ELECTRICITY INDUSTRY ACT 2004

ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY MARKET) REGULATIONS 2004

WHOLESALE ELECTRICITY MARKET RULES

Market Procedure for: Certification of Reserve Capacity

Commencement: This Market Procedure is to have effect from 8:00am (WST) on 18 July 2006

Market Procedures Published by the Minister

I, FRANCIS LOGAN, Minister for Energy for the State of Western Australia, under regulation 9(2) of the Electricity Industry (Wholesale Electricity Market) Regulations 2004 hereby approve the publication of the Certification of Reserve Capacity Procedure contained in this document.

This Market Procedure supersedes and replaces the previous Certification of Reserve Capacity Procedure, which had effect on 4 January 2005.

This Market Procedure is to have effect from 8:00am (WST) on 18 July 2006

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Dated at Perth this … … … day of … … … … …2006.

1. Procedure for Certification of Reserve Capacity

The Procedure for Certification of Reserve Capacity lays out the steps to be taken by Rule Participants and the IMO in order to certify the Reserve Capacity of facilities. Under the Market Rules, Reserve Capacity is required to be certified by the IMO as a prerequisite for that Reserve Capacity to be either traded bilaterally or to be offered in the Reserve Capacity Auction to the IMO. In the absence of certification, no Reserve Capacity Credits would accrue to the facility.

This procedure may be subject to revision before, during, and after the certification process. Rule Participants must refer to the latest published procedure, the Market Rules, and contact the IMO for further information regarding the process.

This procedure is made in accordance with market Rule 4.9.10.

1.1. Interpretation

1 In this procedure, unless the contrary intention is expressed:

(a) terms used in this procedure have the same meaning as those given in the Wholesale Electricity Market Rules (made pursuant to Electricity Industry (Wholesale Electricity Market) Regulations 2004);

(b) to the extent that this procedure is contrary or inconsistent with the Market Rules, the Market Rules shall prevail to the extent of the inconsistency;

(c) a reference to the Market Rules or Market Procedures includes any associated forms required or contemplated by the Market Rules or Market Procedures; and

(d) words expressed in the singular include the plural or vice versa.

1.2. Purpose

1 The purpose of this procedure is:

(a) To describe the steps that a Rule Participant is required to complete to make an application for Certification of Reserve Capacity; and

(b) To describe the steps that the IMO must follow in assessing an application for Certification of Reserve Capacity.

1.3. Application

1 This procedure applies to:

(a) A Rule Participant wishing to submit an Application for Certification of Reserve Capacity for:

(i) Non-intermittent generating facilities

(ii) Intermittent generating facilities; and/or

(iii) Curtailable Load or Dispatchable Load;

(b) The IMO in processing applications for Certification of Reserve Capacity.

1.4. Overview of Reserve Capacity Certification

Each year, participants owning or controlling generating facilities and Demand Side Management capacity must apply for Certified Reserve Capacity in respect of those facilities if they wish to receive Capacity Credits. The application for Certification of Reserve Capacity is the first step in the process. Once an application for Certified Reserve Capacity has been made to the IMO, the IMO must then assess the application and set a level of Certified Reserve Capacity in respect of that Facility.

Obtaining Certified Reserve Capacity is only one of the steps required to secure Capacity Credits, therefore it does not constitute a commitment on behalf of the IMO to assign Capacity Credits to the Facility. Similarly, a Facility that receives certification, by the way of obtaining Certified Reserve Capacity, is under no obligation to progress their project or facility through to the stage where it is assigned Capacity Credits.

The Reserve Capacity Mechanism is a yearly process, with certification of Reserve Capacity taking place in Year 1 of the Reserve Capacity Cycle. Subject to a number of provisions under the Market Rules, the Facility must provide the capacity between 1 October of Year 3 and 1 October of Year 4 of that Reserve Capacity Cycle.

A Rule Participant may also seek to have their facility conditionally certified for future Reserve Capacity Cycles. If a Rule Participant obtains Conditional Certified Reserve Capacity, they may, subject to the provisions of the Market Rules, apply for the Conditional Certified Reserve Capacity to be converted to Certified Reserve Capacity in Year 1 of the Reserve Capacity Cycle.

1.5. Procedure steps to be followed by IMO in preparing for Certification of Reserve Capacity

1 The IMO must publish the application form and instructions, its mailing address, its email address, and the procedures for submission of applications.

2 By 1 May of Year 1 of the relevant Reserve Capacity Cycle, the IMO must advise all Market Participants and proponents who submitted Expressions of Interest in respect of that Reserve Capacity Cycle that the Certification process has commenced.

