

**ELECTRICITY INDUSTRY ACT 2004**  
**ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY - MARKET)**  
**REGULATIONS 2004**  
**Wholesale Electricity Market Rules**

**IMO AMENDING RULES RC\_2010\_12 MADE ON 19 August 2011**  
**These Amending Rules commence at 08.00am on 1 October 2011**

The following clauses are amended (~~deleted wording~~, new wording):

- 2.8.13. The following clauses are Protected Provisions:
- (a) clauses 1.1 to 1.3 and 1.5 to 1.9 ;
  - (b) clauses 2.1 to 2.24, 2.28, 2.31.1, 2.31.3, 2.31.5(a), 2.31.6, 2.34.1 and 2.36.1;
  - (c) clauses 3.15, 3.18.18 and 3.18.19;
  - (d) clauses 4.1.4 to 4.1.12, 4.1.15 to 4.1.19, 4.1.21, 4.1.22, 4.1.24, ~~4.1.27,~~ 4.5.10, 4.5.11, 4.5.15 to 4.5.20, 4.13.10, 4.13.10A, 4.13.10B, 4.13.11, 4.13.11A, ~~4.13.11B~~, 4.16, 4.24.1, 4.24.2 and 4.24.12;
  - (e) [Blank]
  - (f) clauses 9.16.3, 9.16.4 and 9.20.2; and
  - (g) clauses 10.1.1, 10.1.2, 10.2.1, 10.3 and 10.4.
- 4.1.21. ~~Not later than~~ A Market Participant may apply to the IMO under clause 4.13.2A for a recalculation of the amount of Reserve Capacity Security required to be held by the IMO for a Facility in accordance with clause 4.13.2(b) after 5 PM of the last Business Day falling on or before 24 September 23 of Year 1 of a Reserve Capacity Cycle, the IMO must, in accordance with clause 4.13.10:
- ~~(a) notify a Market Participant that has provided a Reserve Capacity Security for a Facility that the Reserve Capacity Security is no longer required; and~~
  - ~~(b) return any Reserve Capacity Security which was provided in the form of a cash deposit,~~
- ~~in the event that the Market Participant does not hold Capacity Credits for the Facility to which the Reserve Capacity Security relates in the relevant Reserve Capacity Cycle.~~
- 4.1.27. ~~The IMO must in accordance with clause 4.13.10A notify a Market Participant that has requested the IMO to release a Reserve Capacity Security for a Facility, which the Market Participant considers to be in commercial operation and capable of meeting its Reserve Capacity Obligations, of its determination as to whether that Reserve Capacity Security is no longer required, and return any cash deposit that is no longer required, within 10 Business Days after receiving the Market Participant's request [Blank]~~

- 4.9.9. If the IMO assigns Certified Reserve Capacity to a Facility in respect of a Reserve Capacity Cycle, the IMO must advise the applicant:
- (a) of the amount of Certified Reserve Capacity assigned to the Facility in respect of the Reserve Capacity Cycle, as determined in accordance with clause 4.11 or clause 4.9.5(c) (as applicable);
  - (b) of the initial Reserve Capacity Obligations Quantity set for the Facility, as determined in accordance with clause 4.12 or clause 4.9.5(c) (as applicable);
  - (c) of any Reserve Capacity Security required as a condition of a Market Participant holding the Certified Reserve Capacity, as determined in accordance with clause 4.13.12 or clause 4.9.5(c) (as applicable);
  - (d) in the case of Conditional Certified Reserve Capacity, that the certification is subject to the conditions in clause 4.9.5(a) and (b); ~~and~~
  - (e) upon the request of the applicant, of the calculations upon which the IMO's determinations are based; ~~and~~
  - (f) whether the IMO accepted or rejected a proposed alternative value to be used in the calculation of the Required Level for a Facility for which a Market Participant nominated to use the methodology described in clause 4.11.2(b) in its application for certification, as determined in accordance with clause 4.11.2A, if applicable.
- 4.10.3. An application for certification of Reserve Capacity ~~for an Intermittent Generator that includes a nomination to use the methodology described in clause 4.11.2(b) for a Facility~~ that is yet to enter service, or has not operated for the full period of performance assessment under 4.11.2(b), must include a report prepared by an expert accredited by the IMO in accordance with clause 4.11.6. The IMO will use the report to assign Certified Reserve Capacity for the Facility and to determine the Required Level for that Facility. The report must include:
- (a) an estimate of what the expert considers the Certified Reserve Capacity of the Facility would have been for the purposes of clause 4.11.2(b) had the history of performance been available;
  - (b) a value, expressed in MW as a sent out value, which equals the 5 percent probability of exceedance of expected generation output for the Facility for all the Trading Intervals that occurred within the last three years up to, and including, the last Hot Season, where this value is to be used in the calculation of the Required Level in clause 4.11.3B;
  - (c) a proposed alternative value to that specified in clause 4.10.3(b), expressed in MW as a sent out value, to apply for the purposes of the Required Level, if in the opinion of the expert the value provided under clause 4.10.3(b) would not be a reasonable representation of the Facility's 5 percent probability of exceedance of expected generation output during its first year of operation;

