

WEM PROCEDURE: DECLARATION OF BILATERAL TRADES

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1.0	01 January 2010	New Reserve Capacity Procedure for Declaration of Bilateral Trades and the Reserve Capacity Auction following PC_2009_05
2.0	25 February 2013	Amendments to Reserve Capacity Procedure resulting from PC_2012_06
3.0	16 April 2014	Amendments to Market Procedure resulting from PC_2014_02
4.0	30 November 2015	Changes resulting from the transfer of functions from the IMO to AEMO
5.0	21 August 2020	Amendments to Market Procedure resulting from AEPC_2020_08.
5.1		Draft WEM Procedure for consultation. Changes resulting from Wholesale Electricity Market Amendment (Tranches 2 and 3 Amendments) Rules 2020 and Wholesale Electricity Market Amendment (Tranche 5 Amendments) Rules 2021.

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1. INTRODUCTION

1.1. Purpose and scope

- 1.1.1. This WEM Procedure: Declaration of Bilateral Trades (Procedure) is made in accordance with AEMO's functions under clause 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 or 2.9.8 as applicable.
- 1.1.4. The purpose of this Procedure is to outline:
- (a) the process Market Participants must follow to submit a Bilateral Trade Declaration; and
 - (b) the process AEMO must follow to assess and approve or reject a Bilateral Trade Declaration.
- 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
Bilateral Trade Declaration	A submission made by a Market Participant holding Certified Reserve Capacity to AEMO in accordance with clause 4.14.
Committed Status	A status determined under Appendix B of this Procedure which applies where a Market Participant has demonstrated that irrevocable and binding commitments have been made in relation to the Facility or Facility Upgrade. This status is used for the purposes of assigning Network Access Quantities to Facilities described as "committed" in accordance with Appendix 3 of the WEM Rules.
Component	An Electric Storage Resource, an Intermittent Generating System, or a Non-Intermittent Generating System that forms part of a Facility, other than a Demand Side Programme or Non-Scheduled Facility.
Facility Upgrade	Either: <ol style="list-style-type: none"> a) works that have increased the nameplate capacity of a Facility and were completed after the date and time specified in clause 4.1.11 for the previous Reserve Capacity Cycle; or b) works expected to be completed that will increase the nameplate capacity or available capacity of a Facility, which is yet to be demonstrated through normal market operations or a Reserve Capacity Test.

Term	Meaning
Proposed Status	A status used for the purpose of assigning Network Access Quantities in accordance with Appendix 3 of the WEM Rules which applies to a Facility that is either not in Commercial Operation nor assigned a Committed Status under this Procedure. Facilities are automatically assigned Proposed Status when created by a Market Participant in WEMS.
Wholesale Electricity Market System (WEMS)	An interface software that AEMO uses to administer and operate the Wholesale Electricity Market.

1.3. Interpretation

- 1.3.1. The following principles of interpretation apply in this Procedure unless the context requires otherwise.
- Clauses 1.3 to 1.5 apply in this Procedure.
 - References to time are references to Australian Western Standard Time.
 - Terms that are capitalised, but not defined in this Procedure, have the meaning given in the WEM Rules.
 - A reference to the WEM Rules or WEM Procedures includes any associated forms required or contemplated by the WEM Rules or WEM Procedures.
 - Words expressed in the singular include the plural and vice versa.
 - A reference to a paragraph refers to a paragraph of this Procedure.
 - A reference to a clause refers to a clause or section of the WEM Rules.
 - 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.
 - 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.

1.4. Related documents

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

Table 2 Related documents

Reference	Title	Location
WEM Procedure	Certification of Reserve Capacity	WEM Website
WEM Procedure	Facility Registration, De-Registration and Transfer	WEM Website
WEM Procedure	Reserve Capacity Security	WEM Website
WEM Procedure	Supplementary Reserve Capacity	WEM Website
WEM Rules	WEM Rules	Energy Policy WA Website
Guide	WEMS MPI User Guide	WEM Website

2. MODIFICATION OF TIMEFRAMES

- 2.1.1. AEMO (in its sole discretion) may modify or extend a date or time in this Procedure, as a result of modifying or extending a date or time under 4.1.1C or to the extent permitted under the WEM Rules.
- 2.1.2. If AEMO extends a date or time under paragraph 2.1.1, then it must publish on the WEM Website:
- (a) the notice of the modified or extended date or time; and
 - (b) the effective date or time of any modification or extension under paragraph 2.1.1.

