



Department of Energy, Mines,
Industry Regulation and Safety
Energy Policy WA

2024 Review of Supplementary Capacity Provisions

Information Paper

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Working together for a **brighter** energy future.

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Information Paper
2024 Review of Supplementary Capacity Provisions*

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1. Introduction

The Coordinator of Energy (Coordinator) has undertaken a review of the supplementary capacity provisions in section 4.24 of the Wholesale Electricity Market Rules (the WEM Rules). The need for the review was triggered, under clause 4.24.19 of the WEM Rules, as a result of the Australian Energy Market Operator's (AEMO's) call for the provision of supplementary capacity on 11 August 2023.

1.1 Overview of the 2023-24 Supplementary capacity

Call for supplementary capacity

Following the release of the 2023 WEM Electricity Statement of Opportunities (WEM ESOO), which presented AEMO's revised forecast maximum demand and available capacity for the 2023-24 Hot Season, AEMO identified a need for 326 MW of supplementary capacity. This was mainly due to the increase in forecast maximum demand compared to the 2021 WEM ESOO, when reserve capacity for the 2024 Capacity Year was procured by AEMO.

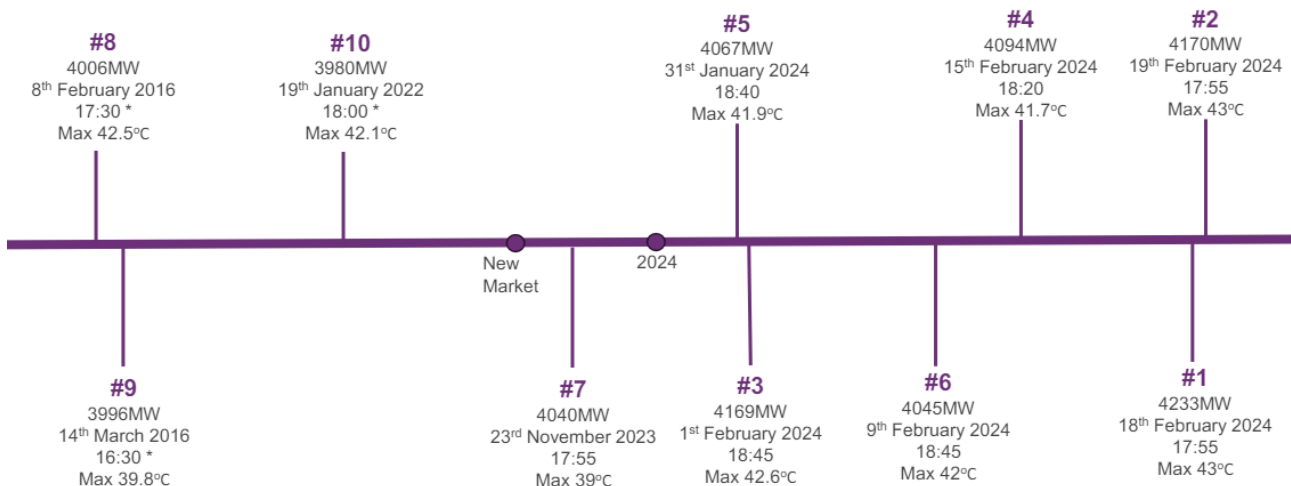
The 2023 tender process resulted in 160MW being procured through 11 Supplementary Capacity Contracts with 8 providers.

Further information on the 2023-24 supplementary capacity tender process can be found at AEMO's website: [AEMO | Supplementary Reserve Capacity](#)

Operation of supplementary capacity

Multiple heatwave events during the Hot Season of the 2023-2024 Capacity Year resulted in higher operational demand than in previous Hot Seasons. The previous record for peak demand, set in February 2016, was exceeded seven times between 23 November 2023 and 19 February 2024, as shown in Figure 1 below.

Figure 1: Top 10 highest demand days since the commencement of the WEM



* Pre-New Market Start the Energy market was operated on a 30minute basis

Source: AEMO Real Time Market Insights Forum 20 February 2024.

Production of electricity and load reduction provided by supplementary capacity and Demand Side Programmes (DSPs) were critical to maintain power system security and reliability. Fourteen Low Reserve Condition events declared by AEMO during the Hot Season resulted in supplementary capacity services being activated. All 8 service providers were called upon during each event. In total, AEMO issued 145 activation notices and 92% of these were responded to as instructed.

1.2 Stakeholder Engagement

Energy Policy WA (EPWA) consulted extensively with stakeholders from April to June 2024 to inform this Review.

Direct engagement with AEMO

EPWA held several meetings and received information from AEMO about:

- the procurement process;
- engagement with service providers as part of the negotiation process;
- the contracted supplementary capacity services;
- verification tests; and
- activation of procured service quantities.

