

ELECTRICITY INDUSTRY ACT 2004
ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY - MARKET)
REGULATIONS 2004
Wholesale Electricity Market Rules

IMO AMENDING RULES RC_2009_10 MADE ON 15 September 2009

These Amending Rules commence at 08.00am on 1 February 2010

The following clauses are amended (~~deleted text~~, added text):

The Reserve Capacity Cycle

4.1. The Reserve Capacity Cycle

4.1.1. This clause 4.1 sets out the timetable by which the key events described in this Chapter in respect of each Reserve Capacity Auction must occur. The events described below comprise a single Reserve Capacity Cycle, except where otherwise indicated. The Reserve Capacity Cycle will be repeated for each Reserve Capacity Auction.

4.1.1A. Clause 4.28B and 4.28C takes precedence over this clause 4.1 and events described in clause 4.28B and 4.28C are not required to comply with the timetable of this section 4.1 except where specified in clause 4.28B and 4.28C.

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4.5.2. The Long Term PASA Study must take into account:

- (a) demand growth scenarios, including peak and annual energy requirements;
- (b) expected Demand Side Management capabilities and taking into account clause 4.28.10;
- (c) generation capacity expected to be available, including details ~~on~~ of any Early Certified Reserve Capacity, seasonal capacities, Ancillary Service capabilities, long duration outages and, for Non-Scheduled Generators, production profiles;
- (d) expected transmission network capabilities allowing for expansion plans, losses and constraints; and
- (e) the capacity described in clause 4.5.2A.

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4.9.3. A Market Participant applying for certification of Reserve Capacity must provide to the IMO:

- (a) ~~must provide to the IMO~~ the data specified in clause 4.10.1, in the format specified in the Reserve Capacity Procedure, ~~the data specified in clause 4.10.1;~~
- (b) ~~in addition, must~~, in the case of application for certification of Reserve Capacity for an Intermittent Generator that is yet to enter service, ~~provide to the IMO~~ the report described in clause 4.10.3; and

- (c) in the case of an application for conditional certification for a future Reserve Capacity Cycle, or subsequent applications for Early Certified Reserve Capacity for a Facility for the same Reserve Capacity Cycle, an Application Fee to cover the cost of processing the application.

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- 4.11.1. Subject to clause 4.11.7, the IMO must apply the following principles in assigning a quantity of Certified Reserve Capacity to a Facility for the Reserve Capacity Cycle to which the application relates:

...

- (c) the IMO must not assign Certified Reserve Capacity to a Facility for a Reserve Capacity Cycle if:

...

- iv. that Facility already has Capacity Credits assigned to it under Clause 4.28C for the Reserve Capacity Cycle.

- 4.12.6. Subject to clause 4.12.7, any initial Reserve Capacity Obligation Quantity set in accordance with clauses 4.12.4, 4.12.5, ~~or~~ 4.28B.4, or 4.28C.4 is to be reduced once the Reserve Capacity Obligations take effect, as follows:

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- 4.15.1. If the information provided under clauses 4.14 and 4.28C indicates that no Certified Reserve Capacity is to be made available in the Reserve Capacity Auction for a Reserve Capacity Cycle, or, based on the information received under clause 4.14, the IMO considers that the Reserve Capacity Requirement for the Reserve Capacity Cycle will be met without an auction, then, by the date and time specified in clause 4.1.16, the IMO must publish a notice specifying for that Reserve Capacity Cycle:

- (a) that the Reserve Capacity Auction has been cancelled;
- (b) the Reserve Capacity Requirement;
- (c) the total amount of Certified Reserve Capacity;

- (cA) the Capacity Credits assigned under clause 4.28C;

- (d) the total amount of Certified Reserve Capacity that would have been made available in the Reserve Capacity Auction had one been held; and
- (e) the total amount of Certified Reserve Capacity covered by pre-existing Special Price Arrangements;

- 4.15.2. If the Reserve Capacity Auction for a Reserve Capacity Cycle is not cancelled in accordance with clause 4.15.1, then, by the date and time specified in clause 4.1.16, the IMO must publish a notice specifying:

- (a) that the Reserve Capacity Auction will be held;

(b) the Reserve Capacity Auction Requirement, where this equals the ~~Reserve Capacity Requirement less the total amount of Certified Reserve Capacity~~ which:

- i. ~~the IMO has notified Market Participants can be traded bilaterally under clause 4.14.9; or Reserve Capacity Requirement; less~~
- ii. ~~the total amount of Certified Reserve Capacity which the IMO has notified Market Participants can be traded bilaterally under clause 4.14.9 or is covered by a pre-existing Special Price Arrangement; and less~~
- iii. ~~the amount of Capacity Credits assigned under clause 4.28C for the relevant Reserve Capacity Cycle; and~~

(c) ...

4.28C. Early Certification of Reserve Capacity

4.28C.1. This section 4.28C is applicable to Registered Facilities to which the following conditions apply:

- (a) the Facility is a new Facility;
- (b) the Facility is a generating system; and
- (c) the Facility is deemed by the IMO to be committed.

4.28C.2. A Market Participant with a Registered Facility that meets the criteria in 4.28C.1 may apply to the IMO, at any time between the date when the Facility was registered under Chapter 2 and 1 January of Year 1 of the Capacity Cycle to which the application relates, for certification of Capacity and Capacity Credits for that Facility ("**Early Certified Reserve Capacity**").

4.28C.3. Each application for Early Certified Reserve Capacity must relate to a single future Reserve Capacity Cycle. The IMO must not accept more than one application for certification of Reserve Capacity per Facility per calendar year.

