

ELECTRICITY INDUSTRY ACT 2004

ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY  
MARKET) REGULATIONS 2004

WHOLESALE ELECTRICITY MARKET RULES

Market Procedure for:  
Declaration of Bilateral Trades and  
the Reserve Capacity Auction

Version 1

This Market Procedure is to have  
effect from 8:00am (WST) on [day]  
[Month] 2008

# **1. Bilateral Trade Declaration and Reserve Capacity Auction Procedure**

The Bilateral Trade Declaration Procedure covers the process by which Rule Participants must propose, in the form of a Declaration, the level of Certified Reserve Capacity it intends to trade bilaterally, and the process by which the IMO processes the Declaration and assign Reserve Capacity. The procedure includes an overview of the process, the information that is required to be exchanged, and the timing and sequence of events.

This procedure is made in accordance with Chapter 4 and Appendix 3 of the Market Rules.

## **1.1. Interpretation**

In this procedure, unless the contrary intention is expressed:

- (a) terms used in this procedure have the same meaning as those given in the Wholesale Electricity Market Rules (made pursuant to Electricity Industry (Wholesale Electricity Market) Regulations 2004);
- (b) to the extent that this procedure is contrary or inconsistent with the Market Rules, the Market Rules shall prevail to the extent of the inconsistency;
- (c) a reference to the Market Rules or Market Procedures includes any associated forms required or contemplated by the Market Rules or Market Procedures; and
- (d) words expressed in the singular include the plural or vice versa.

## **1.2. Purpose**

The purposes of this procedure are:

- (a) to describe the steps that a Rule Participant holding Reserve Capacity is required to complete in order to declare the composition of its Reserve Capacity for the purposes of bilateral trades, the Reserve Capacity Auction and pre-existing Special Price Agreements.
- (b) to describe the steps that the IMO must follow in assessing Bilateral Trade Declarations.
- (c) to describe the steps that the IMO must follow in determining which bilateral trades will be accepted, if a Reserve Capacity Auction will be required, and if so how much Reserve Capacity will be required in the Reserve Capacity Auction.

## **1.3. Application**

This procedure applies to a Rule Participant who has been assigned Certified Reserve Capacity and wishes to operate in the Wholesale Electricity Market in Year 3 of the Reserve Capacity Cycle.

## 1.4. Overview of Bilateral Trade Declaration

Rule Participants holding Certified Reserve Capacity are required to Declare the amount of Certified Reserve Capacity it:

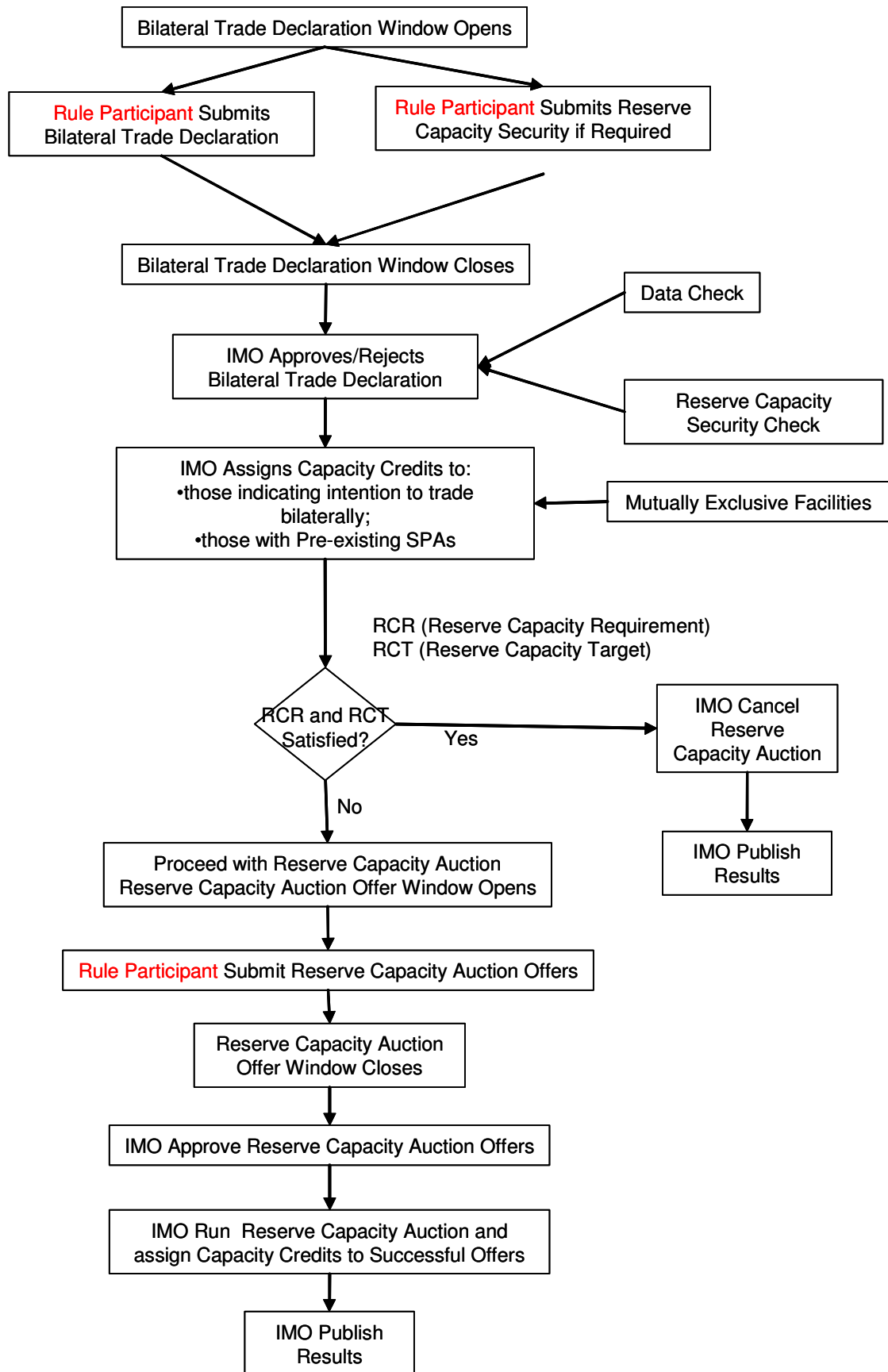
- wishes to trade bilaterally;
- wishes to enter into the Reserve Capacity Auction process;
- wishes have held under pre-existing Special Price Arrangements; and
- do not wish to make available to the Wholesale Market.

