

Market Change & WEM Reform Program

Proposed Timelines and Scope

MAC – 8 August 2018

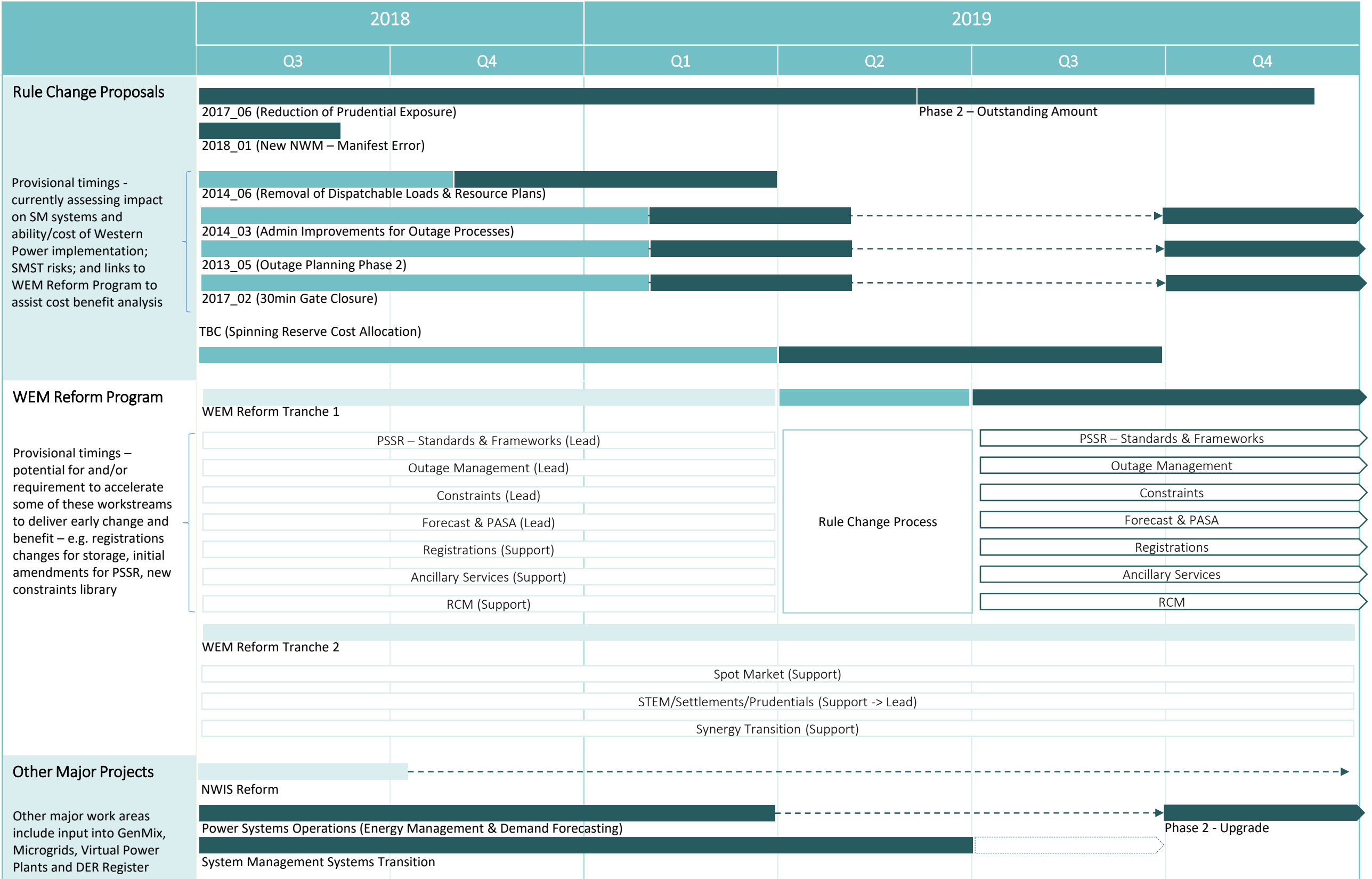
WEM Reform Program, Rule Changes and Major Projects

