

Final Rule Change Report:
Limit to Early Entry Capacity Payments
(RC_2013_21)

Standard Rule Change Process

12 September 2017

Executive Summary

Proposed Amendments

The Reserve Capacity Mechanism requires Certified Reserve Capacity to be available from the beginning of the Capacity Year on 1 October. Under clause 4.1.26(c) of the Wholesale Electricity Market Rules (Market Rules), to incentivise the prompt arrival of new capacity, Facilities may enter the market and begin receiving “early entry capacity payments” at any time throughout the four months leading up to the start of the Capacity Year (1 June to 30 September). The early payment was preferred against the potential risk of a new generator arriving late and missing the critical summer peak.

The Independent Market Operator (IMO) considered that, in years of excess capacity, the market receives little benefit from the incentive for early entry of new capacity that is currently available. In these circumstances the early entry capacity payments represent an unnecessary cost to Market Customers. The IMO therefore developed this Rule Change Proposal to remove early entry capacity payments for new capacity if the Reserve Capacity Requirement has already been met for a Capacity Year.

The proposed amendments required the IMO, following its assignment of Capacity Credits for a Reserve Capacity Cycle, to determine whether the Reserve Capacity Requirement has already been met for the relevant Capacity Year and notify Market Participants whether early entry capacity payments will be available for that Capacity Year.

Consultation - IMO

A Pre Rule Change Proposal was presented to the Market Advisory Committee (MAC) at its 11 December 2013 meeting. MAC members agreed that, subject to a change in the timing of the notification of the availability of payments, the proposal should be submitted into the formal rule change process. The IMO formally submitted the proposal and published the Rule Change Notice on 10 January 2014.

The first submission period was held between 13 January 2014 and 24 February 2014. Submissions were received from Alinta Energy, Community Electricity, Perth Energy and Synergy. All submissions supported the proposed amendments on the grounds that they avoided the imposition of unnecessary costs on the market.

The Draft Rule Change Report was published on 25 March 2014 and the second submission period was held between 26 March 2014 and 24 April 2014. No submissions were received during this period.

The IMO delayed its final decision on the Rule Change Proposal due to uncertainties associated with the Minister’s Electricity Market Review. In May 2015 the Minister asked the IMO to exercise its discretion under clause 2.5.10 of the Market Rules to extend the normal timeframes for processing all Rule Change Proposals in progress (except for those relating to the deferral of Reserve Capacity Cycles) until the new rule change approval body was established as part of the Electricity Market Review reforms.

Consultation – Rule Change Panel

The rule making functions of the IMO were transferred to the newly formed Rule Change Panel on 26 November 2016. The Rule Change Panel commenced its rule making functions on 3 April 2017.

On 10 April 2017 the Rule Change Panel extended the timeframe for publication of the Final Rule Change Report for this Rule Change Proposal until 29 December 2017, to allow the Rule Change Panel sufficient time to assess the Final Rule Change Report against the recent changes to the Market Rules and the Government's further reform announcements. In its extension notice the Rule Change Panel advised that notwithstanding the extension date it was committed to publishing the Final Rule Change Report as soon as practicable.

On 3 August 2017 the Rule Change Panel issued a call for further submissions on this Rule Change Proposal, on the basis that a significant period of time had passed since the IMO last consulted on the proposal, during which the Market Rules had undergone numerous changes. The further submission period closed on 17 August 2017. One submission was received from AEMO, which supported the proposal and proposed a further minor amendment.

Assessment Against Wholesale Market Objectives

The Rule Change Panel considers that the proposed amendments better achieve Wholesale Market Objectives (a) and (d) and are consistent with the remaining Wholesale Market Objectives.

Practicality and Cost of Implementation

AEMO does not expect any significant costs associated with implementing this Rule Change Proposal.

No issues relating to the practicality of implementation of the proposed amendments have been raised in consultations on the Rule Change Proposal.

The Rule Change Panel's Decision

The Rule Change Panel's decision is to accept the Rule Change Proposal in a modified form as set out in this Final Rule Change Report.

Next Steps

Subject to Ministerial approval, the Amending Rules will commence at **8:00 AM on 13 October 2017**.