3 The IMO must accredit independent experts to prepare reports on the estimated Reserve Capacity of Intermittent Generators that are yet to commence operation and must ensure that at least two accredited independent experts are available to Rule Participants at any time. (Market Rule 4.11.6)

4 The IMO must ensure that each accredited independent expert is competent to estimate Reserve Capacity of Intermittent Generators and may remove accreditation at any time subject to the completion of any work in progress

by the expert in estimating Reserve Capacity of Intermittent Generators. (Market Rule 4.11.6)

5 The IMO must publish on its website the contact details of independent experts who are accredited by the IMO for estimating Reserve Capacity of Intermittent Generators. (Market Rule 4.11.6)

6 The IMO must accept applications for Certification of Reserve Capacity from Rule Participants beginning from 9 AM on the first Business Day following 1 May of Year 1 until 5 PM on the last business day falling on or before 20 July of Year 1 of the Reserve Capacity Cycle. (Market Rule 4.9.1)

7 The IMO must accept applications from Rule Participants for future Reserve Capacity Cycles at any time until the closing date specified for that Reserve Capacity Cycle. (Market Rule 4.9.1)

8 The IMO must notify an applicant for certification of Reserve Capacity of receipt of the application within one Business Day of receipt.

9 The IMO must process all applications for certification of Reserve Capacity for the current Reserve Capacity Cycle by 5 PM of the last Business Day on or before 5 August of Year 1 of that Reserve Capacity Cycle. (Market Rule 4.1.12)

10 The IMO must process all applications for certification of Reserve Capacity for future Reserve Capacity Cycles (ie applications for Conditional Certified Reserve Capacity) within 90 days of the IMO receiving the application.

11 The IMO must notify each applicant of the results of the certification process pertaining to that applicant and include in its notification the information contained in section 1.14. The IMO must notify all applicants by the time and date specified in Step 1.5.9. (Market Rules 4.9.5 & 4.9.9)

12 The Certification of Reserve Capacity will only take place once the IMO has issued the notice of Results of Application for Certification of Reserve Capacity listed in Step 1.5.11.

1.6. Application for Certification of Reserve Capacity

1 The information to be included in an Application for Certification of Reserve Capacity is listed in the document “Forms and Information for Applications of Certification of Reserve Capacity” on the IMO Website. The information provided must be consistent with the Reserve Capacity Cycle for which the application is being made. The information must be provided for each facility. (Market Rules 4.9 & 4.10)

2 The information to be provided may be provided manually, through the use of the form published on the IMO Website for the Reserve Capacity Cycle commencing in 2006. For subsequent Reserve Capacity Cycles, information must be provided through the WEMS.

3 The information provided through the WEMS should be entered in accordance with the WEMS User Guides and online help.

1.7. Procedure steps to be followed by an applicant applying for Certification of Reserve Capacity

It must be noted that during each Reserve Capacity Cycle, applications may be submitted for Certified Reserve Capacity that will apply to future Reserve Capacity Cycles in which case any certification granted will be Conditional Certified Reserve Capacity. For example, a proposed facility can be conditionally certified, but then must be recertified during Reserve Capacity Cycle corresponding to the period that the facility is expected to commence operation.

1 Before submitting an application for certification, Rule Participants should familiarize themselves with the relevant Market Rules and the related Reserve Capacity procedures.

2 Before Submitting an application for Certification of Reserve Capacity, the applicant must ensure they are registered as Rule Participant. The applicant should follow the Participant Registration Procedure which can be found on the IMO Website.

3 Rule Participants applying for Certification of Reserve Capacity must make an application to the IMO during the application open period, which is between 9 AM on the first Business Day following 1 May of Year 1 and 5 PM on the last business day falling on or before 20 July of Year 1 of the Reserve Capacity Cycle. (Market Rule 4.9.1)

4 Rule Participants must follow this procedure to apply for Certified Reserve Capacity. (Market Rule 4.9.10)

5 The Rule Participant application must include the information listed in clause 4.9.3 of the Market Rules. This information is also provided in the “Forms and Information for Applications of Certification of Reserve Capacity” document on the IMO Website. (Market Rule 4.9.3)

6 In the case that a Rule Participant is resubmitting an Application for Certification in respect of a facility that has received Conditional Certified Reserve Capacity, they must also submit details of any Network Access offer(s) and Environmental Approvals in accordance with Market Rule 4.10.1(c)i and 4.10.1(c)ii. This will assist the IMO to make a determination as to whether the Facility will be a Registered Facility during the Reserve Capacity Year and if there are any potentially limiting factors associated with the application.

7 The Rule Participant must contact the IMO and must resubmit an application in the event that an application has been made to the IMO but the receipt of the application has not been acknowledged by the IMO within one Business Day of the submission. The resubmission of an application must be made during the open period for making applications, which is from 9 AM on the first Business Day following 1 May of Year 1 until 5 PM on the last business day falling on or before 20 July of Year 1 of the Reserve Capacity Cycle.

8 The Rule Participant must make an application for certification for each subsequent Reserve Capacity Cycle. (Market Rule 4.9.5)

9 The Rule Participant must respond to any additional requirements or questions of the Reserve Capacity Procedure and/or the IMO during the processing of its application.

