RCP | Rule Change Panel

Draft Rule Change Report: Reduction of the prudential exposure in the Reserve Capacity Mechanism (RC_2017_06)

Standard Rule Change Process

30 November 2017

Executive Summary

Proposed Amendments

AEMO has determined that it is unlikely to hold sufficient Credit Support for Market Customers to cover all prospective amounts owed to AEMO in the event of a default under section 9.23 of the Market Rules.

AEMO has lodged a Rule Change Proposal with the objective to reduce the actual levels of prudential exposure experienced by Market Customers, which will help mitigate the identified risk without imposing a need for excessively burdensome additional Credit Support. AEMO proposes the following changes to the Market Rules:

- a change to the responsible party reference month in the Individual Reserve Capacity Requirement (IRCR) calculation from month n-3 to month n, to reduce the period of time an IRCR liability is held by three months;
- amendments to the Capacity Credit Allocation process, to allow Capacity Credit Allocations to be made by Market Generators and accepted by Market Customers prior to the Market Customers incurring the IRCR liability, where only AEMO can reverse these Capacity Credit Allocations under consideration of the prudential implications; and
- consequential amendments to support the implementation of the other two changes.

Consultation

In preparing its Rule Change Proposal, AEMO held individual discussions with stakeholders, a specific workshop on 3 March 2017, and discussions during AEMO stakeholder forums on 7 February 2017 and 4 April 2017.

AEMO presented the concepts for the Rule Change Proposal to the Market Advisory Committee (MAC) at its 14 June 2017 meeting. MAC members generally agreed with the concept of the Rule Change Proposal.

A Pre Rule Change Proposal was discussed at the MAC meeting on 12 July 2017. The MAC supported the progression of the proposal into the formal rule change process without any concerns.

The Rule Change Proposal was submitted to the Rule Change Panel on 17 July 2017. The first submission period was held between 26 July 2017 and 13 September 2017. The Rule change Panel received submissions from AEMO, Alinta Energy, Bluewaters, Change Energy, Perth Energy and Community Electricity.

All submissions generally supported the proposed changes, but Perth Energy questioned the significance of the risk and whether it would be better to wait until a more holistic approach can be put in place in parallel with other more fundamental changes to the settlement system.

Alinta Energy, Change Energy and Community Electricity all explicitly supported the change of the responsible party reference month from n-3 to n. All three submitters noted that this change has merits in its own right beyond addressing the prudential risk, as it resolves a current issue in the Market Rules.

Alinta Energy and Change Energy raised concerns about the costs and risks of the proposed

transitional measures to manage the change of responsible party reference month from n-3 to n. Both submitters expressed a strong preference to change the responsible party reference month without any transitional measures.

Bluewaters raised concerns about the retention of n-3 as the meter data reference month for new meters. Bluewaters considered that this provides a subsidy for new meters which compromises economic efficiency and therefore does not promote the Wholesale Market Objectives. Bluewaters considered that the subsidy could be avoided by changing the meter data reference month for new meters from month n-3 to month n.

AEMO's submission corrected several inaccurate statements in its Rule Change Proposal about the impacts of changing the responsible party reference month to month n, while leaving the meter data reference month for new meters at month n-3.

The Rule Change Panel's Assessment of the Rule Change Proposal

The Rule Change Panel considers that:

- the principle behind the prudential regime in the Wholesale Electricity Market (WEM) is that the Credit Limit should reflect the AEMO's best estimate of the prudential exposure of a Market Participant; and
- the need for additional Credit Support to mitigate the prudential risk should be reduced as far as reasonably possible.

The Rule Change Panel considers that the proposed change to the responsible party reference month in the IRCR calculation and the amendments to the Capacity Credit Allocation process should reduce the need for any additional Credit Support to mitigate the additional prudential risk that has been identified by AEMO.

The Rule Change Panel is of the view that the proposed transitional measures to manage the change of responsible party reference month from n-3 to n will prolong the highlighted prudential exposure for a short period. The Rule Change Panel also agrees with Alinta Energy and Change Energy, who have raised in their submissions that the proposed transitional measures would lead to increased complexity, system changes, and implementation costs. Therefore the Rule Change Panel proposes to remove the transitional provisions to manage the change of responsible party reference month from n-3 to n.

While the Rule change Panel agrees that using n-3 as the meter data reference month is not ideal, it does not consider that moving the meter data reference month to n, as proposed by Bluewaters in its submission, is viable since the Indicative IRCRs (which must be published before the start of month n and are used for customer billing, prudential monitoring, and determination of Relevant Demands for Demand Side Programmes) must be as accurate as possible.[1] The Rule Change Panel considers that the inherent uncertainty of using month n as the meter data reference month would create more problems than keeping the meter data reference month at month n-3. Therefore, the Rule Change Panel supports AEMO's proposal to keep the meter data reference month at month n-3.

The Rule Change Panel has identified several issues and unintended consequences with the proposed Amending Rules and proposes further amendments to address these matters.

[1] The Relevant Demand for Demand Side Programmes must be locked in during the actual Trading Month n.

Assessment against the Wholesale Market Objectives

The Rule Change Panel considers that the proposed amendments will prevent a significant increase in Market Customers' Credit Limits, and therefore the required Credit Support. The Rule Change Panel considers that the clear intent of the prudential regime is that the Credit Support held by AEMO for every Market Participant covers the participant's expected prudential exposure.

The Rule Change Panel is of the view that AEMO must mitigate the prudential risk that it has identified, and the proposed changes will reduce the impact on the required Credit Support, and will therefore promote Wholesale Market Objectives (a), (b) and (d). The Rule Change Panel considers that the proposed changes are consistent with the remaining Wholesale Market Objectives.

Practicality and Cost of Implementation

AEMO has provided a preliminary cost estimate between $400,000 and $500,000 to implement the proposed amendments and estimates that it will take approximately six months to develop, test and certify the market system changes. AEMO notes that commencement of this work will need to allow several months to set up the project and get approval from the AEMO Board.

In its submission, Bluewaters mentioned that some changes to the IT system and settlement process may be required, and suggested allowing a six-month implementation time to allow for changes to its IT system and settlement process.

The Rule Change Panel proposes to commence the proposed Amendments on 1 October 2018. Under the current timeline, this allows around 6 months for implementation from the Minister's approval deadline for the Rule Change Proposal. The Rule Change Panel considers that there is no need to allow additional time for AEMO to obtain Board approval because the project falls within AEMO's approved budget and because the Draft Rule Change Report (and the later Final Rule Change Report) should provide AEMO with sufficient information and time to commence the planning process and engage with its Board.

The Rule Change Panel's Proposed Decision

The Rule Change Panel's draft decision is to accept the Rule Change Proposal as modified by the amendments outlined in section 5.3, and as specified in Appendix B of this report.

Next Steps

The Rule Change Panel invites interested parties to make submissions on this Draft Rule Change Report by **5:00 PM on Tuesday, 16 January 2018**.

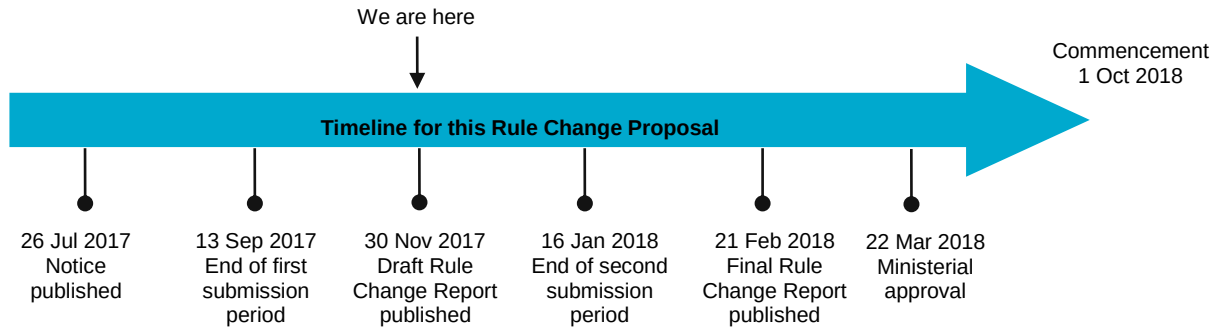
Contents

1. Rule Change Process and Timeline

On 17 July 2017, the Australian Energy Market Operator (AEMO) submitted a Rule Change Proposal titled "Reduction of the prudential exposure in the Reserve Capacity Mechanism (RC_2017_06)".

This proposal is being processed using the Standard Rule Change Process, described in section 2.7 of the Wholesale Electricity Market Rules (Market Rules). On 24 October 2017 the Rule Change Panel extended the timeframe for the publication of the Draft Rule Change Report in accordance with clause 2.5.10 of the Market Rules. Further details of the extension are available on the Rule Change Panel's website.

The key dates for progressing this Rule Change Proposal, as amended in the extension notice, are:



Please note that:

- the second submission period has been extended beyond the usual 20 Business Days to account for the Christmas Holidays;
- the publication of the Final Rule Change Report has been extended beyond 20 Business Days to allow the Rule Change Panel sufficient time to develop the Final Rule Change Report; and
- the commencement date is provisional and may be subject to change in the Final Rule Change Report.

All documents related to this Rule Change Proposal can be found on the Rule Change Panel's website at Rule Change: RC_2017_06 - Economic Regulation Authority Western Australia.

2. Call for Second Round Submissions

The Rule Change Panel invites interested stakeholders to make submissions on this Draft Rule Change Report.

While the Rule Change Panel seeks feedback on all aspects of the Draft Rule Change Report, the Rule Change Panel explicitly seeks stakeholder views on whether clause 4.28.7 should remain a reviewable decision. Clause 4.28.7 is proposed to be amended by the Rule Change Panel, as outlined in sections 5.2.2 and 5.3 of this report.

The submission period is 30 Business Days from the Draft Rule Change Report publication date. Submissions must be delivered to the RCP Secretariat by **5:00 PM** on **Tuesday, 16 January 2018**.

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.

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

3. Proposed Amendments

3.1 The Rule Change Proposal

This section provides a brief summary of AEMO's Rule Change Proposal. For full details of the Rule Change Proposal please refer to the Rule Change Panel's website at Rule Change: RC_2017_06 - Economic Regulation Authority Western Australia.

Proposed Changes

AEMO's Rule Change Proposal seeks to mitigate the risk of AEMO holding insufficient Credit Support for Market Customers to cover all prospective amounts owed to AEMO in the event of a default under section 9.23 of the Market Rules. The objective of AEMO's Rule Change Proposal is to reduce the actual levels of prudential exposure experienced by Market Customers, which will help mitigate the identified risk while reducing the need for additional Credit Support.

The current prudential requirements only ensure sufficient Credit Support is held by AEMO if a Market Participant's Outstanding Amount accurately reflects the amount it would owe in the event of a default. However, the Outstanding Amount calculation in clause 2.40.1 of the Market Rules underestimates prospective amounts a Market Participant would owe in respect of Reserve Capacity Mechanism (RCM) related payments on any given day for two reasons:

- the current prudential requirements would cover the RCM-related charges for a Market Customer for about 70 days after it defaults, but the Market Customer would continue to incur RCM-related charges for about 160 days after it defaults; and
- the Outstanding Amount calculation assumes the level of historical bilateral Capacity Credit Allocations will remain the same, but there are several reasons why this is unlikely to be the case for a defaulting Market Customer.

The clear intent of the Wholesale Electricity Market (WEM) prudential regime is to reduce the risk of Default Levies by ensuring that AEMO holds sufficient Credit Support to cover the expected prudential exposure in the event of a Market Participant default. AEMO noted in its Rule Change Proposal that the identified prudential risk could be mitigated by adjusting the determination of the Credit Limit to reflect the actual prudential exposure under the current Market Rules. However, this approach would lead to a significant increase in Credit Support

requirements that would tie up additional working capital, representing a cost to Market Participants and ultimately consumers.

AEMO proposed the following changes to the Market Rules to mitigate the identified risk without imposing a need for excessively burdensome additional Credit Support:

- a change to the responsible party reference month in the IRCR calculation from month n-3 to month n, to reduce the period of time an Individual Reserve Capacity Requirement (IRCR) liability is held by three months;
- amendments to the Capacity Credit Allocation process, to allow Capacity Credit Allocations to be made by Market Generators and accepted by Market Customers prior to the Market Customers incurring the IRCR liability, where these Capacity Credit Allocations cannot be reversed by AEMO without consideration of the prudential implications; and
- consequential amendments to support the implementation of the two changes outlined above.

AEMO noted in the Rule Change Proposal that it also intends to progress a Procedure Change Proposal to amend the Market Procedure: Prudential Requirements to complement the proposed changes to the Market Rules and improve the responsiveness of the Outstanding Amount calculation.

Proposed Transitional Provisions

AEMO considered three options for transitional arrangements to manage the change of responsible party reference month from n-3 to n:

1. 'even split approach': account for four months of responsible party data in the IRCR calculations for the first Trading Month after the proposed Amending Rules come into effect;
2. 'extended even split approach': spread the responsible party data for the three affected months over a larger number of Trading Months rather than only the first Trading Month; and
3. 'drop dead approach' not having any transitional measures, i.e. the responsible party information in the three affected months will be completely ignored.

After considering feedback from Market Participants and the operational impacts, AEMO proposed the even split approach (option 1 above) in the Rule Change Proposal.

3.2 The Rule Change Panel's Initial Assessment of the Proposal

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

4. Consultation

4.1 General Consultation

In preparing its Rule Change Proposal, AEMO has consulted extensively with stakeholders on the proposed approach. The consultation included individual discussions with

stakeholders, a specific workshop on 3 March 2017, and discussions during AEMO stakeholder forums on 7 February 2017 and 4 April 2017.

4.2 The Market Advisory Committee (MAC)

14 June 2017 MAC Meeting

Mr Stuart MacDougall from AEMO gave an overview of the status of the Rule Change Proposal that was under development. The following key points were discussed:

- Mr MacDougall noted that the associated changes to the Outstanding Amount calculation would be the subject of a separate Procedure Change Proposal. Mrs Jacinda Papps commended the level of consultation undertaken by AEMO on the Rule Change Proposal and noted it would be beneficial if AEMO consulted in a similar manner on the Procedure Change Proposal, given the potential effects of changes to the Outstanding Amount calculation on Market Participants. Mr Mark Katsikandarakis confirmed AEMO's intention to engage extensively with stakeholders on the Procedure Change Proposal to ensure that the amended Outstanding Amount calculation was fair and robust.
- In response to a question from Mr Ignatius Chin, Mr Katsikandarakis advised that the Rule Change Proposal and Procedure Change Proposal could be progressed concurrently and were proposed to be implemented at the same time. AEMO intends to start consultation on the Procedure Change Proposal once the Rule Change Proposal was in the formal process.
- Mr Geoff Gaston asked if over-allocations of Capacity Credits to Market Customers[2] arising from the recalculation of IRCRs for settlement adjustments would be managed in the same way as over-allocations of Capacity Credits arising from the difference of the Indicative IRCR and the IRCR. Mr MacDougall confirmed that this was AEMO's intention.

MAC members agreed that:

- once AEMO has completed its internal review process, RCP Support should circulate the Pre Rule Change Proposal to MAC members and the current meeting observers on AEMO's behalf, for a 1-2 week out-of-session review; and
- after consideration of any feedback, AEMO should submit the proposal into the formal rule change process.

12 July 2017 MAC Meeting

Mr Stuart MacDougall and Mr Mark Katsikandarakis from AEMO attended the meeting to answer any questions from members regarding AEMO's Pre Rule Change Proposal that was circulated on 3 July 2017 for feedback by 5:00 pm on 14 July 2017.

- In response to a query from Ms Wendy Ng, Mr MacDougall confirmed that the proposed window for making Capacity Credit Allocations opened before the Trading Month in which the liabilities occurred and closed at the Interval Meter Deadline for that Trading Month (i.e. after the Trading Month).
- Mr Gaston asked for clarification of the proposed transitional arrangements. Mr MacDougall explained that the IRCR obligations for the first Trading Month under the new arrangements would be allocated to Market Customers based on their meter ownership across the four months up to and including that Trading Month.

[2] Where the Capacity Credits bilaterally allocated to a Market Customer exceed the Market Customer's IRCR.

- In response to a query from Mrs Papps, Mr MacDougall confirmed that the estimated implementation cost of this approach was no greater than that of the alternative “drop dead” approach, under which IRCR would be determined based on meter ownership in the Trading Month from the first Trading Month after commencement.
- Mrs Papps noted that Alinta had supported the drop dead transition approach and asked how AEMO decided which approach to propose. Mr MacDougall replied that AEMO also received feedback supporting the proportional approach, though many parties appeared to be indifferent. Mr Gaston expressed a preference for the drop dead approach. Mr Katsikandarakis replied that AEMO chose the proportional approach as it considered it fairer that ownership in all months be captured in the IRCR calculations, but noted the proposal would still be open to amendment through the formal consultation process.
- No MAC members raised any concerns about progression of the proposal into the formal rule change process, although Mr Will Bargmann noted that Synergy would probably raise some issues with the proposal during the formal consultation process.

4.3 Submissions Received during the First Submission Period

The first submission period for this Rule Change Proposal was held between 26 July 2017 and 13 September 2017. The Rule Change Panel received submissions from AEMO, Alinta Energy, Bluewaters, Change Energy, Perth Energy and Community Electricity.

All but one of the submissions were supportive of the proposal. Perth Energy was the submitter that did not support the proposal – it agreed the changes should reduce financial risk in the market but questioned the significance of the risk and whether it would be better to wait until a more holistic approach can be put in place in parallel with other more fundamental changes to the settlement system.

Alinta Energy, Change Energy and Community Electricity all explicitly supported the change of the responsible party reference month from n-3 to n. All three submitters noted that this change has merits in its own rights beyond addressing the prudential risk as it resolves a current issue in the Market Rules.

Alinta Energy and Change Energy raised concerns about the costs and risks of the even split transitional measures and expressed a strong preference for the drop dead option.

Bluewaters raised concerns about the retention of n-3 as the meter data reference month for new meters. Bluewaters considered that this provides a subsidy for new meters which compromises economic efficiency and therefore does not promote the Wholesale Market Objectives. Bluewaters considered that the subsidy could be avoided by changing the meter data reference month for new meters from month n-3 to month n, and noted that AEMO has decided against this solution because it would mean that Market Customers would no longer have certainty over their IRCR charges before on-billing customers. Bluewaters, however, considered that economic efficiency is a public benefit that should be valued higher than certainty for Market Customers; and suggested that Market Customers could reliably estimate their new meters’ consumption for the IRCR calculation, and any discrepancy between the estimate and the actual reading could be reconciled in the settlement adjustment process.

AEMO’s submission commented on the issue raised by Bluewaters, correcting several inaccurate statements in the Rule Change Proposal about the impacts of changing the responsible party reference month to month n while leaving the meter data reference month for new meters at month n-3.

Three submissions also provided feedback on AEMO's intention to review and update the Outstanding Amount calculation, requesting a transparent and comprehensive consultation process aligned with the processing of the Rule Change Proposal. The Rule Change Panel notes that AEMO has already commenced consultation on the relevant Market Procedure.

The assessment by submitting parties as to whether the proposal would better achieve the Wholesale Market Objectives is summarised below:

Submitter	Wholesale Market Objective Assessment
AEMO	AEMO considers that the proposed amendments will better address Wholesale Market Objectives (a), (b) and (d).
Bluewaters	Subject to its concerns about the meter data reference month for new meters, Bluewaters considers that the proposal is likely to address the identified prudential risk and in turn is likely to promote the Wholesale Market Objectives.
Change Energy	Change Energy agrees with AEMO's assessment that the broader rule change, which seeks to minimise the prudential risk arising from a defaulting Market Customer's IRCR liabilities, better facilitates the achievement of Wholesale Market Objectives (a), (b) and (d).
Alinta Energy	Alinta agrees with AEMO's assessment that the broader rule change, which seeks to minimise the prudential risk arising from a defaulting Market Customer's IRCR liabilities, better facilitates the achievement of Wholesale Market Objectives (a), (b) and (d).
Perth Energy	No assessment provided.
Community Electricity	Community Electricity agrees that the proposal is consistent with the Wholesale Market Objectives as it properly preserves the proportion and balance of issues contemplated by offsetting expenses with savings as far as practicable.

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

4.4 The Rule Change Panels Response to Submissions Received during the First Submission Period

The Rule Change Panel's response to each of the specific issues raised in the first submission period is presented in Appendix A of this report. A more general discussion of the proposal, which addresses the main issues raised in submissions and the Rule Change Panel's response to these issues, is available in section 5.1.

4.5 Public Forums and Workshops

The Rule Change Panel did not hold a public forum or workshop for this Rule Change Proposal.

5. The Rule Change Panel's Draft Assessment

In preparing its Draft 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 states 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 that, when deciding whether to make Amending Rules, the Rule Change Panel must have regard to:

- any applicable statement of policy principles the Minister has issued to the Rule Change Panel under clause 2.5.2 of the Market Rules;
- 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.

When making its draft decision, the Rule Change Panel has had regard to each of the matters identified in clauses 2.4.2 and 2.4.3 of the Market Rules as follows:

- the Rule Change Panel's assessment of the Rule Change Proposal against the Wholesale Market Objectives is available in section 5.4 of this report;
- the Rule Change Panel notes that there has not been any applicable statement of policy principles from the Minister in respect of this Rule Change Proposal;
- the Rule Change Panel's assessment of the practicality and cost of implementing the Rule Change Proposal is available in section 5.6 of this report;
- a summary of the views expressed in submissions and by the MAC is available in section 4 of this report. The Rule Change Panel's response to these views is available in section 5.1 and Appendix A of this report; and
- the Rule Change Panel does not believe a technical study in respect of this Rule Change Proposal is required and therefore has not commissioned one.

The Rule Change Panel's assessment is presented in the following sections.

5.1 Assessment of the Proposed Changes

5.1.1 General Concept of the Rule Change Proposal

In its Rule Change Proposal, AEMO seeks to mitigate the identified prudential risk (as outlined in section 3.1 of this report) without imposing a need for excessively burdensome additional Credit Support.

The Rule Change Panel agrees with AEMO that the principle behind the prudential regime in the WEM is that the Credit Limit should reflect the AEMO's best estimate of the prudential exposure of a Market Participant. In its Rule Change Proposal, AEMO notes that the identified prudential risk could be mitigated by amending the Outstanding Amount calculation through a simple Rule Change Proposal in combination with a Procedure Change Proposal to more accurately reflect the prudential exposure.

The Rule Change Panel agrees with AEMO and most of the submitters that the need for additional Credit Support to mitigate the additionally identified prudential risk should be reduced as far as reasonably possible. The Rule Change Panel has engaged with AEMO regarding the expected amount of additional Credit Support needed to cover the prudential risk if no additional measures were taken. Based on information provided by AEMO, the Rule

Change Panel estimates that Market Customers in total would have to provide an additional $150,000,000 to $190,000,000 of Credit Support. This additional Credit Support would impose a significant financial burden on Market Customers, and could even lead to a Market Customer default, resulting in default levies for all other Market Participants, which is what AEMO is seeking to avoid in the first place. The increase in required Credit Support would also lead to additional capital costs for Market Customers, which would likely be passed on to consumers, and would also present a barrier to competition.

The Rule Change Panel considers that the proposed change to the responsible party reference month in the IRCR calculation and the amendments to the Capacity Credit Allocation process should reduce the need for any additional Credit Support to mitigate the prudential risk.

5.1.2 Change in Responsible Party Reference Month

Under the current Market Rules, in the event of a default, a Market Customer would still incur IRCR-related liabilities for three Trading Months after the time of its default. This is due to the current practice of calculating the IRCR liability for Trading Month n based on the Meter Registry data (including details of the responsible party for each meter) for the Trading Month three months prior to that Trading Month n – i.e. Trading Month n-3.

Changing the responsible party reference month from n-3 to n will not only reduce the need for additional Credit Support from Market Customers, but will also avoid the Market Customer issues associated with incurring liabilities for a load for three months after it has been lost.

The Rule Change Panel notes that, as outlined in AEMO's submission, the proposed change in the responsible party reference month from Trading Month n-3 to Trading Month n is not the reason that new loads will not incur IRCR liabilities in the first three months after being energised. This is already the case in the current regime because the IRCR for loads that were not registered during the preceding Hot Season are based on meter data in Trading Month n-3.

The Rule Change Panel supports the change of the responsible party reference month from n-3 to n. However, the Rule Change Panel has identified that the specific changes to Step 5A of Appendix 5 would result in unequal treatment of new non-interval meters and new interval meters. New interval meters that are registered after n-3 are not included in the IRCR calculation of month n while new non-interval meters in month n will incur IRCR. The Rule Change Panel considers that new interval meters and new non-interval meters should be treated consistently for the purposes of the IRCR calculation[3] and proposes to reverse AEMO's proposed changes to Step 5A of Appendix 5 so that non-interval meter growth beyond month n-3 is not considered in the IRCR calculation.

5.1.3 Changes to Bilateral Capacity Credit Allocation Process and Timeline

AEMO proposed changes to open the window for bilateral allocations before the relevant Trading Month and to introduce a mechanism that locks in Capacity Credit Allocations. The Rule Change Panel considers that these changes will:

- preserve Market Customers' ability to mitigate their prudential exposure; and

[3] While assessing this Rule Change Proposal, the Rule Change Panel has identified a manifest error in the calculation of the New Notional Wholesale Meter, which represents the new non-interval meters that did not exist in the relevant Hot Season. The Rule Change Panel plans to address this issue in a separate Rule Change Proposal.

- enable AEMO to remove the prudential risk that a Capacity Credit Allocation taken into account for the calculation of the Outstanding Amount could not be honoured (via an accompanying Procedure Change Proposal).[4]

The Rule Change Panel supports AEMO's proposal to resolve any over-allocation of Capacity Credits to a Market Customer above its IRCR by settling the over-allocated Capacity Credits at the Reserve Capacity Price. No issues were raised in submissions regarding this approach.

The Rule Change Panel also supports AEMO's proposal to allow Market Generators two Business Days after the termination of Capacity Credits to amend their Capacity Credit Allocations to eliminate any over-allocation[5] before AEMO performs any rectification needed. No issues were raised in submissions regarding this approach.

However the Rule Change Panel has identified several issues with the proposed implementation of the concept as outlined below.

Capacity Credits Allocated from a Market Generator can Exceed Capacity Credits It is allowed to Trade Bilaterally

Under the proposed drafting it is possible that a Market Generator could have more Capacity Credits allocated to other Market Participants than it is allowed to trade bilaterally (Market Generator over-allocation). The Rule Change Panel considers that this presents an unnecessary prudential risk to the market.

Market Generator over-allocation can occur under the following scenarios:

1. While the proposal seeks to limit the number of Capacity Credits a Market Generator can allocate, it does so by limiting the number of Capacity Credits that can be allocated in a single Capacity Credit Allocation Submission. Since a Market Generator can now make multiple Capacity Credit Allocation Submissions there is a potential for over-allocations to occur if multiple submissions are approved and the sum of all Capacity Credits in these submissions is too high. The Rule Change Panel proposes additional validation of Capacity Credit Allocation Submissions to address this issue.

2. A Facility transfer can result in Market Generator over-allocation if the transfer is enacted after the relevant Capacity Credit Allocations for a Trading Month are locked in, but before the end of the Trading Month. The Rule Change Panel proposes to forbid any Facility transfers that would result in a Market Generator not holding sufficient Capacity Credits to fulfil all of its locked in Capacity Credit Allocations. The Rule Change Panel notes that this means that a Market Generator may have to reverse Capacity Credit Allocations to transfer a Facility and might therefore rely on the relevant Market Customers' corporation. However, this supports the concept that a Capacity Credit Allocation is a binding transaction.