- (d) the reasons for any proposed alternative value provided under clause 4.10.3(c); and
- (e) an estimates of the expected electricity sent out by the Facility for the full period of performance assessment under clause 4.11.2(b).

The applicant may provide the same report until the Facility has been in operation for the full period of performance assessment under clause 4.11.2(b).

4.11.2A. Where an applicant nominates under clause 4.10.3(c) to have the IMO use an alternative value to that specified in clause 4.10.3(b) the IMO:

- (a) may reject the proposed alternative value if it does not consider the reasons provided in accordance with clause 4.10.3(d) provide sufficient evidence that an alternative value is required; and
- (b) must use the alternative value in the calculation of the Required Level if it does not reject the proposed alternative value under clause 4.11.2A(a).

4.11.3B. The Required Level (which for an upgraded Facility is calculated for the Facility as a whole):

- (a) for Facilities assigned Certified Reserve Capacity under clause 4.11.1(a), is calculated by the IMO using the Capacity Credits assigned to the Facility and temperature dependence information submitted to the IMO under clause 4.10.1(e)(i) or provided in Standing Data (where available) and converted to a sent out basis to 41 °C;
- (b) for Facilities assigned Certified Reserve Capacity under clause 4.11.2(b), is either:
  - i. the value, expressed in MW as a sent out value, that equals the 5 percent probability of exceedance of expected generation output for the Facility, submitted to the IMO in the report described in clause 4.10.3(b);or
  - ii. the proposed alternative value, expressed in MW as a sent out value, provided in the report described in clause 4.10.3(c), where the IMO has accepted the proposed alternative value under clause 4.11.2A; and
- (c) for Demand Side Programmes, is calculated by the IMO using the Facility's Relevant Demand minus the Capacity Credits assigned to the Facility.

4.13.1. Where the IMO assigns Certified Reserve Capacity to a Facility (which for the purposes of this clause 4.13 includes part of a Facility and a Demand Side Programme) that is yet to be commissioned yet to enter service (or re-enter service after significant maintenance or having been upgraded), the relevant Market Participant must ensure that the IMO holds the benefit of a Reserve Capacity Security in an amount ~~not less than the amount~~ determined under

clause 4.13.2(a) by the date and time specified in clause 4.1.13. ~~for the Reserve Capacity Cycle to which the Certified Reserve Capacity relates.~~

4.13.1A For the purposes of this clause 4.13, where an existing Facility is undergoing significant maintenance or being upgraded the requirement to provide Reserve Capacity Security applies only to the part of the Facility either undergoing significant maintenance or being upgraded.

4.13.1B The obligation under clause 4.13.1 to provide Reserve Capacity Security does not apply where the Market Participant has provided Reserve Capacity Security in relation to the same Facility for a previous Reserve Capacity Cycle, unless the Facility is an existing Facility undergoing significant maintenance or being upgraded.

4.13.1C For the purposes of this clause 4.13, a Facility includes part of a Facility, any upgrade or significant maintenance to an existing Facility, unless otherwise stated.

4.13.2. ~~The amount of~~ For the purposes of clause 4.13.1 the amount of Reserve Capacity Security is:

(a) at the time and date referred to in clause 4.1.13, twenty-five percent of the Maximum Reserve Capacity Price included in the most recently issued Request for Expressions of Interest at the time the Certified Reserve Capacity is assigned, expressed in \$/MW per year, multiplied by an amount equal to:

~~(a.i.)~~ the Certified Reserve Capacity assigned to the Facility; less

~~(a.ii.)~~ the total of any Certified Reserve Capacity amount specified in accordance with clause 4.14.1(d) or referred to in clause 4.14.7(c)(ii); and

(b) at the time and date referred to in clause 4.1.21, twenty-five percent of the Maximum Reserve Capacity Price included in the most recently issued Request for Expressions of Interest at the time the Certified Reserve Capacity is assigned, expressed in \$/MW per year, multiplied by an amount equal to the total number of Capacity Credits assigned to the Facility under clause 4.20.5A.

