

Revised static baseline Relevant Demand Methodology

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Current Relevant Demand (RD) Methodology

- RD measures the baseline consumption of Curtailable Load (CL)
- RD level determined as median value that CL consumes during 32 Trading Intervals of highest demand during the preceding Hot Season (Clause 4.26.2C)
- Designed to reflect a normal operating level during the intervals where the CL is most likely to be dispatched
- Trading Intervals where the CL was dispatched by System Management or undertaking maintenance are excluded from the calculation

Issues with current Relevant Demand Methodology

- Double payment issue associated with a Load targeting a reduction in its IRCR, yet applying to the IMO to have these intervals excluded from its RD calculation (increasing RD)
- Curtailment of a DSP measured for those Loads directed by the DSP to curtail

Identification of a solution

- IMO commissioned Data Analysis Australia (DAA) to consider the use of the IRCR Trading Intervals as the basis for the RD calculation (continuing to use a static baseline model)
- DAA found that the use of the IRCR intervals would produce a more reliable result that better reflects the normal operating level at times where the DSP is most likely to be dispatched
- DAA also found that there is no significant difference between measuring the:
 - reduction of each individual Load compared to its individual RD level; or
 - aggregated DSP as a single Facility with a RD level based on the sum of the comprising loads

Discussion of proposed solution at the MAC

- **The MAC agreed that:**
 - The RD level calculation methodology should be changed to be calculated on the IRCR intervals
 - The exclusion due to maintenance under clause 4.26.2C(d) should be removed from the Market Rules
 - The RD level should be calculated based on the aggregated output of the DSP, and not by aggregating the RD of each CL associated with a DSP

IMO's proposed solution under RC_2010_29

- DSP to be the Registered Facility in the Market Rules, with associated Non-Dispatchable Loads (NDLs) for the purposes of capacity obligations, dispatch and settlements
- Updates to restrict RD calculation to 12 IRCR intervals to remove double payment issues
- RD level calculated based on the aggregated output of the DSP (not by aggregating the RD of each CL associated with a DSP)