

# WEM PROCEDURE: ~~CAPACITY~~ ~~CREDIT ALLOCATION~~ CAPACITY CREDIT ALLOCATIONS

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## VERSION RELEASE HISTORY

Version	Effective Date	Summary of Changes
1.0	1 June 2008	<del>First version developed in accordance with clause XX of the WEM Rules</del> <u>Commencement</u>
2.0	30 November 2015	Changes resulting from the transfer of functions from the IMO to AEMO.
3.0	1 May 2019	Transitional provisions resulting from Procedure Change Proposal AEPC_2019_01 related to the rule change proposal RC_2017_06: Reduction of the prudential exposure in the Reserve Capacity Mechanism.
4.0	1 June 2019	Changes resulting from Procedure Change Proposal AEPC_2019_03 related to the rule change proposal RC_2017_06: Reduction of the prudential exposure in the Reserve Capacity Mechanism and updates to reflect AEMO's new Market Procedure template.
5.0	24 August 2020	Changes resulting from AEPC_2020_06 related to: <ul style="list-style-type: none"> <li>to improve <u>the accuracy</u> the accuracy of a Market Participant's Outstanding Amount; and</li> <li>Amending Rules made by the Minister for Energy as part of the Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019 gazetted on 21 February 2020.</li> </ul>
6.0	<del>16 September</del> <u>October</u> 2021	Changes resulting from The Wholesale Electricity Market Amendment (Reserve Capacity Pricing Reforms) Rules 2019, related to: <ul style="list-style-type: none"> <li>Capacity Credit Allocations (CCAs) can now be made by Market Participants and is not restricted to Market Generators.</li> <li>Reserve Capacity Price is specific to a Facility.</li> <li>CCAs are made from a respective Participant with respect to a Facility to a Participant.</li> </ul> <del>the</del> <u>The</u> transfer of the Procedure to the new AEMO Procedure template, formatting amendments and minor administrative improvements to align with WEM Rules.
6.1		<u>Procedure issued for consultation. Changes resulting from WEM Reform related to:</u> <ul style="list-style-type: none"> <li><u>Capacity Credit Allocations being on a Trading Day basis.</u></li> <li><u>Removal of Capacity Credit Allocation Acceptances.</u></li> <li><u>Removal of Capacity Credit Allocation reversals.</u></li> <li><u>Removal of Trading Margin validations.</u></li> </ul> <u>Introduction of Capacity Credit Allocation Standing Submission List to provide a method by which Capacity Credit Allocation Submissions are automatically generated.</u>

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## 1. INTRODUCTION

### 1.1. Purpose and scope

1.1.1. This WEM Procedure: Capacity Credit ~~Allocation~~Allocations (Procedure) is made in accordance with AEMO's functions under clause ~~9.4.18~~2.1A.2(h) of the Wholesale Electricity Market Rules (WEM Rules).

1.1.2. The *Electricity Industry Act 2004*, the WEM Regulations and the WEM Rules prevail over this Procedure to the extent of any inconsistency.

1.1.3. In this Procedure, where obligations are conferred on a Rule Participant, that Rule Participant must comply with the relevant obligations in accordance with clause 2.9.7A, 2.9.7D or 2.9.8 of the WEM Rules, as applicable.

1.1.4. The purpose of this Procedure is to:

~~(a)~~(a) provide an overview of the Capacity Credit Allocation process;

~~(b)~~ — outline when Capacity Credits can be traded bilaterally;

~~(b)~~ define a process whereby Market Participants may provide AEMO with a Capacity Credit Allocation Standing Submission List that will be used to create Capacity Credit Allocation Submissions;

~~(c)~~(c) outline the processes that:

(i) a Market Participant must follow when submitting ~~or withdrawing~~ a Capacity Credit Allocation Submission ~~in respect of a Facility~~ [clauses ~~9.4.30.1, 9.4.3~~ and ~~9.4.12~~30.2];

(ii) AEMO must follow when deciding whether to approve or reject a Capacity Credit Allocation Submission ~~in respect of a Facility~~ [clauses ~~9.4.30.3, 4 to 9.30.4.6 and 4.30.5~~];

~~(iii)~~ a Market Participant must follow when withdrawing a Capacity Credit Allocation Submission [clause 4.30.6];

~~(iii)~~ — AEMO must follow when a Market Participant withdraws a Capacity Credit Allocation Submission ~~in respect of a Facility before AEMO approves a corresponding Capacity Credit Allocation Acceptance~~ [clause ~~9.4.13~~];

(iv) ~~a Market Customer must follow when making a Capacity Credit Allocation Acceptance~~ [clauses ~~9.4.7 and 9.4.30.8~~]; ~~and~~

~~(v)~~ — AEMO must follow ~~when determining whether to approve or reject a Capacity Credit Allocation Acceptance~~ [clauses ~~9.4.9 to 9.4.11~~];

~~(vi)~~ — Market Participants that submit Capacity Credit Allocation Submissions, Market Customers that receive Capacity Credits from Capacity Credit Allocation Submissions and AEMO must follow to reverse a Capacity Credit Allocation in respect of a Facility [clause ~~9.4.14~~]; ~~and~~

~~(vii)~~(v) a Market Participant [clause ~~9.4.16~~] or AEMO [clauses ~~9.4.15 and 9.4.17~~] must follow to amend Capacity Credit Allocations ~~after a termination of Capacity Credits in respect of a Facility;~~[clause 4.30.11]; ~~and~~

