Energy Transformation Implementation Unit

Amending Rules for RCM

Network Access Quantities

6 November 2020

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Agenda

1 **NAQ Framework – Outline of key changes to the RCM**

2 **NAQ Assignment – Appendix 3 (Focus of today)**

RCM Amending Rules

Current Consultation

Tranche 3 Amending Rules

- TDOWG 28 – Storage and Hybrid Facilities and associated RCM changes
- TDOWG 29 – RCM Implementation – Transition Options
- TDOWG 30 – Network Access Quantities Framework

Consultation on the Tranche 3 Amending Rules closes:

5:00 PM, 23 November 2020.

- Provide feedback to energytransformation@energy.wa.gov.au
- Contact Ashwin Raj, Project Lead

  08 6551 4705; Ashwin.raj@energy.wa.gov.au

NAQ Framework

Key changes to the RCM

Changes to the timeline

Section 4.1

Change	Current	New
Expressions of Interest open	31 January	15 January
Expressions of Interest close	15 May	1 March
Expression of Interest summary published	15 May	1 April
CRC applications open	1 May	14 April
Western Power provides limit advice to AEMO	*Not applicable*	*15 April*
AEMO publishes preliminary constraint equations	*Not applicable*	*20 May*
ESOO published	17 June	17 June
CRC applications close	1 July	24 June
AEMO notifies CRC assigned	19 August	12 August
Reserve Capacity Security required	2 September	25 August
Provide bilateral trade declarations to AEMO	2 September	25 August
AEMO confirms CRC that can be traded bilaterally	3 September	26 August
AEMO publishes • CRC for each facility • The Reserve Capacity Requirement	4 September	27 August
AEMO assigns Capacity Credits	5 September	30 September
AEMO • Notifies NAQ assigned to facilities • Publishes NAQ related information	Not applicable	30 September

Initial NAQ

Clauses 4.1A.1 – 4.1A.3

- When the NAQ assignment process is undertaken for the first time, AEMO will need to determine an ‘initial’ NAQ for facilities.
- The purpose of the ‘initial’ NAQ is to give existing holders of Capacity Credits priority over new entrants in the NAQ assignment process when it is run for the first time.
- The initial NAQ is the lower of:
  - The CRC that AEMO has assigned to the facility for the Reserve Capacity Cycle in which the NAQ assignment will be undertaken for the first time; and
  - The quantity of Capacity Credits AEMO has assigned to the facility in the immediately preceding Reserve Capacity Cycle.

The Capacity Credit Uplift

Clauses 4.1A.4 – 4.1A.7

- Mechanism to address the risk that some generators receive less Capacity Credits in the transition to the new regime due to the way network capacity will be modelled
- Provides an ‘uplift’ in circumstances where the NAQ that is assigned to a facility is less than the Capacity Credits the facility held in the previous Cycle.
- Uplift is calculated once only and represents the difference between the ‘initial’ NAQ that has been assigned to the facility and the ‘final’ NAQ that is determined for the facility in the Reserve Capacity Cycle that the NAQ assignment process is being undertaken for the first time.
- The uplift is provided for the life of the facility. It can be reduced but cannot then be increased subsequently.
- Only applies to non-GIA facilities.
- Would be procured from surplus unless there was insufficient surplus in a Cycle, in which case AEMO would need to procure an additional amount to cover the uplift.

RCM Limit Advice and Constraint Equations

Sections 2.27A and 4.1B

- Additional and specific requirements for AEMO and Western Power to develop limit advice and constraint equations for the purposes of the NAQ assignment process.
- The NAQ Model will use thermal and non-thermal constraint equations.
  - AEMO will develop thermal constraint equations using thermal limit advice that is provided by Western Power. The limit advice will be prepared assuming an ambient temperature of 41 degrees Celsius.
  - AEMO will develop non-thermal constraint equations using any non-thermal limit advice it has available as part of the security constrained market Limit Advice. As non-thermal limits will not be available for new facilities, AEMO will use existing non-thermal limits that most closely represents the expected limit for the new facility.
- RCM Constraint Equations will be published twice
  - First, by 20 May as part of a set of 'preliminary' RCM constraint equations. These are considered 'preliminary' because they will not incorporate the 10% PoE forecast that is published by AEMO as part of the ESOO (on 16 June).
  - Then, by 30 September as part of a set of 'final' RCM constraint equations. These are the constraint equations that were used in the NAQ Model for that Cycle.