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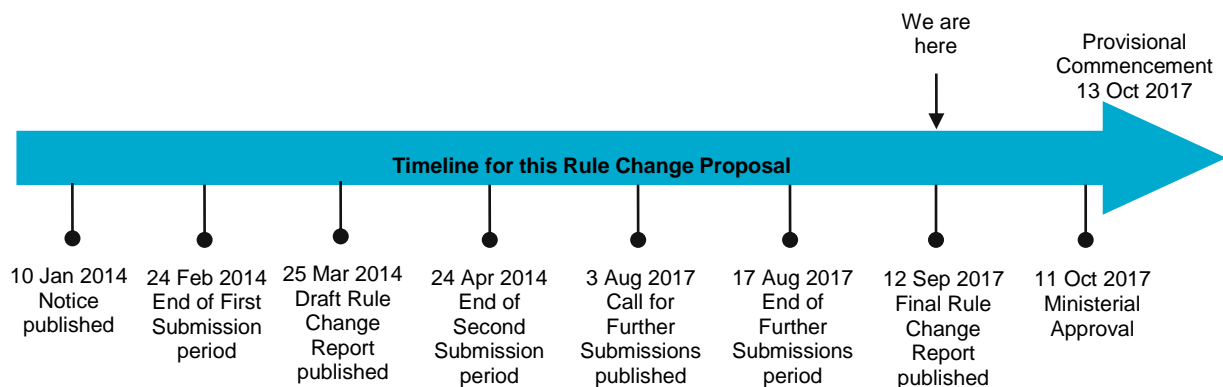
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1. Rule Change Process and Timeline

On 10 January 2014 the Independent Market Operator (IMO) submitted a Rule Change Proposal titled “Limit to Early Entry Capacity Payments” (RC_2013_21).

This proposal is being processed using the Standard Rule Change Process, described in section 2.7 of the Market Rules. The timeframe for the preparation of the Final Rule Change Report was extended by both the IMO and the Rule Change Panel, under clauses 2.5.10 and 1.18.3(b) of the Market Rules respectively. Further details of the extensions are available on the Rule Change Panel’s website at [Rule Change: RC_2013_21 - Economic Regulation Authority Western Australia](#).

The key dates in processing this Rule Change Proposal, as amended in the extension notices, are:



All documents related to this Rule Change Proposal can be found on the Rule Change Panel’s website.

2. Proposed Amendments

2.1 The Rule Change Proposal

The IMO developed this Rule Change Proposal to remove early entry capacity payments for new capacity where the Reserve Capacity Requirement has been met. The IMO proposed that, where the Reserve Capacity Requirement has already been met for a Capacity Year as determined by the IMO, the IMO must decide that early entry capacity payments will not be available for the relevant Capacity Year, following the assignment of Capacity Credits for that Reserve Capacity Cycle.

The IMO considered that in years of excess capacity the market receives little benefit from the incentive for early entry of new capacity. In such circumstances, early entry capacity payments represent an unnecessary cost to Market Customers. The IMO estimated that limiting access to early entry capacity payments will likely save Market Customers \$1.55 million on average per annum.

The IMO therefore proposed amendments to clause 4.20.5A of the Market Rules to require the IMO to determine if the Reserve Capacity Requirement has been met with existing capacity. In addition, the IMO proposed changes to clauses 4.1.16 and 4.1.21A and the creation of a new clause 4.1.16A to provide the process by which the IMO notifies the market of the determination. Changes to clause 4.1.26 were also proposed to provide the dates from which Reserve Capacity Obligations apply.

The IMO also proposed to correct an oversight from the Rule Change Proposal: Early Certified Reserve Capacity (RC_2009_10) by amending clause 4.28C.13 of the Market Rules to extend the eligibility for early entry capacity payments (consistent with the changes proposed for capacity certified under the standard process) to Facilities with Early Certified Reserve Capacity.

Full details relating to the Rule Change Proposal are available on the Rule Change Panel's website.

2.2 The IMO's Initial Assessment of the Proposal

The IMO decided to proceed with the proposal on the basis that Rule Participants should be given an opportunity to provide submissions on the Rule Change Proposal.

2.3 Protected Provisions, Reviewable Decisions and Civil Penalties

Clause 4.1.16 of the Market Rules is a Protected Provision. Under clause 2.8.3 of the Market Rules, amendments to a Protected Provision require the Amending Rules in the Rule Change Proposal to be approved by the Minister.

