

ELECTRICITY INDUSTRY ACT 2004  
ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY MARKET) REGULATIONS 2004  
WHOLESALE ELECTRICITY MARKET RULES  
Market Rules made by the Minister for Energy.

I, Mr Bill Johnston, Minister for Energy for the State of Western Australia hereby give notice of market rules made in accordance with regulation 7(5) of the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*.

These market rules may be cited as the *Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019* and are to commence at 08:00am (WST) on the days specified in the *Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019*.

A copy of the *Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019* is available on the website of the Economic Regulation Authority at <https://www.erawa.com.au>.

  
Hon W. JOHNSTON MLA, Minister for Energy.

4/2/20

# Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019

## 1. Commencement

These amendments come into operation on the day after the day notice is published by the Minister in the *Gazette*.

## 2. Section 1.28 amended

Insert a heading to section 1.28 as follows 'AEMO to Provide Information to the Minister'.

## 3. Section 1.29 added

Insert a new section 1.29 as follows:

### 1.29 Transitional Provisions – DSM Reserve Capacity Security

1.29.1. Section 4.13A applies to the 2019 Reserve Capacity Cycle and onwards.

1.29.2. AEMO is required to complete the Procedure Change Process to document all of the processes referred to in clause 4.13A.23 in a Market Procedure no later than 1 July 2020.

1.29.3. Subject to clause 1.29.4, a Market Participant cannot make a request for the release or waiver of DSM Reserve Capacity Security in accordance with clause 4.13A.18 until after 1 October 2021.

1.29.4. Notwithstanding the requirements of section 4.13A, AEMO may, by notice in writing:

- (a) exempt a Market Participant with a Demand Side Programme that was assigned Capacity Credits for the 2019 Reserve Capacity Cycle from the requirement to provide DSM Reserve Capacity Security; and
- (b) revoke an exemption granted under clause 1.29.4(a) in accordance with clause 4.13A.21.

1.29.5. AEMO may grant an exemption in accordance with clause 1.29.4(a) where it:

- (a) is satisfied that the Demand Side Programme has fulfilled its Reserve Capacity Obligations for the 2016 Reserve Capacity Cycle; or
- (b) considers that, as at the date of the proposed exemption, the Demand Side Programme will be able to continue to meet its Reserve Capacity Obligations.

1.29.6. For the purposes of section 4.13A, an exemption granted under clause 1.29.4(a) is deemed to be:

- (a) a request by the relevant Market Participant under clause 4.13A.18(b); and
- (b) a determination by AEMO under clause 4.13A.19(a) to waive the requirement to give AEMO the benefit of DSM Reserve Capacity Security.

#### 4. Section 1.30 added

Insert a new section 1.30 as follows:

##### 1.30. Specific Transitional Provisions for the 2021 Capacity Year – Operational Matters

1.30.1. In this section 1.30:

**Pre-Amended Rules:** Means the Market Rules as in force immediately before the RCM Pricing Amendments come into effect.

**Post-Amended Rules:** Means the Market Rules as in force immediately after the RCM Pricing Amendments come into effect.

**RCM Pricing Amendments:** Means the Amending Rules that will commence on the RCM Pricing Amendments Commencement Day made by the Minister under regulation 7(5) of the WEM Regulations by a notice published in the Government Gazette.

**RCM Pricing Amendments Commencement Day:** Means the Trading Day commencing at 8:00 AM on 1 October 2021.

**Rule Change Commencement Month:** Means the Trading Month in which the RCM Pricing Amendments Commencement Day falls.

1.30.2. Before 8:00 AM on the RCM Pricing Amendments 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 RCM Pricing Amendments Commencement Day and subsequent Trading Days, 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) Individual Reserve Capacity Requirements under clause 4.28.8;
- (b) a Non-Balancing Dispatch Merit Order under section 6.12;
- (c) a Dispatch Instruction or Operating Instruction under Chapter 7; and
- (d) a Dispatch Advisory under section 7.11.

1.30.3. If before 8:00 AM on the RCM Pricing Amendments Commencement Day, notwithstanding that the Pre-Amended Rules continue to apply, a Rule Participant performs an obligation under the Post-Amended Rules under clause 1.30.2, 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 RCM Pricing Amendments Commencement Day or subsequent Trading Days.

1.30.4. Before 8:00AM on the RCM Pricing Amendments Commencement Day, notwithstanding that the Pre-Amended Rules continue to apply, a Rule Participant may perform any of the discretionary actions that the Rule Participant is permitted to perform 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 be permitted to perform under the Post-Amended Rules.

- 1.30.5 Capacity Credit Allocations that are made by a Market Participant prior to the RCM Pricing Amendments Commencement Day for the Rule Change Commencement Month or any subsequent Trading Months must be made by the Market Participant in respect of a Facility in accordance with the Post-Amended Rules.
- 1.30.6. If before 8:00 AM on the RCM Pricing Amendments Commencement Day, notwithstanding that the Pre-Amended Rules continue to apply, a Rule Participant is required to perform an obligation that relates to the RCM Pricing Amendments Commencement Day or any subsequent Trading Days 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:
- (a) it relates to the RCM Pricing Amendments Commencement Day or any subsequent Trading Days; and
  - (b) to the extent that the obligation will not apply under the Post-Amended Rules.
- 1.30.7. After 8:00 AM on the RCM Pricing Amendments Commencement Day, notwithstanding that the Post-Amended Rules apply, each Rule Participant must perform all obligations imposed on that Rule Participant under the Pre-Amended Rules, arising in relation to each Trading Interval (or part of a Trading Interval) in a Trading Day, each Trading Day (or part of a Trading Day) or each Trading Month (or part of a Trading Month) up to but excluding the RCM Pricing Amendments Commencement Day, that, if the Pre-Amended Rules were in force, the Rule Participant would have been required to perform under the Pre-Amended Rules. This includes, but is not limited to, obligations relating to:
- (a) administration of the market under Chapter 2;
  - (b) administration of the Reserve Capacity Mechanism under Chapter 4;
  - (c) dispatch under Chapter 7;
  - (d) settlement under Chapter 9; and
  - (e) treatment of information under Chapter 10.
- 1.30.8. From the RCM Pricing Amendments Commencement Day, notwithstanding that the Post-Amended Rules apply, each Rule Participant may perform any of the discretionary actions that the Rule Participant is permitted to perform under the Pre-Amended Rules, 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 permitted to perform under the Pre-Amended Rules.
- 1.30.9 Notwithstanding clause 4.5.13, the Statement of Opportunities Report for the 2021 Reserve Capacity Cycle does not need to include information that is not required to be included in a Statement of Opportunities Report under the Post-Amended Rules.

**5. Section 1.31 added**

Insert a new section 1.31 as follows:

**1.31. Transitional Provisions – Review of Reserve Capacity Price Factors**

- 1.31.1. Clause 2.26.3A is modified so that the Economic Regulation Authority must not carry out the first review required by clause 2.26.3A before 30 September 2022.

**6. Section 1.32 added**

Insert a new section 1.32 as follows:

**1.32. Transitional Provisions – Publishing Information in Clause 4.20.5AA**

1.32.1. For the purposes of the 2019 Reserve Capacity Cycle, notwithstanding clause 4.1.18A, AEMO must publish the summary of information in clause 4.20.5AA within 10 Business Days of the prices referred to in that clause having been determined by AEMO.

**7. Section 2.4A amended**

Delete clause 2.4A.1 and replace it with the following:

2.4A.1. This section 2.4A applies from 21 September 2019 until 1 July 2021, being the date on which the Minister's power to make Amending Rules under regulation 7(5) of the WEM Regulations ends.

In clause 2.4A.2 delete the words and numerals "regulation 7(4)" and replace it with the word and numerals "regulation 7(5)".

**8. Clause 2.8.13 amended**

In clause 2.8.13(d), insert the words '4.13A.15, 4.13A.16' after the words '4.13.11A,'.

In clause 2.8.13(f) insert ',' after the word '9.13.1'.

**9. Clause 2.17.1 amended**

In clause 2.17.1(t), delete the contents of the clause and replace it with [Blank].

**10. Clause 2.26.3 amended**

Delete clause 2.26.3 and replace it with the following:

2.26.3. The Economic Regulation Authority must review the methodology for setting the Benchmark Reserve Capacity Price and the Energy Price Limits not later than the fifth anniversary of the first Reserve Capacity Cycle and, subsequently, not later than the fifth anniversary of the completion of the preceding review under this clause 2.26.3. A review must examine:

- (a) the level of competition in the market;
- (b) the level of market power being exercised and the potential for the exercise of market power;
- (c) the effectiveness of the methodology in curbing the use of market power;
- (d) historical Reserve Capacity Offers and the proportion of Reserve Capacity Offers with prices equal to the Benchmark Reserve Capacity Price, in the case of Reserve Capacity Cycles up to and including the 2014 Reserve Capacity Cycle;
- (dA) historical Reserve Capacity Offers and the proportion of Reserve Capacity Offers with prices equal to 110 percent of the Benchmark Reserve Capacity Price, in the case of Reserve Capacity Cycles from the 2015 Reserve Capacity Cycle up to and including the 2018 Reserve Capacity Cycle;

- (dB) historical Reserve Capacity Offers and the proportion of Reserve Capacity Offers with prices equal to 130 percent of the Benchmark Reserve Capacity Price, in the case of Reserve Capacity Cycles from the 2019 Reserve Capacity Cycle onwards;
- (e) historical STEM Bids and STEM Offers and the proportion of STEM Bids and Offers with prices equal to the Energy Price Limits;
- (f) the appropriateness of the parameters and methodology in section 4.16 and the Market Procedure referred to in clause 4.16.3 for recalculating the Benchmark Reserve Capacity Price;
- (g) the appropriateness of the parameters and methodology in section 6.20 for recalculating the Energy Price Limits;
- (h) the performance of Reserve Capacity Auctions, STEM Auctions and the Balancing Market in meeting the Wholesale Market Objectives; and
- (i) other matters which the Economic Regulation Authority considers relevant.

**11. Clause 2.26.3A added**

Insert a new clause 2.26.3A as follows:

2.26.3A. The Economic Regulation Authority must review the Reserve Capacity Price Factors at the same time as each review of the Benchmark Reserve Capacity Price under clause 2.26.3. A review must examine:

- (a) whether the Reserve Capacity Price Factors efficiently signal the long-term economic value of incremental or excess Reserve Capacity in the Wholesale Electricity Market;
- (b) whether the Reserve Capacity Price calculated using the Reserve Capacity Price Factors is consistent with the Wholesale Market Objectives; and
- (c) any other matters the Economic Regulation Authority considers to be relevant.

**12. Clause 2.26.4 amended**

Delete clause 2.26.4 and replace it with the following:

2.26.4. The Economic Regulation Authority must provide a report to the Minister on the reviews conducted under clauses 2.26.3 and 2.26.3A.

**13. Clause 2.29.5E amended**

Delete clause 2.29.5E(f) and replace it with the following:

- (f) during the same Capacity Year, the relevant Load was an Associated Load of another Demand Side Programme and, while it was so associated:
  - i. the other Demand Side Programme passed a Reserve Capacity Test or a Verification Test; or
  - ii. any part of DSM Reserve Capacity Security associated with the other Demand Side Programme was returned or relinquished under:
    - 1. clause 4.13A.19 by operation of clause 4.13A.18; or

2. clause 4.13A.24.

**14. Clause 2.30.1 amended**

In clause 2.30.1 delete the word 'of' and replace it with the word 'or' after the words 'to allow the registration of two'.

**15. Clause 2.30.5 amended**

Clause 2.30.5 is amended by deleting clauses 2.30.5(c), (d) and (e) and replacing them with the following new clauses 2.30.5(c), (d), (e) and (f):

- (c) none of the Facilities within the aggregated Facility are subject to an Ancillary Service Contract or Network Control Service Contract that requires that Facility not be part of an aggregated Facility;
- (d) the aggregated Facilities are at the same location or have the same Loss Factor;
- (e) System Management will continue to be provided with the same Standing Data for each individual Facility as before the Facilities were aggregated; and
- (f) the Facility Monthly Reserve Capacity Price applicable to each of the Facilities within the aggregated Facility are the same, and are expected to remain the same, from and including the current Reserve Capacity Cycle.

**16. Clause 2.38.3 amended**

Delete clause 2.38.3 and replace it with the following:

2.38.3 Where a Market Participant's Credit Support is affected by any of the circumstances specified in the Market Procedure referred to in clause 2.43.1 that may require replacement Credit Support, then the Market Participant must ensure that AEMO holds the benefit of replacement Credit Support that is:

- (a) in the form specified in clause 2.38.4;
- (b) an amount not less than the level required under clause 2.38.1(b); and
- (c) effective before the end of the next Business Day or within any longer period approved in writing by AEMO, after the Market Participant first becomes aware of the relevant change in circumstance (whether by reason of the Market Participant's own knowledge or a notification by AEMO).

**17. Clause 2.38.4 amended**

Delete clause 2.38.4(b) and replace it with the following:

- (b) a Security Deposit.

**18. Clause 2.43.1 amended**

Delete clause 2.43.1(c) and replace it with the following:

- (c) Credit Support arrangements, including:
  - i. the form of acceptable guarantees and bank letters of credit;
  - ii. where and how it will hold Security Deposits and how the costs and fees of holding Security Deposits will be met;

- iiA. the circumstances that may require Credit Support to be replaced for the purposes of clause 2.38.3; and
- iii. the application of monies drawn from Credit Support in respect of amounts owed by the relevant Market Participant to AEMO.

**19. Clause 3.16.4 amended**

In clause 3.16.4(b)ii replace the word 'clause' with the word 'section'.

In clause 3.16.4(b)iii insert the words 'with a rated capacity of less than 10 MW' after the words 'Registered Facility'.

In clause 3.16.4(c)ii replace the word 'clause' with the word 'section'.

**20. Clause 4.1.1 amended**

In clause 4.1.1 replace the word 'clause' with the word 'section'.

**21. Clause 4.1.1A amended**

Delete clause 4.1.1A and replace it with the following:

4.1.1A Sections 4.28B and 4.28C take precedence over this section 4.1 and events described in-sections 4.28B and 4.28C are not required to comply with the timetable in this section 4.1 except where specified in sections 4.28B and 4.28C.

**22. Clause 4.1.1B inserted**

Insert a new section 4.4.1B as follows:

4.1.1B. The description of an event in this section 4.1 is for the purpose of identifying where it fits into the Reserve Capacity Cycle, and does not affect the interpretation of the relevant provisions of this Chapter 4.

**23. Clause 4.1.1C inserted**

Insert a new section 4.1.1C as follows:

4.1.1C. AEMO may modify or extend a date or time set under this section 4.1. If AEMO extends a date or time under this clause 4.1.1C, then it must publish notice of the modified or extended date or time on the Market Web Site and the modified or extended date or time takes effect for the purposes of these Market Rules.