The Declaration of Bilateral Trades must be submitted to the IMO no later than 5 PM on the last business day falling before 10 August of Year 1 of the relevant Reserve Capacity Cycle in the case of subsequent Reserve Capacity Cycles.

The submission of Bilateral Trade Declaration information will allow the IMO to determine if a Reserve Capacity Auction is required, and how much reserve capacity will be required in the Auction.

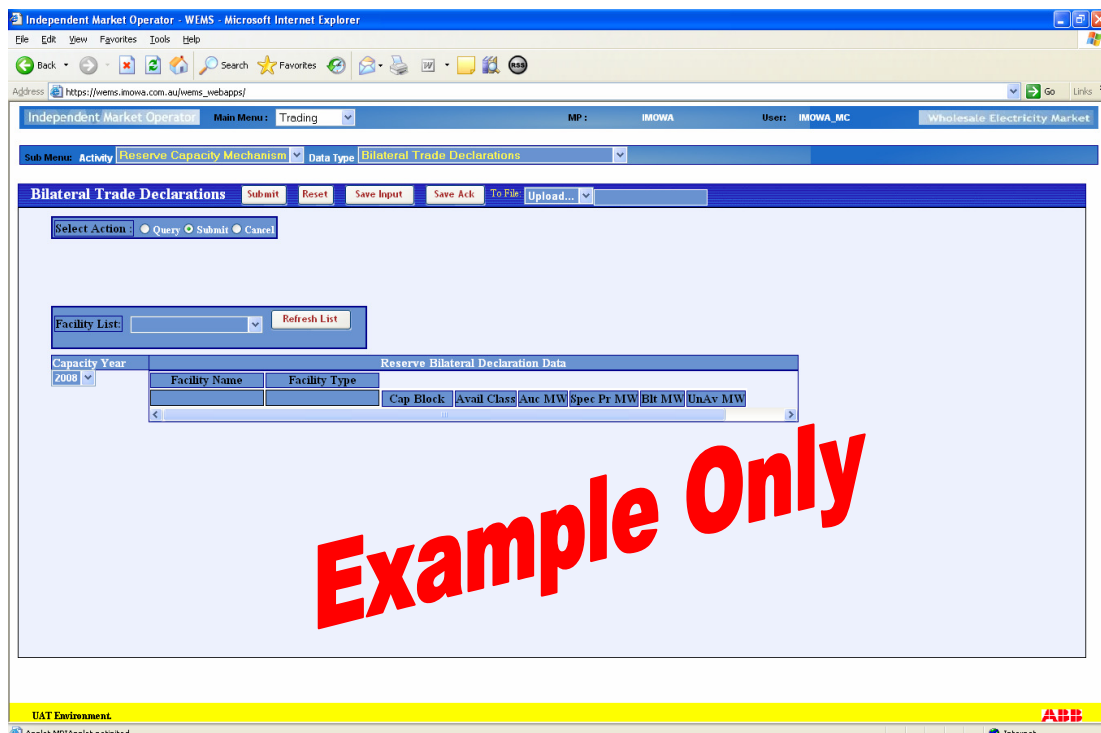
This market procedure also outlines the process by which bilateral trades are assigned a priority order under the Market Rules, and the mechanism by which Trade offers are accepted.

The following diagram illustrates the main components of the process. Actions required of Rule Participants are identified with red text font.



## 1.5. Procedure Steps to be followed by the Rule Participant holding Certified Reserve Capacity submitting a Bilateral Trade Declaration and providing Reserve Capacity Security.

- 1 The Rule Participant must have received Certified Reserve Capacity in respect of the Facility and must make a submission to the IMO in respect of its intention to offer its Certified Reserve Capacity through the Bilateral Trade Declaration process or the Reserve Capacity Auction if one is held. The submission is made in accordance with Market Rule 4.14.
- 2 The IMO will open the window for Bilateral Trade Declarations in the WEMS on the first Business Day following the close of Certification of Reserve Capacity window. The Certification of Reserve Capacity window closes at 5:00PM of the last Business Day falling on or before 20 July of Year 1 of the Reserve Capacity Cycle. (Market Rule 4.1.11)
- 3 The Rule Participant must ensure that it makes a submission in respect of its Facilities no later than 5 PM of the last Business Day falling on or before 10 August of Year 1 of the relevant Reserve Capacity Cycle. (Market Rule 4.1.14)
- 4 The Rule Participant must make its submission through the WEMS using the appropriate functionality. The Rule Participant should also refer to the WEMS User Guide provided by the IMO.