Questionnaire and interviews

EPWA issued a questionnaire to organisations identified to have an interest in the supplementary capacity process including, but not limited to, supplementary capacity providers. Stakeholders were invited to provide feedback on:

- the effectiveness of the 2023 tender process, and tender preparation, submission and evaluation;
- the effectiveness of the provision of the contracted services;
- the potential for a second alternative supplementary capacity product; and
- the operation of the improvements introduced by the 2023 supplementary capacity review.

EPWA received seven responses to the questionnaire. The issues raised by stakeholders were discussed in a consultation paper.

The consultation paper

Based on the feedback from the questionnaire, EPWA developed a Consultation Paper with four proposals, including proposed WEM Amending Rules, to improve the supplementary capacity provisions. The consultation period was between 18 June and 8 July 2024.

Written submissions

EPWA received a total of six submissions in response to the Consultation Paper from AEMO, EnelX, Perth Energy, Shell Energy, Synergy and Western Power.

All submissions are available on the Coordinator's website: [2024 Supplementary Capacity Review \(www.wa.gov.au\)](https://www.wa.gov.au). The feedback from the submissions is summarised in section 2 of this Information Paper, and all issues raised, along with EPWA's responses, are outlined in Appendix A to this Information Paper.

1.3 Purpose of this paper

The purpose of this Information Paper is to inform stakeholders of the Coordinator's decisions on the proposals outlined in the Consultation Paper; and the WEM Amending Rules approved by the Minister.

The WEM Amending Rules commence on [27 July 2024](#) with exception of the changes to clarify that matters specified in the standard form contract should be aligned, to the extent practical, with the requirements in the WEM Rules that apply to participants in the Reserve Capacity Mechanism (RCM). The latter will commence at a time specified by the Minister in a notice published in the Gazette.

2. Review Outcomes

2.1.1 Information provided to potential providers

Potential providers of supplementary capacity may not be involved in WEM Rules related processes and therefore may not be aware of the opportunity to participate in supplementary capacity processes.

Proposal 1

The consultation paper proposed that AEMO should:

- using Western Power metering data, use reasonable endeavors to identify potential suppliers of supplementary capacity and provide these potential providers with information on any call for tender; and
- be required to notify potential providers of the location of certain supplementary capacity information on its website.

Stakeholders were generally supportive of the proposal. However, one stakeholder noted that this would be inconsistent with Clause 1.2.1(b) of the WEM Rules as it would not provide for information to be provided in a fair and equitable manner. It stated that AEMO should only be permitted to do this if information has been released publicly. EPWA notes that it is only intended that AEMO contacts potential suppliers to notify them of publicly available information.

Review Outcome 1

The WEM Rules will be amended to:

- require AEMO to use reasonable endeavours to identify potential suppliers of supplementary capacity (using data provided by Western Power) and provide them with information on the call for supplementary capacity tender;
- require Western Power to provide metering data to support this obligation; and
- to assist with helping potential providers to understand how supplementary capacity operates, require AEMO to publish certain information about supplementary capacity on its website.

Assessment against the WEM Objectives


Review Outcome 1 will better achieve WEM Objectives 1.2.1(a), (b) and (d).

Ensuring that, to the extent practicable, potential supplementary capacity providers are captured and encouraged to participate in the supplementary capacity tender process will promote the economically efficient supply of electricity, encourage competition between participants in the SWIS and therefore minimise the long-term cost of electricity.

2.1.2 Consistency between matters specified in the supplementary capacity standard form contract and the WEM Rules

One of the most consistent themes in the feedback from stakeholders was about the baseline methodology, and its predictability and suitability for different types of load reduction services. As part of the Demand Side Response Review conducted by the Coordinator, rules have been proposed to apply a dynamic baseline to DSPs participating in the RCM. EPWA has recently consulted on further amendments to that baseline methodology to ensure it is appropriate for measuring the performance of DSPs comprised of an aggregation of small-use customers.

EPWA considers that the supplementary capacity provisions should be consistent, to the extent practicable, with the relevant frameworks set out in the rest of the WEM Rules.



Proposal 2

In the Consultation Paper, EPWA proposed to clarify that matters specified in the standard form contract should be aligned, to the extent practical, with the requirements in the WEM Rules that apply to participants in the RCM.

Stakeholders were generally supportive of the intent of the proposal. One stakeholder noted that the final WEM Amending Rules to implement the dynamic baseline for DSPs has not been finalised and as such a definitive view cannot be formed on this proposal.

Review Outcome 2

The WEM Rules will be amended to clarify that matters specified in the standard form contract should be aligned, to the extent practical, with the requirements in the WEM Rules that apply to participants in the RCM.

