

TRANCHE 9: EXPOSURE DRAFT - ADDENDUM

PROPOSED ELECTRICITY SYSTEM AND MARKET (ESM) AMENDING RULES

Explanatory Note for Exposure Draft of the Tranche 9 Proposed ESM Amending Rules

In the Tranche 9 Exposure Draft EPWA outlined two additional issues relating to Demand Side Programmes that had been identified late in the process. EPWA noted that it was still working with AEMO on solutions to these issues.

This Addendum to the Tranche 9 Exposure Draft includes changes to address these issues and some minor additional issues identified by AEMO.

This Addendum to the Exposure Draft contains proposed Amending Rules to:

- Ensure that, as per the policy intent, a Market Participant for a Demand Side Programme:
 - must provide DSP Reserve Capacity Security when applying for Capacity Credits (equal to 25% of the value of the number of Capacity Credits priced at the Benchmark Reserve Capacity Price).
 - can lose up to 100% of the DSP Reserve Capacity Security in specific circumstances.
 - can incur, over a Capacity Year, Facility Reserve Capacity Deficit Refunds up to a total of 125% of the value of the Capacity Credits assigned to the DSP valued at the Reserve Capacity Price.
- allow Market Participants to nominate for a DSP up to 20 days in a Capacity Year, that can be excluded from the calculation of the dynamic baseline. Subject to the Market Participant notifying AEMO:
 - no later than one Business Day after the day that is to be excluded; and
 - before being notified by AEMO that the DSP will be dispatched or subject to a Reserve Capacity Test for which the day would be in the Baseline Window.
- Make the nomination of the method for setting the Relevant Demand of their Demand Side Programme optional instead of mandatory because the ESM Rules prescribe a default method (the Unadjusted Baseline Method) will apply;
- Ensure the DSP Delivery Shortfall is not counted twice when calculating Reserve Capacity Refunds.
- Ensure a Market Participant cannot change the Transmission Node Identifier of a DSP to a Transmission Node that is on the list published by AEMO under clause 4.3.1(n).
- Bring forward the policy decision from the RCM Review to remove the concept of Non-Temperature Depend Loads (NTDLs) by making the NTDL Ratio equal to the (Temperature Dependent Load) Ratio.

This Addendum to the Exposure Draft is divided into 3 schedules:

1. Amending Rules to commence on 1 January 2026, immediately after commencement of Schedule 2 of the Wholesale Electricity Market Amendment (RCM Reviews Sequencing) Rules 2025 (RCM Sequencing Amendments) and Schedule 3 of the Electricity System and Market Amendment (Tranche 8) Rules 2025 (Tranche 8 Amendments);
 - 1A. Amending Rules to commence on 1 March 2026;
3. Amending Rules to commence immediately after commencement of Schedule 3 of the RCM Sequencing Amendments, Schedule 4 of the Tranche 8 Amendments, Schedule 2 of the Wholesale Electricity Market Amendment (Supplementary Capacity No. 3) Rules 2024 and Schedule 8 of the Tranche 8 Amendments on 1 October 2026

Following industry consultation, the proposed Amending Rules in this Exposure Draft will be submitted to the Minister for Energy for making and gazettal in December 2025.

Energy Policy WA is seeking stakeholder feedback on this Exposure Draft by **5:00 PM (WST) on Wednesday 19 November 2025**. Feedback can be sent to energymarkets@deed.wa.gov.au.

Mark-up Colour guide:

Text in black	Text in black Rules assumed to be in force at the time the Amending Rules in the relevant schedule are proposed to commence (based on confirmed commencement dates for Amending Rules made by the Minister and the Amending Rules in prior schedules of this exposure draft)
Text in red - <u>underlined</u> and striketrough	Amendments proposed under Tranche 9
Text in red and yellow highlight <u>underlined</u> and striketrough	Amendments that that are new or changing between the original exposure draft and the Addendum

Overview of Demand Side Programme Amending Rules

As a result of the Reserve Capacity Mechanism (RCM) Review and Demand Side Response (DSR) Review, the Minister made changes to the participation of Demand Side Programmes (DSPs) in the RCM through the following Amending Rules:

- *Wholesale Electricity Market Amendment (Reserve Capacity Reform) Rules 2023;*
- *Wholesale Electricity Market Amendment (Miscellaneous Amendments No 3) Rules 2024;*
- *Wholesale Electricity Market Amendment (RCM Reviews Sequencing) Rules 2025;* and
- *Electricity System and Market Amendment (Tranche 8) Rules 2025.*

The changes to the regime were designed to facilitate the provision of reserve capacity by DSPs that are an aggregation of smaller loads or Distributed Energy Resources. The enhanced regime applies from the 2024 Reserve Capacity Cycle (from the 2026 Capacity Year).

While working on the implementation of these changes, AEMO identified some issues affecting the implementation and, potentially, the effective operation of DSPs in the RCM.

To address these issues EPWA, in consultation with AEMO, has developed further proposed changes to the new regime. A Consultation Paper was published on 8 September 2025 to seek feedback on these changes.

The initial Exposure Draft contains changes to implement the outcome the following proposed changes:

- require the Market Participant to associate sufficient loads to the DSPs they are required to register so that the sum of the contracted capacity of these loads equals at least the Capacity Credits assigned to the DSP that was subject to clause 4.10.1B;
- extend the requirement to associate loads to a DSP by 1 July of year 3 of the relevant Reserve Capacity Cycle (3 months before the start of the Capacity Year) to all DSPs including those that were not subject to clause 4.10.1B;
- allow for load associations to have a start date of up to 1 December of the relevant Capacity Year before AEMO reduces the DSPs Capacity Credits and introduce Peak DSP Association Refunds for any such shortfall between 1 October and 1 December;
- extend the provision to reduce a DSP's Capacity Credits if it has not associated sufficient loads to cover its Capacity Credits by 1 July of year 3 of the relevant Reserve Capacity Cycle to all DSPs including those that were not subject to clause 4.10.1B;
- align Reserve Capacity Tests and test via observation through Dispatch Instructions so every set of contiguous Trading Intervals a DSP was dispatched represents a Reserve Capacity Test;
- allow Market Participants to request AEMO to schedule a re-test any time after a Reserve Capacity Test or Dispatch Instruction. Market Participants may only request up to 3 re-tests of a DSP in a capacity testing period; and
- apply a consistent method for the determination of a capacity shortfall for a DSP during Reserve Capacity Tests and intervals in which Dispatch Instructions apply.

Schedule 1: Amending Rules to commence 1 January 2026, immediately after commencement of Schedule 3 of the Electricity System and Market Amendment (Tranche 8) Rules 2025

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Explanatory Note

Section 1.67 is amended to remove the obligation for a Market Participant to nominate the method for the determination of the Relevant Demand for a Demand Side Programme. This is because clause 2.29.5AH provides a default method, therefore an obligation poses an unnecessary burden on Market Participants to nominate and on AMEO to monitor and report on.

1.67. Transitional Provision – Nomination for determination of Relevant Demand

1.67.1. In this section 1.67:

Post-Amended Rules: Means the WEM Rules in force on 1 October 2026.

Unadjusted Baseline Method: Has the meaning in the Post-Amended Rules.

1.67.2. Market Participants with Capacity Credits for Demand Side Programmes ~~for the 2026 Capacity Year must comply~~ may nominate a method for the determination of the Relevant Demand of the Demand side Programme in accordance with clause 2.29.5AG of the Post-Amended Rules ~~no later than 23 September 2026 under this clause 1.67.2 until 1 October 2026.~~

1.67.3. Where a Market Participant nominates a method for the determination of the Relevant Demand of the Demand Side Programme in accordance with clause 1.67.2, AEMO must process the nomination in accordance with clause 2.29.5AH of the Post-Amending Rules.:

~~(a) — acknowledge the receipt of the nomination within two Business Days; and~~

~~(b) — effect the nomination within five Business Days of receipt and notify the Market Participant when the nomination is effective.~~

1.67.4. If a Market Participant has not nominated a method for the determination of the Relevant Demand of the Demand Side Programme in accordance with clause 1.67.2, then AEMO must use the Unadjusted Baseline Method.

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Explanatory Note

Section 1.71 is introduced to propose transitional provisions for the changes to the NTDL and TDL Ratios proposed in Schedule 1A, proposed to commence on 1 March 2026.

1.71. Specific Transitional Provisions for the calculation of the Individual Reserve Capacity Requirement for the Trading Month of March 2026

1.71.1 In this section 1.71:

Post-Amended Rules: Means the WEM Rules in force on 1 March 2026.

1.71.2. AEMO must determine the Indicative Individual Reserve Capacity Requirement and the Individual Reserve Capacity Requirement for the Trading Month of March 2026, in accordance with the Post-Amending Rules.

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2.29. Facility Registration Classes

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Non-Dispatchable Loads and the association and disassociation with Demand Side Programmes and Interruptible Loads

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Explanatory Note

Clause 2.29.5AB is amended to:

- require the Market Participant to associate sufficient loads to the DSPs they are required to register so that the sum of the contracted capacity of these loads equals at least the Capacity Credits assigned to the DSP that was subject to clause 4.10.1B;
- extend the requirement to associate loads to all DSPs not only the ones subject to clause 4.10.1B;
- change the deadline by which sufficient load must be associated to the DSP from 1 October to 1 December of Year 3 of the Reserve Capacity Cycle, noting that a DSP Association Shortfall is introduced that will apply from 1 October; and
- as a result of extending the deadline for load association, apply Reserve Capacity Deficit Refunds to a DSP Association Shortfall instead of a reduction to Capacity Credits under clause 4.13A.15A.
- the reference to clause 4.20.16B that was included in the original exposure draft is removed to reflect the proposed removal of clause 4.20.16B.

Clause 2.29.5AC is amended to reflect the introduction of clause 2.29.5AB(b).