1.8. Procedure steps to be followed by the IMO in Processing an Application for Certification of Reserve Capacity

Acknowledgement of application

1 The IMO must notify the applicant within one business day that its application has been received.

Eligibility check

2 The IMO must determine whether the applicant is a Market Participant and has either registered the Facility or intends to register the Facility. (Market Rule 4.8.1)

3 The IMO must determine that the Facility is not a Network. (Market Rule 4.8.1)

4 If the application fails either of the steps within this Eligibility check, the IMO must reject the application and advise the Market Participant.

Date accuracy and sufficiency check

5 The IMO must check all data provided on the application form to determine that:

(a) All required information has been provided;

(b) The information provided is of sufficient depth; and

(c) Information has been specifically provided to support the Applicant's claims in respect to the capacity of the Facility.

6 The IMO may seek information from Network Operators to confirm the accuracy of data provided to it by the applicant to enable the IMO to determine the Certified Reserve Capacity for a facility. (Market Rule 4.11.2)

7 The IMO must not provide information to any Network Operator that was provided to it as part of an application for Certified Reserve Capacity except with the permission of the applicant. (Market Rule 4.11.2)

8 If the information provided by the applicant is insufficient or incomplete, the IMO must contact the applicant and request additional data.

9 If the information provided by the applicant is sufficient, including any additional information provided by the applicant, the IMO must process the application.

Reserve Capacity Cycle check

10 The IMO must determine whether the application is for the current Reserve Capacity Cycle or for a future Reserve Capacity Cycle

11 If the application is for the current Reserve Capacity Cycle the IMO must proceed to process the application as an application for Certified Reserve Capacity

12 If the application is for a future Reserve Capacity Cycle, the IMO must proceed to process the application as an application for Conditional Certified Reserve Capacity

Application where Participant has previously been granted Conditional Certified Reserve Capacity

13 If the applicant is re-lodging an application and already has Conditional Certified Reserve Capacity the IMO must determine whether the application is consistent with the information upon which the Conditional Certified Reserve Capacity was assigned and whether the information is correct.

14 If the application is for re-certification and the Rule Participant has not submitted details of Network Access offer(s) and Environmental Approvals in accordance with Step 1.7.6 of this procedure, the IMO will deem the application to be inconsistent with the initial application by which the facility received Conditional Certification of Reserve Capacity. This will be deemed to be made on the basis that the Facility detailed in the initial application for Conditional Certified Reserve Capacity would be a Registered Facility in accordance with Market Rule 4.11.1(f) and there were no potentially limiting factors.

15 If the re-lodged application is consistent with the information upon which the Conditional Certified Reserve Capacity was assigned and whether the information is correct, the IMO must confirm the Certified Reserve Capacity or Conditional Certified Reserve Capacity, as appropriate, and report to the applicant as per Steps 1.8.30 or 1.8.31 below.

16 If the re-lodged application is not consistent with the information upon which the Conditional Certified Reserve Capacity was assigned or the information is not correct, the IMO must proceed to process the application without regard for the Conditional Certified Reserve Capacity.

Timing check

17 The IMO must determine for which Reserve Capacity Cycle the applicant is requesting Certification and determine if the Facility is scheduled to first commence operations before the time that Reserve Capacity Obligations will apply for that Facility for that Reserve Capacity Cycle. (Market Rule 4.11.1(c))

18 The IMO must determine if the Facility will cease operation permanently such that it can no longer meet its Reserve Capacity Obligations before the time that Reserve Capacity Obligations will no longer apply for that Facility for the Reserve Capacity Cycle. (Market Rule 4.11.1(c))

19 The IMO must set the Reserve Capacity for a Reserve Capacity Cycle at zero for a facility that is not scheduled to commence operations or that will

cease operations as determined in Steps 1.8.17 or 1.8.18, respectively. (Market Rule 4.11.1(c))

20 The IMO must determine if the Facility is expected to be a Registered Facility by the time its Reserve Capacity Obligations take effect and the IMO must not grant Certified Reserve Capacity to a facility that is not expected to be registered by that time. (Market Rule 4.11.1 (f))

Forced outage and planned outage check

21 The IMO must determine if the Facility has operated for at least 36 months and, if so, whether it has had a Forced Outage rate of greater than 15% or a combined Planned Outage rate and Forced Outage rate of greater than 30% over the preceding 36 months. This must be determined in accordance with the Power System Operating Procedure. (Market Rule 4.11.1 (h))

22 The IMO must determine if the Facility has operated for less than 36 months and, if so, whether the IMO has cause to believe that over a period of 36 months the facility is likely to have a Forced Outage rate of greater than 15% or a combined Planned Outage rate and Forced Outage rate of greater than 30%. This must be determined in accordance with the Power System Operating Procedure. (Market Rule 4.11.1 (g))

23 The IMO may consult with System Management to determine the Forced and Planned Outage Rates in respect of Steps 1.8.21 or 1.8.22.