- 5 The Rule Participant must ensure that a person with appropriate authority makes the Bilateral Trade Declaration and Reserve Capacity Auction submissions. A suitably authorised person representing the Rule Participant (for example a Director or Officer) will be required to provide the IMO with a list of staff with an appropriate level of Authority to make this submission.

This list is to be signed off by the signatory of the Application for Market Registration. In the case where a submission is not made by a WEMS User with the appropriate level of Authority, the IMO may reject the application.

- 6 If the Rule Participant has not received confirmation of receipt of its application from the IMO within one Business Day the applicant must contact the IMO to arrange for resubmission or resolution of any problems. (Market Rule 4.14.7)
- 7 The Rule Participant must, if requested by the IMO, provide additional information to the IMO with respect to information that is missing from the application, which was inadequately specified, or which is required to enable the IMO to prioritise Bilateral Trades in respect of Market Rule 4.14.6
- 8 If supplementary information is requested by the IMO, the Rule Participant should endeavour to assist the IMO with due consideration to the timeframe and implications set out in Market Procedure 1.7 below.
- 9 If a Rule Participant is required to provide Reserve Capacity Security, the Rule Participant must provide the relevant Reserve Capacity Security to the IMO in accordance with the Market Rules and the Market Procedure: Reserve Capacity Security.

## **1.6. Information to be included in the Bilateral Trade Declaration**

The information to be included in a Bilateral Trade Declaration must be consistent with the Reserve Capacity Cycle for which the application is being made. The information must be provided for each Facility.

- 1 Declaration of Certified Reserve Capacity
  - (a) A declaration detailing the total amount of Reserve Capacity to be made available in a Reserve Capacity Auction (if held) where the amount to be made available is not to include Reserve Capacity covered by a pre-existing Special Price Arrangement. The Declaration should also include the Availability Class to which the quantity of Certified Reserve Capacity refers. (Market Rule 4.14.1(a))
  - (b) A declaration detailing the total amount of Reserve Capacity covered by a pre-existing Special Price Arrangement that the Rule Participant intends will not be traded bilaterally. The Declaration should also include the Availability Class to which the quantity of Certified Reserve Capacity refers. (Market Rule 4.14.1(b))
  - (c) A declaration detailing the total amount of Reserve Capacity the Rule Participant intends will be traded bilaterally. The Declaration should also include the Availability Class to which the quantity of Certified Reserve Capacity refers. (Market Rule 4.14.1(c))
  - (d) A declaration detailing the total amount of Reserve Capacity that will not be made available to the market, where this amount cannot include Reserve Capacity covered by a pre-existing Special Price Agreement. The Declaration should also include the Availability Class

to which the quantity of Certified Reserve Capacity refers. (Market Rule 4.14.1(d))

- 2 For the purposes of the WEMS,
  - (a) Registered (R) means the Facility exists and is operational.
  - (b) Committed (C) means “Under Construction”.
  - (c) Proposed (P) means proposed.
- 3 Evidence of Construction Status – If a Rule Participant wishes for its facility to be considered “Under Construction” as opposed to “Proposed”, it must provide supporting evidence to the IMO. Details of the requirements are included at Appendix 1.
- 4 If a Rule Participant wishes to raise its Facility Status from Proposed to Under Construction, it must submit an application to change its Facility Status. Changes to the Registration of a Facility must be completed in accordance with the Market Rules and the Facility Registration Market Procedure. The Rule Participant must ensure that sufficient time, as is required under the Facility Registration Procedure, to allow for the change in registration details to be approved by the IMO. If these changes cannot be approved before the Bilateral Trade Declaration window closes (Procedure Step 1.5.3), the Facility will be considered as Proposed for the purposes of the Bilateral Trade Declaration.
- 5 If a Rule Participant makes a claim that its Facility is in the Under Construction stage, the IMO must determine if the Rule Participant has provided appropriate evidence in support of its claim. If the IMO determines that the Facility is not in the Under Construction phase, it will not approve the Facility Registration request and the Bilateral Trade Declaration will be accepted on the basis that the Facility is designated as Proposed.
- 6 Subject to Procedure Step 1.6.4, if the Bilateral Trade Declaration is compliant with this procedure and with the Market Rules the IMO must accept the Bilateral Trade Declaration.
- 7 Procedure Steps to be followed by Electricity Generation Corporation when declaring Certified Reserve Capacity - The amount of Reserve Capacity that Electricity Generation Corporation intends to trade bilaterally, specified at Procedure Step 1.6.1(c) above must be made in accordance with Market Rule 4.14.4.

### **Reserve Capacity Security**

- 8 For Facilities that require Reserve Capacity Security, the Rule Participant must ensure that it has provided Reserve Capacity Security to the IMO prior to submitting a Bilateral Trade Declaration and in accordance with the requirements of the Market Rules and the associated Market Procedure for Reserve Capacity Security.

## **1.7. Steps to be followed by the IMO in Accepting a Bilateral Trade Declaration.**

The IMO must review the information provided in the Bilateral Trade Declaration to ensure that the information is consistent with the requirement of Market Rule 4.14.1. The IMO should make reasonable endeavours to complete this within one Business Day of Receipt of the Bilateral Trade Declaration. This part of the Market Procedure is concerned with the validity of the Declaration and does not deal with the Assignment of Capacity Credits. The assignment of Capacity Credits is detailed in part of Section 1.10 below.