~~2.29.5AB. A Market Participant who was assigned Peak Capacity Credits or Flexible Capacity Credits for a certified Demand Side Programme that was subject to clause 4.10.1B in Year 1 of a Reserve Capacity Cycle, must, in accordance with clause 4.20.16A and no later than three months before the start of the Capacity Year, notify AEMO of the number of Capacity Credits that are to be associated with one or more Demand Side Programmes that are registered, and associate Non-Dispatchable Loads with the registered Demand Side Programmes such that the date of association for the Associated Loads of each individual registered Demand Side Programme is no later than 1 October of the relevant Capacity Year.~~

~~For avoidance of doubt, the requirement to associate Non-Dispatchable Loads to Demand Side Programmes under this clause does not preclude a Market Participant from associating additional Non-Dispatchable Loads to their Demand Side Programmes during the Capacity Year.~~

2.29.5AB. A Market Participant who was assigned Peak Capacity Credits or Flexible Capacity Credits for a certified Demand Side Programme must no later than three months before the start of the Capacity Year:

(a) if the Demand Side Programme was subject to clause 4.10.1B in Year 1 of the Reserve Capacity Cycle:

- i. ~~in accordance with clause 4.20.16B~~ notify AEMO of the number of Capacity Credits that are to be allocated to one or more Demand Side Programmes that are registered; and
- ii. associate Non-Dispatchable Loads with each registered Demand Side Programme that is to be allocated Capacity Credits under clause 2.29.5AB(a)(i) such that:
 1. the date of association for the Associated Loads of the Demand Side Programme is no later than 1 December of the relevant Capacity Year; and
 2. the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads equals at least the Capacity Credits allocated to the Demand Side Programme that was subject to clause 4.10.1B; or

(b) if the Demand Side Programme was not subject to clause 4.10.1B in Year 1 of the Reserve Capacity Cycle, associate Non-Dispatchable Loads to the Demand Side Programme such that:

- i. the date of association for the Associated Loads of the Demand Side Programme is no later than 1 December of the relevant Capacity Year; and
- ii. the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads equals at least the Capacity Credits assigned to the Demand Side Programme.

For the avoidance of doubt, the requirement to associate Non-Dispatchable Loads to Demand Side Programmes under this clause does not preclude a Market Participant from associating additional Non-Dispatchable Loads to their Demand Side Programmes during the Capacity Year.

2.29.5AC. A Market Participant associating Non-Dispatchable Loads to its Demand Side Programmes under clause ~~2.29.5AB~~ 2.29.5AB(a) for a Capacity Year, may not associate a Non-Dispatchable Load to a Demand Side Programme at a

Transmission Node that is included in the list of Transmission Nodes published by AEMO under clause 4.3.1(n) in Year 1 of the Reserve Capacity Cycle.

Explanatory Note

Clause 2.29.5AD is amended to remove spurious text and to extend the scope of the clause to all Associated Loads.

2.29.5AD.If during a Capacity Year, the Network Operator changes the Transmission Node for a Non-Dispatchable Load associated to a Demand Side Programme ~~in accordance with clause 2.29.5AB, then, unless the Market Participant was already exempt under clause 4.10.1B, then~~ the relevant Market Participant may continue to associate that Non-Dispatchable Load with the relevant Demand Side Programme for the remainder of that Capacity Year.

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Explanatory Note

New clauses 2.29.5AM and 2.29.5AN are introduced to provide that AEMO must reduce any **Peak and Flexible** DSP Capacity Credits if the Market Participant has not associated sufficient loads to cover its Capacity Credits by 1 July of Year 3 of the relevant Reserve Capacity Cycle.

2.29.5AM.If a Market Participant fails to associate enough Non-Dispatchable Loads to a Demand Side Programme to satisfy the criteria under clauses 2.29.5AB(a)(ii) or 2.29.5AB(b), as applicable, AEMO must reduce the level of Peak Capacity Credits assigned to the Demand Side Programme by the association shortfall calculated as:

$$\max(0, PCC(f) - SCCL(f))$$

where:

- (a) PCC(f) is the total of Peak Capacity Credits assigned to the Facility; and
- (b) SCCL(f) is the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads of the Demand Side Programme.

2.29.5AN.If a Market Participant fails to associate enough Non-Dispatchable Loads to a Demand Side Programme to satisfy the requirements under clause 2.29.5AB(a)(ii) or 2.29.5AB(b), as applicable, AEMO must reduce the level of Flexible Capacity Credits assigned to the Demand Side Programme by the association shortfall calculated as:

$$\max(0, FCC(f) - SCCL(f))$$

where:

- (a) FCC(f) is the total of Flexible Capacity Credits assigned to the Facility; and

(b) SCCL(f) is the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads of the Demand Side Programme.

Explanatory Note

New clause 2.29.5AO is introduced to ensure that a Market Participant cannot change the Transmission Node Identifier to a Transmission Node that AEMO has identified as being constraint for DSPs to ensure that the reserve capacity paid for is actually available as per the policy intent.

2.29.5AO. A Market Participant may not change the Transmission Node Identifier for a Demand Side Programme to a Transmission Node published by AEMO under clause 4.3.1(n) in Year 1 of the Reserve Capacity Cycle for the relevant Capacity Year.

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Explanatory Note

Clause 2.29.5B(a) is amended to clarify that load curtailment could either be provided through increasing Injection or reducing Withdrawal.

Clauses 2.29.5B(f) and 2.29.5HA are inserted to require Synergy to:

provide evidence to AEMO that an interval meter is installed at the Measurement Point of a Non-Dispatchable Load that it wishes to associate to a Demand Side Programme; and

notify Western Power that AEMO has associated a non-contestable Non-Dispatchable Load to a Demand Side Programme, and provide the NMI for the Non-Dispatchable Load.

These changes will:

assist AEMO in its decision to approve applications to associate Non-Dispatchable Loads under clause 2.29.5D on the basis of whether the Non-Dispatchable Load is equipped with an Interval Meter; and

complement upcoming changes EPWA expects to make to the *Electricity Industry (Metering) Code 2012* (Metering Code) to ensure a pathway exists for Western Power to reclassify the meters for non-contestable Non-Dispatchable Loads participating in the Reserve Capacity Mechanism as Associated Loads of a Demand Side Programme to Interval Meters so AEMO is able to receive and use their meter data.

Clauses 2.29.5B(d) and 2.29.5B(e) are amended to ensure a Market Participant must provide the expected change in Withdrawal or Injection of an Associated Load upon association with a DSP.

2.29.5B. A Market Participant may apply to AEMO to associate a Non-Dispatchable Load with a Demand Side Programme or an Interruptible Load. The Market Participant must provide the following information to AEMO in support of the application:

- (a) if applicable, evidence satisfactory to AEMO that the Market Participant owns the Non-Dispatchable Load or has entered into a contract with the person who owns, operates or controls the Non-Dispatchable Load to ~~provide curtailment~~ reduce its Withdrawal or increase its Injection on request by the Market Participant, and that the Non-Dispatchable Load will not be subject to a contract or arrangement to reduce ~~consumption~~ Withdrawal or increase Injection during one or more Trading Intervals in Year 3 of the relevant Reserve Capacity Cycle for the purpose of reducing

Peak Capacity Purchaser Payments and Flexible Capacity Purchaser Payments determined under clause 9.8.2;

- (b) the network Measurement Point of the Non-Dispatchable Load;
- (bA) the Transmission Node Identifier for the Non-Dispatchable Load;
- (c) if the Demand Side Programme contains a Single Associated Load, the expected Minimum Consumption of the Non-Dispatchable Load in units of MW;
- (d) if the Market Participant requesting the association owns, controls or operates the relevant Non-Dispatchable Load, then ~~the start date and end date of the Non-Dispatchable Load association proposed by the Market Participant; and~~
 - i. the start date of the Non-Dispatchable Load association;
 - ii. the end date of the Non-Dispatchable Load association; and
 - iii. the intended reduction of Withdrawal or increase in Injection, in MW, of the Non-Dispatchable Load;
- (e) if the Market Participant requesting the association has entered into a contract with a person who owns, controls or operates the relevant Non-Dispatchable Load, then ~~the contract start date and contract end date;~~
 - i. the contract start date of the Non-Dispatchable Load association;
 - ii. the contract end date of the Non-Dispatchable Load association; and
 - iii. the contracted reduction of Withdrawal or increase in Injection, in MW, of the Non-Dispatchable Load; and
- (f) if the Non-Dispatchable Load is associated with a non-contestable customer as defined in the Metering Code, evidence that the Network Operator has installed an Interval Meter at the Measurement Point of the relevant Non-Dispatchable Load.

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Explanatory Note

Clause 2.29.5N is amended to ensure the relevant WEM Procedure can accommodate processes to associate a DSP with a Non-Dispatchable Load under new clause 2.29.5AB.

2.29.5N. AEMO must document in a WEM Procedure:

- (a) the process to be followed by a Market Participant and the information to be provided to AEMO for an application to associate, disassociate or reduce the Association Period of a Non-Dispatchable Load with a Demand Side Programme or an Interruptible Load under clauses 2.29.5AB, 2.29.5B and 2.29.5I; and

- (b) the process to be followed by AEMO in respect to accepting or rejecting an application to associate, disassociate or reduce the Association Period of a Non-Dispatchable Load with a Demand Side Programme or an Interruptible Load under clauses 2.29.5B and 2.29.5I.

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4.10. Information Required for the Certification of Reserve Capacity

Explanatory Note

Clause 4.10.1(e) is amended to correct a cross-referencing error. The clause under which a Capability Class 1 or 2 Facility can be nominated for a 10-year fixed price because it will only be fueled by Eligible Renewable Energy Sources is 4.14.1CB(a)(ii)(1).

Clause 4.10.1(f)(i)(2) is introduced to ensure that a Market Participant must provide the expected minimum consumption for a Demand Side Programme with only one load. Clause 4.11.1(j)(ii) is amended to reflect this inclusion.

Clause 4.10.1(fA) is amended to correct a cross-referencing error. The clause under which a Capability Class 1 or 2 Facility that is an Electric Storage Resource, which can provide capacity for the highest ESR Duration Requirement in the Long Term PASA Study Horizon, can be nominated for a 10-year fixed price is 4.14.1CB(a)(ii)(2).

- 4.10.1. Each Market Participant must ensure that information submitted to AEMO with an application for certification of Reserve Capacity pertains to the Reserve Capacity Cycle to which the certification relates, and is supported by documented evidence and includes, if applicable, except to the extent that it is already accurately provided in Standing Data:

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- (e) for a Non-Intermittent Generating System:

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- v. details of primary and any alternative fuels, including:

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3. optionally, evidence to show:

- i. that all fuels to be used in the Non-Intermittent Generating System in the relevant Capacity Year will be from Eligible Renewable Energy Sources; and
- ii. if the Non-Intermittent Generating System was a Fixed Price Component under clause 4.14.1CB(a)(ii)(1) ~~4.14.1C(b)~~ in the previous Capacity Year, that all fuels used in the previous Capacity Year by the Non-Intermittent Generating System were from Eligible Renewable Energy Sources; and

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- (f) for Demand Side Programmes:
- i. if the Demand Side Programme has, or is expected to have, a single Associated Load, ~~the quantity of Peak Capacity the Market Participant expects to make available from the Facility;~~
 1. the quantity of Peak Capacity the Market Participant expects to make available from the Facility; and
 2. the expected Minimum Consumption of the Non-Dispatchable Load in units of MW;
- (fA) for an Electric Storage Resource, except if clause 4.10.1(fD) applies:
- ...
- vi. optionally, evidence to show:
 1. that the Market Participant can supply sufficient energy from Eligible Renewable Energy Sources for the Electric Storage Resource to discharge at its Peak Certified Reserve Capacity for the ESR Duration Requirement in each Trading Day of the applicable Capacity Year; or
 2. if the Electric Storage Resource was a Fixed Price Component under clause 4.14.1CB(a)(ii)(2) ~~4.14.1C(b)~~ in the previous Capacity Year, that the Market Participant supplied sufficient energy from Eligible Renewable Energy Sources to account for the energy supplied to the Electric Storage Resource during the previous Capacity Year;
- ...

