

Scope of Work for the Review of Supplementary Reserve Capacity Provisions

1. Introduction

The Coordinator of Energy (Coordinator) plans to review the supplementary reserve capacity (SRC) provisions of section 4.24 of the Wholesale Electricity Market (h0.54.)

1.2 Related Reviews

The Coordinator is currently undertaking a review of the RCM that could affect this review. The Coordinator will ensure any findings from the RCM Review will be accounted for in the SRC Review and vice versa.

2. Project S cope

The objective of this review is to, on the basis of the experience and understanding gained through the current SRS process:

- identify any shortcomings of the SRC provisions;
- identify required improvements to the SRC provisions.

2.1 Guiding Principles

The guiding principles for the review of the SRC provisions are that any proposed revisions to those provisions should:

- (1) Be consistent with the Market Objectives.
- (2) Enable AEMO to effectively procure required services to ensure system reliability.
- (3) Not incentivise strategic withholding of capacity from the Reserve Capacity Mechanism.
- (4) Lead to a cost-effective, timely, transparent and flexible process.
- (5) Allocate risks to those who can manage them best.

2.2 Project Stages

The intended contract period for the 2022 SRC is 1 December 2022 to 31 March 2023.

The next Capacity Year for which AEMO may undertake the SRC process is the 2023/24 Capacity Year.

Under clause 4.24.1 of the WEM Rules, AEMO may commence the SRC process no earlier than six months before the start of the relevant Capacity Year. Therefore, the earliest time another SRC process could commence is 1 April 2023 which is immediately after the end of the 2022 SRC contract period.

To allow for any changes from the SRC Review to be implemented in time for a SRC process in 2023, should one be required, the Coordinator will undertake the SRC Review in 2 stages.

Stage 1: Review of the SRC provisions related to the procurement of the SRC (the process from 1 September to 1 December 2022)

Stage 2: Review of the operation of the procured SRC services (from 1 December 2022 to 1 April 2023)

Each stage includes:

- assessment of the relevant clauses of the WEM Rules;
- assessment of the actual outcome of the relevant process steps;
- interviews with relevant stakeholders including AEMO;
- consultation paper including any draft Amending Rules; and
- Final Amending Rules, if applicable.

Stage 1: Assessment of the procurement process from identification of the shortfall to contract commencement which would aim to answer the following questions (at minimum):

- o Procurement Process:

- What went well and what did not?

- Was the invitation to tender document sufficiently clear?

Stakeholder Engagement

The SRC Review will include stakeholder consultation through one-to-one meetings with interested parties and parties which were involved in any part of the SRC process. AEMO will be asked to provide all available data relevant to the above questions as well as a qualitative and quantitative assessment relevant to both Stages of the Review.

Energy Policy WA will develop consultation papers, including proposals for any necessary changes, and invite feedback from all stakeholders.

3. Project S chedule

The following is a preliminary high-level project schedule for this.

Tasks/Milestones	Timing
Inform the MAC on the Scope of Work for the SRC Review.	December 2022
Engage a consultant(s) to assist with the review.	January 2023