- 1 By 9.00 AM on the first Business Day following the close of the Certification of Reserve Capacity Window, the IMO must open the Bilateral Trade Declaration window in the WEMS.
- 2 The close of the Certification of Reserve Capacity Window is 5:00PM on of the last Business Day falling on or before 20 July of Year 1 of the Reserve Capacity Cycle. (Market Rule 4.1.11)
- 3 The IMO must close the Bilateral Trade Declaration window no later than 5 PM of the last Business Day falling on or before 10 August of Year 1 of the relevant Reserve Capacity Cycle. (Market Rule 4.1.14)

### **Data accuracy and sufficiency check**

- 4 The IMO must check all data provided in Bilateral Trade Declarations to determine that:
  - (a) All required information has been provided (Market Rule 4.14.7);
  - (b) the applicant is a Rule Participant (Market Rule 4.14.7);
  - (c) the Facility referred to in the Bilateral Trade Declaration has been assigned Certified Reserve Capacity and if so, the quantity and Availability Classes to which Certified Reserve Capacity has been assigned (Market Rule 4.14.7);
  - (d) both the total quantity of Certified Reserve Capacity held by the Rule Participant, and the Availability Class to which that Certified Reserve Capacity refers to is less than or equal to that included in the Bilateral Trade Declaration Form (Market Rule 4.14.7);
  - (e) the Facility to which the submission refers is not subject to a Network Control Service Contract. Market Rule (Market Rule 4.14.3)
- 5 The IMO must endeavour to resolve any discrepancy in consistency of the information provided within one business day of receipt. (Market Rule 4.14.7)
- 6 The IMO must make a determination of the "Status" of the Facility using the information submitted by the Rule Participant and the guidelines detailed at Appendix 1 of this Procedure. If the IMO determines that the Facility Status claims of the Rule Participant are not supported, the IMO must not accept



the application for change to the Facility Registration Details and process the Bilateral Trade Declaration as if the Facility has a Proposed Status.

- 7 If the IMO cannot make a determination of the “Status” of the Facility so that the Facility Status takes effect before the close of the Bilateral Trade Declaration window (Procedure Step 1.7.3), the IMO must reject any change to Facility Status in the Registration application and process the Bilateral Trade Declaration as if the Facility has a Status of Proposed.
- 8 If the information provided by the Rule Participant is consistent with that required in Market Rule 4.14, the IMO must accept the Bilateral Trade Declaration submission within one business day of receipt. (Market Rule 4.14.7)
- 9 If the IMO cannot establish what Rule Participant’s intentions with respect to commitment of all or part of its Certified Reserve Capacity to an Auction or Bilateral Trade within one business day, the IMO must determine that:
  - (a) the Rule Participant’s Certified Reserve Capacity corresponding to pre-existing Long Term Special Price Arrangements cannot be traded bilaterally (Market Rule 4.14.7(c)i); and
  - (b) the Rule Participants Certified Reserve Capacity not covered by pre-existing Long Term Special Price Arrangements will be treated as being unavailable to the market (Market Rule 4.14.7(c)ii).

### **Reserve Capacity Security**

- 10 If Reserve Capacity Security is required in respect of a Facility, the IMO must determine if Reserve Capacity Security has been provided. The IMO must use the Reserve Capacity Security Procedure and the Market Rules for this purpose. In the event that the IMO determines that Reserve Capacity Security has not been provided, the IMO must deem that Bilateral Trade Declaration as invalid and reject it from the Capacity Credit assignment process.

### **Notification of Outcomes**

- 11 The IMO must document all Bilateral Trade Declarations that were deemed valid (“Approved” in the WEMS), and all Bilateral Trade Offers that were deemed invalid (“Rejected” in the WEMS).
- 12 Bilateral Trade Offers that are deemed invalid are rejected from the bilateral trade process and the subsequent Capacity Credit assignment process.

## **1.8. Procedure steps to be followed by Rule Participants and by the IMO when the IMO requests additional Bilateral Trade information.**

- 1 Under Market Rule 4.14, the IMO may request additional or clarifying information from a Rule Participant. The IMO must request this information in writing in such a manner as to expedite the process of clarification while giving consideration to the timeframe associated with the eligibility of Bilateral Trade Declarations.

- 2 The request should, in detail, outline the information that is needed by IMO to proceed with the acceptance process of Bilateral Trade Declarations.
- 3 If a request is made by the IMO for additional information, the Rule Participant must notify the IMO of receipt of the request within One Hour of receiving the request.
- 4 If the IMO does not receive notification of receipt of the request within one hour of sending the request, the IMO must re-submit the request, preferably in both the original form of request and by at least one other form. If the Rule Participant fails to respond to the second request for information within one hour, the IMO must consider the Offer in the same context as Offers listed at Procedure Step 1.7.9.
- 5 On receiving a request for additional information, the Rule Participant must respond to the IMO by making necessary adjustments to its Bilateral Trade Declaration and providing other information as necessary. The Rule Participant must respond within two hours of receiving the request for additional information.
- 6 If the IMO has received notification of receipt of the request by the Rule Participant and does not receive the requested information within two hours, the IMO must consider the Offer in the same context as an Offers listed in Procedure Step 1.7.9.

### **1.9. Procedure steps to be followed by the IMO in determining valid Bilateral Trades**

The IMO must use this procedure to determine which Bilateral Trade Declarations will be approved. Here, valid Bilateral Trade Declarations are those offers that have met the criteria for Section 1.7 above and can be entered into the Capacity Credit assignment process. The outcome of this process will also help the IMO to determine if a Reserve Capacity Auction is required, and if so, how much Reserve Capacity will be required in the Auction.

