



Relevant Level Method Review: Progress update

Updated status report as of Monday, 27 August 2018

This update provides a progress summary for the project; showing tasks completed since the last update and upcoming events and milestones.

Project details

The ERA is required to review the method used to certify capacity for Intermittent Generators (also called the relevant level methodology) by 1 April 2019. Unlike scheduled generators (coal and gas plants) Intermittent Generators, such as solar and wind farms, have less control over their generation output and so a different method is required to certify capacity credits to reflect their contribution to the reliability of supply in the South West Interconnected System.

In conducting its review, the ERA must:

- examine the effectiveness of the method in meeting the wholesale market objectives
- determine parameter values (K and U) where required for future capacity cycles
- examine any other matters the ERA considers relevant

Initial findings are to be published in a draft report and stakeholders invited to make submissions. At the conclusion of its review, the ERA's findings and recommendations are to be published in a final report, along with any recommendations to change the method that the ERA intends to progress as a rule change.

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Summary of progress

We're here:

Explore	Select	Design	Implement	Go-Live	Review
April, May and June 2018	July and August 2018	September to December 2018	January to March 2019	TBA	TBA

The last progress update was published on 8 June 2018.

Tasks completed in the last three months

On 13 June 2018, the Secretariat provided an update on the progress of the method review to the Market Advisory Committee, slides are available [here](#).

On 28 June, we held our third stakeholder working group meeting, slides are available [here](#).

Over July and August, the market regulations team has been working to understand which of the issues identified in the explore stage will be carried forward into the scope for the review and so addressed in the draft report.

We have reviewed the current method in much more detail. This has included consideration of the original theoretical academic work undertaken by Zachary and Dent in 2011, upon which the current

method was based. This is to better understand the current approach and to determine if the implementation of the method in practice is consistent with that intended in the original theory.

We have expanded our review of how capacity is valued in other markets and how they are considering including storage into these markets.

The team has also begun to examine if changes to the current method would better meet the market objectives, both now and as the penetration of renewable generation increases in the wholesale electricity market.

We met with the ERA's Governing Body on 15 August and outlined our approach to and scope for the review going forward including the high level timeline.

Upcoming events and milestones in the next month

The Secretariat is currently preparing the draft report for approval by the Governing Body. We aim to publish the report end October/early November, followed by six weeks consultation that will end just before Christmas.

Points to note:

- The market rules require the method used to certify capacity for Intermittent Generators to be reviewed every three years.
- The last method review was conducted by the Independent Market Operator in 2014, information from this review can be found [here](#).
- Responsibility for conducting the review passed to the ERA in 2016. Transitional arrangements enabled the ERA to delay completing its first review until April 2019.
- The current method for certifying capacity for Intermittent Generators has been utilized for the past six years and was relatively unchanged at the last review.
- Collgar Wind Farm submitted a proposed rule change on a related issue in advance of the ERA beginning its review. Details on the proposed rule change can be found on the Rule Change Panel [webpage](#).