4.13.2A A Market Participant may apply to the IMO for a recalculation of the amount of Reserve Capacity Security required to be held for a Facility using the formula in clause 4.13.2(b) after the time and date referred to in clause 4.1.21.

4.13.2B Within 10 Business Days after receipt of a request from a Market Participant under clause 4.13.2A the IMO must recalculate the amount of Reserve Capacity Security required to be held by a Facility using the formula in clause 4.13.2(b). If the amount recalculated by the IMO under clause 4.13.2(b) is less than that originally calculated under clause 4.13.2(a) then the IMO must:

- (a) notify the Market Participant of the result of the calculation;
- (b) offer the Market Participant the opportunity to replace the Reserve Capacity Security in accordance with clause 4.13.2C, and
- (c) if the Market Participant provides a replacement Reserve Capacity Security in accordance with clause 4.13.2C, return any excess Reserve Capacity Security.

4.13.2C Where under clause 4.13.2B the IMO notifies a Market Participant that excess Reserve Capacity Security is currently held, then a Market Participant may replace the existing Reserve Capacity Security with a replacement Reserve Capacity Security. The replacement Reserve Capacity Security must:

- (a) be in an amount not less than the amount required under clause 4.13.2(b); and
- (b) become effective before the IMO returns any excess Reserve Capacity Security.

4.13.3. ~~Where a Market Participant's existing Reserve Capacity Security is due to expire or terminate and after that termination the Market Participant will continue to have an obligation to ensure the IMO holds the benefit of a Reserve Capacity Security under clause 4.13.1, then that Market Participant must, at least 10 Business Days before the time when the existing Reserve Capacity Security will expire or terminate, ensure that the IMO holds the benefit of a replacement Reserve Capacity Security in an amount not less than the level required under clause 4.13.2 that will become effective at the expiry of the existing Reserve Capacity Security .~~ The replacement Reserve Capacity Security must:

- (a) be an amount not less than the amount required under clause 4.13.2; and
- (b) become effective before the termination of the existing Reserve Capacity Security.

4.13.5. The Reserve Capacity Security for a Market Participant must be:

- (a) an obligation in writing that:
  - i. is from a Reserve Capacity Security provider, who must be an entity which meets the Acceptable Credit Criteria and which itself is not a Market Participant;
  - ii. is a guarantee or bank undertaking in a form prescribed by the IMO;
  - iii. is duly executed by the Reserve Capacity Security provider and delivered unconditionally to the IMO;
  - iv. constitutes valid and binding unsubordinated obligations to the Reserve Capacity Security provider to pay to the IMO amounts in accordance with its terms which relate to the obligations of the

relevant Market Participant under the Market Rules to pay compensation under clause 4.13.11A; and

- v. permits drawings or claims by the IMO to a stated amount; or
- (b) if the IMO in its discretion considers it an acceptable alternative in the circumstances to the obligation under clause 4.13.5(a), a cash deposit (“**Security Deposit**”) made with the IMO (on terms acceptable to the IMO in its discretion) by or on behalf of the Market Participant.

4.13.8. The IMO must develop a Market Procedure dealing with:

- (a) determining Reserve Capacity Security;
- (b) assessing persons against the Acceptable Credit Criteria;
- (c) Reserve Capacity Security arrangements, including:
  - i. the form of acceptable guarantees and bank undertakings;
  - ii. where and how it will hold cash deposits and how the costs and fees of holding cash deposits will be met;
  - iii. the application of monies drawn from Reserve Capacity Security in respect of amounts payable by the relevant Market Participant to the IMO under clause 4.13.11A;B;

- (d) other matters relating to clauses 4.13.3 to 4.13.7,

and Market Participants and the IMO must comply with that Market Procedure.