- 1 The IMO must review the listing of information regarding Bilateral Trade Declarations (in the WEMS) and the Certified Reserve Capacity Applications and identify any Facilities that cannot exist simultaneously. In the event that two or more Facilities are identified subject to this clause, the IMO must not accept more than one Bilateral Trade Declaration. The Bilateral Trade Declaration that will be used in the Capacity Credit assignment process is determined following the methodology described below and all other Bilateral Trade Declarations in respect of the Reserve Capacity in question must be rejected. The methodology for determining which Bilateral Trade Declaration will be accepted for use in the Capacity Credit assignment process is (Market Rule 4.14.6):
  - (a) Facilities that are operational or are under construction will be accepted ahead of other Facilities; then
  - (b) if more than one Facility remains, then Facilities that can demonstrate having secured financing will be accepted ahead of other Facilities; then

- (c) if more than one Facility remains, then Facilities with the greatest quantity of Certified Reserve Capacity will be accepted ahead of Facilities with lower Certified Reserve Capacity; then
- (d) if more than one Facility remains, then Facilities identified in Expressions of Interest will be accepted ahead of other Facilities; then
- (e) if more than one Facility remains, then the IMO will accept one based on the order in which it applied for Certified Reserve Capacity, including applications for Conditional Certified Reserve Capacity.

If the determination of priority order proceeds to step 1.9.1(b) above, the IMO may request supporting information from each Rule Participant under Section 1.8 of this Market Procedure.

This Procedure Step 1.9.1 may be undertaken using the functionality of the WEMS.

- 2 The IMO must ensure that Mutually Exclusive Facilities are identified within the WEMS before Capacity Credits are assigned in accordance with Procedure Step 1.10. This will allow the WEMS to assign Capacity Credits to the appropriate Facilities.
- 3 The functionality of the WEMS must take into account Mutually Exclusive Facilities when assigning Capacity Credits.

### **1.10. Procedure steps to be followed by the IMO in Assigning Capacity Credits to valid Bilateral Trade Declarations**

This procedure outlines the process the IMO will use to assign Capacity Credits in accordance with Approved Bilateral Trade Declarations.

- 1 The IMO must use the WEMS to assign Capacity Credits to those Rule Participants who have indicated its intention to bilaterally trade its Capacity Credits. This must be completed for accepted (“Approved”) Bilateral Trade Declarations and the IMO must make this determination and publish the results no later than 5:00PM on the first Business Day following the notification time in Market Rule 4.1.14 (Market Rule 4.1.15)
- 2 The notification time referred to in Procedure Step 1.10.1 and Market Rule 4.1.14 is no later than 5PM of the last Business Day falling on or before 10 August of Year 1 of the relevant Reserve Capacity Cycle.
- 3 The IMO must undertake the Assignment of Capacity Credits in accordance with Appendix 3 of the Market Rules and must ensure that Mutually Exclusive Facilities have been considered in accordance with Procedure Step 1.9 and the Market Rules.
- 4 Any Bilateral Trade Declaration that was not deemed valid, or was not accepted in the above process is deemed to have been rejected.
- 5 If it is determined that a Shortfall exists for any Availability Class, the IMO must run a Reserve Capacity Auction.

## **2. Market Procedures for Reserve Capacity Auction**

### **2.1. Procedure steps to be followed by the IMO to determine whether a Reserve Capacity Auction is to be held.**

A Reserve Capacity Auction will be held if insufficient capacity has been offered through existing special price arrangements and/or Bilateral Trade Declarations to meet the forecast Reserve Capacity Requirement and if Certified Reserve Capacity has been offered for an auction.

- 1 For each Availability Class, the IMO is to determine the Reserve Capacity Target for the Capacity Year in accordance with Market Rule 4.5.10(b)(i).
- 2 For each availability Class, the IMO is to determine the amount of Reserve Capacity covered by pre-existing Special Price Arrangements that will not be traded bilaterally. (Market Rule 4.14.1(b)).
- 3 The IMO must determine the amount of Reserve Capacity that Rule Participants may trade bilaterally. (Market Rule 4.14.9)
- 4 The IMO must determine the amount of Reserve Capacity that Rule Participants intend to make available in the Reserve Capacity Auction. (Market Rule 4.14.1(a))
- 5 The IMO must schedule a Reserve Capacity Auction if:
  - (a) the quantity determined in Step 2.1.1 for any Availability Class exceeds the sum of the quantities determined in Steps 2.1.2 and 2.1.3.
  - (b) the quantity determined in Step 2.1.4 exceeds zero for any Availability Class;