**24. Clause 4.1.13 amended**

In clause 4.1.13 insert the words 'and any DSM Reserve Capacity Security required in accordance with clause 4.13A.1' after the words 'any Reserve Capacity Security required in accordance with clause 4.13.1'.

In clause 4.1.13(b)i delete the words 'or acquired by AEMO under clause 4.14.1(ca)'.

**25. Clause 4.1.15 amended**

In clause 4.1.15 insert the word 'bilaterally' after the words 'Certified Reserve Capacity that can be traded'.

**26. Clause 4.1.16A amended**

Delete clause 4.1.16A(b) and replace it with the following:



- (b) determine in accordance with clause 4.20.5A(aA) whether the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3:
  - i. to Facilities to which section 4.13 applies, for which no Reserve Capacity Security was required to be provided under section 4.13; or
  - ii. to Demand Side Programmes determined by AEMO to be in Commercial Operation.

**27. Clause 4.1.18A inserted**

Insert a new clause 4.1.18A as follows:

4.1.18A AEMO must publish the summary of information described in clause 4.20.5AA:

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

**28. Clause 4.1.21 amended**

Delete clause 4.1.21 and replace it with the following.

4.1.21. A Market Participant may apply to AEMO:

- (a) under clause 4.13.2A for a recalculation of the amount of Reserve Capacity Security required to be held by AEMO for a Facility in accordance with clause 4.13.2(b); or
- (b) under clause 4.13A.8 for a recalculation of the amount of DSM Reserve Capacity Security required to be held by AEMO for a Demand Side Programme in accordance with clauses 4.13A.1 or 4.13A.4, as applicable,

after 5:00 PM on the last Business Day falling on or before 24 September of Year 1 of a Reserve Capacity Cycle.

**29. Clause 4.1.21A amended**

Delete clause 4.1.21A(b) and replace it with the following:

- (b) determine in accordance with clause 4.20.5A(aA) whether the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3:
  - i. to Facilities to which section 4.13 applies, for which no Reserve Capacity Security was required to be provided under section 4.13; or
  - ii. to Demand Side Programmes determined by AEMO to be in Commercial Operation.

**30. Clause 4.1.26 amended**

Delete clause 4.1.26 and replace it with the following:

4.1.26. Reserve Capacity Obligations apply:

- (a) in the case of the first Reserve Capacity Cycle:
  - i. from the Initial Time, for Facilities that were commissioned before Energy Market Commencement;

- ii. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause 4.10.1(c)(iii)(7), for Scheduled Generators and Non-Scheduled Generators commissioned between Energy Market Commencement and 30 November 2007, inclusive; and
  - iii. from the Trading Day commencing on 1 October 2007 for Interruptible Loads commissioned after Energy Market Commencement;
- (b) for subsequent Reserve Capacity Cycles up to and including the 2009 Reserve Capacity Cycle:
- i. from the Trading Day commencing on 1 October of Year 3, for Facilities that were commissioned as at the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 4.1.18(a) or for Facilities which have provided Capacity Credits in one or both of the two previous Reserve Capacity Cycles;
  - ii. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A, for Facilities commissioned between 1 August of Year 3 and 30 November of Year 3; and
  - iii. from the Trading Day commencing on 30 November of Year 3, for new generating systems undertaking Commissioning Tests after 30 November of Year 3;
- (c) for subsequent Reserve Capacity Cycles up to and including the 2015 Reserve Capacity Cycle:
- i. from the Trading Day commencing on 1 October of Year 3, for Facilities that were commissioned as at the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 4.1.18(a) or for Facilities which have provided Capacity Credits in one or both of the two previous Reserve Capacity Cycles;
  - ii. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A, for Facilities commissioned between 1 June of Year 3 and 1 October of Year 3; and
  - iii. from the Trading Day commencing on 1 October of Year 3, for new generating systems undertaking Commissioning Tests after 1 October of Year 3;
- (d) for subsequent Reserve Capacity Cycles up to and including the 2018 Reserve Capacity Cycle:
- i. where AEMO has determined in accordance with clause 4.20.5A(aA) that the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3 for which no Reserve Capacity Security was required to be provided under section 4.13, from the Trading Day commencing on 1 October of Year 3; and
  - ii. where AEMO has determined in accordance with clause 4.20.5A(aA) that the Reserve Capacity Requirement has not been met with the Capacity Credits assigned for Year 3

for which no Reserve Capacity Security was required to be provided under section 4.13:

1. from the Trading Day commencing on 1 October of Year 3, for Facilities that were commissioned as at the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 4.1.18(a) or for Facilities which have provided Capacity Credits in one or both of the two previous Reserve Capacity Cycles;
2. from the Trading Day commencing on 1 June of Year 3, for Facilities commissioned between the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 4.1.18(a) and 1 June of Year 3;
- 2A. from the Trading Day commencing on the scheduled date of commissioning, as specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A, for Facilities commissioned between 1 June of Year 3 and 1 October of Year 3; or
3. from the Trading Day commencing on 1 October of Year 3, for new generating systems undertaking Commissioning Tests after 1 October of Year 3; and

(e) from the 2019 Reserve Capacity Cycle:

- i. from the Trading Day commencing 1 October of Year 3, where AEMO has determined in accordance with clause 4.20.5A(aA) that the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3:
  1. to Facilities to which section 4.13 applies, for which no Reserve Capacity Security was required to be provided under section 4.13; or
  2. to Demand Side Programmes determined by AEMO to be in Commercial Operation, and
- ii. where AEMO has determined in accordance with clause 4.20.5A(aA) that the Reserve Capacity Requirement has not been met with the Capacity Credits assigned for Year 3:
  1. to Facilities to which section 4.13 applies, for which no Reserve Capacity Security was required to be provided under section 4.13; or
  2. to Demand Side Programmes determined by AEMO to be in Commercial Operation,

from the Trading Day commencing:

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

4. on 1 June of Year 3, for Facilities commissioned between the scheduled time of the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 4.1.18(a) and 1 June of Year 3;
5. on the scheduled date of commissioning, as specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A, for Facilities commissioned between 1 June of Year 3 and 1 October of Year 3; or
6. on 1 October of Year 3, for new generating systems undertaking Commissioning Tests after 1 October of Year 3.

**31. Clause 4.1.29 amended**

In clause 4.1.29 insert the words 'each Facility' after the words 'The Reserve Capacity Price and'.

**32. Clause 4.1.31 deleted**

In clause 4.1.31 delete the contents of the clause and replace it with '[Blank]'.

**33. Clause 4.1.32 deleted**

In clause 4.1.32 delete the contents of the clause and replace it with '[Blank]'.

**34. Clause 4.2.7 amended**

In clause 4.2.7(e) insert the word 'and' after the ';' at the end of the clause.

In clause 4.2.7(f) delete the words '; and' at the end of the clause and replace with '!'.

Delete clause 4.2.7(g).

**35. Clause 4.3.1 amended**

Delete clause 4.3.1(b) and replace it with the following:

- (b) the preliminary Reserve Capacity Requirement for the Reserve Capacity Cycle determined in accordance with section 4.6;

Amend clause 4.3.1(c)(vi) by adding the word ' and' after ';' at the end of the clause.

Delete clause 4.3.1(c)(vii) and replace with the following:

- vii. each Facility Monthly Reserve Capacity Price that applied to a Facility;

Delete clause 4.3.1(c)(viii).

In clause 4.3.1(d) delete the words 'or acquired by AEMO under clause 4.14.1(ca)'.

In clause 4.3.1(g) delete the word 'clause' and replace with the word 'section'.

In clause 4.3.1(k) delete the word 'and' after ';' at the end of clause.

In clause 4.3.1(l) delete the '!' at the end of the clause and replace it with '; and'.

Insert new clause 4.3.1(m) as follows:

- (m) the information specified in clause 4.4A.2 in respect of any Facility where the expected closure date of the Facility has not yet occurred.

**36. Section 4.4A added**

Insert a new section 4.4A as follows:

**4.4A. Notification of Facility Ceasing Operation**

4.4A.1. Where a Facility, that is a generating system which has a rated capacity that equals or exceeds 10 MW, is to cease operation permanently, the Market Participant to whom that Facility is registered must:

- (a) notify AEMO of the expected closure date of the Facility in accordance with this section 4.4A; and
- (b) subject to clause 4.4A.5, specify an expected closure date of not less than three years from the date the notice is given to AEMO.

4.4A.2. AEMO must within five Business Days after receiving a notice under clause 4.4A.1, publish the following information on the Market Web Site:

- (a) the name of the Market Participant that provided the notice;
- (b) the name of the Facility specified in the notice;
- (c) the Capacity Credits, in MW, assigned to the Facility at the time of the notice;
- (d) the Standing Data nameplate capacity of the Facility, expressed in MW; and
- (e) the expected closure date of the Facility.

4.4A.3. A Market Participant must, as soon as practicable, notify AEMO of any changes to the expected closure date of a Facility by amending the notice given under clause 4.4A.1.

4.4A.4. AEMO must within five Business Days after receiving notification under clause 4.4A.3, publish the revised expected closure date of the Facility on the Market Web Site.

4.4A.5. A notice under clause 4.4A.1, as may be amended in accordance with clause 4.4A.3, may specify an expected closure date of less than three years where:

- (a) the Market Participant becomes insolvent within the meaning of clause 9.23.2;
- (b) the Facility specified in the notice has suffered an unexpected catastrophic event; or
- (c) the Market Participant forms the view, in good faith, that the Facility specified in the notice is now no longer commercially viable due to reasons beyond its control that were not reasonably foreseeable,

and as a result the Facility is to cease operation permanently.

4.4A.6. A Market Participant may, by notice in writing to AEMO, withdraw a notice given under clause 4.4A.1 if the withdrawal is made in good faith.

4.4A.7. AEMO must within five Business Days after receiving a notice under clause 4.4A.6, publish notification of the withdrawal of a notice under clause 4.4A.1 on the Market Web Site.

**37. Clause 4.6.4 deleted**

Delete clause 4.6.4.

**38. Clause 4.6.5 deleted**

Delete clause 4.6.5.

**39. Clause 4.7.3 amended**

In clause 4.7.3(b) insert the word 'bilaterally' between the words 'that can be traded' and 'in accordance with'.

**40. Clause 4.9.5 amended**

In clause 4.9.5 delete the word 'clause' after the words 'future Reserve Capacity Cycle under' and replace with the word 'section'.

In clause 4.9.5(c) delete the words 'paragraph (b)' and replace them with the words 'clause 4.9.5(b)'.

In clause 4.9.5(c)ii delete the word 'Obligations' and replace it with the word 'Obligation'.

Delete clause 4.9.5(c)iii and replace it with the following:

iii. the Reserve Capacity Security or DSM Reserve Capacity Security levels,

**41. Clause 4.9.9 amended**

In clause 4.9.9(a) delete the words 'clause 4.11' and replace with the words 'section 4.11'.

In clause 4.9.9(b) delete the words 'clause 4.12' and replace with the words 'section 4.12'.

Delete clause 4.9.9(c) and replace it with the following:

(c) of any Reserve Capacity Security or DSM Reserve Capacity Security required as a condition of a Market Participant holding the Certified Reserve Capacity, as determined in accordance with clauses 4.13.2, 4.13A.1, 4.13A.4 or 4.9.5(c) (as applicable);

Delete clause 4.9.9(d) and replace it with the following:

(d) in the case of Conditional Certified Reserve Capacity, that the certification is subject to the conditions in clauses 4.9.5(a) and 4.9.5(b);

**42. Heading deleted immediately before section 4.13**

Delete the heading 'Commitment of Capacity to Auction or Bilateral Trade' immediately before section 4.13.

**43. Section 4.13 heading amended**

Insert a footnote by inserting <sup>13</sup> at the end of the section 4.13 heading 'Reserve Capacity Security' and the new footnote as follows <sup>13</sup> See section 4.13A in relation to Reserve Capacity Security for Demand Side Programmes.'

**44. Clause 4.13.1 amended**

Delete clause 4.13.1 and replace it with the following:

4.13.1. Where AEMO assigns Certified Reserve Capacity to a Facility (which, for the purposes of this section 4.13, excludes a Demand Side Programme) that is yet to enter service (or re-enter service after significant maintenance or having been upgraded), the relevant Market Participant must ensure that AEMO holds the benefit of a Reserve Capacity Security that is:

(a) in the form specified in clause 4.13.5; and

- (b) an amount determined under clause 4.13.2(a) by the date and time specified in clause 4.1.13.

**45. Clause 4.13.2 amended**

Delete clause 4.13.2 and replace it with the following:

4.13.2. For the purposes of this section 4.13 the amount of Reserve Capacity Security is:

- (a) at the time and date referred to in section 4.1.13, 25 percent of the Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year, multiplied by an amount equal to:
  - i. the Certified Reserve Capacity assigned to the Facility; less
  - ii. the total of any Certified Reserve Capacity amount specified in accordance with section 4.14.1(d) or referred to in section 4.14.7(c)(ii); and
- (b) at the time and date referred to in section 4.1.21, 25 percent of the Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year, multiplied by an amount equal to the total number of Capacity Credits assigned to the Facility under section 4.20.5A.

**46. Clause 4.13.4 amended**

Delete clause 4.13.4 and replace it with the following:

4.13.4. Where a Market Participant's Reserve Capacity Security is affected by any of the circumstances specified in the Market Procedure referred to in clause 4.13.8 that may require replacement Reserve Capacity Security, then the Market Participant must ensure that AEMO holds the benefit of replacement Reserve Capacity Security that is:

- (a) in the form specified in clause 4.13.5;
- (b) an amount not less than the level required under clause 4.13.2; and
- (c) effective before the end of the next Business Day or within any longer period approved in writing by AEMO after the Market Participant first becomes aware of the relevant change in circumstance (whether by reason of the Market Participant's own knowledge or a notification by AEMO).

**47. Clause 4.13.5 amended**

Delete clause 4.13.5 and replace it with the following:

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

- (a) an obligation in writing that:
  - i. is from a Security Provider;
  - ii. is a guarantee or bank undertaking in a form prescribed by AEMO;
  - iii. is duly executed by the Security Provider and delivered unconditionally to AEMO;
  - iv. constitutes valid and binding unsubordinated obligations of the Security Provider to pay to AEMO amounts in accordance with its terms which relate to the relevant Market

Participant's obligations under the Market Rules to pay compensation under clause 4.13.11; and

v. permits drawings or claims by AEMO up to a stated amount; or

(b) if AEMO in its discretion considers it an acceptable alternative in the circumstances to the obligation under clause 4.13.5(a), a Security Deposit.

**48. Clause 4.13.7 deleted**

In clause 4.13.7 delete the contents of the clause and replace it with '[Blank]'.