~~(d)~~ — outline the ~~factors AEMO will take into account when considering whether:~~

~~(i) the Trading Margin of a Market Participant specified as the provider of Capacity Credits is likely to be negative after allocating the Capacity Credits as outlined in a Capacity Credit Allocation Submission [clauses 9.4.5(b) and 9.4.10(c)]; or~~

~~(d) the Trading Margin of a Market Customer specified as the receiver of Capacity Credits in a Capacity Credit Allocation Submission is likely to be negative after the reversal format of Capacity Credit Allocation submissions [clause 9.4.14(b)].~~

~~1.1.5. This Procedure applies to:~~

~~(e) AEMO;~~

~~(f) Market Participants with Appendix A Capacity Credits that can be traded bilaterally; and~~

~~(g) Market Customers.~~

~~1.1.6. In this Procedure where obligations are conferred on a Rule Participant, that Rule Participant must comply with the relevant obligations in accordance with clause 2.9.7A or 2.9.8 of the WEM Rules, as applicable.~~

~~1.1.7.1.1.5. Appendix A of this Procedure outlines the head of power clauses that this Procedure is made under, as well as other obligations in the WEM Rules covered by this Procedure.~~

## 1.2. Definitions

1.2.1. Terms defined in the *Electricity Industry Act 2004*, the WEM Regulations and the WEM Rules have the same meanings in this Procedure unless the context requires otherwise.

1.2.2. The following definitions apply in this Procedure unless the context requires otherwise.

**Table 1 Definitions**

Term	Meaning
<u>Capacity Credit Allocation Window</u>	<u>The Capacity Credit Allocation Window for a Trading Day is the period of time between the earliest date and time that Market Participants may submit or withdraw a Capacity Credit Allocation Submission as published by AEMO in the settlement cycle timeline [clause 4.32] and 5:00PM on the Scheduling Day related to the relevant Capacity Credit Allocation Submission Trading Day [clauses 4.30.1 and 4.30.6].</u>
<u>Capacity Credit Allocation Standing Submission List</u>	<u>A Capacity Credit Allocation Standing Submission List for a Market Participant is an ordered list of Template Capacity Credit Allocation Submissions that are used to automatically generate Capacity Credit Allocation Submissions for a Capacity Year.</u>
<u>Template Capacity Credit Allocation Submission</u>	<u>A Template Capacity Credit Allocation Submission for a Market Participant for a Capacity Year which is used to automatically generate a Capacity Credit Allocation Submission for a Market Participant for a Trading Day within the Capacity Year.</u>
<u>Wholesale Electricity Market System</u>	<u>An interface software that AEMO uses to administer and operate the Wholesale Electricity Market.</u>

### 1.3. Interpretation

- 1.3.1. The following principles of interpretation apply in this Procedure unless the context requires otherwise.
- (a) Clauses 1.3 to 1.5 of the WEM Rules apply in this Procedure.
  - (b) References to time are references to Australian Western Standard Time.
  - (c) Terms that are capitalised, but not defined in this Procedure, have the meaning given in the WEM Rules.
  - (d) A reference to the WEM Rules or WEM Procedures includes any associated forms required or contemplated by the WEM Rules or WEM Procedures.
  - (e) Words expressed in the singular include the plural and vice versa.
  - (f) A reference to a paragraph refers to a paragraph of this Procedure.
  - (g) A reference to a clause refers to a clause or section of the WEM Rules.
  - (h) References to WEM Rules in this Procedure in bold and square brackets [Clause XXX] are included for convenience only, and do not form part of this Procedure.
  - (i) Text located in boxes and headed as Explanatory Note X in this Procedure is included by way of explanation only and does not form part of this Procedure. The Procedure prevails to the extent of any inconsistency with the explanatory notes contained within it.
  - (j) The body of this Procedure prevails to the extent of any inconsistency with the figures, diagrams, appendices, schedules, annexures or attachments contained within this document.

1.3.2. Each Rule Participant must perform all obligations imposed on that Rule Participant under the previous version of this Procedure in relation to any Trading Days prior to the New WEM Commencement Day.

1.3.3. Each Rule Participant may perform any of the discretionary actions that the Rule Participant is permitted to perform under the previous version of this Procedure in relation to any Trading Days prior to the New WEM Commencement Day.

### 1.4. Related documents

- 1.4.1. The documents in Table 2 are associated with this Procedure.

~~Table 1~~ **Table 2** Related documents

Reference	Title	Location
<a href="#">WEM Rules</a>	<a href="#">WEM RulesMarket Procedure: Information Confidentiality</a>	<a href="#">WEM linkEnergy Policy WA Website</a>
	<a href="#">Market Procedure: Notices and Communications</a>	<a href="#">WEM link</a>
	<a href="#">Market Procedure: Prudential Requirements</a>	<a href="#">WEM link</a>

## 2. ~~SUMMARY OF~~ **SUMMARY OF CAPACITY CREDIT ALLOCATION PROCESSES**

### 2.1. Process Details

2.1.1. All submissions, approvals, rejections, withdrawals and amendments related to Capacity Credit Allocations made by either AEMO or Market Participants in this Procedure must be conducted through the Wholesale Electricity Market System (WEMS).