In addition, the IMO proposed to add a new clause 4.1.16A, which contains an obligation that has been moved from clause 4.1.16. The Public Utilities Office agreed with the IMO's recommendation that clause 4.1.16A should be made a Protected Provision. The Rule Change Panel also agrees with this recommendation. As clause 4.1.16A is included in an existing range of Protected Provisions in clause 2.8.13(d) of the Market Rules (i.e. "4.1.15 to 4.1.19"), no specific amendments are required to give effect to this.

This Rule Change Proposal does not amend any civil penalty provisions or Reviewable Decisions, nor does the Rule Change Panel consider that the new clause 4.1.16A should be a civil penalty provision or Reviewable Decision.

3. Consultation

3.1 The Market Advisory Committee

On various occasions, Market Advisory Committee (MAC) members have expressed support for reforming the concept of early entry capacity payments, particularly in times of excess capacity. The following opinions were expressed by MAC members:

- in October 2010¹, System Management queried the validity of having early entry capacity payments available when the usability of the new capacity at that time of year is questionable;
- in June 2012², Griffin Power expressed the view that there is sufficient incentive to ensure capacity is available by 1 October in order to avoid Capacity Cost Refunds; and
- in October 2013³, the MAC discussed the continuing priorities of the Market Rules Evolution Plan, where the reform of early entry capacity payments was agreed as a priority for the IMO to remove the unnecessary, inefficient cost to the market.

A Pre Rule Change Proposal was presented to the MAC at its 11 December 2013 meeting. At the meeting, the MAC members agreed that, subject to a change in the timing of the notification of the availability of payments, the proposal should be submitted into the formal rule change process. The IMO formally submitted the proposal into the Standard Rule Change Process and published the Rule Change Notice on 10 January 2014.

During the 12 July 2017 MAC meeting, RCP Support requested feedback from MAC members on which open Rule Change Proposals should be assigned a High urgency rating under the new framework for Rule Change Proposal prioritisation and scheduling. MAC members supported the assignment of a High urgency rating to RC_2013_21.

Only one member questioned the assignment of a High urgency rating to this proposal. Mr Shane Cremin, in a late response, suggested retaining the current early entry provisions “for a while” to allow some Generators, who intend to enter the market under Generator Interim Access (GIA) arrangements, to receive early entry capacity payments. The suggestion was made on the basis that “the issues around the GIA may mean that the ability to enter a new facility early (albeit in a later Capacity Year) may offset some of the timing issues present in the GIA discussions”.

The Rule Change Panel however considers that the management of timing issues relating to the connection of GIA Generators is a matter for the parties involved, and consumers should not be expected to pay for early entry capacity if that capacity is not required by the market.

Further details are available in the MAC meeting minutes available on the Rule Change Panel’s website: [Market Advisory Committee Meetings - Economic Regulation Authority Western Australia](#).

3.2 Submissions Received During the First Submission Period

The first submission period for this Rule Change Proposal was held between 13 January 2014 and 24 February 2014. Submissions were received from Alinta Energy, Community Electricity, Perth Energy and Synergy.

¹ See minutes for MAC meeting 32 (13 October 2010) agenda item 5h.

² See minutes for MAC meeting 50 (13 June 2012) agenda item 5a.

³ See minutes for MAC meeting 65 (9 October 2013) agenda item 6.

All submitters supported the Rule Change Proposal, noting that it would promote economic efficiency and reduce unnecessary costs in the market, and therefore better achieve Wholesale Market Objectives (a) and/or (d). Perth Energy and Synergy also raised some general issues with respect to the value derived from various sources of capacity.

A copy of all submissions in full received during the first submission period is available on the Rule Change Panel's website.

3.3 The IMO's Response to Submissions Received in the First Submission Period

The IMO's response to submissions received during the first submission period are detailed in section 4.3 of the Draft Rule Change Report available on the Rule Change Panel's website.

3.4 Submissions Received during the Second Submission Period

The second submission period was held between 26 March 2014 and 24 April 2014. No submissions were received during the second submission period.