3. A Market Generator over-allocation can also occur if a Capacity Credit is terminated. For this instance, the proposed drafting provides that the affected Market Generator can reduce one or multiple of its locked in Capacity Credit Allocations to rectify the over-allocation. However, the Rule Change Panel considers that, where the termination of a Capacity Credit is the result of a voluntarily Capacity Credit reduction, this places an unnecessary prudential risk on the market and the affected Market Customers. The Rule

[4] AEMO can amend the Outstanding Amount calculation in the Market Procedure: Prudential Requirements to ensure that the Outstanding Amount is based on the actual Capacity Credit Allocations for a Trading Month rather than the Capacity Credit Allocations for a previous Trading Month.

[5] In this case, an over-allocation is where a Market Generator has allocated more Capacity Credits in total than it is allowed to allocate bilaterally.

Change Panel proposes to prevent a voluntary reduction of Capacity Credits if this would result in a Market Generator over-allocation.

Process for Capacity Credit Allocations

The Rule Change Panel proposes several minor changes to the proposed drafting of the process for Capacity Credit Allocations to improve clarity and readability.

The drafting proposed in the Rule Change Proposal clearly states that Capacity Credit Allocation Submission must be in the form specified by AEMO and must include the required information and requires AEMO to reject a submission that does not fulfil these prerequisites. The Rule Change Panel considers that a transaction that fails to meet these prerequisites does not actually qualify as a Capacity Credit Allocation Submission. Therefore, AEMO would not reject a submission but would reject such a request as an invalid attempt to submit a Capacity Credit Allocation Submission. The Rule Change Panel proposes to remove any references that imply that a Capacity Credit Allocation Submission can exist without meeting the above mentioned prerequisites.

The drafting proposed in the Rule Change Proposal implies that AEMO must decide whether to approve or reject a Capacity Credit Allocation Submission by placing an obligation on AEMO to inform the submitting Market Generator if the submission was approved or rejected. To improve readability, the Rule Change Panel proposes to include a specific obligation on AEMO to decide whether to approve or reject the Capacity Credit Allocation Submission.

Where AEMO approves a Capacity Credit Allocation Submission, the requirement to notify the relevant Market Customer should specify that the notification should be about the details of the Capacity Credit Allocation Submission, and not just that the submission has been approved.

That DSM Capacity Credits cannot be traded bilaterally should not be an explicit reason for AEMO rejecting a Capacity Credit Allocation Submission, as Capacity Credit Allocation Submissions do not specify facility types. The exclusion of DSM Capacity Credits will be enforced through restrictions on the total number of Capacity Credits that a Market Generator can allocate.

The Rule Change Panel proposes to amend the structure of the section to first set out the normal process for Capacity Credit Allocations (under which the generator makes a submission and then the customer accepts that submission); followed by possible variations, including withdrawal of a submission, reversal of a Capacity Credit Allocation at the request of the relevant participants, and amending of Capacity Credit Allocations following AEMO's reduction of the Capacity Credits of a generator. The Rule Change Panel also proposes to include the provisions for identifying and processing Market Generator over-allocations caused by a Capacity Credit reduction to the same section as all other provisions related to Capacity Credit Allocations, not in a separate section of the Market Rules. The Rule Change Panel considers that these changes improve the readability of the Capacity Credit Allocation process in the Market Rules.

The Rule Change Panel proposes to make the timelines under which AEMO must process submissions and withdrawals of submissions and make notifications to relevant Market Participants explicit, to provide certainty to Market Participants that their requests will be processed promptly. The Rule Change Panel considers that these actions will be trivial, and can be easily automated. Therefore, it is reasonable to require AEMO to undertake these actions within one Business Day.

5.1.4 Changes to IRCR Publication Timeline

AEMO proposes changes to the timeline for calculating the IRCR as a consequence of the proposed change to base the IRCR calculation for Trading Month n on the Meter Registry data, including meter ownership from Trading Month n.

Moving the timeline for the calculation of the IRCR calculation from before the relevant Trading Month to after the relevant Trading Month (i.e. to five Business Days before the Interval Meter Deadline for the relevant Trading Month) will ensure that the IRCRs reflect the meter ownership in the relevant Trading Month.

Including the recalculation of IRCRs in the settlement adjustment process will rectify any inaccuracy of meter ownership that may occur as a result of the proposed new timeline for the IRCR calculation. Under the proposed timeline, the IRCR is calculated before the Interval Meter Deadline for the relevant Trading Month, while the IRCR is currently calculated well after the Interval Meter Data Deadline for the relevant Trading Month.

Introducing an Indicative IRCR, to be published before the relevant Trading Month, will support the Outstanding Amount Calculation and inform Market Customers for their billing process and bilateral allocation of Capacity Credits.

The Rule Change Panel agrees with the proposed changes to the timeline for calculating the IRCR. No issues were raised in submissions regarding the proposed changes to the timeline.

The Rule Change Panel has also identified that under the current Rules the calculation of the Relevant Demand for a Demand Side Programme is based on the IRCR Contribution of the Associated Loads and therefore on the IRCR. The Relevant Demand is used for the Non-Balancing Dispatch Merit Order and is therefore needed during the Trading Month for which it applies. This is not possible if the IRCR for a Trading Month is calculated retrospectively. The Rule Change Panel has discussed the matter with AEMO and proposes to amend the Market Rules so the calculation of the Relevant Demand for Demand Side Programmes is based on the Indicative IRCR for the relevant Trading Month.

5.1.5 Keeping the Meter Data Reference Month for New Meters

Changing the responsible party reference month to month n addresses the risk evident in the situation of a defaulting Market Customer and removes the current issue that Market Customers incur IRCR liabilities for meters until three months after the termination of a meter.

Moving the responsible party reference month from n-3 to n but retaining the current meter data reference month for new meters (n-3) means that interval meters in the future will continue to not incur IRCR charges for the first three months that they are registered, but will no longer incur IRCR charges for the three months following their termination. Therefore a meter that exists for x months will only incur IRCR charges for x-3 months. Bluewaters raised this mismatch as a concern on the grounds that it led to a subsidy of a new meter's IRCR costs by all Market Customers (in reality this situation already exists although Bluewaters inadvertently suggested that the delay in including new meters in the IRCR calculations was due to the proposed amendments).

AEMO notes in its proposal that the situation mentioned above could be mitigated by changing the reference for meter data for new meters from month n-3 to month n. However, AEMO did not propose this additional change because this would result in Market Customers losing certainty over their IRCR before on-billing. The Rule Change Panel agrees with AEMO's position and considers that changing the meter data reference month for new meters to month n would have the following undesirable results:

- The uncertainty of Market Customer's IRCR would result in uncertainty of Market Customers' Outstanding Amount and would therefore increase the prudential risk for the market.
- The Relevant Demand for Demand Side Programmes could not be determined adequately for dispatch. The calculation of the Relevant Demand for Demand Side Programmes is based on the IRCR of the associated loads (as outlined in section 5.1.4 of this report the Rule Change Panel proposes to amend the determination of the Relevant Demand to be based on the relative Indicative IRCR).

The Rule Change Panel also considers that removing the time lag for the responsible party reference month but not for the meter data reference month for new meters does not incentivise any undesirable Market Customer behaviour. If anything, not charging a new meter for IRCR during the first three months of registration incentivises the installation of new interval meters which is desirable. Therefore the Rule Change Panel supports keeping the meter data reference month for new meters at month n-3.

While the three month discrepancy is not ideal, the Rule Change Panel does not consider that the solution proposed by Bluewaters in its submission (as summarised in section 4.3 of this report) is viable, as the Indicative IRCRs need to be as accurate as possible because they are used for customer billing, prudential monitoring and the determination of Relevant Demands for Demand Side Programmes (which need to be locked in during the actual Trading Month n). The Rule Change Panel considers that it is not reasonably possible for Market Customers to estimate the IRCR or the relevant meter readings (as suggested by Bluewaters) for new meters before the actual month if the reference for meter data is moved to month n because the IRCR is determined by the share of consumption during the 4 peak SWIS Trading Intervals. This means the Market Customer would have to estimate the consumption of the new load in the unknown Trading Intervals as well as the absolute consumption during these intervals. The Rule Change Panel considers that the inherent uncertainty of such estimates would create more problems than keeping the meter data reference month at month n-3.

5.1.6 Transitional Provisions for Meter Ownership in the Commencement Month

AEMO has proposed transitional arrangements for implementation of the proposed rule amendments as referred to in the Proposed Transitional Provisions in section 3.1.

The Rule Change Panel is of the view that the even split approach will prolong the highlighted prudential exposure for a short period. The situation that a Market Customer would still incur IRCR liabilities following the date on which it defaults would remain in place for three months longer under the even split approach than under the drop dead approach. The Rule Change Panel also agrees with Alinta Energy and Change Energy, which have raised in their submissions that the even split approach would lead to increased complexity, system changes, and implementation costs compared with the drop dead approach.

The Rule Change Panel has consulted with Perth Energy which supported the even split approach in AEMO's stakeholder consultation and the general feedback was that the even split approach had been supported because it appeared fairer but that the drop dead approach was easier and less costly to implement. Therefore, the Rule Change Panel proposes to change the transitional arrangements to implement the drop dead approach instead of the even split approach.

5.2 Additional Related Issues Identified by the Rule Change Panel

5.2.1 Special Price Arrangements

The Rule Change Panel notes that since 1 June 2016 the Market Rules only provide for entering into one type of Special Price Arrangements,[6] being Short Term Special Price Arrangements. The provisions for Market Participants to enter into Long Term Special Price Arrangements have been removed from the Market Rules, and no existing Long Term Special Price Arrangements are in place. Capacity Credits covered by Short Term Special Price Arrangements cannot be traded bilaterally, but the Market Rules (and several of the clauses affected by the Rule Change Proposal in particular) still distinguish between Capacity Credits covered by Special Price Arrangements that can and cannot be traded bilaterally. The Rule Change Panel also considers that the term Short Term Special Price Arrangement implies that there is at least a second form of Special Price Arrangements, and is therefore misleading. Therefore, the Rule Change Panel proposes to:

- remove the defined term Short Term Special Price Arrangement;
- change the term Short Term Special Price Arrangement to Special Price Arrangement in all its occurrences in the Market Rules; and
- remove all references to Capacity Credits covered by Special Price Arrangements that can be traded bilaterally from the Market Rules.

5.2.2 Initial and Updated IRCR and Intermittent Load Reserve Capacity Requirement

Under the current Market Rules AEMO must:

- determine an initial IRCR by 10 September which then applies from the start of the Capacity Year on 1 October; and
- update the initial IRCR monthly at least five Business Days before the start of each Trading Month of the Capacity Year to apply from the start of the Trading Month.

In practice, the IRCR is calculated for each Trading Month before the relevant Trading Month in accordance with the Market Rules. In particular, the IRCR for a Trading Month n is based on the Meter Registry Data for Trading Month n-3. The concepts of initial and updated IRCR therefore has no relevance under the current Market Rules.

Under the proposed changes, the IRCR will be calculated retrospectively after the actual Trading Month it applies to, and an Indicative IRCR will be calculated before the relevant Trading Month. The concepts of Indicative IRCR and retrospective IRCR are not compatible with the concepts of an initial IRCR for the Capacity Year that applies until it gets updated.

The Rule Change Panel proposes to remove the concepts of initial and updated IRCR, and instead clarify that for each Trading Month a separate IRCR is calculated.

This change requires consequential changes to the provisions under which Market Participants provide information to AEMO to support the calculation of the IRCR. However, the current provisions for timing of providing such information are ambiguous and complicated. The Rule Change Panel proposes to amend the Market Rules to align the timing for the provision of the supporting information with the timing of the Indicative IRCR, and to clarify the times by which such information may be provided. The Rule Change Panel

[6] A Special Price Arrangement is an arrangement under section 4.21 of the Market Rules whereby a Market Participant can secure a price for Reserve Capacity that may differ from the Reserve Capacity Price.

notes that this proposed change does not alter the current timelines under which Market Participants provide the supporting information to AEMO.

Under the current Market Rules, the calculation of the Intermittent Load Reserve Capacity Requirement also follows the concept of an initial value and an updated value determined as part of the IRCR calculation. The Rule Change Panel proposes consequential changes so that the Intermittent Load Reserve Capacity Requirement will be calculated for each Trading Month, and are aligned with the Indicative IRCR and the IRCR.

5.2.3 Reserve Capacity Requirement and Associated Peak Demand for the Purpose of the IRCR Calculation

The current Market Rules give AEMO discretion to apply different values for the Reserve Capacity Requirement and the associated peak demand for the purpose of calculating the IRCR to ensure that the total IRCR of all Market Customers does not exceed the total number of Capacity Credits.[7] However, Appendix 5 specifies how the Reserve Capacity Requirement must be adjusted for the purpose of the IRCR determination if the total IRCR of all Market Customers does not exceed the total number of Capacity Credits. The Rule Change Panel considers that the separate discretion for AEMO to replace the values is not necessary because the methodology under Appendix 5 already specifies how these values must be replaced. The Rule Change Panel has discussed this matter with AEMO and AEMO supports this approach. Therefore, the Rule Change Panel proposes to remove the discretion for AEMO to replace the values for the Reserve Capacity Requirement and the associated peak demand for the purpose of calculating the IRCR.

5.2.4 Administrative Changes and Manifest Errors

The Rule Change Panel proposes to make the following administrative changes to clauses affected by the Rule Change Proposal:

- correct several instances where the Market Rules refer to clause when referencing a section of the Market Rules, not a clause;
- correct several typographical errors; and
- remove several surplus spaces.

5.3 Additional Amendments to the Proposed Amending Rules

Following the first submission period, the Rule Change Panel has made some additional changes to the proposed Amending Rules. A summary of these changes is provided below. The additional amendments are shown in detail in Appendix B of this report. The Rule Change Panel has also included comment boxes in Appendix B to provide context for the proposed changes.

5.3.1 Section 1.25 (Previously New Proposed Section 1.21) for Transitional Provisions

The Rule Change Panel proposes to renumber the new proposed section 1.21, which outlines the transitional provisions to section 1.25; as sections 1.21, 1.22, 1.23 and 1.24 already exist in the Market Rules.[8]

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[7] If AEMO would not assign sufficient Capacity Credits to meet the Reserve Capacity Requirement, theoretically the total IRCR of all Market Customers would exceed the total number of Capacity Credits.

[8] These sections commenced after AEMO submitted its Rule Change Proposal.

The Rule Change Panel also proposes to:

- manage the change of the responsible party reference month by implementing the 'drop dead approach' instead of the 'even split approach' proposed by AEMO, as outlined in section 5.1.6 of this report, by deleting the new proposed clause 4.25.3 (previously the new proposed clause 1.21.3) and amending Appendix 5;
- improve the clarity and effectiveness of the transitional provisions by:
    - amending new proposed clauses 1.25.1 and 1.25.2 (previously the new proposed clauses 1.21.1 and 1.21.2); and
    - introducing new clauses 1.25.3, 1.25.4, 1.25.5, 1.25.6, 1.25.7 and 1.25.8.

5.3.2 Changes to Responsible Party Reference Month

The Rule Change Panel proposes to amend Step 5 of Appendix 5 to ensure that non-interval meter growth beyond month n is not considered in the IRCR calculation to provide for consistency with the treatment of new interval meters as outlined in section 5.1.2 of this report.

The Rule Change Panel also proposes further minor amendments to Appendix 5 to provide clarity and remove several manifest errors. These changes are explained in the comment boxes in Appendix B.

5.3.3 Market Generator Over-Allocation

As outlined in section 5.1.3 of this report, the Rule Change Panel proposes to:

- amend clause 2.31.13 to require AEMO to reject an application for Facility transfer if the Market Generator would not hold sufficient Capacity Credits to fulfil all its Capacity Credit Allocations as a result of transferring the Facility;
- amend clause 4.25.4C and introduce new clause 4.25.4CA to require AEMO to reject an application for the reduction of Capacity Credits if the relevant Market Generator would not hold sufficient Capacity Credits to fulfil all of its Capacity Credit Allocations as a result of the reduction; and
- amend clauses 9.4.5 (previously the proposed new clause 9.4.4) and 9.4.10 to ensure that AEMO must reject a Capacity Credit Submission or Capacity Credit Acceptance if the proposed allocation of Capacity Credits could lead to a Market Generator bilaterally allocating more Capacity Credits then it holds to fulfil all its Capacity Credit Allocations.

5.3.4 Process for Capacity Credit Allocation

To facilitate the changes to the process for Capacity Credit Allocation as described in section 5.1.3 of this report, the Rule Change Panel proposes several further amendments, as outlined below.

To restructure sections 9.4 and 9.5 of the Market Rules, as outlined in section 5.1.3, the Rule Change Panel proposes to:

- renumber clauses 9.4.4 (to clause 9.4.5), 9.4.13 (to clause 9.4.14) and 9.4.14 (to clause 9.4.18);
- delete existing and new proposed clauses 9.4.5, 9.4.6, 9.4.9, 9.4.12, and 9.5.3; and delete section 9.4A (including all clauses: 9.4A.1, 9.4A.2, 9.4A.3); and

- introduce new clauses 9.4.4, 9.4.6, 9.4.9, 9.4.12, 9.4.13, 9.4.15, 9.4.16 and 9.4.17.

The Rule Change Panel proposes to introduce clear timelines of one Business Day for AEMO to process Capacity Credit Allocation Submissions, Capacity Credit Allocation Acceptances, and Capacity Credit Allocation Submissions; and to notify the relevant Market Participants. Therefore, the Rule Change Panel proposes to include timelines in the new proposed clauses 9.4.4, 9.4.9 and 9.4.13.

The Rule Change Panel proposes to further amend clause 9.4.5 (previously the proposed new clause 9.4.4) to remove the provision that AEMO must reject a Capacity Credit Allocation Submission if it is not in the defined format because the submitted information would not be a Capacity Credit Allocation Submission and AEMO would reject the information as invalid submission, as outlined in section 5.1.3 of this report.

5.3.5 Changes to IRCR Publication Timeline

To facilitate that the Relevant Demand for a Demand Side Programme for a Trading Month is based on the Initial IRCR for the relevant Trading Month (instead of the IRCR), as outlined in section 5.1.4 of this report, the Rule Change Panel proposes to amend the defined term Individual Reserve Capacity Requirement Contribution in the Glossary and to amend clause 4.26.2CA.

5.3.6 Special Price Arrangements

To reflect that the current Market Rules only provide for one type of Special Price Arrangements that cannot be traded bilaterally, as outlined in section 5.2.1 of this report, the Rule Change Panel proposes the following amendments:

- remove the defined term ‘Short Term Special Price Arrangement’ form the Glossary of the Market Rules and amend the definition of the defined term ‘Special Price Arrangement’;
- amend clauses 2.33.5, 4.21.1,4.28.2, 4.28B.8 and 4.28C.14 and Appendix 1; delete the heading Special Price Arrangements above section 4.21 of the Market Rules; and amend the section heading 4.21 to refer to the defined term ‘Special Price Arrangement’ instead of ‘Short Term Special Price Arrangement’; and
- amend clauses 4.14.1, 4.14.1A, 4.15.1, 4.20.5B, 4.29.3, 9.4.15 (previously the new proposed clause 9.4A.1), 9.4.16 (previously the new proposed clause 9.4A.2), 9.4.17 (previously new proposed clause 9.4A.3), 9.5.1 and 9.7.1A, to reflect that Capacity Credits covered by a Special Price Arrangement cannot be traded bilaterally and that pre-existing Special Price Arrangements cannot exist anymore.

5.3.7 Initial and Updated IRCR and Intermittent Load Requirements

To replace the concepts of initial and updated IRCR with the concept of a monthly IRCR, as outlined in section 5.2.2 of this report, the Rule Change Panel proposes to:

- further amend clauses 4.1.24, 4.28.7, 4.28.8, 4.28.12; and 10.5.1, Appendix 4A, and Appendix 5;
- amend and renumber new proposed clause 4.28.11B to clause 4.2811A (as current clause 4.28.11A is proposed to be deleted);
- delete clauses 4.1.25, 4.1.28 and 4.28.11; and
- delete new proposed clause 4.28.7B.

To clarify the timelines and the process under which Market Participants provide information to AEMO to support the calculation of the IRCR, as outlined in section 5.2.2 of this report, AEMO proposes to:

- further amend clause 4.28.8 and introduce new clauses 4.28.8C and 4.28.11 to:
    - clarify that the Market Rules do not determine the form in which this information may be provided;
    - move the provision under which Market Participants can provide additional supporting information to a separate clause; and
    - clarify that Market Customers may only provide supporting information for each load once per Capacity Year and moving the provision in a separate clause.

5.3.8 Reserve Capacity Requirement and Associated Peak Demand for the Purpose of the IRCR Calculation

To remove AEMO's discretion to apply different values for Reserve Capacity Requirement and the associated peak demand for the purpose of the IRCR calculation, as outlined in section 5.2.3 of this report, the Rule Change Panel proposes to:

- amend clause 4.28.7 and Appendix 5; and
- delete clause 4.28.11A.

5.3.9 Minor and Administrative Changes

The Rule Change Panel proposes to amend several clauses to improve clarity. These changes are explicitly explained in the comment boxes in Appendix B.

The Rule Change Panel also proposes to amend several clauses that are affected by this Rule Change Proposal and Appendix 4A, Appendix 5 and Appendix 5A to:

- correct clause references;
- correct punctuation and typographical errors;
- remove surplus spaces; and
- correct several instances where the Market Rules refer to clause when referencing a section of the Market Rules, not a clause.

5.4 Wholesale Market Objectives

The Rule Change Panel considers that the proposed amendments will prevent a significant increase in Market Customer's Credit Limits and therefore the required Credit Support. The Rule Change Panel considers that the clear intent of the prudential regime is that the Credit Support held by AEMO for every Market Participant covers the participant's expected prudential exposure. The Rule Change Panel is of the view that AEMO must mitigate the prudential risk that it has identified, and the proposed changes will reduce the impact on the required Credit Support, and will therefore avoid an excessive increase of:

- the capital that must be tied up for the purpose of Credit Support, which increases efficiency, promoting Wholesale Market Objective (a);

- the Credit Support needed for Market Customers and therefore reduce the barrier for entry, which supports competition, promoting Wholesale Market Objective (b); and
- Market Customer's costs for Credit Support, which are expected to be ultimately passed on to end consumers, and therefore reduces the long-term costs of electricity supplied to customers, promoting Wholesale Market Objective (d).

The Rule Change Panel considers that the proposed changes are consistent with the remaining Wholesale Market Objectives.

5.5 Protected Provisions, Reviewable Decisions and Civil Penalties

In its further amendments, the Rule Change Panel proposes for AEMO to make a monthly determination of IRCRs (section 5.2.2 of this report) rather than calculate an initial IRCR that is then updated for each subsequent Trading Month. As part of implementing this concept, the Rule Change Panel proposes amendments to:

- clause 4.1.24, which currently requires AEMO to publish the initial IRCRs, to instead require AEMO to publish the monthly IRCRs; and
- clause 4.28.7, which currently requires AEMO to determine the initial IRCRs, to instead require AEMO to determine the monthly IRCRs.

Clause 4.1.24 is a Protected Provision, and clause 2.8.3 requires approval from the Minister for Energy for amendments to Protected Provisions. In addition, clause 4.28.7 is a Reviewable Decision under clause 2.17.1.

While it is not the Panel's role to make decisions on which parts of the Market Rules are Protected Provisions and Reviewable Decisions:

- if the requirement to publish the initial IRCRs is currently a Protected Provision, then it would be logically consistent for the requirement to publish the monthly IRCRs to also be a Protected Provision; and
- if the requirement to determine the initial IRCRs is currently a Reviewable Decision, then it would be logically consistent for the calculation of monthly IRCRs to also be a Reviewable Decision.

In addition, the Rule Change Panel proposes to amend clause 4.15.1 to remove a redundant reference to pre-existing Special Price Arrangements as outlined in section 5.2.1 of this report. The Rule Change Panel notes that the proposed change does not affect the function of the clause or its eligibility as a Reviewable Decision.

This Rule Change Proposal does not amend any civil penalty provisions, nor does the Rule Change Panel consider that any of the proposed new clauses should be civil penalty provisions.

The Rule Change Panel will engage with the Public Utilities Office during the second submission period regarding the retention of 4.1.21 as a Protected Provision and 4.28.7 as a Reviewable Decision.

5.6 Practicality and Cost of Implementation

5.6.1 Cost

AEMO has provided a preliminary cost estimate between $400,000 and $500,000 for the proposed amendments, including the modifications made after the first submission period,

and excluding any costs for the change in Market Procedure: Prudential requirements to update the Outstanding Amount calculation.

In its submission, Bluewaters mentioned that some changes to the IT system and settlement process may be required.

In its submission, Alinta Energy estimates that AEMO's proposed transitional arrangements would add up to 25 percent on its implementation cost as compared to the drop dead approach. The proposed even split approach will have reasonable impact on its business processes, billing and settlement systems; and would therefore have a considerable impact on customers. This would lead to an increase in manual handling, which could in turn lead to an increase in cost and manual errors.

In its submission, Change Energy believes that the benefits of the proposed even split transition approach would be minimal, and would instead add unnecessary complexity and costs to both billing and settlement systems to account for the setup of two new calculations, including percentages across months and new codes and processes.

5.6.2 Practicality

AEMO estimates that it will take approximately six months to develop, test and certify the market system changes, but notes that commencement of this work will need to allow several months to set up the project and get approval from the AEMO Board.

AEMO anticipates that there will be no systems changes from a prudential perspective as AEMO's market systems will continue to provide Market Participants with information required to manage their prudential position on a daily basis. However, AEMO anticipates that Market Participants will have to bear minor system or process changes to processes governing their Capacity Credit Allocations and changing timelines.

In its submission, Bluewaters suggested allowing a six-month implementation time to allow for changes to its IT system and settlement process, commencing in mid-2018.

In its submission, Change Energy assessed that the four months implementation period necessary for AEMO to implement the proposed changes[9] will also be sufficient for Change Energy to make the necessary changes to its systems.

The Rule Change Panel proposes to commence the proposed Amendments on 1 October 2018. Under the current timeline, this allows around 6 months for implementation from the Minister's approval deadline for the Rule Change Proposal. The Rule Change Panel considers that there is no need to allow additional time for AEMO to obtain Board approval because the project falls within AEMO's approved budget and because the Draft Rule Change Report (and later the Final Rule Change Report) should provide AEMO with sufficient information and time to commence the planning process and engage with its Board.

6. The Rule Change Panel's Draft Decision

The Rule Change Panel's draft decision is to accept the Rule Change Proposal as modified by the amendments outlined in section 5.3 and specified in Appendix B of this report.

[9] In its Rule Change Proposal, AEMO estimated a total implementation time of four months with commencement of the required work depending on the availability of resources.

6.1 Reason for the Rule Change Panel's Draft Decision

The Rule Change Panel has made its draft decision on the basis that the Amending Rules, as amended following the first submission period:

- will reduce the need for any additional Credit Support to mitigate the identified prudential risk;
- will allow the Market Rules to better achieve Wholesale Market Objectives (a), (b) and (d) and are consistent with the remaining Wholesale Market Objectives; and
- are supported by the MAC.

Additional detail outlining the analysis behind the Rule Change Panel's decision is outlined in section 4 of this report.

6.2 Proposed Commencement

The amendments to section 1.25 of the Market Rules resulting from this Rule Change Proposal will commence at 8:00 AM on 1 May 2018.

All other amendments to the Market Rules resulting from this Rule Change Proposal will commence at 8:00 AM on 1 October 2018.

7. Amending Rules

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

1.25. Transitional calculation of Individual Reserve Capacity Requirements

1.25.1. In this section 1.25:

New Rules: Means the Amending Rules made by the Prudential Exposure Final Rule Change Report (other than the Amending Rule with respect to this section 1.25).

Post-Amended Rules: Means the Market Rules as in force immediately after the New Rules come into effect.

Pre-Amended Rules: Means the Market Rules as in force immediately before the New Rules come into effect.

Prudential Exposure Final Rule Change Report: Means the Rule Change Panel's Final Rule Change Report for the Rule Change Proposal: Reduction of the prudential exposure in the Reserve Capacity Mechanism (RC_2017_06).

Rule Change Commencement Day: Means the Trading Day when the New Rules come into effect (as determined by the Rule Change Panel under clause 2.8.12).

