transitional registration framework rules have been drafted as the minimum requirements needed to ensure the Tranche 2 and Tranche 3 Amending Rules are legally complete and that the 2021 and 2022 Reserve Capacity Cycles are able to run in accordance with the new registration framework. The remaining sections of the Participation and Registration framework will be finalised in April 2021. The Explanatory Notes throughout the Registration Amending Rules extract document the outstanding sections of the Participation and Registration WEM Rules that need further review.

### **Section 1.45 Specific Transitional Provisions – Registration for the 2021 and the 2022 Reserve Capacity Cycle**

The intent of the new section 1.45 in the Amending Rules is to enable the new registration taxonomy to apply to the 2021 and 2022 RCM Capacity Cycles while maintaining the existing registration concepts that apply under current market arrangements until the New WEM Commencement Day. This is when the existing registration concepts will extinguish as well as this transitional section 1.45 expiring.

The intent is of the new section 1.45 in the Amending Rules is as follows:

- Automatically transition (via deeming provisions) all existing market participants (e.g. Market Generators and Market Customers in current WEM Rules) participating in the 2021 and 2022 Reserve Capacity Cycles to the Market Participant class.
- Automatically transition (via deeming provisions) all existing market participants' Registered Facilities to new equivalent Facility classes unless certain conditions apply. Where those conditions apply, a transitional WEM Procedure will apply and AEMO will be required to determine a different Facility Class as per the new Facility Classes specified in section 2.29.
- If there is an existing unregistered facility, the facility will be assessed as per the new Facility technology types specified in section 2.29 and will be assigned a Facility Class. Any new facility coming for the first time into RCM will follow the processes under Chapter 4 of the Amending Rules.
- Any new facility participating in the Reserve Capacity Mechanism for the first time will be required to follow the processes under Chapter 4.

The following table below sets out the equivalent RCM Facility Class that is to apply to an existing Registered Facility for the 2021 and the 2022 Reserve Capacity Cycle until the WEM Commencement Date:

<b>Facility Class immediately before the New RCM Transition Date</b>	<b>Equivalent RCM Facility Class from the New RCM Transition Date</b>
Scheduled Generator	Scheduled Facility
Non-Scheduled Generator below 10 MW	Non-Scheduled Facility
Non-Scheduled Generator at or above 10 MW	Semi-Scheduled Facility
Interruptible Load	Interruptible Load
Demand Side Programme	Demand Side Programme

#### **Section 1.46 Specific Transitional Provisions – Registration from the New WEM Commencement Day**

The intent of the new section 1.46 in the Amending Rules is to outline the transitional provisions that will apply to Market Participants from the New WEM Commencement Day.

The intent is of the new section 1.46 in the Amending Rules is on and from the New WEM Commencement Date:

- All existing Market Customers and Market Generators are automatically registered in the Market Participant class.
  - Each existing Registered Facility registered to a Market Participant is automatically registered under the equivalent new Facility Class unless certain conditions apply.
  - Where certain conditions apply, transitional WEM Procedure is to apply and AEMO is to determine a different Facility Class as per the new Facility Classes defined in section 2.29 of the Amending Rules.

The following table below sets out the equivalent Facility Class that is to apply to an existing Registered Facility from the WEM Commencement Date:

<b>Facility Class immediately before the New WEM Commencement Day</b>	<b>Equivalent Facility Class from the New WEM Commencement Day</b>
Scheduled Generator	Scheduled Facility
Non-Scheduled Generator below 10 MW	Non-Scheduled Facility
Non-Scheduled Generator at or above 10 MW	Semi-Scheduled Facility
Interruptible Load	Interruptible Load
Demand Side Programme	Demand Side Programme

### **Section 2.28 Rule Participants**

Clause 2.28.1 has been amended to reflect the decisions made in the Taskforce information paper: [Registration and Participation Framework in the Wholesale Electricity Market](#).

A new 'Market Participant' class will be created to replace the existing Market Generator, Market Customer and Ancillary Service Provider classes. This category will denote a participant who provides or consumes a WEM product or service (i.e. any participant that is part of the financial settlement process). A Market Participant will have obligations in respect of its Facilities. Therefore, a Market Participant must register its Facilities.

No change is required to the Network Operator class.

Clauses 2.28.7 and 2.28.7A were amended to reflect the new registration framework where any facility with a System Size of between 5 megawatts (MW) and 10 MW may apply to AEMO to seek an exemption from the requirement to register. AEMO will process an application for exemption in accordance with exemption criteria that AEMO will be required to set out in a WEM Procedure, and AEMO will be required to grant an exemption other than for reasons of Power System Security and Power System Reliability.

