

## **Rule Change Notice: Change the Publication Date for Relevant Level Information (RC\_2017\_03)**

This notice is given under clause 2.5.7 of the Wholesale Electricity Market Rules (Market Rules).

**Submitter:** Peter Geers, Australian Energy Market Operator

**Date submitted:** 1 May 2017

### **The Rule Change Proposal**

The Australian Energy Market Operator (AEMO) has submitted a Rule Change Proposal seeking amendments to Appendix 9 of the Market Rules (Relevant Level Determination).

Currently the Market Rules require AEMO to publish information related to the Relevant Level Methodology before one of the key inputs needed to determine this information is certain.

Under step 19 of Appendix 9 of the Market Rules AEMO must publish specific information related to the Relevant Level Methodology by 1 June of Year 1 of the relevant Reserve Capacity Cycle. One of the key input factors used to determine this information – “the total sent out generation of all Candidate Facilities” – cannot be determined until the close of the application window for Certified Reserve Capacity (which under clause 4.1.11 of the Market Rules is on the last Business Day on or before 1 July of the same year). This is because the final list of Candidate Facilities is not available before this time. AEMO proposes to amend the Market Rules to change the publication deadline to be three Business Days after the close of the of the application window for Certified Reserve Capacity.

The Rule Change Panel notes that the publication requirement in step 19 of Appendix 9 was introduced as part of the Rule Change Proposals: Calculation of the Capacity Value of Intermittent Generation – Methodology 1 (IMO) and Methodology 2 (Griffin Energy) (RC\_2010\_25 and RC\_2010\_37). In the Final Rule Change Report for these proposals the IMO commented that the 1 June publication deadline would “allow existing Facilities to consider this information prior to the closure of the window for certification applications on 1 July”<sup>1</sup>.

AEMO’s proposed amendments shift the publication deadline to after the closure of the window for certification applications. AEMO states in its Rule Change Proposal that it will publish provisional Existing Facility Load for Scheduled Generation intervals by 1 June each year, to assist Market Participants to estimate the Certified Reserve Capacity level that will be assigned

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<sup>1</sup> Final Rule Change Report: RC\_2010\_25 & RC\_2010\_37, page 24 of 151

to their Facilities. The publication of provisional values is not however proposed to be an explicit obligation on AEMO under the Market Rules.

Appendix 1 contains the Rule Change Proposal and gives complete information about:

- the proposed amendments to the Market Rules;
- relevant references to the Market Rules and any proposed specific amendments to those clauses; and
- the submitter’s description of how the proposed amendments would allow the Market Rules to better address the Wholesale Market Objectives.

### Decision to progress the Rule Change Proposal

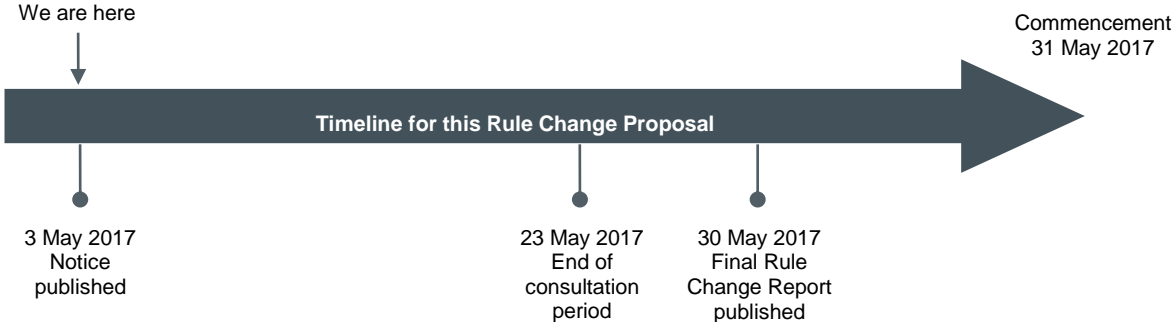
The Rule Change Panel has decided to progress this Rule Change Proposal on the basis that its preliminary assessment indicated that the proposal is consistent with the Wholesale Market Objectives.