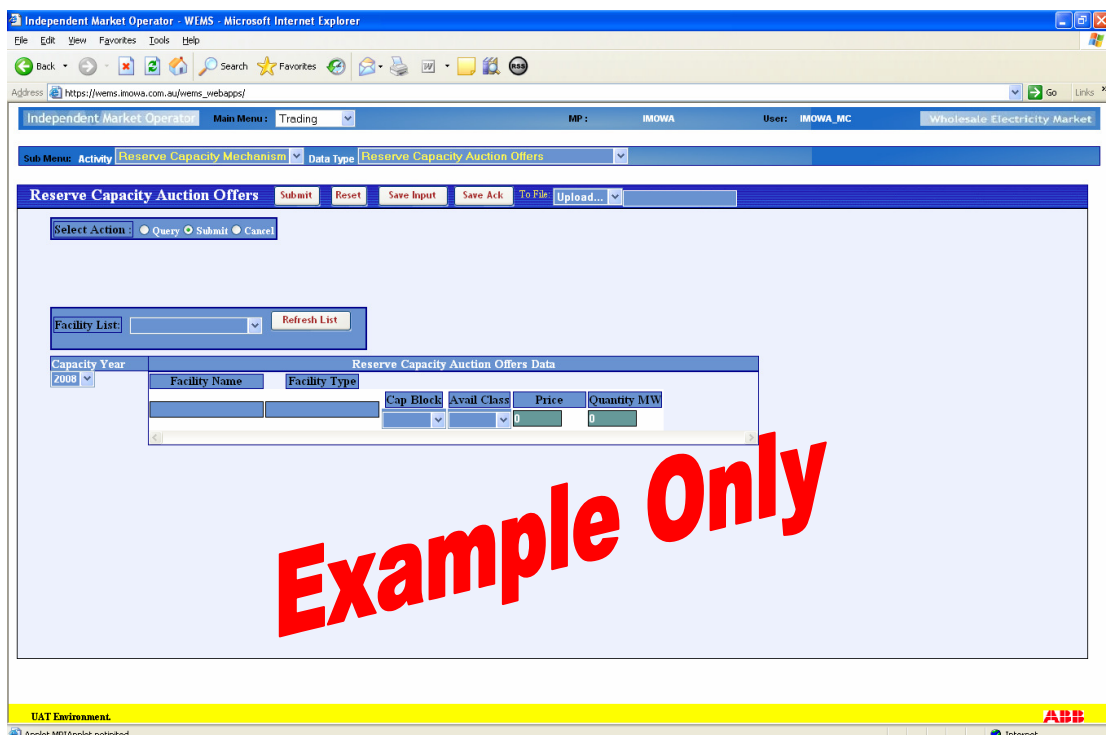
### **2.2. Procedure steps to be followed by the IMO to announce that a Reserve Capacity Auction is to be held.**

- 1 The IMO must publish a notice as to whether the Reserve Capacity Auction will be cancelled. This must be published by 5pm of the last business day falling on or before 18 August of Year 1. (Market Rule 4.1.16)
- 2 If the Reserve Capacity Auction is cancelled, the IMO must publish a notice in accordance with Market Rule 4.15.1 which provides the following information:
  - (a) that the Reserve Capacity Auction has been cancelled;
  - (b) the Reserve Capacity Requirement;
  - (c) the total amount of Certified Reserve Capacity;
  - (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.
- 3 If the Reserve Capacity Auction is confirmed, the IMO must publish a notice in accordance with Market Rule 4.15.2 which provides the following information:
- (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 Rule Participants can be traded bilaterally under Market Rule 4.14.9; or
    - (ii) is covered by a pre-existing Special Price Arrangement;
  - (c) the amount of Reserve Capacity required to be procured via the auction from each Availability Class;
  - (d) the dates during which the IMO will accept Reserve Capacity Offers; and
  - (e) the date on which the Reserve Capacity Auction results will be published.

### 2.3. Procedure steps to be followed by a Rule Participant in making an offer into a Reserve Capacity Auction.

- 1 The Rule Participant must use the Reserve Capacity Auction Offers Screen in the WEMS to submit a Reserve Capacity Offer. (Market Rule 4.17.2)



- 2 The Rule Participant must provide the following information in the Reserve Capacity Auction Offer: (Market Rule 4.18.1)
  - (a) the identity of the Rule Participant submitting the Reserve Capacity Offer;
  - (b) the identify of the Rule Participant's Facility covered by the Reserve Capacity Offer; and
  - (c) a single Price-Quantity Pair for each Facility except for Interruptible Loads, Curtailable Loads and Dispatchable Loads, where a single Price-Quantity Pair is to be included for each block of Certified Reserve Capacity associated with the Facility.
- 3 The Rule Participant must provide the following information in respect to each Reserve Capacity Price-Quantity Pair: (Market Rule 4.18.2)
  - (a) the identity of the Facility to which it relates;
  - (b) an offer price in units of dollars per megawatt per year between zero and the Maximum Reserve Capacity Price;
  - (c) a quantity in units of megawatts equal to the amount determined in accordance with Market Rule 4.14.10 in respect of that Facility; and
  - (d) the Availability Class of that Price-Quantity Pair, as specified by the IMO in assigning Certified Reserve Capacity to that Facility in accordance with Market Rule 4.11.
- 4 If a Rule Participant has not been advised by the IMO within one working day that its Reserve Capacity Auction Offer has been received it must contact the IMO and arrange for resubmission of the Offer. (Market Rule 4.17.5)
- 5 If the Rule Participant is advised by the IMO that its Reserve Capacity Offer is invalid up until the Reserve Capacity Auction Offers window closes, it may submit a revised Reserve Capacity Auction Offer. (Market Rule 4.17.7)

#### **2.4. Procedure steps to be followed by the IMO to accept a Reserve Capacity Auction Offer from a Rule Participant.**

- 1 Upon receipt of a Reserve Capacity Auction Offer, the IMO must determine whether the offer (Market Rule 4.17.4):
  - (a) Is consistent with the requirements of the Market Rules including Market Rule 4.14.10; and
  - (b) contains all of the information required under Market Rule 4.18.
- 2 The IMO must determine if the quantity in the Reserve Capacity Auction Offer is consistent with that identified in the Bilateral Trade Declaration process and with the total quantity of Certified Reserve Capacity assigned to the relevant Facility.