24 If the criteria in Steps 1.8.21 or 1.8.22 of this procedure apply to the Facility, the IMO may seek information from the applicant in respect to the present and future performance of the facility including:

(a) the causes of outages;

(b) steps being taken, or that have been taken, to reduce outages; and

(c) the expected level of future outages.

25 The IMO must determine whether or not to grant Certified Reserve Capacity for the Facility if the criteria in Steps 1.8.21 or 1.8.22 of this procedure apply to that facility. In making this determination the IMO may consider, amongst other factors:

(a) The actions being taken by the Market Participant to reduce the level of outages at the Facility;

(b) The likelihood that these actions will reduce the outages at the facility; and

(c) Whether or not the outages at the facility are compromising, or are likely to compromise, the security and reliability of the SWIS.

26 The IMO may consult with System Management in deciding whether or not to refuse to grant Certified Reserve Capacity for a facility where the criteria in Steps 1.8.21 or 1.8.22 of this procedure may apply to that facility. (Market Rule 4.11.1 (h))

27 If the IMO determines not to grant Certified Capacity Credits to the Facility it must advise the applicant of this decision.

28 If the IMO determines that it may grant Certified Capacity Credits to the Facility, the IMO must proceed to process the application.

Determination of Certified Reserve Capacity

29 The IMO must use the methodology contained in the following Sections of this procedure for setting the Certified Reserve Capacity of a facility:

(a) For existing non-intermittent and intermittent generating plant – Section 1.9

(b) For existing Curtailable Loads and Dispatchable Loads – Section 1.10

(c) For new non-intermittent plant – Section 1.11

(d) For new intermittent plant – Section 1.12

(e) For new Curtailable Loads and Dispatchable Loads– Section 1.13

Reporting to Applicant

30 The IMO must assemble the results of its determinations from the certification process and produce a report of its results consistent with the requirements of Section 1.14 of this procedure. (Market Rules 4.9.5 & 4.9.9)

31 If the application was for Certified Reserve Capacity, the IMO must deliver its report to the applicant by 5 August of Year 1 of that Reserve Capacity Cycle. (Market Rule 4.9.6)

32 If the application was for Conditional Certified Reserve Capacity the IMO must deliver its report to the applicant within 90 days of the application having been received.

1.9. Procedure steps to be followed by the IMO in setting the Certified Reserve Capacity for an existing non-intermittent generating Facility and for an existing intermittent generating Facility

1 The IMO must complete its certification of an existing non-intermittent or intermittent generating Facility based on the following steps using the information provided by the applicant and based on any other information that the IMO may require to make its determinations.

Assessment of potentially limiting factors

2 The IMO must determine whether the facility has failed any test conducted in accordance with Market Rule 4.25 and, if so, determine:

(a) Whether the test results were a reasonable indication of the capacity expected to be available for supply from the facility when it is operating normally;

(b) Whether there are any mitigating circumstances such that the test results are not a reasonable indication of the capacity expected to be available for supply from the facility when it is operating normally; and

(c) The level of capacity indicated by the tests, taking account of any mitigating circumstances, that is expected to be available from the facility when it is **operating normally.**

3 The IMO must determine whether there are any restrictions on the capacity expected to be available due to staffing or availability and, if so, what level of capacity is expected to be available. (Market Rule 4.10.1(g))

4 The IMO must determine whether the facility will be subject to a Network Control Service contract and, if so, whether the capacity that the facility can usefully contribute is likely to be limited by transmission constraints. (Market Rule 4.11.1(g))

5 The IMO must determine whether there are any other reasons to think that the facility may not be able to provide the level of reserve capacity nominated by the Market Participant.

Selection of assessment methodology

6 The IMO must determine whether the applicant has nominated, in accordance with Market Rule 4.10.1(i), for the capacity of its Facility to be assigned in accordance with the methodology described in Market Rule 4.11.2(b).

7 If the applicant has nominated the methodology described in Market Rule 4.11.2(b), then the IMO must determine whether it believes that the capacity of the Facility has permanently declined, or is anticipated to permanently decline prior to or during the Reserve Capacity Cycle to which the Certified Reserve Capacity applies.

8 In making the determination in Step 1.9.7, the IMO may consider the Assessment of potentially limiting factors.

9 If the IMO believes that the capacity of the facility has permanently declined, or is anticipated to permanently decline prior to or during the Reserve Capacity cycle to which the Certified Reserve Capacity applies, then the IMO must set the Certified Reserve Capacity in accordance with steps 1.9.12 to 1.9.15 (“Methodology A”), otherwise it must set the Certified Reserve Capacity in accordance with steps 1.9.16 to 1.9.17 (“Methodology B”).