2.1.2. AEMO must process Capacity Credit Allocation Submissions and requests for the withdrawal of a Capacity Credit Allocation Submission, in the order in which they are received.

2.1.3. AEMO must publish the Capacity Credit Allocation Windows for a Financial Year at least one calendar month prior to the commencement of that Financial Year on the WEM Website [Clause 4.32.1].

### 2.1.2.2. **Process Overview**

~~2.1.1.~~ A Capacity Credit Allocation is the allocation of Capacity Credits from a Market Participant to a Market Customer for a Trading Month for settlement purposes through the allocation process in clauses 9.4 and 9.5 [Chapter 1].

~~2.1.2.~~ [BLANK]

~~2.1.3.~~ 2.2.1. The Capacity Credit Allocation process outlined in clause 9.4.30 and this Procedure is generally summarised as follows and as outlined in Figure 1 below: Figure 1:

~~(a)~~ (a) A Market Participant may ~~submit one or more~~ provide AEMO with a Capacity Credit Allocation Standing Submission List for a Capacity Year that will be used to automatically generate Capacity Credit Allocation Submissions in respect of a Facility for a full Trading Month to AEMO with the allocation of Capacity Credits to a Market Customer. ~~A at the opening of each relevant Capacity Credit Allocation Submission allocates Capacity Credits to a single Market Customer Window.~~

~~(b)~~ (b) AEMO must approve the ~~A Market Participant may submit~~ Capacity Credit Allocation Submission unless required ~~Submissions~~ to reject it (for one of two specified reasons):

~~(b)~~ (b) (Once AEMO approves ~~as standalone submissions within the relevant Capacity Credit Allocation Submission~~) The Market Customer specified as the receiver of Capacity Credits may submit ~~Window [Clause 4.30.1].~~

~~(c)~~ (c) AEMO must approve a Capacity Credit Allocation ~~Acceptance to AEMO.~~

~~(d)~~ (d) AEMO must approve a Capacity Credit Allocation Acceptance unless required to reject it (for one of three specified reasons):

~~(c)~~ (c) (Once AEMO approves the Capacity Credit Allocation Acceptance) The Capacity Credit Allocation has an ACCEPTED status in Figure 1 and ~~Submission unless it is accounted for in settlement.~~ required to reject it [Clause 4.30.5].

~~(f)~~ (f) There are additional processes under which:

~~(d)~~ (d) ~~a~~ A Market Participant may withdraw a Capacity Credit Allocation Submission ~~in respect of a Facility before AEMO approves a corresponding~~ within the relevant Capacity Credit Allocation Acceptance; and ~~Window [Clause 4.30.6].~~

~~(ii)~~ (ii) a Capacity Credit Allocation in respect of a Facility may be reversed.



### ~~2.2.1.1.~~ **Process Details**

~~2.2.1.~~ All interactions between AEMO and Market Participants referred to in this Procedure are conducted through the Wholesale Electricity Market System (“WEMS”)<sup>1</sup>.

~~2.2.2.~~ The earliest and the latest date and time that Market Participants may make submissions or requests in relation to **AEMO must amend Capacity Credit Allocations for a Trading Month** are published by AEMO in the settlement cycle timeline [clause 9.16.2]. These timeframes apply for the purposes of:

- ~~(a)~~ Capacity Credit Allocation Submissions in respect of a Facility submitted by Market Participants;
- ~~(b)~~ Capacity Credit Allocation Acceptances submitted by Market Customers;
- ~~(c)~~ withdrawals of Capacity Credit Allocation Submissions by Market Participants; and
- ~~(d)~~ requests to reverse Capacity Credit Allocations made by Market Participants.

~~2.2.3.~~ When making submissions, as outlined in paragraph 4 of this Procedure, Market Participants need to consider the time taken for:

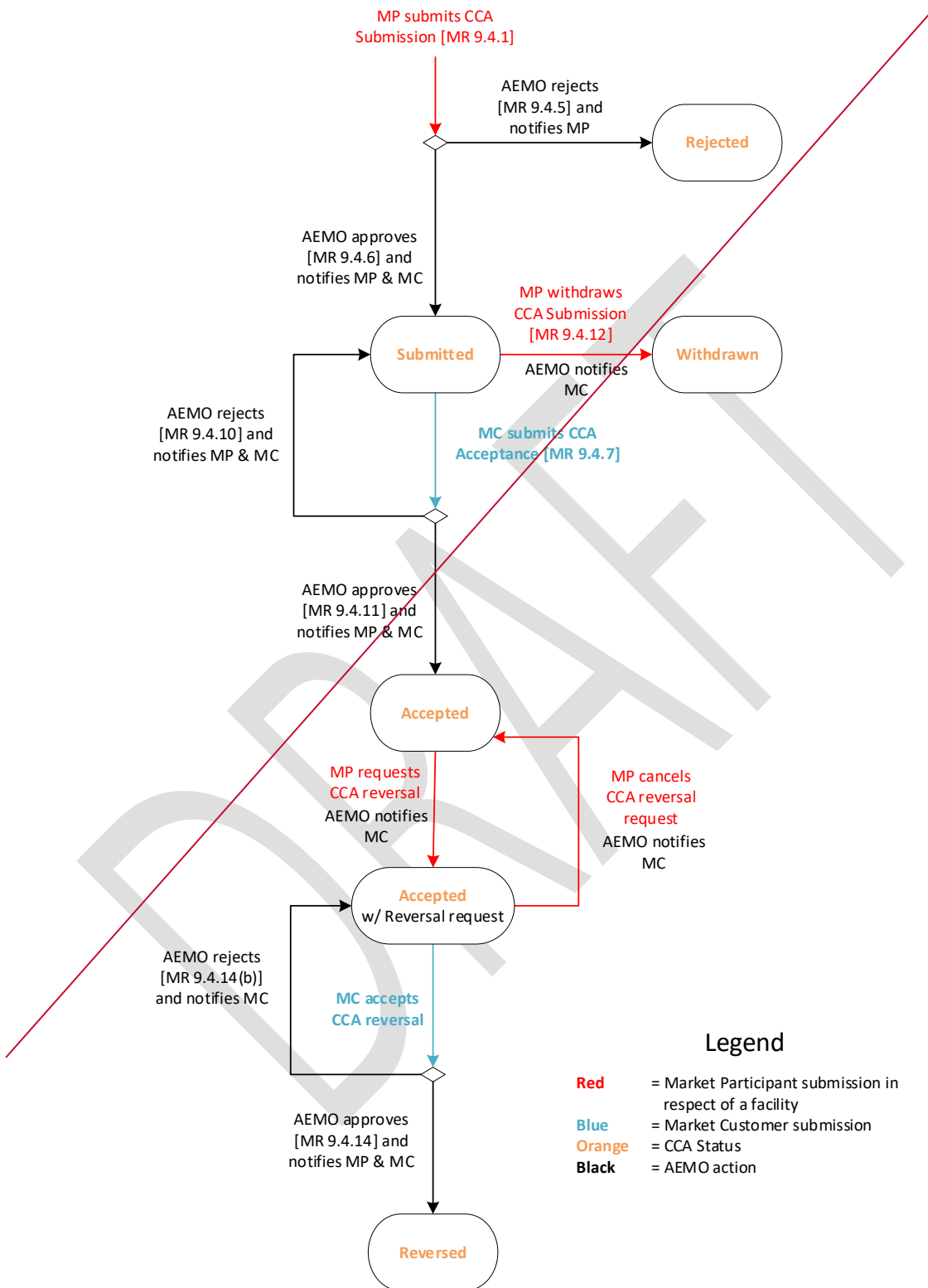
- ~~(a)~~ the relevant counterparty to make any required submissions in relation to the Capacity Credit Allocation; and
- ~~(b)~~ AEMO to make any decision in relation to the Capacity Credit Allocation.

~~2.2.4.~~ Notifications required under clause 9.4 must be made in accordance with the WEM Procedure: Notices and Communications.

~~2.2.5.~~ AEMO must process Capacity Credit Allocation Submissions, Capacity Credit Allocation Acceptances, requests for the withdrawal of Capacity Credit Allocation Submissions, and requests to reverse a Capacity Credit Allocation in the order in which **Facility if they** are received by AEMO in WEMS.

<sup>1</sup> For a more detailed description of the steps in relation to Capacity Credit Allocation processes in WEMS, refer to the Market Participant Interface Software User Guide available on the WEM Website ([www.aemo.com.au](http://www.aemo.com.au)).

Figure 1 — Process Overview



Legend

- Red** = Market Participant submission in respect of a facility
- Blue** = Market Customer submission
- Orange** = CCA Status
- Black** = AEMO action

### ~~3. BILATERALLY TRADEABLE CAPACITY CREDITS~~

~~(e) For exceed the purposes number of this Procedure, bilaterally tradeable Capacity Credits are the maximum number of Capacity Credits that a Market Participant can allocate with respect to a Facility to a Market Customer for a Trading Month. for the Facility [Clause 4.30.11].~~

~~3.1.2. [BLANK]~~

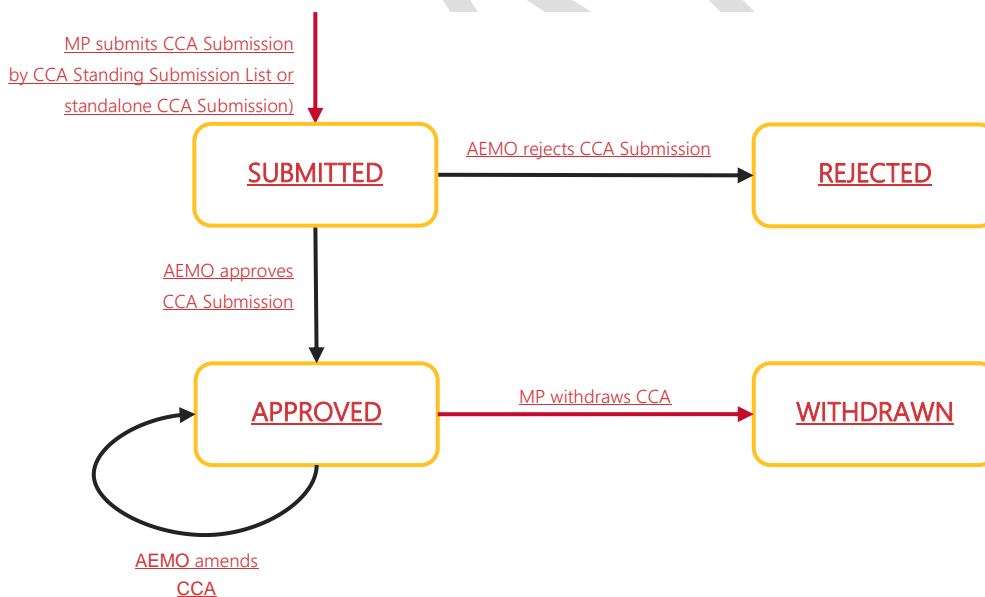
~~3.1.3. Capacity Credits covered by Special Price Arrangements are not bilaterally tradeable Capacity Credits [clause 4.29.3(d)(i)(2)].~~