3. BILATERAL TRADE DECLARATIONS

3.1. Submission of Bilateral Trade Declarations

- 3.1.1. Each Market Participant holding Certified Reserve Capacity for the Reserve Capacity Cycle must provide to AEMO notification in accordance with clause 4.14.1 as to how its Certified Reserve Capacity will be dealt with not later than 5:00 pm on the last Business Day falling on or before 25 August of Year 1 of a Reserve Capacity Cycle [clause 4.1.14].
- 3.1.2. AEMO will open the window for Bilateral Trade Declarations in WEMS at 8:00 am on the first Business Day following AEMO's notification to Market Participants of the Certified Reserve Capacity to be assigned to each of their Facilities under clause 4.1.12.
- 3.1.3. Subject to paragraph 3.1.5, each Market Participant holding Certified Reserve Capacity for the current Reserve Capacity Cycle must, by the date and time specified in paragraph 3.1.1 provide the following information to AEMO for each Facility and Component of the Facility (expressed in MW to a precision of 0.001 MW) [clause 4.14.1]:
- (a) the total amount of Reserve Capacity the Market Participant intends will be traded bilaterally; and
 - (b) the total amount of Reserve Capacity that the Market Participant has decided will not now be made available to the market;

where the sum of the values for paragraph 3.1.3(a) and 3.1.3(b) must equal the Certified Reserve Capacity of the Facility and Component of the Facility for the Reserve Capacity Cycle.

- 3.1.4. A Market Participant must make a separate submission under paragraph 3.1.1 for each Facility Upgrade.
- 3.1.5. For the purposes of paragraph 3.1.3, each Market Participant holding Certified Reserve Capacity with respect to a Facility subject to an NCESS Contract must by the date and time specified in paragraph 3.1.1 nominate all Certified Reserve Capacity for that Facility to be traded bilaterally [clause 4.14.3].
- 3.1.6. For the purposes of clause 4.14.1B and provided the requirements of clause 4.14.1C are met, a Market Participant may, by the date and time specified in paragraph 3.1.1, nominate to AEMO by notice in writing that a Facility be classified as a Fixed Price Facility.
- 3.1.7. If a Market Participant makes a nomination in accordance with paragraph 3.1.6, the Facility will be classified as a Candidate Fixed Price Facility for the purposes of Appendix 3 of the WEM Rules.
- 3.1.8. For the purposes of clause 4.14.1D, a Market Participant holding Certified Reserve Capacity for a Facility or Facility Upgrade that is in Proposed Status must, by the date and time specified in paragraph 3.1.1, notify AEMO in writing of the Minimum Capacity Credits Quantity for the Facility for that Reserve Capacity Cycle.
- 3.1.9. A Market Participant must submit a Bilateral Trade Declaration through WEMS, unless an alternative format is specified by AEMO. WEMS will only allow a Bilateral Trade Declaration to be submitted where the information meets the requirements of paragraph 3.1.3 and paragraph 3.1.8 if applicable.
- 3.1.10. AEMO will endeavour to confirm receipt of a Market Participant's Bilateral Trade Declaration within one Business Day, and this confirmation may be sent as an automated response in WEMS.
- 3.1.11. If a Market Participant has not received confirmation of receipt of its Bilateral Trade Declaration from AEMO within one Business Day of its submission under paragraph 3.1.1, the Market Participant should:
- (a) contact AEMO by emailing wa.capacity@aemo.com.au to determine whether there has been an issue; and
 - (b) arrange for resubmission, if required.
- 3.1.12. AEMO must review the information provided by Market Participants under clause 4.14.1 (and clause 4.14.3, if applicable) to ensure that the information is consistent with the Certified Reserve Capacity of each Facility and the requirements of clause 4.14, and:
- (a) if the information is not consistent, then AEMO will endeavour to resolve the discrepancy with the Market Participant within one Business Day of receipt of the information;
 - (b) if the information is consistent, then AEMO will inform the Market Participant within one Business Day of receipt that the information is accepted; and
 - (c) if AEMO cannot establish what a Market Participant's intentions are with respect to all or part of its Certified Reserve Capacity within the time allowed for resolving discrepancies under paragraph 3.1.12(a), then the relevant part of that Market Participant's Certified Reserve Capacity will be treated as being unavailable to the market, and AEMO must

notify the Market Participant of this outcome within one Business Day of the deadline for resolving discrepancies specified in paragraph 3.1.12(a) [clause 4.14.7].

- 3.1.13. AEMO's review and any notification required under paragraph 3.1.13 may be automated through validations in WEMS.

3.2. Mutually exclusive Facilities

- 3.2.1. AEMO must review the information submitted to it in Bilateral Trade Declarations and identify any Facilities that it determines cannot simultaneously exist for the purposes of clause 4.14.6.
- 3.2.2. AEMO may notify a Market Participant that it is undertaking an assessment under paragraph 3.2.1 and may request supporting information from a Market Participant for the purposes of making an assessment under clause 4.14.6, specifying a date and time for the information to be provided.
- 3.2.3. If the Market Participant does not provide the information requested under paragraph 3.2.2, AEMO must complete the assessment using information already available to AEMO.

3.3. Acceptance and rejection of Bilateral Trade Declarations

- 3.3.1. In accordance with WEM Procedure: Reserve Capacity Security, AEMO must reject a Bilateral Trade Declaration where a Market Participant has not provided the required Reserve Capacity Security or DSM Reserve Capacity Security.
- 3.3.2. For the purpose of accepting Bilateral Trade Declarations, AEMO must use the Facility status (Proposed Status or Committed Status) determined in accordance with Appendix B of this Procedure and recorded in WEMS at the time the window for Bilateral Trade Declarations closes as specified in paragraph 3.1.1.