10 If the application for Certified Reserve Capacity relates to an Intermittent generating Facility, the IMO must use assessment “Methodology B”.

11 If the applicant has not nominated the methodology in Market Rule 4.11.2(b), then the IMO must set the Certified Reserve Capacity in accordance with Methodology A.

Methodology A for setting Certified Reserve Capacity

12 The IMO must determine the maximum sent out capacity, net of embedded and parasitic loads that can be guaranteed to be available for supply to the network from the Facility when it is operated normally at an ambient temperature of 41ºC. (Market Rules 4.10.1(e) & 4.11.1(b))

13 The IMO must determine the maximum sent out capacity, net of embedded and parasitic loads, beyond the capacity described in Step 1.9.12 that can be made available for supply to the network from the Facility at an ambient temperature of 41ºC allowing for any restrictions on the availability of that capacity, including limitations on duration. (Market Rules 4.10.1(e) & 4.11.1(b))

14 The IMO may consult with System Management as required.

15 Based on the outcome of Steps 1.9.12 to 1.9.13, and the Assessment of potentially limiting factors, the IMO must determine its reasonable expectation of the amount of Reserve Capacity likely to be available from the facility during daily peak demand times from 1 December in Year 3 to 31 July in Year 4 of the Reserve Capacity Cycle, assuming an ambient temperature of 41ºC. (Market Rule 4.11.1(a))

Methodology B for setting Certified Reserve Capacity

16 The IMO must set the Relevant Level in respect of a Facility at a point in time which is determined by the IMO as follows:

(a) take all the Trading Intervals that fell within the last three years up to, and including, the last Hot Season;

(b) determine the amount of electricity (in MWh) sent out by the Facility in accordance with metered data submissions received by the IMO in accordance with Market Rule 8.4 during these Trading Intervals;

(c) If the Generator has not entered service, or if it entered service during the period referred to in 1.9.16(a), estimate the amount of electricity (in MWh) that would have been sent out by the facility, had it been in service, for all Trading Intervals occurring during the period referred to in 1.9.16(a) which are prior to it entering service;

(d) set the Relevant Level as double the sum of the quantities determined in 1.9.16(b) and 1.9.16(c) divided by 52,560.

17 In the case where three years of data is not available, the Market Participant may have the quantity, determined in accordance with Step 1.9.16(b), estimated by an independent expert which has been accredited by the IMO in accordance with Step 1.5.3 of this procedure. The independent expert must use any and all data available to the Market Participant, to evaluate the expected amount of electricity in accordance with Step 1.9.16 above. The intention should be to validate any models and results based on the data available for the period of operation.

18 In respect of Step 1.9.16 above, the IMO will use metered data provided in accordance with Market Rule 8.4 where possible. If meter data is not available, the IMO may consult with System Management to obtain appropriate SCADA data records to determine the Relevant Level The IMO

may also set the Relevant Level to take into account embedded and parasitic loads.

19 The IMO must set the Certified Reserve Capacity of the Facility equal to the Relevant Level determined in the above step, while considering the outcome of Steps 1.9.16 through 1.9.18 and the Assessment of Potentially Limiting Factors.

Assignment of Certified Reserve Capacity

20 The IMO must assign Certified Reserve Capacity to the facility equal to the minimum of the level nominated by the applicant, or the level determined at Step 1.9.15 or 1.9.19, as appropriate.

Initial Reserve Capacity Obligation Quantity

21 The IMO must determine whether there are periods of time during which staffing or other factors will limit the Facility's ability to operate at full output.

22 IMO must set the Initial Reserve Capacity Obligation at a level equal to the Certified Reserve Capacity except for those periods of time determined at Step 1.9.21, in which case the IMO may set the Initial Reserve Capacity Obligation at a lower level.

23 The IMO must set the Initial Reserve Capacity Obligation quantity to zero for an Intermittent generating Facility. (Market Rule 4.12.2.aA)

1.10. Procedure steps to be followed by the IMO in setting the Certified Reserve Capacity for an existing, Curtailable Load or Dispatchable Load

1 The IMO must complete its certification of an existing Curtailable Load or Dispatchable Load based on the following steps using the information provided by the applicant and based on any other information that the IMO may require to make its determinations.

Availability classes

2 The IMO must assess each capacity block and accept only those where:

(a) The maximum number of hours per year that the block is available to provide Reserve Capacity is not less than 24; and

(b) The maximum number of hours per day that the block is available to provide Reserve Capacity is not less than four.