Facility retirements

Section 4.4A

- Market Participants with generation facilities must notify AEMO of the retirement of their facilities.
- Notification to be provided no less than three years from the expected retirement date.
- Market Participants that announce the retirement of their facilities will not retain the NAQ associated with the facility beyond the proposed retirement date, irrespective of whether the facility is then retired or not (cl.4.15.12).
- Where a Market Participant withdraws the notice of the retirement of its facility, then the facility will be treated as a ‘new’ facility in the NAQ assignment process in the Reserve Capacity Cycle that follows the announced retirement date.
- AEMO will be required to publish information on facility retirements, including:
  - name of the Market Participant,
  - name and location of the retiring facility, and
  - the NAQ that has been assigned to the facility for the Reserve Capacity Cycle in which the expected retirement will occur.

Certification of Reserve Capacity

Section 4.7 – 4.10

- Market participants with new capacity must have submitted an EOI in order to be able to apply for certification of that capacity (cl.4.8.2, see also cl.4.2.1).
  - This is to allow Western Power and AEMO to develop limit advice and constraint equations that reflect the expected system configuration for the relevant Capacity Year.
- Schedulable facilities will no longer be able to nominate to have the AEMO to use the RLM to have its capacity certified (cl.4.10.1(i), 4.10.2).
  - Only Semi-Scheduled and Non-Scheduled facilities can nominate to use the RLM (excluding any storage component of the facility).
  - Reason for removal is because new rules have been developed for how storage resources (which are a type of schedulable facility) will have their capacity certified.
- Information requirements to support certification of storage resources (cl.4.10.1).
- Facilities to provide the nameplate capacity (in megawatts) for the Facility (cl.4.10.1(dA). This will assist in determining a facility 'upgrade' for the purposes of NAQ assignment.

Network Augmentation Funding Facility

Section 4.10A

- Market Participants that fund the costs of augmenting the shared network will be assigned NAQ in priority to other new entrants.
- New replacement section 4.10A sets out the process for a Facility to be classified as a ‘Network Augmentation Funding Facility’.
- The process includes:
  - Nominate to be classified as a Network Augmentation Funding Facility in the EOI.
  - Provide evidence of commitment to fund augmentation, and that the augmentation will be completed and in-service for the start of the relevant Capacity Year.
  - Funding relates to augmentation to the shared network, not just connection assets.
- There is a process for AEMO to verify with Western Power that the facility is a Network Augmentation Funding Facility.
- The Network Augmentation Funding Facility will only be assigned NAQ if there is no negative impact to other existing facilities (i.e. those higher up in the NAQ assignment prioritisation order).
- A different process applies to facilities seeking Early Certification of Reserve Capacity that are also funding augmentation to the shared network.

Network Access Quantity

Section 4.15

- This is a new (replacement) section that sets out the NAQ framework and that describes some key parameters for the NAQ Model. The process for assigning NAQ is set out in Appendix 3.
- AEMO is required to determine a NAQ value for facilities (c.4.15.1). A facility's NAQ is the final NAQ value assigned to the facility once the Appendix 3 process is concluded (cl.4.15.2).
- AEMO will develop a NAQ Model for the purpose of assigning NAQ (cl.4.15.6).
- The NAQ Model must:
  - Assume all major transmission elements are in service (except for those that are normally configured to be out of service at peak demand) (cl.4.15.3(a)).
  - Assume peak demand is equal to the one in ten peak demand forecast determined by AEMO for the relevant Capacity Year under an expected demand growth scenario (cl.4.15.3(c)).
  - Apply a range of dispatch scenarios that describe how facilities could be dispatched to meet peak demand (cl.4.15.4).
  - Account for network funded augmentations that are expected to be in service for the relevant Capacity Year, any facility retirements, and any other planned network changes (cl.4.15.8).