**49. Clause 4.13.8 amended**

Delete clause 4.13.8(c) and replace it with the following:

(c) Reserve Capacity Security arrangements, including:

- i. the form of acceptable guarantees and bank undertakings;
- ii. where and how it will hold Security Deposits and how the costs and fees of holding Security Deposits will be met;
- iiA. the circumstances that may require Reserve Capacity Security to be replaced for the purposes of clause 4.13.4; and
- iii. the application of monies drawn from Reserve Capacity Security in respect of amounts payable by the relevant Market Participant to AEMO under clause 4.13.11A; and

**50. Clause 4.13.9 amended**

Delete clause 4.13.9(a) and replace it with the following:

(a) clause 4.1.13(a)(i) or clause 4.1.13(b)(i), as applicable, in the case of a Facility with Certified Reserve Capacity specified to be traded bilaterally in accordance with clause 4.14.1(c) or a Facility subject to a Network Control Service Contract; or

In clause 4.13.9(b) delete the words 'or acquired by AEMO under clause 4.14.1(ca)' at the end of the clause.

**51. Clause 4.13.12 amended**

Delete clause 4.13.12 and replace it with the following:

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

**52. Clause 4.13.14 amended**

Delete clause 4.13.14(c) and replace it with the following:

(c) if the Reserve Capacity Security is a Security Deposit that is no longer required to be held, return the Security Deposit (plus interest earned); and

Delete clause 4.13.14(d) and replace with the following:

(d) if the Reserve Capacity Security is not a Security Deposit and is no longer required to be held, notify the provider that AEMO relinquishes any rights to draw on the Reserve Capacity Security.



**53. Section 4.13A added**

Insert a new section 4.13A as follows:

**4.13A. DSM Reserve Capacity Security**

4.13A.1. Where AEMO assigns Certified Reserve Capacity to a Demand Side Programme, the relevant Market Participant must ensure that AEMO holds the benefit of DSM Reserve Capacity Security that is:

- (a) where:
  - i. clause 4.1.13 applies, for an amount determined under clause 4.13A.2(a) by the date and time referred to in clause 4.1.13; or
  - ii. clause 4.1.21 applies, for an amount determined under clause 4.13A.2(b) by the date and time referred to in clause 4.1.21; and
- (b) in the form specified in clause 4.13A.6.

4.13A.2. For the purposes of this section 4.13A, the amount of DSM Reserve Capacity Security is:

- (a) 25 percent of the Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year, multiplied by an amount equal to:
  - i. the Certified Reserve Capacity assigned to the Demand Side Programme; less
  - ii. the total of any Certified Reserve Capacity amount specified in accordance with clause 4.14.1(d) or referred to in clause 4.14.7(c)(ii); or
- (b) 25 percent of the Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year, multiplied by an amount equal to the total number of Capacity Credits assigned to the Demand Side Programme under clause 4.20.5A.

4.13A.3. Where:

- (a) AEMO holds the benefit of a DSM Reserve Capacity Security in accordance with this section 4.13A in respect of a Demand Side Programme for a Reserve Capacity Cycle; and
- (b) AEMO assigns Certified Reserve Capacity to the same Demand Side Programme for a subsequent Reserve Capacity Cycle,

then the DSM Reserve Capacity Security for the previous Reserve Capacity Cycle will be deemed to satisfy the requirement in clause 4.13A.1 for AEMO to have the benefit of DSM Reserve Capacity Security for the subsequent Reserve Capacity Cycle if:

- (c) the amount of the DSM Reserve Capacity Security complies with clause 4.13A.4; and
- (d) the DSM Reserve Capacity Security remains in force at all relevant times for the purposes of this section 4.13A.

4.13A.4. Subject to clause 4.13A.5, where a Market Participant is required to ensure that AEMO holds the benefit of DSM Reserve Capacity Security for more than one Reserve Capacity Cycle, the total

amount of the DSM Reserve Capacity Security for all of those Reserve Capacity Cycles in aggregate is the highest amount determined under clause 4.13A.1.

- 4.13A.5. The amount determined under clause 4.13A.4 does not include Reserve Capacity Cycles for which the Demand Side Programme does not have any Reserve Capacity Obligations.
- 4.13A.6. The DSM Reserve Capacity Security for a Demand Side Programme must be:
- (a) an obligation in writing that:
    - i. is from a Security Provider;
    - ii. is a guarantee or bank undertaking in a form prescribed by AEMO;
    - iii. is duly executed by the Security Provider and delivered unconditionally to AEMO;
    - iv. constitutes valid and binding unsubordinated obligations of the Security Provider to pay to AEMO amounts in accordance with its terms which relate to the relevant Market Participant's obligations under the Market Rules to pay compensation under this section 4.13A; and
    - v. permits drawings or claims by AEMO up to a stated amount; or
  - (b) if AEMO in its discretion considers it an acceptable alternative in the circumstances to the obligation under clause 4.13A.6(a), a Security Deposit.
- 4.13A.7. If, at any time, and for whatever reason, the amount of the DSM Reserve Capacity Security is less than the amount determined in accordance with clauses 4.13A.1 or 4.13A.4, as applicable, the Market Participant must immediately:
- (a) in the case of a DSM Reserve Capacity Security in the form specified in clause 4.13A.6(a):
    - i. replace the DSM Reserve Capacity Security for the amount determined in accordance with clauses 4.13A.1 or 4.13A.4, as applicable; or
    - ii. provide a further DSM Reserve Capacity Security for the difference between the amount of the DSM Reserve Capacity Security and the amount determined in accordance with clauses 4.13A.1 or 4.13A.4, as applicable,and, in both cases, the DSM Reserve Capacity Security must comply with clause 4.13A.6(a); or
  - (b) in the case of a Security Deposit, increase the amount of the Security Deposit to the amount determined in accordance with clauses 4.13A.1 or 4.13A.4, as applicable, and do all other things AEMO may require, including signing any deeds or other documents, to ensure AEMO has the benefit of the increase in the amount of the Security Deposit.
- 4.13A.8. In respect of a Reserve Capacity Cycle, after the time and date referred to in clause 4.1.23, a Market Participant may apply to AEMO for a recalculation of the amount of DSM Reserve Capacity Security required to be held for a Demand Side Programme under clauses 4.13A.1 or 4.13A.4, as applicable.
- 4.13A.9. Within ten Business Days after receipt of a request from a Market Participant under clause 4.13A.8, AEMO must recalculate the amount of DSM Reserve Capacity Security required to be held for a

Demand Side Programme under clauses 4.13A.1 or 4.13A.4, as applicable. If the amount recalculated by AEMO under clauses 4.13A.1 or 4.13A.4, as applicable, is less than that previously calculated under clauses 4.13A.1 or 4.13A.4, as applicable, then AEMO must:

- (a) notify the Market Participant of the result of the calculation;
- (b) offer the Market Participant the opportunity to replace the DSM Reserve Capacity Security in accordance with clause 4.13A.10, and
- (c) if the Market Participant provides a replacement DSM Reserve Capacity Security in accordance with clause 4.13A.10, return any excess DSM Reserve Capacity Security.

4.13A.10. Where under clause 4.13A.9 AEMO notifies a Market Participant that excess DSM Reserve Capacity Security is currently held, then a Market Participant may replace the existing DSM Reserve Capacity Security with replacement DSM Reserve Capacity Security which must:

- (a) be in the form specified in clause 4.13A.6;
- (b) be an amount not less than the amount required under clauses 4.13A.1 or 4.13A.4, as applicable; and
- (c) become effective before AEMO returns any excess DSM Reserve Capacity Security.

4.13A.11. Where a Market Participant's existing DSM Reserve Capacity Security is due to expire or cease to have effect for any reason and after that expiration the Market Participant will continue to have an obligation to ensure AEMO holds the benefit of DSM Reserve Capacity Security under clause 4.13A.1, then the Market Participant must ensure that AEMO holds the benefit of replacement DSM Reserve Capacity Security that is:

- (a) in the form specified in clause 4.13A.6;
- (b) an amount not less than the amount required under clauses 4.13A.1 or 4.13A.4, as applicable; and
- (c) effective when the existing DSM Reserve Capacity Security expires or otherwise ceases to have effect.

4.13A.12. Where a Market Participant's DSM Reserve Capacity Security is affected by any of the circumstances specified in the Market Procedure referred to in clause 4.13A.23 that may require replacement DSM Reserve Capacity Security, then the Market Participant must ensure that AEMO holds the benefit of replacement DSM Reserve Capacity Security that is:

- (a) in the form specified in clause 4.13A.6;
- (b) an amount not less than the level required under clauses 4.13A.1 or 4.13A.4, as applicable; and
- (c) effective before the end of the next Business Day or within any longer period approved in writing by AEMO after the Market Participant first becomes aware of the relevant change in circumstance (whether by reason of the Market Participant's own knowledge or a notification by AEMO).

- 4.13A.13. Where DSM Reserve Capacity Security is provided as a Security Deposit in accordance with clause 4.13A.6(b), it will accrue interest daily at the AEMO Deposit Rate, and AEMO must pay the Market Participant the interest accumulated at the end of each calendar month less any liabilities and expenses incurred by AEMO, including bank fees and charges.
- 4.13A.14. If a Market Participant does not comply with clause 4.13A.1 in full by the date and time specified in:
- (a) clause 4.1.13(b)(i), in the case of a Demand Side Programme with Certified Reserve Capacity specified to be traded bilaterally in accordance with clause 4.14.1(c) or a Demand Side Programme subject to a Network Control Service Contract; or
  - (b) clause 4.1.13(b)(ii), in the case of a Demand Side Programme with Certified Reserve Capacity specified to be offered into the Reserve Capacity Auction in accordance with clause 4.14.1(a) and where none of the Demand Side Programme's Certified Reserve Capacity is specified to be traded bilaterally in accordance with clause 4.14.1(c),
- for the Reserve Capacity Cycle to which the certification relates, the Certified Reserve Capacity assigned to that Demand Side Programme will lapse for the purposes of these Market Rules (including for the purposes of setting the Reserve Capacity Obligation Quantity).
- 4.13A.15. If a Market Participant that provides DSM Reserve Capacity Security in respect of a Demand Side Programme fails to reduce the consumption of the Associated Loads for that Demand Side Programme to a level which is at least equivalent to its Required Level, adjusted to 90 percent of the level of Capacity Credits specified in clause 4.20.5A, in at least two Trading Intervals before the end of the relevant Capacity Year, then the Market Participant must pay to AEMO, as compensation to the market, an amount equal to the DSM Reserve Capacity Security amount for that Demand Side Programme for that Capacity Year as soon as practicable after the end of the relevant Capacity Year and in any event by 30 November of Year 4 of the relevant Reserve Capacity Cycle.
- 4.13A.16. The payment obligation under clause 4.13A.15 may be satisfied by AEMO drawing upon the DSM Reserve Capacity Security for the Demand Side Programme, and applying the amount claimed (after meeting AEMO's costs associated with doing so) so as to:
- (a) firstly, offset the cost of funding Supplementary Capacity Contracts for any capacity shortage stemming entirely or in part from the Demand Side Programme not being available; and
  - (b) secondly, once all costs to which clause 4.13A.16(a) refers are covered, make a rebate payment to Market Customers in proportion to their Individual Reserve Capacity Requirements during the Trading Month in accordance with Chapter 9.
- 4.13A.17. If the DSM Reserve Capacity Security drawn upon under clause 4.13A.16 is a Security Deposit, then the Market Participant forfeits the amount of the Security Deposit for the applicable Capacity Year.
- 4.13A.18. A Market Participant may:
- (a) where AEMO has the benefit of DSM Reserve Capacity Security in accordance with this section 4.13A, request that the DSM Reserve Capacity Security be released; or

- (b) where the Market Participant is required to provide DSM Reserve Capacity Security in accordance with this section 4.13A, request that the requirement for DSM Reserve Capacity Security is waived.

4.13A.19. Where AEMO receives a request under clause 4.13A.18 it must, within ten Business Days:

- (a) having regard to the matters in clause 4.13A.20, determine whether AEMO will release the DSM Reserve Capacity Security or waive the requirement for DSM Reserve Capacity Security;
- (b) notify the Market Participant of its determination;
- (c) if the DSM Reserve Capacity Security is a Security Deposit that is to be released, return the Security Deposit (plus interest earned); and
- (d) if the DSM Reserve Capacity Security is not a Security Deposit and is to be released, notify the Security Provider that AEMO relinquishes any rights to draw on the DSM Reserve Capacity Security.

4.13A.20. In making a determination under clause 4.13A.19, AEMO must have regard to the following matters:

- (a) the size and type of the Loads associated with the Demand Side Programme;
- (b) the historical performance of the Demand Side Programme, including the results of any Reserve Capacity Tests or Verification Tests; and
- (c) any other matters AEMO considers relevant.

4.13A.21. If, at any time, AEMO is no longer satisfied that an assessment under clause 4.13A.20 would result in AEMO determining to release or waive the requirement for a Market Participant to provide AEMO with the benefit of DSM Reserve Capacity Security, AEMO must give notice to the Market Participant specifying:

- (a) that the Market Participant must provide AEMO with the benefit of DSM Reserve Capacity Security;
- (b) the reasons for its decision;
- (c) the amount of the DSM Reserve Capacity Security as determined in accordance with clauses 4.13A.1 or 4.13A.4, as applicable; and
- (d) the date by which the Market Participant must provide AEMO with the benefit of DSM Reserve Capacity Security, which must not be before the date which is five Business Days after the date of the notice.

4.13A.22. Where a Market Participant receives a notice under clause 4.13A.21, the Market Participant must provide AEMO with the benefit of DSM Reserve Capacity Security for an amount and by the date specified in the notice.

4.13A.23. AEMO must document in a Market Procedure the processes relating to:

- (a) determining DSM Reserve Capacity Security;
- (b) assessing persons against the Acceptable Credit Criteria;

- (c) DSM Reserve Capacity Security arrangements, including:
  - i. the form of acceptable guarantees and bank undertakings;
  - ii. where and how it will hold Security Deposits and how the costs and fees of holding Security Deposits will be met;
  - iii. the circumstances that may require DSM Reserve Capacity Security to be replaced for the purposes of clause 4.13A.12; and
  - iv. the application of monies drawn from DSM Reserve Capacity Security in respect of amounts payable by the relevant Market Participant to AEMO under clause 4.13A.16; and
- (d) requests under clause 4.13A.18, including:
  - i. how AEMO will make a determination on whether to accept or decline a request under clause 4.13A.19;
  - ii. the matters AEMO may take into account;
  - iii. the evidence a Market Participant will be required to provide in support of a request; and
  - iv. if AEMO declines a request, that AEMO will be required to provide reasons to the relevant Market Participant; and
- (e) any other matters relating to this section 4.13A.

4.13A.24. If AEMO determines that a Market Participant no longer has any Reserve Capacity Obligations with respect to any Capacity Year for which the Market Participant was assigned Capacity Credits, AEMO must return any DSM Reserve Capacity Security to the Market Participant as soon as practicable after the end of the relevant Capacity Year and in any event by 30 November of Year 4 of the relevant Reserve Capacity Cycle.

