



MARKET PROCEDURE: Reserve Capacity Performance Monitoring

VERSION 3

ELECTRICITY INDUSTRY ACT 2004

ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY MARKET) REGULATIONS 2004

WHOLESALE ELECTRICITY MARKET RULES

COMMENCEMENT:

This Market Procedure took effect from 8:00am (WST) on the same date as the Wholesale Electricity Market Rule, in which this Procedure is made in accordance with, commences.

VERSION HISTORY

VERSION	EFFECTIVE DATE	NOTES
1	21 September 2006	Market Procedure at Market Start
2	15 October 2008	Amendments to Market Procedure resulting from PC_2008_07
3	18 April 2011	Amendments to Market Procedure resulting from PC_2010_05

CONTENTS

1. PROCEDURE OVERVIEW	4
1.1 Relationship with the Market Rules.....	4
1.2 Purpose.....	4
1.3 Application	4
1.4 Associated Market Procedures.....	4
1.5 Interpretation.....	4
2. PROCEDURE STEPS	5
2.1 Steps to be followed by the IMO to perform Reserve Capacity monitoring ...	8
2.2 Steps to be undertaken by Market Participants if issued with a request for a Reserve Capacity performance report	9
2.3 Format of a Reserve Capacity performance report	9
2.4 Procedure Steps to be followed by the IMO in respect of Reserve Capacity progress reports	11
2.5 Procedure Steps to be undertaken by the Market Participant for Reserve Capacity progress reports.....	12
2.6 Supporting Evidence that the IMO may request from a Market Participant	13
2.7 Procedure steps to be undertaken by the Market Participant in response to a request by the IMO for additional supporting evidence.....	15

1. PROCEDURE OVERVIEW

1.1 Relationship with the Market Rules

1.1.1 This Reserve Capacity Performance Monitoring Procedure (Procedure) should be read in conjunction with clause 4.27 of the Wholesale Electricity Market (WEM) Rules (Market Rules).

1.1.2 Reference to particular Market Rules within the Procedure in bold and square brackets **[MR XX]** are current as of 1 April 2011. These references are included for convenience only, and are not part of this Procedure.

1.2 Purpose

1.2.1 The purpose of the Procedure is to describe the steps for conducting Reserve Capacity performance monitoring as required under the Market Rules.

1.3 Application

1.3.1 This Procedure applies to:

- a) the IMO in conducting Reserve Capacity performance monitoring;
- b) System Management in testing facilities; and
- c) Market Participants in complying with Reserve Capacity performance requirements.

1.4 Associated Market Procedures

1.4.1 The following IMO Market Procedures are associated with this Procedure:

- a) Certification of Reserve Capacity; and
- b) Reserve Capacity Security.

1.5 Interpretation

1.5.1 In this Procedure, the conventions specified in clauses 1.3-1.5 of the Market Rules apply. The following additional clarifications are noted:

- a) The term “Good industry practice” means the exercise of that degree of skill, diligence, prudence and foresight that a skilled and experienced person would reasonably and ordinarily exercise under comparable conditions and

circumstances consistent with applicable written laws and statutory instruments and applicable recognised codes, standards and guidelines;

- b) The term “Reserve Capacity performance report” means a report provided by a Market Participant at the request of the IMO for the purposes of Reserve Capacity Monitoring; and
- c) The term “Reserve Capacity progress report” means a report provided by a Market Participant in respect of a Facility that is yet to enter service and provided for the purpose of Reserve Capacity progress monitoring; and
- d) The term an “Authorised Officer” means, in respect of a Market Participant, an Officer as defined in Section 9 of the *Corporations Act 2001*.