3.5 Call for Further Submissions

The IMO delayed its final decision on the Rule Change Proposal due to uncertainties associated with the Minister's Electricity Market Review. In May 2015 the Minister asked the IMO to exercise its discretion under clause 2.5.10 of the Market Rules to extend the normal timeframes for processing all Rule Change Proposals in progress (except for those relating to the deferral of Reserve Capacity Cycles) until the new rule change approval body was established as part of the Electricity Market Review reforms.

The rule making functions of the IMO were transferred to the newly formed Rule Change Panel on 26 November 2016. The Rule Change Panel commenced its rule making functions on 3 April 2017.

On 10 April 2017 the Rule Change Panel further extended the timeframe for publication of the Final Rule Change Report until 29 December 2017, to allow the Rule Change Panel sufficient time to assess the Final Rule Change Report against the recent changes to the Market Rules and the Government's further reform announcements. In its extension notice the Rule Change Panel advised that notwithstanding the extension date it committed to publish the Final Rule Change Report as soon as practicable.

On 3 August 2017 the Rule Change Panel issued a call for further submissions on the Rule Change Proposal on the basis that a significant period of time had passed since the IMO last consulted on the Rule Change Proposal, during which the Market Rules had undergone numerous changes. The further submission period closed on 17 August 2017.

The Rule Change Panel received one submission from AEMO, which supported the Rule Change Proposal. AEMO also proposed removal of the requirement for AEMO to include the Facility Class of each Facility when publishing the quantities of Capacity Credits assigned to Facilities under clause 4.20.5A(b). AEMO considered that the inclusion of the requirement is unnecessary with no added benefit to Market Participants, as Facility Class information is available on AEMO's Market Data Web Site.

3.6 The Rule Change Panel's Response to Submission Received in the Further Submission Period

The Rule Change Panel notes that the requirement to report Facility Classes in the clause 4.20.5A(b) publication was introduced by the Minister for Energy in the amending rules set out in Schedule B, Part 1 of the *Wholesale Electricity Market Rules Amending Rules 2016*. These amending rules commenced at 8:00 AM on 1 June 2016.

The Public Utilities Office has confirmed that the Facility Class requirement was deliberately included in clause 4.20.5A(b) to make it easier for interested stakeholders to identify how many Capacity Credits were assigned to each Facility Class.

The Rule Change Panel considers that both the benefits and costs of including Facility Classes in the publication are likely to be minor. However, stakeholders have not been consulted on the matter (which is not a consequence of this Rule Change Proposal), and given the urgency of this proposal and other competing priorities the Rule Change Panel does not consider the question warrants delaying this Final Rule Change Report to conduct a further round of public consultation. The Rule Change Panel has therefore made no change to the Facility Class requirement in clause 4.20.5A(b), but will schedule the matter for consideration by the MAC at the earliest convenience.

3.7 Public Forums and Workshops

No public forums or workshops were held in regard to this Rule Change Proposal.

4. The IMO's Draft Assessment

The IMO's draft assessment against clauses 2.4.2 and 2.4.3 of the Market Rules and analysis of the Rule Change Proposal are provided in section 5 of the Draft Rule Change Report available on the Rule Change Panel's website.

5. The IMO's Proposed Decision

The IMO's proposed decision was to accept the Rule Change Proposal as modified following the first submission period.

The wording of the relevant proposed Amending Rules was presented in section 7 of the Draft Rule Change Report, which is available on the Rule Change Panel's website.

The IMO made its proposed decision on the basis that the proposed Amending Rules:

- better achieved Wholesale Market Objectives (a) and (d);
- were consistent with the remaining Wholesale Market Objectives; and
- had the general support of the MAC and the submissions received during the first submission period.

6. The Rule Change Panel's Final Assessment

In preparing its Final Rule Change Report, the Rule Change Panel must assess the Rule Change Proposal in light of clauses 2.4.2 and 2.4.3 of the Market Rules.

Clause 2.4.2 of the Market Rules outlines that the Rule Change Panel “must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives”. Additionally, clause 2.4.3 of the Market Rules states, when deciding whether to make Amending Rules, the Rule Change Panel must have regard to the following:

- any applicable policy direction from the Minister regarding the development of the market;
- the practicality and cost of implementing the proposal;
- the views expressed in submissions and by the MAC; and
- any technical studies that the Rule Change Panel considers necessary to assist in assessing the Rule Change Proposal.