4.13A.25. For the purposes of these Market Rules, in determining whether a Demand Side Programme is in Commercial Operation, AEMO may have regard to any information AEMO considers relevant.

**54. Heading inserted immediately before section 4.14**

Insert the heading 'Commitment of Capacity to Auction or Bilateral Trade' immediately before section 4.14.

**55. Clause 4.14.1 amended**

In clause 4.14.1(a) insert the words 'subject to clause 4.14.1A,' before the words 'the total amount of'.

In clause 4.14.1(c) insert the word 'and' after the words 'bilaterally';.

Delete clause 4.14.1(ca).

In clause 4.14.1 after clause (d) delete the words 'where the sum of the values for clause 4.14.1(a), (c), (ca) and (d) must equal the Certified Reserve Capacity of the Facility for the Reserve Capacity Cycle' and replace them with the words 'where the sum of the values for clauses 4.14.1(a), (c) and (d) must equal the Certified Reserve Capacity of the Facility for the Reserve Capacity Cycle.'

**56. Clause 4.14.1A amended**

Delete clause 4.14.1A and replace it with the following:

4.14.1A. A Market Participant holding Certified Reserve Capacity associated with:

- (a) a Transitional Facility in a Transitional Reserve Capacity Cycle; or
- (b) a Fixed Price Facility in a Fixed Price Reserve Capacity Cycle for that Fixed Price Facility, must not nominate any of that Certified Reserve Capacity under clause 4.14.1(a).

**57. Clause 4.14.1B added**

Insert new clause 4.14.1B as follows:

4.14.1B. A Market Participant holding Certified Reserve Capacity for the current Reserve Capacity Cycle may, by the date and time specified in clause 4.1.14, nominate to AEMO by notice in writing that the Facility be classified as a Fixed Price Facility.

**58. Clause 4.14.1C added**

Insert new clause 4.14.1C as follows:

4.14.1C. For the purposes of clause 4.14.1B, a Facility may only be nominated to be classified as a Fixed Price Facility if:

- (a) the Facility has not been assigned Capacity Credits in a previous Reserve Capacity Cycle;
- (b) the Facility is a generating system;
- (c) the Facility is not considered by AEMO to be in Commercial Operation;
- (d) the Facility is not subject to a Network Control Service Contract (at the date Capacity Credits are first assigned to the Facility); and
- (e) sections 4.28B or 4.28C do not apply to the Facility.

**59. Clause 4.14.2 amended**

Delete clause 4.14.2 and replace it with the following:

4.14.2. A Capacity Credit (and the Reserve Capacity associated with a Capacity Credit) is “traded bilaterally” for the purposes of these Market Rules where:

- (a) for a Reserve Capacity Cycle up to and including the 2018 Reserve Capacity Cycle:
  - i. the Market Participant holding the Capacity Credits has entered into an arrangement with another Market Participant under which the Capacity Credits will be allocated to the other Market Participant for settlement purposes to allow the other Market Participant to meet its Individual Reserve Capacity Requirement in accordance with sections 9.4 and 9.5; or
  - ii. the Market Participant holding the Capacity Credits allocates the Capacity Credits for settlement purposes to meet its own Individual Reserve Capacity Requirement in accordance with sections 9.4 and 9.5; and
- (b) from the 2019 Reserve Capacity Cycle:

- i. the Market Participant holding the Capacity Credits in respect of a Facility has entered into an arrangement with another Market Participant under which any of the Capacity Credits for that Facility will be allocated to the other Market Participant for settlement purposes to allow the other Market Participant to meet its Individual Reserve Capacity Requirement in accordance with sections 9.4 and 9.5; or
- ii. the Market Participant holding the Capacity Credits in respect of a Facility allocates any of the Capacity Credits for that Facility for settlement purposes to meet its own Individual Reserve Capacity Requirement in accordance with sections 9.4 and 9.5.

**60. Clause 4.14.6 amended**

In clause 4.14.6 delete the words 'or 4.14.1(ca)'.

**61. Clause 4.14.9 amended**

Delete clause 4.14.9 and replace it with the following:

4.14.9. AEMO must notify each Market Participant that specified a non-zero amount under clause 4.14.1(c) by the date and time specified in clause 4.1.15 of the quantity of Certified Reserve Capacity held by the Market Participant in respect of each Facility that it can trade bilaterally, where this quantity must:

- (a) exclude Certified Reserve Capacity to which clause 4.14.8 relates; and
- (b) be determined using the methodology described in Appendix 3.

**62. Clause 4.14.10 amended**

In clause 4.14.10(a) delete the word 'clause' and replace with the word 'section'.

Delete clause 4.14.10(d) and replace it with the following:

- (d) if the Facility is not subject to a Network Contract Service Contract:
  - i. the quantity of Certified Reserve Capacity that AEMO has assigned to the Facility under section 4.11; less
  - ii. the quantity of Certified Reserve Capacity assigned to the Facility that will not be made available to the market for one of the reasons specified in clause 4.14.8; less
  - iii. the quantity of Certified Reserve Capacity assigned to the Facility that AEMO has notified the Market Participant, under clause 4.14.9, can be traded bilaterally.

**63. Clause 4.14.11 amended**

In clause 4.14.11 insert the words 'bilateral trade' between the words 'must follow for the' and 'declaration under' in clause 4.14.11.

**64. Clause 4.15.2(b) amended**

In clause 4.15.2(b)ii insert the word 'bilaterally' in between the words 'traded' and 'under'.

In clause 4.15.2(b)iii delete the word 'clause' and replace it with the word 'section'.



**65. Clause 4.17.10 deleted**

Delete clause 4.17.10.

**66. Clause 4.18.1 amended**

In clause 4.18.1(c) insert the words 'and Demand Side Programmes' between the words 'Interruptible Loads' and ', a single Price Quantity'.

**67. Clause 4.18.2 amended**

Delete clause 4.18.2(b) and replace it with the following:

- (b) an offer price in units of dollars per MW per year expressed to a precision of \$0.01/MW between:
  - i. zero and 110 percent of the Benchmark Reserve Capacity Price for a Reserve Capacity Cycle up to and including the 2018 Reserve Capacity Cycle; and
  - ii. zero and 130 percent of the Benchmark Reserve Capacity Price for a Reserve Capacity Cycle from the 2019 Reserve Capacity Cycle onwards;

In clause 4.18.2(d) insert the words 'or Demand Side Programme' between the words 'Interruptible Load' and ', the Availability Class'.

**68. Clause 4.20.1 amended**

In clause 4.20.1(c)i insert the word 'bilaterally' between the words 'it can trade' and 'under clause 4.14.9'.

In clause 4.20.1(d)iii delete the words 'or acquired by AEMO under clause 4.14.1(ca)'.

In clause 4.20.1(e) insert the word 'bilaterally' between the words 'approval to trade' and 'under clause 4.14.9'.

**69. Clause 4.20.5A amended**

Delete clause 4.20.5A(aA) and replace it with the following:

- (aA) determine whether the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3:
  - i. to Facilities to which section 4.13 applies, for which no Reserve Capacity Security was required to be provided under section 4.13; or
  - ii. to Demand Side Programmes determined by AEMO to be in Commercial Operation; and

Delete clause 4.20.5A(b) and replace it with the following:

- (b) publish AEMO's determination under clause 4.20.5A(aA) and, for each Facility assigned Capacity Credits under clause 4.20.5A(a), the quantity of Capacity Credits assigned and the Facility Class:
  - i. if a Reserve Capacity Auction is cancelled under clause 4.15.1 – by the date and time specified in clause 4.1.16; and
  - ii. if a Reserve Capacity Auction is not cancelled under clause 4.15.1 – by the date and time specified in clause 4.1.21A.

**70. Clause 4.20.5AA added**

Insert new clause 4.20.5AA as follows:

4.20.5AA. For each Reserve Capacity Cycle, where AEMO has assigned Capacity Credits to Facilities at any of the following prices, AEMO must publish a summary of the aggregate quantity of MW of Capacity Credits assigned to Facilities at each price for the Reserve Capacity Cycle:

- (a) the Reserve Capacity Price;
- (b) if the Reserve Capacity Cycle is also a Transitional Reserve Capacity Cycle, the Facility Monthly Reserve Capacity Price for a Transitional Facility determined in accordance with clause 4.29.1B multiplied by 12;
- (c) if the Reserve Capacity Cycle is also a Fixed Price Reserve Capacity Cycle, the Facility Monthly Reserve Capacity Price for each Fixed Price Facility that is a Fixed Price Facility for that Fixed Price Reserve Capacity Cycle determined in accordance with clause 4.29.1D multiplied by 12; and
- (d) each Special Reserve Capacity Price.

**71. Clause 4.20.5B amended**

In clause 4.20.5B(b) delete the words 'or 4.14.1(ca)'.

**72. Clause 4.25.1 amended**

In clause 4.25.1(b) delete the words 'paragraph (b)' and replace them with the words 'clause 4.25.1(b)'.

**73. Clause 4.25.4B amended**

In clause 4.25.4B insert a full stop after the clause number so that it reads 'clause 4.25.4B.'

**74. Clause 4.25.4E amended**

In clause 4.25.4E delete the words 'clause 4.26' and replace them with the words 'section 4.26'.

**75. Clause 4.26.1 amended**

In clause 4.26.1(a) insert '(f,t)' in the formula after the 'Y' so that it reads as follows 'Trading Interval Refund Rate(f,t)=RF(f,t) x Y(f,t)'.

Delete clause 4.26.1(a)iii and replace it with the following:

- iii. Y is the per interval capacity price associated with a Facility f in the Trading Interval t and is determined in accordance with clause 4.26.1(b).

In clause 4.26.1(b)i delete the word 'for' at the beginning of the clause and replace it with the words 'where Facility f is'.

In clause 4.26.1(b)ii delete the word 'for' at the beginning of the clause and replace with the words 'where Facility f is'.

In clause 4.26.1(b)ii delete the word 'and' at the end of the clause.

Insert new clause 4.26.1(b)iiA as follows:

- iiA. where Facility f is an Intermittent Load, Y equals the Reserve Capacity Price divided by 12 then divided by the number of Trading Intervals in the relevant Trading Month the Trading Interval t falls in; and

Delete clause 4.26.1(b)iii and replace with the following:

- iii. with the exception of clauses 4.26.1(b)(i), 4.26.1(b)(ii) and 4.26.1(b)(iiA), for a Facility f in the Trading Interval t, Y equals:

In clause 4.26.1(b)iii.1. insert the word 'Facility' between the words 'the' and 'Monthly Reserve Capacity Price'.

Delete clause 4.26.1(e) and replace it with the following:

- (e) For a Facility f in the Trading Interval t, Spare(f,t) is determined as follows:
- i. where Facility f is a Scheduled Generator, the greater of zero and:
    1. the MW quantity of Capacity Credits for Facility f in Trading Interval t; less
    2. the MW quantity of Outage for Facility f in Trading Interval t as recorded under clause 7.13.1A(b); less
    3. the Sent Out Metered Schedule for Facility f in Trading Interval t multiplied by two so as to be a MW quantity;
  - ii. where Facility f is a Non-Scheduled Generator, zero; and
  - iii. where Facility f is a Demand Side Programme which has a Reserve Capacity Obligation Quantity in the Trading Interval t, Spare(f,t) is equal to:

$$\max\{0, \min\left(\text{RCOQ}(f,t), (\text{DSP Load}(f,t) - \text{DSP MinLoad}(f,t))\right)\}$$

where:

1. [Blank]
2. RCOQ(f,t) is the Reserve Capacity Obligation for the Demand Side Programme f in the Trading Interval t;
3. DSP Load(f,t) is the Demand Side Programme Load for the Demand Side Programme f in the Trading Interval t as determined under clause 6.16.2 multiplied by two so as to be a MW quantity; and
4. DSP MinLoad(f,t) is the sum of the Minimum Consumption of each Associated Load of the Demand Side Programme f in MW in the Trading Interval t.

## 76. Clause 4.28.2 amended

In clause 4.28.2(c) delete the contents of the clause and replace it with '[Blank]'.

In clause 4.28.2(cB) insert the word 'Facility' before the words 'Monthly Reserve Capacity Price' and delete the words 'clause 4.29.1' and replace them with the words 'clause 4.29.1A'.

In clause 4.28.2(d) insert the word 'Facility' before the words 'Monthly Reserve Capacity Price' and delete the words 'clause 4.29.1' and replace them with the words 'clause 4.29.1A'.

**77. Clause 4.28.3 amended**

Delete the words ', being the cost defined under clause 4.28.1(a)'

**78. Clause 4.28.4 amended**

Delete clause 4.28.4 and replace it with the following:

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); and
- (b) the net payments to be made by AEMO under Supplementary Capacity Contracts less any amount drawn under a Reserve Capacity Security or a DSM Reserve Capacity Security by AEMO and distributed in accordance with clauses 4.13.11A(a) or 4.13A.16(a); less
- (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 or a DSM Reserve Capacity Security by AEMO and distributed in accordance with clauses 4.13.11A(b) or 4.13A.16(b),

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

**79. Clause 4.28A.1 amended**

In clause 4.28A.1(a) delete the words 'clause 4.26.1(b)(iii)' and replace them with the words 'clause 4.26.1(b)(iiA)'

**80. Clause 4.28B.8 amended**

In clause 4.28B.8(a) delete the word 'and' at the end of the clause.

In clause 4.28B.8(b) delete the '.' at the end of the clause and replace it with '; and'.

Insert new clause 4.28B.8(c) as follows:

- (c) is not eligible for a Facility Monthly Reserve Capacity Price that is determined in accordance with clause 4.29.1D.

**81. Clause 4.28C.13 amended**

Delete clause 4.28C.13(a) and replace it with the following:

- (a) the start date is:
  - i. where AEMO has determined, under clause 4.20.5A(aA), that the Reserve Capacity Requirement has been met or exceeded with the Capacity Credits assigned for Year 3:
    - 1. to Facilities to which section 4.13 applies, for which no Reserve Capacity Security was required to be provided under section 4.13; or
    - 2. to Demand Side Programmes determined by AEMO to be in Commercial Operation, 1 October of Year 3 of the Reserve Capacity Cycle to which the application relates, as determined under clause 4.28C.2; and

- ii. where AEMO has determined, under clause 4.20.5A(aA), that the Reserve Capacity Requirement has not been met with the Capacity Credits assigned for Year 3:
  - 1. to Facilities to which section 4.13 applies, for which no Reserve Capacity Security was required to be provided under section 4.13; or
  - 2. to Demand Side Programmes determined by AEMO to be in Commercial Operation, for:
    - 3. Facilities that complete all Commissioning Tests and are capable of meeting Reserve Capacity Obligations in full, between the scheduled time for the Reserve Capacity Auction for the Reserve Capacity Cycle as specified in clause 4.1.18(a) and 1 June of Year 3 – 1 June of Year 3;
    - 4. Facilities commissioned between 1 June of Year 3 and 1 October of Year 3 – the date on which the Facility completes all Commissioning Tests and is capable of meeting Reserve Capacity Obligations in full, as specified in accordance with clause 4.10.1(c)(iii)(7), or as revised in accordance with clause 4.27.11A; or
    - 5. new generating systems undertaking Commissioning Tests after 1 October of Year 3 – 1 October of Year 3; and

**82. Clause 4.28C.14 amended**

In clause 4.28C.14(a) delete the word 'and'.