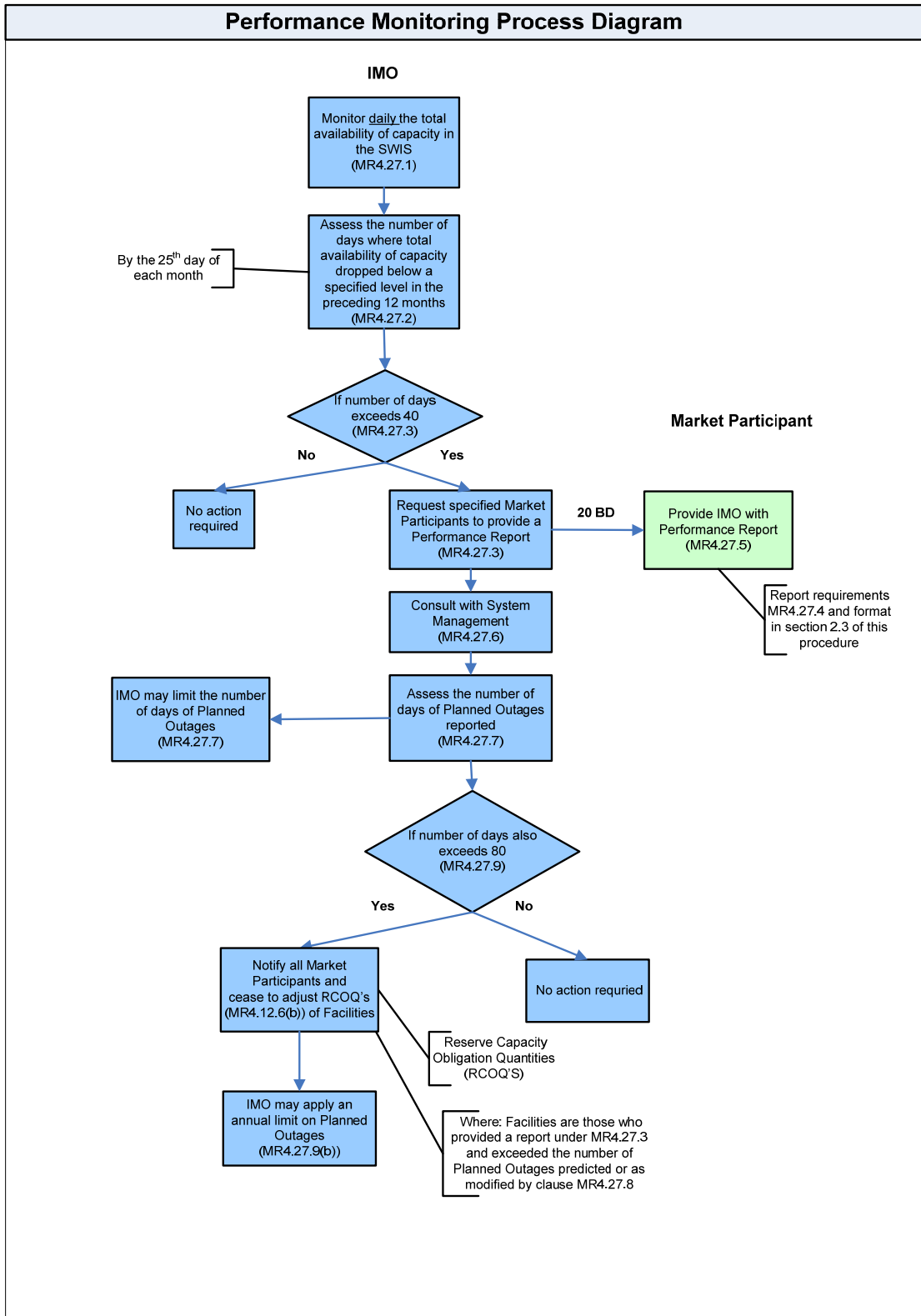
2. PROCEDURE STEPS

This section outlines the procedure steps associated with Reserve Capacity performance monitoring and progress reports.