4.13A. DSP Reserve Capacity Security

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Explanatory Note

The following amendments from Schedule 3 of the RCM Sequencing Amendments were scheduled to commence on 1 October 2026, but are now proposed to commence earlier on 1 January 2026 so they are in place on 1 July 2026 when first needed:

- introduction of new clause 4.13A.5A in amended form to reflect that the multiple registered DSPs might not exist before Year 3 of the Reserve Capacity Cycle.
- Introducing new clause 4.13A.5B in amended form to:
 - reflect any payments of the initial DSP Reserve Capacity Security under clause 4.13A.15A for failure to allocate Capacity Credits to a registered DSPs;
 - ensure the DSP Reserve Capacity Security is apportioned to the registered DSPs based on the initial share of allocated Capacity Credits;
- introduction of new clause 4.13A.15A in amended form to:
 - apply to all DSPs; and
 - ensure compensation applies for reduction of both Peak and Flexible Capacity Credits if both are reduced;
 - ensure that a Market Participant cannot lose more than 100% of the DSP Reserve Capacity Security under this clause;

- relating the drawing of DSP Reserve Capacity Security to the Benchmark Reserve Capacity Price instead the Reserve Capacity Price, because this is the basis for the security payment;
 - ensuring a DSP Reserve Capacity Security is not taken twice for the same Capacity Credit of a DSP - once for Peak and once for Flexible capacity; and
 - relating the DSP Reserve Capacity Security taken for a reduction in Flexible Capacity Credits to the Flexible Reserve Capacity Price.
- replacement of clause 4.13A.16
 - amendments to 4.13A.16A.

introduce new clause 4.16A.16B to ensure that AEMO cannot draw upon more than 100% of the DSP Reserve Capacity Security in the same Capacity Year.

4.13A.5A. If a Market Participant has a single certified Demand Side Programme that is subject to clause 4.10.1B:

- (a) that comprises multiple registered Demand Side Programmes for the relevant Capacity Year; and
- (b) has previously provided a single DSP Reserve Capacity Security with respect to the certified Demand Side Programme in accordance with clause 4.13A.1,

then the single DSP Reserve Capacity Security is deemed to satisfy the requirement in clause 4.13A.1 with respect to all of the registered Demand Side Programmes the single certified Demand Side Programme comprises.

4.13A.5B. If AEMO:

- (a) holds a single DSP Reserve Capacity Security for multiple registered Demand Side Programmes under clause 4.13A.5A; and
- (b) intends to draw down on DSP Reserve Capacity Security in respect of one of the registered Demand Side Programmes,

then AEMO must apportion the single DSP Reserve Capacity Security across the multiple registered Demand Side Programmes it relates to as follows:

$$DSPRCS(f) = DSPRCS(CF) \times \frac{CC(f)}{\sum_{i \in CF} CC(i)}$$

where:

- (c) DSPRCS(f) denotes the DSP Reserve Capacity Security AEMO apportions to registered Demand Side Programme f under this clause;
- (d) DSPRCS(CF) denotes the single DSP Reserve Capacity Security AEMO holds in respect of certified Demand Side Programme CF under clause 4.13A.5A which, for the avoidance of doubt, excludes any previous reductions in relation to the same Capacity Year resulting from previous payments made under clause 4.13A.15A;
- (e) CC(f) denotes the number of Peak Capacity Credits allocated to the registered Demand Side Programme f in accordance with clause 2.29.5AB(a)(i);

- (f) CC(i) denotes the number of Capacity Credits allocated to the registered Demand Side Programme i in accordance with clause 2.29.5AB(a)(i); and
- (g) i∈CF denotes the set of registered Demand Side Programmes (i) comprising the certified Demand Side Programme (CF).

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4.13A.15. If a Market Participant that provides DSP 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 Peak 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 DSP 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.15A. If a Demand Side Programme has its Capacity Credits reduced by AEMO under clauses 2.29.5AE, 2.29.5AF 2.29.5AM or 2.29.5AN then, subject to clause 4.13A.16B, the Market Participant that provides the DSP Reserve Capacity Security for the Demand Side Programme must pay to AEMO, as compensation to the market, the greater of:

- (a) if AEMO has reduced the level of Peak Capacity Credits under clauses 2.29.5AE or 2.29.5AM, an amount equal to the product of:
 - i. the shortfall in Peak Capacity Credits calculated by AEMO under clauses 2.29.5AE or 2.29.5AM; and
 - ii. 25 percent of the Peak Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year; and
- (b) if AEMO has reduced the level of Flexible Capacity Credits under clause 2.29.5AF or 2.29.5AN, an amount equal to the product of:
 - i. the shortfall in Flexible Capacity Credits calculated by AEMO under clause 2.29.5AF or 2.29.5AN; and
 - ii. 25 percent of the Flexible Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year.

4.13A.16. The payment obligation under clause 4.13A.15 may be satisfied by AEMO drawing upon the DSP Reserve Capacity Security for the Demand Side Programme.

4.13A.16. The payment obligation under clauses 4.13A.15 or 4.13A.15A may be satisfied by AEMO drawing upon:

- (a) if the payment obligation is under clause 4.13A.15, the DSP Reserve Capacity Security for the relevant registered Demand Side Programme, or the single DSP Reserve Capacity Security that AEMO holds under clause 4.13A.5A in accordance with clause 4.13A.5B; or
- (b) if the payment obligation is under clause 4.13A.15A, the single DSP Reserve Capacity Security that AEMO holds under clause 4.13A.5A in accordance with clause 4.13A.5B.

4.13A.16A. AEMO must pay the amount claimed under clauses 4.13A.15, 4.13A.15A or 4.13A.16, as compensation, to Market Participants in proportion to their Individual Reserve Capacity Requirements during the relevant Trading Day in accordance with Chapter 9.

4.13A.16B. AEMO may not draw down more DSP Reserve Capacity Security than the amount determined under clause 4.13A.2(b) for the relevant Capacity Year. For the avoidance of doubt, for a Demand Side Programme that was allocated Capacity Credits under clause 2.29.5AB(a)(i), AEMO may not draw down more than the part of the DSP Reserve Capacity Security apportioned to that DSP under clause 4.13A.5B, for the relevant Capacity Year.

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Explanatory Note

Clause 4.20.16B is deleted to reflect that the requirement to associate loads to a DSP is now covered under clause 2.29.5AB. Keeping clause 4.20.16B would place an unnecessary burden on AEMO to monitor compliance.

Capacity Credits

4.20. Capacity Credits

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4.20.16B. If:

- (a) — AEMO has assigned Capacity Credits to a certified Demand Side Programme that was subject to clause 4.10.1B in Year 1 of a Reserve Capacity Cycle; and
- (b) — the Market Participant has, subsequently, apportioned those Capacity Credits across multiple Demand Side Programmes in accordance with clause 2.29.5AB;

the Market Participant must, no later than three months prior to the start of the Capacity Year, notify AEMO of the number of Capacity Credits that are to be apportioned to each individually registered Demand Side Programme for the Capacity Year such that:

(c) — the sum of the Peak Capacity Credits apportioned to the registered Demand Side Programmes equals the total Peak Capacity Credits assigned to the certified Demand Side Programme; and

(d) — the sum of the Flexible Capacity Credits apportioned to the registered Demand Side Programmes equals the total Flexible Capacity Credits assigned to the certified Demand Side Programme;

...

Appendix 1: Standing Data

Explanatory Note

New clause f(vii) is introduced to Appendix 1 to include the Transmission Node Identifier in the Standing Data for Demand Side Programmes.

...

(f) For a Demand Side Programme:

...

v. evidence that the communication and control systems required by clause 2.35 are in place and operational; ~~and~~

vi. details of the real-time telemetry capabilities of the Facility; ~~and~~

vii. the Transmission Node Identifier.

...

Schedule 1A: Amending Rules to commence on 1 March 2026

Explanatory Note

Appendix 5 is proposed to be amended to make the NTDL Ratio equal the TDL Ratio in line with the policy decision to remove the NTDL concept from the RCM, and commence this on 1 March 2026. The permanent rules that achieve the same policy intent have already been scheduled to commence on 1 October 2027.

Appendix 5: Individual Reserve Capacity Requirements

This Appendix presents the method that must be used by AEMO to determine, for a Trading Month n :

...

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

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

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

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

...

- Step 5: Identify meters that were not registered with AEMO during one or more of the 12 Peak SWIS Trading Intervals but which were registered by the end of Trading Month n .

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

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

Step 5A:

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

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

Subtract the number of non-interval or accumulation meters disconnected between the end of the preceding Hot Season and the end of Trading Month $n-3$ from the number of non-interval or accumulation meters connected between the end of the preceding Hot Season and the end of Trading Month $n-3$ ("Non-Interval Meter Growth").

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

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

...

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

$$TDLn(v^*) = TDL(v^*) - \text{Sum}(v \in NM, NMTDCR(v))$$

Step 8: For each Market Participant i , calculate:

$$ILRCR(i) = \text{Sum}(ILRCR(w) \times d(w,i))$$

Step 8A: Calculate:

$$NRR = RR - \text{Sum}(i, ILRCR(i))$$

$$\text{NTDL_Ratio} = NRR / FL$$

Step 8B: ~~For each Market Participant i , calculate:~~

$$\text{NTDLRCR}(i) = \text{Sum}(\text{NTDL}(u) \times d(u,i)) \times \text{NTDL_Ratio}$$

~~Step 8C: Calculate:~~

$$\text{TDL_Ratio} = (NRR - \text{Sum}(i, \text{NTDLRCR}(i))) / \text{Sum}(i, \text{Sum}(\text{MTDL}(v) \times d(v,i)))$$

$$\text{Ratio} = NRR /$$

$$(\text{Sum}(i, \text{Sum}(\text{MTDL}(v) \times d(v,i))) + \text{Sum}(i, \text{Sum}(\text{NTDL}(u) \times d(u,i))))$$

where

$$\text{MTDL}(v) = TDL(v) \text{ for all } v \text{ except } v^* \text{ and}$$

$$\text{MTDL}(v) = TDLn(v^*) \text{ for } v=v^*$$

Step 8C: Set:

$$\text{NTDL_Ratio} = \text{Ratio}$$

$$\text{TDL_Ratio} = \text{Ratio}$$

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

$$\text{NTDLRCR}(i) = (\text{Sum NTDL}(u) \times d(u,i)) \times \text{NTDL_Ratio}$$

$$\text{TDLRCR}(i) = (\text{Sum MTDL}(v) \times d(v,i)) \times \text{TDL_Ratio}$$

Step 9: For each Market Participant i , calculate

$$X(i) = \text{Sum}(i, \text{ILRCR}(i) + \text{NTDLRCR}(i) + \text{TDLRCR}(i)) + \text{Sum}(u, \text{NMNTCR}(u) \times d(u,i)) + \text{Sum}(v, \text{NMTDCR}(v) \times d(v,i))$$

Step 10: Calculate:

$$\text{Total_Ratio} = \text{RR} / \text{Sum}(i, X(i))$$

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

$$X(i) \times \text{Total_Ratio}$$

...

