

# Capacity certification for Intermittent Generators

Method Review 2018

Stakeholder working group – 25 May 2018

# Today

- Introductions
- Forward plan and approximate timings
- The ERA 'process'
- Fundamentals – requirement for and intent of the method review
- Risks and issues – context for the method review
- Capacity value presentation and paper circulated
- Recap and next steps

# Introductions and forward plan

- Round table introductions
- Forward plan and approximate timings

<b>EXPLORE</b> 3 months (Apr-Jun)	<b>SELECT</b> 2 months (Jul-Aug)	<b>DESIGN</b> 4 months (Sep-Dec)	<b>IMPLEMENT</b> 3 months (Jan-Mar)
Framework and approach Identify and research issues Other jurisdictions Changes since last review	Formalise review scope Finalise project plan	Main research and analysis Propose method Draft report Publish draft report Formal consultation	Consider stakeholder feedback Final report and recommendations Rule change proposal(s)

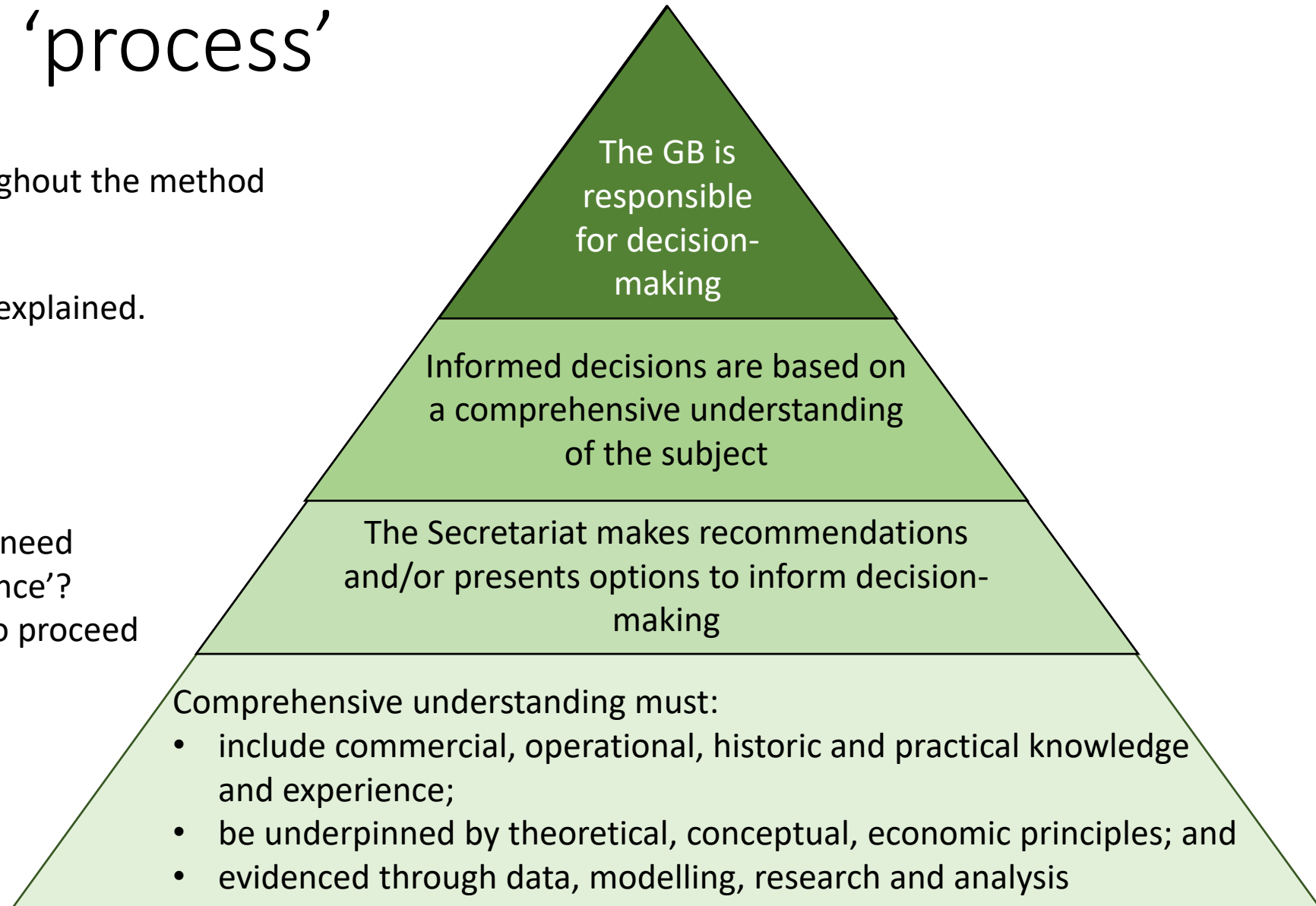
# The ERA 'process'

This will apply throughout the method review.

ERA decisions to be explained.

Q: Does the SHWG need 'terms of reference'?

Q: Are you happy to proceed on this basis?



# Fundamentals

- What is the method review required to achieve (Market Rules)
- What is the 'intent' of the review
- What is capacity - are there different capacity 'products' – could/should we explore these in the review
- Are we clear on the terminology: capacity value, effective load carrying capability, loss of load expectation, system adequacy, reliability vs security
- History

# WEM rule 4.11.3C-E

4.11.3C. For each three year period, beginning with the period commencing on 1 January 2015, the Economic Regulation Authority must, by 1 April of the first year of that period, conduct a review of the Relevant Level Methodology. In conducting the review, the Economic Regulation Authority must:

- (a) examine the effectiveness of the Relevant Level Methodology in meeting the Wholesale Market Objectives; and
- (b) determine the values of the parameters K and U in step 17 of the Relevant Level Methodology to be applied for each of the three Reserve Capacity Cycles commencing in the period,

and the Economic Regulation Authority may examine any other matters that the Economic Regulation Authority considers to be relevant.

- 4.11.3D. In conducting a review under clause 4.11.3C, the Economic Regulation Authority must publish a draft report and invite submissions from Rule Participants and any other stakeholders the Economic Regulation Authority considers should be consulted.
- 4.11.3E. At the conclusion of a review under clause 4.11.3C, the Economic Regulation Authority must publish a final report containing:
- (a) details of the Economic Regulation Authority's review of the Relevant Level Methodology;
  - (b) a summary of the submissions received during the consultation period;
  - (c) the Economic Regulation Authority's response to any issues raised in those submissions;
  - (d) the values of the parameters K and U determined under clause 4.11.3C; and
  - (e) any recommended amendments to the Relevant Level Methodology which the Economic Regulation Authority intends to progress as a Rule Change Proposal.

# Risks and issues

- Timing – some reform deliverables over the same timeline – risks to assumptions made in decision-making
- Any recommendations for change via rule change proposal; existing method for 1-2 capacity cycles – delays benefit/market effectiveness
- Frequency – next and subsequent reviews
- IG penetration is increasing BTM and ATM
- Reduced grid demand risks continuous running of baseload
- Baseload is and will continue to exit the market
- Going forward is capacity value (credits) for remaining generation sufficient to maintain reliability and meet IRCR



# Capacity value presentation and briefing note

Clarification, discussion on information previously circulated

# Recap and immediate next steps

- Meeting note – produced and circulated for comment
- Method review webpage – all information there
- Summarise for MAC (June) and next AEMO stakeholder workshop
- Late June/early July – summary for GB
  - Findings and recommended scope
  - May publish an issues paper