Rule Change Commencement Month: Means the Trading Month in which the Rule Change Commencement Day falls.

1.25.2. Prior to the Rule Change Commencement Day, notwithstanding that the Pre-Amended Rules continue to apply, each Rule Participant must perform all obligations imposed on that Rule Participant under the Post-Amended Rules, in relation to the Rule Change Commencement Month and subsequent Trading Months, that, if the Post-Amended Rules were in force, the Rule Participant would have been required to perform under the Post-Amended Rules. This includes but is not limited to obligations relating to:

(a) publication of Indicative Individual Reserve Capacity Requirements under clause 4.1.23C; and

(b) Capacity Credit Allocations under sections 9.4 and 9.5.

1.25.3. AEMO must determine and publish the 12 Peak SWIS Trading Intervals for the Hot Season preceding the Rule Change Commencement Date in accordance with clause 4.1.23A of the Post-Amended Rules.

1.25.4. AEMO must determine and publish the 4 Peak SWIS Trading Intervals for each Trading Month for which the 4 Peak SWIS Trading Intervals will be required for the determination of Individual Reserve Capacity Requirements (including the assessment of Non-Temperature Dependent Loads) under the Post-Amended Rules by the time that is the later of:

(a) five Business Days after the commencement of this section 1.25; and

(b) the time specified in clause 4.1.23B for the relevant Trading Month.

1.25.5. AEMO must, as soon as practicable, publish an updated settlement cycle timeline for the Financial Year in which the Post-Amended Rules come into effect that meets the requirements under clause 9.16.2 of the Post-Amended Rules for the Trading Months in the Financial Year that will be settled under the Post-Amended Rules.

1.25.6. If before the Rule Change Commencement Day, notwithstanding that the Pre-Amended Rules continue to apply, a Rule Participant performs an obligation under the Post-Amended Rules under clause 1.25.2, then to the extent that the obligation is performed, the Rule Participant is not required to perform any equivalent obligation under the Pre-Amended Rules to the extent that these obligations relate to the Rule Change Commencement Month or subsequent Trading Months.

1.25.7. If before the Rule Change Commencement Day, notwithstanding that the Pre-Amended Rules continue to apply, a Rule Participant is required to perform an obligation that relates to the Rule Change Commencement Month or subsequent Trading Months that it will not be required to perform under the Post-Amended Rules, the Rule Participant is not required to perform the obligation to the extent that it relates to the Rule Change Commencement Month or subsequent Trading

Months and to the extent that the obligation will not apply under the Post-Amended Rules.

1.25.8. From the Rule Change Commencement Day, notwithstanding that the Post-Amended Rules apply:

(a) each Rule Participant must perform all obligations imposed on that Rule Participant under the Pre-Amended Rules, arising in relation to each Trading Month up to but excluding the Rule Change Commencement Month, that, if the Pre-Amended Rules were in force, the Rule Participant would have been required to perform under the Pre-Amended Rules; and

(b) if the Post-Amended Rules require recalculation of the Individual Reserve Capacity Requirements for a Trading Month prior to the Rule Change Commencement Month, then the Post-Amended Rules do not apply to the extent that it would recalculate the Individual Reserve Capacity Requirements for that Trading Month.

…

2.31.13. AEMO may only reject an application if:

…

(j) in the case of an application to register a Facility, the relevant Metering Data Agent informs AEMO that the facility is not registered in its Meter Registry or that the Meter Registry information is not consistent with the information in the application to register the facility; ~~or~~

(k) in the case of an application to de-register a Facility, the Market Participant holds Capacity Credits for the Facility ~~.~~; or

(l) in the case of a Facility transfer, the transfer of the Facility would result in the number of Capacity Credits allocated for a Trading Month by the Market Generator transferring the Facility exceeding the number of Capacity Credits held for that Trading Month by the Market Generator that are allowed to be traded bilaterally under clause 4.14.9.

…

2.33.5. The Facility transfer form prescribed by AEMO must require that an applicant for transfer of a Facility provide the following:

…

(f) evidence to the satisfaction of AEMO that the party making the application has assumed the Reserve Capacity Obligations associated with the Facility, and agrees to any ~~Short Term~~ Special Price Arrangements associated with the Facility;

…

…

4.1.23. Each Market Customer must provide to AEMO the information described in clause 4.28.8 by:

(a) in the case of the first Reserve Capacity Cycle, 5:00 PM on the Business Day being 15 Business Days prior to the day on which the Initial Time occurs; and

(b) in the case of a subsequent Reserve Capacity Cycle, 5:00 PM on the last Business Day falling on or before 20 August of Year 3 of that cycle.

4.1.23A. For each Hot Season, AEMO must determine and publish the 12 Peak SWIS Trading Intervals within five Business Days after the Interval Meter Deadline for the last Trading Month in the relevant Hot Season. For the avoidance of doubt, AEMO must not revise the 12 Peak SWIS Trading Intervals after their publication.

4.1.23B. For each Trading Month, AEMO must determine and publish the 4 Peak SWIS Trading Intervals within five Business Days after the Interval Meter Deadline for the relevant Trading Month. For the avoidance of doubt, AEMO must not revise the 4 Peak SWIS Trading Intervals after their publication.

4.1.23C. For each Trading Month, AEMO must determine and publish the Indicative Individual Reserve Capacity Requirement for each Market Customer in accordance with clause 4.28.6 by 5:00 PM on the Business Day that is 10 Business Days prior to the start of the relevant Trading Month.

4.1.24. For each Trading Month, AEMO must determine and publish the ~~initial~~ Individual Reserve Capacity Requirement for each Market Customer in accordance with clause 4.28.7 by 5:00 PM on the Business Day that is five Business Days prior to the Interval Meter Deadline for the relevant Trading Month.~~:~~

~~(a) in the case of the first Reserve Capacity Cycle, 5:00 PM on the Business Day being 10 Business Days prior to the day on which the Initial Time occurs; and~~

~~(b) in the case of a subsequent Reserve Capacity Cycle, by 5:00 PM on the last Business Day falling on or before 10 September of Year 3 of that cycle.~~

4.1.25. [Blank]~~The initial Individual Reserve Capacity Requirement for a Market Customer is to apply from:~~

~~(a) in the case of the first Reserve Capacity Cycle, the earlier of Energy Market Commencement and the start of the Trading Day commencing on 1 October 2007 ("**Initial Time**"); and~~

~~(b) in the case of a subsequent Reserve Capacity Cycle, the start of the Trading Day commencing on 1 October of Year 3 of that cycle.~~

…

4.1.28. [Blank]~~Every month between 1 October of Year 3 and 30 September of Year 4 of a Reserve Capacity Cycle after the first Reserve Capacity Cycle and every month between Energy Market Commencement and 30 September of Year 4 of the first Reserve Capacity Cycle:~~

~~(a) AEMO must update the values of each Market Participant's Individual Reserve Capacity Requirement in accordance with clause 4.28.11; and~~

~~(b) AEMO must publish updated Individual Reserve Capacity Requirements no later than by 5:00 PM on the Business Day being five Business Days prior to the commencement of the Trading Month from which the updated Individual Reserve Capacity Requirements will apply.~~

…

4.14. Market Participant Auction and Bilateral Trade Declaration

4.14.1. Subject to clause 4.14.3, each Market Participant holding Certified Reserve Capacity for the current Reserve Capacity Cycle must, by the date and time specified in clause 4.1.14 provide the following information to AEMO for each Facility (expressed in MW to a precision of 0.001 MW):

(a) the total amount of Reserve Capacity the Market Participant intends to make available in a Reserve Capacity Auction if held for the current

Reserve Capacity Cycle~~, where the amount to be made available is not to include Reserve Capacity covered by a pre-existing Special Price Arrangement~~;

(b) ~~the total amount of Reserve Capacity covered by a pre-existing Special Price Arrangement that the Market Participant intends will not be traded bilaterally in accordance with clause 4.14.1(c) or acquired by AEMO under clause 4.14.1(ca);~~[Blank]

(c) the total amount of Reserve Capacity the Market Participant intends will be traded bilaterally;

(ca) for DSM Capacity Credits only, the total amount of Reserve Capacity the Market Participant intends to supply to AEMO under clause 4.28.2(aA); and

(d) the total amount of Reserve Capacity that the Market Participant has decided will not now be made available to the market, ~~where this amount cannot include Reserve Capacity covered by a pre-existing Special Price Arrangement,~~

where the sum of the values for clause 4.14.1(a), ~~(b),~~ (c), (ca) and (d) must equal the Certified Reserve Capacity of the Facility for the Reserve Capacity Cycle.

4.14.1A. A Market Participant holding Certified Reserve Capacity associated with a Demand Side Programme must not nominate any of that Certified Reserve Capacity under clause 4.14.1(a)~~, (b)~~ or (c).

…

4.14.5. For the purpose of clause 4.14.4, Synergy's peak load is calculated by doubling the average of Synergy's supply quantities (expressed in MWh) specified in the Bilateral Submissions that applied during the 12 ~~peak~~ Peak SWIS Trading Intervals~~, as specified in Appendix 5, of~~ published under clause 4.1.23A for the previous Hot Season.

…

Reserve Capacity Auctions

4.15. Confirmation or Cancellation of Reserve Capacity Auctions

4.15.1. If the information provided under ~~clauses~~ sections 4.14 and 4.28C indicates that no Certified Reserve Capacity is to be made available in the Reserve Capacity Auction for a Reserve Capacity Cycle, or, based on the information received under ~~clause~~ section 4.14, AEMO considers that the Reserve Capacity Requirement for the Reserve Capacity Cycle will be met without an auction, then, by the date and time specified in clause 4.1.16, AEMO must publish a notice specifying for that Reserve Capacity Cycle:

(a) that the Reserve Capacity Auction has been cancelled;

(b) the Reserve Capacity Requirement;

(c) the total amount of Certified Reserve Capacity;

(cA) the Capacity Credits assigned, by Facility, under ~~clause~~ section 4.28C; and

(d) the total amount of Certified Reserve Capacity that would have been made available in the Reserve Capacity Auction had one been held.; ~~and~~

~~(e) the total amount of Certified Reserve Capacity covered by pre-existing Special Price Arrangements;~~

...

4.20.5B. If a Market Participant did not have a Reserve Capacity Offer scheduled, then the quantity of Capacity Credits assigned to each of that Market Participant's Facilities is determined as follows:

(a) if the Facility is subject to a Network Control Service Contract – the same quantity as the quantity of Certified Reserve Capacity assigned to that Facility under clause 4.9.9(a); and

(b) ~~if~~ if the Market Participant specified a non-zero amount for the Facility under clauses 4.14.1(c) or 4.14.1(ca) then the quantity of Capacity Credits is the ~~sum of:~~ quantity specified by AEMO for the Facility under clause 4.14.9.

~~1. the quantity specified by the Market Participant for that Facility under clause 4.14.1(b); and~~

~~2. the quantity specified by AEMO for the Facility under clause 4.14.9.~~

…

~~Special Price Arrangements~~

4.21. ~~Short Term~~ Special Price Arrangements

4.21.1.

(a) AEMO is to grant ~~Short Term~~ Special Price Arrangements to a Market Participant in respect of any Capacity Credits acquired by AEMO as a result of a Reserve Capacity Auction where the offer price in the Reserve Capacity Offer for the Certified Reserve Capacity relating to those Capacity Credits exceeded the Reserve Capacity Auction Price.

(b) The Special Reserve Capacity Price for Capacity Credits covered by the ~~Short Term~~ Special Price Arrangement is to equal the offer price in the Reserve Capacity Offer for the Certified Reserve Capacity relating to those Capacity Credits.

(c) The level of coverage of the ~~Short Term~~ Special Price Arrangement is to equal the quantity of Capacity Credits associated with a Reserve Capacity Offer to which clause 4.21.1(a) relates (where if AEMO reduces the Capacity Credits associated with this Facility in any Trading Month then the average of the number of Capacity Credits of this Facility on each Trading Day during that Trading Month is to apply).

(d) The term of a ~~Short Term~~ Special Price Arrangement is the period that the Reserve Capacity Obligations in respect of the Capacity Credits apply as specified in clause 4.1.26 and clause 4.1.30 for the Reserve Capacity Cycle relating to the Reserve Capacity Auction.

…

4.25.4C Upon receiving an application under clause 4.25.4A, AEMO, must subject to clause 4.25.4CA, at its sole discretion~~, must~~:

(a) assess the application and any supporting documentation;

(b) within 10 Business Days of receiving the application inform the Market Participant of its decision whether to reduce the Capacity Credits and the reasons for its decision; and

(c) if applicable, reduce the amount of Capacity Credits held by the Market Participant in respect of the Facility to which the application relates.

4.25.4CA AEMO must not approve an application received under clause 4.25.4A if the reduction of Capacity Credits would result in the number of Capacity Credits allocated by the relevant Market Generator in Capacity Credit Allocations for a Trading Month exceeding the number of Capacity Credits held for that Trading Month by the Market Generator that are allowed to be traded bilaterally under clause 4.14.9.

4.26.2CA. The Relevant Demand of a Demand Side Programme for a Trading Day d in a Capacity Year is the lesser of—

(a) a value determined for the Demand Side Programme using the methodology set out in Appendix 10; or

(b) the sum of Individual Reserve Capacity Requirement Contributions of the Associated Loads of the Demand Side Programme for the Trading Month in which Trading Day d falls.

…

4.28.1. AEMO must separate the total costs of Capacity Credits acquired by it for a Trading Month, including Capacity Credits covered by Special Price Arrangements, into the following two sets—

(a) the cost of acquiring enough Capacity Credits to ensure, to the extent possible given the number of Capacity Credits AEMO has acquired, that the lesser of—

i. the Reserve Capacity Requirement applicable to that Trading Month; and

ii. total Capacity Credits assigned to Facilities minus the total DSM Capacity Credits,

is just covered after allowing for Capacity Credits traded bilaterally (as defined in clause 4.14.2 and subject to clause 4.28.2(b)) in that Trading Month; and

(b) the cost of other Capacity Credits acquired but not allocated to the set referred to in clause 4.28.1(a),

determined on the basis that the Capacity Credits acquired by AEMO are allocated to the set referred to in clause 4.28.1(a) in order of decreasing cost per Capacity Credit, other than DSM Capacity Credits, until the capacity requirements referred to in clause 4.28.1(a) are met, with the remaining Capacity Credits acquired by AEMO being allocated to the set referred to in clause 4.28.1(b).

4.28.2. For the purposes of clause 4.28.1—

(a) AEMO is taken to have acquired a Capacity Credit held by a Market Participant in respect of a Trading Month if that Capacity Credit has not been allocated by that Market Participant to another Market Participant for settlement purposes under sections 9.4 and 9.5;

(aA) without limiting clause 4.28.2(a), AEMO is taken to have acquired all DSM Capacity Credits;

(b) ~~[Blank]~~any Capacity Credits that have been allocated to a Market Customer in excess of that Market Customer's Individual Reserve Capacity Requirement will be:

i. deemed to be Capacity Credits acquired by AEMO from the Market Customer; and

ii. not counted as Capacity Credits traded bilaterally;

(c) the cost of a Capacity Credit acquired by AEMO which is covered by a ~~Short Term~~ Special Price Arrangement is the Special Reserve Capacity Price determined in accordance with clause 4.21.1(b);

(cA) the monthly cost of a DSM Capacity Credit is the DSM Reserve Capacity Price divided by 12; and

(cB) the cost of a Capacity Credit deemed to be acquired by AEMO from a Market Customer under clause 4.28.2(b)(i) is the Monthly Reserve Capacity Price determined in accordance with clause 4.29.1; and

(d) the cost of each other Capacity Credit acquired by AEMO is the Monthly Reserve Capacity Price determined in accordance with clause 4.29.1.

4.28.3. For each Trading Month, AEMO must calculate the Targeted Reserve Capacity Cost, being the cost defined under clause 4.28.1(a) and must allocate this cost to Market Customers in accordance with section 9.7.~~AEMO must allocate this total cost to Market Customers in proportion to each Market Customer's Individual Reserve Capacity Requirement less the quantity of Capacity Credits allocated to that Market Customer in accordance with clauses 9.4 and 9.5.~~

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

(a) the cost defined under clause 4.28.1(b);

(b) the net payments to be made by AEMO under Supplementary Capacity Contracts less any amount drawn under a Reserve Capacity Security by AEMO and distributed in accordance with clause 4.13.11A(a); and

(bA) the Tranche 2 DSM Dispatch Payments made for that Trading Month; less

(c) the Intermittent Load Refunds for that Trading Month; less

(d) any amount drawn under a Reserve Capacity Security by AEMO and distributed in accordance with clause 4.13.11A(b),

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

4.28.5. The Shared Reserve Capacity Cost may have a negative value.

4.28.6. ~~[Blank]~~For each Trading Month, AEMO must determine and publish an Indicative Individual Reserve Capacity Requirement for each Market Customer by the date and time specified in clause 4.1.23C, where this Indicative Individual Reserve Capacity Requirement is determined using the methodology described in Appendix 5.

4.28.7. For each Trading Month, AEMO must determine and publish an ~~initial~~ Individual Reserve Capacity Requirement for each Market Customer by the date and time specified in clause 4.1.24, where this Individual Reserve Capacity Requirement is determined using the methodology described in Appendix 5.~~:~~

~~(a) is determined using the methodology described in Appendix 5 and clause 4.28.7A;~~

~~(aA) is calculated using data that may be modified in accordance with clause 4.28.11A; and~~

~~(b) applies from the date and time specified in clause 4.1.25.~~

~~4.28.7A. AEMO must set the Intermittent Load Reserve Capacity Requirement to apply for the first Trading Month of the Capacity Year for each Intermittent Load for which a Market Customer provided AEMO with the information specified in clause 4.28.8(c) in accordance with Appendix 4A.~~

4.28.8. To assist AEMO in determining Indicative Individual Reserve Capacity Requirements in accordance with clause ~~4.28.7~~ 4.28.6 and ~~updating~~ Individual Reserve Capacity Requirements in accordance with clause ~~4.28.11~~ 4.28.7 for the Capacity Year starting on 1 October of Year 3 of a Reserve Capacity Cycle, Market Customers must, by the date and time specified in clause 4.1.23 ~~or no later than by 5:00 PM on the Business Day being twenty Business Days prior to the date and time specified in clause 4.1.28(b)~~, provide to AEMO:

(a) ~~a list of~~ the identity of all interval meters associated with that Market Customer that the Market Customer wants AEMO to treat as Non-Temperature Dependent Loads;

(b) details of any Demand Side Management measures that the Market Customer has implemented since the previous Hot Season, including the expected MW reduction in peak consumption resulting from those measures; and

(c) nominations of capacity requirements for Intermittent Loads, expressed in MW, where the nominated quantity cannot exceed the greater of:

i. the maximum allowed level of Intermittent Load specified in Standing Data for that Intermittent Load at the time of providing the data; and

ii. the maximum Contractual Maximum Demand expected to be associated with that Intermittent Load during the Capacity Year to which the nomination relates. The Market Customer must provide evidence to AEMO of this Contractual Maximum Demand level unless AEMO has previously been provided with that evidence.

~~where for each Capacity Year a Market Customer may only provide AEMO with the information specified in this clause once with respect to each load.~~

4.28.8A. ~~Any~~ A Market Customer with an Intermittent Load that was not registered by the date and time specified in clause 4.1.23 must provide AEMO with the information described in clause 4.28.8(c) no later than 5 Business Days prior to the date and time specified in clause ~~4.1.28(b)~~ 4.1.23C where that date and time relates to the Trading Month in which the Intermittent Load will first commence operation.

4.28.8B. AEMO must accept a nomination for capacity for an Intermittent Load from a Market Customer if that nomination is made in accordance with clauses 4.28.8 or 4.28.8A provided that AEMO is satisfied of the accuracy of the data and evidence provided in accordance with clause 4.28.8(c)(ii).

4.28.8C. Subject to clause 4.28.11, a Market Customer may provide to AEMO:

(a) the identity of additional interval meters (to those provided under clause 4.28.8) associated with the Market Customer that the Market Customer wants AEMO to treat as Non-Temperature Dependent Loads for the remainder of the relevant Capacity Year; and

(b) details of any additional Demand Side Management measures (to those provided under clause 4.28.8) that the Market Customer has implemented since the previous Hot Season, including the expected MW reduction in peak consumption resulting from those measures,

by providing the relevant information to AEMO no later than 15 Business Days prior to the date and time specified in clause 4.1.23C for the first Trading Month for which the Market Customer wants AEMO to take the updated information into account.

4.28.9. AEMO must only accept the load measured by an interval meter ~~in the list provided~~ nominated in accordance with clauses 4.28.8(a) or 4.28.8C(a) as a Non-Temperature Dependent Load if that load satisfies the requirements of Appendix 5A.

4.28.10. AEMO must only take into account a MW reduction in peak consumption resulting from Demand Side Management measures specified in accordance with clauses 4.28.8(b) or 4.28.8C(b) in applying the methodology of Appendix 5 to the extent that AEMO is satisfied that the peak consumption associated with the applicable Market Participant would have been lowered by that number of MWs had those Demand Side Management measures been in place during the preceding Hot Season.

~~4.28.11. AEMO must determine and publish an updated Individual Reserve Capacity Requirement for each Market Customer by the date and time specified in clause 4.1.28(b) where this Individual Reserve Capacity Requirement:~~

~~(a) is determined using the methodology described in Appendix 5 and based on Individual Reserve Capacity Requirements for Intermittent Loads determined for each Trading Month in accordance with Appendix 4A;~~

~~(aA) is calculated using data that may be modified in accordance with clause 4.28.11A; and~~

~~(b) applies from the commencement of the first Trading Month commencing after the date of publication of the updated Individual Reserve Capacity Requirement.~~

4.28.11. For each Capacity Year, a Market Customer may only provide AEMO with the relevant information specified in clauses 4.28.8, 4.28.8A and 4.28.8C once with respect to each load.

~~4.28.11A. For the purpose of the calculation of Individual Reserve Capacity Requirements described in Appendix 4A and Appendix 5, other than for step 10 of Appendix 5, where those calculations make use of the Reserve Capacity Requirement and the peak demand associated with that Reserve Capacity Requirement specified in clause 4.6.2 AEMO may apply different values provided it preserves the ratio of the latter to the former so as to ensure that the total Individual Reserve Capacity Requirement across all Market Customers does not exceed the total number of Capacity Credits during that Trading Month.~~

4.28.11A. When undertaking the Adjustment Process for a Trading Month under clause 9.16.3 in accordance with the settlement cycle timeline, AEMO must recalculate the Individual Reserve Capacity Requirements for the Trading Month, using the methodology described in Appendix 5 and must publish the recalculated Individual Reserve Capacity Requirements.

4.28.12. AEMO must document the process to be followed in ~~initially~~ calculating~~, and subsequently revising,~~ Indicative Individual Reserve Capacity Requirements and

Individual Reserve Capacity Requirements in a Market Procedure~~, and AEMO and Market Customers must follow that documented Market Procedure~~.

Intermittent Load Refunds

4.28A. Intermittent Load Refunds

4.28A.1 AEMO must determine for each Intermittent Load registered to Market Participant p the amount of the refund ("**Intermittent Load Refund**") to be applied for each Trading Month m in respect of that Intermittent Load as the sum over all Trading Intervals t of Trading Day d in the Trading Month m of the product of:

(a) the applicable value of Y for the Intermittent Load as determined in clause 4.26.1(b)(iii); and

(b) [Blank]

(c) the Capacity Shortfall for Trading Interval t of Trading Day d and Trading Month m which is the greater of zero and:

i. double the MWh of the Intermittent Load metered during that Trading Interval, where for the purpose of this calculation the metered amount should be defined at the meter rather than being Loss Factor adjusted so as to be measured at the Reference Node, less;

ii. if the generating system described in clause 2.30B.2(a) is undergoing a Planned Outage or a Consequential Outage, the quantity nominated for that Intermittent Load by its Market Customer in accordance with clauses 4.28.8(c) or 4.28.8A; less

iii. 3% of the quantity nominated for that Intermittent Load by its Market Customer in accordance with clauses 4.28.8(c) or 4.28.8A; less

iv. for Trading Intervals where the temperature data described in clause 4.28A.2 shows a temperature in excess of 41°C and the generating system described in clause 2.30B.2(a) is not undergoing a Planned Outage, Forced Outage or a Consequential Outage, the capacity reduction, if any, specified in accordance with clause 2.30B.3(b)(i).

…

4.28B.8. Any Capacity Credit issued by AEMO under this ~~clause~~ section 4.28B

(a) is, for the purpose of settlement, to be treated as if it were traded bilaterally in accordance with ~~clause~~ section 4.14 (as defined in clause 4.14.2); and

(b) is not eligible to have a ~~Short Term~~ Special Price Arrangement associated with it.

…

4.28C.14. Capacity Credits issued by AEMO under this ~~clause~~ section 4.28C:

(a) are not eligible to be used in a Reserve Capacity Auction; and

(b) are not eligible to have ~~a Short Term~~ Special Price Arrangements associated with them.

…

4.29.3. AEMO must determine the following information in time for settlement of Trading Month m:

(a) the Monthly Reserve Capacity Price applying during that Trading Month;

(b) the Targeted Reserve Capacity Cost for that Trading Month as defined in clause 4.28.3;

(c) the Shared Reserve Capacity Cost for that Trading Month as defined in clause 4.28.4;

(d) subject to clause 4.29.4, for each Market Participant p and for Trading Month m—

i. the quantity of Capacity Credits (including Capacity Credits from Facilities subject to Network Control Service Contracts) acquired by AEMO which are not—

1. DSM Capacity Credits; or

2. covered by a Special Price Arrangement;

ii. ~~the quantity of Capacity Credits acquired by AEMO covered by a Special Price Arrangement;~~[Blank]

iii. the total quantity of Capacity Credits covered by Special Price Arrangements;

iv. the quantity of Capacity Credits (other than DSM Capacity Credits) traded bilaterally (as defined in clause 4.14.2) ~~that are not covered by Special Price Arrangements~~, including Capacity Credits from Facilities subject to Network Control Service Contracts to which clause 4.20.1(d)(iii) does apply;

ivA. the quantity of DSM Capacity Credits;

v. the Individual Reserve Capacity Requirement for each Market Customer for that Trading Month;

vi. the total Capacity Cost Refund to be paid by the Market Participant to AEMO for all Trading Intervals in Trading Month m;

vii. the total Participant Capacity Rebate to be paid to the Market Participant by AEMO for all Trading Intervals in Trading Month m; and

viii. the Tranche 2 DSM Dispatch Payments to be made to the Market Participant;

(dA) for each Market Participant, the Intermittent Load Refund to be paid by the Market Participant to AEMO for each of its Intermittent Loads; and

(e) for each Supplementary Capacity Contract:

i. the net payment to be made by AEMO under that contract for the Trading Month;

ii. to whom the payment is to be made; and

iii. how the payment is to be made if the party identified in (ii) is not a Market Participant.

…

9.3.6. Market Participants may provide the Capacity Credit Allocation Submissions or Capacity Credit Allocation Acceptances described in ~~clause~~section 9.4~~.~~ to AEMO.

...

9.4. Capacity Credit Allocation Process

~~9.4.1. Subject to clause 9.4.1A, a Market Participant holding Capacity Credits may make a single Capacity Credit Allocation Submission applicable for a full Trading Month to AEMO between the dates and times specified in clauses 9.16.2(b)(i) and 9.16.2(b)(ii).~~

~~9.4.1A. A Capacity Credit Allocation Submission must not include DSM Capacity Credits.~~

~~9.4.2. AEMO must prescribe a Capacity Credit Allocation Submission form and publish it on the Market Web Site.~~

~~9.4.3. A Market Participant making a Capacity Credit Allocation Submission must provide to AEMO the information specified in clause 9.5.1 using the form prescribed by AEMO and the method prescribed in the Settlement Procedure.~~

~~9.4.4. By making a Capacity Credit Allocation Submission, a Market Participant acknowledges that:~~

~~(a) it is acting with the permission of all affected Market Participants; and~~

~~(b) AEMO has the right to reverse any Capacity Credit Allocations if either or both of—~~

~~i. any affected Market Participant, other than the submitting Market Participant, objects to the allocation prior to the deadline for disputes in relation to Non-STEM Settlement Statements; or~~

~~ii. the Capacity Credit Allocation Submission includes DSM Capacity Credits.~~

~~9.4.5. As soon as practicable, and not later than noon on the Business Day following receipt of a Capacity Credit Allocation Submission, AEMO must notify the submitting Market Participant:~~

(a) that the Capacity Credit Allocation Submission has been received; and

(b) whether the Capacity Credit Allocation Submission has been accepted or rejected, including reasons for rejecting the submission (if appropriate).