Network Access Quantity

Section 4.15

- The NAQ Model must apply the following principles (cl.4.15.9):
  - Where a redispatch is required (i.e. where a constraint binds or violates), it is done so in a way that minimises the total change in output across all facilities.
  - NAQ is assigned to maximise the total NAQ determined for facilities if the Certified Reserve Capacity specified to be traded bilaterally cannot be supported by available network capacity.
  - NAQ is assigned on the basis of the level of network access expected to be available to a facility for at least 95 percent of the generation dispatch scenarios.
  - The output of Non-Scheduled Facilities (including Non-Scheduled facilities containing only storage resources) is treated as unconstrained for the purposes of determining NAQ for all other facilities.
- AEMO must determine a 'Highest NAQ' value for each facility (cl.4.15.13 – 4.15.15).
  - The Highest NAQ value is a mechanism to provide priority to facilities that have had NAQ reduced because of factors beyond their control.
  - Scheduled facilities will have Highest NAQ reduced where the level of Certified Reserve Capacity is reduced below the Highest NAQ value.
  - Highest NAQ will be increased if NAQ assigned to a facility in a Reserve Capacity Cycle is greater following the conclusion of the Appendix 3 process.

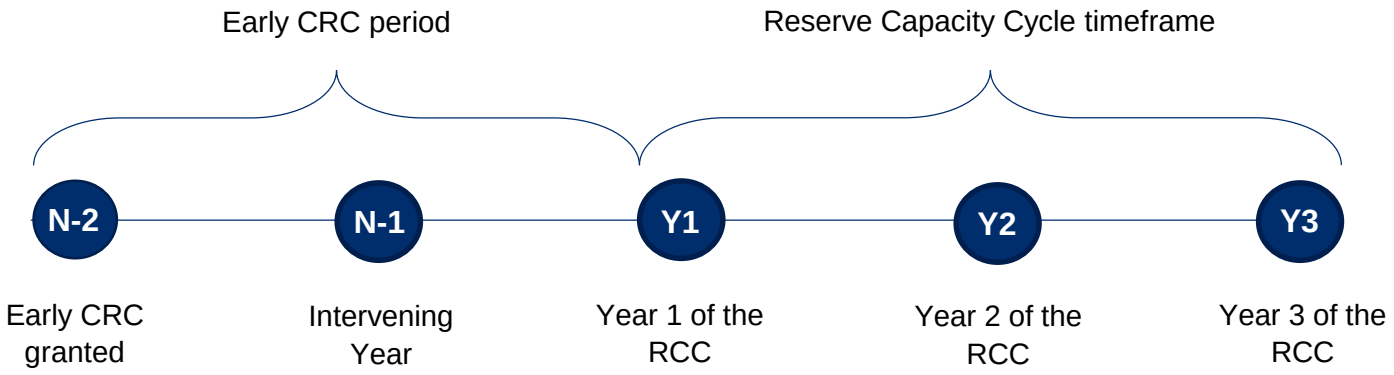
Addressing shortfalls in capacity

Section 4.24

- The Reserve Capacity Auction is being removed.
- Shortfalls in capacity will be addressed through the Supplementary Reserve Capacity Mechanism (cl.4.24).
- Providers of supplementary capacity must provide the location of the service (cl.4.24.7(k)).
- Shortfall capacity procured through the Supplementary Reserve Capacity mechanism will not be assigned NAQ.
- However, AEMO will still be required to ensure that providers of supplementary capacity have adequate network access (cl.4.24.8(d)).

Early Certification of Reserve Capacity

Section 4.28C



Early CRC facilities that are not funding a network augmentation

- Early CRC facility assessed for NAQ in the Reserve Capacity Cycle that immediately follows their application for Early CRC (Year N-2).
- Early CRC facility is assessed at the very last step, i.e. once all other facilities that are eligible for NAQ have first been assessed in the NAQ assignment process.
- NAQ assigned to Early CRC facilities will be called ‘Indicative NAQ’.
- If the Early CRC facility has been assigned Indicative NAQ in Year N-2, then the Early CRC facility will be assessed together with other NAQ Facilities in the intervening year.
- Indicative NAQ assigned to Early CRC facilities is subject to the same prioritisation rules as apply to NAQ Facilities.
- Early CRC facilities only assigned Capacity Credits in the relevant Cycle (Y1).