- 3 If the Reserve Capacity Auction Offer meets the requirements detailed at Steps 2.4.1 and 2.4.2 the IMO must accept (“Approve”) the Reserve Capacity Auction Offer submission as valid, otherwise the IMO must reject the Reserve Capacity Auction Offer as invalid. (Market Rule 4.17.4)
- 4 Within one working day of receipt of a Reserve Capacity Auction Offer submission, the IMO must contact the Rule Participant to confirm receipt of the Reserve Capacity Auction Offer submission and to advise whether the offer has been accepted as valid or rejected as invalid. This may be conducted through the WEMS. (Market Rule 4.17.3)

## **2.5. Procedure Steps to be followed by the IMO to clear a Reserve Capacity Auction**

The methodology for clearing a Reserve Capacity Auction is detailed in Appendix 3 of the Market Rules. The following procedure outlines the steps to be undertaken by the IMO in accordance with these Market Rules.

- 1 The IMO must determine if Reserve Capacity Offers have been received for two or more facilities that cannot simultaneously be scheduled.
- 2 If so, the IMO may consider an offer from a Facility identified at Step 2.5.1 if
  - (a) that Facility has been allowed to bilaterally trade in accordance with Market Rule 4.14.6; or
  - (b) the IMO has not accepted a non-zero value for any of the Facilities under Market Rule 4.14.6
- 3 The IMO must apply the Reserve Capacity Auction methodology as detailed in Appendix 3 of the Market Rules. The IMO may use the WEMS to complete this process.

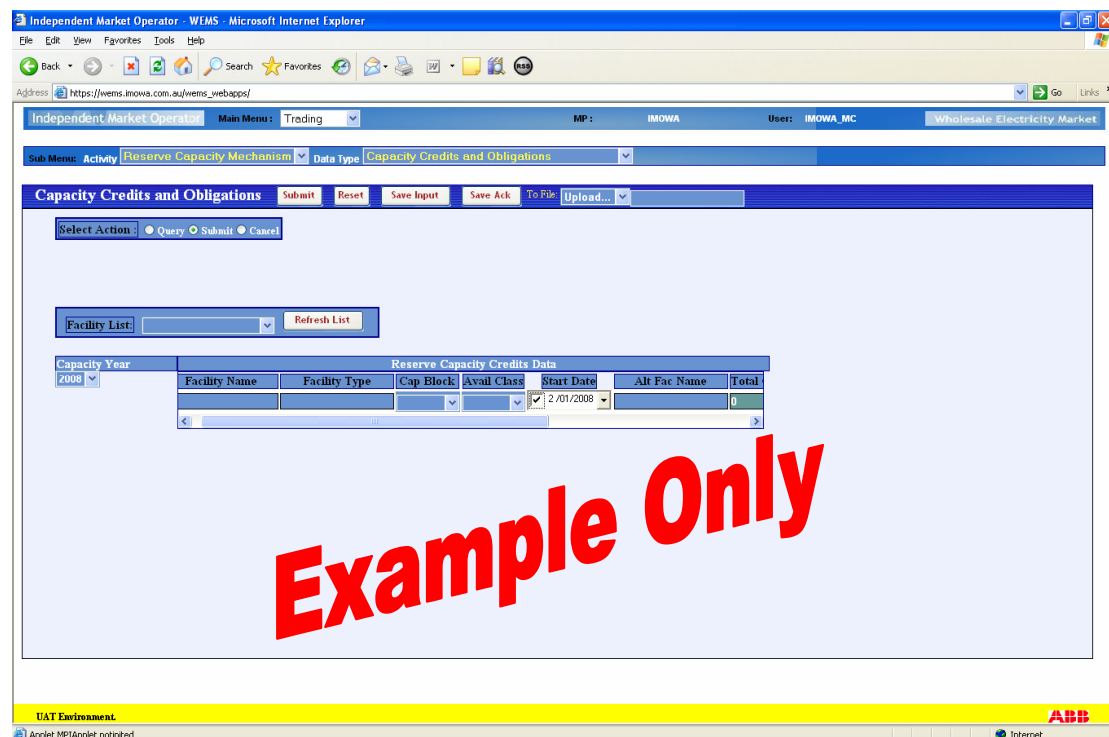
## **2.6. Procedure steps to be followed by the IMO to publish the results of a Reserve Capacity Auction**

- 1 By the date and time specified in Market Rule 4.1.18, the IMO must publish:
  - (a) the Reserve Capacity Price included in the Reserve Capacity Auction results determined in accordance with Market Rule 4.19.1;
  - (b) the quantity of Certified Reserve Capacity scheduled from each Facility registered by each Rule Participant in the Reserve Capacity Auction results determined in accordance with Market Rule 4.19.1; and
  - (c) the extent of any shortfall in any Availability Class.

## **2.7. Procedure steps to be followed by the Rule Participant to notify the IMO of Capacity Credit Assignment**

- 1 By 5:00 PM of the last Business Day falling on or before 20 December of Year 1 of the relevant Reserve Capacity Cycle the Rule Participant must notify the IMO of the following information: (Market Rule 4.20.1)

- (a) the total number of Capacity Credits each Facility will provide during the Capacity Year commencing on 1 October of Year 3 of the Reserve Capacity Cycle; and
  - (b) the number of those Capacity Credits the Rule Participant anticipates the IMO has acquired as a result of the Reserve Capacity Auction subject to paragraph (c).
- 2 The Rule Participant must make its submission through the WEMS using the appropriate functionality. The Rule Participant should also refer to the WEMS User Guide provided by the IMO.