3 Each accepted capacity block is to be allocated to an Availability Class where:

(a) Blocks that are available for at least 24 hours but less than 48 hours are allocated to Availability Class 4;

(b) Blocks that are available for at least 48 hours but less than 72 hours are allocated to Availability Class 3;

(c) Blocks that are available for at least 72 hours but less than 96 hours are allocated to Availability Class 2;

(d) Blocks that are available for at least 96 hours are allocated to Availability Class 1;

Assessment of potentially limiting factors

4 The IMO must determine whether there are any restrictions on the capacity expected to be available due to staffing or availability and, if so, what level of capacity is expected to be available. (Market Rule 4.10.1(g))

5 The IMO must determine whether the facility will be subject to a Network Control Service contract and, if so, whether the capacity that the facility can usefully contribute is likely to be limited by transmission constraints. (Market Rule 4.11.1(g))

6 The IMO must determine whether there are any other reasons to think that the facility may not be able to provide the level of reserve capacity nominated by the Market Participant.

Assignment of Certified Reserve Capacity

7 Where the applicant has specified the Reserve Capacity expected to be available from a capacity block, the IMO is to assign Certified Reserve Capacity for that capacity block equal to the expected Reserve Capacity subject to the assessment of potentially limiting factors.

8 Where the applicant has specified the Stipulated Default Load for any capacity block, the IMO is to determine the expected load reduction based on historic load data and assign Certified Reserve Capacity to that capacity block equal to that expected load reduction subject to the assessment of potentially limiting factors.

9 Where the applicant has indicated that the Reserve Capacity is to be in the form of a Demand Side Programme, the IMO must assign Certified Reserve Capacity in consideration of Market Rule 4.8.3. The following must be considered in the assignment of Certified Reserve Capacity:

(a) No Intermittent Load may be included in the Demand Side Programme. (Market Rule 4.8.3(a))

(b) The Loads comprising the Demand Side Programme must be registered as Curtailable Loads if they are to count towards satisfying the relevant Reserve Capacity Obligations of the Demand Side Programme and must not have been separately awarded Capacity Credits. (Market Rule 4.8.3(b))

(c) As the Loads comprising the Demand Side Programme are registered, the IMO must assign Certified Reserve Capacity and Reserve Capacity Obligations to those Facilities and must correspondingly reduce the Certified Reserve Capacity and Reserve Capacity Obligations associated with the Demand Programme Side during the time those Facilities are registered. (Market Rule 4.8.3(c))

(d) After accounting for the modifications in 1.10.9(c), if at any time a Market Customer has Reserve Capacity Obligations associated with its Demand Side Programme then, for settlement purposes, the Demand Side Programme must be treated by the IMO as a Facility that has failed to satisfy its Reserve Capacity Obligations. (Market Rule 4.8.3(d))

Initial Reserve Capacity Obligation Quantity

10 The Assigned Certified Reserve Capacity for each capacity block must be available for the number of hours per year that does not exceed the maximum specified by the applicant for that capacity block.

11 The Assigned Certified Reserve Capacity for each capacity block must be available for the number of hours per day that does not exceed the maximum specified by the applicant for that capacity block.

12 The Initial Reserve Capacity Obligation must take account of any staffing and other restrictions that may limit the ability of the Facility to provide energy upon request.

1.11. Procedure steps to be followed by the IMO in setting the Certified Reserve Capacity for a new non-intermittent generating Facility

1 The IMO must complete its certification for a new non-intermittent generating Facility based on the following steps using the information provided by the applicant and based on any other information that the IMO may require to make its determinations.

Assessment of potentially limiting factors

2 The IMO must determine whether there are any restrictions on the capacity expected to be available due to staffing or availability and, if so, what level of capacity is expected to be available. (Market Rule 4.10.1(g))

3 The IMO must determine whether the facility will be subject to a Network Control Service contract and, if so, whether the capacity that the facility can usefully contribute is likely to be limited by transmission constraints. (Market Rule 4.11.1(g))

4 The IMO must determine whether there are any other reasons to think that the facility may not be able to provide the level of reserve capacity nominated by the Market Participant.

Methodology for setting Certified Reserve Capacity

5 The IMO must determine the maximum sent out capacity, net of embedded and parasitic loads that can be guaranteed to be available for supply to the network from the Facility when it is operated normally at an ambient temperature of 41ºC. (Market Rules 4.10.1(e) & 4.11.1(b))

6 The IMO must determine the maximum sent out capacity, net of embedded and parasitic loads, beyond the capacity described in Step 1.11.5 that can be made available for supply to the network from the Facility at an ambient

temperature of 41ºC allowing for any restrictions on the availability of that capacity, including limitations on duration. (Market Rules 4.10.1(e) & 4.11.1(b))

7 The IMO may use the information provided by the Rule Participant or any other information deemed appropriate, which is required to set the level of Certified Reserve Capacity of the Facility.

8 Based on the outcome of Steps 1.11.5 to 1.11.7, and the Assessment of potentially limiting factors, the IMO must determine its reasonable expectation of the amount of Reserve Capacity likely to be available from the facility during daily peak demand times from 1 December in Year 3 to 31 July in Year 4 of the Reserve Capacity Cycle, assuming an ambient temperature of 41ºC. (Market Rule 4.11.1(a))

Assignment of Certified Reserve Capacity

9 If the application is for the current Reserve Capacity Cycle, the IMO must assign Certified Reserve Capacity to the facility equal to the minimum of the level determined at Step 1.11.8 or the level nominated by the applicant.