Schedule 3: Amending Rules to commence immediately after commencement of Schedule 8 of the Electricity System and Market Amendment (Tranche 8) Rules 2025 on 1 October 2026

...

2.29. Facility Registration Classes

....

Explanatory Note

Clauses 2.29.5AG, 2.29.5AH and 2.29.5AI are further amended from what was proposed in the original exposure draft to make the nomination of a method for determining the Relevant Demand optional.

amended to remove the requirement for a Market Participant to nominate a Relevant Demand method each year. Instead, the Market Participant must nominate a baseline method ahead of the first Capacity Year it is certified for. In following Capacity Years, the nominated method will be used unless the Market Participant changes methods under clause 2.29.5AI.

Clause 2.29.5AI is further amended from what was proposed in the original exposure draft to reflect that the original nomination of the method is now optional.

Clause 2.29.5AJ is deleted because the timeline for applying the method for determining the Relevant Demand is already set under clause 2.29.5AH.

2.29.5AG.A Market Participant responsible for a Demand Side Programme ~~must, no later than five Business Days prior to the start of each Capacity Year~~ may, nominate either the Adjusted Baseline Method or Unadjusted Baseline Method for the determination of the Relevant Demand of the Demand Side Programme ~~for the relevant Capacity Year.~~

2.29.5AH.AEMO must:

- (a) use the Unadjusted Baseline Method if a Market Participant ~~fails to~~ has not nominated d a method for the determination of the Relevant Demand of the Demand Side Programme in accordance with clause 2.29.5AG; or
- (b) if a Market Participant nominates a method for the determination of the Relevant Demand of the Demand Side Programme in accordance with clause 2.29.5AG:
 - i. effect the nomination from the later of:
 - 1. the Trading Day specified by the Market Participant in the nomination; or
 - 2. the start of the second Trading Day following the date of receipt of the nomination; and
 - ii. within one Business day of receipt of the nomination, inform the Participant about the date the nomination will be effective.

i. ~~acknowledge the receipt of the nomination within two Business Days; and~~

ii. ~~effect the nomination within five Business Days of receipt and notify the Market Participant when the nomination is effective.~~

2.29.5AI. A Market Participant responsible for a Demand Side Programme may apply to AEMO ~~once during a Capacity Year~~ to change the method for the determination of the Relevant Demand of the Demand Side Programme ~~for that~~ twice for each Capacity Year.

~~2.29.5AJ. If a Market Participant applies to AEMO to change the method for the determination of the Relevant Demand of a Demand Side Programme under clause 2.29.5AI, AEMO must apply the new method from the start of the first Trading Day commencing 5 Business Days after AEMO receives the application.~~ [BLANK]

...

4.13A. DSP Reserve Capacity Security

...

Explanatory Note

As set out in Schedule 3 of this exposure draft, clauses 4.13A.5A, 4.13A.5B and 4.13A.15A will be inserted and clause 4.13A.16 will be replaced on 1 January 2026. These changes will supersede the Amending Rules in Schedule 3 of the RCM Sequencing Amendments, which commence on 1 October 2026 and also insert/replace these clauses. The duplicate clauses therefore need to be deleted and clause 4.13A.16 amended.

Additionally, clause 4.13A.5A(a) is amended to reflect that the multiple registered Demand Side Programmes don't have to be registered before Year 3 of the Reserve Capacity Cycle.

4.13A.5A. If a Market Participant has a single certified Demand Side Programme that is subject to clause 4.10.1B:

- (a) that comprises multiple registered Demand Side Programmes for the relevant Capacity Year; and
- (b) has previously provided a single DSP Reserve Capacity Security with respect to the certified Demand Side Programme in accordance with clause 4.13A.1,

then the single DSP Reserve Capacity Security is deemed to satisfy the requirement in clause 4.13A.1 with respect to all of the registered Demand Side Programmes the single certified Demand Side Programme comprises.

~~4.13A.5A. If a Market Participant has a single certified Demand Side Programme that is subject to clause 4.10.1B:~~

- ~~(a) that comprises multiple registered Demand Side Programmes in Year 1 of the relevant Reserve Capacity Cycle; and~~

~~(b) — has previously provided a single DSP Reserve Capacity Security with respect to the certified Demand Side Programme in accordance with clause 4.13A.1;~~

~~then the single DSP Reserve Capacity Security is deemed to satisfy the requirement in clause 4.13A.1 with respect to all of the registered Demand Side Programmes the single certified Demand Side Programme comprises.~~

4.13A.5B. If AEMO:

- (a) holds a single DSP Reserve Capacity Security for multiple registered Demand Side Programmes under clause 4.13A.5A; and
- (b) intends to draw down on DSP Reserve Capacity Security in respect of one of the registered Demand Side Programmes,

then AEMO must apportion the single DSP Reserve Capacity Security across the multiple registered Demand Side Programmes it relates to as follows:

$$DSPRCS(f) = DSPRCS(CF) \times \frac{CC(f)}{\sum_{i \in CF} CC(i)}$$

where:

- (c) DSPRCS(f) denotes the DSP Reserve Capacity Security AEMO apportions to registered Demand Side Programme f under this clause;
- (d) DSPRCS(CF) denotes the single DSP Reserve Capacity Security AEMO holds in respect of certified Demand Side Programme CF under clause 4.13A.5A **which, for the avoidance of doubt, excludes any previous reductions in relation to the same Capacity Year resulting from previous payments made under clause 4.13A.15A;**
- (e) CC(f) denotes the number of **Peak** Capacity Credits **allocated to the registered Demand Side Programme f in accordance with clause 2.29.5AB(a)(i);**
- (f) CC(i) denotes the number of Capacity Credits **allocated to the registered Demand Side Programme i in accordance with clause 2.29.5AB(a)(i);** and
- (g) i ∈ CF denotes the set of registered Demand Side Programmes (i) comprising the certified Demand Side Programme (CF).

~~4.13A.5B. If AEMO:~~

- ~~(a) — holds a single DSP Reserve Capacity Security for multiple registered Demand Side Programmes under clause 4.13.5A; and~~
- ~~(b) — intends to draw down on DSP Reserve Capacity Security in respect of one of the registered Demand Side Programmes,~~

~~then AEMO must apportion the single DSP Reserve Capacity Security across the multiple registered Demand Side Programmes it relates to as follows:~~

$$~~DSPRCS(f) = DSPRCS(CF) \times \frac{CC(f)}{\sum_{i \in CF} CC(i)}~~$$

where:

- (a) ~~DSPRCS(f) denotes the DSP Reserve Capacity Security AEMO apportions to registered Demand Side Programme f under this clause;~~
- (b) ~~DSPRCS(CF) denotes the single DSP Reserve Capacity Security AEMO holds in respect of certified Demand Side Programme CF under clause 4.13A.5A;~~
- (c) ~~CC(f) denotes the number of Capacity Credits held by registered Demand Side Programme f;~~
- (d) ~~CC(i) denotes the number of Capacity Credits held by registered Demand Side Programme i; and~~
- (e) ~~iCCF denotes the set of registered Demand Side Programmes (i) comprising the certified Demand Side Programme (CF).~~

...

Explanatory Note

Clause 4.13A.15 is amended to:

- capture DSPs, which do not have their Capacity Credits assigned under clause 4.20.5A, but have these allocated under clause 2.29.5AB(a)(i). This clause is amended to refer to clause 2.29.5AB(a)(i).
- ~~ensure that a Market Participant does not lose more than 100% of the DSP Reserve Capacity Security for a DSP in a Capacity Year.~~
- reflect any reductions in Capacity Credits; and
- change the timing to better reflect the availability of adequate meter data.

The previous suggested reference to previous payments under clause 4.13A.15A is removed because the new proposed clause 4.13A.16B now ensures that a Market Participant does not lose more than 100% of the DSP Reserve Capacity Security for a DSP in a Capacity Year.

4.13A.15. If a Market Participant that provides DSP Reserve Capacity Security in respect of a Demand Side Programme fails to reduce ~~the consumption~~ Withdrawal or increase Injection 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 Peak Capacity Credits specified in clause 4.20.5A or allocated under clause 2.29.5AB and reduced by any reductions of Capacity Credits under clause 4.25.4C, 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 DSP Reserve Capacity Security amount for that Demand Side Programme for that Capacity Year less any amount paid for this Demand Side Programme under clause 4.13A.15A in that Capacity Year as soon as practicable after the end of the relevant Capacity Year and in any event by 30 November 31 December of Year 4 of the relevant Reserve Capacity Cycle.

4.13A.15A. If a Demand Side Programme has its Capacity Credits reduced by AEMO under clauses 2.29.5AE, 2.29.5AF, 2.29.5AM or 2.29.5AN, then subject to clause 4.13A.16B, the Market Participant that provides the DSP Reserve Capacity

Security for the Demand Side Programme must pay to AEMO, as compensation to the market, **the greater of:**

- (a) if AEMO has reduced the level of Peak Capacity Credits under clauses 2.29.5AE or 2.29.5AM, an amount equal to the product of:
 - i. the shortfall in Peak Capacity Credits calculated by AEMO under clauses 2.29.5AE or 2.29.5AM; and
 - ii. **25 percent of the Peak Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year;** and
- (b) if AEMO has reduced the level of Flexible Capacity Credits under clause 2.29.5AF **or clause 2.29.5AN**, an amount equal to the product of:
 - i. the shortfall in Flexible Capacity Credits calculated by AEMO under clause 2.29.5AF **or clause 2.29.5AN**; and
 - ii. **25 percent of the Flexible Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year.**

~~4.13A.15A. If a Demand Side Programme that was subject to clause 4.10.1B in Year 1 of the relevant Reserve Capacity Cycle has its Capacity Credits reduced by AEMO under clause 2.29.5AE or clause 2.29.5AF, then the Market Participant that provides the DSP Reserve Capacity Security for the Demand Side Programme must pay to AEMO, as compensation to the market, either:~~

- ~~(a) if AEMO has reduced the level of Peak Capacity Credits under clause 2.29.5AE, an amount equal to the product of:~~
 - ~~i. the shortfall in Peak Capacity Credits calculated by AEMO under clause 2.29.5AE; and~~
 - ~~ii. the Floating Daily Peak Reserve Capacity Price multiplied by the number of Trading Days in the relevant Capacity Year; or~~
- ~~(b) if AEMO has reduced the level of Flexible Capacity Credits under clause 2.29.5AF, an amount equal to the product of:~~
 - ~~i. the shortfall in Flexible Capacity Credits calculated by AEMO under clause 2.29.5AF; and~~
 - ~~ii. the Floating Daily Flexible Reserve Capacity Price multiplied by the number of Trading Days in the relevant Capacity Year.~~

~~4.13A.16. The payment obligation under clauses 4.13A.15 or 4.13A.15A may be satisfied by AEMO drawing upon:~~

- ~~(a) if the payment obligation is under clause 4.13A.15, the DSP Reserve Capacity Security for the relevant registered Demand Side Programme; or~~

- ~~(b) if the payment obligation is under clause 4.13A.15A, the single DSP Reserve Capacity Security that AEMO holds under clause 4.13A.5A in accordance with clause 4.13A.5B.~~

4.13A.16. The payment obligation under clauses 4.13A.15 or 4.13A.15A may be satisfied by AEMO drawing upon:

- (a) if the payment obligation is under clause 4.13A.15, the DSP Reserve Capacity Security for the relevant registered Demand Side Programme, or the single DSP Reserve Capacity Security that AEMO holds under clause 4.13A.5A in accordance with clause 4.13A.5B; or
- (b) if the payment obligation is under clause 4.13A.15A, the single DSP Reserve Capacity Security that AEMO holds under clause 4.13A.5A in accordance with clause 4.13A.5B.