The Rule Change Panel notes that there has not been any applicable policy direction from the Minister in respect of this Rule Change Proposal nor has it commissioned a technical review in respect of this Rule Change Proposal. A summary of the views expressed in submissions and by the MAC is available in section 3 of this report.

6.1 Additional Amendments to the Amending Rules

6.1.1 Additional Amendments following the First Submission Period

Following the first submission period, the IMO made additional changes to clause 4.1.16 to correct an incorrect reference noted by Perth Energy. The IMO also amended references in the proposed Amending Rules to refer to the 2015 Reserve Capacity Cycle on the basis that the rule change process was not expected to be completed in time for implementation for the 2014 Reserve Capacity Cycle.

The changes are outlined in Appendix 1 of the Draft Rule Change Report available on Rule Change Panel’s website.

6.1.2 Additional Amendments following the Second Submission Period

Following the publication of the Draft Rule Change Report the Minister made some minor changes to the clauses of the Market Rules that are targeted for amendment by this Rule Change Proposal. These include:

- replacement of the “the IMO” with “AEMO” in several clauses;
- deletion of clause 4.27.11B, to which the proposed new clauses 4.1.26(d)(ii)(2) and 4.28C.13(a)(ii)(1) referred; and
- the inclusion of the requirement to include Facility Classes in the clause 4.20.5A(b) publication (discussed in sections 3.5-3.6 above).

The Rule Change Panel has decided to make several further changes to the proposed Amending Rules as presented in the Draft Rule Change Report. These changes include those presented to stakeholders in the call for further submissions:

- redrafting of the proposed amendments to clause 4.20.5A to accommodate the additional obligation included in the clause by the Minister;
- removal of references to deleted clause 4.27.11B;

- replacement of “the IMO” with “AEMO” in the proposed new text;
- amendment of clause 4.1.26(c) and new clause 4.1.26(d) to reflect that the intention that the proposed amendments apply from the 2016 Reserve Capacity Cycle onwards;
- replacement of “clause 4.13” and “clause 4.28C” with the standard Market Rules references “section 4.13” and “section 4.28C” respectively; and
- clarification of AEMO’s specific obligations under clauses 4.1.16A(b) and 4.1.21A(b).

Following the closure of the further submission period the Rule Change Panel decided to make one further change in addition to those set out in the call for further submissions:

- amendment of clause 4.28C.13(b)(i) to account for situations where the start date determined under clause 4.28C.13(a) is earlier than 1 October of Year 3 of the relevant Reserve Capacity Cycle (i.e. to avoid adopting 1 October of Year 3 as the end date).

The revised proposed Amending Rules presented in the call for further submissions are provided in Appendix A of this report, while the additional change to clause 4.28C.13(b)(i) is outlined in Appendix B.

6.2 Assessment against the Wholesale Market Objectives

The Rule Change Panel considers that the Market Rules as a whole, if amended as presented in section 8, will not only be consistent with the Wholesale Market Objectives but also allow the Market Rules to better achieve Wholesale Market Objectives (a) and (d).

The Rule Change Panel’s assessment is presented below:

- (a) *to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system*

The Rule Change Panel considers that the proposed amendments improve economic efficiency by removing inefficient incentives for the early entry of new capacity when it is not required, thereby reducing the cost to the market where such payment does not provide commensurate market benefits.

- (d) *to minimise the long-term cost of electricity supplied to customers from the South West interconnected system*

The proposed amendments remove the unnecessary cost of early entry capacity payments where the market has adequate existing capacity, while retaining the payment to minimise the risk of costly capacity shortfalls at times when existing capacity is below the Reserve Capacity Requirement.

6.3 Practicality and Cost of Implementation

6.3.1 Cost

AEMO has confirmed that it does not expect any significant costs associated with implementing this Rule Change Proposal.

Based on the submissions made in the first submission period the Rule Change Panel also does not expect Market Participants to incur any significant implementation costs.

6.3.2 Practicality

The Rule Change Panel does not consider that there are any issues with the practicality of implementing the proposed changes. No issues relating to the practicality of implementation of the proposed amendments have been raised during consultation on the Rule Change Proposal.