10 If the application is for a future Reserve Capacity Cycle, the IMO must assign Conditional Certified Reserve Capacity to the facility equal to the minimum of the level determined at Step 1.11.8 or the level nominated by the applicant.

11 If the application is for re-certification and the IMO is satisfied that the application which has been re-lodged is consistent with the information upon which the Conditional Certified Reserve Capacity was assigned the information is correct then the IMO must confirm the Certified Reserve Capacity, or Conditional Certified Reserve Capacity, depending on the Reserve Capacity Cycle for which the application is being made, that was previously assigned by the IMO.

12 If the application is for re-certification and the Rule Participant has not submitted details of Network Access offer(s) and Environmental Approvals in accordance with Step 1.7.6 of this procedure, the IMO will deem the application to be inconsistent with the initial application by which the facility received Conditional Certification of Reserve Capacity. This will be deemed to be made on the basis that the Facility detailed in the initial application for Conditional Certified Reserve Capacity would be a Registered Facility in accordance with Market Rule 4.11.1(f) and there were no potentially limiting factors.

13 If the re-lodged application is not consistent with the information upon which the Conditional Certified Reserve Capacity was assigned or the information is not correct, the IMO must proceed to process the application without regard for the Conditional Certified Reserve Capacity.

Initial Reserve Capacity Obligation Quantity

14 The IMO must determine whether there are periods of time during which staffing or other factors will limit the Facility's ability to operate at full output.

15 IMO must set the Initial Reserve Capacity Obligation at a level equal to the Certified Reserve Capacity except for those periods of time determined at Step 1.11.14, in which case the IMO may set the Initial Reserve Capacity Obligation at a lower level.

1.12. Procedure steps to be followed by the IMO in setting the Certified Reserve Capacity for a new intermittent generating Facility

1 The IMO must complete its certification for a new intermittent generating Facility based on the following steps using the information provided by the applicant and based on any other information that the IMO may require to make its determinations.

2 If the applicant has submitted a report, in accordance with clause 4.10.3 of the Market Rules, prepared by an expert accredited by the IMO, the IMO must set Certified Reserve Capacity for the Facility based upon the estimate provided by the expert. (Market Rule 4.11.1(e))

3 If the applicant has not submitted a report in accordance with Clause 4.10.3 of the Market Rules, the IMO will set the Certified Reserve Capacity to zero.

Assessment of potentially limiting factors

4 The IMO must determine whether there are any restrictions on the capacity expected to be available due to staffing or availability and, if so, what level of capacity is expected to be available. (Market Rule 4.10.1(g))

5 The IMO must determine whether there are any other reasons to think that the facility may not be able to provide the level of reserve capacity nominated by the Market Participant.

Assignment of Certified Reserve Capacity

6 If the application is for the current Reserve Capacity Cycle, for an Intermittent Generator that has not commenced operation, the IMO must assign Certified Reserve Capacity as the amount determined in Step 1.12.2, subject to Step 1.12.4 (where applicable).

7 If the application is for a future Reserve Capacity Cycle, the IMO must assign Conditional Certified Reserve Capacity as the amount determined in Step 1.12.2, subject to Step 1.12.4 (where applicable).

8 If the application is for re-certification of Conditional Certified Reserve Capacity and the IMO is satisfied that the application which has been re-lodged is consistent with the information upon which the Conditional Certified Reserve Capacity was assigned and the information is correct then the IMO must confirm the Certified Reserve Capacity, or Conditional Certified Reserve Capacity, depending on the Reserve Capacity Cycle for which the application is being made, that was previously assigned by the IMO.

9 If the application if for re-certification and the Rule Participant has not submitted details of Network Access offer(s) and Environmental Approvals in

accordance with Step 1.7.6 of this procedure, the IMO will deem the application to be inconsistent with the initial application by which the facility received Conditional Certification of Reserve Capacity. This will be deemed to be made on the basis that the Facility detailed in the initial application for Conditional Certified Reserve Capacity would be a Registered Facility in accordance with Market Rule 4.11.1(f) and there were no potentially limiting factors.

10 If the re-lodged application is not consistent with the information upon which the Conditional Certified Reserve Capacity was assigned or the information is not correct, the IMO must proceed to process the application without regard for the Conditional Certified Reserve Capacity.

Initial Reserve Capacity Obligation Quantity

11 The Initial Reserve Capacity Obligation for a new intermittent generator is zero.

1.13. Procedure steps to be followed by the IMO in setting the Certified Reserve Capacity for a new Curtailable Load or Dispatchable Load

1 The IMO must complete its certification of a new Curtailable Load or Dispatchable Load based on the following steps using the information provided by the applicant and based on any other information that the IMO may require to make its determinations.