In clause 4.28C.14(b) delete the '.' and replace it with '; and'.

Insert new clause 4.28C.14(c) as follows:

- (c) are not eligible for a Facility Monthly Reserve Capacity Price that is determined in accordance with clause 4.29.1D.

**83. Clause 4.29.1 amended**

In clause 4.29.1 delete the word 'Monthly' before the words 'Reserve Capacity Price' and delete the words 'equal -' and replace them with 'equal:'.

In clause 4.29.1(a) insert the words 'determined from the Reserve Capacity Auction result' between the words 'Reserve Capacity Price' and 'for the Reserve Capacity Cycle' and delete the words 'divided by 12'.

In clause 4.29.1(b) delete the words 'run -' and replace them with the words 'run:'.

In clause 4.29.1(b)i delete the words 'divided by 12'.

In clause 4.29.1(b)ii delete the words 'divided by 12' and delete the words 'of -' and replace them with the words 'of:'.

In clause 4.29.1(b)iii delete the word '2021' and replace it with the word '2018' and delete the words 'and divided by 12-' and replace them with ':'.

In clause 4.29.1(b)iii delete the last three rows of the table and replace the text immediately below the table with the following:

where:

BRCP is the Benchmark Reserve Capacity Price determined in accordance with section 4.16; and surplus is the pro rata excess capacity calculated as follows:

$$\text{surplus} = [\max(0, (\frac{CC-RCR}{RCR}))]$$

where:

CC is the total number of Capacity Credits assigned by AEMO in accordance with clause 4.20.5A for the Reserve Capacity Cycle; and

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

Delete clause 4.29.1(b)(iv) and replace with the following:

- iv. for a Reserve Capacity Cycle from the 2019 Reserve Capacity Cycle onwards, the value calculated using the following formula:

$$\max(\text{Segment 1, Segment 2, 0}) * \text{BRCP}$$

where:

$$\text{Segment 1} = \frac{\text{EZ BRCP Factor} - \text{BRCP Cap Factor}}{\text{EZ}} \times \text{surplus} + \text{BRCP Cap Factor}$$

$$\text{Segment 2} = \frac{\text{EZ BRCP Factor}}{\text{EZ} - \text{AZ}} \times (\text{surplus} - \text{AZ})$$

BRCP is the Benchmark Reserve Capacity Price determined in accordance with section 4.16;

BRCP Cap Factor is 1.3;

EZ BRCP Factor is 0.5;

EZ is 0.1;

AZ is 0.3; and

surplus is the pro rata excess capacity calculated as follows:

$$\text{surplus} = [\max(0, (\frac{CC-RCR}{RCR}))]$$

where:

CC is the total number of Capacity Credits assigned by AEMO in accordance with clause 4.20.5A for the Reserve Capacity Cycle; and

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

#### **84. Clause 4.29.1A added**

Insert a new clause 4.29.1A as follows:

- 4.29.1A. The Facility Monthly Reserve Capacity Price for a Reserve Capacity Cycle to apply during the period specified in clause 4.1.29 is equal to:

- (a) for a Reserve Capacity Cycle up to and including the 2018 Reserve Capacity Cycle:

- i. for a Facility to which a Special Price Arrangement applies, the Facility Monthly Special Reserve Capacity Price determined in accordance with clause 4.29.2; or
  - ii. for all other Facilities, the Reserve Capacity Price for the Reserve Capacity Cycle divided by 12; and
- (b) for a Reserve Capacity Cycle from the 2019 Reserve Capacity Cycle onwards:
- i. for a Facility to which a Special Price Arrangement applies, the Facility Monthly Special Reserve Capacity Price determined in accordance with clause 4.29.2;
  - ii. for a Transitional Facility during a Transitional Reserve Capacity Cycle, the value determined in accordance with clause 4.29.1B;
  - iii. for a Fixed Price Facility during a Fixed Price Reserve Capacity Cycle for that Fixed Price Facility, the value determined in accordance with clause 4.29.1D for that Fixed Price Facility; or
  - iv. for all other Facilities, the Reserve Capacity Price for the Reserve Capacity Cycle divided by 12.

**85. Clause 4.29.1B added**

Insert a new clause 4.29.1B as follows:

4.29.1B. The Facility Monthly Reserve Capacity Price for a Transitional Facility during a Transitional Reserve Capacity Cycle is the value calculated using the formula below divided by 12:

$$\text{TFMRCP} = \text{Min}(\text{max}(\text{Reserve\_Capacity\_Price}, \text{Trans\_Floor}), \text{Trans\_Ceiling})$$

where:

TFMRCP is the Facility Monthly Reserve Capacity Price for the Transitional Facility in the current Transitional Reserve Capacity Cycle for that Transitional Facility;

Reserve\_Capacity\_Price is the Reserve Capacity Price as determined in accordance with clause 4.29.1 for the Reserve Capacity Cycle;

Trans\_Ceiling equals \$140,000 for the 2019 Reserve Capacity Cycle and for each subsequent Transitional Reserve Capacity Cycle, the value as escalated in accordance with clause 4.29.1C(a); and

Trans\_Floor equals \$114,000 for the 2019 Reserve Capacity Cycle and for each subsequent Transitional Reserve Capacity Cycle, the value as escalated in accordance with clause 4.29.1C(b).

**86. Clause 4.29.1C added**

Insert a new clause 4.29.1C as follows:

4.29.1C. The escalation factors used in clause 4.29.1B are equal to:

- (a) For Trans\_Ceiling:

$$\text{Trans\_Ceiling} = \text{Trans\_Ceiling}_{[\text{previous}]} \times \text{max}(1, (1 + \text{CPI}))$$

where:

Trans\_Ceiling<sub>[previous]</sub> is the value of Trans\_Ceiling published for the previous Transitional Reserve Capacity Cycle; and

CPI is the latest published value of the Reserve Bank of Australia's Statement of Monetary Policy forecast Consumer Price Index for June of Year 3 of the relevant Transitional Reserve Capacity Cycle; or if that value is not available, the mid-point of the Reserve Bank's latest published target range of inflation, at the time AEMO undertakes the calculation in clause 4.29.2A.

(b) For Trans\_Floor:

$$\text{Trans\_Floor} = \text{Trans\_Floor}_{[\text{previous}]} \times \max(1, (1 + \text{CPI}))$$

where:

Trans\_Floor<sub>[previous]</sub> is the value of Trans\_Floor published for the previous Transitional Reserve Capacity Cycle; and

CPI is the latest published value of the Reserve Bank of Australia's Statement of Monetary Policy forecast Consumer Price Index for June of Year 3 of the relevant Transitional Reserve Capacity Cycle; or if that value is not available, the mid-point of the Reserve Bank's latest published target range of inflation, at the time AEMO undertakes the calculation in clause 4.29.2A.

#### 87. Clause 4.29.1D added

Insert a new clause 4.29.1D as follows:

4.29.1D. The Facility Monthly Reserve Capacity Price for a Fixed Price Facility during a Fixed Price Reserve Capacity Cycle for the Fixed Price Facility is:

- (a) for the first Reserve Capacity Cycle for which a Facility is classified as a Fixed Price Facility, the Reserve Capacity Price divided by 12; and
- (b) for each subsequent Fixed Price Reserve Capacity Cycle for the Fixed Price Facility, the value calculated in accordance with the following formula divided by 12:

$$\text{FRCP} = \text{FRCP}_{[\text{previous}]} \times \max(1, (1 + \text{CPI}))$$

where:

FRCP is the Facility Monthly Reserve Capacity Price for the Fixed Price Facility in the current Fixed Price Reserve Capacity Cycle for that Fixed Price Facility;

FRCP<sub>[previous]</sub> is the Facility Monthly Reserve Capacity Price for the Fixed Price Facility in the previous Fixed Price Reserve Capacity Cycle for that Fixed Price Facility; and

CPI is the latest published value of the Reserve Bank of Australia's Statement of Monetary Policy forecast Consumer Price Index for June of Year 3 of the relevant Fixed Price Reserve Capacity Cycle; or if that value is not available, the mid-point of



the Reserve Bank's latest published target range of inflation at that time, at the time AEMO undertakes the calculation in clause 4.29.2A.

**88. Clause 4.29.2 amended**

In clause 4.29.2 insert the word 'Facility' before the words 'Monthly Special Reserve Capacity Price'.

**89. Clause 4.29.2A added**

Insert a new clause 4.29.2A as follows:

4.29.2A. AEMO must determine the information specified in clause 4.29.2B by:

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

**90. Clause 4.29.2B added**

Insert a new clause 4.29.2B as follows:

4.29.2B. For each Reserve Capacity Cycle AEMO must determine the following information in accordance with this section 4.29:

- (a) the Facility Monthly Reserve Capacity Price for a Transitional Facility if the Reserve Capacity Cycle is a Transitional Reserve Capacity Cycle;
- (b) the Facility Monthly Reserve Capacity Price for each Fixed Price Facility for which the Reserve Capacity Cycle is a Fixed Price Reserve Capacity Cycle;
- (c) the Facility Monthly Reserve Capacity Price for all other Facilities; and
- (d) the Facility Monthly Special Reserve Capacity Price for each Special Price Arrangement for the Reserve Capacity Cycle.

**91. Clause 4.29.3(a) amended**

In clause 4.29.3(a) insert the word 'Facility' before the words 'Monthly Reserve Capacity'.

**92. Section 6.11A amended**

Insert '.' in the heading of section 6.11A so that it reads '6.11A.'

**93. Clause 6.11A.2 amended**

In clause 6.11A.2 delete the words 'practicable-' and replace them with 'practicable:'

In clause 6.11A.2(a) delete the words '6.11A.4 -' and replace it with the words '6.11A.4:'.

**94. Clause 6.17.6D amended**

In clause 6.17.6D delete the words 'consumption –' and replace them with the words 'consumption:'.

In clause 6.17.6D(b) delete the words 'with –' and replace them with the words 'with:'.

In clause 6.17.6D delete the words after clause 6.17.6D(b)vi 'then –' and replace them with the words 'then:'.

**95. Clause 7.6.1C amended**

In clause 7.6.1C(c) delete the word 'and' at the end of the clause.

**96. Clause 7.6.1H amended**

In clause 7.6.1H delete the words 'If –' and replace them with the words 'If:'

**97. Clause 7.7.4A amended**

In clause 7.7.4A insert the word 'clauses' after the words 'and subject to'.

**98. Clause 9.4.9 amended**

In clause 9.4.9 delete the letter only of the second clause numbered (c) and replace with (d) so the clause reads:

- (d) 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.

**99. Clause 9.4.10 amended**

In clause 9.4.10(c) insert the word 'the' after the words 'specified as the provider of'.

**100. Clause 9.5.1 amended**

In clause 9.5.1(b) insert the word 'and' at the end of the clause.

**101. Clause 9.7.1A amended**

In clause 9.7.1A delete the words 'is –' and replace them with 'is:'.

In clause 9.7.1A delete the definition of 'Monthly\_Reserve\_Capacity\_Price(m)' and replace it with the following:

Monthly\_Reserve\_Capacity\_Price(m) is the Facility Monthly Reserve Capacity Price which applies for Trading Month m as determined in accordance with clause 4.29.1A;

In clause 9.7.1A delete the definition of 'Monthly\_Special\_Price(p,m,a)' and replace with:

Monthly\_Special\_Price(p,m,a) is the Facility Monthly Special Reserve Capacity Price for Special Price Arrangement a for Market Participant p determined in accordance with clause 4.29.2 which applies for Trading Month m;

**102. Clause 9.9.2(q) amended**

Delete clause 9.9.2(q) and the text below it and replace it with the following:

- (q) the total Load Following capacity cost for Trading Month m:

$$\text{LF\_Capacity\_Cost}(m) = \text{Sum}(p \in P, \text{LF\_Capacity\_Cost\_Share}(p,m))$$

Where:

t denotes a Trading Interval in Trading Month m;

T is the set of Trading Intervals in Trading Month m;

LF\_Up(p,t) is the sum of any Ex-post Upwards LFAS Enablement quantities provided under clause 7.13.1(e) for LFAS Facilities registered to Market Participant p in Trading Interval t;

LF\_Up\_Price(t) is the Upwards LFAS Price for Trading Interval t;

LF\_Up\_Backup(p,t) is the sum of any Backup Upwards LFAS Enablement quantities for Trading Interval t if Market Participant p is Synergy and 0 otherwise;

LF\_Up\_Backup\_Price(p,t) is the Backup Upwards LFAS Price for Trading Interval t if Market Participant p is Synergy and 0 otherwise;

LF\_Down(p,t) is the sum of any Ex-post Downwards LFAS Enablement quantities provided under clause 7.13.1(eC) for LFAS Facilities registered to Market Participant p in Trading Interval t;

LF\_Down\_Price(t) is the Downwards LFAS Price for Trading Interval t;

LF\_Down\_Backup(p,t) is the sum of any Backup Downwards LFAS Enablement quantities for Trading Interval t if Market Participant p is Synergy and 0 otherwise;

LF\_Down\_Backup\_Price(p,t) is the Backup Downwards LFAS Price for Trading Interval t if Market Participant p is Synergy and 0 otherwise;

Balancing\_Price(t) is the greater of zero and the Balancing Price for Trading Interval t;

c denotes a Contracted Ancillary Service;

CAS\_SR is the set of Contracted Spinning Reserve Services;

P is the set of all Market Participants;

ASP\_SRQ(c,t) is the quantity determined by System Management for Contracted Spinning Reserve Service c in Trading Interval t multiplied by 2 to convert to units of MW;

ASP\_SRPayment(c,m) is defined in clause 9.9.4;

TITM is the number of Trading Intervals in Trading Month m (excluding any Trading Intervals prior to Energy Market Commencement);

SR\_Share(p,t) is the share of the Spinning Reserve Service payment costs allocated to Market Participant p in Trading Interval t, where this is to be determined by AEMO using the methodology described in clause 3.14.2;

LF\_Share(p,m) is the share of the Load Following Service costs allocated to Market Participant p in Trading Month m, where this is to be determined by AEMO using the methodology described in clause 3.14.1;

Margin(t) is Margin\_Peak(m), if Trading Interval t is a Peak Trading Interval and Margin\_Off-Peak(m), if Trading Interval t is a Off-Peak Trading Interval;

Margin\_Peak(m) is the reserve availability payment margin applying for Peak Trading Intervals for Trading Month m as specified by AEMO under clause 3.22.1(c);

Margin\_Off-Peak(m) is the reserve availability payment margin applying for Off-Peak Trading Intervals for Trading Month m as specified by AEMO under clause 3.22.1(d);

SR\_Capacity(t) is SR\_Capacity\_Peak(m), if Trading Interval t is a Peak Trading Interval; and SR\_Capacity\_Off-Peak(m) if Trading Interval t is an Off-Peak Trading Interval;

SR\_Capacity\_Peak(m), is the capacity necessary to cover the Ancillary Services Requirement for Spinning Reserve for Peak Trading Intervals for Trading Month m as specified by AEMO under clause 3.22.1(e);

SR\_Capacity\_Off-Peak(m), is the capacity necessary to cover the Ancillary Services Requirement for Spinning Reserve for Off-Peak Trading Intervals for Trading Month m as specified by AEMO under clause 3.22.1(f);

Ex-post\_Upwards\_LFAS\_Enablement(t) is the sum of the quantities provided under clause 7.13.1(e) for Trading Interval t;

Upwards\_LFAS\_Backup\_Enablement(t) is any quantity provided under clause 7.13.1(eA) for Trading Interval t; and

Monthly\_Reserve\_Capacity\_Price is the Reserve Capacity Price which applies for Trading Month m divided by 12.