4.28C.4. The application under clause 4.28C.2 must state that the applicant intends to trade all assigned Certified Reserve Capacity bilaterally.

4.28C.5. An application made under clause 4.28C.2 must include all the information required by clause 4.10 for the appropriate type of generation system for which the application pertains to.

4.28C.6. The IMO must process each application made in accordance with clause 4.28C.2 so as to determine the Early Certified Reserve Capacity, Capacity Credits and Reserve Capacity Obligations in connection with the Facility.

4.28C.7. The IMO must, within 90 days of the application, set Early Certified Reserve Capacity for the Facility to that amount it would normally grant the Facility if processing an application for Certified Reserve Capacity in accordance with clause 4.11.

4.28C.8. Within 30 Business Days of the applicant receiving notification by the IMO of the amount of Early Certified Reserve Capacity assigned to the Facility the applicant must provide Reserve Capacity Security equal to the amount specified in clause 4.28C.9., else the Early Certified Reserve Capacity assigned to the Facility will lapse.

4.28C.9. The amount for the purposes of clause 4.28C.8 and 4.28C.12 is twenty-five percent of the Maximum Reserve Capacity Price included in the most recent Request for Expressions of Interest at the time and date associated with either clause 4.28C.8 or 4.28C.12 as applicable, multiplied by an amount equal to the Early Certified Reserve Capacity assigned to the Facility.

4.28C.10. The IMO must set the Capacity Credits for the Facility to equal the Early Certified Reserve Capacity of the Facility once the Reserve Capacity Security is provided to the IMO under clause 4.28C.8.

4.28C.11. The IMO must set the Reserve Capacity Obligations, including the initial Reserve Capacity Obligation Quantity, for the Facility in accordance with clause 4.12 as if set as part of an application for Certified Reserve Capacity made in accordance with clause 4.11.

4.28C.12. The Reserve Capacity Security provided by the Market Participant under clause 4.28C.4 (b) must, by the time and date in clause 4.1.13 (a), in year 1 of the first Reserve Capacity Cycle in which the Facility will commence operation be recalculated in accordance with 4.28C.9, and the difference paid to the IMO or refunded to the Market Participant as applicable.

4.28C.13. If the IMO approves the granting of Capacity Credits to the Facility under this clause 4.28C then the Capacity Credits and the Reserve Capacity Obligations associated with that Facility will apply from the commencement of the Trading Day commencing on the start date until the end of the Trading Day ending on the end date where:

(a) the start date is 1 October of year 3 of the capacity cycle the application relates to under clause 4.28C.2 ; and

(b) the end date is the earlier of:

i. the first instance of the date 1 October after the start date; and

ii. the decommissioning date of the Facility.

4.28C.14. Capacity Credits issued by the IMO under this clause 4.28C:

(a) are not eligible to be used in a Reserve Capacity Auction; and

(b) are not eligible to have a Long Term Special Price Arrangements or Short Term Special Price Arrangements associated with them.

4.28C.15. The IMO must document the process for applying for and approving Capacity Credits in accordance with this clause 4.28C in the Reserve Capacity Procedure, and the IMO and Market Participants must follow that documented Market Procedure.

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Capacity Credit: A notional unit of Reserve Capacity provided by a Facility during a Capacity Year. The total number of Capacity Credits provided by a Facility is determined in accordance with clause 4.20, ~~or clause 4.28B~~, or clause 4.28C. Each Capacity Credit is equivalent to 1MW of Reserve Capacity. The Capacity Credits to be provided by a Facility are held by the Market Participant registered in respect of that Facility. The number of Capacity Credits to be provided by a Facility may be reduced in certain circumstances under the Market Rules, including under clause 4.25.4 or adjusted under clause 4.25.6.

Early Certified Reserve Capacity: Reserve Capacity which is certified and assigned to a new Facility by the IMO for a future Reserve Capacity Cycle under clause 4.28C.

Reserve Capacity Obligations: For a Market Participant holding Capacity Credits, determined in accordance with clause 4.12.1, ~~or clause 4.28B~~ or clause 4.28C.

Reserve Capacity Obligation Quantity: The specific amount of capacity required to be provided in a Trading Interval as part of a Reserve Capacity Obligation set by the IMO in accordance with clauses 4.12.4 and 4.12.5 or clauses 4.28B or 4.28C as adjusted from time to time in accordance with these Market Rules, including under clause 4.12.6.

Appendix 3: Reserve Capacity Auction & Trade Methodology

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- o For the testing of bilateral trades, for Availability Class $a = 1$ this is the greater of zero and $Q[a] - X[a]$ while for Availability Classes $a = 2, 3$ or 4 , this is the greater of zero and $(Q[a] - X[a] - Y[a-1])$ where

$Q[a]$ is the quantity associated with Availability Class “a” in clause 4.5.12(c).

$X[a]$ is the total quantity of:

i _____ Certified Reserve Capacity to be provided by Facilities subject to Network Control Service Contracts and by Facilities under Long Term Special Price Arrangements during the period to which the Reserve Capacity Requirement applies; plus

ii _____ the amount of Capacity Credits assigned under clause 4.28C for the period to which the Reserve Capacity Requirement applies

where the capacity is certified as belonging to Availability Class “a” and is not subject to a bilateral trade.

$Y[a]$ represents the amount by which $(X[a] + Y[a-1])$ exceeds $Q[a]$, with the exception that $Y[0] = 0$.