### Timeline

This Rule Change Proposal will be progressed using the Fast Track Rule Change Process, described in section 2.6 of the Market Rules, on the grounds that the proposed changes are required to correct a manifest error and therefore the proposal satisfies the criterion in clause 2.5.9(b) of the Market Rules.

- 2.5.9. *The Rule Change Panel may subject a Rule Change Proposal to the Fast Track Rule Change Process if, in its opinion, the Rule Change Proposal:*
- (a) *is of a minor or procedural nature; or*
  - (b) *is required to correct a manifest error; or*
  - (c) *is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.*

The projected timelines for progressing this proposal are:



## Call for submissions

Any Rule Participant wishing to be consulted regarding this Rule Change Proposal is invited to notify the Rule Change Panel within 5 Business Days of this notice being published **(10 May 2017)**.

The consultation period is 14 Business Days from the Rule Change Notice publication date. Submissions must be delivered to the RCP Secretariat by **5:00 PM on Tuesday, 23 May 2017**.

The Rule Change Panel prefers to receive submissions by email, using the submission form available at: <https://www.erawa.com.au/rule-change-panel/make-a-rule-change-submission> sent to [rcp.secretariat@rcpwa.com.au](mailto:rcp.secretariat@rcpwa.com.au).

Submissions may also be sent to the Rule Change Panel by post, addressed to:

### **Rule Change Panel**

Attn: Executive Officer  
C/o Economic Regulation Authority  
PO Box 8469  
PERTH BC WA 6849

## Wholesale Electricity Market Rule Change Proposal

**Rule Change Proposal ID:** RC\_2017\_03  
**Date received:** 1 May 2017

### Change requested by:

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<b>Organisation:</b>	<i>Australian Energy Market Operator</i>
<b>Address:</b>	L17, 197 St Georges Terrace, Perth 6000
<b>Date submitted:</b>	1 May 2017
<b>Urgency:</b>	3-high
<b>Rule Change Proposal title:</b>	Change the publication date for Relevant Level information
<b>Market Rule(s) affected:</b>	Appendix 9, step 19

### Introduction

Clause 2.5.1 of the Wholesale Electricity Market (WEM) Rules (Market Rules) provides that any person may make a Rule Change Proposal by completing a Rule Change Proposal form that must be submitted to the Rule Change Panel.

This Rule Change Proposal can be sent by:

Email to: [rcp.secretariat@rcpwa.com.au](mailto:rcp.secretariat@rcpwa.com.au)

Post to: Rule Change Panel  
 Attn: Executive Officer  
 C/o Economic Regulation Authority  
 PO Box 8469  
 PERTH BC WA 6849

The Rule Change Panel will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives.

The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

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## Details of the Proposed Rule Change

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### 1. Describe the concern with the existing Market Rules that is to be addressed by the proposed rule change:

#### **Background**

*Clause 4.11.2(b) of the Wholesale Electricity Market (WEM) Rules requires AEMO to assign Certified Reserve Capacity to Non-Scheduled Generators equal to their Relevant Level (subject to other considerations) as determined in accordance with the Relevant Level Methodology in Appendix 9 of the WEM Rules. Market Participants with Scheduled Generators may elect to be assessed under this methodology, subject to conditions.*

*Step 19 of Appendix 9 requires AEMO to publish information relating to 12 Trading Intervals calculated from Existing Facility Load for Scheduled Generation (EFLSG) quantities determined in Step 7 and Step 8 of Appendix 9. The information must be published by 1 June of Year 1 of the relevant Reserve Capacity Cycle. This publication requirement was introduced as part of a Rule Change Proposal in 2011.<sup>1</sup>*

#### **Issue and market impact**

*“Candidate Facility” is defined in Appendix 9 as a Facility that has applied for Certified Reserve Capacity under clause 4.11.2(b) for a given Reserve Capacity Cycle at the time of the Relevant Level calculation. AEMO accepts applications for Certified Reserve Capacity between 1 May of Year 1 and 1 July of Year 1 (unless AEMO extends these dates), in accordance with clauses 4.1.7 and 4.1.11.*

*One of the key inputs required to calculate the EFLSG quantities (under Step 7 of Appendix 9) is “the total sent out generation of all Candidate Facilities”. AEMO cannot accurately determine this EFLSG information by 1 June (the publication deadline specified in Step 19 of Appendix*

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<sup>1</sup> The Final Rule Change Report for the proposal is available at:  
<https://www.erawa.com.au/cproot/16240/2/Final%20Rule%20Change%20Report.pdf>.