9.4.6. If a submitting Market Participant does not receive a notice in accordance with clause 9.4.5, or is notified that the submission is rejected, then the submitting Market Participant must arrange with AEMO to provide a valid Capacity Credit Allocation Submission, by mutually agreed means, not later than the date and time specified in clause 9.16.2(b)(ii).

9.4.7. AEMO must confirm receipt, by telephone, of a Capacity Credit Allocation Submission from a Market Participant made in accordance with clause 9.4.6 within 30 minutes of receiving the submission, indicating the matters referred to in paragraphs 9.4.5(a) and (b).

9.4.8. AEMO must accept a Capacity Credit Allocation Submission unless the submission is not consistent with the requirements of clauses 9.4.1A or 9.5.

9.4.9. Once all Capacity Credit Allocation Submissions have been received by AEMO it must identify each Market Participant which has had more Capacity Credits allocated to it than are required to cover its Individual Reserve Capacity Requirements.

9.4.10. AEMO must, by the time and date specified in clause 9.16.2(b)(iii) contact any Market Participant referred to in clause 9.4.9 and request the Market Participant to nominate modifications to the total number of Capacity Credits allocated to it under each individual Capacity Credit Allocation Submission to ensure that the total Capacity Credits allocated do not exceed the Market Participant's Individual Reserve Capacity Requirement.

9.4.11. A Market Participant requested to nominate modifications in accordance with clause 9.4.10 must respond by the time and date specified in clause 9.16.2(b)(iv).

9.4.12. If a Market Participant requested to nominate modifications in accordance with clause 9.4.10 does not comply with clause 9.4.11, all Capacity Credit Allocation Submissions, insofar as they allocate Capacity Credits to that Market Participant, will be revoked and will be disregarded by AEMO.

9.4.13. By the time and date specified in clause 9.16.2(b)(v), AEMO must notify each Market Participant from which AEMO has received a Capacity Credit Allocation Submission which has been accepted of the following information (for each Market Participant allocated Capacity Credits in the submission):

(a) the Capacity Credits allocations accepted as submitted; and

(b) if AEMO has contacted the Market Participant under clause 9.4.10:

i. the Capacity Credit allocations that have been reduced in accordance with responses made by that Market Participant under clause 9.4.11, where AEMO must allocate reductions between the

~~sets of Capacity Credits specified in clause 9.5.1(c) so as to maximise the settlement payments to be made by AEMO for the unallocated Capacity Credits held by the submitting Market Participant.~~

~~ii. the Capacity Credit allocations that have been revoked in accordance with clause 9.4.12 due to AEMO not receiving a response from a Market Participant.~~

9.4.1. A Market Generator may submit one or more Capacity Credit Allocation Submissions for a full Trading Month to AEMO between the dates and times published by AEMO in accordance with clause 9.16.2(b).

9.4.2. A Capacity Credit Allocation Submission must not include DSM Capacity Credits.

9.4.3. A Capacity Credit Allocation Submission must be submitted in the form specified by AEMO and must include the information specified in clause 9.5.1.

9.4.4. Within one Business Day following receipt of a Capacity Credit Allocation Submission, AEMO must:

(a) decide whether to approve or reject the Capacity Credit Allocation Submission;

(b) notify the Market Generator of the decision;

(c) if the decision is to reject the Capacity Credit Allocation Submission, notify the Market Generator of the reason for the rejection; and

(d) if the decision is to approve the Capacity Credit Allocation Submission, notify the Market Customer specified as the receiver of the Capacity Credits of the details of the Capacity Credit Allocation Submission.

9.4.5. AEMO must reject a Capacity Credit Allocation Submission if:

(a) the sum of the Capacity Credits:

i. proposed to be allocated in the Capacity Credit Allocation Submission;

ii. proposed to be allocated in any other Capacity Credit Allocation Submission for the Market Generator for the Trading Month that is approved by AEMO but not yet accepted by the relevant Market Customer (excluding any Capacity Credit Allocation Submissions withdrawn under clause 9.4.12); or

iii. in any approved Capacity Credit Allocations for the Market Generator for the Trading Month (excluding any Capacity Credit Allocations reversed under clause 9.4.14 and accounting for any reductions under clauses 9.4.16 or 9.4.17),

exceeds the number of Capacity Credits that are allowed to be traded bilaterally by the Market Generator under clause 4.14.9 for the Trading Month; or

(b) if AEMO reasonably considers that the Trading Margin of the submitting Market Generator is likely to be negative after allocating the Capacity Credits as outlined in the Capacity Credit Allocation Submission.

9.4.6. AEMO must approve a Capacity Credit Allocation Submission if the Capacity Credit Allocation Submission is not rejected in accordance with clause 9.4.5.

9.4.7. Once AEMO has approved a Capacity Credit Allocation Submission, the Market Customer specified as the receiver of the Capacity Credits may accept the allocation of Capacity Credits specified in the Capacity Credit Allocation Submission by submitting a Capacity Credit Allocation Acceptance by the date and time published by AEMO in accordance with clause 9.16.2(b)(ii).

9.4.8. A Capacity Credit Allocation Acceptance must be submitted in the form specified by AEMO.

9.4.9. Within one Business Day following receipt of a Capacity Credit Allocation Acceptance, AEMO must:

(a) decide whether to approve or reject the Capacity Credit Allocation Acceptance;

(b) notify the submitting Market Customer and the Market Generator that submitted the corresponding Capacity Credit Allocation Submission of the decision;

(c) if the decision is to reject the Capacity Credit Allocation Acceptance under clause 9.4.10(a), notify the submitting Market Customer of the reason for the rejection; and

(c) if the decision is to reject the Capacity Credit Allocation Acceptance under clauses 9.4.10(b) or 9.4.10(c), notify the Market Generator that submitted the corresponding Capacity Credit Allocation Submission of the reason for the rejection.

9.4.10. AEMO must reject a Capacity Credit Allocation Acceptance if:

(a) the Capacity Credit Allocation Submission has been withdrawn under clause 9.4.12;

(b) the sum of the Capacity Credits:

i. proposed to be allocated in the relevant Capacity Credit Allocation Submission; and

ii. in any approved Capacity Credit Allocations for the Market Generator for the Trading Month (excluding any Capacity Credit Allocations reversed under clause 9.4.14 and accounting for any reductions under clauses 9.4.16 or 9.4.17),

exceeds the number of Capacity Credits that are allowed to be traded bilaterally by the Market Generator under clause 4.14.9 for the Trading Month; or

(c) AEMO reasonably considers that the Trading Margin of the Market Generator specified as the provider of Capacity Credits is likely to be negative after allocating the Capacity Credits as outlined in the Capacity Credit Allocation Submission.

9.4.11. AEMO must approve a Capacity Credit Allocation Acceptance if the Capacity Credit Allocation Acceptance is not rejected in accordance with clause 9.4.10.

9.4.12. A Market Generator may withdraw a Capacity Credit Allocation Submission at any time before AEMO has approved a corresponding Capacity Credit Allocation Acceptance from the Market Customer specified as the receiver of the Capacity Credits in accordance with clause 9.4.11.

9.4.13. Within one Business Day after a Market Generator has withdrawn a Capacity Credit Allocation Submission under clause 9.4.12, AEMO must notify the Market Customer specified as the receiver of the Capacity Credits that the Capacity Credit Allocation Submission has been withdrawn.

9.4.14. AEMO must reverse a Capacity Credit Allocation if both of the following apply:

(a) AEMO receives a request from the Market Generator and Market Customer involved; and

(b) AEMO reasonably considers that the Trading Margin of the Market Customer specified as the receiver of Capacity Credits is not likely to be negative after the reversal.

9.4.15. If the termination of a Capacity Credit results in the number of Capacity Credits allocated by a Market Generator in Capacity Credit Allocations for a Trading Month exceeding the number of Capacity Credits held for that Trading Month by the Market Generator that are allowed to be traded bilaterally under clause 4.14.9, then AEMO must notify the Market Generator within one Business Day after the termination.

9.4.16. A Market Generator may, within two Business Days following receipt of a notice provided under clause 9.4.15, amend one or more of its approved Capacity Credit Allocations for the Trading Month to reduce the total number of Capacity Credits allocated by the quantity needed to eliminate the excess identified by AEMO under clause 9.4.15.

9.4.17. If a Market Participant does not make a reduction under clause 9.4.16, AEMO must, within one Business Day after the deadline specified in clause 9.4.16:

(a) amend one or more of the Capacity Credit Allocations for the Market Generator for the Trading Month to eliminate the excess identified by AEMO under clause 9.4.15 in accordance with the Market Procedure specified in clause 9.4.18; and

(b) for each amended Capacity Credit Allocation, notify the Market Generator and the relevant Market Customer of the details of the amendment.

9.4.18. AEMO must develop a Market Procedure dealing with:

(a) Capacity Credit Allocations; and

(b) other matters relating to sections 9.4, and 9.5.

9.5. Format of Capacity Credit Allocation Submissions

9.5.1. A Capacity Credit Allocation Submission must set out:

(a) the identity of the submitting Market ~~Participant~~Generator, which must be the holder of Capacity Credits;

(b) the identity of ~~each~~the Market ~~Participant~~Customer to which the Capacity Credits are to be allocated for settlement purposes, which may ~~include~~be the submitting Market Participant;

(c) the number of Capacity Credits to be allocated for settlement purposes from the Market Generator to ~~each other Market Participant~~ the Market Customer ~~from each of the following sets:~~.

~~i. the set consisting of Capacity Credits held by the submitting Market Participant that are covered by Special Price Arrangements but which are allowed to be traded under clause 4.14.9, where the total number of Capacity Credits in this set is the number of Capacity Credits specified under clause 4.29.3(d)(iii), less the number of Capacity Credits specified under clause 4.29.3(d)(ii), for the Market Participant for the Trading Month; and~~

~~ii. the set consisting of Capacity Credits held by the submitting Market Participant which are allowed to be traded under clause 4.14.9 that are neither DSM Capacity Credits nor covered by Special Price Arrangements, as specified under clause 4.29.3(d)(iv) for the Market Participant for the Trading Month.~~

9.5.2. A Capacity Credit Allocation Submission may allocate part of a Capacity Credit provided that the number of Capacity Credits allocated is specified to a precision of 0.001 MW.

~~9.5.3. A Capacity Credit Allocation Submission will only be accepted by AEMO if:~~

~~(a) the total number of Capacity Credits allocated in accordance with clause 9.5.1(c)(i) for a Trading Month does not exceed the number of Capacity Credits specified under clause 4.29.3(d)(iii), less the number of Capacity Credits specified under clause 4.29.3(d)(ii), for the Market Participant for the Trading Month; and~~

~~(b) the total number of Capacity Credits allocated in accordance with clause 9.5.1(c)(ii) for a Trading Month does not exceed the number of Capacity Credits specified under clause 4.29.3(d)(iv) for the Market Participant for the Trading Month.~~

…

9.7.1A. For the purposes of clause 9.7.1, Capacity_Provider_Payment(p,m) for Market Participant p for Trading Month m is—

Capacity_Provider_Payment(p,m) = Participant_Capacity_Rebate(p,m)
+ Non_Allocated_Gen_Capacity_Payments(p,m)
+ ~~Non_Allocated_~~SPA_Payments(p,m)
– Intermittent_Load_Refund(p,m)
+ Supplementary_Capacity_Payment(p,m)
+ DSM_Capacity_Payments(p,m)
+ Tranche_2_DSM_Dispatch_Payments(p,m)
– Capacity_Cost_Refund(p,m)
+ Over_Allocation_Payment(p,m)

Where—

Participant_Capacity_Rebate(p,m) is the Participant Capacity Rebate payable to the Market Participant p for all Trading Intervals in Trading Month m, as determined in accordance with clause 4.29.3(d)(vii);

Non_Allocated_Gen_Capacity_Payments(p,m) =
Monthly_Reserve_Capacity_Price(m) × (CC_NSPA(p,m) – CC_ANSPA(p,m))

~~Non_Allocated_~~SPA_Payments(p,m) =
Sum(a∈A, Monthly_Special_Price(p,m,a) ×
~~(~~CC_SPA(p,m,a)~~ – CC_ASPA(p,m,a))~~)

Intermittent_Load_Refund(p,m) is the sum over all of Market Participant p's Intermittent Loads of the Intermittent Load Refund payable to AEMO by Market Participant p in respect of each of its Intermittent Loads for Trading Month m, as specified in clause 4.28A.1;

Supplementary_Capacity_Payment(p,m) is the net payment to be made by AEMO under a Supplementary Capacity Contract to Market Participant p for Trading Month m, as specified by AEMO in accordance with clause 4.29.3(e)(i);

DSM_Capacity_Payments(p,m) =
DSM_Capacity_Credits(p,m) × Monthly_DSM_Reserve_Capacity_Price(m)

Tranche_2_DSM_Dispatch_Payments(p,m) are the Tranche 2 DSM Dispatch Payments for Market Participant p for Trading Month m;

Capacity_Cost_Refund(p,m) is the Capacity Cost Refund payable to AEMO by Market Participant p in respect of that Market Participant's Capacity Credits for Trading Month m, as specified in clause 4.29.3(d)(vi);

Over_Allocation_Payment(p,m) =
max (0, Allocated_Capacity_Credits(p,m) – IRCR(p,m)) ×
Monthly_Reserve_Capacity_Price(m);

Monthly_Reserve_Capacity_Price(m) is the Monthly Reserve Capacity Price which applies for Trading Month m defined in accordance with clause 4.29.1;

CC_NSPA(p,m) is the number of Capacity Credits held by Market Participant p in Trading Month m that are not covered by Special Price Arrangements and are not DSM Capacity Credits;

CC_ANSPA(p,m) is the number of Capacity Credits held by Market Participant p in Trading Month m that ~~are not covered by Special Price Arrangements and which~~ are allocated to other Market Participants;

A is the set of all Special Price Arrangements associated with a Facility where "a" is used to refer to a member of that set;

Monthly_Special_Price(p,m,a) is the Monthly Special Reserve Capacity Price for Special Price Arrangement a for Market Participant p defined in accordance with clause 4.29.2 which applies for Trading Month m;

CC_SPA(p,m,a) is the number of Capacity Credits held by Market Participant p in Trading Month m that are covered by Special Price Arrangement a;

~~CC_ASPA(p,m,a) is the number of Capacity Credits held by Market Participant p in Trading Month m that are covered by Special Price Arrangement a and which are allocated to other Market Participants for Trading Month m under sections 9.4 and 9.5;~~

DSM_Capacity_Credits(p,m) is the number of DSM Capacity Credits held by Market Participant p in Trading Month m, as determined under clause 4.29.3(d)(ivA); ~~and~~

Monthly_DSM_Reserve_Capacity_Price(m) is the DSM Reserve Capacity Price which applies for Trading Month m divided by 12~~.~~;

Allocated_Capacity Credits(p,m) is the number of Capacity Credits allocated to Market Participant p in Trading Month m in accordance with sections 9.4 and 9.5; and

IRCR(p,m) is the Individual Reserve Capacity Requirement for Market Participant p for Trading Month m expressed in units of MW.

9.7.1B. For the purposes of clause 9.7.1, Capacity_Purchaser_Payment(p,m) for Market Participant p for Trading Month m is—

Capacity_Purchaser_Payment(p,m) = Targeted_Reserve_Capacity_Cost(p,m)
+ Shared_Reserve_Capacity_Cost(p,m)
– LF_Capacity_Cost(p,m)

Where—

Targeted_Reserve_Capacity_Cost(p,m) =
Targeted_Reserve_Capacity_Cost(m) × Shortfall_Share(p,m)

Shared_Reserve_Capacity_Cost(p,m) =
Shared_Reserve_Capacity_Cost(m) × Capacity_Share(p,m)

LF_Capacity_Cost(p,m) =
LF_Capacity_Cost(m) × Capacity_Share(p,m)

Targeted_Reserve_Capacity_Cost(m) is the cost of Reserve Capacity to be shared amongst those Market Participants who have not had sufficient Capacity Credits allocated to them for Trading Month m where this cost is specified for Trading Month m under clause 4.29.3(b);

Shortfall_Share(p,m) =
(max(0, IRCR(p,m) – Allocated_Capacity_Credits(p,m)) /
Sum(p∈P,(max(0, IRCR(p,m) – Allocated_Capacity_Credits(p,m))))

Shared_Reserve_Capacity_Cost(m) is the cost of Reserve Capacity to be shared amongst all Market Participants for Trading Month m where this cost is specified for Trading Month m under clause 4.29.3(c);

Capacity_Share(p,m) =
IRCR(p,m) / Sum(p∈P,IRCR(p,m))

LF_Capacity_Cost(m) is the total Load Following Service capacity payment cost for Trading Month m as specified in clause 9.9.2(q);

P is the set of all Market Participants where p is a member of that set;

IRCR(p,m) is the Individual Reserve Capacity Requirement for Market Participant p for Trading Month m expressed in units of MW; and

Allocated_Capacity_Credits(p,m) ~~equals the~~ is the number of Capacity Credits allocated to Market Participant p in Trading Month m in accordance with sections 9.4 and 9.5.

...

9.16.2. For all Financial Years other than the first Financial Year of energy market operations, the settlement cycle timeline for settlement of other amounts payable under these Market Rules for all Trading Days within a Financial Year must be published by AEMO at least one calendar month prior to the commencement of that Financial Year. For the first Financial Year of energy market operation, the settlement cycle timeline must be published one calendar month prior to Energy Market Commencement. This settlement cycle timeline must include for each settlement cycle:

(a) The Interval Meter Deadline, being the Business Day by which Meter Data Submissions for a Trading Month must be provided to AEMO. ~~-~~This date must be the first Business Day of the second month following the month in which the Trading Month commenced.

(b) The Capacity Credit Allocation Submission and Capacity Credit Allocation Acceptance timeline, including:

i. the earliest date and time at which Capacity Credit Allocation Submissions and Capacity Credit Allocation Acceptances for a Trading Month can be ~~made~~submitted, where this is to be ~~a Business Day after the end of the Trading Month to which the Capacity Credit Allocation Submission relates but~~ not less than 10

Business Days prior to the start of the relevant Trading Month~~Non-STEM Settlement Statement Date~~; and

ii. the latest date and time at which Capacity Credit Allocation Submissions and Capacity Credit Allocation Acceptances for a Trading Month can be ~~made to AEMO~~ submitted, where this is the Interval Meter Deadline as specified in clause 9.16.2(a) for the relevant Trading Month~~to be not less than five Business Days prior to the Non-STEM Settlement Statement Date;~~.

~~iii. the time and date by which AEMO must contact any Market Participant identified under clause 9.4.9 where this is to be not less than four Business Days prior to the Non-STEM Settlement Statement Date;~~

~~iv. the time and date by which a Market Participant must respond to any request made by AEMO in accordance with clause 9.4.10 where this is to be not less than two Business Days prior to the Non-STEM Settlement Statement Date; and~~

~~v. the time and date by which AEMO will notify Market Participants from which AEMO has accepted Capacity Credit Allocation Submissions where this is to be not less than two Business Days prior to the Non-STEM Settlement Statement, but later than the time specified in clause 9.16.2(b)(iv).~~

…

9.18.3. A Non-STEM Settlement Statement must contain the following information:

(a) details of the Trading Days covered by the Non-STEM Settlement Statement;

…

(cA) details of any Capacity Credits allocated to the Market Participant ~~in a Capacity Credit Allocation Submission made by~~ from another Market Participant in accordance with ~~clauses~~sections 9.4 and 9.5;

(cB) details of any Capacity Credits allocated to another Market Participant ~~in a Capacity Credit Allocation Submission made by~~ from the Market Participant in accordance with ~~clauses~~sections 9.4 and 9.5;

…

10.5.1. AEMO must set the class of confidentiality status for the following information under clause 10.2.1, as Public and AEMO must make each item of information available from or via the Market Web Site after that item of information becomes available to AEMO:

…

(f) the following Reserve Capacity information (if applicable):

i. Requests for Expressions of Interest described in clause 4.2.3 for the previous five Reserve Capacity Cycles;

ii. the summary of Requests for Expressions of Interest described in clause 4.2.7 for the previous five Reserve Capacity Cycles;

iii. the Reserve Capacity Information Pack published in accordance with clause 4.7.2 for the previous five Reserve Capacity Cycles;

iiiA. for each Market Participant that was assigned Certified Reserve Capacity, the level of Certified Reserve Capacity assigned to each to Facility for each Reserve Capacity Cycle;

iv. for each Market Participant holding Capacity Credits, the Capacity Credits provided by each Facility for each Reserve Capacity Cycle;

v. the identity of each Market Participant from which AEMO procured Capacity Credits in the most recent Reserve Capacity Auction, and the total amount procured, where this information is to be published by January 7th of the year following the Reserve Capacity Auction;

vi. for each Special Price Arrangement for each Registered Facility:

1. the amount of Reserve Capacity covered;

2. the term of the Special Price Arrangement; and

3. the Special Reserve Capacity Price applicable to the Special Price Arrangement,

where this information is to be current as at, and published on, January 7th of each year;

vii. all Reserve Capacity Offer quantities and prices, including details of the bidder and facility, for a Reserve Capacity Auction, where this information is to be published by January 7th of the year following the Reserve Capacity Auction;

viii. reports summarising the outcomes of Reserve Capacity Tests and reasons for delays in those tests, as required by clause 4.25.11; and

ix. the following ratios calculated by AEMO when it determines the Indicative Individual Reserve Capacity Requirements or the Individual Reserve Capacity Requirements for a Trading Month, or recalculates the Individual Reserve Capacity Requirements for a Trading Month as required by clause 4.28.11A:~~annually calculated and monthly adjusted ratios:~~

1. NTDL_Ratio as calculated in accordance with Appendix 5,~~ STEP 8~~ Step 8A;

2. TDL_Ratio as calculated in accordance with Appendix 5,~~ STEP 8~~ Step 8C; and

3. Total_Ratio as calculated in accordance with Appendix 5, ~~STEP 10~~ Step 10; and

…

…

11 Glossary

12 Peak SWIS Trading Intervals: Means, for a Hot Season, the 3 Trading Intervals with the highest Total Sent Out Generation on each of the 4 Trading Days with the highest maximum demand in that Hot Season, as published by AEMO in accordance with clause 4.1.23A, where the maximum demand for a Trading Day is the highest Total Sent Out Generation for any Trading Interval in that Trading Day.

4 Peak SWIS Trading Intervals: Means, for a Trading Month, the 4 Trading Intervals in the relevant Trading Month with the highest Total Sent Out Generation, as published by AEMO in accordance with clause 4.1.23B.

…

Capacity Credit Allocation: ~~The number of Capacity Credits allocated to a Market Participant for settlement purposes through the allocation process in clauses 9.4 and 9.5.~~The allocation of a number of Capacity Credits from a Market Generator to a Market Customer for a Trading Month for settlement purposes through the allocation process in sections 9.4 and 9.5.

Capacity Credit Allocation Acceptance: A submission from a Market Customer to AEMO made in accordance with clauses 9.4.7 and 9.4.8 to accept a Capacity Credit Allocation Submission.

Capacity Credit Allocation Submission: A submission from a Market ~~Participant~~ Generator to AEMO made in accordance with clauses 9.4.1, 9.4.2 and 9.4.3 to allocate Capacity Credits to a single Market Customer.

…

Indicative Individual Reserve Capacity Requirement: Means the estimate of a Market Customer's Individual Reserve Capacity Requirement determined and published by AEMO in accordance with clause 4.28.6.

…

Individual Intermittent Load Reserve Capacity Requirement: Means the Individual Reserve Capacity Requirement for an Intermittent Load for a Trading Month determined in accordance with Appendix 4A.

Individual Reserve Capacity Requirement: The MW quantity determined by AEMO in respect of a Market Customer, in accordance with clause 4.28.7 and, if applicable, as revised in accordance with clause 4.28.11A.

Individual Reserve Capacity Requirement Contribution: Means the contribution of an Associated Load to a Market Customer's Indicative Individual Reserve Capacity Requirement determined in accordance with Step 11 of Appendix 5.

Initial Time: ~~Has the meaning given in clause 4.1.25~~Is the earlier of the Energy Market Commencement and the start of the Trading Day commencing on 1 October 2007.

…

~~**Short Term Special Price Arrangement**: A Special Price Arrangement that applies for not more than one Reserve Capacity Cycle.~~

…

Special Price Arrangement: An arrangement under section 4.21 whereby a Market Participant can secure a price for Reserve Capacity that may differ from the Reserve Capacity Price for a Reserve Capacity Cycle.

…

Appendix 1: Standing Data

…

(k) for each Registered Facility:

i. Reserve Capacity information including:

…

7. for each ~~Short Term~~ Special Price Arrangement associated with the facility, the number of Capacity Credits covered, the Special Reserve Capacity Price to be applied, and the expiration date and time of the Special Price Arrangement.

ii. Network Control Service information including:

…

Appendix 4A: Individual Intermittent Load ~~Individual~~ Reserve Capacity Requirements

This Appendix describes how ~~Individual Reserve Capacity Requirements are derived for Intermittent Loads~~ the Individual Intermittent Load Reserve Capacity Requirement for Intermittent Load k for Trading Month n is determined.

Define:

- MaxL(k) is the nominated load level for Intermittent Load k to apply for Trading Month n as specified in clauses 4.28.8(c) or 4.28.8A;
- RM is the reserve margin for the Reserve Capacity Cycle defined as negative one plus the ratio of the Reserve Capacity Requirement for the relevant Capacity Year as described in clause 4.6.1 and the expected peak demand for the relevant Capacity Year as described in clause 4.6.2;

Calculate Req(k), which equals MaxL(k) multiplied by RM.

When setting the Individual Intermittent Load Reserve Capacity Requirements in accordance with clause 4.28.7A for an Intermittent Load k for a Trading Month n in accordance with Appendix 5:

- If, at the time AEMO determines the Indicative Individual Reserve Capacity Requirements for Trading Month n, Intermittent Load k is registered and operating or AEMO reasonably expects it to be registered and operating during the first Trading Month of the Capacity Year Trading Month n (based on information provided to AEMO in accordance with clauses 4.28.8(c) or 4.28.8A), then set the Individual Intermittent Load Reserve Capacity Requirement for Intermittent Load k equal to Req(k).
- If, at the time AEMO determines the Indicative Individual Reserve Capacity Requirements for Trading Month n, AEMO reasonably expects Intermittent Load k not to be registered or operating during the first Trading Month of the Capacity Year Trading Month n (based on information provided to AEMO in accordance with clause 4.28.8(c) or 4.28.8A), then set the Individual Intermittent Load Reserve Capacity Requirement for Intermittent Load k equal to zero.

~~When revising Intermittent Load Reserve Capacity Requirements in accordance with clause 4.28.11, and after allowing for additional nominations by Intermittent Loads that have commenced operation during the Capacity Year:~~

- ~~If Intermittent Load k is registered and operating or AEMO reasonably expects it to be registered and operating during the next Trading Month to commence during the Capacity Year (based on information provided to AEMO in accordance with clause 4.28.8A), then set the Intermittent Load Reserve Capacity Requirement for Intermittent Load k equal to Req(k).~~
- ~~If AEMO reasonably expects Intermittent Load k not to be registered or operating during the next Trading Month to commence during the Capacity Year (based on information provided to AEMO in accordance with clause 4.28.8A), then set the Intermittent Load Reserve Capacity Requirement for Intermittent Load k equal to zero.~~

Appendix 5: Individual Reserve Capacity Requirements

This Appendix presents the method ~~for annually setting and monthly adjusting Individual Reserve Capacity Requirements.~~ that must be used by AEMO to determine, for a Trading Month n:

- Individual Reserve Capacity Requirement Contributions as required for the determination of Relevant Demands under clause 4.26.2CA;
- Indicative Individual Reserve Capacity Requirements as required under clause 4.28.6;
- Individual Reserve Capacity Requirements as required under clause 4.28.7; and
- revised Individual Reserve Capacity Requirements as required under clause 4.28.11A.