2018-19 – AEMO High Level Work Program

KEY

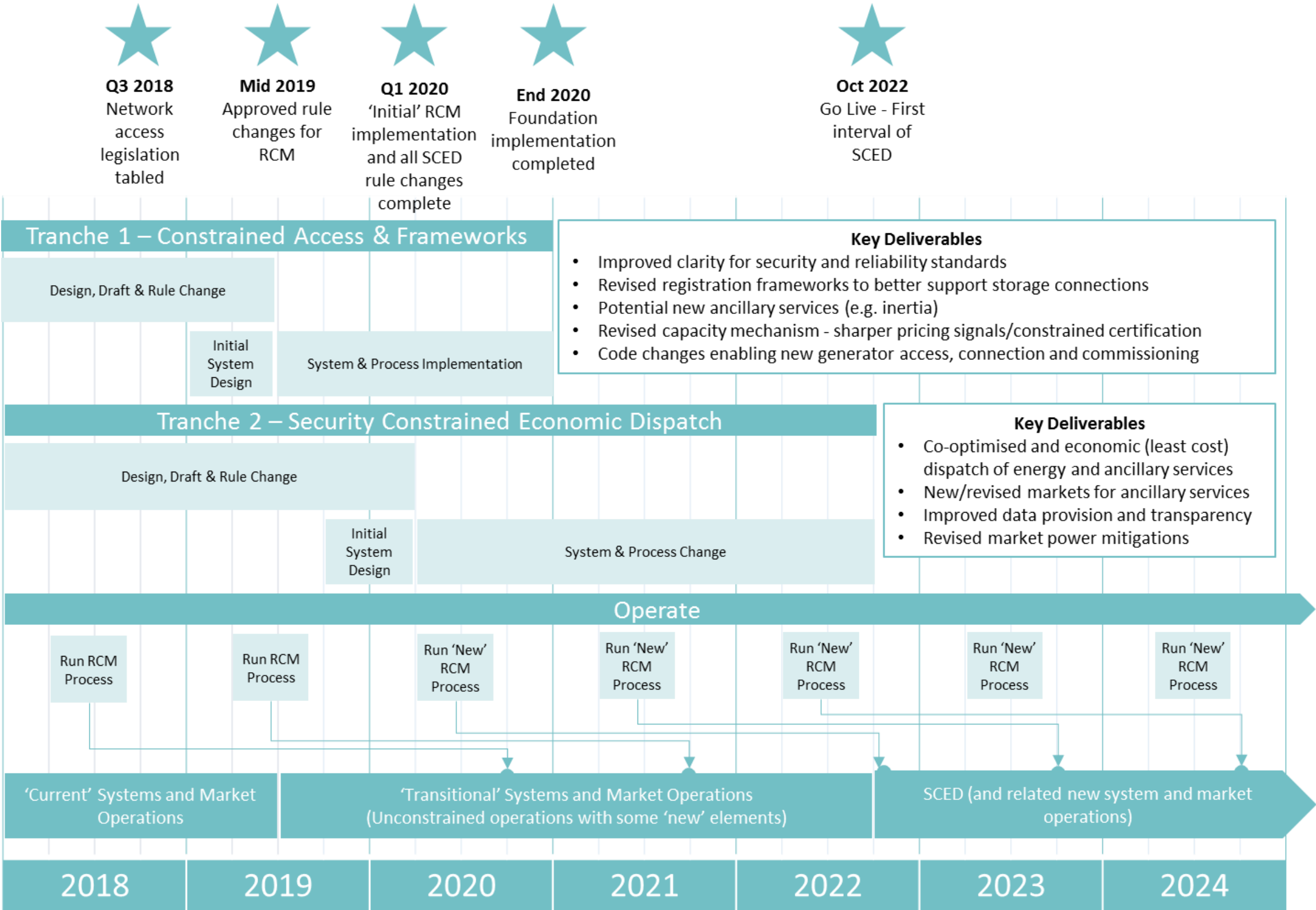
- Design
- Rule Change Process
- Implementation

The diagram below provide a high level view of AEMO’s current work program:



Constrained Network Access and WEM Reform Program Timeline

The diagram below sets out the current high level program timeline and key milestones:



WEM Reform Program

Proposed Tranche Scope

The table below provides a high level view of the WEM Reform program tranches.