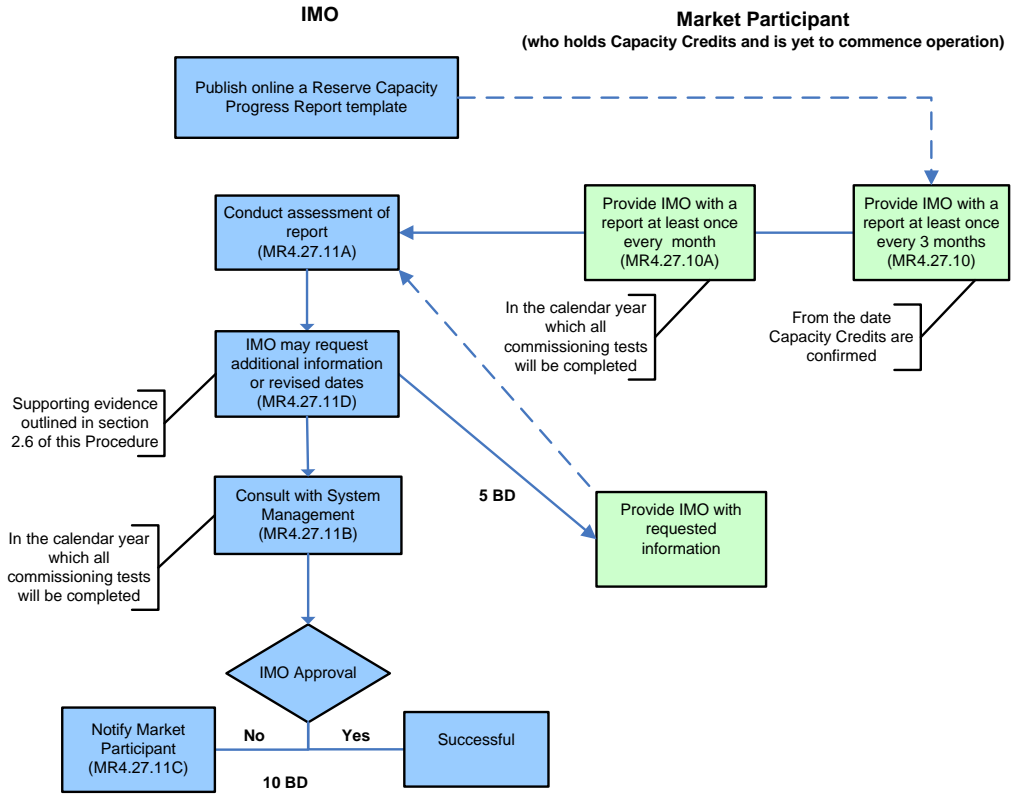
The diagrams on the following two pages outline the processes for the:

- Reserve Capacity performance monitoring; and
- Progress reports.

Details of certain associated sections of this Procedure are also indicated in these diagrams.



Progress Reports Process Diagram



2.1 Steps to be followed by the IMO to perform Reserve Capacity monitoring

2.1.1 The IMO must monitor the total availability of capacity in the South West interconnected system (SWIS) daily in accordance with clause 4.27.1.

2.1.2 By the twenty fifth day of each month, the IMO must assess the number of days in the preceding 12 calendar months where the total available capacity in the SWIS dropped below 80% (during the Hot Season), and 70% (in either the Intermediate Season or Cold Season), of the total Capacity Credits held by Market Participants for more than six hours on the day **[MR 4.27.2]**.

2.1.3 The IMO may use the Wholesale Electricity Market System (WEMS) to conduct the Reserve Capacity monitoring process in steps 2.1.1 and 2.1.2.

2.1.4 If the number of days determined in accordance with step 2.1.2 exceeds 40, then the IMO must require Market Participants to fill out a report (“The Reserve Capacity performance report”) for each Facility holding Capacity Credits which **[MR 4.27.3]**:

- a) has been unavailable due to Planned Outages for more than 1000 hours during the preceding 12 calendar months; and
- b) has not been included in such a report during the preceding 12 calendar months.

2.1.5 The Reserve Capacity Performance Report described in step 2.1.4 must include the information listed in section 2.3 of this Market Procedure and must be provided to the IMO within 20 Business Days of being requested to do so **[MR 4.27.5]**.

2.1.6 The IMO must consult with System Management on the implications of a Reserve Capacity performance report **[MR 4.27.6]**.

2.1.7 The IMO at its sole discretion may limit the number of days of Planned Outages in each of the next 24 months, if the IMO considers the number of days reported to be unjustified based on good industry practice. The IMO must notify the Market Participant who filed the report described in step 2.1.4 of the limit **[MR 4.27.7]**.

Note: The limit is NOT on the number of days that Planned Outages can occur, but on the number of days that Planned Outages can be taken while being exempt from Capacity Credit Refund payments (and only when clause 4.27.9 applies). This section is not intended to restrict the ability of a Market Participant to request a Planned Outage.

2.1.8 If the IMO limits the number of days in accordance with step 2.1.7, then the modified value supersedes the corresponding value specified in the report **[MR 4.27.8]**.

2.1.9 If the number of days determined in accordance with step 2.1.2 exceeds 80, then the IMO must **[MR 4.27.9]**:

- a) notify all Market Participants that this has occurred; and
- b) cease to adjust Reserve Capacity Obligation Quantities for 12 months commencing on the first trading day of the following month under clause 4.12.6(b) of the Market Rules in response to Planned Outages for Facilities:
 - i) referred to in step 2.1.4; and
 - ii) where the number of days of Planned Outage during that 12 month period has exceeded the total number of days of Planned Outage predicted for that 12 month period in accordance with step 2.3.4(c) and modified by step 2.1.8.