An amended dynamic baseline for DSPs participating in the RCM is currently undergoing consultation, and the WEM Amending Rules to introduce it will not be made for some time. Therefore, the proposed amendments to clause 4.24.14A will not come into effect until the later of:

- The end of the next Hot Season, 1 April 2025; and
- The date on which the WEM Amending Rules introducing the new DSP dynamic baseline are made.

Assessment against the WEM Objectives

Review Outcome 2 will better achieve all the WEM Objectives.

Provisions in the WEM Rules regarding matters such as measurement of demand side response and notice periods have undergone comprehensive consultation processes and have been carefully considered to ensure they are fit for purpose and meet the objectives of the WEM Rules. Ensuring consistency between the standard form contract and the WEM Rules will mean the objectives each relevant provision in the WEM Rules sets out to achieve will be reflected in the standard form contract.

2.1.3 Maximum supplementary capacity price

AEMO is currently required to publish the maximum contract value per hour of availability for any Supplementary Capacity Contract that it will accept and, if publishing an expression of interest under 4.24.1A of the WEM Rules, AEMO must also publish a preliminary estimate of the maximum contract value per hour that it will accept.

There is evidence that providers have shadowed the maximum price, as a default, and that is not promoting adequate competition amongst potential suppliers.

Proposal 3

In the Consultation Paper, EPWA proposed to remove the requirement to AEMO to publish the maximum contract value per hour and introduce a requirement for AEMO to publish the availability and activation price associated with each contract instead.

Feedback on this matter was mixed. Two stakeholders did not support the proposal, raising concerns that high prices are likely to be offered under the proposed framework, which AEMO would be obliged to accept. EPWA considers that the publication of prices, once the process has been finalised, will mitigate this and ensure competitive pressures remain.

Review Outcome 3

The WEM Rules will be amended to:

- remove requirement for AEMO to publish, as part of a call for expressions of interest and a call for tender, the maximum availability and activation price; and

- introduce a requirement for AEMO to publish contract prices following the award of contracts.

Assessment against the WEM Objectives

Review Outcome 3 will better achieve WEM Objectives 1.2.1(b) and (d).

Removing the published maximum price, and requiring prices to be published after all contracts are signed, should encourage more competition between providers and therefore minimise the long-term cost of electricity in the SWIS.

2.1.4 Coordinator's requirement to review the supplementary capacity provisions

Clause 4.24.19 of the WEM Rules requires that after each call for tenders for supplementary capacity, or otherwise acquiring Eligible Services, the Coordinator must review the supplementary capacity provisions in section 4.24 of the WEM Rules.

EPWA considers that there are diminishing returns to reviewing the supplementary provisions after every call for supplementary capacity tender.

Proposal 4

In the Consultation Paper, EPWA proposed that:

- the Coordinator should only be required to review the supplementary capacity provisions if this is considered necessary; and
- AEMO must notify the Coordinator of any deficiencies with the supplementary capacity provisions as they are identified by AEMO.

Stakeholders were generally supportive of the proposal. One stakeholder was supportive of the amendments, but expressed concern that the review of the supplementary capacity provisions, if required, would not have regard to the WEM Objectives. EPWA notes that all decisions made by the Coordinator under the WEM Rules must be consistent with the WEM Objectives, and in future the State Electricity Objective.

AEMO was not supportive of the introduction of requirement on AEMO to advise the Coordinator on matters identified in the performance of its functions under section 4.24, noting that the term 'deficiency' is not used in other monitoring provisions in the WEM Rules and does not provide an indication of materiality of issues that should be reported. EPWA agrees that the existing consultation channels between EPWA and AEMO should be sufficient to ensure that any issues with the supplementary capacity provisions are identified.

Review Outcome 4

The WEM Rules will be amended to remove requirement for Coordinator to review the supplementary capacity provisions after every call for tender.

Assessment against the WEM Objectives

Review Outcome 4 will better achieve WEM Objectives 1.2.1(d).

Removing the obligation to review the supplementary capacity provisions after every call for tender will allow the Coordinator to assess whether a formal review is required. If the Coordinator decides that a review is not required, human and financial resources can be directed to other priority areas, which will increase the overall efficiency in the WEM and minimise the cost to consumers.

2.1.5 Introduction of an alternative supplementary capacity product

Initial consultation with AEMO regarding the 2023-24 supplementary capacity process indicated that there was a need for flexibility that enables AEMO to seek additional supplementary capacity

from Eligible Services at short notice, for example in the lead up to a heat wave during a Hot Season.

AEMO has the ability, under clause 4.24.2(b)(ii) of the WEM Rules, to negotiate directly with suppliers within 12 weeks of identified capacity shortfall. However, AEMO expressed concern regarding the ability of potential service providers and AEMO to agree terms and conditions at short notice, and proposed having a second alternative supplementary capacity product that is sought as part of the tender process, alongside the existing product.