Availability classes

2 The IMO must assess each capacity block and accept only those where:

(a) The maximum number of hours per year that the block is available to provide Reserve Capacity is not less than 24; and

(b) The maximum number of hours per day that the block is available to provide Reserve Capacity is not less than four.

3 Each accepted capacity block is to be allocated to an Availability Class where:

(a) Blocks that are available for at least 24 hours but less than 48 hours are allocated to Availability Class 4;

(b) Blocks that are available for at least 48 hours but less than 72 hours are allocated to Availability Class 3;

(c) Blocks that are available for at least 72 hours but less than 96 hours are allocated to Availability Class 2;

(d) Blocks that are available for at least 96 hours are allocated to Availability Class 1;

Assessment of potentially limiting factors

4 The IMO must determine whether there are any restrictions on the capacity expected to be available due to staffing or availability and, if so, what level of capacity is expected to be available. (Market Rule 4.10.1(g))

5 The IMO must determine whether the facility will be subject to a Network Control Service contract and, if so, whether the capacity that the facility can usefully contribute is likely to be limited by transmission constraints. (Market Rule 4.11.1(g))

6 The IMO must determine whether there are any other reasons to think that the facility may not be able to provide the level of reserve capacity nominated by the Market Participant.

Assignment of Certified Reserve Capacity

7 Where the applicant has specified the Reserve Capacity expected to be available from a capacity block, the IMO is to assign Certified Reserve Capacity for that capacity block equal to the expected Reserve Capacity subject to the assessment of potentially limiting factors.

8 Where the applicant has specified the Stipulated Default Load for any capacity block, the IMO is to determine the expected load reduction based on expected load data and assign Certified Reserve Capacity to that capacity block equal to that expected load reduction subject to the assessment of potentially limiting factors.

9 Where the applicant has indicated that the Reserve Capacity is to be in the form of a Demand Side Programme, the IMO must assign Certified Reserve Capacity in consideration of Market Rule 4.8.3. The following must be considered in the assignment of Certified Reserve Capacity:

(a) No Intermittent Load may be included in the Demand Side Programme. (Market Rule 4.8.3(a))

(b) The Loads comprising the Demand Side Programme must be registered as Curtailable Loads if they are to count towards satisfying the relevant Reserve Capacity Obligations of the Demand Side Programme and must not have been separately awarded Capacity Credits. (Market Rule 4.8.3(b))

(c) As the Loads comprising the Demand Side Programme are registered, the IMO must assign Certified Reserve Capacity and Reserve Capacity Obligations to those Facilities and must correspondingly reduce the Certified Reserve Capacity and Reserve Capacity Obligations associated with the Demand Programme Side during the time those Facilities are registered. (Market Rule 4.8.3(c))

(d) After accounting for the modifications in (c), if at any time a Market Customer has Reserve Capacity Obligations associated with its Demand Side Programme then, for settlement purposes, the Demand Side Programme must be treated by the IMO as a Facility that has failed to satisfy its Reserve Capacity Obligations. (Market Rule 4.8.3(d))

Initial Reserve Capacity Obligation Quantity

10 The Assigned Certified Reserve Capacity for each capacity block must be available for the number of hours per year that does not exceed the maximum specified by the applicant for that capacity block.

11 The Assigned Certified Reserve Capacity for each capacity block must be available for the number of hours per day that does not exceed the maximum specified by the applicant for that capacity block.

12 The Initial Reserve Capacity Obligation must take account of any staffing and other restrictions that may limit the ability of the Facility to vary its demand upon request.

1.14. Procedure steps to be followed by the IMO in advising an applicant of its Certified Reserve Capacity

The IMO is to provide the following information to the applicant on the results of applications for Certification of Reserve Capacity. (Market Rules 4.9.5 & 4.9.9)

1 **Identity of Market Participant and Facility** – The identity of Market Participant making the application and the identification of the facility for which the results apply.

2 **Application of Results for Facility** – The Reserve Capacity Cycle to which the result applies. (Market Rule 4.9.5)

3 **Conditional Certified Reserve Capacity** – In the case of Certified Reserve Capacity relating to a future Reserve Capacity Cycle, the conditions of continued certification, including the requirements for reapplying for certification. (Market Rule 4.9.5)

4 **Certified Reserve Capacity** – The amount of Certified Reserve Capacity to apply to the facility. (Market Rule 4.9.9)

5 **Initial Reserve Capacity Obligations** – The Initial Reserve Capacity Obligations associated with the Certified Reserve Capacity. (Market Rule 4.9.9)

6 **Reserve Capacity Security Deposit Requirements** – Any Reserve Capacity Security Deposit required as a condition of the facility holding the Certified Reserve Capacity. (Market Rule 4.9.9)

7 **Calculation Basis for Certification** – The calculations upon which the IMO's determination is based.