4.13.10 ~~A Market Participant is no longer required to ensure that the IMO holds the benefit of a Reserve Capacity Security after:~~

- ~~(a) in the case of a Reserve Capacity Security relating to a Facility that provides no Capacity Credits (as notified by the relevant Market Participant under clause 4.20) the time and date specified in clause 4.1.21;~~
- ~~(b) in the case of a new Facility that satisfies 100% of its Reserve Capacity Obligation Quantity for the Facility (as determined under clause 4.12.4 and before any adjustment made under clause 4.12.6) in at least one Trading Interval when the Reserve Capacity Obligation Quantity exceeds 0 MW occurring between the date from which Reserve Capacity Obligations apply in accordance with clause 4.1.26 and the day from which Reserve Capacity Obligations cease to apply in accordance with clause 4.1.30 in respect of the Reserve Capacity Cycle, the later of:
  - ~~i. the date from which Reserve Capacity Obligations apply in accordance with clause 4.1.26 in respect of the Reserve Capacity Cycle;~~
  - ~~ii. the first day on which a new Facility first satisfies its Reserve Capacity Obligations under clause 4.12.1(a) or (b) (as applicable) in respect of the Reserve Capacity Cycle.~~~~

~~(c) — in the case of a new Facility to which none of (a), (b), or clause 4.13.11A relate, the day from which Reserve Capacity Obligations cease to apply in accordance with clause 4.1.30 in respect of the Reserve Capacity Cycle.~~

If a Market Participant that provides Reserve Capacity Security in respect of a Facility:

(a) either:

- i. operates the Facility at a level which is at least equivalent to its Required Level, adjusted to 90 percent of the level of Capacity Credits specified in clause 4.20.5A, in at least two Trading Intervals before the end of the relevant Capacity Year; or
- ii. provides the IMO with a report under clause 4.13.10C, which specifies that the Facility can operate at a level which is at least equivalent to its Required Level, adjusted to 90 percent of the level of Capacity Credits specified in clause 4.20.5A; and

(b) is considered by the IMO to be in Commercial Operation,

then the IMO will return the Reserve Capacity Security to the Market Participant as soon as practicable after the end of the relevant Capacity Year and in any event by 30 November of the Year 4 of the relevant Reserve Capacity Cycle.

~~4.13.10A Where a Market Participant considers that clause 4.13.10 applies to it in relation to a Facility, the Market Participant may request the IMO to release the relevant Reserve Capacity Security. Within 10 Business Days after receiving such a request the IMO must:~~

- ~~(a) — determine whether the need to maintain the Reserve Capacity Security has ceased;~~
- ~~(b) — notify the Market Participant of its determination; and~~
- ~~(c) — if the Reserve Capacity Security is a cash deposit that is no longer required to be held, refund the cash deposit (plus interest earned).~~

A Market Participant may request the IMO to determine that a Facility is in Commercial Operation for the purposes of Chapter 4 of these Market Rules.

4.13.10B. On receipt of a request made under clause 4.13.10A the IMO must determine, within 20 Business Days, whether the Facility is in Commercial Operation. In making each such determination the IMO:

(a) must have regard to the following, if applicable:

- i. whether the Facility has completed an approved Commissioning Test under clause 3.21A and subsequently produced energy for at least two Trading Intervals; and

ii. any formal advice received from the Market Participant that it has completed an approved Commissioning Test under clause 3.21A and is commercially operational; and

(b) may have regard to any additional information the IMO considers relevant.

4.13.10C. For a Facility certified under clause 4.11.2(b), a Market Participant may provide the IMO with a report, in accordance with the Reserve Capacity Procedure, prepared by an independent expert accredited by the IMO, before the end of the relevant Capacity Year. The report must specify the independent expert's best estimate of the level to which the Facility can operate, expressed in MW as a sent out value, at the time the report is prepared.

~~4.13.11 If a Market Participant that provides a Reserve Capacity Security in respect of a Facility under this clause 4.13 operates the Facility:~~

~~(a) — at a level (expressed in MWh) that is at least 90% of one-half of the Reserve Capacity Obligation Quantity for the Facility (as determined under clause 4.12.4 and before any adjustment made under clause 4.12.6, expressed in MW) in at least one Trading Interval when the Reserve Capacity Obligation Quantity exceeds 0 MW; and~~

~~(b) — the Trading Interval falls between the date from which Reserve Capacity Obligations apply in accordance with clause 4.1.26 and the day from which Reserve Capacity Obligations cease to apply in accordance with clause 4.1.30 in respect of the Reserve Capacity Cycle,~~

~~then, unless the IMO has already returned the Reserve Capacity Security to the Market Participant under clause 4.13.10A, the IMO will return the Reserve Capacity Security to the Market Participant within 20 Business Days after the end of the relevant Capacity Year.~~

If a Market Participant that provides a Reserve Capacity Security in respect of a Facility fails to operate that Facility in accordance with clause 4.13.10 before the end of the relevant Capacity Year then the Market Participant must pay to the IMO, as compensation to the market, an amount equal to the Reserve Capacity Security amount for that Facility as soon as practicable after the end of the relevant Capacity Year and in any event by 30 November of Year 4 of the relevant Reserve Capacity Cycle.