AEMO must perform Steps 1 to 10A to determine the Indicative Individual Reserve Capacity Requirements, Individual Reserve Capacity Requirements or revised Individual Reserve Capacity Requirements for Trading Month n.

AEMO must perform Step 11 as required to determine the Individual Reserve Capacity Requirement Contribution of an individual metered Associated Load for Trading Month n, using as input the relevant values calculated by AEMO when it determined the Indicative Individual Reserve Capacity Requirements for Trading Month n.

For the purpose of this Appendix:

- ~~Steps 1 to 10 are repeated every month.~~
- All references, apart from those in Step 5A, to meters are interval meters.
- The Notional Wholesale Meter is to be treated as a registered interval meter measuring Temperature Dependent Load. This meter is denoted by Temperature Dependent Load meter v=v*.
- The New Notional Wholesale Meter, determined in accordance with Step 5A, is to be treated as a registered interval meter measuring Temperature Dependent Load.
- The meter registration data to be used in the calculations is to be the most current complete set of meter registration data as at the time of commencing the calculations.
- ~~The values of RR (the Reserve Capacity Requirement) and FL (forecast peak demand associated with that Reserve Capacity Requirement as specified in clause 4.6.2) may be modified from their standard values in accordance with clause 4.28.11A.~~

- ~~In the case of the first Reserve Capacity Cycle, AEMO may use meter data relating to periods prior to Energy Market Commencement as if the energy market had commenced prior to the time periods covered by that meter data.~~
- ~~In Steps 1 and 5 the demand in a Trading Interval is measured as the Total Sent Out Generation in that Trading Interval.~~
- ~~In Step 1 the maximum demand for a Trading Day is the highest demand measured for any Trading Interval in that Trading Day.~~
- The 12 Peak SWIS Trading Intervals to be used in the calculations are the 12 Peak SWIS Trading Intervals determined and published by AEMO under clause 4.1.23A for the Hot Season preceding the start of the Capacity Year in which Trading Month n falls (the "preceding Hot Season").
- The 4 Peak SWIS Trading Intervals for a Trading Month to be used in the calculations are the 4 Peak SWIS Trading Intervals determined and published by AEMO under clause 4.1.23B for that Trading Month.
- When calculating the Indicative Individual Reserve Capacity Requirements it is assumed that all meters registered to a Market Customer on the day of calculation will remain registered to that Market Customer for the entirety of Trading Month n.

~~STEP~~Step 1: ~~Define the 12 peak SWIS Trading Intervals during the Hot Season preceding the initial calculation of Individual Reserve Capacity Requirements for a Reserve Capacity Cycle (the "preceding Hot Season") as corresponding to the 3 highest demand Trading Intervals on each of the 4 Trading Days with the highest maximum demand.~~ Calculate:

RR = min(RCR, CC – DSM_CC)

FL = FL_RCR * RR / RCR

where

RCR is the Reserve Capacity Requirement for the relevant Reserve Capacity Cycle

CC is the total number of Capacity Credits assigned for Trading Month n at the time of the calculation

DSM_CC is the total number of DSM Capacity Credits assigned for Trading Month n at the time of the calculation

FL_RCR is the peak demand associated with the Reserve Capacity Requirement for the relevant Reserve Capacity Cycle as specified in clause 4.6.2

~~STEP~~Step 2: For each meter, u, measuring Non-Temperature Dependent Load that was registered with AEMO for all of the 12 Peak SWIS Trading Intervals determine NTDL(u) ~~and d(u,i)~~, where:

NTDL(u) is the contribution to the system peak load of meter u during the preceding Hot Season where this contribution is double the median value of the metered consumption during the 12 ~~peak~~Peak SWIS Trading Intervals

~~STEP~~Step 3: For each meter, v, measuring Temperature Dependent Load that was registered with AEMO for all of the 12 Peak SWIS Trading Intervals determine TDL(v) ~~and d(v,i)~~, where:

TDL(v) is the contribution to the system peak load of meter v during the preceding Hot Season where this contribution is double the median value of the metered consumption during the 12 ~~peak~~Peak SWIS Trading Intervals

~~STEP~~Step 4: For each Intermittent Load meter w set its Individual Intermittent Load Reserve Capacity Requirement, IILRCR(w), to equal the amount defined in accordance with ~~clause 4.28.7A~~ Appendix 4A.

~~STEP~~Step 5: ~~When determining the Individual Reserve Capacity Requirements for Trading Month n i~~Identify meters that were not registered with AEMO during one or more of the 12 ~~p~~Peak SWIS Trading Intervals ~~in the preceding Hot Season~~ but which were registered by the end of Trading Month n~~-3~~.

~~Identify the 4 peak SWIS Trading Intervals of Trading Month n-3, being the 4 highest demand Trading Intervals in that Trading Month.~~

For a new meter u that measures Non-Temperature Dependent Load set NMNTCR(u) to be 1.1 times the MW figure formed by doubling the median value of the metered consumption for that meter during the 4 ~~p~~Peak SWIS Trading Intervals of Trading Month n-3.

For a new meter v that measures Temperature Dependent Load set NMTDCR(v) to be 1.3 times the MW figure formed by doubling the median value of the metered consumption for that meter during the 4 ~~p~~Peak SWIS Trading Intervals of Trading Month n-3.

~~For a new meter w that measures Intermittent Load set IILRCR(w) in accordance with Appendix 4A to the value applicable to Trading Month n.~~

~~STEP~~Step 5A: ~~When determining the Individual Reserve Capacity Requirements for Trading Month n.~~

Find the MW figure formed by doubling the median value of the metered consumption for the Notional Wholesale Meter v*, during the 4 ~~p~~Peak SWIS Trading Intervals of Trading Month n-3 (“Median Notional Wholesale Meter”).

Divide the Median Notional Wholesale Meter by the number of non-interval or accumulation meters that existed at the end of Trading Month n-3 (“Average Non-Interval Meter”).

Subtract the number of non-interval or accumulation meters disconnected during Trading Month n-3 from the number of non-interval or accumulation meters connected during Trading Month n-3 (“Non-Interval Meter Growth”).

Multiply the Non-Interval Meter Growth and the Average Non-Interval Meter. ("New Notional Wholesale Meter").

For the New Notional Wholesale Meter set NMTDCR(v) equal to be 1.3 times the New Notional Wholesale Meter.

~~STEP~~Step 6: Calculate the values of d(u,i) for Non-Temperature Dependent Load, d(v,i) for Temperature Dependent Loads and d(w,i) for Intermittent Loads such that:

- d(u,i) has a value of zero if meter u measures Intermittent Load or was not registered to Market Customer i during Trading Month n~~-3~~, otherwise it has a value equal to the number of full Trading Days the meter was registered to Market Customer i in Trading Month n~~-3~~ divided by the number of days in Trading Month n~~-3~~.
- d(v,i) has a value of zero if meter v measures Intermittent Load or was not registered to Market Customer i during Trading Month n~~-3~~, otherwise it has a value equal to the number of full Trading Days the meter was registered to Market Customer i in Trading Month n~~-3~~ divided by the number of days in Trading Month n~~-3~~.
- d(w,i) has a value of zero if meter w was not registered to Market Customer i during Trading Month n, otherwise it has a value of one if Market Customer i nominated capacity for the Intermittent Load measured by meter w in accordance with clauses 4.28.8(c) or 4.28.8A, with the exception that if the Intermittent Load was for Load at a meter registered to Market Customer i for only part of Trading Month n, then it has a value equal to the number of full Trading Days that meter was registered to Market Customer i in Trading Month n divided by the number of days in Trading Month n.

~~STEP~~Step 7: Identify the set NM of all those new meters v that measured consumption that was measured by meter v=v* during the preceding Hot Season and set TDLn(v) for meter v=v* to equal:

TDLn(v*) = TDL(v*) – Sum(v∈~~NW~~NM, NMTDCR(v)~~ x d(v,q)~~)

~~Where~~

~~q denotes a Market Customer to which the new meter is associated.~~

~~d(v,q) is the number of days the new meter is registered to Market Participant q divide by number of days in the Trading Month n-3.~~

~~STEP 8: For each Market Customer, i, calculate:~~

~~NTDLRCR(i) = Sum(u, NTDL(u) × d(u,i)) × NTDL_Ratio~~

~~TDLRCR(i) = (Sum(v,MTDL(v) × d(v,i)) – DSM(i)) × TDL_Ratio~~

~~ILRCR(i) = Sum(w, IILRCR(w) × d(w,i))~~

~~NRR = RR – Sum(i, ILRCR(i))~~

~~where~~

~~NTDL_Ratio = NRR/FL~~

~~TDL_Ratio = (NRR – Sum(j, NTDLRCR(j)))/Sum(j,Sum(v, MTDL(v) x d(v,j)) – DSM(j))~~

~~j indicates Market Customers~~

~~ILRCR(i) is the Intermittent Load Reserve Capacity Requirement for Market Customer i.~~

~~MTDL(v) = TDL(v) for all v except v* and MTLD(v) = TDLn(V*) for v=v*~~

~~RR is the Reserve Capacity Requirement (potentially modified in accordance with clause 4.28.11A).~~

~~FL is the peak demand associated with that Reserve Capacity Requirement as specified in clause 4.6.2 (potentially modified in accordance with clause 4.28.11A).~~

~~DSM(i) is the MW quantity of additional Demand Side Management demonstrated and agreed by AEMO to be available by the next Hot Season~~

Step 8: For each Market Customer i, calculate:

ILRCR(i) = Sum(w, IILRCR(w) × d(w,i))

Step 8A: Calculate:

NRR = RR – Sum(i, ILRCR(i))

NTDL_Ratio = NRR / FL

Step 8B: For each Market Customer i, calculate:

NTDLRCR(i) = Sum(u, NTDL(u) × d(u,i)) × NTDL_Ratio

Step 8C: Calculate:

TDL_Ratio = (NRR - Sum(i, NTDLRCR(i))) /
Sum(i, Sum(v, MTDL(v) × d(v,i)) – DSM(i))

where

MTDL(v) = TDL(v) for all v except v* and
MTDL(v) = TDLn(v*) for v=v*

DSM(i) is the MW quantity of additional Demand Side Management demonstrated and agreed by AEMO to be available by the next Hot Season

Step 8D: For each Market Customer i, calculate:

TDLRCR(i) = (Sum(v, MTDL(v) × d(v,i)) – DSM(i)) × TDL_Ratio

~~STEP~~Step 9: For each Market Customer~~,~~ i, calculate

X(i) = Sum(i, ILRCR(i) + NTDLRCR(i) + TDLRCR(i))~~)~~ +
Sum(u, NMNTCR(u) × d(u,i)) + Sum(v, NMTDCR(v) × d(v,i))

~~STEP 10: The Individual Reserve Capacity Requirement of Market Customer i for Trading Month n of a Capacity Year equals (X(i) × Total_Ratio) where—~~

~~Total_Ratio = RR_Transitional/Y~~

~~Y = Sum(i,X(i))~~

~~RR_Transitional is equal to the lesser of—~~

~~(a) the Reserve Capacity Requirement; and~~

~~(b) the sum of all Capacity Credits minus DSM Capacity Credits~~

Step 10: Calculate:

Total_Ratio = RR / Sum(i, X(i))

Step 10A: For each Market Customer i, set the Indicative Individual Reserve Capacity Requirement or Individual Reserve Capacity Requirement, as applicable, for Trading Month n to:

X(i) × Total_Ratio

~~STEP~~Step 11: The Individual Reserve Capacity Requirement Contribution of an individual metered Associated Load for Trading Month n of a Capacity Year is determined as follows—

(a) for meter u at a~~n existing~~ connection point measuring Non-Temperature Dependent Load that was registered with AEMO for all of the 12 Peak SWIS Trading Intervals equals (NTDL(u) x NTDL_Ratio x Total_Ratio);

(b) for meter v at a~~n existing~~ connection point measuring Temperature Dependent Load that was registered with AEMO for all of the 12 Peak SWIS Trading Intervals equals (TDL(v) x TDL_Ratio x Total_Ratio);

(c) for meter u at a new connection point identified in Step 5 measuring Non-Temperature Dependent Load equals (NMNTCR(u) x Total_Ratio); and

(d) for meter v at a new connection point identified in Step 5 measuring Temperature Dependent Load equals (NMTDCR(v) x Total_Ratio).

Appendix 5A: Non-Temperature Dependent Load Requirements

This Appendix presents the method and requirements for accepting, in accordance with clause 4.28.9, a load measured by an interval meter ~~in the list provided~~ nominated in accordance with clauses 4.28.8(a) or 4.28.8C(a) as a Non-Temperature Dependent Load.

For the purpose of this Appendix:

- the meter data to be used in any calculations is to be the most current set of meter data as at the time of commencing the calculations; and
- the 4 ~~p~~Peak SWIS Trading Intervals in a Trading Month are the ~~4 highest demand Trading Intervals in that Trading Month, where the demand in a Trading Interval is measured as the Total Sent Out Generation in that Trading Interval.~~ 4 Peak SWIS Trading Intervals determined and published by AEMO under clause 4.1.23B for that Trading Month.

AEMO must perform the following steps in deciding whether to accept, in accordance with clause 4.28.9, a load measured by an interval meter ~~in the list provided~~ nominated in accordance with clauses 4.28.8(a) or 4.28.8C(a) as a Non-Temperature Dependent Load:

Step 1:

- If, in accordance with clause 4.28.8(a), AEMO is provided by a Market Customer in Trading Month ~~(~~n-2~~)~~ with ~~a list that includes~~ the identity of an interval meter associated with that Market Customer that it wants AEMO to treat as a Non-Temperature Dependent Load from Trading Month ~~(~~n~~)~~; and
- If the ~~list including~~ identity of the interval meter is provided by the date and time specified in clause 4.1.23; and
- If the load was treated as a Non-Temperature Dependent Load in Trading Month ~~(~~n-8~~)~~,

then AEMO must accept the load as a Non-Temperature Dependent Load if:

(a) the median value of the metered consumption for that load was in excess of 1.0 MWh, calculated over the set of Trading Intervals defined as the 4 ~~p~~Peak SWIS Trading Intervals in each of the Trading Months starting from the start of Trading Month n-11 to the end of Trading Month n-3; and

(b) the load did not deviate downwards from the median consumption in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of Trading Month ~~(~~n-11~~)~~ to the end of Trading Month ~~(~~n-3~~)~~ except during Trading Intervals where:

i. the consumption was 0 MWh; or

ii. consumption was reduced at the request of System Management; or

iii. evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.

Step 2:

- If, in accordance with clauses 4.28.8(a) or 4.28.8C(a), AEMO is provided by a Market Customer in Trading Month ~~(~~n-2~~)~~ with ~~a list that includes~~ the identity of an interval meter associated with that Market Customer that it wants AEMO to treat as a Non-Temperature Dependent Load from Trading Month ~~(~~n~~)~~; and
- If the load is not treated as a Non-Temperature Dependent Load in Trading Month ~~(~~n-1~~)~~; and
- If the load was not treated as a Non-Temperature Dependent Load for any of the Trading Months in the Capacity Year in which Trading Month ~~(~~n~~)~~ falls,

then AEMO must accept the load as a Non-Temperature Dependent Load for Trading Month ~~(~~n~~)~~ if:

(a) the median value of the metered consumption values for that load during the 4 ~~p~~Peak SWIS Trading Intervals in Trading Month ~~(~~n-3~~)~~ was in excess of 1.0 MWh; and

(b) the load did not deviate downwards from the median consumption in paragraph (a) by more than 10% for more than 10% of the time during Trading Month ~~(~~n-3~~)~~ except during Trading Intervals where:

i. the consumption was 0 MWh; or

ii consumption was reduced at the request of System Management; or

iii. evidence is provided ~~-~~by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.

Step 3:

- If a load was not accepted under Step 1 as a Non-Temperature Dependent Load for Trading Month ~~(~~n~~)~~; and
- If the load was accepted under Step 2, or previously under this Step 3, as a Non-Temperature Dependent Load for Trading Month ~~(~~n-1~~)~~,

then AEMO must accept the load as a Non-Temperature Dependent Load for Trading Month ~~(~~n~~)~~ if:

(a) the median value of the metered consumption for that load was in excess of 1.0 MWh, calculated over the set of Trading Intervals defined as the 4 ~~p~~Peak SWIS Trading Intervals in each of the Trading Months commencing

at the start of the Trading Month for which metered consumption values were used by AEMO to accept the load as a Non-Temperature Dependent Load under Step 2 to the end of Trading Month {n-3}; and

(b) the load did not deviate downwards from the median consumption in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of the Trading Month for which metered consumption values were used by AEMO to accept the load as a Non-Temperature Dependent Load under Step 2 to the end of Trading Month {n-3} except during Trading Intervals where:

i. the consumption was 0 MWh; or

ii. consumption was reduced at the request of System Management; or

iii. evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.

Step 4:

Otherwise, AEMO must treat a load as a Temperature Dependent Load.

Appendix A. Responses to Submissions Received in the First Submission Period

Issue	Submitter	Comment/ Issue Raised	Rule Change Panel's Response
1	Bluewaters	Bluewaters considers the proposed changes to step 5 of Appendix 5 mean the new meters will get "free" IRCR for their first three months. In RC_2017_06, AEMO proposed that the resulting IRCR shortfall be recovered through an upwards adjustment to the Total Ratio. Bluewaters considers this adjustment is essentially a subsidy of a new meter's IRCR costs by all Market Customers, which compromises economic efficiency and therefore does not promote the Wholesale Market Objectives; and there is no justification to impose such a subsidy. Bluewaters considers that the subsidy can be avoided by changing the new meters' meter data reference month from n-3 to n. While AEMO did not propose this option on the basis that Market Customers would no longer have certainty over their IRCR before on-billing their customers, Bluewaters considers the economic efficiency gain of removing the subsidy should be valued higher than IRCR certainty. This is because the former is a public benefit which supports the Wholesale Market Objectives while the latter is a private benefit to Market Customers. In addition, Bluewaters considers that the IRCR uncertainty can be mitigated by Market Customers reliably estimating their new meters' readings for calculating their IRCRs (including those for the first three months). Any discrepancy between the estimate and the actual reading could be reconciled in the settlement adjustment process.	Please refer to section 5.1.5 of this report.
2	Change Energy	Change Energy considers that the proposed transitional option (i.e. option 1, the even split approach) is unnecessarily complex and adds to the costs of both billing and settlement systems to account for the two new calculation processes. In general, changing system variables from n-3 to n is relatively straightforward, whereas setting up new calculations to include percentages across months introduces entirely new code and processes.	As outlined in section 5.1.4 of this report, the Rule Change Panel proposes to remove the proposed transitional provisions in favour of the drop dead approach.

Issue	Submitter	Comment/ Issue Raised	Rule Change Panel's Response
		Change Energy believes that any benefits of the even split option would be minimal and limited to the small number of customer churns that may occur in the three months prior to the rule change taking effect. Change Energy strongly supports option 3 (drop dead approach) as it will have the least operational impact on retailer billing systems and processes and therefore the least potential impact on customers. It is also important that the transition take place during a Capacity Year.	
3	Alinta Energy	Alinta Energy considers that the proposed transitional even split approach leads to: • additional complexity in an area of the Market Rules which is already difficult to explain to customers; • increased system development, testing and verification costs, and • increased costs for staff training and customer communications. Alinta Energy estimates that AEMO's proposed transitional approach would add up to 25% to Alinta Energy's implementation costs compared to the drop dead approach and increase potential manual handling errors. Alinta Energy strongly considers that the drop dead option should be implemented as it will have the least operational impact on retailers' billing systems and processes and therefore the least potential impact on customers.	As outlined in section 5.1.4 of this report, the Rule Change Panel proposes to remove the proposed transitional provisions in favour of the drop dead approach.
4	Community Electricity	Community Electricity suggests the following amendment to new clause 1.21.3, to ensure that during the first month of proposed rule application the liability in respect of a load is proportioned correctly: *1.21.3 For the first Trading Month during which the Post-Amended Rules come into effect, the references to "Trading Month n" in relation to d(u,i) and d(v,i) values in Step 6 of Appendix 5 are to be read as "the total period represented by Trading Months n-3, n-2, n-1 and n"*	As outlined in section 5.1.4 of this report, the Rule Change Panel proposes to remove the proposed transitional provisions in favour of the drop dead approach. This change will eliminate the issue raised by Community Electricity.
5	Perth Energy	Perth Energy considers that AEMO's Rule Change proposal would reduce financial risk in the market but it does not indicate the extent and significance of the risk. Perth Energy seeks AEMO's risk modelling	As outlined in section 5.1.1 of this report AEMO estimates that if the Outstanding Amount calculation was adjusted without the accompanying measures of this Rule Change Proposal, Market Customers would have to provide extra

Issue	Submitter	Comment/ Issue Raised	Rule Change Panel's Response
		to better prioritise the issue highlighted by the proposal, given the limited resources available	Credit Support of around $251,000,000. For the reasons outlined in section 5.1.1, the Rule Change Panel considered that this should be avoided and therefore decided to progress this Rule Change Proposal with an urgency rating of High. The Rule Change Panel also notes that during its recent consultation with the MAC on the urgency ratings of open Rule Change Proposals only Perth Energy did not support the assignment of a High urgency rating to this RC_2017_06.

Appendix B. Further Amendments to the Proposed Amending Rules

The Rule Change Panel made some amendments to the proposed Amending Rules following the consultation period. These changes are as follows (~~deleted text~~, added text):

1.2~~1~~5. Transitional calculation of Individual Reserve Capacity Requirements

1.2~~1~~5.1. In this section 1.2~~1~~5:

New Rules: ~~m~~Means the Amending Rules made by the Prudential Exposure Final Rule Change Report (other than the Amending Rule with respect to this ~~clause~~section 1.2~~1~~5).

Post-Amended Rules: ~~m~~Means the Market Rules as in force immediately after the New Rules come into effect.

Pre-Amended Rules: ~~m~~Means the Market Rules as in force immediately before the New Rules come into effect.

Prudential Exposure Final Rule Change Report: ~~m~~Means the Rule Change Panel's Final Rule Change Report for the Rule Change Proposal: Reduction of the prudential exposure in the Reserve Capacity Mechanism (RC_2017_06).

Rule Change Commencement Day: ~~m~~Means the Trading Day when the New Rules come into effect (as determined by the Rule Change Panel under clause 2.8.12).

Rule Change Commencement Month: Means the Trading Month in which the Rule Change Commencement Day falls.

The introduction of Rule Change Commencement Month is proposed because most obligations that are affected actually refer to a Trading Month and not a Trading Day.

1.2~~1~~5.2. Prior to the Rule Change Commencement Day, notwithstanding that the Pre-Amended Rules continue to apply, each Rule Participant must perform all obligations imposed on that Rule Participant under the Post-Amended Rules, in relation to the Rule Change Commencement ~~Day~~Month and subsequent Trading ~~Days~~Months, that, if the Post-Amended Rules were in force, the Rule Participant would have been required to perform under the Post-Amended Rules. This includes but is not limited to obligations relating to:

~~(a) publication of the 12 peak SWIS Trading Intervals in the preceding Hot Season(s) under clause 4.1.23A of the Post-Amended Rules;~~

~~(b) publication of the 4 peak SWIS Trading Intervals in the Trading Month three months prior to the first Trading Month after the Post-Amended Rules come into effect under clause 4.1.23B of the Post-Amended Rules; and~~

~~(c) publication of an updated settlement cycle timeline under clause 9.16.2 of~~

~~the Post-Amended Rules with respect to the period:~~

~~(i) starting on the Trading Day when the Post-Amended Rules come into effect; and~~

~~(ii) ending on the last Trading Day of the relevant Financial Year.~~

(a) publication of Indicative Individual Reserve Capacity Requirements under clause 4.1.23C; and

(b) Capacity Credit Allocations under sections 9.4 and 9.5.

1.25.3. AEMO must determine and publish the 12 Peak SWIS Trading Intervals for the Hot Season preceding the Rule Change Commencement Date in accordance with clause 4.1.23A of the Post-Amended Rules.

1.25.4. AEMO must determine and publish the 4 Peak SWIS Trading Intervals for each Trading Month for which the 4 Peak SWIS Trading Intervals will be required for the determination of Individual Reserve Capacity Requirements (including the assessment of Non-Temperature Dependent Loads) under the Post-Amended Rules by the time that is the later of:

(a) five Business Days after the commencement of this section 1.25; and

(b) the time specified in clause 4.1.23B for the relevant Trading Month.

1.25.5. AEMO must, as soon as practicable, publish an updated settlement cycle timeline for the Financial Year in which the Post-Amended Rules come into effect that meets the requirements under clause 9.16.2 of the Post-Amended Rules for the Trading Months in the Financial Year that will be settled under the Post-Amended Rules.

It is proposed to introduce clauses 1.25.3, 1.25.4 and 1.25.5 to address the publication of the 12 and 4 Peak SWIS Trading Intervals and the updated settlement timeline separate from the obligations addressed under clause 1.25.2 because they don't relate to a Trading Month.

1.25.6. If before the Rule Change Commencement Day, notwithstanding that the Pre-Amended Rules continue to apply, a Rule Participant performs an obligation under the Post-Amended Rules under clause 1.25.2, then to the extent that the obligation is performed, the Rule Participant is not required to perform any equivalent obligation under the Pre-Amended Rules to the extent that these obligations relate to the Rule Change Commencement Month or subsequent Trading Months.

1.25.7. If before the Rule Change Commencement Day, notwithstanding that the Pre-Amended Rules continue to apply, a Rule Participant is required to perform an obligation that relates to the Rule Change Commencement Month or subsequent Trading Months that it will not be required to perform under the Post-Amended Rules, the Rule Participant is not required to perform the obligation to the extent that it relates to the Rule Change Commencement Month or subsequent Trading

Months and to the extent that the obligation will not apply under the Post-Amended Rules.

It is proposed to introduce clauses 1.25.6 and 1.25.7 to ensure that Market Participants don't have to perform unnecessary obligations.

1.25.8 From the Rule Change Commencement Day, notwithstanding that the Post-Amended Rules apply:

(a) each Rule Participant must perform all obligations imposed on that Rule Participant under the Pre-Amended Rules, arising in relation to each Trading Month up to but excluding the Rule Change Commencement Month, that, if the Pre-Amended Rules were in force, the Rule Participant would have been required to perform under the Pre-Amended Rules; and

(b) if the Post-Amended Rules require recalculation of the Individual Reserve Capacity Requirements for a Trading Month prior to the Rule Change Commencement Month, then the Post-Amended Rules do not apply to the extent that it would recalculate the Individual Reserve Capacity Requirements for that Trading Month.

It is proposed to introduce clause 1.25.8 to ensure that:

- Market Participants perform all obligations that are required in respect to the Trading Month before the Rule Change Commencement Day.
- The IRCRs for Trading Months before the Rule Change Commencement Month will not be subject to any settlement adjustments.

~~1.21.3 For the first Trading Month during which the Post-Amended Rules come into effect, the references to "Trading Month n" in relation to d(u,i) and d(v,i) values in Step 6 of Appendix 5 are to be read as "Trading Months n-3, n-2, n-1 and n".~~

It is proposed to be deleted clause 1.21.3 to remove the transitional measures to manage the change of responsible party reference month from n-3 to n.