Early Certification of Reserve Capacity

Section 4.28C

Early CRC Facilities that fund an augmentation

- Early CRC facility assessed for NAQ in the Reserve Capacity Cycle that immediately follows their application for Early CRC (Year N-2).
- Early CRC facility is assessed at the very last step, i.e. once all other facilities that are eligible for NAQ have first been assessed in the NAQ assignment process.
- Because the Early CRC facility is funding a network augmentation, in this last step the NAQ available to the facility will be assessed based on an expected network configuration that includes their network augmentation.
- In the intervening Reserve Capacity Cycle (N-1), the Early CRC facility will not be included in the NAQ assignment process.
- This is because the expected network configuration for the Capacity Year to which the intervening year relates (Y2) will not include the network augmentation that is being funded by the Early CRC facility.
- The Early CRC facility will only be treated as an ‘existing’ facility in Year 1 of the relevant Reserve Capacity Cycle (Y1) and will be modelled together with other NAQ Facilities based on the network configuration expected for Year 3 of the Reserve Capacity Cycle (Y3), which will include the augmentation being funded by the facility.
- Early CRC facility only assigned Capacity Credits in the relevant Cycle (Y1).

NAQ Assignment
Appendix 3

Appendix 3
Outline

- Process differs depending on whether there are Candidate Fixed Price Facilities (i.e. committed fixed price facilities) or not.
- General process involves a sequence of ‘steps’ in which NAQ is determined for a group of facilities based on a ‘NAQ Assignment Prioritisation Order’.
- The NAQ Model is run at each step and a ‘preliminary’ NAQ is assigned at the end of each step (including any sub-steps).
  - The NAQ is ‘preliminary’ because it can be adjusted up (but not down) in subsequent steps.
  - A ‘final’ NAQ value is assigned to a facility based on the value determined at the conclusion of the Appendix 3 process.
- NAQ can only be assigned up to the level of a facility’s CRC that is specified for trade.
- New capacity cannot be assigned a NAQ value of zero and must be assigned a non-zero NAQ value in order to be considered a NAQ Facility in the next Cycle.
- However, existing NAQ Facilities can have NAQ reduced to zero (because of an external factor or where their CRC has been reduced to zero).
- Indicative NAQs (assigned to Early CRC facilities) are excluded from calculating whether the Reserve Capacity Requirement / Availability Class targets have been achieved. Indicative NAQs can, however, be adjusted.

Appendix 3

New terms

Facility Upgrade

Difference between the nameplate capacity provided by the facility as part of their CRC application in the immediately preceding Cycle and the current Cycle.

Indicative NAQ Facility

Early CRC facilities that are assigned NAQ in an ‘intervening’ Reserve Capacity Cycle, but excludes Early CRC facilities that are also Network Augmentation Funding Facilities.

NAQ Facility

A facility for which a NAQ has been assigned in a previous Reserve Capacity Cycle. Includes committed facilities that are not yet operational.

Prioritisation order

A set of tiebreaking rules to guide the selection of facilities in circumstances where not all facilities in a group will be assigned NAQ.

Appendix 3

Part A – There are no Candidate Fixed Price facilities

- AEMO determines NAQ for NAQ Facilities and new committed facilities.
- AEMO will only consider ‘proposed’ facilities if the capacity requirement for each Availability Class has not been achieved after considering NAQ Facilities and new committed facilities.
- Where the amount of capacity from proposed facilities exceeds the capacity requirement for each Availability Class, then:
  - Proposed facilities are only selected up to the amount necessary to meet the targets for each Availability class; and
  - The prioritisation order / tiebreaking rules will be used to select proposed facilities.

Appendix 3

Part B – There are Candidate Fixed Price Facilities

Where there are fixed price facilities, AEMO must determine whether the NAQ assigned to NAQ Facilities and new committed market price facilities meet or exceed the RCR plus a three percent margin (RCR+3%).

If the RCR+3% is not achieved:

- AEMO calculates and assigns NAQ to all committed fixed price facilities.
- If the Availability Class targets have not been achieved, then AEMO calculates and assigns NAQ to facilities in the following order using the set of tiebreaking rules:
  - Proposed market price price facilities, then
  - Proposed fixed price facilities (if required).