While not including a formal proposal, EPWA sought feedback on the introduction of an alternative product which involves activation payments only. A provider of this product would have no availability obligations, but the contract would allow for a higher price for activation than that paid to a provider with a contract with availability and activation payments.

One stakeholder indicated that it would be willing to enter short term negotiations. It noted that this would be subject to the process not being overly onerous and the alternative product being designed in a way that would take into account the specific circumstances of the service provider.

Another suggested that capacity payments for loads rather than activation style payments could provide better value to the SWIS. EPWA notes that demand side resources are encouraged to participate in the RCM as Demand Side Programs, and there are reforms that are recently implemented and underway to facilitate this.

Concerns were raised regarding the impact of the alternative product on AEMO's appetite to contract for services with activation and availability payments. EPWA notes that AEMO is likely to always seek to contract with providers on the basis of assured availability, as to rely solely on activation only contracts would present a higher risk to power system security and reliability. It is, therefore, likely that a mix of contracts will deliver the best outcomes.

AEMO reinforced the need for flexibility in contracting Eligible Services, to provide AEMO with the best opportunity to ensure customer reliability is maintained during periods of high demand, and to increase the pool of potential providers.

Review Outcome 5

Following consideration of the stakeholder responses, the Coordinator recommended that the Minister makes WEM Amending Rules to:

- introduce a requirement for those that are applying to provide Eligible Services to indicate whether the Eligible Service is being offered on an 'availability and activation' basis or an 'activation-only' basis, and to provide the specific characteristics of each offering;
- introduce a requirement for those that are applying for the activation-only offering to specify any restrictions on availability, the maximum quantity of supplementary capacity being offered, and the activation price per MW per hour; and
- introduce a requirement for AEMO to consider the notification time for activating the Eligible Service when assessing tender responses under clauses 4.24.8 and 4.24.8A.

Assessment against the WEM Objectives

Review Outcome 5 will better achieve WEM Objectives 1.2.1.(a), (b) and (d) of the WEM Rules.

Introducing an alternative product that allows flexibility for AEMO to contract Eligible Services for supplementary capacity will promote the economically efficient supply of electricity, encourage competition between participants in the SWIS and therefore minimise the long-term cost of electricity.

2.2 Consequential amendments

Following consideration of the stakeholder responses, the Coordinator recommended that the Minister makes WEM Amending Rules to:

-
- remove clause 4.24.19 from the list of protected provisions; and
 - fix cross references in clauses 4.24.11 and 4.24.18(a)(v).



Appendix A. Issues Raised in Submissions

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
Reaching potential providers				
Proposal 1 EPWA proposes to require AEMO to use reasonable endeavor to identify potential suppliers of supplementary capacity	4.24.6AA	AEMO	Supportive.	Noted.
		Enel X	No comments.	-
		Perth Energy	Supportive.	Noted.
		Shell Energy	Not Supportive. Shell Energy does not support the introduction of clause 4.24.6AA because Shell Energy consider the proposal does not comply with WEM Objective (b) under clause 1.2.1(b) of the WEM Rules. Shell Energy believes that the publication of information regarding the tender should be done in a fair and equitable manner and should encourage competition in the market for participation in the supplementary capacity. Shell Energy agrees that identification of potential suppliers may be useful for AEMO. Shell Energy suggests that if the Coordinator choses to insert clause 4.24.6AA, than a new clause should be introduced to only permit AEMO to do this if the information has been released publicly.	EPWA considers that requiring AEMO to seek potential suppliers that otherwise might not be aware of the tender process is aligned with WEM Objective (b), as the intent is only to increase the pool of potential providers. Potential providers will only be notified of information which is already publicly available.
Synergy	Supportive. Synergy supports the proposal and suggests the following: <u>4.24.6AA. AEMO must use reasonable endeavours to identify potential Eligible Services providers, and contact them and provide</u>	EPWA considers that Synergy's suggestion improves the drafting and promotes clarity to market participants on the nature of the engagement with potential Eligible Services providers.		