…

2.31.13. AEMO may only reject an application if:

…

(j) in the case of an application to register a Facility, the relevant Metering Data Agent informs AEMO that the facility is not registered in its Meter Registry or that the Meter Registry information is not consistent with the information in the application to register the facility; ~~or~~

(k) in the case of an application to de-register a Facility, the Market Participant holds Capacity Credits for the Facility ~~.~~; or

(l) in the case of a Facility transfer, the transfer of the Facility would result in the number of Capacity Credits allocated for a Trading Month by the Market Generator transferring the Facility exceeding the number of Capacity Credits held for that Trading Month by the Market Generator that are allowed to be traded bilaterally under clause 4.14.9.

This change is to avoid the situation where, as a result of a facility transfer, the transferring Market Generator would not hold sufficient Capacity Credits to fulfil all of its Capacity Credit Allocations.

…

2.33.5. The Facility transfer form prescribed by AEMO must require that an applicant for transfer of a Facility provide the following:

…

(f) evidence to the satisfaction of AEMO that the party making the application has assumed the Reserve Capacity Obligations associated with the Facility, and agrees to any ~~Short Term~~ Special Price Arrangements associated with the Facility;

…

Changes to clause 2.33.5 to reflect that the term “Short Term Special Price Arrangement” is proposed to be replaced by the term “Special Price Arrangement”, as there is now only one type of Special Price Arrangement, so there is no longer a need to specify that it is “Short Term”.

…

4.1.23. Each Market Customer must provide to AEMO the information described in clause 4.28.8 by:

(a) in the case of the first Reserve Capacity Cycle, 5:00 PM on the Business Day being 15 Business Days prior to the day on which the Initial Time occurs; and

(b) in the case of a subsequent Reserve Capacity Cycle, 5:00 PM on the last Business Day falling on or before 20 August of Year 3 of that cycle.

4.1.23A. For each Hot Season, AEMO must determine and publish the 12 ~~p~~Peak SWIS Trading Intervals within five Business Days after the Interval Meter Deadline for the last Trading Month in the relevant Hot Season ~~during the Hot Season preceding the initial calculation of Individual Reserve Capacity Requirement, as defined in clause 4.29.5, by the date referred to in clause 9.16.2(c) for the Trading Month of March~~. For the avoidance of doubt, AEMO must not revise the 12 Peak SWIS Trading Intervals after their publication.

4.1.23B. For each Trading Month, AEMO must determine and publish the 4 ~~p~~Peak SWIS Trading Intervals within five Business Days after the Interval Meter Deadline for the relevant Trading Month ~~for each Trading Month, as defined in clause 4.29.6, by the date referred to in clause 9.16.2(c) for the relevant Trading Month~~. For the avoidance of doubt, AEMO must not revise the 4 Peak SWIS Trading Intervals after their publication.

It is proposed to amend clauses 4.2.23A and 4.1.23B to:

- clearly state the timing of the publications;
- increase the clarity of the clauses; and
- clarify that the intervals cannot be revised after their publication.

4.1.23C. For each Trading Month, AEMO must determine and publish the Indicative Individual Reserve Capacity Requirement for each Market Customer in accordance with clause ~~4.28.7B~~4.28.6 by 5:00 PM on the Business Day that is 10 Business Days prior to the start of the relevant Trading Month ~~from which the Indicative Individual Reserve Capacity Requirements will apply~~.

Changes to clause 4.1.23C are proposed to clarify that the Indicative Individual Reserve Capacity Requirement must be determined and published for each Trading month.

4.1.24. For each Trading Month, AEMO must determine and publish the ~~initial~~ Individual Reserve Capacity Requirement for each Market Customer in accordance with clause 4.28.7 by 5:00 PM on the Business Day that is five Business Days prior to the Interval Meter Deadline for the relevant Trading Month.~~:~~

~~(a) in the case of the first Reserve Capacity Cycle, 5:00 PM on the Business Day being 10 Business Days prior to the day on which the Initial Time occurs; and~~

~~(b) in the case of a subsequent Reserve Capacity Cycle, by 5:00 PM on the Business Day being five Business Days prior to the Interval Meter Deadline for October of Year 3 of that cycle.~~

This change is to replace the concept of an initial IRCR that gets updated every month with the concept of a monthly IRCR calculation.

4.1.25. [Blank]~~The initial Individual Reserve Capacity Requirement for a Market Customer is to apply from:~~

~~(a) in the case of the first Reserve Capacity Cycle, the earlier of Energy Market Commencement and the start of the Trading Day commencing on 1 October 2007 ("**Initial Time**"); and~~

~~(b) in the case of a subsequent Reserve Capacity Cycle, the start of the Trading Day commencing on 1 October of Year 3 of that cycle.~~

It is proposed to delete clause 4.1.25 because clause 4.1.24 already outlines that AEMO must determine the IRCRs for every Trading Month, so there is no need to have a provision that specifies the time from which the IRCRs apply.

…

4.1.28. [Blank]~~Every Trading Month between 1 November of Year 3 and 30 September of Year 4 of a Reserve Capacity Cycle after the first Reserve Capacity Cycle and every month between Energy Market Commencement and 30 September of Year 4 of the first Reserve Capacity Cycle:~~

~~(a) AEMO must update the values of each Market Participant's Individual Reserve Capacity Requirement in accordance with clause 4.28.11; and~~

~~(b) AEMO must publish updated Individual Reserve Capacity Requirements no later than by 5:00 PM on the Business Day being five Business Days prior to the Interval Meter Deadline for of the Trading Month from which the updated Individual Reserve Capacity Requirements will apply.~~

It is proposed to deleted clause 4.1.28 to replace the concept of an initial IRCR that gets updated every month with the concept of a monthly IRCR calculation, as per the proposed changes to clause 4.1.24.

…

4.14. Market Participant Auction and Bilateral Trade Declaration

4.14.1. Subject to clause 4.14.3, each Market Participant holding Certified Reserve Capacity for the current Reserve Capacity Cycle must, by the date and time specified in clause 4.1.14 provide the following information to AEMO for each Facility (expressed in MW to a precision of 0.001 MW):

(a) the total amount of Reserve Capacity the Market Participant intends to make available in a Reserve Capacity Auction if held for the current Reserve Capacity Cycle~~, where the amount to be made available is not to include Reserve Capacity covered by a pre-existing Special Price Arrangement~~;

(b) ~~the total amount of Reserve Capacity covered by a pre-existing Special Price Arrangement that the Market Participant intends will not be traded bilaterally in accordance with clause 4.14.1(c) or acquired by AEMO under clause 4.14.1(ca);~~[Blank]

(c) the total amount of Reserve Capacity the Market Participant intends will be traded bilaterally;

(ca) for DSM Capacity Credits only, the total amount of Reserve Capacity the Market Participant intends to supply to AEMO under clause 4.28.2(aA); and

(d) the total amount of Reserve Capacity that the Market Participant has decided will not now be made available to the market, ~~where this amount cannot include Reserve Capacity covered by a pre-existing Special Price Arrangement,~~

where the sum of the values for clause 4.14.1(a), ~~(b),~~ (c), (ca) and (d) must equal the Certified Reserve Capacity of the Facility for the Reserve Capacity Cycle.

4.14.1A. A Market Participant holding Certified Reserve Capacity associated with a Demand Side Programme must not nominate any of that Certified Reserve Capacity under clause 4.14.1(a), ~~(b)~~ or (c).

Changes to clauses 4.14.1 and 4.14.1A are proposed to reflect that pre-existing Special Price Arrangements do not exist anymore in the Market Rules.

…

4.14.5. For the purpose of clause 4.14.4, Synergy's peak load is calculated by doubling the average of Synergy's supply quantities (expressed in MWh) specified in the Bilateral Submissions that applied during the 12 ~~peak~~ Peak SWIS Trading Intervals~~, as specified in Appendix 5, of~~ published under clause 4.1.23A for the previous Hot Season.

Changes to clause 4.14.5 are proposed to reflect that 12 Peak SWIS Trading Intervals is proposed to be a defined term, and that the definition for the 12 Peak SWIS Trading Intervals is proposed to be moved from Appendix 5 to clause 4.1.23A.

…

Reserve Capacity Auctions

4.15. Confirmation or Cancellation of Reserve Capacity Auctions

4.15.1. If the information provided under ~~clauses~~ sections 4.14 and 4.28C indicates that no Certified Reserve Capacity is to be made available in the Reserve Capacity Auction for a Reserve Capacity Cycle, or, based on the information received under ~~clause~~ section 4.14, AEMO considers that the Reserve Capacity Requirement for the Reserve Capacity Cycle will be met without an auction, then, by the date and time specified in clause 4.1.16, AEMO must publish a notice specifying for that Reserve Capacity Cycle:

(a) that the Reserve Capacity Auction has been cancelled;

(b) the Reserve Capacity Requirement;

(c) the total amount of Certified Reserve Capacity;

(cA) the Capacity Credits assigned, by Facility, under ~~clause~~ section 4.28C; and

(d) the total amount of Certified Reserve Capacity that would have been made available in the Reserve Capacity Auction had one been held.~~; and~~

~~(e) the total amount of Certified Reserve Capacity covered by pre-existing Special Price Arrangements;~~

Changes to 4.15.1 are proposed to reflect that pre-existing Special Price Arrangements no longer exist in the Market Rules.

...

4.20.5B. If a Market Participant did not have a Reserve Capacity Offer scheduled, then the quantity of Capacity Credits assigned to each of that Market Participant's Facilities is determined as follows:

(a) if the Facility is subject to a Network Control Service Contract – the same quantity as the quantity of Certified Reserve Capacity assigned to that Facility under clause 4.9.9(a); and

(b) ~~if~~ if the Market Participant specified a non-zero amount for the Facility under clause~~s~~ 4.14.1(c) or 4.14.1(ca) then the quantity of Capacity Credits is the~~ sum of:~~ quantity specified by AEMO for the Facility under clause 4.14.9.

~~1. the quantity specified by the Market Participant for that Facility under clause 4.14.1(b); and~~

~~2. the quantity specified by AEMO for the Facility under clause 4.14.9.~~

Changes to 4.20.5B are proposed to reflect that pre-existing Special Price Arrangements no longer exist in the Market Rules and that 4.14.1(b) is therefore proposed to be deleted.

…

~~Special Price Arrangements~~

The heading is proposed to be removed as it currently covers several sections that do not relate to Special Price Arrangements, but all of which relate to Capacity Credits. The deletion will result in these sections coming under the heading Capacity Credits.

4.21. ~~Short Term~~ Special Price Arrangements

4.21.1.

(a) AEMO is to grant ~~Short Term~~ Special Price Arrangements to a Market Participant in respect of any Capacity Credits acquired by AEMO as a result of a Reserve Capacity Auction where the offer price in the Reserve Capacity Offer for the Certified Reserve Capacity relating to those Capacity Credits exceeded the Reserve Capacity Auction Price.

(b) The Special Reserve Capacity Price for Capacity Credits covered by the ~~Short Term~~ Special Price Arrangement is to equal the offer price in the

Reserve Capacity Offer for the Certified Reserve Capacity relating to those Capacity Credits.

(c) The level of coverage of the ~~Short Term~~ Special Price Arrangement is to equal the quantity of Capacity Credits associated with a Reserve Capacity Offer to which clause 4.21.1(a) relates (where if AEMO reduces the Capacity Credits associated with this Facility in any Trading Month then the average of the number of Capacity Credits of this Facility on each Trading Day during that Trading Month is to apply).

(d) The term of a ~~Short Term~~ Special Price Arrangement is the period that the Reserve Capacity Obligations in respect of the Capacity Credits apply as specified in clause 4.1.26 and clause 4.1.30 for the Reserve Capacity Cycle relating to the Reserve Capacity Auction.

Changes to section 4.21.1 are to reflect that there is only one type of Special Price Arrangement.

…

4.25.4C Upon receiving an application under clause 4.25.4A, AEMO, must subject to clause 4.25.4CA, at its sole discretion~~, must~~:

(a) assess the application and any supporting documentation;

(b) within 10 Business Days of receiving the application inform the Market Participant of its decision whether to reduce the Capacity Credits and the reasons for its decision; and

(c) if applicable, reduce the amount of Capacity Credits held by the Market Participant in respect of the Facility to which the application relates.

4.25.4CA AEMO must not approve an application received under clause 4.25.4A if the reduction of Capacity Credits would result in the number of Capacity Credits allocated by the relevant Market Generator in Capacity Credit Allocations for a Trading Month exceeding the number of Capacity Credits held for that Trading Month by the Market Generator that are allowed to be traded bilaterally under clause 4.14.9.

This change address the situation where a Market Generator voluntarily reduces its Capacity Credits, and the reduction would result in the Market Generator not holding sufficient Capacity Credits to fulfil all its Capacity Credit Allocations.

…

4.26.2CA. The Relevant Demand of a Demand Side Programme for a Trading Day d in a Capacity Year is the lesser of—

(a) a value determined for the Demand Side Programme using the methodology set out in Appendix 10; or

(b) the sum of Individual Reserve Capacity Requirement Contributions of the Associated Loads of the Demand Side Programme for the Trading Month in which Trading Day d falls.

Changes to clause 4.26.2CA are proposed to reflect that there may be different values for the Individual Reserve Capacity Requirement Contributions over a Capacity Year (for different Trading Months).

Note: the definition of the Individual Reserve Capacity Requirement Contribution is proposed to be changed in the Glossary to relate to the Indicative IRCR, as the IRCR will be calculated retrospectively and will therefore not be available when needed for the calculation under clause 4.26.2CA.

…

4.28.1. AEMO must separate the total costs of Capacity Credits acquired by it for a Trading Month, including Capacity Credits covered by Special Price Arrangements, into the following two sets—

(a) the cost of acquiring enough Capacity Credits to ensure, to the extent possible given the number of Capacity Credits AEMO has acquired, that the lesser of—

i. the Reserve Capacity Requirement applicable to that Trading Month; and

ii. total Capacity Credits assigned to Facilities minus the total DSM Capacity Credits,

is just covered after allowing for Capacity Credits traded bilaterally (as defined in clause 4.14.2 and subject to clause 4.28.2(b)) in that Trading Month; and

(b) the cost of other Capacity Credits acquired but not allocated to the set referred to in clause 4.28.1(a),

determined on the basis that the Capacity Credits acquired by AEMO are allocated to the set referred to in clause 4.28.1(a) in order of decreasing cost per Capacity Credit, other than DSM Capacity Credits, until the capacity requirements referred to in clause 4.28.1(a) are met, with the remaining Capacity Credits acquired by AEMO being allocated to the set referred to in clause 4.28.1(b).

Changes to clause 4.28.1 proposed to specifically clarify that Capacity Credits bilaterally allocated to a Market Customer that are above the Market Customer's IRCR are not treated as bilaterally allocated Capacity Credits for the purpose of determining the set under clause 4.28.1(a) (which is the Targeted Reserve Capacity Cost).

4.28.2. For the purposes of clause 4.28.1—

(a) AEMO is taken to have acquired a Capacity Credit held by a Market Participant in respect of a Trading Month if that Capacity Credit has not been allocated by that Market Participant to another Market Participant for settlement purposes under sections 9.4 and 9.5;

(aA) without limiting clause 4.28.2(a), AEMO is taken to have acquired all DSM Capacity Credits;

(b) any Capacity Credits that have been allocated to a Market Customer in excess of that Market Customer's Individual Reserve Capacity Requirement ~~are~~will be:

(i)~~).~~ deemed to be Capacity Credits acquired by AEMO from the Market Customer; and

(ii~~).~~ not counted as Capacity Credits traded bilaterally; ~~and~~

~~(iii) are valued at the Reserve Capacity Price;~~

(c) the cost of a Capacity Credit acquired by AEMO which is covered by a ~~Short Term~~ Special Price Arrangement is the Special Reserve Capacity Price determined in accordance with clause 4.21.1(b);

(cA) the monthly cost of a DSM Capacity Credit is the DSM Reserve Capacity Price divided by 12; ~~and~~

(cB) the cost of a Capacity Credit deemed to be acquired by AEMO from a Market Customer under clause 4.28.2(b)(i) is the Monthly Reserve Capacity Price determined in accordance with clause 4.29.1; and

(d) the cost of each other Capacity Credit acquired by AEMO is the Monthly Reserve Capacity Price determined in accordance with clause 4.29.1.

Changes to clause 4.28.2 are proposed to:

- restructure the clause so that all provisions referring to costs for Capacity Credits are in sequence;
- specify that the Capacity Credits that are deemed to be acquired by AEMO are valued at the Monthly Reserve Capacity Price; and
- remove reference to Short Term Special Price Arrangements, as there is now only one type of Special Price Arrangement.

4.28.3. For each Trading Month, AEMO must calculate the Targeted Reserve Capacity Cost, being the cost defined under clause 4.28.1(a) and must allocate this cost to Market Customers in accordance with section 9.7.

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

(a) the cost defined under clause 4.28.1(b);

(b) the net payments to be made by AEMO under Supplementary Capacity Contracts less any amount drawn under a Reserve Capacity Security by AEMO and distributed in accordance with clause 4.13.11A(a); and

(bA) the Tranche 2 DSM Dispatch Payments made for that Trading Month; less

(c) the Intermittent Load Refunds for that Trading Month; less

(d) any amount drawn under a Reserve Capacity Security by AEMO and distributed in accordance with clause 4.13.11A(b),

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

4.28.5. The Shared Reserve Capacity Cost may have a negative value.

4.28.6. ~~[Blank]~~For each Trading Month, AEMO must determine and publish an Indicative Individual Reserve Capacity Requirement for each Market Customer by the date and time specified in clause 4.1.23C, where this Indicative Individual Reserve Capacity Requirement is determined using the methodology described in Appendix 5.

It is proposed to amend clause 4.28.6 to move the provision from clause 4.28.7B (proposed to be introduced by AEMO) to better reflect the timely sequence of events.

4.28.7. For each Trading Month, AEMO must determine and publish an ~~initial~~ Individual Reserve Capacity Requirement for each Market Customer by the date and time specified in clause 4.1.24, where this Individual Reserve Capacity Requirement is determined using the methodology described in Appendix 5.~~:~~

~~(a) is determined using the methodology described in Appendix 5 and clause 4.28.7A;~~

~~(aA) is calculated using data that may be modified in accordance with clause 4.28.11A; and~~

~~(b) applies from the date and time specified in clause 4.1.25.~~

This change is to replace the concept of an initial IRCR that gets updated every month with the concept of a monthly IRCR calculation.

~~4.28.7A. AEMO must set the Intermittent Load Reserve Capacity Requirement to apply for the first Trading Month of the Capacity Year for each Intermittent Load for which a Market Customer provided AEMO with the information specified in clause 4.28.8(c) in accordance with Appendix 4A.~~

Clause 4.28.7A is proposed to be deleted because the timing for the determination of the Intermittent Load Reserve Capacity Requirement is set in Appendix 5 as part of the IRCR determination – this clause does not provide any extra information.

~~4.28.7B. AEMO must determine and publish an Indicative Individual Reserve Capacity Requirement for each Market Customer by the date and time specified in clause 4.1.23C where this Indicative Individual Reserve Capacity Requirement:~~

~~(a) is determined using the methodology described in Appendix 5 and clause 4.28.7A; and~~

~~(b) is calculated using data that may be modified in accordance with clause 4.28.11A.~~

Clause 4.28.7B (proposed to be introduced by AEMO) is proposed to be deleted as the provision is proposed to be moved to clause 4.28.6.

4.28.8. To assist AEMO in determining Indicative Individual Reserve Capacity Requirements in accordance with clause ~~4.28.7~~ 4.28.6 and ~~updating~~ Individual Reserve Capacity Requirements in accordance with clause ~~4.28.11~~ 4.28.7 for the Capacity Year starting on 1 October of Year 3 of a Reserve Capacity Cycle, Market Customers must, by the date and time specified in clause 4.1.23 ~~or no later than by 5:00 PM on the Business Day being twenty Business Days prior to the date and time specified in clause 4.1.28(b)~~, provide to AEMO:

(a) ~~a list of~~ the identity of all of interval meters associated with that Market Customer that the Market Customer wants AEMO to treat as Non-Temperature Dependent Loads;

(b) details of any Demand Side Management measures that the Market Customer has implemented since the previous Hot Season, including the expected MW reduction in peak consumption resulting from those measures; and

(c) nominations of capacity requirements for Intermittent Loads, expressed in MW, where the nominated quantity cannot exceed the greater of:

i. the maximum allowed level of Intermittent Load specified in Standing Data for that Intermittent Load at the time of providing the data; and

ii. the maximum Contractual Maximum Demand expected to be associated with that Intermittent Load during the Capacity Year to which the nomination relates. The Market Customer must provide evidence to AEMO of this Contractual Maximum Demand level unless AEMO has previously been provided with that evidence.

~~where for each Capacity Year a Market Customer may only provide AEMO with the information specified in this clause once with respect to each load.~~

Changes are proposed in conjunction with changes to clauses 4.28.8C and 4.28.11 to:

- separate the provisions for providing supporting information for the start of the Capacity Year from the provisions for providing monthly supporting information;
- move the provision that a Market Customer may only provide AEMO with supporting information for a load once in a Capacity Year; and
- change to clause 4.28.8 (a) clarify that the Market Rules do not determine the form in which this information may be provided.

4.28.8A. ~~Any~~ A Market Customer with an Intermittent Load that was not registered by the date and time specified in clause 4.1.23 must provide AEMO with the information described in clause 4.28.8(c) no later than 5 Business Days prior to the date and time specified in clause ~~4.1.28(b)~~ 4.1.23C where that date and time relates to the Trading Month in which the Intermittent Load will first commence operation.

Changes proposed to:

- reflect that an Intermittent Load itself cannot do anything, only the relevant Market Customer; and
- reflect that the IRCR is now published after the actual Trading Month it apples to.

Supporting information will be needed for the calculation of the Indicative IRCR. It is proposed to use the publication time of the Initial IRCR as anchor point for provision of this information.

4.28.8B. AEMO must accept a nomination for capacity for an Intermittent Load from a Market Customer if that nomination is made in accordance with clauses 4.28.8 or 4.28.8A provided that AEMO is satisfied of the accuracy of the data and evidence provided in accordance with clause 4.28.8(c)(ii).

Changes proposed to clarify that the nomination relates to capacity for an Intermittent Load.

4.28.8C. Subject to clause 4.28.11, a Market Customer may provide to AEMO:

(a) the identity of additional interval meters (to those provided under clause 4.28.8) associated with the Market Customer that the Market Customer wants AEMO to treat as Non-Temperature Dependent Loads for the remainder of the relevant Capacity Year; and

(b) details of any additional Demand Side Management measures (to those provided under clause 4.28.8) that the Market Customer has implemented since the previous Hot Season, including the expected MW reduction in peak consumption resulting from those measures,

by providing the relevant information to AEMO no later than 15 Business Days prior to the date and time specified in clause 4.1.23C for the first Trading Month for which the Market Customer wants AEMO to take the updated information into account.

Changes are proposed in conjunction with changes to clauses 4.28.8 and 4.28.11 to:

- separate the provisions for providing supporting information for the start of the Capacity Year from the provisions to provide monthly supporting information; and
- move the provision that a Market Customer may only provide AEMO with supporting information for a load once in a Capacity Year.

Note: 15 Business Days prior the publication of the Indicative IRCR (clause 4.1.23C) means that there is no change to the deadline for Market Customers to provide this information.

4.28.9. AEMO must only accept the load measured by an interval meter ~~in the list provided~~ nominated in accordance with clauses 4.28.8(a) or 4.28.8C(a) as a Non-Temperature Dependent Load if that load satisfies the requirements of Appendix 5A.

This change is proposed to reflect the changes to clauses 4.28.8 and 4.28.8C.

4.28.10. AEMO must only take into account a MW reduction in peak consumption resulting from Demand Side Management measures specified in accordance with clauses 4.28.8(b) or 4.28.8C(b) in applying the methodology of Appendix 5 to the extent that AEMO is satisfied that the peak consumption associated with the applicable

Market Participant would have been lowered by that number of MWs had those Demand Side Management measures been in place during the preceding Hot Season.

This change is proposed to reflect the changes to clauses 4.28.8 and 4.28.8C.

~~4.28.11. AEMO must determine and publish an updated Individual Reserve Capacity Requirement for each Market Customer by the date and time specified in clause 4.1.28(b) where this Individual Reserve Capacity Requirement:~~

~~(a) is determined using the methodology described in Appendix 5 and based on Individual Reserve Capacity Requirements for Intermittent Loads determined for each Trading Month in accordance with Appendix 4A;~~

~~(aA) is calculated using data that may be modified in accordance with clause 4.28.11A; and~~

~~(b) applies from the commencement of the first Trading Month ending before the date of publication of the updated Individual Reserve Capacity Requirement.~~

4.28.11. For each Capacity Year, a Market Customer may only provide AEMO with the relevant information specified in clauses 4.28.8, 4.28.8A and 4.28.8C once with respect to each load.

Deletion of clause 4.28.11 and insertion of the new clause 4.28.11 are proposed in conjunction with changes to clauses 4.28.8 and 4.28.8C to:

- separate the provisions for providing supporting information for the start of the Capacity Year from the provisions to provide monthly supporting information; and
- move the provision that a Market Customer may only provide AEMO with supporting information for a load once in a Capacity Year.

~~4.28.11A. For the purpose of the calculation of the Indicative Individual Reserve Capacity Requirements and the Individual Reserve Capacity Requirements described in Appendix 4A and Appendix 5, other than for step 10 of Appendix 5, where those calculations make use of the Reserve Capacity Requirement and the peak demand associated with that Reserve Capacity Requirement specified in clause 4.6.2 AEMO may apply different values provided it preserves the ratio of the latter to the former so as to ensure that the total Individual Reserve Capacity Requirement across all Market Customers does not exceed the total number of Capacity Credits during that Trading Month.~~

It is proposed to delete clause 4.28.11A because the application of different values for the Reserve Capacity Requirement and the associated peak demand should not be up to AEMO's discretion, but should be undertaken methodically if the total number of Capacity Credits assigned is less than the Reserve Capacity Requirement. This is specified in Appendix 5.

4.28.11A. When undertaking the Adjustment Process for a Trading Month under clause 9.16.3 in accordance with the settlement cycle timeline, AEMO must recalculate

the Individual Reserve Capacity Requirements for the Trading Month, using the methodology described in Appendix 5 and must publish the recalculated Individual Reserve Capacity Requirements.

~~4.28.11B. AEMO must recalculate and publish the initial Individual Reserve Capacity Requirement or the updated Individual Reserve Capacity Requirements for a Trading Month when undertaking the Adjustment Process for that Trading Month under clause 9.16.3 in accordance with the settlement cycle timeline. This only applies to Trading Months after the Post-Amended Rules defined in section 1.21 come into effect.~~

Changes to clause 4.28.11B (renumbered to 4.28.11A) proposed to:

- reflect the removal of the concept of initial and updated IRCRs;
- include an explicit reference that the IRCR adjustment for Settlement purposes must be undertaken in accordance with the methodology outlined in Appendix 5; and
- move the transitional provision that the adjustment does not apply for Trading Months where the IRCR was calculated under the old (current) regime into the transitional provisions section.

4.28.12. AEMO must document the process to be followed in ~~initially~~ calculating~~, and subsequently revising,~~ Indicative Individual Reserve Capacity Requirements and Individual Reserve Capacity Requirements in a Market Procedure~~, and AEMO and Market Customers must follow that documented Market Procedure~~.

Changes are proposed to:

- reflect the removal of the concept of initial and updated IRCRs'
- reflect the introduction of the Indicative IRCR; and
- reflect that all Market Participants must follow the relevant Market Procedures under section 2.9 of the Market Rules (it is not necessary to insert explicit obligations here).