If the RCR+3% is achieved:

- If the Availability Class 1 target has not been achieved, then AEMO calculates and assigns NAQ to facilities in the following order using the set of tiebreaking rules:
  - Proposed market price price facilities, then
  - Committed fixed price facilities (if required), then
  - Proposed fixed price facilities (if required).

Appendix 3

Part B – There are Candidate Fixed Price Facilities

If the RCR+3% is achieved:

- If the Availability Class 2 target has not been achieved, then AEMO calculates and assigns NAQ to facilities in the following order using the set of tiebreaking rules:
  - Committed fixed price facilities (if none were added previously), then
  - Proposed market price facilities associated with Availability Class 1 (if required), then
  - Proposed market price facilities (if required), then
  - Proposed fixed price facilities (if required).

Appendix 3

Part A: No Candidate Fixed Price Facility

Step 1

- Calculate the capacity requirement for Availability Class 1.

Step 2

- Add to the NAQ Model:
  - All NAQ Facilities for Availability Class 1 and 2 (i.e. operational facilities and committed facilities that have been assigned NAQ previously).
  - All Indicative NAQ Facilities (i.e. Early CRC facilities).
- NAQ and Indicative NAQ facilities are modelled as a group in three sub-steps.

Step 3(a)

- Facilities are modelled up to the minimum of the facility's NAQ from the immediately preceding RCC and the CRC specified for trade in the current RCC.
  - The purpose of this is to ensure that a facility has committed to bilaterally trade at least the NAQ assigned to the facility the previous Cycle.
- The NAQ Model is then run to determine the negative impacts of any 'organic' changes on the NAQ value assigned to the facility and a preliminary NAQ value is assigned to facilities.

Appendix 3

Part A: No Candidate Fixed Price Facility

Step 3(b)

- Facilities are modelled up their Highest NAQ value where this is greater than the preliminary NAQ that is determined in Step 3(a).
  - The purpose of this is to afford a priority to existing facilities that have had NAQ reduced due to factors beyond their control.
- Note that if the CRC that is specified for bilateral trade is less than the facility's Highest NAQ value, then the facility will be modelled up to their CRC value.
- The NAQ Model is run and a preliminary NAQ value is assigned to facilities. NAQ assigned to facilities in Step 3(a) can be adjusted up (but not down).

Step 3(c)

- Facilities are modelled up to their traded CRC where this is greater than the preliminary NAQ that is determined in Step 3(b).
  - A facility's traded CRC may be greater than its NAQ for several reasons.
  - The purpose here is to prioritise the assessment and assignment of NAQ to facilities that are already existing and operational.
- This step excludes Facility Upgrades, which is assessed in a subsequent step.
- The NAQ Model is run and a preliminary NAQ value is assigned to facilities. NAQ assigned to facilities in Step 3(b) can be adjusted up (but not down).

Appendix 3

Part A: No Candidate Fixed Price Facility

Step 4

- New committed facilities that have committed to funding network augmentations are added to the NAQ Model.
  - This step does not include Early CRC facilities that are also funding network augmentation. These facilities are included in a subsequent step.
- The NAQ Model is updated with the constraint equations associated with the participant funded augmentation.
- The NAQ Model is run and a preliminary NAQ value is assigned up to facilities' traded CRC. Preliminary NAQ values assigned to facilities in Step 3(c) can be adjusted up (but not down).

Step 5

- The following facilities are added to the NAQ Model:
  - New committed facilities (that are not NAQ Facilities) that are associated with Availability Class 1.
  - Committed Facility Upgrades for NAQ Facilities.
- The NAQ Model is run and a preliminary NAQ value is assigned up to the facilities' traded CRC. Preliminary NAQ values assigned to facilities in Step 4 can be adjusted up (but not down).