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
			<u>information</u> regarding any call for tender under clause 4.24.6.	
		Western Power	No comments.	-
Proposal 1 EPWA proposes to require Western Power to provide AEMO data to assist with the provision of new clause 4.24.6AA	4.24.6AB	AEMO	Supportive.	Noted.
		Enel X	No comments.	-
		Perth Energy	Supportive.	Noted.
		Shell Energy	No comments.	-
		Synergy	No comments.	-
		Western Power	Supportive. Western Power recognize that the intent of Proposal 1 is for AEMO to utilize meter data to identify potential suppliers of supplementary capacity. Western Power suggests that clause 4.24.6AB is amended to specify that the 'data' provided be 'meter data' to provide dung the supplementary capacity process. That is: <u>4.24.6AB. Western Power must provide meter data to AEMO to assist it with identifying potential Eligible Service providers under clause 4.24.6AA.</u>	EPWA agrees that the intent of the Proposal 1 is for AEMO to utilize meter related data to identify potential suppliers. While EPWA considers Western Power's suggestion improves the drafting, it has amended the suggested change as follows: <u>4.24.6AB. Western Power must provide meter related data to AEMO to assist it with identifying potential Eligible Service providers under clause 4.24.6AA.</u>
Proposal 1 EPWA proposes to require AEMO to advise the location on the WEM Website for general information about supplementary capacity	4.24.6(g) 4.24.6(j) 4.24.1B(iA)	AEMO	Supportive.	Noted.
		Enel X	No comments.	-
		Perth Energy	Supportive.	Noted.
		Shell Energy	No comments.	-
		Synergy	No comments.	-
		Western Power	No comments.	-

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
Consistency between matters specified in the supplementary capacity standard form contract and the WEM Rules				
<p>Proposal 2 EPWA proposes to clarify that matters specified in the standard form contract should be aligned, to the extent practical, with the requirements in the WEM Rules that apply to participants in the RCM.</p>	4.24.14A	AEMO	<p>Supportive. AEMO generally supports EPWA's intent to align contract provisions relating to notification times and measurement of contracted supplementary capacity quantities with the requirements under the WEM Rules that apply to facilities operating in the Reserve Capacity Mechanism (RCM). AEMO notes that clauses 4.24.14 and 4.24.14A would apply in appropriate cases where, having regard to the specific characteristics of the facility providing the supplementary capacity and to any other matter that AEMO considers appropriate, a modified approach to matters such as baseline quantity and measurement of delivered quantities is justified. This flexibility is important to ensure that the participation of distributed energy resource aggregators is not unduly limited in future supplementary capacity procurement rounds.</p>	Noted.
		Enel X	<p>Supportive. Enel X agrees with this amendment in theory but would like to see the final amendment and the outcomes from the amended dynamic baseline for DSPs participating in the RCM consultation before providing a definitive view on this proposal. We note that the proposed amendments to clause 4.24.14A will not come into effect until the later of the end of the next Hot Season, 1 April 2025, and the date on which the WEM Amending Rules introducing the new DSP dynamic baseline are made.</p>	Noted.

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
		Perth Energy	No comments.	-
		Shell Energy	No comments.	-
		Synergy	No comments.	-
		Western Power	No comments.	-
Maximum supplementary capacity price				
Proposal 3 EPWA proposes to remove the requirement to AEMO to publish the maximum contract value per hour.	4.24.1B(g) 4.24.6(g) 4.24.7(j) 4.24.18(a)(iii)	AEMO	Supportive.	Noted.
		Enel X	Not supportive. Enel X does not support the proposed removal of the maximum contract value per hour in the call for tender. The rationale provided for the contract price shadowing the maximum price does not capture the nuance behind this correlation to date. Enel X suggests maintaining this requirement and acknowledge that undersubscription likely means that there are not enough resources currently available and without a cap this maximum cost would have been higher.	EPWA notes that there is evidence that potential providers have shadowed the maximum price, as a default, and that is not promoting adequate competition amongst potential suppliers. EPWA notes that the publication of prices after the award of contract will maintain competitive pressures, and that this is aligned with the equivalent provisions for Non-Co-optimised Essential System Services.
		Perth Energy	Not supportive. Perth Energy does not support this proposal because it would create a significant risk of very high prices being offered which AEMO is obliged to accept. Perth Energy noted that the tenders for 2023/24 and the previous year were under subscribed. In 2023/24 AEMO secured under half of the 326 MW that was sought while in the previous year only around 55% of demand was met.	See above response.

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
			<p>Perth Energy is concerned that if no maximum price is published, or AEMO does not state in the tender that there is a confidential maximum price above which tenders will not be accepted, bidders can offer extortionate prices which AEMO must accept.</p> <p>Perth Energy suggest that a maximum price should continue to be established and published to ensure that potential providers make valid offers. Alternatively, bidders could be advised that there is a confidential maximum price and AEMO is free to reject any bids above this price.</p>	
		Shell Energy	No comments.	-
		Synergy	No comments.	-
		Western Power	No comments.	-
Proposal 3 EPWA proposes to require AEMO to publish the availability and activation price associated with each contract.	4.24.11B(e) 4.24.11B(f)	AEMO	Supportive.	Noted.
		Enel X	<p>Not supportive.</p> <p>Enel X does not support the proposed method of providing greater transparency on costs of supplementary capacity through the publication of availability and activation price associated with each contract. Enel X does not agree that the defined method delivers on the objectives to encourage more competition between providers and therefore minimise long-term cost of electricity in the SWIS as currently proposed. Enel X suggests an alternative approach that focuses on achieving the stated aim by encouraging greater competition though not providing further commercial payments but</p>	<p>See above response.</p> <p>EPWA considers that it is important to have consistency, to the extent practicable, across the WEM Rules. The proposal will promote consistency between the supplementary capacity and the Non-Co-optimised Essential System Services framework.</p>