Intermittent Load Refunds

4.28A. Intermittent Load Refunds

4.28A.1 AEMO must determine for each Intermittent Load registered to Market Participant p the amount of the refund ("**Intermittent Load Refund**") to be applied for each Trading Month m in respect of that Intermittent Load as the sum over all Trading Intervals t of Trading Day d in the Trading Month m of the product of:

(a) the applicable value of Y for the Intermittent Load as determined in clause 4.26.1(b)(iii); and

(b) [Blank]

(c) the Capacity Shortfall for Trading Interval t of Trading Day d and Trading Month m which is the greater of zero and:

i. double the MWh of the Intermittent Load metered during that Trading Interval, where for the purpose of this calculation the metered amount should be defined at the meter rather than being

Loss Factor adjusted so as to be measured at the Reference Node, less;

ii. if the generating system described in clause 2.30B.2(a) is undergoing a Planned Outage or a Consequential Outage, the quantity nominated for that Intermittent Load by its Market Customer in accordance with clauses 4.28.8(c) or 4.28.8A; less

iii. 3% of the quantity nominated for that Intermittent Load by its Market Customer in accordance with clauses 4.28.8(c) or 4.28.8A; less

iv. for Trading Intervals where the temperature data described in clause 4.28A.2 shows a temperature in excess of 41°C and the generating system described in clause 2.30B.2(a) is not undergoing a Planned Outage, Forced Outage or a Consequential Outage, the capacity reduction, if any, specified in accordance with clause 2.30B.3(b)(i).

Change proposed to reflect the changes to clause 4.28.8.

…

4.28B.8. Any Capacity Credit issued by AEMO under this ~~clause~~ section 4.28B

(a) is, for the purpose of settlement, to be treated as if it were traded bilaterally in accordance with ~~clause~~ section 4.14 (as defined in clause 4.14.2); and

(b) is not eligible to have a ~~Short Term~~ Special Price Arrangement associated with it.

…

4.28C.14. Capacity Credits issued by AEMO under this ~~clause~~ section 4.28C:

(a) are not eligible to be used in a Reserve Capacity Auction; and

(b) are not eligible to have ~~a Short Term~~ Special Price Arrangements associated with them.

Changes to clauses 4.28.8B.8 and 4.28C.14 to reflect that there is only one type of Special Price Arrangement.

…

4.29.3. AEMO must determine the following information in time for settlement of Trading Month m:

(a) the Monthly Reserve Capacity Price applying during that Trading Month;

(b) the Targeted Reserve Capacity Cost for that Trading Month as defined in clause 4.28.3;

(c) the Shared Reserve Capacity Cost for that Trading Month as defined in clause 4.28.4;

(d) subject to clause 4.29.4, for each Market Participant p and for Trading Month m—

i. the quantity of Capacity Credits (including Capacity Credits from Facilities subject to Network Control Service Contracts) acquired by AEMO which are not—

1. DSM Capacity Credits; or

2. covered by a Special Price Arrangement;

ii. ~~the quantity of Capacity Credits acquired by AEMO covered by a Special Price Arrangement;~~[Blank]

iii. the total quantity of Capacity Credits covered by Special Price Arrangements;

iv. the quantity of Capacity Credits (other than DSM Capacity Credits) traded bilaterally (as defined in clause 4.14.2) ~~that are not covered by Special Price Arrangements~~, including Capacity Credits from Facilities subject to Network Control Service Contracts to which clause 4.20.1(d)(iii) does apply;

ivA. the quantity of DSM Capacity Credits;

v. the Individual Reserve Capacity Requirement for each Market Customer for that Trading Month;

vi. the total Capacity Cost Refund to be paid by the Market Participant to AEMO for all Trading Intervals in Trading Month m;

vii. the total Participant Capacity Rebate to be paid to the Market Participant by AEMO for all Trading Intervals in Trading Month m; and

viii. the Tranche 2 DSM Dispatch Payments to be made to the Market Participant;

(dA) for each Market Participant, the Intermittent Load Refund to be paid by the Market Participant to AEMO for each of its Intermittent Loads; and

(e) for each Supplementary Capacity Contract:

i. the net payment to be made by AEMO under that contract for the Trading Month;

ii. to whom the payment is to be made; and

iii. how the payment is to be made if the party identified in (ii) is not a Market Participant.

Changes to clause 4.29.3 to reflect that:

- there is only one type of Special Price Arrangements that are all acquired by AEMO; and
- Special Price Arrangements can no longer be traded bilaterally.

…

9.3.6. Market Participants may provide the Capacity Credit Allocation Submissions or Capacity Credit Allocation Acceptances described in ~~clause~~section 9.4~~.~~ to AEMO.

Changes to 9.3.6 to reflect the introduction of the Capacity Credit Allocation Acceptance.

...

9.4. Capacity Credit Allocation Process

9.4.1. ~~Subject to clause 9.4.2, a~~A Market Generator may submit one or more Capacity Credit Allocation Submissions for a full Trading Month to AEMO between the dates and times ~~specified in~~published by AEMO in accordance with clause~~s~~ 9.16.2(b)~~(i) and 9.16.2(b)(ii)~~.

9.4.2. A Capacity Credit Allocation Submission~~s~~ must not include DSM Capacity Credits.

9.4.3. A Capacity Credit Allocation Submission~~s~~ must be submitted in the form specified by AEMO and must include the information specified in clause 9.5.1.

It is proposed to amend clauses 9.4.1, 9.4.2 and 9.4.3 to increase clarity and consistency of drafting style.

9.4.4. Within one Business Day following receipt of a Capacity Credit Allocation Submission, AEMO must:

(a) decide whether to approve or reject the Capacity Credit Allocation Submission;

(b) notify the Market Generator of the decision;

(c) if the decision is to reject the Capacity Credit Allocation Submission, notify the Market Generator of the reason for the rejection; and

(d) if the decision is to approve the Capacity Credit Allocation Submission, notify the Market Customer specified as the receiver of the Capacity Credits of the details of the Capacity Credit Allocation Submission.

It is proposed to introduce clause 9.4.4 in conjunction with the deletion of clauses 9.4.5 and 9.4.6 to: • place a timeline on AEMO to process a submission; • place a timeline on AEMO to notify the relevant Market Participants depending on the decision; and • clarify that if the submission is accepted, then AEMO must notify the receiver of the Capacity Credits of the details of the submission and not only of the submission.

~~9.4.4.~~9.4.5. AEMO must reject a Capacity Credit Allocation Submission if:

(a) ~~it is inconsistent with clause 9.4.2;~~ the sum of the Capacity Credits:

i. proposed to be allocated in the Capacity Credit Allocation Submission;

ii. proposed to be allocated in any other Capacity Credit Allocation Submission for the Market Generator for the Trading Month that is approved by AEMO but not yet accepted by the relevant Market Customer (excluding any Capacity Credit Allocation Submissions withdrawn under clause 9.4.12); or

iii. in any approved Capacity Credit Allocations for the Market Generator for the Trading Month (excluding any Capacity Credit Allocations reversed under clause 9.4.14 and accounting for any reductions under clauses 9.4.16 or 9.4.17),

exceeds the number of Capacity Credits that are allowed to be traded bilaterally by the Market Generator under clause 4.14.9 for the Trading Month; or

~~(b) it is inconsistent with section 9.5; or~~

(~~c~~b) if AEMO reasonably considers that the Trading Margin of the submitting Market Generator is likely to be negative after allocating the Capacity Credits as outlined in the Capacity Credit Allocation Submission~~,~~.

~~and must otherwise approve the Capacity Credit Allocation Submission.~~

9.4.6. AEMO must approve a Capacity Credit Allocation Submission if the Capacity Credit Allocation Submission is not rejected in accordance with clause 9.4.5.

It is proposed to amend clause 9.4.5 (previously new proposed clause 9.4.4) in conjunction with deletion of clause 9.5.3, and to introduce clause 9.4.6 to:

- restructure provisions so that all reasons to reject a Capacity Credit Allocation Submission are in one clause; and
- specify the reasons for approving a Capacity Credit Allocation Submission separate from the reasons to reject a Capacity Credit Allocation Submission.

~~9.4.5. As soon as practicable, following receipt of a Capacity Credit Allocation Submission, AEMO must notify the submitting Market Generator whether the Capacity Credit Allocation Submission has been approved or rejected and include reason for rejecting the submission under clause 9.4.4.~~

~~9.4.6. As soon as practicable, following the approval of a Capacity Credit Allocation Submission, AEMO must notify the Market Customer specified as the receiver of Capacity Credits that the Capacity Credit Allocation Submission has been approved.~~

It is proposed to delete clauses 9.4.5 and 9.4.6 because the provisions are proposed to be included in clause 9.4.4.

9.4.7. Once AEMO has approved a Capacity Credit Allocation Submission, the Market Customer specified as the receiver of the Capacity Credits may accept the allocation of Capacity Credits specified in the Capacity Credit Allocation Submission by submitting a Capacity Credit Allocation Acceptance by the date and time ~~specified in~~published by AEMO in accordance with clause 9.16.2(b)(ii).

9.4.8. A Capacity Credit Allocation Acceptances must be submitted in the form specified by AEMO.

It is proposed to amend clauses 9.4.7 and 9.4.8 to increase clarity and consistency of drafting style.

~~9.4.9. A Market Generator may withdraw a Capacity Credit Allocation Submission if at the time of withdrawal, AEMO has not received a Capacity Credit Allocation Acceptance under clause 9.4.7 from the Market Customer specified as the receiver of Capacity Credits.~~

It is proposed to move clause 9.4.9 to a later stage (clause 9.4.12) to restructure the section to first list the provisions related to the standard cases (Capacity credit Allocation Submission and Capacity Credit Allocation Acceptance), and then related to the special cases (withdrawals of Capacity Credit Allocation submissions, reversals of Capacity Credit Allocations, reductions of Capacity Credits).

9.4.9. Within one Business Day following receipt of a Capacity Credit Allocation Acceptance, AEMO must:

(a) decide whether to approve or reject the Capacity Credit Allocation Acceptance;

(b) notify the submitting Market Customer and the Market Generator that submitted the corresponding Capacity Credit Allocation Submission of the decision;

(c) if the decision is to reject the Capacity Credit Allocation Acceptance under clause 9.4.10(a), notify the submitting Market Customer of the reason for the rejection; and

(c) if the decision is to reject the Capacity Credit Allocation Acceptance under clauses 9.4.10(b) or 9.4.10(c), notify the Market Generator that submitted the corresponding Capacity Credit Allocation Submission of the reason for the rejection.

It is proposed to introduce a new clause 9.4.9 to include an explicit obligation on AEMO to process a Capacity Credit Allocation Acceptance to:

- place a timeline on AEMO to process an acceptance;
- place a timeline on AEMO to notify the relevant Market Participants of the decision;
- specify that, in case of a rejection under 9.4.10(b) or 9.4.10(c), only the relevant Market Generator (which would have 'caused' the rejection) is notified of the reason for the rejection; and
- specify that, in case of a rejection under 9.4.10(a)) only the relevant Market Customer is notified of the reason for the rejection.

9.4.10. AEMO must reject a Capacity Credit Allocation Acceptance if~~.~~:

(a) the Capacity Credit Allocation Submission has been withdrawn under clause 9.4.12;

(b) the sum of the Capacity Credits:

i. proposed to be allocated in the relevant Capacity Credit Allocation Submission; and

ii. in any approved Capacity Credit Allocations for the Market Generator for the Trading Month (excluding any Capacity Credit Allocations reversed under clause 9.4.14 and accounting for any reductions under clauses 9.4.16 or 9.4.17),

exceeds the number of Capacity Credits that are allowed to be traded bilaterally by the Market Generator under clause 4.14.9 for the Trading Month; or

(c) AEMO reasonably considers that the Trading Margin of the Market Generator specified as the provider of Capacity Credits is likely to be negative after allocating the Capacity Credits as outlined in the Capacity Credit Allocation Submission.

Proposed amendment to include:

- possible Market Generator over-allocation as a reason for rejecting a Capacity Credit Allocation Acceptance; and
- The withdrawal of the Capacity Credit Allocation Submission (in case the Market Customer submits its Capacity Credit Allocation Acceptance after the withdrawal of the relevant Capacity Credit Allocation Submission) as a reason for a rejection.

9.4.11. ~~If a Capacity Credit Allocation Acceptance is not rejected under clause 9.4.10,~~ AEMO must approve ~~the~~a Capacity Credit Allocation Acceptance if the Capacity Credit Allocation Acceptance is not rejected in accordance with clause 9.4.10.

It is proposed to amend clause 9.4.11 to increase clarity and consistency of drafting style.

~~9.4.12. As soon as practicable, following receipt of a Capacity Credit Allocation Acceptance, AEMO must notify the submitting Market Customer and the Market Generator that submitted the corresponding Capacity Credit Allocation Submission whether the Capacity Credit Allocation Acceptance has been approved or rejected (for the reason specified in clause 9.4.10).~~

9.4.12. A Market Generator may withdraw a Capacity Credit Allocation Submission at any time before AEMO has approved a corresponding Capacity Credit Allocation Acceptance from the Market Customer specified as the receiver of the Capacity Credits in accordance with clause 9.4.11.

It is proposed to move clause 9.4.12 into new clause 9.4.9.

The new clause 9.4.12 reflects AEMO's proposed clause 9.4.9, and minor changes are proposed to the wording to increase clarity.

9.4.13. Within one Business Day after a Market Generator has withdrawn a Capacity Credit Allocation Submission under clause 9.4.12, AEMO must notify the Market

Customer specified as the receiver of the Capacity Credits that the Capacity Credit Allocation Submission has been withdrawn.

A new clause 9.4.13 is proposed to introduce a new provision to formalise that AEMO must notify the affected Market Customer within one Business Day of the withdrawal of a Capacity Credit Allocation Submission.

~~9.4.13.~~9.4.14. AEMO must reverse a Capacity Credit Allocation if ~~(and only if)~~ both of the following apply:

(a) AEMO receives a request from the Market Generator and Market Customer involved; and

(b) AEMO reasonably considers that the Trading Margin of the Market Customer specified as the receiver of Capacity Credits is not likely to be negative after the reversal.

It is proposed to amend clauses 9.4.7 and 9.4.8 to increase clarity and consistency of drafting style.

9.4.15. If the termination of a Capacity Credit results in the number of Capacity Credits allocated by a Market Generator in Capacity Credit Allocations for a Trading Month exceeding the number of Capacity Credits held for that Trading Month by the Market Generator that are allowed to be traded bilaterally under clause 4.14.9, then AEMO must notify the Market Generator within one Business Day after the termination.

9.4.16. A Market Generator may, within two Business Days following receipt of a notice provided under clause 9.4.15, amend one or more of its approved Capacity Credit Allocations for the Trading Month to reduce the total number of Capacity Credits allocated by the quantity needed to eliminate the excess identified by AEMO under clause 9.4.15.

9.4.17. If a Market Participant does not make a reduction under clause 9.4.16, AEMO must, within one Business Day after the deadline specified in clause 9.4.16:

(a) amend one or more of the Capacity Credit Allocations for the Market Generator for the Trading Month to eliminate the excess identified by AEMO under clause 9.4.15 in accordance with the Market Procedure specified in clause 9.4.18; and

(b) for each amended Capacity Credit Allocation, notify the Market Generator and the relevant Market Customer of the details of the amendment.

New clauses 9.4.15, 9.4.16 and 9.4.17 are proposed to:

- move the provisions AEMO proposed in clauses 9.4A.1, 9.4A.2 and 9.4A.3, to facilitate that all provisions related to the Capacity Credit Allocations process are in one section of the Market Rules; and
- amend the drafting of the moved clauses to reflect that there are no longer any Special Price Arrangements.

9.4.~~14.~~18. AEMO must develop a Market Procedure dealing with:

(a) Capacity Credit Allocations; and

(b) other matters relating to sections 9.4, ~~9.4A~~ and 9.5~~,~~.

~~and Market Participants and AEMO must comply with that Market Procedure.~~

Changes are proposed to: • reflect the removal of section 9.4A (due to including its provisions into section 9.4); and • reflect that all Market Participants must follow the relevant market Procedures under section 2.9 of the Market Rules.

~~**9.4A. Reduction of Capacity Credit Allocations**~~

~~9.4A.1. If a Capacity Credit is terminated for any reason during a Trading Month resulting in:~~

~~(a) the total number of Capacity Credits allocated in accordance with clause 9.5.1(c)(i) for a Trading Month exceeding the number of Capacity Credits specified that are covered by a Special Price Arrangement but which are allowed to be traded bilaterally under clause 4.14.9, for the Market Participant for the Trading Month; or~~

~~(b) the total number of Capacity Credits allocated in accordance with clause 9.5.1(c)(ii) for a Trading Month exceeding the number of Capacity Credits which are allowed to be traded bilaterally under clause 4.14.9 that are not covered by Special Price Arrangements for the Market Participant for the Trading Month,~~

~~then AEMO must notify the Market Participant that had its Capacity Credits reduced, within 1 Business Day of the termination.~~

~~9.4A.2. The Market Participant may, within 2 Business Days following receipt of the notice in clause 9.4A.1, reduce one or both of the following:~~

~~(a) the number of Capacity Credit Allocations by the amount exceeded in clause 9.4A.1(a) in order to eliminate the excess in clause 9.4A.1(a); and~~

~~(b) the number of Capacity Credit Allocations by the amount exceeded in clause 9.4A.1(b) in order to eliminate the excess in clause 9.4A.1(b).~~

~~9.4A.3. If a Market Participant does not make a reduction under clause 9.4A.2, AEMO must reduce one or both of the following:~~

~~(a) the number of Capacity Credit Allocations by the amount exceeded in clause 9.4A.1(a) in order to eliminate the excess in clause 9.4A.1(a); and~~

~~(b) the number of Capacity Credit Allocations by the amount exceeded in clause 9.4A.1(b) in order to eliminate the excess in clause 9.4A.1(b),~~

~~in line with the Market Procedure specified in 9.4.14.~~

This amendment is proposed reflects that Special Price Arrangements can no longer be traded bilaterally, and only one set of Capacity Credits exists from which the Market Generator can allocate Capacity Credits.

9.5. Format of Capacity Credit Allocation Submissions

9.5.1. A Capacity Credit Allocation Submission must set out:

(a) the identity of the submitting Market ~~-~~Generator, which must be the holder of Capacity Credits;

(b) the identity of ~~-~~the Market ~~-~~Customer to which the Capacity Credits are to be allocated for settlement purposes, which may ~~include~~be the submitting Market Participant; and

(c) the number of Capacity Credits to be allocated for settlement purposes from the Market Generator to the Market Customer.~~ from each of the following sets:~~

~~i. the set consisting of Capacity Credits held by the submitting Market Generator that are covered by Special Price Arrangements but which are allowed to be traded under clause 4.14.9, by the Market Generator for the Trading Month; and~~

~~ii. the set consisting of Capacity Credits held by the submitting Market Generator which are allowed to be traded under clause 4.14.9 that are neither DSM Capacity Credits nor covered by Special Price Arrangements, by the Market Generator for the Trading Month.~~

This amendment is proposed to reflect that Special Price Arrangements can no longer be traded bilaterally, and only one set of Capacity Credits exists from which the Market Generator can allocate Capacity Credits.

9.5.2. A Capacity Credit Allocation Submission may allocate part of a Capacity Credit provided that the number of Capacity Credits allocated is specified to a precision of 0.001 MW.

~~9.5.3. A Capacity Credit Allocation Submission must be rejected by AEMO if:~~

~~(a) the total number of Capacity Credits allocated in accordance with clause 9.5.1(c)(i) for a Trading Month exceeds the number of Capacity Credits specified under clause 4.29.3(d)(iii), less the number of Capacity Credits specified under clause 4.29.3(d)(ii), for the Market Participant for the Trading Month; or~~

~~(b) the total number of Capacity Credits allocated in accordance with clause 9.5.1(c)(ii) for a Trading Month exceeds the number of Capacity Credits specified under clause 4.29.3(d)(iv) for the Market Participant for the Trading Month.~~

It is proposed to delete clause 9.5.3 and move the relevant provisions into clause 9.4.5 to restructure the rules so all reasons to reject a Capacity Credit Allocation Submission are in one clause.

…

9.7.1A. For the purposes of clause 9.7.1, Capacity_Provider_Payment(p,m) for Market Participant p for Trading Month m is—

Capacity_Provider_Payment(p,m) = Participant_Capacity_Rebate(p,m)
+ Non_Allocated_Gen_Capacity_Payments(p,m)
+ ~~Non_Allocated_~~SPA_Payments(p,m)
– Intermittent_Load_Refund(p,m)
+ Supplementary_Capacity_Payment(p,m)
+ DSM_Capacity_Payments(p,m)
+ Tranche_2_DSM_Dispatch_Payments(p,m)
– Capacity_Cost_Refund(p,m)
+ ~~Over-allocation Payment(p,m)~~Over_Allocation_Payment(p,m)

Where—

Participant_Capacity_Rebate(p,m) is the Participant Capacity Rebate payable to the Market Participant p for all Trading Intervals in Trading Month m, as determined in accordance with clause 4.29.3(d)(vii);

Non_Allocated_Gen_Capacity_Payments(p,m) =
Monthly_Reserve_Capacity_Price(m) × (CC_NSPA(p,m) – CC_ANSPA(p,m))

~~Non_Allocated_~~SPA_Payments(p,m) =
Sum(a∈A, Monthly_Special_Price(p,m,a) ×
~~(~~CC_SPA(p,m,a)~~ – CC_ASPA(p,m,a))~~)

Intermittent_Load_Refund(p,m) is the sum over all of Market Participant p's Intermittent Loads of the Intermittent Load Refund payable to AEMO by Market Participant p in respect of each of its Intermittent Loads for Trading Month m, as specified in clause 4.28A.1;

Supplementary_Capacity_Payment(p,m) is the net payment to be made by AEMO under a Supplementary Capacity Contract to Market Participant p for Trading Month m, as specified by AEMO in accordance with clause 4.29.3(e)(i);

DSM_Capacity_Payments(p,m) =
DSM_Capacity_Credits(p,m) × Monthly_DSM_Reserve_Capacity_Price(m)

Tranche_2_DSM_Dispatch_Payments(p,m) are the Tranche 2 DSM Dispatch Payments for Market Participant p for Trading Month m;

Capacity_Cost_Refund(p,m) is the Capacity Cost Refund payable to AEMO by Market Participant p in respect of that Market Participant's Capacity Credits for Trading Month m, as specified in clause 4.29.3(d)(vi);

~~Over-allocation Payment (p,m) =~~

~~max (0, Allocated Capacity Credits(p,m) – IRCR(p,m)) x Reserve Capacity Price~~

Over_Allocation_Payment(p,m) =
max (0, Allocated_Capacity_Credits(p,m) – IRCR(p,m)) ×
Monthly_Reserve_Capacity_Price(m);

Monthly_Reserve_Capacity_Price(m) is the Monthly Reserve Capacity Price which applies for Trading Month m defined in accordance with clause 4.29.1;

CC_NSPA(p,m) is the number of Capacity Credits held by Market Participant p in Trading Month m that are not covered by Special Price Arrangements and are not DSM Capacity Credits;

CC_ANSPA(p,m) is the number of Capacity Credits held by Market Participant p in Trading Month m that ~~are not covered by Special Price Arrangements and which~~ are allocated to other Market Participants;

A is the set of all Special Price Arrangements associated with a Facility where "a" is used to refer to a member of that set;

Monthly_Special_Price(p,m,a) is the Monthly Special Reserve Capacity Price for Special Price Arrangement a for Market Participant p defined in accordance with clause 4.29.2 which applies for Trading Month m;

CC_SPA(p,m,a) is the number of Capacity Credits held by Market Participant p in Trading Month m that are covered by Special Price Arrangement a;

~~CC_ASPA(p,m,a) is the number of Capacity Credits held by Market Participant p in Trading Month m that are covered by Special Price Arrangement a and which are allocated to other Market Participants for Trading Month m under sections 9.4 and 9.5;~~

DSM_Capacity_Credits(p,m) is the number of DSM Capacity Credits held by Market Participant p in Trading Month m, as determined under clause 4.29.3(d)(ivA); ~~and~~

Monthly_DSM_Reserve_Capacity_Price(m) is the DSM Reserve Capacity Price which applies for Trading Month m divided by 12~~,~~;

~~Allocated Capacity Credits (p,m)~~Allocated_Capacity_Credits(p,m) ~~equals the~~ is the number of Capacity Credits allocated to Market Participant p in Trading ~~m~~Month m in accordance with sections 9.4 and 9.5; and

IRCR(p,m) is the Individual Reserve Capacity Requirement for Market Participant p ~~and~~for Trading Month m expressed in units of MW~~;~~.

Amendments are proposed to:

- reflect form convention for variables in terms of dashes, spaces and capitalisation; and
- reflect that Capacity credits under a Special Price Arrangement can no longer be bilaterally traded.

Note: AEMO's proposal is marked up against old rules the clause has changed significantly since then. But the changes were mainly structural changes therefore the mark-up is based on the current drafting of clause 9.7.1A (amended reflecting AEMO's amendments).

9.7.1B. For the purposes of clause 9.7.1, Capacity_Purchaser_Payment(p,m) for Market Participant p for Trading Month m is—

Capacity_Purchaser_Payment(p,m) = Targeted_Reserve_Capacity_Cost(p,m)
+ Shared_Reserve_Capacity_Cost(p,m)
– LF_Capacity_Cost(p,m)

Where—

Targeted_Reserve_Capacity_Cost(p,m) =
Targeted_Reserve_Capacity_Cost(m) × Shortfall_Share(p,m)

Shared_Reserve_Capacity_Cost(p,m) =
Shared_Reserve_Capacity_Cost(m) × Capacity_Share(p,m)

LF_Capacity_Cost(p,m) =
LF_Capacity_Cost(m) × Capacity_Share(p,m)

Targeted_Reserve_Capacity_Cost(m) is the cost of Reserve Capacity to be shared amongst those Market Participants who have not had sufficient Capacity Credits allocated to them for Trading Month m where this cost is specified for Trading Month m under clause 4.29.3(b);

Shortfall_Share(p,m) =
(max(0, IRCR(p,m) – Allocated_Capacity_Credits(p,m))) /
Sum(p∈P,(max(0, IRCR(p,m) – Allocated_Capacity_Credits(p,m))))

Shared_Reserve_Capacity_Cost(m) is the cost of Reserve Capacity to be shared amongst all Market Participants for Trading Month m where this cost is specified for Trading Month m under clause 4.29.3(c);

Capacity_Share(p,m) =
IRCR(p,m) / Sum(p∈P,IRCR(p,m))

LF_Capacity_Cost(m) is the total Load Following Service capacity payment cost for Trading Month m as specified in clause 9.9.2(q);

P is the set of all Market Participants where p is a member of that set;

IRCR(p,m) is the Individual Reserve Capacity Requirement for Market Participant p for Trading Month m expressed in units of MW; and

Allocated_Capacity_Credits(p,m) ~~equals the~~ is the number of Capacity Credits allocated to Market Participant p in Trading Month m in accordance with sections 9.4 and 9.5.

It is proposed to amend clause 9.7.1B to increase consistency of drafting style.

...

9.16.2. For all Financial Years other than the first Financial Year of energy market operations, the settlement cycle timeline for settlement of other amounts payable under these Market Rules for all Trading Days within a Financial Year must be published by AEMO at least one calendar month prior to the commencement of that Financial Year. For the first Financial Year of energy market operation, the

settlement cycle timeline must be published one calendar month prior to Energy Market Commencement. This settlement cycle timeline must include for each settlement cycle:

(a) The Interval Meter Deadline, being the Business Day by which Meter Data Submissions for a Trading Month must be provided to AEMO. ~~-~~This date must be the first Business Day of the second month following the month in which the Trading Month commenced.

(b) The Capacity Credit Allocation Submission and Capacity Credit Allocation Acceptance timeline, including:

i. the earliest date and time at which Capacity Credit Allocation Submissions ~~or~~and Capacity Credit Allocation Acceptances for a Trading Month can be ~~-~~submitted, where this is to be ~~-~~not less than 10 Business Days prior to the start of the relevant Trading Month ~~to which the Capacity Credit Allocation Submission relates~~; and

ii. the latest date and time at which Capacity Credit Allocation Submissions ~~or~~and Capacity Credit Allocation Acceptances for a Trading Month can be ~~made to AEMO~~submitted, where this is ~~-~~the Interval Meter Deadline as specified in clause 9.16.2(a) for the relevant Trading Month ~~to which the Capacity Credit Allocation Submission relates;~~.