3.4. Confirmation of Certified Reserve Capacity that may be traded bilaterally

- 3.4.1. AEMO may provide notifications of Certified Reserve Capacity under clause 4.14.9 in WEMS.

APPENDIX A. RELEVANT CLAUSES OF THE WEM RULES

Table 3 details:

- (a) the clauses in the WEM Rules under which the Procedure has been developed; and
- (b) 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 3 Relevant clauses of the WEM Rules

Clause
4.14.11

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APPENDIX B. COMMITTED STATUS APPLICATIONS

Committed Status and Proposed Status are important concepts for the assignment of Network Access Quantities in accordance with Appendix 3 of the WEM Rules. Facilities in Committed Status receive Network Access Quantities in preference to Facilities in Proposed Status. This appendix describes the processes AEMO and Market Participants must follow in relation to applications for Committed Status.

B.1 Application for Committed Status for new Facilities and Facility Upgrades

- B.1.1 All Facilities must be allocated Proposed Status unless it is otherwise determined by AEMO that they have a Committed Status or are in Commercial Operation.
- B.1.2 A Market Participant who wishes to change a new Facility or Facility Upgrade¹ from Proposed Status to Committed Status must apply to AEMO by:
- (a) Creating a change request in WEMS, in accordance with the WEMS MPI User Guide, if the application relates to a new Facility; or
 - (b) emailing wa.capacity@aemo.com.au, if the application relates to a Facility Upgrade.
- B.1.3 A Market Participant must make an application under paragraph B.1.2 at least 10 Business Days prior to the date on which it intends to submit a Bilateral Trade Declaration.
- B.1.4 AEMO must acknowledge receipt of an application made under paragraph B.1.2(b) as soon as practicable.
- B.1.5 AEMO must assess an application made under paragraph B.1.2 within 10 Business Days of receipt.
- B.1.6 A Market Participant submitting an application under paragraph B.1.2 must include supporting information, including any supporting documentation specifically requested by AEMO, provided via email to wa.capacity@aemo.com.au². Supporting information will vary depending on the specific circumstances and may include, but is not limited to:
- (a) evidence of a generation licence as required under section 7(1) of the Electricity Industry Act 2004;
 - (b) formal commitment, including financial approval, on behalf of the person obtaining funding for the project (for example, Board approval);
 - (c) evidence of funding arrangements for the Facility;
 - (d) evidence of a power purchase agreement;
 - (e) financial commitment by the Market Participant to a primary equipment supplier (this would usually take the form of a signed purchase agreement indicating purchase of the main plant equipment, including penalty clauses associated with non-compliance with the purchase agreement);
 - (f) details of planning, construction and environmental applications, approvals and licences;

¹ Facility Upgrades have a separate status to the original Facility.

² Unless this information was previously submitted as part of the application for Certified Reserve Capacity, in which case, the Market Participant must advise AEMO that the information was previously provided.

- (g) evidence of rights of access to land, either through ownership or an appropriate long-term written leasing agreement;
 - (h) a signed contract for civil works (or appropriate alternative), including contractual delivery times;
 - (i) where a Facility is being built primarily to supply energy to one or more foundation customers, evidence that relevant power supply contracts are in place; and
 - (j) for Demand Side Programmes, evidence of capacity already procured by third parties (for example, contracts for load curtailment) or evidence of capacity procurement activity (for example, letters of intent or memoranda of understanding).
- B.1.7 AEMO must treat any information provided by a Market Participant under paragraph B.1.6 as Rule Participant Market Restricted.
- B.1.8 AEMO may request further information from a Market Participant when assessing an application made under paragraph B.1.2.
- B.1.9 A Market Participant must respond as soon as practicable to any requests for information under paragraph B.1.8 to allow the assessment to be completed within 10 Business Days in accordance with paragraph B.1.5.

B.2 Assessment of Committed Status applications

- B.2.1 Upon receipt of an application under paragraph B.1.2, AEMO must:
- (a) consider the supporting information provided by the Market Participant; and
 - (b) determine whether the new Facility or Facility Upgrade has a Committed Status.
- B.2.2 If under paragraph B.2.1(b) AEMO determines that the new Facility or Facility Upgrade has a Committed Status, AEMO must:
- (a) reflect the change in WEMS; and
 - (b) notify the Market Participant of the outcome and the effective date of the Committed Status.
- B.2.3 From the effective date notified by AEMO under paragraph B.2.2(b), a Bilateral Trade Declaration submitted for the Facility will hold a Committed Status.
- B.2.4 If AEMO rejects or is unable to approve an application under paragraph B.1.2 before the Bilateral Trade Declaration window closes, the Facility will retain a Proposed Status for the purposes of the Bilateral Trade Declaration process for that Reserve Capacity Cycle.
- B.2.5 If AEMO rejects or is unable to approve an application under paragraph B.1.2, it must notify the Market Participant as soon as practicable. This notification may be automated and provided through WEMS.