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
			maintains publication of the maximum contract value per hour to provide a price ceiling and ensure ongoing competition and suite of pricing below this maximum.	
		Perth Energy	No comments.	-
		Shell Energy	No comments.	-
		Synergy	No comments.	-
		Western Power	No comments.	-
Coordinator's requirement to review the supplementary capacity provisions				
Proposal 4 EPWA proposes the Coordinator to review the supplementary capacity provision only if required.	4.24.19 4.24.20	AEMO	Supportive.	Noted.
		Enel X	No comments.	-
		Perth Energy	Supportive.	Noted.
		Shell Energy	Supportive.	Noted.
		Synergy	Supportive. Synergy is supportive of the Coordinator using their discretion to review the supplementary capacity provisions after each supplementary capacity procurement. However, Synergy expressed concern that the review has no regard to the Wholesale Market Objectives. Synergy suggests that in the event that the Coordinator decides to review the supplementary capacity provisions, there should be regard to the Wholesale Market Objectives, as these remain relevant in developing the wholesale market.	EPWA notes that any decisions made by the Coordinator under the WEM Rules must be consistent with the Wholesale Market Objective (or the State Electricity Objective in future).
		Western Power	No comments.	-

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
Proposal 4 EPWA proposes to require AEMO to notify the Coordinator of any deficiencies with the supplementary capacity provisions as they are identified by AEMO.	4.24.21	AEMO	<p>Not supportive.</p> <p>AEMO considers that the proposed drafting of new clause 4.24.21 may pose an uncertain and unnecessary administrative burden on AEMO. As drafted, the provision employs a term 'deficiency' that is not used in other monitoring provisions in the WEM Rules and does not provide an indication of materiality of issues that should be reported.</p> <p>AEMO's preference is that the clause be removed, noting that AEMO is already obliged to provide a range of supplementary capacity documentation to the Coordinator as part of the Market Surveillance Data Catalogue; and a new clause is being proposed under the Miscellaneous Amendments No.3 rules package to allow AEMO to proactively share Confidential Information with the Coordinator without having received a formal request under clause 10.4.6 of the WEM Rules. These provisions, supported by regular engagements between AEMO and EPWA, including drafting suggestions of an editorial nature being provided at officer level, provide adequate pathways for any potential issues with section 4.24 to be identified and communicated in a timely manner.</p>	EPWA agrees that existing consultation channels between AEMO and EPWA will be sufficient to ensure any issues with the supplementary capacity provisions are communicated and, on this basis, has removed the previously suggested drafting.
		Enel X	No comments.	-
		Perth Energy	Supportive.	Noted.
		Shell Energy	Supportive.	Noted.
		Synergy	No comments.	-

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
		Western Power	No comments.	-
Introduction of an alternative supplementary capacity product				
<p>EPWA is considering introducing an alternative product which would involve activation payments only. A provider of this product would have no availability obligations, but the contract would allow for a higher price for activation. Before making a recommendation on this matter, EPWA sought further feedback about whether potential service providers would be:</p> <ul style="list-style-type: none"> Interested in the introduction of an activation payment only contract? Willing to enter into short term negotiations to provide short term supplementary capacity response during the Hot Season without a pre-existing contract? 	n/a	AEMO	<p>AEMO reinforces the need for flexibility in contracting Eligible Services, to provide AEMO with the best opportunity to ensure customer reliability is maintained during periods of high demand. As discussed in section 3.4 of the Consultation Paper, AEMO considers that an alternative supplementary capacity product that sits alongside the existing product would provide a valuable supplementary service that balances flexibility and efficiency for both AEMO and the service provider. The alternative product would enable providers who cannot commit to the standing obligations around availability to provide services and receive remuneration on an ‘activation only’ basis. In times of Low Reserve Conditions, these are valuable megawatts that may assist in meeting forecast peak conditions, while reducing or avoiding the need for more significant interventions. Incorporating this service in the tender process is intended to improve the efficiency and timing of procuring this service, noting that the alternative approach is not targeted at the existing or prospective pool of suppliers for the existing ‘availability plus activation’ product. AEMO’s proposal is consistent with EPWA Proposal 1, which aims to increase the pool of potential providers and better achieve Wholesale Market Objectives specified in clause 1.2.1.(a), (b) and (d) of the WEM Rules.</p>	<p>Noted.</p> <p>EPWA agrees and has incorporated all amendments proposed by AEMO in its submission to the Consultation Paper. Those amendments are reflected in Appendix B of this Information Paper.</p>