The Rule Change Panel notes that clause 4.1.16 and proposed new clause 4.1.16A of the Market Rules are Protected Provisions. Under clause 2.8.3 of the Market Rules, amendments to a Protected Provision require the Amending Rules in this Rule Change Proposal to be approved by the Minister.

6.3.3 Amendments to Associated Market Procedures

The Rule Change Panel has not identified any Market Procedures that require updating as a result of this Rule Change Proposal.

7. The Rule Change Panel's Decision

Based on the considerations set out in this report, the Rule Change Panel's final decision is to accept the Rule Change Proposal in a modified form as set out in section 8 of this Final Rule Change Report.

7.1 Reasons for the Decision

The Rule Change Panel has made its decision on the basis that the Amending Rules:

- will allow the Market Rules to better achieve Wholesale Market Objectives (a) and (d);
- are consistent with the remaining Wholesale Market Objectives; and
- have the general support of the MAC and the submissions received during the three submission periods.

Additional detail outlining the analysis behind the Rule Change Panel's decision is provided in section 6 of this report.

8. Amending Rules

8.1 Commencement

Subject to Ministerial approval the amendments to the Market Rules resulting from this Rule Change Proposal will commence at **8:00 AM on 13 October 2017**.

8.2 Amending Rules

The Rule Change Panel has decided to implement the following Amending Rules (~~deleted text~~, added text):

- 4.1.16. AEMO must publish the information required by clauses 4.15.1 and 4.15.2 pertaining to whether or not a Reserve Capacity Auction is required by 5:00 PM on the last Business Day falling on or before:

- (a) 16 September 2005, in the case of the first Reserve Capacity Cycle;
- (b) 18 August of Year 1, in the case of subsequent Reserve Capacity Cycles up to and including 2010; and
- (c) the first Business Day following the confirmation deadline specified in clause 4.1.15, in the case of Reserve Capacity Cycles from 2011 onwards.

~~If the Reserve Capacity Auction is cancelled, AEMO will assign Capacity Credits on the same day in accordance with clause 4.20.5A(a).~~

4.1.16A. If the Reserve Capacity Auction is cancelled, then, on the day that AEMO publishes the notice under clause 4.1.16, AEMO must:

- (a) assign Capacity Credits in accordance with clause 4.20.5A(a); and
- (b) determine in accordance with clause 4.20.5A(aA) whether the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13.

...

4.1.21A. Not later than 5:00 PM on the last Business Day falling on or before 24 September of Year 1 of a Reserve Capacity Cycle, AEMO must, in the event that a Reserve Capacity Auction was required,:

- (a) assign Capacity Credits in accordance with clause 4.20.5A(a); and
- (b) determine in accordance with clause 4.20.5A(aA) whether the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13.

...

4.1.26. Reserve Capacity Obligations apply:

- (a)...
 - iii. from the Trading Day commencing on 1 October 2007 for Interruptible Loads, Curtailable Loads or Dispatchable Loads commissioned after Energy Market Commencement; ~~and~~
- (b)...
 - iii. from the Trading Day commencing on 30 November of Year 3, for new generating systems undertaking Commissioning Tests after 30 November of Year 3; ~~and~~
- (c) for subsequent Reserve Capacity Cycles ~~from 2010 onwards~~ up to and including 2015:

...

- iii. from the Trading Day commencing on 1 October of Year 3, for new generating systems undertaking Commissioning Tests after 1 October of Year 3; and

(d) for subsequent Reserve Capacity Cycles from 2016 onwards:

- i. where AEMO has determined in accordance with clause 4.20.5A(aA) that the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13, from the Trading Day commencing on 1 October of Year 3;
- ii. where AEMO has determined in accordance with clause 4.20.5A(aA) that the Reserve Capacity Requirement has not been met with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13:
 - 1. from the Trading Day commencing on 1 October of Year 3, for Facilities that were commissioned as at the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 4.1.18(a) or for Facilities which have provided Capacity Credits in one or both of the two previous Reserve Capacity Cycles;
 - 2. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A, for Facilities commissioned between 1 June of Year 3 and 1 October of Year 3; or
 - 3. from the Trading Day commencing on 1 October of Year 3, for new generating systems undertaking Commissioning Tests after 1 October of Year 3.