### 103. Clause 10.5.1(f) amended

In clause 10.5.1(f) insert a new clause 10.5.1(f)ivA. as follows:

ivA. the summary of the aggregate quantity of MW of Capacity Credits assigned to Facilities and the associated capacity prices described in clause 4.20.5AA;

In clause 10.5.1(f) insert new clause 10.5.1(f)ivB. as follows:

ivB. the values determined for Trans\_Ceiling and Trans\_Floor in accordance with clause 4.29.1C that are used in the formula in clause 4.29.1B;

In clause 10.5.1(f) delete clause 10.5.1(f)v. and replace it with the following:

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 7 January of the year following the Reserve Capacity Auction;

In clause 10.5.1(f) delete clause 10.5.1(f)vi. and replace it with the following:

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, 7 January of each year;

In clause 10.5.1(f) delete clause 10.5.1(f)vii. and replace it with the following:

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 7 January of the year following the Reserve Capacity Auction;

## 104. Chapter 11 Glossary

Amend the following definitions

### **2016 Reserve Capacity Cycle**

In the definition of '2016 Reserve Capacity Cycle' delete the words 'Cycle –' and replace them with the words 'Cycle:'.

### **2017 Reserve Capacity Cycle**

In the definition of '2017 Reserve Capacity Cycle' delete the words 'Cycle –' and replace them with the words 'Cycle:'.

### **2018 Reserve Capacity Cycle**

In the definition of '2018 Reserve Capacity Cycle' delete the words 'Cycle –' and replace them with the words 'Cycle:'.

### **2019 Reserve Capacity Cycle**

Insert a new definition for '2019 Reserve Capacity Cycle' as follows:

**2019 Reserve Capacity Cycle:** Means the Reserve Capacity Cycle:

- (a) in which Year 1 of that Reserve Capacity Cycle is 2019; and
- (b) which relates to Reserve Capacity required between 1 October 2021 and 1 October 2022.

## **AZ**

Insert a new definition for 'AZ' as follows:

**AZ:** Means the ratio of excess Reserve Capacity to the Reserve Capacity Requirement for a Reserve Capacity Cycle that is determined to be sufficiently high for the Reserve Capacity Price to be zero.

## **BRCP Cap Factor**

Insert a new definition for 'BRCP Cap Factor' as follows:

**BRCP Cap Factor:** Means the ratio of the Reserve Capacity Price to the Benchmark Reserve Capacity Price for a Reserve Capacity Cycle if there was to be no excess Reserve Capacity in that Reserve Capacity Cycle.

## **Candidate Fixed Price Facility**

Insert a new definition for 'Candidate Fixed Price Facility' as follows:

**Candidate Fixed Price Facility:** Means a Facility that has been nominated to be classified as a Fixed Price Facility in accordance with clause 4.14.1B.

## **Commercial Operation**

Delete the definition for 'Commercial Operation' and replace it with the following:

**Commercial Operation:** The status determined by AEMO that:

- (a) under clause 4.13.10B a Facility (other than a Demand Side Programme); or
- (b) under clause 4.13A.25 a Demand Side Programme,

is operating in the Wholesale Electricity Market.

### **DSM Reserve Capacity Security**

Insert a new definition for 'DSM Reserve Capacity Security' as follows:

**DSM Reserve Capacity Security:** The reserve capacity security to be provided for a Demand Side Programme that:

- (a) has the meaning given in clause 4.13A.6; and
- (b) is as calculated and re-calculated under section 4.13A.

### **EZ**

Insert a new definition for 'EZ' as follows:

**EZ:** Means the ratio of excess Reserve Capacity to the Reserve Capacity Requirement for a Reserve Capacity Cycle at which no additional resources should enter the market under a very wide range of market conditions.

### **EZ BRCP Factor**

Insert a new definition for 'EZ BRCP Factor' as follows:

**EZ BRCP Factor:** Means the ratio of the Reserve Capacity Price to the Benchmark Reserve Capacity Price for a Reserve Capacity Cycle if the ratio of excess Reserve Capacity to the Reserve Capacity Requirement for a Reserve Capacity Cycle was equal to EZ in that Reserve Capacity Cycle.

### **Facility Monthly Reserve Capacity Price**

Insert a new definition for 'Facility Monthly Reserve Capacity Price' as follows:

**Facility Monthly Reserve Capacity Price:** Means the dollar price per Capacity Credit per Trading Month calculated in respect of a Facility in accordance clause 4.29.1A.

### **Facility Monthly Special Reserve Capacity Price**

Insert a new definition for 'Facility Monthly Special Reserve Capacity Price' as follows:

**Facility Monthly Special Reserve Capacity Price:** Means the dollar price per Capacity Credit per Trading Month calculated in respect of a Facility in accordance with clause 4.29.2.

### **Fixed Price Facility**

Insert a new definition for 'Fixed Price Facility' as follows:

**Fixed Price Facility:** Means a Candidate Fixed Price Facility that was assigned Capacity Credits for a Reserve Capacity Cycle in which it nominated in accordance with clause 4.14.1B to be classified as a Fixed Price Facility.

### **Fixed Price Reserve Capacity Cycle**

Insert a new definition for 'Fixed Price Reserve Capacity Cycle' as follows:

**Fixed Price Reserve Capacity Cycle:** Means, for a Fixed Price Facility, which is either:

- (a) the Reserve Capacity Cycle in which the Fixed Price Facility was first assigned Capacity Credits; or
- (b) any of the subsequent four Reserve Capacity Cycles.

### **Maximum Facility Refund**

In the definition of 'Maximum Facility Refund' delete the words 'that –' and replace them with 'that:'.

### **Monthly Reserve Capacity Price**

Delete the definition of 'Monthly Reserve Capacity Price'.

### **Monthly Special Reserve Capacity Price**

Delete the definition of 'Monthly Special Reserve Capacity Price'.

### **Reserve Capacity Price**

Delete the definition of 'Reserve Capacity Price' and replace it with the following:

**Reserve Capacity Price:** In respect of a Reserve Capacity Cycle, the price for Reserve Capacity determined in accordance with clause 4.29.1, where this price is expressed in units of dollars per Capacity Credit per year.

### **Reserve Capacity Price Factors**

Insert a new definition for 'Reserve Capacity Price Factors' as follows:

**Reserve Capacity Price Factors:** Means the BRCP Cap Factor, the EZ BRCP Factor, EZ and AZ used in the formula specified in clause 4.29.1(b)(iv).

### **Reserve Capacity Security**

In the definition of 'Reserve Capacity Security' insert the words '(other than a Demand Side Programme)' between the words 'Facility' and 'that'.

In the definition of 'Reserve Capacity Security' subclause (b) delete the words 'clause 4.13 and clause 4.28C' and replace them with the words 'section 4.13 and section 4.28C'.

### **Reserve Capacity Test**

In the definition of 'Reserve Capacity Test' delete the word 'clause' and replace it with the word 'section'.

### **Security Deposit**

Delete the definition of 'Security Deposit' and replace it with the following:

**Security Deposit:** Means a cash deposit made with AEMO (on terms acceptable to AEMO in its absolute discretion) by or on behalf of a Market Participant.

## **Security Provider**

Insert a new definition for 'Security Provider' as follows:

**Security Provider:** Means a person or entity which meets the Acceptable Credit Criteria and which itself is not a Market Participant.

## **Shared Reserve Capacity Cost**

Insert a new definition for 'Shared Reserve Capacity Cost' as follows:

**Shared Reserve Capacity Cost:** The amount determined in accordance with clause 4.28.4.

## **Special Price Arrangement**

In the definition of 'Special Price Arrangement' insert the words 'in respect of a Facility' after the words 'Market Participant can secure a price for Reserve Capacity'.

## **Special Reserve Capacity Price**

Delete the definition of 'Special Reserve Capacity Price' and replace it with the following:

**Special Reserve Capacity Price:** In respect of a Reserve Capacity Cycle, the price for Reserve Capacity subject to a Special Price Arrangement determined in accordance with section 4.21, where this price is expressed as units of dollars per Capacity Credit per year.

## **Target Reserve Capacity Cost**

Insert a new definition for 'Target Reserve Capacity Cost' as follows:

**Targeted Reserve Capacity Cost:** The cost defined under clause 4.28.1(a).

## **Transitional Facility**

Insert a new definition for 'Transitional Facility' as follows:

**Transitional Facility:** Means a Facility (other than a Demand Side Programme) that was assigned Capacity Credits for the 2018 Reserve Capacity Cycle.

## **Transitional Reserve Capacity Cycle**

Insert a new definition for 'Transitional Reserve Capacity Cycle' as follows:

**Transitional Reserve Capacity Cycle:** Means either:

- (a) the 2019 Reserve Capacity Cycle; or
- (b) any of the subsequent Reserve Capacity Cycles up to and including the 2028 Reserve Capacity Cycle.

## **Transmission Loss Factor**

Delete the second definition of 'Transmission Loss Factor' appearing immediately before the definition of 'Unserviced Energy'.

## **105. Appendix 1(h) amended**

In clause (h)vi. of Appendix 1 delete the words 'comprising –' and replace them with the words 'comprising:'.



## 106. Appendix 3 amended

Delete the text Appendix 3 and replace with the following.

This appendix describes a single algorithm which performs two functions. One version of the algorithm is used in Part A to prevent AEMO accepting bilateral trades (as defined in clause 4.14.2) that have insufficient availability to usefully address the Reserve Capacity Requirement. Another version of the algorithm is used in Part B in the conduct of the Reserve Capacity Auction as required by clause 4.19.1.

### Part A. Testing of Bilateral Trades

The algorithm is applied in this Part A for testing of bilateral trades under clause 4.14.1(c) and for determining whether offers from Candidate Fixed Price Facilities will be accepted.

In this Part A:

- “offer” is the proposed transaction (as specified under clause 4.14.1(c) for each facility);
- $Q[a]$  is the quantity associated with Availability Class “a” in clauses 4.5.12(b) or 4.5.12(c);
- $X[a]$  is the total quantity of:
  - Certified Reserve Capacity to be provided by facilities subject to Network Control Service Contracts during the period to which the Reserve Capacity Requirement applies; plus
  - the total number of Capacity Credits assigned under section 4.28C for the period to which the Reserve Capacity Requirement applies,

where the capacity is certified as belonging to Availability Class “a” and is not subject to a bilateral trade;

- $Z$  is the total quantity of bilateral offers accepted for Availability Class 1;
- the “capacity requirement” of:
  - Availability Class 1 is  $CR[1] = \max(0, Q[1] - X[1])$ ; and
  - Availability Class 2 is  $CR[2] = \max(0, \max(0, (Q[2] - X[2]) - \max(0, X[1] - Q[1]) - \max(0, Z - CR[1]))$ ; and
- “prioritisation order” means, where two or more offers are tied with respect to the selection criteria such that accepting all but one of them would result in the total capacity selected exceeding the total capacity requirement of the Availability Class, then the tied offers are to be accepted according to the following rules until the tie is resolved:
  - offers are to be accepted in decreasing order of capacity offered; then
  - offers for capacity that was included in an Expression of Interest are to be accepted ahead of capacity that was not; then
  - offers are to be accepted in the order of the time the offers were received, with the earlier offer being taken first; and then
  - offers are to be accepted in the order of the time the applications for Certified Reserve Capacity were received by AEMO, with the earlier application being taken first.

The algorithm is:

- where the set of active offers does not include any Candidate Fixed Price Facility offers, set out in section A1; and

- where the set of active offers includes a Candidate Fixed Price Facility Offer, set out in A2.

**A1. No new Candidate Fixed Price Facility offers**

Step 1: Calculate the capacity requirement of Availability Class 1.

Step 2: Let the set of active offers comprise all offers from Availability Class 1.

Step 3: Accept active offers from:

- facilities in operation; and
- committed facilities,

and remove them from the set of active offers.

Step 4: If the offers accepted under Step 3 do not fully cover the capacity requirement of Availability Class 1 then accept offers from the set of active offers applying the prioritisation order if required, until the capacity requirement of Availability Class 1 is fully covered or there are no such offers left unaccepted in the set of active offers; and remove the accepted offers from the set of active offers.

Step 5: If all offers in the set of active offers have been accepted but the capacity requirement of Availability Class 1 has not been covered, then record the difference as the capacity shortfall for Availability Class 1.

Step 6: Calculate the capacity requirement of Availability Class 2.

Step 7: Add all offers from Availability Class 2 to the set of active offers.

Step 8: Accept all active offers for:

- facilities in operation; and
- committed facilities,

and remove them from the set of active offers.

Step 9: If the offers accepted under Step 8 do not fully cover the capacity requirement of Availability Class 2 then accept offers from the set of active offers in the order of decreasing availability, applying the prioritisation order if required, until the capacity requirement of Availability Class 2 is fully covered or there are no such offers left unaccepted; and remove the accepted offers from the set of active offers.

Step 10: If all offers in the set of active offers have been accepted but the capacity requirement of Availability Class 2 has not been covered, then record the difference as the capacity shortfall for Availability Class 2.

Step 11: Report the offers accepted.

Step 12: For each Availability Class report the capacity shortfall, which indicates the amount to be procured in the auction.

Step 13: End.

**A2. New Candidate Fixed Price Facility offers**

Step 1: Calculate the capacity requirement of Availability Class 1.

Step 2: Let the set of active offers comprise all offers from Availability Class 1.

Step 3: Accept all active offers from:

- facilities in operation; and
- committed facilities that are not Candidate Fixed Price Facilities,

and remove them from the set of active offers.

Step 4: Add all offers from Availability Class 2 to the set of active offers.

Step 5: Accept all active offers from:

- facilities in operation; and
- committed facilities that are not Candidate Fixed Price Facilities,

and remove them from the set of active offers.

