



Notice

22 July 2019

Investigation of AEMO's non-compliant allocation of Certified Reserve Capacity

The Economic Regulation Authority has found that the Australian Energy Market Operator (AEMO) breached the Wholesale Electricity Market Rules when allocating Certified Reserve Capacity to two Market Participants.

Market Participants wishing to apply for Capacity Credits in the Wholesale Electricity Market must apply to AEMO for Certified Reserve Capacity. Under the Market Rules, AEMO can only allocate Certified Reserve Capacity to the Market Participant if it has been provided with evidence to support the level of capacity sought.

AEMO's breaches occurred on 19 August 2016 for the 2015 Reserve Capacity Cycle. In both cases AEMO allocated Certified Reserve Capacity without having the evidence required by Market Rule 4.11.1 to support the level of capacity sought (including evidence of network access agreements consistent with the level of capacity sought).

The ERA's investigation confirmed that AEMO knowingly breached the Market Rules when it allocated the capacity to the two participants. At the time, AEMO believed its actions would better serve the market objectives.

AEMO self-reported these breaches to the ERA in February and May 2018 and provided breach disclosures on its [website](#).

The ERA completed its investigation and issued a formal warning to AEMO because the breaches were intentional and avoidable. AEMO has notified the ERA that it has implemented revised processes and controls for assigning Certified Reserve Capacity to prevent future non-compliances.

Further information

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