~~3.1.4. Capacity Credits from Facilities subject to Network Control Service Contracts are bilaterally tradeable Capacity Credits [clause 4.29.3(d)(i)].~~

~~3.1.5. If a Capacity Credit is terminated, created or reinstated during a Trading Month, AEMO must adjust the quantity of bilaterally tradeable Capacity Credits for a Market Participant with respect to a Facility to reflect the proportion of the Trading Month for which the Capacity Credit existed [clause 4.29.4].~~

### ~~4. CAPACITY CREDIT ALLOCATIONS SUBMISSIONS~~

Figure 1 ~~A Capacity Credit Allocation Process Overview~~



### ~~3. CAPACITY CREDIT ALLOCATION STANDING SUBMISSION LIST~~

~~3.1.1. A Market Participant may provide AEMO with a Capacity Credit Allocation Standing Submission List that will be used to automatically generate Capacity Credit Allocation Submissions in accordance with paragraph 3.1.4.~~

~~3.1.2. A Capacity Credit Allocation Standing Submission List must contain an ordered list of Template Capacity Credit Allocation Submissions.~~

~~4.1.3.1.3.~~ Each Template Capacity Credit Allocation Submission must set out the information required of a Capacity Credit Allocation Submission as specified in clause 9.54.31.1 and adhere to clause 4.31.2.

~~3.1.4.~~ Clauses 9.4.4, 9.4.5 and 9.4.6 apply to AEMO with respect to Within 1 Business Day after the Capacity Credit Allocation Window opens for a Trading Day, AEMO must use the most currently held Capacity Credit Allocation Standing Submission List (for each Market Participant for the relevant Capacity Year) to convert each Template Capacity Credit Allocation Submission into a Capacity Credit Allocation Submission.

~~4.1.2.3.1.5.~~ AEMO must convert Template Capacity Credit Allocation Submissions into Capacity Credit Allocation Submissions in the order specified within the relevant Capacity Credit Allocation Standing Submission List.

~~4.1.3.~~ [BLANK]

#### 4. FOR THE PURPOSES OF CLAUSE 9.4.5(A), A CAPACITY CREDIT ALLOCATION SUBMISSIONS

~~4.1.1.~~ A Market Participant may submit Capacity Credit Allocation Submissions to AEMO on a stand alone basis within the relevant Capacity Credit Allocation Window.

~~4.1.2.~~ A Capacity Credit Allocation Submission must set out the information specified in clause 4.31.1 and adhere to clause 4.31.2.

#### 5. APPROVING AND REJECTING CAPACITY CREDIT ALLOCATION SUBMISSIONS

~~5.1.1.~~ AEMO must comply with clauses 4.30.3, 4.30.4 and 4.30.5 with respect to rejecting and approving Capacity Credit Allocation Submissions.

~~4.1.4.5.1.2.~~ For the purposes of clause 4.30.4, a Market Participant,  $p$ , has insufficient bilaterally tradeable Capacity Credits available to allocate in respect of Capacity Credit Allocation,  $a$ , (related to Facility  $f$  in  $a$ ,  $f$ , and Trading MonthDay,  $d$ ) if the following inequality holds:

$$\begin{aligned}
 CC(f, m) &< (p, f, d) \\
 &< CCA(a) + \sum CCA_{SUBMITTED}(f, m) + \sum CCA_{ACCEPTED}(f, m)(a) \\
 &+ \sum_{b \in ALLOCATIONS(p, f, d)} CCA(b)
 \end{aligned}$$

where:

Variable	Units	Definition
$CC(p, f, md)$	Capacity Credits	Bilaterally tradeable Capacity Credits for <u>Market Participant <math>p</math> in relation to Facility <math>f</math> for and Trading Month <math>m</math> Day <math>d</math>.</u>
$CCA(a)(a)$	Capacity Credits	The quantity of Capacity Credits <del>nominated</del> <u>proposed</u> to be allocated in <del>the</del> Capacity Credit Allocation <u>Submission being assessed, <math>a</math>, where <math>a</math> relates to Facility <math>f</math>.</u>

Variable	Units	Definition
<del><math>CCA_{SUBMITTED}(ALLOCATIONS(p, f, m, d))</math></del>	<del>Capacity Credits Set</del>	<del>The quantity set of Capacity Credits associated with approved Capacity Credit Allocations for Allocation Submissions made by Market Participant p in relation to Facility f in and Trading Month m with a SUBMITTED status in Figure 1 Day d which have not been withdrawn.</del>
<del><math>CCA_{ACCEPTED}(f, m)</math></del>	<del>Capacity Credits</del>	<del>The quantity of Capacity Credits associated with Capacity Credit Allocations for Facility f in Trading Month m with an ACCEPTED status in Figure 1</del>