Step 6: If the offers accepted at Step 3 and Step 5 are:

- less than the Reserve Capacity Requirement plus 3%, then go to Step 7A; or
- equal to or more than the Reserve Capacity Requirement plus 3%, then go to Step 7C.

Step 7A: Accept offers from committed Candidate Fixed Price Facilities and remove them from the set of active offers.

Step 7B: If the offers accepted at Step 3 and Step 7A do not fully cover the capacity requirement of Availability Class 1, accept active offers in the following order, applying the prioritisation order if required, until the capacity requirement of Availability Class 1 is fully covered or there are no such offers left unaccepted in the set of active offers; and remove the accepted offers from the set of active offers:

- facilities associated with Availability Class 1 that are not Candidate Fixed Price Facilities; then
- Candidate Fixed Price Facilities that are not committed,

then go to Step 8.

Step 7C: If the offers accepted at Step 3 do not fully cover the capacity requirement of Availability Class 1, accept active offers in the following order, applying the prioritisation order if required, until the capacity requirement of Availability Class 1 is fully covered or there are no such offers left unaccepted in the set of active offers; and remove the accepted offers from the set of active offers:

- facilities associated with Availability Class 1 that are not Candidate Fixed Price Facilities; then
- committed Candidate Fixed Price Facilities; then
- Candidate Fixed Price Facilities that are not committed.

Step 8: If all offers in the set of active offers that are associated with Availability Class 1 have been accepted but the capacity requirement of Availability Class 1 has not been covered, then record the difference as the capacity shortfall for Availability Class 1.

Step 9: Calculate the capacity requirement for Availability Class 2 and, based on the offers already accepted under the previous steps, determine if there is a shortfall. Go to Step 12 if there is no shortfall, otherwise go to:

- Step 10A if no offers were accepted at Step 7A; or
- Step 10B if offers were accepted at Step 7A.

Step 10A: Accept active offers in the following order, applying the prioritisation order if required, until the capacity requirement of Availability Class 2 is fully covered or there are no such offers left unaccepted in the set of active offers; and remove the accepted offers from the set of active offers:

- committed Candidate Fixed Price Facilities; then
- facilities that are not Candidate Fixed Price Facilities in order of decreasing availability; then
- Candidate Fixed Price Facilities that are not committed.

Step 10B: Accept active offers in the following order, and applying the prioritisation order if required, until the capacity requirement of Availability Class 2 is fully covered or there are no such offers left unaccepted in the set of active offers; and remove the accepted offers from the set of active offers:

- facilities that are not Candidate Fixed Price Facilities in order of decreasing availability; then
- Candidate Fixed Price Facilities that are not committed.

Step 11: If all offers in the set of active offers have been accepted but the capacity requirement of Availability Class 2 has not been covered, then record the difference as the capacity shortfall for Availability Class 2.

Step 12: Report the offers accepted.

Step 13: For each Availability Class report the capacity shortfall, which indicates the amount to be procured in the auction.

Step 14: End.

#### **Part B. Reserve Capacity Auction**

The algorithm is applied in this Part B to conduct the Reserve Capacity Auction as required by clause 4.19.1.

In this Part B:

- “offer” is a “Reserve Capacity Offer”;
- the “capacity requirements” of Availability Classes 1 and 2 are equal to the capacity shortfalls for the respective Availability Classes reported under Step 13 of Part A of this Appendix 3; and
- “prioritisation order” means, where two or more offers are tied with respect to the selection criteria such that accepting all but one of them would result in the total capacity selected exceeding the total “capacity requirement” of the Availability Class, then the tied offers are to be accepted according to the following rules until the tie is resolved:
  - offers are to be accepted in decreasing order of capacity offered; then
  - offers for capacity that was included in an Expression of Interest are to be accepted ahead of capacity that was not; then
  - offers are to be accepted in the order of the time the offers were received, with the earlier offer being taken first; and then
  - offers are to be accepted in the order of the time the application for Certified Reserve Capacity were received by AEMO, with the earlier application being taken first.

The algorithm is:

- Step 1: Calculate the capacity requirement of Availability Class 1.
- Step 2: Let the set of active offers comprise all offers from Availability Class 1.
- Step 3: Accept offers from the set of active offers in order of increasing price, applying the prioritisation order if required, until the capacity requirement of Availability Class 1 is fully covered or until there are no offers left unaccepted in the set of active offers; and remove the accepted offers from the set of active offers.
- Step 4: If all offers in the set of active offers have been accepted but the capacity requirement of Availability Class 1 has not been fully covered, then record the difference as the capacity shortfall for Availability Class 1.
- Step 5: Calculate the capacity requirement for Availability Class 2.
- Step 6: Add all offers from Availability Class 2 to the set of active offers.
- Step 7: Accept offers from the set of active offers in order of increasing price, applying the prioritisation order if required, until the capacity requirement of Availability Class 2 is fully covered or until there are no offers left unaccepted in the set of active offers; and remove the accepted offers from the set of active offers.
- Step 8: If all offers in the set of active offers have been accepted but the capacity requirement of Availability Class 2 has not been fully covered, then record the difference as the capacity shortfall for Availability Class 2.
- Step 9: The Reserve Capacity Price must equal the price of the highest priced offer accepted; and in the special case where the Reserve Capacity Price is zero and there are offers with a price of zero that have not been accepted, then accept those offers with zero price.

- Step 10: Report the offers accepted.
- Step 11: For each Availability Class report the capacity shortfall, which indicates the amount to be procured through supplementary capacity.
- Step 12: While leaving the Reserve Capacity Price unchanged, AEMO must exchange one or more offers not accepted for one or more offers accepted in the auction if:
- the total capacity scheduled in the auction exceeds the Reserve Capacity Auction Requirement by more than 100 MW;
  - the Reserve Capacity Price exceeds zero;
  - the exchange produces the maximum possible reduction in the total value of offers accepted;
  - the exchange does not create an overall Reserve Capacity shortfall where none existed;
  - in the event that a capacity shortfall exists in one or more Availability Classes, the exchange will not shift a shortfall from an Availability Class with low availability to an Availability Class with high availability;
  - this would not result in a facility in operation or a committed facility being excluded; and
  - this would not result in an offer being accepted from a facility that had an offer accepted under Part A of Appendix 3 at a different capacity price.
- Step 13: End.

# Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019

**1. Commencement**

These amendments come into operation on 1 October 2021.

**2. Clause 2.31.13(l) amended**

Delete clause 2.31.13(l) and replace with the following:

- (l) in the case of an application to transfer a Facility, the transfer of the Facility would result in the number of Capacity Credits allocated for a Trading Month for the Facility by the Market Participant transferring the Facility exceeding the number of Capacity Credits held for that Trading Month for the Facility by the Market Participant that are able to be traded bilaterally under the Market Rules.

**3. Clause 2.34.7 amended**

In clause 2.34.7(a)ii delete the words 'or an Extra Consumption Decrease Price' and insert the word 'a' after the words 'except in relation to'.

**4. Clause 2.34.14 amended**

In clause 2.34.14(b) delete the words 'and Extra Consumption Decrease Prices'.

**5. Clause 4.5.13 amended**

In clause 4.5.13(f) insert the word 'and' after the word 'Horizon;'.

In clause 4.5.13(g) delete the ';' and replace it with '!'.

Delete clause 4.5.13(h).

Delete clause 4.5.13(i).

Delete clause 4.5.13(j).

Delete clause 4.5.13(k).

**6. Clause 4.5.14A deleted**

Delete clause 4.5.14A.

**7. Clause 4.5.14B deleted**

Delete clause 4.5.14B.

**8. Clause 4.5.14C deleted**

Delete clause 4.5.14C.

**9. Clause 4.5.14D deleted**

Delete clause 4.5.14D.

**10. Clause 4.5.14E deleted**

Delete clause 4.5.14E.

**11. Clause 4.5.14F deleted**

Delete clause 4.5.14F.

**12. Clause 4.25.1(c) amended**

Delete clause 4.25.1(c) and replace with the following:

- (c) in the case of a Demand Side Programme, during the term the Reserve Capacity Obligations apply, and during the period between 8:00 AM and 8:00 PM on a Business Day, other than a Trading Interval the subject of a Verification Test, decrease its consumption to operate at a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, at least once during the period between 1 October to 31 March.

**13. Clause 4.25.2 amended**

In clause 4.25.2(b)i delete the contents of the clause and replace it with [Blank].

Delete clause 4.25.2(b)ii and replace with the following:

- ii. testing (in its capacity as System Management), in accordance with clause 4.25.9, the Facility's ability to reduce demand to a level equivalent to its Required Level, adjusted to the level of Capacity Credits currently held, for not less than two Trading Intervals and the Facility successfully passing that test; or

**14. Clause 4.25.3B deleted**

Delete clause 4.25.3B.

**15. Clause 4.25.4 amended**

In clause 4.25.4 delete the words 'clause 4.25.3B' and replace them with the words 'clause 4.25.4G'.

**16. Clause 4.25.4B amended**

Delete clause 4.25.4B(b) and replace it with the following:

- (b) relate to:
  - i. a Facility (other than a Demand Side Programme) for which AEMO has notified the Market Participant, in accordance with clause 4.13.14, of its determination that the need to maintain the Reserve Capacity Security for that Facility has ceased; or



- ii. a Demand Side Programme that AEMO has determined is in Commercial Operation;

**17. Clause 4.25.4CA amended**

Delete clause 4.25.4CA and replace it with the following:

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

**18. Clause 4.25.4E amended**

In clause 4.25.4E delete the words 'clause 4.25.4C' and replace it with the words 'clauses 4.25.4C or 4.25.4I'.

**19. Clause 4.25.4G added**

Insert a new clause 4.25.4G as follows:

- 4.25.4G. A Market Participant may, for a Demand Side Programme that failed a Reserve Capacity Test requested by AEMO under clause 4.25.2, elect not to subject the relevant Demand Side Programme to a second Reserve Capacity Test in accordance with clause 4.25.4 by providing notice to AEMO in accordance with clause 4.25.4H.

**20. Clause 4.25.4H added**

Insert a new clause 4.25.4H as follows:

- 4.25.4H. A notification provided under clause 4.25.4G must be given to AEMO by 5:00 PM on the second Business Day after receiving notification from AEMO that the relevant Demand Side Programme failed the Reserve Capacity Test requested by AEMO under clause 4.25.2.

**21. Clause 4.25.4I added**

Insert a new clause 4.25.4I as follows:

- 4.25.4I. If a notification is given under clause 4.25.4G in accordance with clause 4.25.4H, AEMO must reduce the Capacity Credits for the relevant Demand Side Programme to the maximum level of reduction achieved in the Reserve Capacity Test conducted in accordance with clause 4.25.2.

**22. Clause 4.25.9 amended**

Delete clause 4.25.9(a) and replace it with the following:

- (a) subject to clauses 4.25.9(b), 4.25.9(c), 4.25.9(d) and (dA), endeavour to conduct the Reserve Capacity Test without warning;

In clause 4.25.9(d) delete the words 'or a Demand Side Programme'.

Insert a new clause 4.25.9(dA) as follows:

(dA) in the case of a Demand Side Programme, give at least two hours' and no more than three hours' notice to allow for arrangements to be made for the Facility to be triggered;

**23. Clause 4.25A.5 amended**

Delete clause 4.25A.5 and replace it with the following:

4.25A.5. Where a Demand Side Programme fails a Verification Test the relevant Market Customer may request that a second Verification Test be undertaken. If the Demand Side Programme:

- (a) fails the second Verification Test then the Capacity Credits assigned to the Demand Side Programme are to remain at zero until the end of the relevant Capacity Year; or
- (b) does not fail the second Verification Test, from the second Trading Day following the Scheduling Day on which the second Verification Test was performed, the Capacity Credits assigned to the Demand Side Programme are to be increased to the value applied to the Demand Side Programme immediately prior to the first Verification Test.

**24. Clause 4.26.1 amended**

Delete clause 4.26.1(b)ii and replace with the following:

ii. where Facility f is a Demand Side Programme, Y equals the Facility Monthly Reserve Capacity Price for the Facility multiplied by 12 then divided by 400;

In clause 4.26.1(b)iii.1. insert the words 'for the Facility' between the words 'Facility Monthly Reserve Capacity Price' and 'divided by'.

**25. Clause 4.28.1 amended**

In clause 4.28.1(a)ii. delete the words 'minus the total DSM Capacity Credits'.

In clause 4.28.1 after clause 4.28.1(b) delete the words ', other than DSM Capacity Credits,'.

**26. Clause 4.28.2 amended**

In clause 4.28.2(a) insert the words 'Facility for a' between the words 'in respect of a' and 'Trading Month'.

Delete clause 4.28.2(aA).

In clause 4.28.2(cA) delete the contents of the clause and replace it with [Blank].

Delete clause 4.28.2(cB) and replace it with the following:

(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 Excess Allocation Price for that Market Customer in that Trading Month; and

Delete clause 4.28.2(d) and replace it with the following:

- (d) the cost of each other Capacity Credit acquired by AEMO from a Facility is the Facility Monthly Reserve Capacity Price for that Facility in that Trading Month as determined in accordance with clause 4.29.1A.

**27. Clause 4.28.4 amended**

Delete clause 4.28.4(bA).

**28. Clause 4.29.3 amended**

In clause 4.29.3(a) insert the words 'for each Facility' after the words 'Facility Monthly Reserve Capacity Price'.

Delete clause 4.29.3(d)(i) and replace it with the following:

- i. the quantity of Capacity Credits (including Capacity Credits from Facilities subject to Network Control Service Contracts) for each Facility acquired by AEMO which are not covered by a Special Price Arrangement;

In clause 4.29.3(d)iii insert the words 'for each Facility' after the words 'Special Price Arrangements'.

In clause 4.29.3(d)iv delete the words '(other than DSM Capacity Credits)' and replace them with the words 'for each Facility'.

Delete clause 4.29.3(d)ivA.

In clause 4.29.3(d)vi insert the word 'and' at the end of the clause.

In clause 4.29.3(d)vii delete the word 'and' at the end of the clause.

Delete clause 4.29.3(d)viii.

**29. Heading of section 6.11A amended**

In the heading of section 6.11A delete the words 'and Extra Consumption Decrease Price'.

**30. Clause 6.11A.1 amended**

In clause 6.11A.1(a) delete the words 'and an Extra Consumption Decrease Price'.

In clause 6.11A.1(b) delete the words 'either or both of' and the words 'and a changed Extra Consumption Decrease Price'.

**31. Clause 6.11A.2 deleted**

In clause 6.11A.2(a) delete the words ', as applicable,' and delete the words 'clauses 6.11A.3 or 6.11A.4:' replace them with the words 'clause 6.11A.3:'.

Delete clause 6.11A.2(b) and replace it with the following:

- (b) if the received data does not comply with clause 6.11A.3, reject the received data and communicate the rejection to the Market Customer.

**32. Clause 6.11A.4 deleted**

Delete clause 6.11A.4.

