



2019 Expressions of Interest summary report

15 May 2019

A report for the Wholesale Electricity Market

Important notice

PURPOSE

AEMO has prepared this document to provide information about the Western Australia Wholesale Electricity Market, as at the date of publication.

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VERSION CONTROL

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1. Background

Each year, the Australian Energy Market Operator (AEMO) requests expressions of interest (EOI) from existing and potential new Market Participants to provide Reserve Capacity¹. The EOI indicates the amount of new generation and Demand Side Management (DSM) capacity that may be offered into the South West interconnected system (SWIS) for a Reserve Capacity Cycle².

On 31 January 2019, AEMO requested EOIs for the 2019 Reserve Capacity Cycle, covering the 2021-22 Capacity Year³. EOI submissions closed on 1 May 2019. AEMO must publish an EOI summary by 15 May 2019 in accordance with the Wholesale Electricity Market (WEM) Rules.

This report provides a summary of EOIs submitted to AEMO for the 2021-22 Capacity Year. In accordance with clause 4.2.7 of the WEM Rules, the report must outline the following information:

- The number of EOIs received.
- Based on the EOIs, the additional Reserve Capacity potentially available (which must be categorised).
- AEMO's estimate of the existing capacity eligible to be assigned Certified Reserve Capacity (CRC)⁴ in the SWIS.
- The preliminary Reserve Capacity Requirement (RCR)⁵.
- AEMO's preliminary estimates of the DSM Reserve Capacity Price (RCP)⁶ for the 2019-20 to 2028-29 Capacity Years.

¹ Reserve Capacity may be provided by generation or DSM Facilities.

² A Reserve Capacity Cycle is a cycle of events (covering a four-year period) described in clause 4.1 of the WEM Rules.

³ A Capacity Year is defined in Chapter 11 (Glossary) of the WEM Rules as a period of 12 months commencing on the start of the Trading Day on 1 October and ending on the Trading Day ending on 1 October of the following calendar year.

⁴ Certified Reserve Capacity is a quantity of Reserve Capacity that AEMO has assigned to a Facility for a Reserve Capacity Cycle in accordance with the WEM Rules.

⁵ The preliminary Reserve Capacity Requirement is AEMO's estimates of the total amount of generation or DSM capacity required in the SWIS to satisfy the Planning Criterion for a Capacity Year in accordance with the WEM Rules.

⁶ Reserve Capacity Price is the price for Reserve Capacity determined in accordance with clause 4.29.1 of the WEM Rules and multiplied by 12 for a Reserve Capacity Cycle.

2. Summary

AEMO received two EOIs for the 2021-22 Capacity Year. The first EOI relates to a proposed non-intermittent generator (not serving an intermittent load) with nameplate capacity of 36.400 MW and an estimated output of 32.000 MW at 41°C. The second EOI is for a proposed new intermittent generator with an estimated Capacity Credit assignment of 0.400 MW⁷.

2.1 Reserve Capacity supply and demand analysis

The 2018 *Electricity Statement of Opportunities*⁸ for the WEM forecast a preliminary RCR of 4,600 MW for the 2021-22 Capacity Year.

The potential supply-demand balance for capacity for the 2021-22 Capacity Year is outlined in Table 1.

Table 1 Preliminary supply-demand balance for the 2021-22 Capacity Year

Capacity Credits assigned for the 2020-21 Capacity Year	4,965.551
Potential capacity provided by 2019 EOIs	32.400
Estimate of the existing capacity eligible to be assigned CRC for the 2021-22 Capacity Year	4,965.551
Preliminary RCR for the 2021-22 Capacity Year	4,600
Estimated excess capacity for the 2021-22 Capacity Year	397.951 (8.7%)

⁷ AEMO assigns CRC for intermittent generators in accordance with the Relevant Level Methodology outlined in Appendix 9 of the WEM Rules.

⁸ AEMO, 2018. 2018 Electricity Statement of Opportunities for the WEM, p. 45. Available at: <https://www.aemo.com.au/Electricity/Wholesale-Electricity-Market/WEM/Planning-and-forecasting/WEM-Electricity-Statement-of-Opportunities>.

2.2 Categories of EOI submissions

The EOI submissions for the 2019 Reserve Capacity Cycle are summarised in Table 2 (in accordance with clauses 4.2.7(a), (b), (c) and (d) of the WEM Rules).

Table 2 Summary of EOI for the 2019 Reserve Capacity Cycle

Summary of Expressions of Interest	2021-22 Capacity Year (MW)
Committed Facilities (in place or under construction)	32.400
Facilities that are not yet committed	0.000
Total	32.400
For Facilities that are not yet committed	
Facilities for which an Access Proposal has been made and all necessary Environmental Approvals granted	0.000
Facilities for which applications for both Access Proposals and Environmental Approvals have been made and one or both are being processed	0.000
Facilities for which no Access Proposal has been applied for or some or all Environmental Approvals have not been applied for	0.000
Total	0.000
Categorisation based on plant type	
Intermittent generators	0.400
Non-intermittent generators	32.000
Demand side management	0.000
Total	32.400
Categorisation based on primary fuel type	
Diesel	0.000
Natural gas	0.000
Renewable energy	32.400
Total	32.400
Categorisation based on backup/alternative fuel option	
Gas	32.000
None or not applicable	0.400
Total	32.400

2.3 Estimates of Demand Side Management Reserve Capacity Price

AEMO has developed a Market Procedure: *Determination of Expected DSM Dispatch Quantity and DSM Activation Price* to document the process that it follows when calculating the Expected DSM Dispatch Quantity and the DSM Activation Price⁹.

Clause 4.2.7(g) of the WEM Rules requires AEMO to publish its preliminary estimate of the DSM Reserve Capacity Price based on the preliminary DSM Activation Price and Expected DSM Dispatch Quantity (EDDQ) that were included in the *Request for Expression of Interest*, which was published on 31 January 2019. These figures are presented in Table 3.

Table 3 EDDQ and DSM RCPⁱ – from the Request for EOI (January 2019)

Reserve Capacity Cycle	Capacity Year	EDDQ (MWh)	Estimated DSM RCP (per MW)
2015	2017-18	0.0096	\$17,049.74
2016	2018-19	0.2063	\$23,631.25
2017	2019-20	0.0144	\$17,210.81

ⁱSee Table 19, Appendix B of 2018 ESOO. Available at: https://www.aemo.com.au/-/media/Files/Electricity/WEM/Planning_and_Forecasting/ESOO/2018/2018-WEM-ESOO-Report.pdf. The DSM RCP for the 2018–19 Capacity Year was published in the 2018 ESOO, p. 4.

⁹ AEMO. Market Procedure: Determination of Expected DSM Dispatch Quantity and DSM Activation Price. Available at: https://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/WA_WEM_Consultation_Documents/2017/PCP/Determination-of-Expected-DSM-DispatchQuantity-and-DSM-Activation-Price.pdf.