...

4.20.5A. AEMO must:

- (a) assign a quantity of Capacity Credits to each Facility, where the quantity is determined in accordance with clause 4.20.5B, clause 4.20.5C or clause 4.20.5D, as applicable to the relevant Facility; ~~and~~
- (aA) determine whether the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13; and
- ~~(b) publish the quantity of Capacity Credits assigned to each Facility and specify the Facility Class:~~

(b) publish AEMO's determination under clause 4.20.5A(aA) and, for each Facility assigned Capacity Credits under clause 4.20.5A(a), the quantity of Capacity Credits assigned and the Facility Class:

- (i) if a Reserve Capacity Auction is cancelled under clause 4.15.1 – by the date and time specified in clause 4.1.16; and
- (ii) if a Reserve Capacity Auction is not cancelled under clause 4.15.1 – by the date and time specified in clause 4.1.21A.

...

4.28C.13. If AEMO approves the granting of Capacity Credits to the Facility under this ~~clause~~ section 4.28C, then the Capacity Credits and the Reserve Capacity Obligations associated with that Facility will apply from the commencement of the Trading Day commencing on the start date until the end of the Trading Day ending on the end date, where:

~~(a) the start date is 1 October of year 3 of the capacity cycle the application relates to under clause 4.28C.2 ; and~~

(a) the start date is:

i. where AEMO has determined, under clause 4.20.5A(aA), that the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13 – 1 October of Year 3 of the Reserve Capacity Cycle to which the application relates, as determined under clause 4.28C.2; and

ii. where AEMO has determined, under clause 4.20.5A(aA), that the Reserve Capacity Requirement has not been met with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13:

1. for Facilities commissioned between 1 June of Year 3 and 1 October of Year 3 – the date on which the Facility completes all Commissioning Tests and is capable of meeting Reserve Capacity Obligations in full, as specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A; or

2. for new generating systems undertaking Commissioning Tests after 1 October of Year 3 – 1 October of Year 3; and

(b) the end date is the earlier of:

i. the first instance of the date 1 October of Year 4 of the Reserve Capacity Cycle to which the application relates, as determined under clause 4.28C.2 after the start date; and

ii. the decommissioning date of the Facility.

...

9. Appendix A Amending Rules in the Call for Further Submissions

The revised proposed Amending Rules presented below incorporate the original amendments proposed by the IMO and the additional changes, first developed by RCP Support and published in the call for further submissions, which the Rule Change Panel has now decided to make. The revised proposed Amending Rules are shown in their entirety, marked up against the Market Rules as at 1 July 2017 (~~deleted text~~, added text):

- 4.1.16. AEMO must publish the information required by clauses 4.15.1 and 4.15.2 pertaining to whether or not a Reserve Capacity Auction is required by 5:00 PM on the last Business Day falling on or before:
- (a) 16 September 2005, in the case of the first Reserve Capacity Cycle;
 - (b) 18 August of Year 1, in the case of subsequent Reserve Capacity Cycles up to and including 2010; and
 - (c) the first Business Day following the confirmation deadline specified in clause 4.1.15, in the case of Reserve Capacity Cycles from 2011 onwards.

~~If the Reserve Capacity Auction is cancelled, AEMO will assign Capacity Credits on the same day in accordance with clause 4.20.5A(a).~~

- 4.1.16A. If the Reserve Capacity Auction is cancelled, then, on the day that AEMO publishes the notice under clause 4.1.16, AEMO must:

- (a) assign Capacity Credits in accordance with clause 4.20.5A(a); and
- (b) determine in accordance with clause 4.20.5A(aA) whether the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13.

...

- 4.1.21A. Not later than 5:00 PM on the last Business Day falling on or before 24 September of Year 1 of a Reserve Capacity Cycle, AEMO must, in the event that a Reserve Capacity Auction was required~~;~~:

- (a) assign Capacity Credits in accordance with clause 4.20.5A(a); and
- (b) determine in accordance with clause 4.20.5A(aA) whether the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13.

...

- 4.1.26. Reserve Capacity Obligations apply:

- (a)...

- iii. from the Trading Day commencing on 1 October 2007 for Interruptible Loads, Curtailable Loads or Dispatchable Loads commissioned after Energy Market Commencement; ~~and~~

(b)...