Clause 2.28.8 is amended to reflect the new registration framework where any facility with a System Size less than 5 MW will have a standing exemption from the requirement to register. However, AEMO may revoke a standing exemption for reasons of Power System Security and Power System Reliability.

New clause 2.28.9 outlines that if AEMO does not grant an exemption from the requirement to register in respect to a facility less than 10 MW, then the person who owns, operates or controls the facility must register in the Market Participant class. The new clause 2.28.9A requires that any exempted person planning any changes to its energy producing system must notify AEMO to enable AEMO to determine whether the exemption from the requirement to register needs to be re-assessed.

Existing clause 2.283A that involves information that a Network Operator must provide to AEMO, for each of its Networks has been moved to new WEM Procedure clause 2.28.20.

AEMO will be required to develop a new WEM Procedure that sets out the exemption criteria for the requirement to register that will apply to Market Participants. This WEM Procedure will also

outline the processes that are to be followed by both AEMO and Market Participants in applying for, assessing, granting and revoking an exemption.

## **Section 2.29 Facility Registration Classes**

Clause 2.29.1 outlines the types of Facility Technology Types that may exist in the WEM. Clause 2.29.1A outlines the Facility Classes that exist for the purposes of registration in the WEM.

A Facility may contain one or more technology types (however, they may be limited by rules related to facility aggregation and requirement to be at a single network connection point). The determination of Facility Class will be made by AEMO in accordance with the registration process.

For example, a Market Participant that has an energy producing system that comprises an Electric Storage Resource and an Intermittent Generating System may be assessed to be in the Semi-Scheduled Facility Class, based on the size of its components and controllability.

New clause 2.29.2A provides an explicit exemption in the WEM Rules that may enable Market Participants to register a Demand Side Programme or Interruptible Load at a common set of network connection points to another Registered Facility.

New clause 2.29.5 is similar to clause 2.29.5A so that a Market Participant, other than the Financially Responsible Market Participant, can aggregate loads to register Interruptible Loads.

Clause 2.29.5E is proposed to be amended so that AEMO must accept an application submitted under clause 2.29.5B unless, as specified in 2.29.5E(b), where the application is to associate a Non Dispatchable Load with a Demand Side Programme, the relevant Load is not equipped with interval metering.

In addition to clause 2.29.5E(b), new clause 2.29.5E(bA) is added so that AEMO must accept an application submitted under clause 2.29.5B unless an application to associate a Non Dispatchable Load with a Demand Side Programme the relevant Load does not have equipment installed to allow it to be interrupted in response to under frequency situations.

Existing clauses 2.29.10 and 2.29.11 will be moved to section 2.30B Intermittent Loads and will be reviewed in early 2021. Any proposed amendments shown in the base clause in these Amending Rules are placeholder amendments only.

## **Sections 2.30 Facility Aggregation, Section 2.30B Intermittent Loads, and Section 2.30C Rule Commencement and Registration Data**

Drafting amendments to Section 2.30 Facility Aggregation, Section 2.30B Intermittent Loads, and Section 2.30C Rule Commencement and Registration Data will be progressed in early 2021.

## **Section 2.31 Registration Process**

Drafting amendments to Section 2.31 Registration Process will be made in early 2021, however the following key changes are expected to be made to streamline and clarify the registration process:

### **Registration**

#### *New facilities:*

- Where a new participant enters the Reserve Capacity Mechanism, its energy producing system be assessed as per Facility Technology Types for the purposes of determining the relevant capacity certification methodology

- Within the first year of the Reserve Capacity Cycle, the intending participant's energy producing system will also be assessed by AEMO based on System Size and controllability and assigned an indicative Facility Class.
- AEMO will issue a certificate of registration to that participant in respect to its energy producing system indicating that the Market Participant and its energy producing system is registered for the purposes of the WEM Rules.
- If, for any reason, the energy producing system is changed (for example, it does not get built, or system size is changed, or controllability requirements change), the certificate of registration will be automatically invalidated and a re-assessment for a different Facility Class will be undertaken by AEMO.

*Existing facilities:*

- Existing energy producing systems holding a certificate of registration will continue in the assigned Facility Class unless, for any reason, any changes are planned to be made that may trigger a re-assessment for a different Facility Class.

**Section 2.32 Suspension and deregistration**

No major drafting amendments are planned to the suspension and deregistration process under the WEM Rules. This section will be reviewed for possible amendment in April 2021.