4.13A.16A.AEMO must pay the amount claimed under clauses 4.13A.15, 4.13A.15A or 4.13A.16, as compensation, to Market Participants in proportion to their Individual Reserve Capacity Requirements during the relevant Trading Day in accordance with Chapter 9.

...

Testing, Monitoring and Compliance

4.25. Reserve Capacity Testing

Explanatory Note

Clauses 4.25.1 and 4.25.2 are amended to use the new defined term "DSP Energy Level", because a DSP may meet its obligations by increasing its Injection level.

- 4.25.1. AEMO must take steps to verify, in accordance with clause 4.25.2, that each Facility or Separately Certified Component of a Facility assigned Peak Capacity Credits can:
- (a) in the case of a Non-Intermittent Generating System or an Electric Storage Resource, during the period the Reserve Capacity Obligations apply, operate at a level equivalent to its Required Level, adjusted to the level of Peak Capacity Credits currently held by the Facility or Separately Certified Component, as applicable, at least once during each of the following periods:
- i. 1 October to 31 March; and
- ii. 1 April to 30 September,
- which for a Non-Intermittent Generating System, must be achieved on each type of fuel detailed under clause 4.10.1(e)(v)(1)(ii); and
- (b) [Blank]

- (c) in the case of a Demand Side Programme, during the period the Reserve Capacity Obligations apply, decrease its ~~consumption~~ DSP Energy Level to operate at a level equivalent to its Required Level in that Trading Interval, adjusted to the level of Peak Capacity Credits currently held, at least once during each of the following periods:
 - i. 1 October to 31 March; and
 - ii. 1 April to 30 September.

...

4.25.2. AEMO may verify the matters specified in clause 4.25.1 by:

...

- (b) in the case of a Demand Side Programme:
 - i. observing the Facility decrease its ~~consumption~~ DSP Energy Level in response to a Dispatch Instruction issued by AEMO, for at least two consecutive Trading Intervals, as determined from Meter Data Submissions; or
 - ii. testing, in accordance with clause 4.25.9, for not less than two consecutive Trading Intervals and the Facility successfully passing that test as determined from Meter Data Submissions;

...

...

Explanatory Note

Clause 4.25.2B(d) is replaced to require AEMO to test a DSP in the event that the DSP has not yet received a non-zero dispatch instruction.

New clause 4.25.2BB is introduced to limit the number of Reserve Capacity Tests for a DSP to four tests per testing period. New clause 2.25.2BF is introduced to ensure that any dispatch of a DSP that lasts at least two Trading Intervals is treated as a reserve Capacity Test.

4.25.2B. AEMO must subject a Facility or Separately Certified Component to a Reserve Capacity Test under clauses 4.25.2(a)(ii), 4.25.2(b)(ii) or 4.25.2(e)(ii) if:

- (a) the Market Participant for the Facility, has not provided meter data, recorded by the Facility Sub-Metering to AEMO, if applicable, in accordance with and by the time specified in clause 4.25.2A;
- (b) AEMO has determined, in accordance with clauses 4.25.2(a)(i) or 4.25.2(e)(i), that the Facility or Separately Certified Component of the Facility, as applicable, did not operate at the level specified in clause 4.25.1(a) by:
 - i. 31 January, in respect of the immediately preceding period 1 October to 31 January; and

- ii. 31 July, in respect of the immediately preceding period 1 April to 31 July;
- (c) AEMO is conducting a re-test in accordance with clauses 4.25.4 and 4.25.6; or
- (d) ~~a Demand Side Programme has failed to deliver the quantity determined by AEMO under clause 7.13.5. AEMO has not issued the Demand Side Programme with a non-zero Dispatch Instruction by:~~
 - i. 31 January, in respect of the current period 1 October to 31 January; and
 - ii. 31 July, in respect of the current period 1 April to 31 July.

...

Explanatory Note

Clause 4.25.2BB is introduced to allow DSPs which have been subject to a DSP Dispatch Event to request AEMO to re-test the DSP.

Clause 4.25.2BC is introduced to limit the re-tests a Market Participant can request for a DSP to three times every 6-month testing period (periods outlined in clause 4.25.1(c)).

4.25.2BB. Subject to clause 4.25.2BC, in each period outlined in clauses 4.25.1(c)(i) and 4.25.1(c)(ii), at any time after a Demand Side Programme has been subject to a DSP Dispatch Event in that period, the relevant Market Participant may request that AEMO conduct a Reserve Capacity Test of that Demand Side Programme.

4.25.2BC. A Market Participant must not request more than three Reserve Capacity Tests for the same Demand Side Programme under clause 4.25.2BB in each period outlined in clauses 4.25.1(c)(i) and 4.25.1(c)(ii).

...

- 4.25.2E. AEMO must, in assessing the performance of a Facility or Separately Certified Component tested for Peak Capacity in accordance with clauses 4.25.2(a), 4.25.2(e), 4.25.4 or 4.25.6:
 - (a) in the case of an Electric Storage Resource, measure the average performance across its Peak Electric Storage Resource Obligation Duration based on the average performance across the Trading Intervals; and
 - (b) in the case of a Non-Intermittent Generating System, measure the maximum performance in each Trading Interval.
- 4.25.3. AEMO must not subject a Facility to more Reserve Capacity Tests than it considers are required to satisfy the verification requirements of this section 4.25.
- 4.25.3A. AEMO must not subject a Facility to a Reserve Capacity Test if:
 - (a) that Facility is subject to a Planned Outage, or

- (b) the relevant Market Participant has advised AEMO of a Forced Outage for that Facility in accordance with clause 3.21.2; or
- (c) that Facility is undergoing a Commissioning Test approved in accordance with section 3.21A.

Explanatory Note

Clause 4.25.3D is removed because the concept of the Peak DSP Test Shortfall is removed.

~~4.25.3D. If a Demand Side Programme fails a Reserve Capacity Test requested by AEMO under clause 4.25.2, AEMO must determine the Peak DSP Test Shortfall (to apply from the following Trading Day until the end of the Trading Day on which the Demand Side Programme passes a Reserve Capacity Test for Peak Capacity) as the greater of zero and:~~

- ~~(a) the Peak Capacity Credits held by the relevant Market Participant for the Demand Side Programme; less~~
- ~~(b) the greatest difference between the Relevant Demand of the Demand Side Programme in a Trading Interval of a Reserve Capacity Test and the Demand Side Programme Load associated with that Demand Side Programme in that Trading Interval.~~

Explanatory Note

Clause 4.25.4(a) is amended to ensure that a Non-Intermittent Generating System that failed a re-test is subject to a reduction of Capacity Credits.

The header paragraph is amended, the references to whole Facilities removed and clause 4.25.4(b) made blank because the re-testing of DSPs is now covered under new clause 4.25.2BB.

4.25.4. ~~Subject to clause 4.25.4G, if a Facility, or If~~ a Separately Certified Component of a Facility, fails a Reserve Capacity Test requested by AEMO under clause 4.25.2, AEMO must re-test that ~~Facility, or Separately Certified Component of that Facility, as applicable, Separately Certified Component of the Facility~~ in accordance with clause 4.25.2, not earlier than 14 days and not later than 28 days after the first Reserve Capacity Test. If the ~~Facility, or Separately Certified Component of that Facility, as applicable, Separately Certified Component of the Facility~~ fails this second Reserve Capacity Test, then AEMO must, from the second Trading Day following the Scheduling Day on which AEMO determines that the second Reserve Capacity Test was failed:

- (a) if the Reserve Capacity Test related to a Non-Intermittent Generating System, reduce the number of Peak Capacity Credits held by the relevant Market Participant for ~~that Facility or Separately Certified Component of that Facility the Separately Certified Component of the Facility~~ to the greatest of the values obtained in the failed Trading Intervals in either Reserve Capacity Test performed (after adjusting these results to the equivalent values at a temperature of 41 degrees Celsius and allowing for the capability provided by operation on different types of fuels); or

- (b) ~~[Blank]if the Reserve Capacity Test related to a Demand Side Programme, calculate the Peak DSP Test Shortfall (to apply from the following Trading Day until the end of the Trading Day on which the Demand Side Programme passes a Reserve Capacity Test for Peak Capacity) as the number of Peak Capacity Credits held by the relevant Market Participant for that Facility less the maximum level of reduction achieved in either of the two Reserve Capacity Tests; or~~
- (c) if the Reserve Capacity Test related to an Electric Storage Resource, reduce the number of Peak Capacity Credits held by the relevant Market Participant for ~~that Facility or Separately Certified Component of that Facility~~ the Separately Certified Component of the Facility to reflect the higher average performance achieved over the Peak Electric Storage Resource Obligation Duration for the Electric Storage Resource in either Reserve Capacity Test, in accordance with 4.25.2E(a) (after adjusting these results to performance at a temperature of 41 degrees Celsius).

4.25.4A A Market Participant may apply to AEMO for a reduction in the number of Capacity Credits the Market Participant holds for a Facility.