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
		Enel X	<p>Enel X encourages capacity payments that incentivises loads rather than activation style payments. It believes this provides better value to the SWIS as AEMO is not forced to procure capacity when it is urgent and there may be less price competition and aligns well with the WEM Objectives 1.2.1(a) and (d). In its experience the certainty of revenue pending successful performance payments is easier for Commercial and Industrial loads as it is a more compelling customer proposition.</p> <p>Demand response is a valuable resource that is key to achieving the objectives of supplementary capacity.</p> <p>A series of recent and ongoing reforms implemented by EPWA are significantly improving the ability of demand response to participate in WA markets, including in the reserve capacity mechanism (RCM), supplementary capacity mechanism and the Non-Co-Optimised Essential System Services (NCESS). If these payments will build on these reforms and strengthen incentives for demand response resources to enter the market they will need to providing access to additional firm revenue. We believe that if the electricity market that wishes to see strong levels of demand side participation and capacity must have two things:</p> <ul style="list-style-type: none"> • Market rules that allow demand response to participate • Firm revenue for demand response resources based on load rather than short-term activation payments. 	Noted.

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
		Perth Energy	No comments.	-
		Shell Energy	<p>Shell Energy are not opposed to the idea of AEMO offering an alternative supplementary capacity product, given the feedback from the previous supplementary capacity review indicating that there was a need for flexibility for AEMO to be able to seek additional supplementary capacity from eligible services at short notice, for example in the lead up to a heat wave.</p> <p>Shell Energy notes that in section 3.1 d the Consultation Paper, EPWA has provided stakeholder responses that indicated that participants would be unlikely to contract with an activation payment only, given the cost associated with preparing the service and agreeing a contract with AEMO. As such, Shell Energy believes there needs to be a high enough price offer, sitting outside of the energy price offer ceiling, to incentivise entering into an alternative activation only service. Additionally, there would need to be a collaborative approach to arranging the alternative service between AEMO, WP and the relevant eligible service provider that would support timeliness, given the purpose of the activation only alternative product being a more flexible service, required at short notice.</p> <p>Shell Energy has participated in both supplementary capacity hot seasons and as such, is well placed to comment on both the procurement and operational process. Shell Energy believes that a major deterring factor is</p>	Noted.

Proposal	Clauses	Submitter	Submitter Feedback/Suggestion	Response to Feedback
			<p>the onerous nature of participating in supplementary capacity. However, Shell Energy would be willing to enter short term negotiations if the approach and process were to be not overly onerous and the alternative product were to be designed in a way that would take into account the specific circumstances of the service provider, for example, load reduction or energy producing systems. Shell Energy expresses concern that if AEMO offered this type of activation only alternative product, this could impact AEMO's appetite to contract with activation and availability services.</p>	
		Synergy	<p>Synergy would be open to engaging in direct negotiation. However, we ask for clarity on the following:</p> <ul style="list-style-type: none"> • What does "pre-existing contract" mean? e.g. Is this referring to an asset without an executed contract from a previous Hot Season SRC procurement? Or does this refer to the asset's contractual status in the current Hot Season? • What is the proposed timing of the negotiations to establish a contract under this limited specified time procurement? 	<p>EPWA clarifies that:</p> <ul style="list-style-type: none"> • "pre-existing contract" means entering into an agreement to provide capacity at short notice during the hot season without an existing contract setting out the terms and conditions for the provision of that capacity; and • the purpose in the consultation paper was to seek feedback on what the timing requirements for establishing such an agreement would need to be.
		Western Power	No comments	-

Appendix B. Proposed WEM Rule changes

EPWA proposes the following Amending Rules to implement the changes proposed in Section 3 of this Consultation Paper (~~deleted text~~, added text).

Explanatory notes are provided for Amending WEM Rules that have been changed since the consultation paper was released.

2.8. Review of Coordinator Rule Amendment Decisions, Ministerial Approval and Coming into Force of Rule Amendments

...