2.2 Steps to be undertaken by Market Participants if issued with a request for a Reserve Capacity performance report

2.2.1 If a Market Participant is provided with a request for a Reserve Capacity performance report by the IMO, the Market Participant must:

- a) Provide a Reserve Capacity performance report to the IMO within 20 Business Days from the date the request is issued to the Market Participant **[MR 4.27.5]**; and
- b) Provide the Reserve Capacity performance report using the format detailed in section 2.3.

2.3 Format of a Reserve Capacity performance report

Reserve Capacity performance reports provided by Market Participants in accordance with clause 4.27 of the Market Rules and in accordance with this Market Procedure must be provided using the format listed in the following procedure steps.

2.3.1 Reports provided in accordance with this Procedure must be provided by the Market Participant in writing.

2.3.2 Reports provided in accordance with this Procedure must be signed by an Authorised Officer of the Market Participant.

2.3.3 Sections to be included in the Reserve Capacity performance report include:

- a) Section 1 – details of the Facility as appropriate;

- b) Section 2 - explanations of all Planned Outages taken by the Facility in the preceding 12 calendar months **[MR 4.27.4(a)]**;
- c) Section 3 - a statement of the expected maximum number of days of Planned Outages to be taken by the Facility in each of the next 24 months commencing from the month in which the report is requested, including adequate explanation to make clear the reason for each Planned Outage **[MR 4.27.4(b)]**;
- d) Section 4 - measures proposed (including timing of such measures), or already undertaken, by the Market Participant to increase the availability of the Facility **[MR 4.27.4(c)]**;
- e) Section 5 – other information as deemed appropriate by the Market Participant; and
- f) Section 6 – Declaration including the following text:

Declaration

(This needs to be made by an officer of the Market Participant as defined by Section 9 of the Corporations Act 2001)

On behalf of *(Company or business name)*.....,

I declare that the above information provided in respect to this Reserve Capacity performance report is accurate.

Signed

Date:

Person making declaration:

Position held in company or business:

Postal address:

Phone:

Email address:

Fax no:

2.4 Procedure Steps to be followed by the IMO in respect of Reserve Capacity progress reports

While the following procedure steps relate to Facilities that are yet to enter service, they are included in this performance monitoring section as the IMO must monitor their progress towards achieving the schedule in clause 4.10.1(c)(iii) of the Market Rules.

Late delivery of capacity will lead to a Market Participant being liable for Reserve Capacity refund payments. In addition, a Market Participant may forfeit its Reserve Capacity security deposit if it fails to deliver capacity within the first Capacity Year for which the Facility was assigned Capacity Credits.

2.4.1 Progress reports must be submitted by Market Participants with Facilities that are yet to commence operation at least once every three months between the date the Capacity Credit is confirmed under clause 4.20 and the date the Facility commences operation **[MR 4.27.10]**.

2.4.2 In the calendar year in which all Commissioning Tests will be completed, Market Participants must file a progress report with the IMO at least once every month between the commencement of that calendar year and the date IMO has notified the Market Participant that the need to hold Reserve Capacity Security has ceased **[MR4.27.10A]**.

2.4.3 The IMO must publish on its website (http://www.imowa.com.au/10_5_1_market_forms.htm) a copy of the Reserve Capacity progress report template and Market Participants must use that template.

2.4.4 On receiving a Reserve Capacity progress report, the IMO must determine if all details and information have been completed.

2.4.5 If the IMO determines that the information provided is insufficient, the IMO may contact the Market Participant and request additional supporting information in accordance with clause 4.27.11D and section 2.5 of this Procedure.

2.4.6 The report described in step 2.4.1 must include the current revised estimates of each date to which clause 4.10.1(c)(iii) refers **[MR 4.27.11]**.

2.4.7 The IMO must conduct an assessment and approve or not approve the current nominations for each date provided in the report in accordance with clause 4.27.11. The IMO must not approve a date which would prevent the IMO from assigning Certified Reserve Capacity **[MR4.27.11A]**.

2.4.8 In the calendar year in which all Commissioning Tests will be completed, the IMO must consult with System Management in its assessment of the nominated commissioning date. The IMO must not approve the date if, in System Management's

opinion, the Facility is unlikely to have completed all Commissioning Tests by that date **[MR4.27.11B]**.

2.4.9 If the IMO does not approve one or more of the dates it must, within 10 Business Days from the date the report was submitted, notify the Market Participant of its decision and provide reasons why the dates have not been approved **[MR4.27.11C]**.