~~4.1.5. A Market Customer specified as the receiver of Capacity Credits in a Capacity Credit Allocation Submission may only submit a Capacity Credit Allocation Acceptance after AEMO approves the Capacity Credit Allocation Submission. This process is discussed in more detail in section 5 of this Procedure [clause 9.4.7].~~

## ~~6. WITHDRAWING CAPACITY CREDIT ALLOCATION SUBMISSIONS~~

~~4.1.6. A Market Participant may withdraw a Capacity Credit Allocation Submission in respect of a Facility before the latest date and time determined under paragraph 2.2.2 if (and only if) AEMO has not approved a corresponding Market Customer's Capacity Credit Allocation Acceptance (i.e. the Capacity Credit Allocation does not have an ACCEPTED status in Figure 1) [clause 9.4.12]~~

~~4.1.7. Clauses 9.4.15 applies to AEMO If a Capacity Credit Allocation Submission is withdrawn.~~

## ~~5. CAPACITY CREDIT ALLOCATION ACCEPTANCES~~

~~5.1.1. To accept a specific Capacity Credit Allocation Submission made by a Market Participant, the Market Customer must submit a Capacity Credit Allocation Acceptance.~~

~~5.1.2. A Capacity Credit Allocation Acceptance applies to all of the Capacity Credits nominated in the Capacity Credit Allocation Submission. A Market Customer cannot accept part of a Capacity Credit Allocation Submission.~~

~~5.1.3. Clauses 9.4.9, 9.4.10 and 9.4.11 apply to AEMO with respect to Capacity Credit Allocation Acceptances.~~

~~5.1.4. [BLANK]~~

~~5.1.5. For the purposes of clause 9.4.10(b), a Market Participant has insufficient bilaterally tradeable Capacity Credits available to allocate in respect of a Facility in a Trading Month if the inequality specified in paragraph 4.1.4 holds:~~

~~5.1.6.6.1.1. If AEMO rejects a Capacity Credit Allocation Acceptance in respect of a Facility, the Market Customer may submit another Capacity Credit Allocation Acceptance. It is recommended that the Market Customer contacts the Market Participant who submitted within the relevant Capacity Credit Allocation Submission to resolve the cause of the rejection. Window [Clause 4.30.6]~~

## ~~6. REVERSING CAPACITY CREDIT ALLOCATIONS~~

- ~~6.1.1. If AEMO approves Within one Trading Day after a Market Participant has withdrawn a Capacity Credit Allocation Acceptance, the Capacity Credit Allocation has an ACCEPTED status as shown in Figure 1, and is accounted for in settlement. This step 6 outlines the process under which an ACCEPTED Capacity Credit Allocation can be reversed to transfer the benefit of the Capacity Credits from the Market Customer back to the Market Participant who submitted the relevant Capacity Credit Allocation Submission.~~
- ~~6.1.2. A Capacity Credit Allocation reversal request is made in relation to a Capacity Credit Allocation that has an ACCEPTED status in Figure 1.~~
- ~~6.1.3. A Market Participant may submit a Capacity Credit Allocation reversal request in respect of an ACCEPTED Capacity Credit Allocation before the latest date and time determined a Facility under paragraph 2.2.2.~~
- ~~6.1.4. If AEMO receives a Capacity Credit Allocation reversal request, it 6.1.1, AEMO must notify the relevant Market Customer to whom the Capacity Credits are allocated.~~
- ~~6.1.5. The Market Customer may accept the Capacity Credit Allocation reversal request after being notified by AEMO under paragraph 6.1.4.~~
- ~~6.1.6. If the Market Customer does not accept the Capacity Credit Allocation reversal request within one Business Day after being notified by AEMO under paragraph 6.1.4, AEMO must decide whether to reverse the Capacity Credit Allocation. Clause 9.4.14 applies to AEMO with respect to a Capacity Credit Allocation reversal decision.~~
- ~~6.1.7. If AEMO cannot reverse the Capacity Credit Allocation because the conditions in clause 9.4.14 of the WEM Rules are not met, then AEMO must notify the Market Customer.~~
- ~~6.1.8-6.1.2. If AEMO reverses the Capacity Credit Allocation, then AEMO must notify the Market Participant that made the Capacity Credit Allocation and the Market Customer Market Participant specified as the receiver of the Capacity Credits. that the Capacity Credit Allocation Submission for that Facility has been withdrawn [Clause 4.30.8].~~

## ~~7. AMENDMENTS TO CAPACITY CREDIT ALLOCATIONS~~

### ~~7. CLAUSES 9.4.15, 9.4.16 AND 9.4.17 APPLY IF AMENDMENTS TO CAPACITY CREDIT ALLOCATIONS~~

- ~~7.1.1. 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 MonthDay exceeding the number of Capacity Credits held for that Facility for at that Trading MonthDay by the Market Participant that are allowed to be traded bilaterally under the WEM Rules, then AEMO must notify the Market Participant within one Trading Day after the notification of the termination [Clause 4.30.9].~~
- ~~7.1.2. The excess identified under paragraph 7.1.1 for a particular Capacity Credit Allocations by a Market Participant and for a Facility in for a particular Trading Month is calculated Day exceed the Capacity Credits held by the Market Participant for the Facility on the Trading Day, as contemplated in clause 4.30.9, if the following inequality holds:~~

$$\text{Excess} = \sum CCA_{ACCEPTED} - CC(p, f, d) < \sum_{a \in ALLOCATIONS(p, f, d)} CCA(a)$$

where:

Variable	Units	Definition
$CC(p, f, d)$	Capacity Credits	<del>The number of bilaterally</del> <u>Bilaterally</u> tradeable Capacity Credits for <del>the</del> <u>Market Participant p in relation to</u> Facility <del>for the f and</del> <u>Trading Month</u> <del>Day</del> <u>d.</u>
<del>CCA</del> <u>ACCEPTED</u> $CCA(a)$	Capacity Credits	The quantity of Capacity Credits <del>associated with the</del> <u>Market Participant's proposed to be allocated in</u> Capacity Credit Allocations for the Facility for the Trading Month <del>with an ACCEPTED status in Figure 4</del> <u>Allocation a.</u>
$ALLOCATIONS(p, f, d)$	<u>Set</u>	<u>The set of approved Capacity Credit Allocation Submissions made by Market Participant p in relation to Facility f and Trading Day d which have not been withdrawn.</u>

~~7.1.3. The following receipt of a notice provided under clause 4.30.9, a Market Participant's ACCEPTED Capacity Credit Allocations with respect to a Facility must be amended to~~ Participant may reduce the total number of Capacity Credits allocated by in respect of the quantity needed to eliminate the excess identified by AEMO under clause 9.4.15.

~~7.1.4.7.1.3. Clauses 9.4.16 relevant Facility by withdrawing Capacity Credit Allocations and 9.4.17 apply with respect to submitting Capacity Credit Allocation amendments.~~ Submissions in accordance with clauses 4.30.6 and 4.30.1, respectively [Clause 4.30.10].

~~7.1.5. [BLANK]~~

~~7.1.6.7.1.4. AEMO must use the following methodology if it is required to amend a Market Participant's~~ If, at 5:00 PM on the Scheduling Day, the Capacity Credit Allocations for a Market Participant with respect to a Facility exceeds the number of Capacity Credits held for the Facility, AEMO must, by 5:00 PM on the Trading Month [clause 9.4.17]; Day for which the Capacity Credit Allocation relates:

$$CCA_{i,amended} = \left( \frac{CCA_{i,current}}{\sum_t CCA_{t,current}} \right) \times CC$$

where

- ~~(a) amend all of the relevant Capacity Credit Allocations proportionally, to ensure that the sum of the Capacity Credit Allocations in respect of the relevant Facility for the Market Participant for the Trading Day equal the number of Capacity Credits held for that Facility; and~~
- ~~(b) for each amended Capacity Credit Allocation, notify each affected Market Participant of the details of the amendment [Clause 4.30.11].~~

~~7.1.5. AEMO must round numbers down to the nearest 0.001 Capacity Credits when proportionally amending Capacity Credit Allocations in accordance with paragraph 7.1.4.~~

~~7.1.6. AEMO must, when proportionally amending in accordance with paragraph 7.1.4, use the following equation to amend each Capacity Credit Allocation, a, for Market Participant p with respect to Facility f on Trading Day d [Clause 4.30.11]:~~

$$CCA_{after}(a) = \text{rounddown} \left( \frac{CCA_{before}(a)}{\sum_{b \in ALLOCATIONS(p,f,d)} CCA_{before}(b)} \times CC(p, f, d), 3 \right)$$

where:

Variable	Units	Definition
<del>CCA<sub>amended</sub></del> CCA <sub>after</sub> (a)	Capacity Credits	The <u>number of Capacity Credits allocated by</u> Capacity Credit Allocation, <u>a</u> , after AEMO amends it.
<del>CCA<sub>current</sub></del> CCA <sub>before</sub> (a)	Capacity Credits	The <u>number of Capacity Credits allocated by</u> Capacity Credit Allocation, <u>a</u> , <u>prior to a</u> , <u>before</u> AEMO <u>amending</u> <u>amends</u> it.
CC(p, f, d)	<u>Capacity Credits</u> <u>MW</u>	The <u>number of</u> <u>Bilaterally tradeable</u> Capacity Credits <u>held</u> for <u>that</u> <u>Trading Month</u> by the Market Participant <u>for that</u> <u>facility</u> that are <u>allowed</u> <u>p</u> in relation to <u>be traded</u> <u>bilaterally</u> under the WEM Rules <u>Facility f</u> and <u>Trading Day d</u> .
ALLOCATIONS(p, f, d)	<u>Set</u>	The <u>set of approved</u> <u>Capacity Credit Allocation</u> <u>Submissions</u> <u>made by</u> Market Participant <u>p</u> in relation to <u>Facility f</u> and <u>Trading Day d</u> which <u>have not been</u> <u>withdrawn</u> .
rounddown(x, y)	<u>Function</u>	A function that rounds <u>x</u> down to <u>y</u> decimal places.

7.1.7. [BLANK]

## 8. ASSESSING TRADING MARGINS

8.1.1. AEMO is required to consider whether a Market Participant's Trading Margin is likely to be negative when deciding to approve or reject the following submissions/requests:

- (a) Capacity Credit Allocation Submission [clause 9.4.5(b)];
- (b) Capacity Credit Allocation Acceptance [clause 9.4.10(c)]; and
- (c) Capacity Credit Allocation reversal request [clause 9.4.14(b)].