~~4.13.11A If a Market Participant fails to operate a Facility in accordance with clause 4.13.11, then the Market Participant must pay to the IMO, as compensation to the market, an amount equal to the Reserve Capacity Security amount for that Facility. The payment obligation under clause 4.13.11 may be satisfied by the IMO drawing upon the Reserve Capacity Security for the Facility, and applying the amount claimed (after meeting the IMO's costs associated with doing so) so as to:~~



- (a) firstly, offset the cost of funding Supplementary Capacity Contracts for any capacity shortage stemming entirely or in part from the Facility not being available; and
- (b) secondly, once all costs to which paragraph (a) refers are covered, make a rebate payment to Market Customers in proportion to their Individual Reserve Capacity Requirements during the Trading Month in accordance with Chapter 9.

4.13.11B ~~The payment obligation under clause 4.13.11A may be satisfied by the IMO drawing upon the Reserve Capacity Security for the Facility, and applying the amount claimed (after meeting the IMO's costs associated with doing so) so as to:~~

- ~~(a) — firstly, offset the cost of funding Supplementary Capacity Contracts for any capacity shortage stemming entirely or in part from the Facility not being available; and~~
- ~~(b) — secondly, once all costs to which paragraph (a) refers are covered, make a rebate payment to Market Customers in proportion to their Individual Reserve Capacity Requirements during the Trading Month in accordance with Chapter 9. [Blank]~~

4.13.12. If the Reserve Capacity Security drawn upon under clause 4.13-14 is a cash deposit, then the Market Participant forfeits the amount of the cash deposit.

4.13.13 A Market Participant may apply to the IMO for the release of any Reserve Capacity Security held by the IMO, at any time prior to the end of the relevant Capacity Year, if the Reserve Capacity Security relates to a Facility that:

- (a) has operated at a level equivalent to its Required Level, adjusted to 100 percent of the level of Capacity Credits specified in clause 4.20.5A, in at least two Trading Intervals prior to the end of the relevant Capacity Year; and
- (b) is considered by the IMO to be in Commercial Operation.

4.13.14 Where the IMO receives an application made under clause 4.13.13 or clause 4.28C.12 it must, within 10 Business Days:

- (a) determine whether the need to maintain the Reserve Capacity Security has ceased;
- (b) notify the Market Participant of its determination;
- (c) if the Reserve Capacity Security is a cash deposit that is no longer required to be held, return the cash deposit (plus interest earned); and
- (d) if the Reserve Capacity Security is a non-cash deposit and is no longer required to be held, notify the provider that the IMO relinquishes any rights to draw on the Reserve Capacity Security.

- 4.20.1. If the IMO holds a Reserve Capacity Auction in any year, each Market Participant that has a Reserve Capacity Offer scheduled under clause 4.19.4 must, by the date and time specified in clause 4.1.20, notify the IMO of:
- (a) the total number of Capacity Credits that it will provide from each of its Facilities during the Capacity Year commencing on 1 October of Year 3 of the Reserve Capacity Cycle. The information provided must be consistent with the requirements of paragraph (c) and (e); and
  - (b) the number of those Capacity Credits the Market Participant anticipates will be acquired by the IMO. The information provided must be consistent with the requirements of paragraph (d) and (e);
  - (c) the total number of Capacity Credits provided by all the Market Participant's Facilities must be consistent with the sum of:
    - i. the quantity of Certified Reserve Capacity held by the Market Participant which the IMO has notified the Market Participant it can trade bilaterally under clause 4.14.9;
    - ii. the quantity of Certified Reserve Capacity held by the Market Participant scheduled by the IMO in the Reserve Capacity Auction, as published in accordance with clause 4.19.5(b);
    - iii. the quantity of Certified Reserve Capacity held by the Market Participant which remains the subject of pre-existing Long Term Special Price Arrangements and which the Market Participant does not intend to trade bilaterally; ~~and~~
    - iv. the quantity of Certified Reserve Capacity held by the Market Participant for Facilities subject to Network Control Service Contracts; and
    - v. the quantity of Capacity Credits held by the Market Participant which was assigned under clause 4.28C.10;

\_\_\_\_\_ ...