**33. Clause 6.12.1 amended**

In clause 6.12.1(a)ii delete the words ', as applicable'.

Delete clause 6.12.1(a)iii and replace it with the following:

- iii. provides for each Demand Side Programme in the list in clauses 6.12.1(a)(i) and 6.12.1(a)(ii):
  - 1. the Reserve Capacity Obligation Quantity determined in accordance with clause 4.12.4(c);
  - 2. the Relevant Demand; and
  - 3. the aggregate of Minimum Consumptions across all the Facility's Associated Loads.

Delete clause 6.12.1(b)ii and replace it with the following:

- ii. be determined by ranking the Demand Side Programmes referred to in clause 6.12.1(b)(i) in increasing order of the Facility's Consumption Decrease Price applicable to that Trading Interval.

**34. Clause 6.17.6 amended**

Delete the word 'sum' and replace with 'product'.

Delete clause 6.17.6(a) and replace it with the following:

- (a) the quantity (in MWh) by which the Demand Side Programme reduced its consumption in response to a Dispatch Instruction, excluding any instructions given under a Network Control Service Contract, where this quantity is equal to the least of:
  - i. half of the Demand Side Programme's Capacity Credits;
  - ii. the requested decrease in consumption specified under clause 7.13.1(eG); and
  - iii. the greater of zero and the difference between:
    - 1. half of the Relevant Demand set in clause 4.26.2CA; and
    - 2. the Demand Side Programme Load measured in the Trading Interval, adjusted to add back any Further DSM Consumption Decrease; and

Delete clause 6.17.6(b) and replace with the following:

- (b) the applicable Consumption Decrease Price for the Facility in Trading Interval t.

**35. Clause 6.17.6B amended**

In clause 6.17.6B delete the contents of the clause and replace it with [Blank].

**36. Clause 6.17.6C amended**

In clause 6.17.6C delete the contents of the clause and replace it with [Blank].

**37. Clause 6.17.6D amended**

In clause 6.17.6D(d) delete the words 'decrease in consumption in excess of the amount referred to in clause 6.17.6D(c) ("**Further DSM Consumption Decrease**")' and replace them with the words 'Further DSM Consumption Decrease'.

**38. Clause 6.17.6E amended**

Delete clause 6.17.6E.

**39. Clause 6.17.6F amended**

Delete clause 6.17.6F.

**40. Clause 6.17.7 amended**

In clause 6.17.7 delete the contents of the clause and replace it with [Blank].

**41. Clause 6.21.2 amended**

In clause 6.21.2(b)v. insert the word 'and' after 'clause 6.17.5A,'.

In clause 6.21.2(b)vi. replace the word '; and' with ','.

Delete clause 6.21.2(b)vii.

**42. Clause 7.6.1C amended**

In clause 7.6.1C(d) delete the words 'clauses 7.6.1E and' and replace them with the word 'clause'.

In clause 7.6.1C(e) delete the words 'subject to clause 7.6.1E,'.

**43. Clause 7.6.1E amended**

In clause 7.6.1E delete the contents of the clause and replace it with [Blank].

**44. Clause 7.6.1H amended**

In clause 7.6.1H(b) delete the words '7.6.1E' and replace them with the words '7.6.1D'.

**45. Clause 7.6.10 amended**

In clause 7.6.10 delete the word 'DSM' before the words 'Capacity Credits' and after the words 'Capacity Credits' insert the words 'in respect of a Demand Side Programme'.

In clause 7.6.10 delete the words 'Interval-' and replace them with the words 'Interval:'.

**46. Clause 7.7.4A amended**

In clause 7.7.4A delete the words 'clauses 7.6.1C and 7.6.1E' and replace them with the words 'clause 7.6.1C'.

**47. Clause 9.4.1 amended**

In clause 9.4.1 delete the word 'Generator' and replace it with the word 'Participant' and insert the words 'in respect of a Facility' after the words 'Capacity Credit Allocation Submissions'.

**48. Clause 9.4.2 amended**

In clause 9.4.2 delete the contents of the clause and replace it with [Blank].

**49. Clause 9.4.4 amended**

In clause 9.4.4(b) insert the word 'submitting' after the words 'notify the' and delete the word 'Generator' and replace it with the word 'Participant'.

In clause 9.4.4(c) insert the word 'submitting' after the words 'notify the' and delete the word 'Generator' and replace it with the word 'Participant'.

**50. Clause 9.4.5 amended**

In clause 9.4.5 insert the words 'in respect of a Facility' after the words 'Capacity Credit Allocation Submission'.

In clause 9.4.5(a)ii delete the word 'the' and replace it with the words 'that Facility by that' and delete the word 'Generator' and replace it with the word 'Participant'.

In clause 9.4.5(a)iii delete the word 'the' and replace it with the words 'that Facility by that' and delete the word 'Generator' and replace it with the word 'Participant'.

In clause 9.4.5(a) insert the words 'for that Facility' after the words 'traded bilaterally' and delete the words 'the Market Generator' and replace them with the words 'that Market Participant'.

In clause 9.4.5(b) delete the word 'Generator' and replace it with the word 'Participant'.

**51. Clause 9.4.9 amended**

In clause 9.4.9(b) delete the word 'Generator' and replace it with the word 'Participant'.

In clause 9.4.9(d) delete the word 'Generator' and replace it with the word 'Participant'.

**52. Clause 9.4.10 amended**

In clause 9.4.10 insert the words 'in respect of a Facility' after the words 'Capacity Credit Allocation Acceptance'.

Delete clause 9.4.10(b)(ii) and the following paragraph replace with the following:

- ii. in any approved Capacity Credit Allocation for the Facility by the Market Participant that submitted the relevant Capacity Credit Allocation Submission for the relevant 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 able to be traded bilaterally for the Facility by the Market Participant that submitted the relevant Capacity Credit Allocation Submission under the Market Rules for the Trading Month; or

In clause 9.4.10(c), delete the word 'Generator' and replace it with the word 'Participant'.

**53. Clause 9.4.12 amended**

In clause 9.4.12 delete the word 'Generator' and replace it with the word 'Participant'.

In clause 9.4.12 insert the words 'in respect of a Facility' after the words 'Capacity Credit Allocation Submission' and insert the words 'for that Facility' in between the words 'Capacity Credits' and 'in accordance with'.

**54. Clause 9.4.13 amended**

In clause 9.4.13 delete the word 'Generator' and replace it with the word 'Participant'.

In clause 9.3.13 insert the words 'in respect of a Facility' after the words 'Capacity Credit Allocation Submission' and insert the words 'for that Facility' between the words 'Capacity Credit Allocation Submission' and 'has been withdrawn'.

**55. Clause 9.4.14 amended**

Delete clause 9.4.14 and replace with the following:

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

- (a) AEMO receives a request from the Market Participant that submitted the Capacity Credit Allocation Submission and the Market Customer specified as the receiver of the Capacity Credits in that Capacity Credit Allocation Submission before the date and time published by AEMO in accordance with clause 9.16.2(b)(ii) for the relevant Trading Month; and
- (b) AEMO reasonably considers that the Trading Margin of the Market Customer specified as the receiver of Capacity Credits in that Capacity Credit Allocation Submission is not likely to be negative after the reversal.

**56. Clause 9.4.15 amended**

Delete clause 9.4.15 and replace with the following:

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

**57. Clause 9.4.16 amended**

Delete clause 9.4.16 and replace with the following:

9.4.16. A Market Participant 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 in respect of the relevant Facility for the Trading Month to reduce the number of Capacity Credits allocated in respect of the relevant Facility by the quantity needed to eliminate the excess identified by AEMO under clause 9.4.15.

**58. Clause 9.4.17 amended**

Delete clause 9.4.17 and replace with the following:

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 in respect of the relevant Facility for the Market Participant 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 Participant and the relevant Market Customer of the details of the amendment.

**59. Clause 9.5.1 amended**

In clause 9.5.1(a) delete the word 'Generator' and replace it with the word 'Participant'.

Insert a new clause 9.5.1(aA) as follows:

- (aA) the identity of the Facility from which the Capacity Credits are to be allocated for settlement purposes;

In clause 9.5.1(c) delete the word 'Generator' and replace it with the word 'Participant'.

**60. Clause 9.5.2 amended**

In clause 9.5.2 insert the words 'in respect of a Facility' after the words 'Capacity Credit Allocation Submission' and insert the words 'for that Facility' between the words 'Capacity Credit' and 'provided that'.

**61. Clause 9.7.1A amended**

Delete clause 9.7.1A and replace it with the following:

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:

$$\begin{aligned} \text{Capacity\_Provider\_Payment}(p,m) &= \text{Participant\_Capacity\_Rebate}(p,m) \\ &+ \text{Capacity\_Payments}(p,m) \\ &- \text{Intermittent\_Load\_Refund}(p,m) \\ &+ \text{Supplementary\_Capacity\_Payment}(p,m) \\ &- \text{Capacity\_Cost\_Refund}(p,m) \\ &+ \text{Over\_Allocation\_Payment}(p,m) \end{aligned}$$

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);

$$\text{Capacity\_Payments}(p,m) = \text{Sum}(f \in F, (\text{CC}(p,f,m) - \text{Facility\_CCA}(p,f,m)) \times \text{FMRC}(f,m));$$

f denotes a Facility registered to Market Participant p in Trading Month m;

F is the set of Facilities registered to Market Participant p in Trading Month m;



$CC(p,f,m)$  is the number of Capacity Credits assigned to the Facility  $f$ , registered to Market Participant  $p$ , for the Trading Month  $m$  as may be adjusted in accordance with clause 4.29.4;

$Facility\_CCA(p,f,m)$  is the sum of the Capacity Credits associated with the Facility  $f$ , registered to Market Participant  $p$ , for Trading Month  $m$  that have been allocated in a Capacity Credit Allocation;

$FMRCP(f,m)$  is the Facility Monthly Reserve Capacity Price or Facility Monthly Special Reserve Capacity Price, as applicable, associated with the Facility  $f$  in Trading Month  $m$  as determined in accordance with clause 4.29.2B;

$Intermittent\_Load\_Refund(p,m)$  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);

$Capacity\_Cost\_Refund(p,m)$  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);

$Over\_Allocation\_Payment(p,m) =$

$$\max(0, Participant\_CCA(p,m) - IRCR(p,m)) \times Excess\_Allocation\_Price(p,m);$$

$Participant\_CCA(p,m)$  is the sum of Capacity Credits allocated to Market Participant  $p$  in Trading Month  $m$  in a Capacity Credit Allocation;

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

$Excess\_Allocation\_Price(p,m) =$

0, if  $Participant\_CCA(p,m) = 0$ ; and

$$Sum(c \in C, (CCA(c) \times FMRCP(f,m))) / Sum(c \in C, CCA(c)) \text{ otherwise;}$$

$c$  denotes a Capacity Credit Allocation associated with the Facility  $f$  and Trading Month  $m$ ;

$C$  is the set of Capacity Credit Allocations made to Market Customer  $p$  in Trading Month  $m$ ; and

$CCA(c)$  is the number of Capacity Credits that have been allocated in a Capacity Credit Allocation associated with the Facility  $f$  to Market Participant  $p$  in Trading Month  $m$ ;

## 62. Clause 9.7.1B amended

Delete clause 9.7.1B and replace it with the following:

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) –

Participant\_CCA(p,m))) / Sum(p∈P,(max(0, IRCR(p,m) –

Participant\_CCA(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

Participant\_CCA(p,m) is the sum of the Capacity Credits allocated to Market Participant p in Trading Month m in a Capacity Credit Allocation.

**63. Clause 9.8.1 amended**

In clause 9.8.1 delete the words '(minus any Tranche 2 DSM Dispatch Payments)' and the corresponding footnote (4) from the last paragraph of this clause.

**64. Clause 10.5.1(jA) amended**

In clause 10.5.1(jA)i. delete the words 'or Extra Consumption Decrease Price'.

In clause 10.5.1(jA)ii. delete the words 'or Extra Consumption Decrease Price'.

65. **Chapter 11 (Glossary)**

**Calculated DSP Quantity**

Delete the definition of 'Calculated DSP Quantity' including the footnote.

**Capacity Credit Allocation**

In the definition of 'Capacity Credit Allocation' delete the words 'from a Market Generator' and replace them with the words 'held by a Market Participant for a Facility'.

**Capacity Credit Allocation Submission**

In the definition of 'Capacity Credit Allocation Submission' delete the word 'Generator' and replace it with the word 'Participant' and delete the words ', 9.4.2'.

**Cumulative Annual DSM Dispatch**

Delete the definition of 'Cumulative Annual DSM Dispatch'.

**Deemed DSM Dispatch**

Delete the definition of 'Deemed DSM Dispatch'.

**DSM Activation Price**

Delete the definition of 'DSM Activation Price'.

**DSM Capacity Credits**

Delete the definition of 'DSM Capacity Credits'.

**DSM Reserve Capacity Price**

Delete the definition of 'DSM Reserve Capacity Price'.

**Excess Allocation Price**

Insert a new definition for 'Excess Allocation Price' as follows:

**Excess Allocation Price:** For a Market Participant is as calculated in accordance with clause 9.7.1A.

**Expected DSM Dispatch Quantity**

Delete the definition of 'Expected DSM Dispatch Quantity'.

**Extra Consumption Decrease Price**

Delete the definition of 'Extra Consumption Decrease Price'.

**Further DSM Consumption Decrease**

Delete the definition of 'Further DSM Consumption Decrease' and replace it with the following:

**Further DSM Consumption Decrease:** Means any decrease in the consumption of a Demand Side Programme in a Trading Interval in excess of the quantity referred to in clause 6.17.6D(c).

### **Maximum Facility Refund**

In the definition of 'Maximum Facility Refund' paragraph (b) delete the words ', 4.28.2(cA)'.

### **Tranche 2 DSM Dispatch Payment**

Delete the definition of 'Tranche 2 DSM Dispatch Payment'.

### **Tranche 3 DSM Dispatch Payment**

Delete the definition of 'Tranche 3 DSM Dispatch Payment'.

### **Unserved Energy**

Delete the definition of 'Unserved Energy'.

### **Unused Expected DSM Dispatch Quantity**

Delete the definition of 'Unused Expected DSM Dispatch Quantity'.

## **66. Appendix 1(h)**

Delete clause (h)vi. in Appendix 1 and replace it with the following:

- vi. for a Demand Side Programme that is registered to a Market Participant, data comprising:
  - 1. a Consumption Decrease Price for Peak Trading Intervals; and
  - 2. a Consumption Decrease Price for Off-Peak Trading Intervals,where these prices must be expressed in units of \$/MWh to a precision of \$0.01/MWh;

## **67. Appendix 5 Step 1**

Delete Step 1 in Appendix 5 and replace it with the following:

Step 1: Calculate:

$$RR = \min(RCR, CC)$$

$$FL = FL\_RCR \times RR / RCR$$

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

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