8.1.2. A Market Participant may allocate Capacity Credits to itself. This results in no change to its Trading Margin.

8.1.3. When considering whether the Trading Margin for Market Participant *p* is likely to be negative after allocating the Capacity Credits as outlined in the Capacity Credit Allocation, or after the reversal, AEMO must update the Outstanding Amount calculation to include the latest approved Capacity Credit Allocation using the following calculation:

$$OA_{updated}(p) = OA_{last\_calc}(p) - \sum_{d \in D} \left( \sum_{cca \in CCA(p,d)} (\Delta CCA(p, cca) \times 1.1 \times RCP(cca)) \right)$$

where:

Variable	Units	Definition
OA <sub>updated</sub> (p)	\$ (inc GST)	The Outstanding Amount, determined as the net amount Market Participant <i>p</i> owes AEMO as updated in accordance with this paragraph 8.1.3.
OA <sub>last\_calc</sub> (p)	\$ (inc GST)	The Outstanding Amount for Market Participant <i>p</i> as last calculated by AEMO in accordance with the Market Procedure: Prudential Requirements.



Variable	Units	Definition
$RCP(eea)$	\$ per Capacity Credit (ex GST)	The daily Reserve Capacity Price for the Trading Day associated with Capacity Credit Allocation $eea$ , calculated as the Facility Monthly Reserve Capacity Price associated with $eea$ divided by the number of days in the relevant Trading Month.
$\Delta CCA(p, eea)$	Capacity Credits	The Capacity Credit Allocation $eea$ for Market Participant $p$ at the time of the calculation in this paragraph 8.1.3, less the Capacity Credit Allocation $eea$ at the time of the latest Outstanding Amount calculation. A positive number represents either an increase in Capacity Credits received by Market Participant $p$ related to Capacity Credit Allocation $eea$ , or a decrease in Capacity Credit Allocations made by Market Participant $p$ related to $eea$ .
$CCA(p, d)$	{}	The set of accepted Capacity Credit Allocations associated with Market Participant $p$ (either the Market Generator or Market Customer) applicable on Trading Day $d$ .
$D$	{}	The set of complete Trading Days in the past that formed the basis of the latest Outstanding Amount calculation.

8.1.4. When considering whether the Trading Margin for Market Participant  $p$  is likely to be negative after allocating the Capacity Credits as outlined in the Capacity Credit Allocation, or after the reversal, AEMO must calculate the change the action will have in relation to Market Participant  $p$ 's Outstanding Amount,  $\Delta OA$  using the following formulae:

$$(a) \Delta OA = -Days_{exposed} \times \Delta CCA \times 1.1 \times RCP(eea)$$

$$(b) \Delta CCA = (CCA_{rec,new} - CCA_{rec,old}) - (CCA_{made,new} - CCA_{made,old})$$

where:

Variable	Units	Definition
$Days_{exposed}$	days	The number of complete Trading Days in the past from the Trading Month associated with the CCA.
$RCP(eea)$	\$ per Capacity Credit (ex GST)	The daily Reserve Capacity Price for the Trading Day associated with the Capacity Credit Allocation $eea$ , calculated as the Facility Monthly Reserve Capacity Price associated with the CCA divided by the number of days in the relevant Trading Month.
$CCA_{made,new}$	Capacity Credits	If Market Participant $p$ is the Market Participant who submitted the corresponding Capacity Credit Allocation Submission, then the number of Capacity Credits associated with the CCA after the action, otherwise 0.
$CCA_{made,old}$	Capacity Credits	If Market Participant $p$ is the Market Participant who submitted the corresponding Capacity Credit Allocation Submission, then the number of Capacity Credits associated with the CCA before the action, otherwise 0.
$CCA_{rec,new}$	Capacity Credits	If Market Participant $p$ is the Market Participant who submitted the corresponding Capacity Credit Allocation Acceptance, then the number of Capacity Credits associated with the CCA after the action, otherwise 0.
$CCA_{rec,old}$	Capacity Credits	If Market Participant $p$ is the Market Participant who submitted the corresponding Capacity Credit Allocation Acceptance, then the number of Capacity Credits associated with the CCA before the action, otherwise 0.

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## APPENDIX A. RELEVANT CLAUSES OF THE WEM RULES

~~Table 2~~Table 3 details:

- ~~(a)~~ the head of power clauses in the WEM Rules under which the Procedure has been developed; and
- ~~(a)~~ each clause in the WEM Rules requiring an obligation, process or requirement be documented in a WEM Procedure, where the obligation, process or requirement has been documented in this Procedure.

~~Table 2~~**Table 3 Relevant clauses of the WEM Rules**

Clause
<del>4.30.1</del>
<a href="#">4.30.2</a>
<a href="#">4.30.3</a>
<a href="#">4.30.4</a>
<a href="#">4.30.4</a>
<a href="#">4.30.5</a>
<a href="#">4.30.6</a>
<a href="#">4.30.8</a>
<a href="#">4.30.9</a>
<a href="#">4.30.10</a>
<a href="#">4.30.11</a>
<a href="#">4.30.12</a>

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