9) since the Certified Reserve Capacity application window has not closed and the complete list of Candidate Facilities is therefore not available.

AEMO considers that the current publication deadline of 1 June as per Step 19 of Appendix 9 is a manifest error in the WEM Rules. It is a manifest error because it requires AEMO to determine and publish data that is based on information that is not known at the time (and may be subject to change). Since the Reserve Capacity Price depends on a number of factors that are not calculated until Year 1 of the relevant Reserve Capacity Cycle, the precise impact can be difficult to determine in advance. However, as a general indication a 5 MW error would amount to around \$600,000 for the 2016-17 Capacity Year.

AEMO proposes that the EFLSG publication deadline is changed to three Business Days after the Certified Reserve Capacity application window closes because:

- EFLSG cannot be accurately determined until the complete list of Candidate Facilities is known.
- The complete list of Candidate Facilities is only known after the Certified Reserve Capacity application window closes.

The proposed changes do not impact previous Relevant Level calculations carried out as the Candidate Facilities considered in the EFLSG calculation on 1 June previously would have been the same if published on 1 July. In addition, these changes are not expected to have any effect on the Relevant Level calculation for any existing or new Facilities, or on the information required to be submitted with an application for Certified Reserve Capacity.

AEMO will publish provisional EFLSG intervals by 1 June to assist Market Participants to estimate the Certified Reserve Capacity level that will be assigned to their Facilities, with the disclaimer that the intervals are subject to change.

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## 2. Explain the reason for the degree of urgency:

AEMO proposes that this Rule Change Proposal be progressed via the Fast Track Rule Change Process because it is of a minor or procedural nature and is required to correct a manifest error in the WEM Rules.

AEMO notes that the window for Market Participants to submit applications for Certified Reserve Capacity opens on 1 May 2017 for the 2016 and 2017 Reserve Capacity Cycles. To avoid the publication of potentially incorrect EFLSG information, and its subsequent use in determining the Relevant Level for Non-Scheduled Generators, this Rule Change must be in place before 1 June 2017.

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## 3. Provide any proposed specific changes to particular Market Rules: (for clarity, please use the current wording of the rules and place a ~~strike through~~ where words are deleted and underline words added)

Step 19: Publish on the Market Web Site ~~by 1 June of Year 1 of~~ within three Business Days after the date specified in clause 4.1.11 for the relevant Reserve Capacity Cycle:

- a) the Trading Intervals identified in step 8; and
- b) the Existing Facility Load for Scheduled Generation quantities determined in step 7.

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**4. Describe how the proposed rule change would allow the Market Rules to better address the Wholesale Market Objectives:**

*AEMO considers the proposed change will better achieve objectives (a) and (c), and is consistent with the remaining objectives.*

*The proposed change will ensure that the quantity of Certified Reserve Capacity and Capacity Credits assigned to Non-Scheduled Generators are correctly determined using the most accurate information available. This will:*

- Ensure that the Reserve Capacity Price, which requires the total amount of Capacity Credits assigned to all Facilities, reflects the economic value of capacity, better achieving Market Objective (a).*
- Avoid an incorrect quantity of Certified Reserve Capacity being assigned to Non-Scheduled Generators, removing potential discrimination between technology types and better achieving Market Objective (c).*

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**5. Provide any identifiable costs and benefits of the change:**

*The proposed change is not expected to impose any costs on Market Participants or AEMO.*

*The expected benefits include:*

- Ensuring that the EFLSG information is correctly determined using the most accurate data available.*
  - Correct calculation of the Relevant Level, Certified Reserve Capacity, and Capacity Credits for Non-Scheduled Generators.*
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