Appendix 3

Part A: No Candidate Fixed Price Facility

Step 6

- Step 6 is undertaken if the capacity requirement for Availability Class 1 is not met.
  - Indicative NAQ Facilities are excluded from this calculation.
- AEMO adds all proposed facilities and proposed facility upgrades associated with Availability Class 1 to the NAQ Model.
- The NAQ Model is run and a preliminary NAQ value is calculated for each proposed facility (and proposed upgrade).
- AEMO selects proposed facilities for which the preliminary NAQ value is greater than their Minimum Capacity Credits Quantity and uses the prioritisation order (tiebreak rules) to select facilities to achieve the Availability Class 1 target.
- When the Availability Class 1 target is achieved with the selected proposed facilities (and proposed upgrades), AEMO runs the NAQ Model again.
  - While all proposed facilities are modelled initially as a group, not all of them may be selected to achieve the Availability Class 1 target.
  - The NAQ Model is therefore run again to determine the preliminary NAQ values for all facilities (including the selected proposed facilities), noting that preliminary NAQ values assigned to facilities in previous steps can only be adjusted up.

Appendix 3

Part A: No Candidate Fixed Price Facility

Step 7

- AEMO records a shortfall if the capacity requirement for Availability Class 1 is not met.

Step 8

- AEMO calculates the capacity requirement of Availability Class 2.

Step 9

- New committed market price facilities (that are not NAQ Facilities) that are associated with Availability Class 2 are added to the NAQ Model.
- The NAQ Model is run and a preliminary NAQ value is assigned up to facilities' traded CRC.
- Preliminary NAQ values assigned to facilities in Step 6 can be adjusted up (but not down).

Appendix 3

Part A: No Candidate Fixed Price Facility

Step 10

- Step 10 is undertaken if the capacity requirement for Availability Class 2 is not met.
- The following facilities are added to the NAQ Model as a group:
  - Proposed facilities associated with Availability Class 2.
  - Proposed facilities associated with Availability Class 1 that were not selected earlier because their preliminary NAQ value is less than their Minimum Capacity Credit Requirement.
- The NAQ Model is run and a preliminary NAQ value is calculated for each proposed facility (and proposed upgrade).
- AEMO selects proposed facilities for which the preliminary NAQ value is greater than their Minimum Capacity Credits Quantity and uses the prioritisation order (tiebreak rules) to select facilities to achieve the Availability Class 2 target.
- When the Availability Class 2 target is achieved with the selected proposed facilities (and proposed upgrades), AEMO runs the NAQ Model again to determine the preliminary NAQ values for all facilities.
  - Preliminary NAQ values assigned to facilities in previous steps may be adjusted up but not down.

Appendix 3

Part A: No Candidate Fixed Price Facility

Step 11

- AEMO records a shortfall if the capacity requirement for Availability Class 2 is not met.

Step 12

- AEMO records:
  - Indicative NAQ as adjusted under the previous steps.
  - Final NAQ for facilities based on the preliminary NAQ values assigned in step 10.

Step 13

- AEMO reports the capacity shortfall (if any) to be procured through the Supplementary Reserve Capacity mechanism.

Step 14

- The NAQ assignment process now considers new Early CRC facilities.
- AEMO first adds new Early CRC facilities that are also Network Augmentation Funding Facilities and runs the NAQ Model with constraint equations associated with the augmentation.
- AEMO then adds other Early CRC facilities (that are not Network Augmentation Funding Facilities) and runs the NAQ Model.

Appendix 3

Part B: Candidate Fixed Price Facility

Step 1 – 5

Same process as for Part A

Step 6

- AEMO determines whether the preliminary NAQs determined for NAQ Facilities and new committed market price facilities is less than the RCR+3%.
  - Steps 6A and 6B apply if the RCR+3% is not met.
  - Step 6C applies if the RCR+3% is met.

Step 6A: If the RCR+3% is not met

- AEMO adds all new committed fixed price facilities (that are not NAQ facilities) associated with Availability Class 1 to the NAQ Model.
- The NAQ Model is run and preliminary NAQ values determined up to facilities' traded CRC.
- Preliminary NAQ facilities determined for facilities in previous steps can be adjusted up (but not down).