4.25.4B. In order for an application under clause 4.25.4A to be assessed by AEMO, it must:

- (a) be in writing;
- (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;
- (bA) indicate whether the application relates to Peak Capacity Credits, or both Peak Capacity Credits and Flexible Capacity Credits;
- (c) detail the reasons for the reduction in the number of Capacity Credits;
- (cA) if the Facility contains multiple Separately Certified Components:
 - i. specify how the reduction in the number of Capacity Credits relates to each Separately Certified Component; and
 - ii. ensure that the number of Flexible Capacity Credits associated with the Separately Certified Component is less than or equal to the number of Peak Capacity Credits associated with the Separately Certified Component;
- (cB) ensure that the number of Flexible Capacity Credits associated with the Facility is less than or equal to the number of Peak Capacity Credits associated with the Facility; and

- (d) indicate whether the application relates only to the current Capacity Year or includes subsequent Capacity Years.
- 4.25.4C. Upon receiving an application under clause 4.25.4A, AEMO must, subject to clause 4.25.4CA:
- (a) assess the application and any supporting documentation;
 - (b) within 10 Business Days of receiving the application inform the Market Participant of its decision whether to reduce the Capacity Credits and the reasons for its decision; and
 - (c) if applicable and in AEMO's sole discretion, reduce the quantity of Capacity Credits held by the Market Participant in respect of the Facility, or Separately Certified Component of the Facility, to which the application relates.
- 4.25.4CA. AEMO must not approve an application received under clause 4.25.4A if the reduction of Peak Capacity Credits for the relevant Facility would result in the number of Peak Capacity Credits for the Facility allocated by the relevant Market Participant in Capacity Credit Allocations for a Trading Day exceeding the number of Peak Capacity Credits for the Facility held for that Trading Day by the Market Participant that are able to be traded bilaterally under the ESM Rules.

Explanatory Note

Clause 4.25.4CC (a) is amended to ensure Demand Side Programmes that were subject to clause 4.10.1B are accounted for appropriately.

Clause 4.25.4CC(b) is deleted because under the new testing and refund regime, the concept of the Peak DSP Test Shortfall is removed.

~~4.25.4CC. If AEMO reduces Peak Capacity Credits for Demand Side Programme f with effect from Trading Day d under clause 4.25.4C(c), AEMO must:~~

~~(a) calculate a Peak Capacity Payment Reduction Ratio as:~~

$$\text{PeakCapacityPaymentReductionRatio}(f, d) = \left(1 - \frac{\text{DaysComplete}(d)}{\text{TDTY}(d)}\right) \times \frac{\text{ReductionQuantity}(f, d)}{\text{InitialQuantity}(f, d)}$$

~~where:~~

- ~~i. DaysComplete(d) is the number of Trading Days up to, but excluding, Trading Day d since 1 October of the Capacity Year in which Trading Day d falls;~~
- ~~ii. TDTY(d) is the number of Trading Days in the Capacity Year in which Trading Day d falls;~~
- ~~iii. ReductionQuantity(f, d) is the quantity of Peak Capacity Credits that AEMO reduced Demand Side Programme f by under clause 4.25.4(b) in Trading Day d which, for the avoidance of doubt,~~

~~excludes any previous reductions in relation to the same Capacity Year under clause 4.25.4(b); and~~

~~iv. InitialQuantity(f,d) is the quantity of Peak Capacity Credits assigned by AEMO to Demand Side Programme f in accordance with clause 4.20.5A in relation to the Capacity Year in which Trading Day d falls;~~

~~(b) recalculate the Peak DSP Test Shortfall (to apply from the Trading Day on which the reduction takes effect) as the greater of zero and:~~

~~i. the number of Peak Capacity Credits held by the Market Participant for the Demand Side Programme; less~~

~~ii. the greatest difference between the Relevant Demand for the Demand Side Programme in any Trading Interval of a Reserve Capacity Test and its Demand Side Programme Load associated with that Demand Side Programme in that Trading Interval.~~

4.25.4CC.If AEMO reduces Peak Capacity Credits for Demand Side Programme f with effect from Trading Day d under clause 4.25.4C(c), AEMO must calculate a Peak Capacity Payment Reduction Ratio as:

$$\frac{PeakCapacityPaymentReductionRatio(f,d)}{= \left(1 - \frac{DaysComplete(d)}{TDTY(d)}\right) \times \frac{ReductionQuantity(f,d)}{InitialQuantity(f,d)}}$$

where:

(a) DaysComplete(d) is the number of Trading Days up to, but excluding, Trading Day d since 1 October of the Capacity Year in which Trading Day d falls;

(b) TDTY(d) is the number of Trading Days in the Capacity Year in which Trading Day d falls;

(c) ReductionQuantity(f,d) is the quantity of Peak Capacity Credits that AEMO reduced Demand Side Programme f by under clause 4.25.4C(c) in Trading Day d which, for the avoidance of doubt, excludes any previous reductions in relation to the same Capacity Year under clause 4.25.4C(c); and

(d) InitialQuantity(f,d) is the quantity of Peak Capacity Credits assigned by AEMO to Demand Side Programme f in accordance with clauses 2.29.5AB(a)(i) or 4.20.5A in relation to the Capacity Year in which Trading Day d falls.

Explanatory Note

Clause 4.25.4CD(b) is amended to account for the scenarios in which a Demand Side Programme that was assigned Capacity Credits under clause 2.29.5AB(a)(i) does not hold Reserve Capacity Security but gets apportioned a part of the Reserve capacity Security provided for the Demand Side Programme that was assigned capacity credits under 4.10.1B.

Further amendments are made to 4.25.4CD(b) to reflect that clause 4.25.4CC already accounts for any reduction in Capacity Credits.

4.25.4CD. If AEMO reduces Peak Capacity Credits for Demand Side Programme f with effect from Trading Day d under clause 4.25.4C(c), the relevant Market Participant must, within 10 Business Days of being informed of the reduction by AEMO in accordance with clause 4.25.4C(b), pay to AEMO an amount equal to:

$$\text{PeakCapacityPaymentReductionRatio}(f, d) \times \text{DSPSecurity}(f)$$

where:

- (a) PeakCapacityPaymentReductionRatio(f,d) is the Peak Capacity Payment Reduction Ratio calculated in accordance with clause 4.25.4CC; and
- (b) DSPSecurity(f) is the amount of DSP Reserve Capacity Security originally required by AEMO in relation to Demand Side Programme f in accordance with clause 4.13A.2(b) or apportioned by AEMO to the Demand Side Programme under clause 4.13A.5B which, for the avoidance of doubt, excludes any previous reductions in relation to the same Capacity Year resulting from previous payments made under clause 4.25.4CD.

4.25.4CE. The payment obligation under clause 4.25.4CD may be satisfied by AEMO drawing upon the DSP 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 4.25.4CE(a) refers are covered, make a rebate payment to Market Participants in proportion to their Individual Reserve Capacity Requirements during the relevant Trading Day in accordance with Chapter 9.

...

Explanatory Note

Clause 4.25.4F is amended to reflect that loads can be contracted directly for Supplementary Capacity.

Clauses 4.25.4G and 4.25.4H are deleted because the provision for AEMO to request a re-test for a DSP under clause 4.25.2 has been removed and a Market Participant may now apply for a re-test under new clause 4.25.2BB.

4.25.4F. A Market Participant may not offer any Non-Dispatchable Load that was associated with a Demand Side Programme for Supplementary Capacity if the Demand Side Programme has had its Capacity Credits reduced in accordance with clause 4.25.4C for any part of that Capacity Year.

~~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.~~

~~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.~~

Explanatory Note

Clause 4.25.4I is removed as these provisions have been included in clause 4.25.2BC – a Market Participant may request that AEMO re-test the Facility up to three times in each 6-month period.

~~4.25.4I. In the event that a Demand Side Programme has failed up to three Reserve Capacity Tests, a Market Participant may request Capacity Year, that AEMO performs a re-test of the Facility during the seven days following that request.~~

...

Explanatory Note

Clause 4.25.6(b) is removed as under the new regime A DSP will be subject to Reserve Capacity Refunds after a failed Reserve Capacity Test and Capacity Credits will not be reduced.

- 4.25.6. If AEMO receives a request for a Reserve Capacity re-test in accordance with clause 4.25.5, then:
- (a) if the re-test relates to a Non-Intermittent Generating System, AEMO must conduct such a re-test in accordance with clauses 4.25.2(a)(ii) or 4.25.2(e)(ii) and, following the re-test, set the number of Peak Capacity Credits held by the relevant Market Participant for the Facility or Separately Certified Component of the Facility to reflect the maximum capabilities achieved in the re-test (after adjusting these results to the equivalent values at a temperature of 41 degrees Celsius and allowing for the capability provided by operation on different types of fuel), but not to exceed the number of Peak Capacity Credits originally confirmed by AEMO for the Facility or Separately Certified Component of the Facility under section 4.20 in respect of the relevant Reserve Capacity Cycle; and
 - (b) ~~[Blank]if the re-test relates to a Demand Side Programme, AEMO must conduct such a re-test in accordance with clause 4.25.2(b)(ii) and, following the re-test, recalculate the Peak DSP Test Shortfall as the number of Peak Capacity Credits held by the relevant Market Participant for the Facility less the maximum reduction in its consumption achieved in the re-test; and~~
 - (c) if the re-test relates to an Electric Storage Resource, AEMO must conduct such a re-test in accordance with clauses 4.25.2(a)(ii) or 4.25.2(e)(ii) and, following the re-test, set the number of Peak Capacity Credits held by the relevant Market Participant for the Facility or Separately Certified

Component of the Facility to reflect the average performance achieved over the Electric Storage Resource's Peak Electric Storage Resource Obligation Duration in the re-test (after adjusting these results to performance at a temperature of 41 degrees Celsius) but not to exceed the number of Capacity Credits originally confirmed by AEMO for the Facility or Separately Certified Component of the Facility under section 4.20 in respect of the relevant Reserve Capacity Cycle.

4.25.7. [Blank]

4.25.8. [Blank]

4.25.9. In conducting a Reserve Capacity Test, AEMO must:

- (a) subject to clauses 4.25.9(b), 4.25.9(c) and 4.25.9(dA), endeavour to conduct the Reserve Capacity Test without warning;
- (b) allow sufficient time for the Market Participant to schedule fuel that it is not required under these ESM Rules to be stored on-site;
- (c) allow sufficient time for switching a Facility from one fuel to an alternative fuel if operation using the alternative fuel is being tested;
- (d) [Blank]
- (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;
- (e) deem the Reserve Capacity Test to be cancelled and discard the results if:
 - i. the Facility is constrained during the test period because of an outage of an item of equipment that is part of a Network; or
 - ii. AEMO determines that the Reserve Capacity Test was invalid in accordance with the WEM Procedure referred to in clause 4.25.14;
- (f) maintain adequate records of the Reserve Capacity Test to allow independent verification of the test results including the level of Injection or Withdrawal required during the Reserve Capacity Test; and
- (g) [Blank]
- (h) notify the Market Participant of the time that the Reserve Capacity Test must be performed, and the level of output required by the Separately Certified Component or level of Injection or Withdrawal required by the Facility for the Reserve Capacity Test, as applicable.

...