Amendments are proposed to:

- reflect that Capacity Credit Allocation Submissions and Capacity Credit Allocation Acceptances can both be made from the same time; and
- define Capacity Allocation as being for a Trading Month.

…

9.18.3. A Non-STEM Settlement Statement must contain the following information:

(a) details of the Trading Days covered by the Non-STEM Settlement Statement;

…

(cA) details of any Capacity Credits allocated to the Market Participant ~~in a Capacity Credit Allocation Submission made by~~ from another Market Participant in accordance with ~~clauses~~sections 9.4 and 9.5;

(cB) details of any Capacity Credits allocated to another Market Participant ~~in a Capacity Credit Allocation Submission made by~~ from the Market Participant in accordance with ~~clauses~~sections 9.4 and 9.5;

Amendments proposed to increase readability by referring to Capacity Credits allocated to/from the relevant Market Participant to/from another Market Participant, without naming Capacity Credit Allocation Submissions.

…

10.5.1. AEMO must set the class of confidentiality status for the following information under clause 10.2.1, as Public and AEMO must make each item of information available from or via the Market Web Site after that item of information becomes available to AEMO:

…

(f) the following Reserve Capacity information (if applicable):

i. Requests for Expressions of Interest described in clause 4.2.3 for the previous five Reserve Capacity Cycles;

ii. the summary of Requests for Expressions of Interest described in clause 4.2.7 for the previous five Reserve Capacity Cycles;

iii. the Reserve Capacity Information Pack published in accordance with clause 4.7.2 for the previous five Reserve Capacity Cycles;

iiiA. for each Market Participant that was assigned Certified Reserve Capacity, the level of Certified Reserve Capacity assigned to each to Facility for each Reserve Capacity Cycle;

iv. for each Market Participant holding Capacity Credits, the Capacity Credits provided by each Facility for each Reserve Capacity Cycle;

v. the identity of each Market Participant from which AEMO procured Capacity Credits in the most recent Reserve Capacity Auction, and the total amount procured, where this information is to be published by January 7th of the year following the Reserve Capacity Auction;

vi. for each Special Price Arrangement for each Registered Facility:

1. the amount of Reserve Capacity covered;

2. the term of the Special Price Arrangement; and

3. the Special Reserve Capacity Price applicable to the Special Price Arrangement,

where this information is to be current as at, and published on, January 7th of each year;

vii. all Reserve Capacity Offer quantities and prices, including details of the bidder and facility, for a Reserve Capacity Auction, where this information is to be published by January 7th of the year following the Reserve Capacity Auction;

viii. reports summarising the outcomes of Reserve Capacity Tests and reasons for delays in those tests, as required by clause 4.25.11; and

ix. the following ~~annually calculated and monthly adjusted ratios (including those determined when publishing the Indicative Individual Reserve Capacity Requirement in accordance with clause 4.28.7B):~~ ratios calculated by AEMO when it determines the

Indicative Individual Reserve Capacity Requirements or the Individual Reserve Capacity Requirements for a Trading Month, or recalculates the Individual Reserve Capacity Requirements for a Trading Month under clause 4.28.11A:

1. NTDL_Ratio as calculated in accordance with Appendix 5, ~~STEP 8~~ Step 8A;

2. TDL_Ratio as calculated in accordance with Appendix 5, ~~STEP 8~~ Step 8C; and

3. Total_Ratio as calculated in accordance with Appendix 5, ~~STEP 10~~ Step 10; and

…

Amendments are proposed to: • reflect the removal of the initial and updated IRCRs; • reflect the introduction of the Indicative IRCR; and • reflect the proposed changes to Appendix 5.

…

11 Glossary

12 Peak SWIS Trading Intervals: Means, for a Hot Season, the 3 Trading Intervals with the highest Total Sent Out Generation on each of the 4 Trading Days with the highest maximum demand in that Hot Season, as published by AEMO in accordance with clause 4.1.23A, where the maximum demand for a Trading Day is the highest Total Sent Out Generation for any Trading Interval in that Trading Day.

4 Peak SWIS Trading Intervals: Means, for a Trading Month, the 4 Trading Intervals in the relevant Trading Month with the highest Total Sent Out Generation, as published by AEMO in accordance with clause 4.1.23B.

…

Capacity Credit Allocation: The allocation of a number of Capacity Credits ~~allocated~~from a Market Generator to a Market Customer for a Trading Month for settlement purposes through the allocation process in ~~clauses~~sections 9.4 and 9.5 ~~as a result of an approved Capacity Credit Allocation Submission and approved Capacity Credit Allocation Acceptance~~.

Capacity Credit Allocation Acceptance: A submission from a Market Customer to AEMO made in accordance with clauses 9.4.7 and 9.4.8 to accept a Capacity Credit Allocation Submission ~~in accordance with clause 9.4.1~~.

Capacity Credit Allocation Submission: A submission from a Market ~~-~~Generator to AEMO made in accordance with clauses 9.4.1, 9.4.2 and 9.4.3 to allocate Capacity Credits to a single Market Customer ~~with respect to a specific Trading Month~~.

…

Indicative Individual Reserve Capacity Requirement: Means the estimate of a Market Customer's Individual Reserve Capacity Requirement determined and published by AEMO in accordance with clause 4.28.6~~4.1.23C~~.

It is proposed to amend the defined terms: Capacity Credit Allocation, Capacity Credit Allocation Acceptance, Capacity Credit Allocation Submission and Indicative Individual Reserve Capacity Requirement to increase clarity and consistency of drafting style.

…

Individual Intermittent Load Reserve Capacity Requirement: Means the Individual Reserve Capacity Requirement for an Intermittent Load for a Trading Month determined in accordance with Appendix 4A.

It is proposed to introduce the defined term Individual Intermittent Load Reserve Capacity Requirement to increase clarity in Appendix 4A and Appendix 5.

Individual Reserve Capacity Requirement: The MW quantity determined by AEMO in respect of a Market Customer, in accordance with clause 4.28.7 and, if applicable, as revised in accordance with clause 4.28.11A.

Individual Reserve Capacity Requirement Contribution: Means the contribution of an Associated Load to a Market Customer's Indicative Individual Reserve Capacity Requirement determined in accordance with Step 11 of Appendix 5.

Initial Time: ~~Has the meaning given in clause 4.1.25~~Is the earlier of the Energy Market Commencement and the start of the Trading Day commencing on 1 October 2007.

It is proposed to amend the defined term Initial Time because clause 4.1.25 is proposed to be deleted – the proposed amendments reflect the definition in the deleted clause 4.1.25.

…

…

~~**Short Term Special Price Arrangement**: A Special Price Arrangement that applies for not more than one Reserve Capacity Cycle.~~

…

Special Price Arrangement: An arrangement under section 4.21 whereby a Market Participant can secure a price for Reserve Capacity that may differ from the Reserve Capacity Price for a Reserve Capacity Cycle.

…

Appendix 1: Standing Data

…

(k) for each Registered Facility:

i. Reserve Capacity information including:

…

7. for each ~~Short Term~~ Special Price Arrangement associated with the facility, the number of Capacity Credits covered, the Special Reserve Capacity Price to be applied, and the expiration date and time of the Special Price Arrangement.

ii. Network Control Service information including:

…

Appendix 4A: Individual Intermittent Load ~~Individual~~ Reserve Capacity Requirements

This Appendix describes how ~~Individual Reserve Capacity Requirements are derived for Intermittent Loads~~ the Individual Intermittent Load Reserve Capacity Requirement for Intermittent Load k for Trading Month n is determined.

Define:

- MaxL(k) is the nominated load level for Intermittent Load k to apply for Trading Month n as specified in clauses 4.28.8(c) or 4.28.8A;
- RM is the reserve margin for the Reserve Capacity Cycle defined as negative one plus the ratio of the Reserve Capacity Requirement for the relevant Capacity Year as described in clause 4.6.1 and the expected peak demand for the relevant Capacity Year as described in clause 4.6.2;

Calculate Req(k), which equals MaxL(k) multiplied by RM.

When setting the Individual Intermittent Load Reserve Capacity Requirement~~s in accordance with clause 4.28.7A~~ for an Intermittent Load k for a Trading Month n in accordance with Appendix 5:

- If, at the time AEMO determines the Indicative Individual Reserve Capacity Requirements for Trading Month n, Intermittent Load k is registered and operating or AEMO reasonably expects it to be registered and operating during ~~the first Trading Month of the Capacity Year~~ Trading Month n (based on information provided to AEMO in accordance with clauses 4.28.8(c) or 4.28.8A), then set the Individual Intermittent Load Reserve Capacity Requirement for Intermittent Load k equal to Req(k).
- If, at the time AEMO determines the Indicative Individual Reserve Capacity Requirements for Trading Month n, AEMO reasonably expects Intermittent

Load k not to be registered or operating during ~~the first Trading Month of the Capacity Year~~ Trading Month n (based on information provided to AEMO in accordance with clause 4.28.8(c) or 4.28.8A), then set the Individual Intermittent Load Reserve Capacity Requirement for Intermittent Load k equal to zero.

~~When revising Intermittent Load Reserve Capacity Requirements in accordance with clause 4.28.11, and after allowing for additional nominations by Intermittent Loads that have commenced operation during the Capacity Year:~~

- ~~If Intermittent Load k is registered and operating or AEMO reasonably expects it to be registered and operating during the next Trading Month to commence during the Capacity Year (based on information provided to AEMO in accordance with clause 4.28.8A), then set the Intermittent Load Reserve Capacity Requirement for Intermittent Load k equal to Req(k).~~
- ~~If AEMO reasonably expects Intermittent Load k not to be registered or operating during the next Trading Month to commence during the Capacity Year (based on information provided to AEMO in accordance with clause 4.28.8A), then set the Intermittent Load Reserve Capacity Requirement for Intermittent Load k equal to zero.~~

Appendix 4A is proposed to be amended to reflect that the calculation is undertaken every month based on the information available.

Appendix 5: Individual Reserve Capacity Requirements

This Appendix presents the method ~~for annually setting and monthly adjusting Individual Reserve Capacity Requirements.~~ that must be used by AEMO to determine, for a Trading Month n:

- Individual Reserve Capacity Requirement Contributions as required for the determination of Relevant Demands under clause 4.26.2CA;
- Indicative Individual Reserve Capacity Requirements as required under clause 4.28.6;
- Individual Reserve Capacity Requirements as required under clause 4.28.7; and
- revised Individual Reserve Capacity Requirements as required under clause 4.28.11A.

AEMO must perform Steps 1 to 10A to determine the Indicative Individual Reserve Capacity Requirements, Individual Reserve Capacity Requirements or revised Individual Reserve Capacity Requirements for Trading Month n.

AEMO must perform Step 11 as required to determine the Individual Reserve Capacity Requirement Contribution of an individual metered Associated Load for Trading Month n, using as input the relevant values calculated by AEMO when it determined the Indicative Individual Reserve Capacity Requirements for Trading Month n.

Above amendments are proposed to provide clarity on the context of Appendix 5>

For the purpose of this Appendix:

- All references, apart from those in Step 5A, to meters are interval meters.
- The Notional Wholesale Meter is to be treated as a registered interval meter measuring Temperature Dependent Load. This meter is denoted by Temperature Dependent Load meter v=v*.
- The New Notional Wholesale Meter, determined in accordance with Step 5A, is to be treated as a registered interval meter measuring Temperature Dependent Load.
- The meter registration data to be used in the calculations is to be the most current complete set of meter registration data as at the time of commencing the calculations.
- ~~The values of RR (the Reserve Capacity Requirement) and FL (forecast peak demand associated with that Reserve Capacity Requirement as specified in clause 4.6.2) may be modified from their standard values in accordance with clause 4.28.11A.~~

- ~~In the case of the first Reserve Capacity Cycle, AEMO may use meter data relating to periods prior to Energy Market Commencement as if the energy market had commenced prior to the time periods covered by that meter data.~~

Above amendments are proposed to reflect that the application of different values for the Reserve Capacity Requirement and the associated peak demand should not be up to AEMO's discretion, but should be undertaken methodically if the total number of Capacity Credits assigned is less than the Reserve Capacity Requirement.

- The 12 ~~p~~Peak SWIS Trading Intervals to be used in the calculations are the 12 Peak SWIS Trading Intervals determined and published by AEMO under clause 4.1.23A for the Hot Season preceding the start of the Capacity Year in which Trading Month n falls (the "preceding Hot Season")~~defined in clause 4.29.5~~.
- The 4 ~~p~~Peak SWIS Trading Intervals for a Trading Month to be used in the calculations are the 4 Peak SWIS Trading Intervals determined and published by AEMO under clause 4.1.23B for that Trading Month ~~are defined in clause 4.29.6~~.
- When calculating the Indicative Individual Reserve Capacity Requirements it is assumed that all meters registered to a Market Customer on the day of calculation will remain registered to that Market Customer for the entirety of ~~the~~ Trading Month n.

Above amendments are proposed to increase clarity.

- ~~When calculating the Indicative Individual Reserve Capacity Requirement it is assumed that the "Non-Interval Meter Growth" referred to in Step 5A is zero.~~

Above amendments are proposed to reflect that it is proposed that non-interval meter growth beyond month n-3 is not considered in the IRCR calculation.

~~STEP~~Step 1: ~~[Blank]~~ Calculate:

RR = min(RCR, CC – DSM_CC)

FL = FL_RCR * RR / RCR

where

RCR is the Reserve Capacity Requirement for the relevant Reserve Capacity Cycle

CC is the total number of Capacity Credits assigned for Trading Month n at the time of the calculation

DSM_CC is the total number of DSM Capacity Credits assigned for Trading Month n at the time of the calculation

FL RCR is the peak demand associated with the Reserve Capacity Requirement for the relevant Reserve Capacity Cycle as specified in clause 4.6.2

Above amendments are proposed to move the information how RR and FL are calculated (currently provided in Step 10) to earlier in the process to improve clarity.

~~STEP~~Step 2: For each meter, u, measuring Non-Temperature Dependent Load that was registered with AEMO for all of the 12 Peak SWIS Trading Intervals determine NTDL(u) ~~and d(u,i)~~, where:

NTDL(u) is the contribution to the system peak load of meter u during the preceding Hot Season where this contribution is double the median value of the metered consumption during the 12 ~~peak~~Peak SWIS Trading Intervals

~~STEP~~Step 3: For each meter, v, measuring Temperature Dependent Load that was registered with AEMO for all of the 12 Peak SWIS Trading Intervals determine TDL(v) ~~and d(v,i)~~, where:

TDL(v) is the contribution to the system peak load of meter v during the preceding Hot Season where this contribution is double the median value of the metered consumption during the 12 ~~peak~~Peak SWIS Trading Intervals

Above amendments are proposed to clarify the distinction between the loads for which Step 2 and Step 3 apply and the loads for which Step 5 applies.

~~STEP~~Step 4: For each Intermittent Load meter w set its Individual Intermittent Load Reserve Capacity Requirement, IILRCR(w), to equal the amount defined in accordance with ~~clause 4.28.7A~~ Appendix 4A.

~~STEP~~Step 5: ~~When determining the Individual Reserve Capacity Requirements for Trading Month n i~~dentify meters that were not registered with AEMO during one or more of the 12 ~~p~~Peak SWIS Trading Intervals ~~in the preceding Hot Season~~ but which were registered by the end of Trading Month n.

For a new meter u that measures Non-Temperature Dependent Load set NMNTCR(u) to be 1.1 times the MW figure formed by doubling the median value of the metered consumption for that meter during the 4 ~~p~~Peak SWIS Trading Intervals of Trading Month n-3.

For a new meter v that measures Temperature Dependent Load set NMTDCR(v) to be 1.3 times the MW figure formed by doubling the median value of the metered consumption for that meter during the 4 ~~p~~Peak SWIS Trading Intervals of Trading Month n-3.

~~For a new meter w that measures Intermittent Load set IILRCR(w) in accordance with Appendix 4A to the value applicable to Trading Month n.~~

~~STEP~~Step 5A: ~~When determining the Individual Reserve Capacity Requirements for Trading Month n.~~

Find the MW figure formed by doubling the median value of the metered consumption for the Notional Wholesale Meter v*, during the 4 ~~p~~Peak SWIS Trading Intervals of Trading Month n-3 (“Median Notional Wholesale Meter”).

Divide the Median Notional Wholesale Meter by the number of non-interval or accumulation meters that existed at the end of Trading Month n-3 (“Average Non-Interval Meter”).

Subtract the number of non-interval or accumulation meters disconnected during Trading Month n-3 from the number of non-interval or accumulation meters connected during Trading Month n-3 (“Non-Interval Meter Growth”).

Multiply the Non-Interval Meter Growth and the Average Non-Interval Meter. (“New Notional Wholesale Meter”).

For the New Notional Wholesale Meter set NMTDCR(v) equal to be 1.3 times the New Notional Wholesale Meter.

~~STEP~~Step 6: Calculate the values of d(u,i) for Non-Temperature Dependent Load, d(v,i) for Temperature Dependent Loads and d(w,i) for Intermittent Loads such that:

- d(u,i) has a value of zero if meter u measures Intermittent Load or was not registered to Market Customer i during Trading Month n, otherwise it has a value equal to the number of full Trading Days the meter was registered to Market Customer i in Trading Month n divided by the number of days in Trading Month n.
- d(v,i) has a value of zero if meter v measures Intermittent Load or was not registered to Market Customer i during Trading Month n, otherwise it has a value equal to the number of full Trading Days the meter was registered to Market Customer i in Trading Month n divided by the number of days in Trading Month n.
- d(w,i) has a value of zero if meter w was not registered to Market Customer i during Trading Month n, otherwise it has a value of one if Market Customer i nominated capacity for the Intermittent Load measured by meter w in accordance with clauses 4.28.8(c) or 4.28.8A, with the exception that if the Intermittent Load was for Load at a meter registered to Market Customer i for only part of Trading Month n, then it has a value equal to the number of full Trading Days that meter was registered to Market Customer i in Trading Month n divided by the number of days in Trading Month n.

~~STEP~~Step 7: Identify the set NM of all those new meters v that measured consumption that was measured by meter v=v* during the preceding Hot Season and set TDLn(v) for meter v=v* to equal:

TDLn(v*) = TDL(v*) – Sum(v∈~~NW~~NM, NMTDCR(v)~~ x d(v,q)~~)

~~Where~~

~~q denotes a Market Customer to which the new meter is associated.~~

~~d(v,q) is the number of days the new meter is registered to Market Participant q divide by number of days in the Trading Month n.~~

~~STEP 8: For each Market Customer, i, calculate:~~

~~NTDLRCR(i) = Sum(u, NTDL(u) × d(u,i)) × NTDL_Ratio~~

~~TDLRCR(i) = (Sum(v,MTDL(v) × d(v,i)) – DSM(i)) × TDL_Ratio~~

~~ILRCR(i) = Sum(w, IILRCR(w) × d(w,i))~~

~~NRR = RR – Sum(i, ILRCR(i))~~

~~where~~

~~NTDL_Ratio = NRR/FL~~

~~TDL_Ratio = (NRR – Sum(j, NTDLRCR(j)))/Sum(j,Sum(v, MTDL(v) x d(v,j)) – DSM(j))~~

~~j indicates Market Customers~~

~~ILRCR(i) is the Intermittent Load Reserve Capacity Requirement for Market Customer i.~~

~~MTDL(v) = TDL(v) for all v except v* and MTLD(v) = TDLn(V*) for v=v*~~

~~RR is the Reserve Capacity Requirement (potentially modified in accordance with clause 4.28.11A).~~

~~FL is the peak demand associated with that Reserve Capacity Requirement as specified in clause 4.6.2 (potentially modified in accordance with clause 4.28.11A).~~

~~DSM(i) is the MW quantity of additional Demand Side Management demonstrated and agreed by AEMO to be available by the next Hot Season~~

Step 8: For each Market Customer i, calculate:

ILRCR(i) = Sum(w, IILRCR(w) × d(w,i))

Step 8A: Calculate:

NRR = RR – Sum(i, ILRCR(i))

NTDL_Ratio = NRR / FL

Step 8B: For each Market Customer i, calculate:

NTDLRCR(i) = Sum(u, NTDL(u) × d(u,i)) × NTDL_Ratio

Step 8C: Calculate:

TDL_Ratio = (NRR - Sum(i, NTDLRCR(i))) /
Sum(i, Sum(v, MTDL(v) × d(v,i)) – DSM(i))

where

MTDL(v) = TDL(v) for all v except v* and
MTDL(v) = TDLn(v*) for v=v*

DSM(i) is the MW quantity of additional Demand Side Management demonstrated and agreed by AEMO to be available by the next Hot Season

Step 8D: For each Market Customer i, calculate:

TDLRCR(i) = (Sum(v, MTDL(v) × d(v,i)) – DSM(i)) × TDL_Ratio

It is proposed to Amend Step 8 and introduce Steps 8A to 8D to increase readability of the methodology and to remove manifest errors and inconsistencies from the notation.

~~STEP~~Step 9: For each Market Customer~~,~~ i, calculate

X(i) = Sum(i, ILRCR(i) + NTDLRCR(i) + TDLRCR(i))~~))~~ +

Sum(u, NMNTCR(u) × d(u,i)) + Sum(v, NMTDCR(v) × d(v,i))

~~STEP 10: The Individual Reserve Capacity Requirement of Market Customer i for Trading Month n of a Capacity Year equals (X(i) × Total_Ratio) where—~~

~~Total_Ratio = RR_Transitional/Y~~

~~Y = Sum(i,X(i))~~

~~RR_Transitional is equal to the lesser of—~~

~~(a) the Reserve Capacity Requirement; and~~

~~(b) the sum of all Capacity Credits minus DSM Capacity Credits~~

Step 10: Calculate:

Total_Ratio = RR / Sum(i, X(i))

Step 10A: For each Market Customer i, set the Indicative Individual Reserve Capacity Requirement or Individual Reserve Capacity Requirement, as applicable, for Trading Month n to:

X(i) × Total_Ratio

Step 10 is proposed to be amended and Step 10A to be introduced to reflect that the definition of RR has been moved to Step 1 and to improve clarity.

~~STEP~~Step 11: The Individual Reserve Capacity Requirement Contribution of an individual metered Associated Load for Trading Month n of a Capacity Year is determined as follows—

(a) for meter u at a~~n existing~~ connection point measuring Non-Temperature Dependent Load that was registered with AEMO for all of the 12 Peak SWIS Trading Intervals equals (NTDL(u) x NTDL_Ratio x Total_Ratio);

(b) for meter v at a~~n existing~~ connection point measuring Temperature Dependent Load that was registered with AEMO for all of the 12 Peak SWIS Trading Intervals equals (TDL(v) x TDL_Ratio x Total_Ratio);

(c) for meter u at a new connection point identified in Step 5 measuring Non-Temperature Dependent Load equals (NMNTCR(u) x Total_Ratio); and

(d) for meter v at a new connection point identified in Step 5 measuring Temperature Dependent Load equals (NMTDCR(v) x Total_Ratio).

Step 11 is proposed to be amended to improve clarity.

Appendix 5A: Non-Temperature Dependent Load Requirements

This Appendix presents the method and requirements for accepting, in accordance with clause 4.28.9, a load measured by an interval meter ~~in the list provided~~ nominated in accordance with clauses 4.28.8(a) or 4.28.8C(a) as a Non-Temperature Dependent Load.

For the purpose of this Appendix:

- the meter data to be used in any calculations is to be the most current set of meter data as at the time of commencing the calculations; and
- the 4 ~~p~~Peak SWIS Trading Intervals for a Trading Month are the 4 Peak SWIS Trading Intervals determined and published by AEMO under clause 4.1.23B for that Trading Month~~defined in clause 4.29.6~~.

AEMO must perform the following steps in deciding whether to accept, in accordance with clause 4.28.9, a load measured by an interval meter ~~in the list provided~~ nominated in accordance with clauses 4.28.8(a) or 4.28.8C(a) as a Non-Temperature Dependent Load:

Step 1:

- If, in accordance with clause 4.28.8(a), AEMO is provided by a Market Customer in Trading Month ~~(~~n-2~~)~~ with ~~a list that includes~~ the identity of an interval meter associated with that Market Customer that it wants AEMO to treat as a Non-Temperature Dependent Load from Trading Month ~~(~~n~~)~~; and
- If the ~~list including~~ identity of the interval meter is provided by the date and time specified in clause 4.1.23; and
- If the load was treated as a Non-Temperature Dependent Load in Trading Month ~~(~~n-8~~)~~,

then AEMO must accept the load as a Non-Temperature Dependent Load if:

(a) the median value of the metered consumption for that load was in excess of 1.0 MWh, calculated over the set of Trading Intervals defined as the 4 ~~p~~Peak SWIS Trading Intervals in each of the Trading Months starting from the start of Trading Month n-11 to the end of Trading Month n-3; and

(b) the load did not deviate downwards from the median consumption in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of Trading Month ~~(~~n-11~~)~~ to the end of Trading Month ~~(~~n-3~~)~~ except during Trading Intervals where:

i. the consumption was 0 MWh; or

ii. consumption was reduced at the request of System Management; or

iii. evidence is provided by the Market Customer that the source of the consumption was operating at below capacity due to maintenance

or a Saturday, Sunday or a public holiday throughout Western Australia.

Step 2:

- If, in accordance with clauses 4.28.8(a) or 4.28.8C(a), AEMO is provided by a Market Customer in Trading Month ~~(~~n-2~~)~~ with ~~a list that includes~~ the identity of an interval meter associated with that Market Customer that it wants AEMO to treat as a Non-Temperature Dependent Load from Trading Month ~~(~~n~~)~~; and
- If the load is not treated as a Non-Temperature Dependent Load in Trading Month ~~(~~n-1~~)~~; and
- If the load was not treated as a Non-Temperature Dependent Load for any of the Trading Months in the Capacity Year in which Trading Month ~~(~~n~~)~~ falls,

then AEMO must accept the load as a Non-Temperature Dependent Load for Trading Month ~~(~~n~~)~~ if:

(a) the median value of the metered consumption values for that load during the 4 ~~p~~Peak SWIS Trading Intervals in Trading Month ~~(~~n-3~~)~~ was in excess of 1.0 MWh; and

(b) the load did not deviate downwards from the median consumption in paragraph (a) by more than 10% for more than 10% of the time during Trading Month ~~(~~n-3~~)~~ except during Trading Intervals where:

i. the consumption was 0 MWh; or

ii consumption was reduced at the request of System Management; or

iii. evidence is provided ~~-~~by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.

Step 3:

- If a load was not accepted under Step 1 as a Non-Temperature Dependent Load for Trading Month ~~(~~n~~)~~; and
- If the load was accepted under Step 2, or previously under this Step 3, as a Non-Temperature Dependent Load for Trading Month ~~(~~n-1~~)~~,

then AEMO must accept the load as a Non-Temperature Dependent Load for Trading Month ~~(~~n~~)~~ if:

(a) the median value of the metered consumption for that load was in excess of 1.0 MWh, calculated over the set of Trading Intervals defined as the 4 ~~p~~Peak SWIS Trading Intervals in each of the Trading Months commencing at the start of the Trading Month for which metered consumption values

were used by AEMO to accept the load as a Non-Temperature Dependent Load under Step 2 to the end of Trading Month ~~(~~n-3~~)~~; and

(b) the load did not deviate downwards from the median consumption in paragraph (a) by more than 10% for more than 10% of the time during the period from the start of the Trading Month for which metered consumption values were used by AEMO to accept the load as a Non-Temperature Dependent Load under Step 2 to the end of Trading Month ~~(~~n-3~~)~~ except during Trading Intervals where:

i. the consumption was 0 MWh; or

ii. consumption was reduced at the request of System Management; or

iii. evidence is provided ~~-~~by the Market Customer that the source of the consumption was operating at below capacity due to maintenance or a Saturday, Sunday or a public holiday throughout Western Australia.

Step 4:

Otherwise, AEMO must treat a load as a Temperature Dependent Load.

Amendments to Appendix 5A are proposed to reflect changes to clause 4.28.8 and the introduction of clauses 4.1.23B and 4.28.8C.