- 3 A Rule Participant may request that Certified Reserve Capacity of one Facility granted approval to trade bilaterally under clause 4.14.9 of the Market Rules or scheduled by the IMO in the Reserve Capacity Auction be provided as Capacity Credits by another Facility registered by the Rule Participant covered by a Reserve Capacity Offer submitted by the Rule Participant for the Reserve Capacity Auction, but which was not scheduled.
- 4 A Rule Participant making a nomination in accordance with Procedure Step 1.1.1 will be required to enter in an Alternate Facility Name (*Alt Fac Name*) in the Capacity Credits and Obligations page in the WEMS.
- 5 The IMO may only accept submissions made in accordance with Procedure Step 1.1.1 if the Reserve Capacity of the alternate facility is in the same Availability Class or an Availability Class with greater availability than the Availability Class of the Reserve Capacity provided by the original Facility.
- 6 If the IMO rejects a notice under the Market Rules, then the Rule Participant must re-submit the notice as soon as practicable, incorporating any amendments suggested by the IMO, and clauses 4.20.2 to 4.20.4 also apply to the re-submitted notice (Market Rule 4.20.5)



## **2.8. Rule Participant Procedure Steps to be followed by the IMO in Respect of Notifications of Capacity Credits made in Accordance with Procedure Step 2.7**

- 1 The IMO must consider and accept or reject each notice it receives under Procedure Step 2.7.1 in accordance with Clause 4.20.1 and of the Market Rules.
- 2 The IMO must notify each Rule Participant of the outcome of its consideration in accordance with Market Rules 4.20.2 and 4.20.4

## **2.9. Procedure steps to be followed by the Rule Participant to notify the IMO of acceptance of Long-term Special Price Arrangements**

- 1 A Rule Participant may make an application for a Long Term Special Price Arrangement in accordance with Market Rules 4.22.
- 2 The IMO must consider and approve or reject any application for a Long Term Special Price Arrangement in accordance with Market Rule 4.22.

## **3. Appendix 1 –Guidelines for assessing facility status**

### **‘Proposed’ and ‘Under Construction’ Facility Status**

Under the Market Rules, the IMO is required to assign capacity credits to existing Facilities and Facilities that are under construction if the Rule Participant intends to bilaterally trade its Certified Reserve Capacity.

Outlined below are the steps that must be taken by Rule Participants to allow the IMO to make a determination of the Facility status of the project. This note details the factors the IMO will take into consideration in order for a project to reach the ‘Under Construction’ stage.

- The determination of the Facility status will be made at the time of the Bilateral Trade Declaration Date, which is 5 PM on the last Business Day falling on or before 10 August of Year One of the relevant Reserve Capacity Cycle. (The Bilateral Trade Declaration Date is the time and date that each Rule Participant holding Certified Reserve Capacity must provide to the IMO notification as to how much of its Certified Reserve Capacity will be traded bilaterally (in accordance with Clause 4.1.14 of the Market Rules) and how much will be offered into the Reserve Capacity Auction).
- The Rule Participant will be given until the Bilateral Trade Declaration Date to provide evidence to the IMO, demonstrating the project has progressed to an ‘Under Construction’ status as opposed to ‘Proposed’.
- It needs to be recognised that the IMO will require sufficient time to resolve any queries, seek clarification or request more detailed

information in respect of any evidence supplied by the Rule Participant, prior to the Bilateral Trade Declaration Date. This may include site visits by IMO staff.

- To facilitate the consideration of submissions, Rule Participants should ensure that any submissions are made at least 10 Business Days prior to the Bilateral Trade Declaration Date.
- Submissions later than 5 PM on the date being 10 Business Days prior to the Bilateral Trade Declaration Date may not be able to be fully assessed by the IMO.
- In the event that the IMO cannot determine the Facility to be 'Under Construction', the Facility will be considered as a 'Proposed' Facility in the Bilateral Trade Declaration process.
- It is envisaged that all decisions to classify a project of 'Under Construction' will involve consultation between the Rule Participant and the IMO. Any information provided by the Rule Participant will be dealt with in a confidential manner if so designated by the Rule Participant.

### **Requirements for Generating Facilities**

Factors which will be taken into consideration when assessing whether a project is 'Under Construction' include:

- Financial commitment by the Rule Participant to the primary equipment supplier. (This would usually take the form of a signed contract indicating purchase of the main plant equipment including penalty clauses associated with non-compliance of the purchase agreement).
- Formal commitment, including financial approval, on behalf of the company in respect of the project, for example Board approval.
- Access to land either through ownership or an appropriate leasing agreement;
- A signed contract for civil works (or appropriate alternative), including contractual delivery times, which indicate the construction phase has started; and
- Where a facility is being built primarily to supply energy to one or more foundation customers, evidence that relevant power supply contracts are in place.

### **Requirements for Demand Side Management (DSM) Capacity**

Rule Participants wishing to offer Certified Reserve Capacity in the form of Demand Side Management must also submit details of commitment by the company to the IMO in order that the Facility be considered to be 'Under Construction' at the time of the Bilateral Trade Declaration process. Requirements that will be taken into consideration include:

- Formal commitment by the Rule Participant that the DSM customers have been signed up and/or are being actively pursued. (For example

supporting contractual evidence from the Rule Participant including the quantity of DSM procured).

- The track record of the Rule Participant in procuring DSM.