- 4.25.1. The IMO must take steps to verify, in accordance with clause 4.25.2, that each Facility providing Capacity Credits can:
- (a) in the case of a generation system, during the term the Reserve Capacity Obligations apply, operate at ~~its maximum Reserve Capacity Obligation Quantity~~ a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, at least once during each of the following periods and such operation must be achieved on each type of fuel available to that Facility notified under clause 4.10.1(e)(v):
    - i. 1 October to 31 March; and
    - ii. 1 April to 30 September; and
  - (b) during the six months prior to the Reserve Capacity Obligations for the first Reserve Capacity Cycle taking effect, operate at its maximum

Reserve Capacity Obligation Quantity at least once and, in the case of a generating system, such operation on each type of fuel available to that Facility notified under clause 4.10.1(e)(v). This paragraph (b) does not apply to facilities that are not commissioned prior to their Reserve Capacity Obligations coming into force; and

- (c) in the case of a Demand Side Programme, during the term the Reserve Capacity Obligations apply, and during the period specified in clause 4.10.1(f)(vi), decrease its consumption to operate at ~~a level equivalent to its maximum Reserve Capacity Obligation Quantity~~ a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, at least once during the period between 1 October to 31 March.

4.25.2. The verification referred to in clause 4.25.1 can be achieved by the IMO:

- (a) in the case of a generation system:
  - i. observing the Facility operate at ~~the required level~~ a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, at least once as part of normal market operations in ~~Metered Schedules specific to the Facility~~ as determined from Meter Data Submissions; or
  - ii. requiring System Management, in accordance with clause 4.25.7, to test the Facility's ability to operate at ~~the required level~~ a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, for not less than 60 minutes and the Facility successfully passing that test; or
- (b) in the case of a Demand Side Programme:
  - i. observing the Facility operate at ~~the required level~~ a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, at least once in response to an activation of the Facility by the relevant Market Customer as measured in metered consumption; or
  - ii. requiring System Management, in accordance with clause 4.25.7, to test the Facility's ability to reduce demand to ~~the required level~~ a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, for not less than one Trading Interval and the Facility successfully passing that test; or
- (c) in the case of an Interruptible Load or Dispatchable Load, requiring System Management, in accordance with clause 4.25.7, to test the Facility's ability to reduce demand to ~~the required level~~ a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, for not less than one Trading Interval and the Facility successfully passing that test.

4.25.3B. If a Demand Side Programme fails a Reserve Capacity test under clause 4.25.2(b)(ii) and is issued a Dispatch Instruction by System Management to decrease its consumption ~~by a quantity equivalent to its maximum Reserve Capacity Obligation Quantity~~ to a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, for not less than one Trading Interval prior to a second Reserve Capacity test being undertaken in accordance with clause 4.25.4, then the activation shall be deemed to be the second Reserve Capacity test.

4.25.4B In order for an application under clause 4.25.4A to be assessed by the IMO, it must:

- (a) be in writing;
- (b) relate to a Facility for which the IMO has notified the Market Participant, in accordance with clause 4.13.10A~~14~~ of its determination that the need to maintain the Reserve Capacity Security for that Facility has ceased;
- (c) detail the reasons for the reduction in the number of Capacity Credits; and
- (d) indicate whether the application relates only to the current Reserve Capacity Year or includes subsequent Capacity Years.

4.26.1. If a Market Participant holding Capacity Credits associated with a generation system fails to comply with its Reserve Capacity Obligations applicable to any given Trading Interval then the Market Participant must pay a refund to the IMO calculated in accordance with the following provisions.