Project	Tranche 1 – Frameworks (2020)	Tranche 2 – Full SCED (2022)
Reserve Capacity Mechanism*	<ul style="list-style-type: none"> • ‘New’ RCM approach to enable assignment of capacity in a constrained access market 	
Registrations	<ul style="list-style-type: none"> • Initial changes to improve current registration classes and framework (including removing barriers for storage and revision of dispatchable loads construct) 	<ul style="list-style-type: none"> • Potential further changes (if required) to amend the registration classes and framework to support constrained access arrangements
Spot Market	<ul style="list-style-type: none"> • Move reference node to Southern Terminal (for planning purposes with activation date to align with SCED GO Live) • Determine approach to and responsibilities for calculation of Marginal Loss Factors (MLFs) 	<ul style="list-style-type: none"> • Introduce ‘new’ spot market with co-optimised energy and ancillary service dispatch on least-cost methodology
Short Term Energy Market (STEM)		<ul style="list-style-type: none"> • Consequential changes to reflect broader SCED changes
Settlements		<ul style="list-style-type: none"> • Consequential (but not minor) changes proposed.
Prudentials		<ul style="list-style-type: none"> • Consequential changes to reflect broader SCED changes
Synergy Transition		<ul style="list-style-type: none"> • Introduce ‘full’ facility bidding and dispatch for Synergy portfolio
Ancillary Services (PUO)	<ul style="list-style-type: none"> • Model volume requirements for ancillary services in constrained access market • Consider introduction of new ancillary service(s) to support system operations in advance of SCED (e.g. fast frequency response or inertia) 	<ul style="list-style-type: none"> • Introduce new ancillary services and (where appropriate) markets for those services to meet requirements of new constrained access market (e.g. meeting new PSSR standards)

* Note that RCM is part of the Network Access Reform program – rather than WEM Reform Program

WEM Reform Program

Proposed Tranche Scope (2)

The table below provides a high level view of the WEM Reform program tranches.

Project	Tranche 1 – Frameworks (2020)	Tranche 2 – Full SCED (2022)
Power System Security & Reliability (PSSR)	<ul style="list-style-type: none"> Introduce new frameworks for security and reliability including design of the operating states framework, management of contingency events, power system reliability, and draft system standards, settings and definitions, governance arrangements and roles and responsibilities 	<ul style="list-style-type: none"> Option to amend Lack-Of-Reserve and Low-Reserve conditions using statistically developed margins
Constraints	<ul style="list-style-type: none"> Introduce right, obligations and definitions to support the development of a new system normal constraints library Develop a new system normal constraint library to facilitate Reserve Capacity certification; forecasting/planning; and outage management 	<ul style="list-style-type: none"> Develop the full constraint library and mechanisms to publish constraint information to market
Forecast & PASA	<ul style="list-style-type: none"> Improvements to forecast and PASA systems to reflect move to constrained access model 	<ul style="list-style-type: none"> Consequential changes to support full SCED implementation (e.g. reflecting 5 min dispatch) and introduce publicised pre-dispatch information
Outage Management	<ul style="list-style-type: none"> Introduce changes to frameworks that are consistent with and allow participants to start planning for a constrained dispatch environment 	<ul style="list-style-type: none"> Implement changes to power system and market operations to reflect ‘new’ constrained access arrangements for outage planning, notification, management and settlement
Dispatch		<ul style="list-style-type: none"> Introduce 5-min dispatch with high degree of automation to lock-in/lock-out where non-compliance occurs. Integrate fast-start capabilities.