2.4.10 The IMO may require the Market Participant to provide supporting evidence submitted by an Authorised Officer, submit further reports or revise the dates **[MR4.27.11D]**.

2.4.11 The IMO may use the information contained in any Reserve Capacity progress report to:

- a) determine the start date of any applicable Reserve Capacity Obligations associated with that Facility; and
- b) trigger a Reserve Capacity Test under section 4.25 of the Market Rules (if appropriate).

2.5 Procedure Steps to be undertaken by the Market Participant for Reserve Capacity progress reports

2.5.1 Reserve Capacity progress reports must be submitted by Market Participants with Facilities that are yet to commence operation:

- a) at least once every three months between the date the Capacity Credit is confirmed under clause 4.20 and the date the Facility commences operation **[MR 4.27.10]**; and
- b) at least once every month between the commencement of the calendar year in which the date referred to in clause 4.10.1(c)(iii)(7) falls and the date that the IMO has notified the Market Participant, in accordance with 4.13.10A, of its determination, that the need to maintain the Reserve Capacity Security for the facility has ceased **[MR 4.27.10A]**.

2.5.2 Market Participants may provide the IMO with Reserve Capacity progress reports on a more frequent basis than is detailed in step 2.5.1.

2.5.3 The report described in step 2.5.1 must include the current revised estimates of each date to which clause 4.10.1(c)(iii) refers **[MR 4.27.11]**.

2.5.4 The Reserve Capacity progress report must be signed by an Authorised Officer.

- 2.5.5 The IMO may contact the Market Participant and request additional supporting information as per step 2.6. The Market Participant must comply with such requests if made by the IMO.
- 2.5.6 Market Participants must provide the Reserve Capacity progress report in the form specified by the IMO, which can be found on the IMO Website (http://www.imowa.com.au/10_5_1_market_forms.htm).

2.6 Supporting Evidence that the IMO may request from a Market Participant

- 2.6.1 The IMO may request additional information to complete its assessment of whether a Facility will be able to fully meet its Reserve Capacity Obligations by a nominated date **[MR4.27.11D]**.
- 2.6.2 If the IMO requires additional information or evidence, it must notify the Market Participant in writing within 5 Business Days of receiving the Reserve Capacity progress report and list the information to be submitted to the IMO.
- 2.6.3 Supporting evidence that may be requested by the IMO may include, but not be limited to:
- a) Network access agreements;
 - b) Local government approvals;
 - c) Evidence of execution of fuel supply and transport contracts;
 - d) Evidence of financial approvals;
 - e) Relevant construction and operational licenses;
 - f) Independent construction schedules for the plant, network and fuel supply facilities;
 - g) Repair and/or rework schedules;
 - h) Photographs of construction works;
 - i) Evidence of environmental test completion;
 - j) Evidence of network connection tests completion as indicated in the Network Access Code;
 - k) Full load testing results;

- l) Practical completion certificates; and
 - m) Quality assurance certificates.
- 2.6.4 The IMO may take whatever reasonable steps that it deems necessary to determine the accuracy of information provided to it under step 2.6 and step 2.7 of this Procedure.
- 2.6.5 The IMO may request additional information, evidence or clarification in respect of the information provided in accordance with step 2.6.3 of this Procedure.
- 2.6.6 Once the IMO has determined that the additional information provided is appropriate and relevant, the IMO must make an assessment as to whether the information may impact on the likely progress of the Facility with respect to meeting any Reserve Capacity Obligations and the nominated date for commencing the obligations.
- 2.6.7 The IMO may use the additional information to determine whether it should approve the start date of any applicable Reserve Capacity Obligations associated with that Facility.
- 2.6.8 If the IMO is not provided with the requested additional information from the Market Participant, the IMO may decide not to approve the nominated date for commencing the Reserve Capacity Obligations.
- 2.6.9 If the IMO does not approve the nominated date, the date will be as specified in 4.1.26.

2.7 Procedure steps to be undertaken by the Market Participant in response to a request by the IMO for additional supporting evidence

- 2.7.1 If a Market Participant is requested to provide additional information for the IMO's assessment of whether its facility will complete its Commissioning Tests by a nominated date, the Market Participant must provide the requested information to the IMO within 5 Business Days from the date the request is issued to the Market Participant.
- 2.7.2 The Market Participant may provide reasons to the IMO as to why any information or evidence cannot be provided by the requested time, however, failure to provide information or evidence may influence the IMO's ability to approve any nominated dates.
- 2.7.3 The letter providing the additional information must be signed by an Authorised Officer.