4.26. Financial Implications of Failure to Satisfy Reserve Capacity Obligations

Explanatory Note

Clause 4.26.1(b)(v) is amended to align the Trading Interval Refund Rate for DSPs with the changes to the refund regime for DSPs. Under the changed regime a DSP will incur refunds for each Trading Interval it has a positive RCOQ following a failed DSP Dispatch Event until the next DSP Dispatch Event. Basing the Trading Interval Refund Rate for DSPs on the availability requirement for DSPs would be overly punitive and could lead to a DSP reaching its maximum refunds fairly quickly which could result in:

- Disincentive to participate in a DSP; and/or
- Disincentive for a Market Participant to follow a Dispatch Instruction for a DSP, if it has already reached the maximum refund that can be applied for the Capacity Year.

4.26.1. If a Market Participant holding Capacity Credits associated with a Facility fails to comply with its Reserve Capacity Obligations applicable to any given Trading Interval then the Market Participant must pay a refund to AEMO calculated in accordance with the following provisions.

- (a) The Trading Interval Refund Rate for a Facility f in the Trading Interval t is determined as follows:

$$\text{Trading Interval Refund Rate}(f,t) = RF(f,t) \times Y(f,t)$$

where:

- Trading Interval Refund Rate (f,t) is the Trading Interval Refund Rate for a Facility f in the Trading Interval t ;
- $RF(f,t)$ is the refund factor for a Facility f in the Trading Interval t and is calculated in accordance with clause 4.26.1(c); and
- $Y(f,t)$ is the per Trading Interval capacity price associated with a Facility f in the Trading Interval t and is determined in accordance with clause 4.26.1(b).

- (b) For a Facility f , for which a Market Participant holds Capacity Credits, in the Trading Interval t , $Y(f,t)$ is determined as follows:

...

- v. where Facility f is a Demand Side Programme, $Y(f,t)$ is: equals the ~~Reserve Capacity Price for the Facility divided by 400.~~

$$\frac{PRCP}{DSP_MIN_AV_TI \times QTY_BD_CY}$$

Where:

- PRCP is the Peak Reserve Capacity Price for Facility f for the Capacity Year;
- DSP_Min_AV_TI is the minimum number of Trading Intervals per Trading Day, that a DSP must nominate to be

available to provide Peak Capacity if issued a Dispatch Instruction in accordance with clause 4.10.1(f)(iii); and

3. QTY BD CY is the number of Business Days in the relevant Capacity Year.

- (c) The refund factor $RF(f,t)$ for a Facility f in the Trading Interval t is the lesser of:
- six; and
 - the greater of the dynamic refund factor $RF_{dynamic}(t)$ as determined under clause 4.26.1(d) and the minimum refund factor $RF_{floor}(f,t)$ as determined under clauses 4.26.1(f) or 4.26.1(g) as appropriate.

...

Explanatory Note

Clause 4.26.1A(a)(ii)(5) is amended to:

- introduce the Peak DSP Association Shortfall that accounts for a shortfall in lad associated with the DSP between October and December.
- consolidate the Peak DSP Test Shortfall with the Peak DSP Delivery shortfall and provide for it under clause 4.26.3A.

4.26.1A. AEMO must calculate the Reserve Capacity Deficit refund for each Facility f , for which a Market Participant holds Capacity Credits, ("**Facility Reserve Capacity Deficit Refund**") in each Trading Interval t as the lesser of:

- (a) the product of:
- the Trading Interval Refund Rate, calculated under clause 4.26.1(a), applicable to Facility f in Trading Interval t ; and
 - the Reserve Capacity Deficit for Facility f in Trading Interval t , where the Reserve Capacity Deficit for Facility f in Trading Interval t is equal to whichever of the following applies:

...

5. if Facility f is a Demand Side Programme, the ~~capacity shortfall~~ Peak DSP Association Shortfall calculated by AEMO under clause 4.26.1AB, or zero if AEMO has not determined a Peak DSP Association Shortfall for the Trading Interval. as:

$$\max(PDSPTS(f,t), PDSPDS(f,t))$$

where:

- i. ~~PDSPTS(f,t) is the Peak DSP Test Shortfall in MW determined by AEMO under clause 4.25.3D, clause 4.25.4(b) or clause 4.25.6(b)(i), or zero if AEMO has not determined a Peak DSP Test Shortfall; and~~

~~ii. PDSPDS(f,t) is the Peak DSP Delivery Shortfall in MW determined by AEMO under clause 4.26.1AA; and~~

- (b) the Maximum Facility Refund for the Facility in the relevant Capacity Year, less all Facility Reserve Capacity Deficit Refunds applicable to the Facility in previous Trading Intervals falling in the same Capacity Year.

Explanatory Note

Clause 4.26.1AA is amended and new clause 4.26.1AF introduced to introduce a new method of determining the capacity shortfall for a DSP during a DSP Dispatch Event, namely by referring to the lowest shortfall during the relevant Trading Intervals.

~~4.26.1AA. AEMO must determine the Peak DSP Delivery Shortfall as the average of the Peak Capacity Shortfall values for a Demand Side Programme determined under clause 4.26.2D from the first Trading Day of the Capacity Year and ending with and including the relevant Trading Day, but excluding:~~

- ~~(a) Trading Intervals in which the Demand Side Programme failed to deliver its Reserve Capacity Obligation Quantity occurring prior to the Demand Side Programme subsequently passing a Reserve Capacity Test under clause 4.25.2B(d); and~~
- ~~(b) Trading Intervals in which the Demand Side Programme was not subject to a Dispatch Instruction issued under clause 7.6.5A with the quantity determined by AEMO under clause 7.13.5..~~

4.26.1AA. AEMO must determine the Peak DSP Delivery Shortfall for a Demand Side Programme for all Trading Intervals t from the first Trading Day Interval of Dispatch Event e up to but excluding the first Trading Interval of the next DSP Dispatch Event e+1 as the minimum of:

- (a) the number of Peak Capacity Credits held by the Market Participant for the Demand Side Programme for Trading Interval t; and
- (b) the Peak DSP Event Shortfall determined under clause 4.26.1AF for DSP Dispatch Event e.

Explanatory Note

Clauses 4.26.1AB and 4.26.1AC are introduced to provide that a DSP is subject to Reserve Capacity Refunds if it has not enough load associated by the start of the Capacity Year.

Clause 4.26.1AC has been amended since the original exposure draft, to only apply the shortfall to times where the DSP's RCOQ is not zero.

4.26.1AB. AEMO must calculate the Peak DSP Association Shortfall for each Demand Side Programme for each Trading Interval t from the start of the Capacity Year until the Trading Interval t-1 before the first Trading Interval t, in which one of the following applies:

- (a) the Demand Side Programme is subject to a Dispatch Instruction issued under clause 7.6.5A with a non-zero dispatch quantity determined under clause 7.13.5; or
- (b) the Demand Side Programme is undergoing a Reserve Capacity Test under section 4.25.

4.26.1AC. For the purpose of clause 4.26.1AB, AEMO must calculate the Peak DSP Association Shortfall as:

$$\text{PDSPAS}(f,t) = \max(0, \text{RCOQ}(f,t) - \text{CCTCICL}(f,t))$$

where:

- (a) RCOQ(f,t) is the Reserve Capacity Obligation Quantity determined for Facility f in Trading Interval t; and
- (b) CCTCICL(f,t) is the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads of the Demand Side Programme.

...

4.26.1AF. AEMO must calculate the Peak DSP Event Shortfall for each set of contiguous Trading Intervals e during which the Demand Side Programme was subject to a Reserve Capacity Test or a DSP Dispatch Event as follows:

- (a) if the Capacity Shortfall determined under clause 4.26.2D for every Trading Interval in e is zero, the DSP Event Shortfall for e is zero; and
- (b) otherwise, the DSP Event Shortfall equals the lowest, non-zero, Capacity Shortfall of all Trading Intervals in e.

...

Explanatory Note

New clauses 4.26.2CB, 4.26.2CC and 4.26.2CD introduce the following concept to account for the impact of maintenance and outages on a DSP's Relevant Demand (Baseline):

- allow Market Participants to nominate for a DSP up to 20 days in a Capacity Year, that can be excluded from the calculation of the dynamic baseline.
- make the exclusion of a day subject to the Market Participant notifying AEMO:
 - no later than one Business Day after the day that is to be excluded; and
 - before being notified by AEMO that the DSP will be dispatched or subject to a Reserve Capacity Test for which the day would be in the Baseline Window.

4.26.2CA. The Relevant Demand of a Demand Side Programme for a Trading Interval in a Capacity Year in which the Demand Side Programme:

- (a) has been issued a Dispatch Instruction under clause 7.6.5A with a quantity determined under clause 7.13.5; or

(b) is undergoing a Reserve Capacity Test,

is the value determined for the Demand Side Programme using the method under clause 2.29.5AG, clause 2.29.5AH, clause 2.29.5AI or clause 2.29.5AJ as applicable.

4.26.2CB. A Market Participant may request that AEMO disregards a day for the purpose of determining the Selected Days in accordance with Section 1 of Appendix 10 because the level of Withdrawal or Injection of the Demand Side Programme on that day:

(a) will not be representative of the usual operation of the Demand Side Programme due to any planned or foreseen event; or

(b) was not representative of the usual operation of the Demand Side Programme due to any unforeseen event:

4.26.2CC. AEMO must:

(a) reject a request made under clause 4.26.1CB if:

i. the request was made more than 1 day after the day that is requested to be excluded;

ii. by accepting the request, the total number of days accepted under this clause 4.26.2CC for this Demand Side Programme in the Capacity Year the day ends in would exceed 20 days;

ii. the day requested to be disregarded would fall into the Baseline Window for a Trading Interval for which AEMO has:

1. issued a Dispatch Instruction for the relevant Demand Side Programme before the request under clause 4.26.2CC was received by AEMO; or

2. requested a Reserve Capacity Test under clause 4.25.2(b) for the relevant Demand Side Programme.

(b) otherwise accept the request.

4.26.2CD. AEMO must, when determining the Relevant Demand of a Demand Side Programme under Appendix 10, exclude any days for which a request was accepted under clause 4.26.2CC(b).

Explanatory Note

Clause 4.26.2D(a) is amended to provide that a DSP also incurs a Capacity shortfall if it fails a reserve capacity Test.

Clause 4.26.2D(a) is further amended to reflect the introduction for the new defined term DSP Dispatch Event.