- iii. from the Trading Day commencing on 30 November of Year 3, for new generating systems undertaking Commissioning Tests after 30 November of Year 3; ~~and~~

(c) for subsequent Reserve Capacity Cycles ~~from 2010 onwards~~ up to and including 2015:

...

- iii. from the Trading Day commencing on 1 October of Year 3, for new generating systems undertaking Commissioning Tests after 1 October of Year 3; and

(d) for subsequent Reserve Capacity Cycles from 2016 onwards:

i. where AEMO has determined in accordance with clause 4.20.5A(aA) that the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13, from the Trading Day commencing on 1 October of Year 3;

ii. where AEMO has determined in accordance with clause 4.20.5A(aA) that the Reserve Capacity Requirement has not been met with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13:

1. from the Trading Day commencing on 1 October of Year 3, for Facilities that were commissioned as at the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 4.1.18(a) or for Facilities which have provided Capacity Credits in one or both of the two previous Reserve Capacity Cycles;

2. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A, for Facilities commissioned between 1 June of Year 3 and 1 October of Year 3; or

3. from the Trading Day commencing on 1 October of Year 3, for new generating systems undertaking Commissioning Tests after 1 October of Year 3.

...

4.20.5A. AEMO must:

- (a) assign a quantity of Capacity Credits to each Facility, where the quantity is determined in accordance with clause 4.20.5B, clause 4.20.5C or clause 4.20.5D, as applicable to the relevant Facility; ~~and~~
- (aA) determine whether the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13; and
- ~~(b) publish the quantity of Capacity Credits assigned to each Facility and specify the Facility Class:~~
- (b) publish AEMO's determination under clause 4.20.5A(aA) and, for each Facility assigned Capacity Credits under clause 4.20.5A(a), the quantity of Capacity Credits assigned and the Facility Class:
 - (i) if a Reserve Capacity Auction is cancelled under clause 4.15.1 – by the date and time specified in clause 4.1.16; and
 - (ii) if a Reserve Capacity Auction is not cancelled under clause 4.15.1 – by the date and time specified in clause 4.1.21A.

...

4.28C.13. If AEMO approves the granting of Capacity Credits to the Facility under this ~~clause~~ section 4.28C, then the Capacity Credits and the Reserve Capacity Obligations associated with that Facility will apply from the commencement of the Trading Day commencing on the start date until the end of the Trading Day ending on the end date, where:

- ~~(a) the start date is 1 October of year 3 of the capacity cycle the application relates to under clause 4.28C.2; and~~
- (a) the start date is:
 - i. where AEMO has determined, under clause 4.20.5A(aA), that the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13 – 1 October of Year 3 of the Reserve Capacity Cycle to which the application relates, as determined under clause 4.28C.2; and
 - ii. where AEMO has determined, under clause 4.20.5A(aA), that the Reserve Capacity Requirement has not been met with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13:
 - 1. for Facilities commissioned between 1 June of Year 3 and 1 October of Year 3 – the date on which the Facility completes all Commissioning Tests and is capable of meeting Reserve Capacity Obligations in full, as specified in accordance with

clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A; or

2. for new generating systems undertaking Commissioning Tests after 1 October of Year 3 – 1 October of Year 3; and

- (b) the end date is the earlier of:
- i. the first instance of the date 1 October after the start date; and
 - ii. the decommissioning date of the Facility.

...

10. Appendix B Further Amendments to the proposed Amending Rules in the Call for Further Submissions

The Rule Change Panel has decided to make further changes to the proposed Amending Rules following the closure of the further submission period. These changes are as follows (~~deleted text~~, added text):

4.28C.13. If AEMO approves the granting of Capacity Credits to the Facility under this section 4.28C, then the Capacity Credits and the Reserve Capacity Obligations associated with that Facility will apply from the commencement of the Trading Day commencing on the start date until the end of the Trading Day ending on the end date, where:

...

- (b) the end date is the earlier of:
 - i. ~~the first instance of the date-1 October of Year 4 of the Reserve Capacity Cycle to which the application relates, as determined under clause 4.28C.2~~after the start date; and
 - ii. the decommissioning date of the Facility.

...