Appendix 3

Part B: Candidate Fixed Price Facility

Step 6B: If the RCR+3% is not met

- If the capacity requirement for Availability Class 1 has not been met, then proposed market price facilities are added to the NAQ Model.
  - The NAQ Model is run and preliminary NAQ values are determined up to facilities' traded CRC.
  - To achieve the Availability Class 1 target, AEMO selects proposed market price facilities for which the preliminary NAQ value is greater than its Minimum Capacity Credits Quantity using the prioritisation order / tiebreaking rules.
  - If the Availability Class 1 target is achieved without selecting all proposed market price facilities, then the NAQ Model is run again to determine the preliminary NAQ values for all facilities.
  - Preliminary NAQ values determined for facilities in previous steps may be adjusted up (but not down).
- If the capacity requirement for Availability Class 1 has not been met, then proposed fixed price facilities are added to the NAQ Model and the process is repeated.
- Note that Indicative NAQs are excluded when calculating whether the capacity requirement for Availability Class 1 has been achieved or not.

Appendix 3

Part B: Candidate Fixed Price Facility

Step 6C: If the RCR+3% has been met

- If the capacity requirement for Availability Class 1 has not been achieved, then proposed market price facilities are added to the NAQ Model.
  - The NAQ Model is run and preliminary NAQ values are determined up to proposed market price facilities' traded CRC.
  - To achieve the Availability Class 1 target, AEMO selects proposed market price facilities for which the preliminary NAQ value is greater than its Minimum Capacity Credits Quantity using the prioritisation order / tiebreaking rules.
  - If the Availability Class 1 target is achieved without selecting all proposed market price facilities, then the NAQ Model is run again to determine the preliminary NAQ values for all facilities.
  - Preliminary NAQ values determined for facilities in previous steps may be adjusted up (but not down).
- If the capacity requirement for Availability Class 1 has not been met, then the process is repeated for committed fixed price facilities and then for proposed fixed price facilities.
  - Note that Minimum Capacity Credit Quantity requirements do not apply to committed facilities.

Appendix 3

Part B: Candidate Fixed Price Facility

Step 7 – 9

- Same process as for Part A.

Step 10

- Determine if the capacity requirement for Availability Class 2 has been achieved.
  - Step 10A applies if there is a shortfall and no committed fixed price facility was added to the NAQ Model at step 6A.
  - Step 10B applies if there is a shortfall and one or more committed fixed price facilities was added to the NAQ Model at step 6A.
  - Step 12 applies if there is no shortfall.

Appendix 3

Part B: Candidate Fixed Price Facility

Step 10A

- AEMO adds committed fixed price facilities to the NAQ Model and determines a preliminary NAQ value up to facilities' traded CRC.
  - To achieve the Availability Class 2 target, AEMO selects facilities using the prioritisation order / tiebreaking rules.
  - If the Availability Class 2 target is achieved without selecting all committed fixed price facilities, then the NAQ Model is run again to determine the preliminary NAQ values for all facilities.
  - Preliminary NAQ values determined for facilities in previous steps may be adjusted up (but not down).
- The process is repeated for facilities in the following order:
  - Proposed market price facilities associated with Availability Class 1 for which a preliminary NAQ was not determined under a previous step, then
  - Proposed market price facilities associated with Availability Class 2
  - Proposed fixed price facilities associated with Availability Class 2.
- Note that Minimum Capacity Credit Quantity requirements apply to proposed facilities but not committed facilities.

Appendix 3

Part B: Candidate Fixed Price Facility

Step 10B

- AEMO adds proposed market price facilities associated with Availability Class 1 for which a preliminary NAQ was not determined under a previous step to the NAQ Model and determines a preliminary NAQ value up to facilities' traded CRC.
  - To achieve the Availability Class 2 target, AEMO selects proposed market price facilities for which the preliminary NAQ value is greater than its Minimum Capacity Credits Quantity using the prioritisation order / tiebreaking rules
  - If the Availability Class 2 target is achieved without selecting all committed fixed price facilities, then the NAQ Model is run again to determine the preliminary NAQ values for all facilities.
  - Preliminary NAQ values determined for facilities in previous steps may be adjusted up (but not down).
- The process is repeated for facilities in the following order:
  - Proposed market price facilities associated with Availability Class 2
  - Proposed fixed price facilities associated with Availability Class 2.

Step 11 – 14

- Same process as Part A

Questions and next steps

23 November – Consultation closes on Tranche 3 Amending Rules

27 November – Taskforce decision on implementation

11 December – Taskforce endorsement of Amending Rules

Feedback to TDOWG@energy.wa.gov.au