4.26.2D. AEMO must determine the shortfall in Peak Capacity ("Capacity Shortfall") supplied by each Market Participant holding Peak Capacity Credits associated

with a Demand Side Programme f in each Trading Interval t relative to its Reserve Capacity Obligation Quantity as:

- (a) if ~~AEMO has issued the Demand Side Programme was subject to a DSP Dispatch Event a Dispatch Instruction with a non-zero MW quantity under section 7.6 to the Demand Side Programme f for the Trading Interval t:~~

$$\max\left(0, \min(RCOQ(f, t), DIMW(f, t)) - \max(0, RD(f, t) - DSPLMW(f, t))\right)$$

where:

- i. RCOQ(f,t) is the Reserve Capacity Obligation Quantity of the Demand Side Programme f for Trading Interval t (in MW);
 - ii. DIMW(f,t) is the quantity by which the Demand Side Programme f was instructed by AEMO to restrict its DSP Energy Level in Trading Interval t as specified by AEMO in accordance with clause 7.13.5;
 - iii. RD(f,t) is the Relevant Demand of the Demand Side Programme f for Trading Interval t, determined by AEMO in accordance with clause 4.26.2CA; and
 - iv. DSPLMW(f,t) is the Demand Side Programme Load of the Demand Side Programme f in Trading Interval t, multiplied by two to convert to units of MW; and
- (b) zero, ~~if AEMO has issued a Dispatch Instruction with a zero MW quantity under section 7.6 to the Demand Side Programme f for Trading Interval t otherwise.~~

...

4.26.2F. The Trading Interval Capacity Cost RefuFnd for Market Participant p and Trading Interval t is the sum of:

- (a) either:
- i. where Market Participant p holds Capacity Credits associated with an Energy Producing System, the Generation Capacity Cost Refund for Market Participant p for Trading Interval t, determined in accordance with clause 4.26.3; or
 - ii. zero, otherwise; and
- (b) the sum of the Demand Side Programme Capacity Cost Refunds for Trading Interval t for each Facility with a Facility Class (or, for an unregistered Facility, an indicative Facility Class) of Demand Side Programme for which Market Participant p holds Capacity Credits in Trading Interval t.

...

Explanatory Note

Clause 4.26.3A(b) is amended incorporating the refunds from clause 4.26.1AA.

4.26.3A. The Demand Side Programme Capacity Cost Refund for Trading Interval t for a Facility f with a Facility Class (or, for an unregistered Facility, an indicative Facility Class) of Demand Side Programme is equal to the lesser of:

(a) the Maximum Facility Refund for Facility f in the Capacity Year the Trading Interval t falls in, less all Demand Side Programme Capacity Cost Refunds applicable to the Facility in previous Trading Intervals falling in the same Capacity Year; and

(b) the sum of:

i. either:

1. if Facility f is a Registered Facility:

$$TIRR(f, t) \times S$$

where:

~~S is the Capacity Shortfall in MW determined in accordance with clause 4.26.2D in Trading Interval t , and~~

~~$TIRR(f, t)$ is the Trading Interval Refund Rate for Facility f in Trading Interval t ; or~~

$$TIRR(f, t) \times \min(PDSPDS(f, t), RCOQ(f, t))$$

where:

i. $TIRR(f, t)$ is the Trading Interval Refund Rate for Facility f in Trading Interval t ;

ii. $PDSPDS(f, t)$ is the Peak DSP Delivery Shortfall in MW determined in accordance with clause 4.26.1AA in Trading Interval t , and

iii. $RCOQ(f, t)$ is the Reserve Capacity Obligation Quantity of the Demand Side Programme f for Trading Interval t (in MW); or

2. otherwise, zero; and

ii. the Facility Reserve Capacity Deficit Refund for Trading Interval t for Facility f , determined in accordance with clause 4.26.1A.

...

Settlement and Monitoring Data

7.13. Settlement and Monitoring Data

...

Explanatory Note

Clause 7.13.1G(a)(iii) is removed as the Relevant Demand calculation requires the dispatch time, the Dispatch Instruction time, and the metering data for the Dispatch Interval. None of this data is available at the time AEMO must do determine this value.

7.13.1G. Subject to clause 7.11D.5, AEMO must make available to Market Participants, for each Dispatch Interval of each DSP Pre-Dispatch Schedule or DSP Week-Ahead Schedule, within 30 minutes of determining that DSP Schedule, the following information:

- (a) for each Demand Side Programme:
 - i. DSP Unconstrained Quantity;
 - ii. DSP Constrained Quantity;
 - iii. ~~estimated Relevant Demand;~~[Blank]
 - iv. [Blank]
 - v. estimated Reserve Capacity Obligation Quantity;
 - vi. DSP Forecast Capacity; and
 - vii. DSP Forecast Reduction;
- (b) the sum of the DSP Forecast Capacities of each Demand Side Programme; and
- (c) the sum of the DSP Forecast Reductions of each Demand Side Programme.

...

Explanatory Note

Clause 7.13.5 is amended to:

- correct the clause references;
- extend the scope of the clause to include Reserve Capacity Tests; and
- use the correct defined terms “Peak Reserve Capacity Obligation Quantity” and “Flexible Reserve Capacity Obligation Quantity”.

7.13.5. AEMO must, for the purposes of ~~clauses 4.25.2B(d), 4.25.2BA(d), 4.26.1AA(b), 4.26.2CA(a), 4.26.2D, 4.26.14 and 7.13.1E(d)~~, clauses 4.25.2(b), 4.26.2D and 7.13.1E(d), calculate, for each Demand Side Programme for each Trading Interval, the quantity, in MW, by which the Facility was instructed by the applicable Dispatch Instruction or Reserve Capacity Test to amend its DSP Energy Level during that Trading Interval, where the quantity:

- (a) must not exceed the Peak Reserve Capacity Obligation Quantity or Flexible Reserve Capacity Obligation Quantity for the Demand Side Programme (as relevant); and
- (b) must not take account of the Facility's actual performance in response to the Dispatch Instruction or Reserve Capacity Test.

...

11. Glossary

...

Explanatory Note

The definition of DSP Dispatch Event is removed from Appendix 10 and moved to the Glossary in Chapter 11.

The definition of Peak DSP Event Shortfall is introduced to the Glossary as it is introduced in clause 4.26.1AB.

DSP Dispatch Event: For a Demand Side Programme, the set of contiguous Trading Intervals during which the Demand Side Programme was subject to a Reserve Capacity Test or a Dispatch Instruction with a non-zero MW quantity.

...

Peak DSP Event Shortfall: The quantity, in MW determined under clause 4.26.1AB.

...

Explanatory Note

The definition of Peak DSP Test Shortfall is removed because the concept is now covered by the DSP Event Shortfall.

Peak DSP Test Shortfall: For a Demand Side Programme in a Trading Interval, the quantity in MW by which it failed a Reserve Capacity Test for Peak Capacity, calculated under clause 4.25.3D, clause 4.25.4(b) or clause 4.25.6(b)(i).

...

Appendix 10: Relevant Demand Determination

This Appendix sets out the method for determining the Relevant Demand for a Demand Side Programme f in a Trading Interval t where one of the following applies:

- The Demand Side Programme is subject to a Dispatch Instruction issued under clause 7.6.5A with a non-zero dispatch quantity determined under clause 7.13.5; or

- The Demand Side Programme is undergoing a Reserve Capacity Test under section 4.25.

Explanatory Note

The definition of DSP Dispatch Event is removed from Appendix 10 and moved to the Glossary in Chapter 11.

~~A “DSP Dispatch Event” for a Demand Side Programme is a set of contiguous Trading Intervals in which either:~~

- ~~• The Demand Side Programme is subject to a Dispatch Instruction under clause 7.6.5A with a non-zero dispatch quantity determined under clause 7.13.5; or~~
- ~~• AEMO has subjected the Demand Side Programme to a Reserve Capacity Test in accordance with clause 4.25.2B and/or clause 4.25.2BA.~~

An “**Event Day**” for a Demand Side Programme is a day in which one or more DSP Dispatch Events occur for that Demand Side Programme.

The “**Baseline Window**” for a Demand Side Programme on an Event Day d is the 50 days from day d-50 to day d-1.

1. Determine Selected Days for a Demand Side Programme

Determine the “**Selected Days**” for a Demand Side Programme f for Event Day d using the following steps:

If Event Day d is a Business Day:

- 1.1 ~~Select Subject to clause 4.26.2CC(b), select~~ the ten most recent days in Demand Side Programme f’s Baseline Window for Event Day d, that are a Business Day and not a previous Event Day. If fewer than ten days are identified, then select as many days that are Business Days and not previous Event Days as possible.
- 1.2 If between five and ten days (inclusive) have been selected, go to step 1.4.
- 1.3 If fewer than five days have been selected in step 1.1, then ~~subject to clause 4.26.2CC(b),~~ keep adding the next most recent day(s) in the Baseline Window that is (or are) a Business Day and a previous Event Day until five days have been selected.

Explanatory Note

Steps 1.4 and 1.8 of Appendix 10 are amended to correct typographical errors.

- 1.4 ~~days-Days~~ selected under steps 1.2 or 1.3, as applicable, are the Selected Days for Demand Side Programme f on Event Day d.

...

1.8 ~~days~~Days selected under steps 1.6 or 1.7, as applicable, are the Selected Days for Demand Side Programme f on Event Day d.

...

Schedule 4: Amending Rules to commence immediately after commencement of Schedule 5 of the Electricity System and Market Amendment (Tranche 8) Rules 2025 and Schedule 6 of the Wholesale Electricity Market Amendment (RCM Reviews Sequencing) Rules 2025 on 1 October 2027

...

4.13A. DSP Reserve Capacity Security

...

Explanatory Note

Clause 4.13A.15A will be replaced on 1 October 2027 by Schedule 4 of the RCM Sequencing Amendments. The clause will require further amendment to restore the references to clause 2.29.5AF that will be included by the Amending Rules in Schedule 3 of this exposure draft.

4.13A.15A. If a Demand Side Programme ~~that was subject to clause 4.10.1B in Year 1 of the relevant Reserve Capacity Cycle~~ has its Capacity Credits reduced by AEMO under ~~clauses 2.25.5AE, 2.29.5AF or 2.29.5AM~~ ~~clause 2.29.5AE or clause 2.29.5AF~~, then subject to clause 4.13A.16B, the Market Participant that provides the DSP Reserve Capacity Security for the Demand Side Programme must pay to AEMO, as compensation to the market, ~~either~~ the greater of:

- (a) If AEMO has reduced the level of Peak Capacity Credits under clauses ~~2.29.5AE or 2.29.5AM~~, the product of:
 - i. the shortfall in Peak Capacity Credits calculated by AEMO under clause 2.29.5AE or 2.29.5AM; and
 - ii. the Floating Daily Peak Reserve Capacity Price multiplied by the number of Trading Days in the relevant Capacity Year 25 percent of the Peak Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year,
- (b) If AEMO has reduced the level of Flexible Capacity Credits under clause 2.29.5AF or clause 2.29.5AN, the product of:
 - i. the shortfall in Flexible Capacity Credits calculated by AEMO under clause 2.29.5AF or clause 2.29.5AN; and
 - ii. the Floating Daily Flexible Reserve Capacity Price multiplied by the number of Trading Days in the relevant Capacity Year 25 percent of the Flexible Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year.