#### REFUND TABLE

Dates	1 April to 1 October	1 October to 1 December	1 December to 1 February	1 February to 1 April
Business Days Off-Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	0.25 x Y	0.25 x Y	0.5 x Y	0.75 x Y
Business Days Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	1.5 x Y	1.5 x Y	4 x Y	6 x Y
Non-Business Days Off-Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	0.25 x Y	0.25 x Y	0.5 x Y	0.75 x Y
Non-Business Days Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	0.75 x Y	0.75 x Y	1.5 x Y	2 x Y
Maximum Participant Generation Refund	The total value of the Capacity Credit payments paid or to be paid under these Market Rules to the relevant Market Participant for the 12 Trading Months commencing at the start of the Trading Day of the previous 1 October (excluding any payments relating to a Demand Side Programme) assuming the IMO acquires all of the Capacity Credits held by the Market			

	Participant (excluding any Capacity Credits held for Demand Side Programmes) and the cost of each Capacity Credit so acquired is determined in accordance with clause 4.28.2(b), (c) and (d) (as applicable).
<p>Where:</p> <p>For an Intermittent <u>Facility Generator</u> that has been commissioned:</p> <p>(a) either:</p> <p>i. <u>operated at a level equivalent to its Required Level, adjusted to 100 percent of the level of Capacity Credits currently held, in at least two Trading Intervals; or</u></p> <p>ii. <u>provided the IMO with a report under clause 4.13.10C, where this report specifies that the Facility can operate at a level equivalent to its Required Level, adjusted to 100 percent of the level of Capacity Credits currently held; and</u></p> <p>(b) <u>is, following a request to the IMO by a Market Participant, considered by the IMO to be in Commercial Operation;</u></p> <p>Y equals 0.</p> <p>For all other facilities, <del>including Intermittent Facilities that have not been commissioned:</del> Y is determined by dividing the Monthly Reserve Capacity Price (calculated in accordance with clause 4.29.1) by the number of Trading Intervals in the relevant <u>Trading Month</u>.</p> <p><del>For the purposes of this clause, an Intermittent Facility will be deemed to be commissioned when the IMO determines that the facility is fully operational. In this case the IMO must apply the principle that the Facility is fully operating in accordance with the basis on which the Facility applied for, and was granted, Certified Reserve Capacity, in accordance with clause 4.10 and 4.11 respectively and was subsequently assigned Capacity Credits in accordance with clause 4.14.</del></p>	

4.26.1A. The IMO must calculate the Reserve Capacity Deficit refund for each Facility (“**Facility Reserve Capacity Deficit Refund**”) for each Trading Month m as the lesser of:

- (a) the sum over all Trading Intervals t in Trading Month m of the product of:
- i the Off-Peak Trading Interval Rate or Peak Trading Interval Rate determined in accordance with the Refund Table applicable to Trading Interval t; and
  - ii the Reserve Capacity Deficit in Trading Interval t,

where the Reserve Capacity Deficit for a Facility is equal to which ever of the following applies:

- iii. if the Facility is required to have submitted a Forced Outage under clause 3.21.4, the Forced Outage in that Trading Interval measured in MW; or
- iv. if the Facility is an Intermittent Facility Generator which is ~~deemed to have not been commissioned~~ not considered by the IMO to have been in Commercial Operation; for the purposes of clause 4.26.1, the number of Capacity Credits associated with the relevant Intermittent Generator Facility; or

ivA. if the Facility is an Intermittent Generator which is considered by the IMO to have been in Commercial Operation, but for which Y does not equal zero in the Refund Table in clause 4.26.1, the minimum of:

1.  $RL - (2 \times Max_2)$ ; or

2.  $RL - A$

where:

RL is the Required Level, adjusted to 100 percent of the level of Capacity Credits currently held;

Max<sub>2</sub> is the second highest value of the output for the Facility (MWh) achieved during a Trading Interval during the relevant Trading Month, as measured in Meter Data Submissions received by the IMO in accordance with clause 8.4, that has been achieved since the date the IMO determined the Facility to be in Commercial Operation, where this value must be set equal to or greater than the Max<sub>2</sub> applied by the IMO for the previous Trading Month; and

A is the level of output (in MW) detailed in the most recent report provided by the Market Participant for the Facility under clause 4.13.10C,

where this value will be applied for the purposes of this clause for the relevant Trading Month; or

v. if, from the Trading Day commencing on 30 November of Year 3 for Reserve Capacity Cycles up to and including 2009 or 1 October of Year 3 for Reserve Capacity Cycles from 2010 onwards, the Facility is undergoing an approved Commissioning Test and, for the purposes of permission sought under clause 3.21A.2, is a new generating system, the number of Capacity Credits associated with the relevant Facility; or

vi. if, from the Trading Day commencing on 30 November of Year 3 for Reserve Capacity Cycles up to and including 2009 or 1 October of Year 3 for Reserve Capacity Cycles from 2010 onwards, the Facility is not yet undergoing an approved Commissioning Test and, for the purposes of permission sought under clause 3.21A.2, is a new generating system, the number of Capacity Credits associated with the relevant Facility; or

vii. if the Facility is a Demand Side Programme:

$\max(0, RCOQ - \max(0, (RD - \text{MinLoad})))$

where:

RCOQ is the Reserve Capacity Obligation Quantity determined for the Facility under clause 4.12.4;

RD is the Relevant Demand for the Facility determined in accordance with clause 4.26.2CA; and

MinLoad is the sum of the minimum load MW quantities provided under clause 2.29.5B(c) for the Facility's Associated Loads; and

- (b) the total value of the Capacity Credit payments associated with the relevant Facility paid or to be paid under these Market Rules to the relevant Market Participant for the 12 Trading Months commencing at the start of the Trading Day of the most recent 1 October, assuming the IMO acquires all of the Capacity Credits associated with that Facility and the cost of each Capacity Credit so acquired is determined in accordance with clause 4.28.2(b), (c) and (d) (as applicable), less all Facility Reserve Capacity Deficit Refunds applicable to the Facility in previous Trading Months falling in the same Capacity Year.

4.28.4. For each Trading Month, the IMO must calculate a Shared Reserve Capacity Cost being the sum of:

- (a) the cost defined under clause 4.28.1(b); and
- (aA) the net payments to be made by the IMO under Supplementary Capacity Contracts less any amount drawn under a Reserve Capacity Security by the IMO and distributed in accordance with clause 4.13.11A(a); less
- (b) the Capacity Cost Refunds for that Trading Month; less
- (bA) the Intermittent Load Refunds for that Trading Month; less
- (c) any amount drawn under a Reserve Capacity Security by the IMO and distributed in accordance with clause 4.13.11A(b)

and the IMO must allocate this total cost to Market Customers in proportion to each Market Customer's Individual Reserve Capacity Requirement.

4.28C.8. Within 30 Business Days of the applicant receiving notification by the IMO of the amount of Early Certified Reserve Capacity assigned to the Facility the applicant must ensure that the IMO holds the benefit of a provide Reserve Capacity Security equal to the amount specified in clause 4.28C.9, ~~else the Early Certified Reserve Capacity assigned to the Facility will lapse.~~

4.28C.8A If a Market Participant does not comply with clause 4.28C.8 in full by the time specified in clause 4.28C.8, the Early Certified Reserve Capacity assigned to that Facility will lapse.

4.28C.12. ~~The Reserve Capacity Security provided by the Market Participant under clause 4.28C.8 must, by~~ Prior to the time and date specified in clause 4.1.13 (a), in ~~y~~ Year 1 of the first Reserve Capacity Cycle specified in clause 4.10.1(b) in

which the Facility will ~~commence operation~~ enter service, the IMO must be recalculated the amount of Reserve Capacity Security to be provided by each Market Participant in accordance with clause 4.28C.9; and:

- (a) If an additional amount of Reserve Capacity Security is required, the Market Participant must ensure that the IMO holds the benefit of the additional Reserve Capacity Security by the time and date specified in clause 4.1.13(a); and
- (b) If a reduced amount of Reserve Capacity Security is required, the Market Participant may request the IMO to return any additional Reserve Capacity Security, in accordance with clause 4.13.14, provided that at all times the IMO holds a Reserve Capacity Security to the level determined in accordance with this clause 4.28C.12.

~~the difference paid to the IMO or refunded to the Market Participant as applicable.~~

4.28C.12A From the time and date specified in clause 4.1.13 in Year 1 of the first Reserve Capacity Cycle in which the Facility will enter service, all of the provisions of clause 4.13 apply equally to the Reserve Capacity Security of Facilities with Early Certified Reserve Capacity.

## **Glossary**

**Commercial Operation:** The status determined by the IMO under clause 4.13.10B that a Facility is operating in the Wholesale Electricity Market.

**Reserve Capacity Security:** The reserve capacity security to be provided for a Facility as calculated and re-calculated under clause 4.13 and clause 4.28C. Has the meaning given in clause 4.13.1.

**Required Level:** The level of output (expressed in MW) required to be met by a Facility as determined in clause 4.11.3B.

**Relevant Level:** Has the meaning provided in clause 4.11.3A.