2.8.13. The following clauses are Protected Provisions:

- (a) clauses 1.1.1, 1.1.2, 1.2.1, 1.4.1, 1.4.2, 1.6.2, 1.7.3A, 1.8.1, 1.8.3, 1.8.4, 1.28.1 to 1.28.3, 1.28.5, 1.28.6, 1.42.2, 1.42.3, 1.42.5 to 1.42.7, 1.42.9, 1.42.10, 1.42.28, 1.43A.2, 1.43A.4 to 1.43A.6;
- (b) clauses 2.2D.1, 2.3.1, 2.3.2 to 2.3.5A, 2.3.6, 2.3.7A to 2.3.11, 2.3.13, 2.3.16, 2.4.1 to 2.4.4, 2.5.1C, 2.5.2 to 2.5.3A, 2.5.4 to 2.5.15, 2.6.1, 2.6.3, 2.6.4, 2.7.2 to 2.7.4, 2.7.6 to 2.7.8, 2.8.1 to 2.8.14, 2.9.2CB, 2.9.2F, 2.9.4, 2.9.5, 2.9.7C, 2.10.1, 2.10.2A, 2.10.3, 2.10.5E, 2.10.7, 2.10.10, 2.10.12E, 2.10.13, 2.10.17 to 2.10.20, 2.11.1 to 2.11.4, 2.16.2A, 2.16.2D, 2.16.2E, 2.16.6, 2.16.7, 2.16.13A, 2.16.13B, 2.16.13D to 2.16.14, 2.16.15A, 2.21.11, 2.21.12, 2.24.5B to 2.24.5E, 2.24.6A, 2.25.1C, 2.44.1;
- (c) clauses 3.11A.1 to 3.11A.10, 3.15.1 to 3.15.5, 3.18GA.1 to 3.18GA.3;
- (d) clauses 4.5A1 to 4.5A16, 4.13B.1 to 4.13B.6, ~~4.24.19~~;
- (e) clauses 10.1.1, 10.2.1, 10.2.1B, 10.2.3, 10.2.6, 10.2.8 to 10.2.12, 10.3.1 to 10.3.4, 10.4.1, 10.4.2, 10.4.5, 10.4.7 to 10.4.11, 10.4.14 to 10.4.26, 10.5.1 to 10.5.14 ; and
- (f) any other clauses of these WEM Rules that must not be amended, repealed or replaced without the approval of the Minister in accordance with the WEM Regulations.

...

4.24. Supplementary Capacity

4.24.1. If, at any time after the day which is six months before the start of a Capacity Year, AEMO considers that inadequate Reserve Capacity will be available in the SWIS to maintain Power System Security and Power System Reliability, using the most recent published forecasts and the methodology outlined in clauses 4.5.9(a) and 4.5.9(b) and any other information AEMO considers relevant, then it must:

- (a) determine the expected start and end dates for the period of the shortfall;
- (b) determine the expected amount of the shortfall; and
- (c) seek to acquire supplementary capacity in accordance with clause 4.24.2.

- 4.24.1A. Without limiting clause 4.24.1, if, at any time after the day which is six months before the start of a Capacity Year, AEMO considers that there is a risk that adequate Reserve Capacity may not be available in the SWIS to maintain Power System Security and Power System Reliability, then it may advertise a call for expressions of interest for supplementary capacity by publishing a notice on the WEM Website and issuing a Market Advisory.
- 4.24.1B. A notice calling for expressions of interest for supplementary capacity in accordance with clause 4.24.1A must include:
- (a) the date and time by when any person wishing to respond to the call for expressions of interest must have completed and lodged with AEMO the form specified in clause 4.24.1B(i);
 - (b) contact details for AEMO and Western Power;
 - (c) AEMO's preliminary estimate of the amount of capacity which AEMO considers may be required if AEMO decides to seek to acquire supplementary capacity pursuant to clause 4.24.1;
 - (d) AEMO's preliminary estimate of the number of hours over which the capacity is expected to be used;
 - (e) AEMO's preliminary estimate of the time of the day where the capacity is expected to be required;
 - (f) AEMO's preliminary estimate of the term of any Supplementary Capacity Contract if AEMO decides to seek to acquire supplementary capacity pursuant to clause 4.24.1;
 - (g) ~~[Blank]AEMO's preliminary estimate of the maximum contract value per hour of availability for any Supplementary Capacity Contract that AEMO will accept if AEMO decides to seek to acquire supplementary capacity pursuant to clause 4.24.1;~~
 - (gA) a statement that a respondent must provide evidence that it has access to a network, or has taken steps to obtain access to a network, where applicable;
 - (h) the location on the WEM Website of the standard Supplementary Capacity Contract;
 - (i) the location on the WEM Website of the form to be used in responding to the call for expressions of interest; ~~and~~
 - ~~(iA) the location on the website for general information about supplementary capacity; and~~
 - (j) the location on the WEM Website of the WEM Procedure referred to in clause 4.24.18.
- 4.24.1C. Following the close of a call for expressions of interest for supplementary capacity in accordance with clause 4.24.1A, AEMO:
- (a) must assess all responses received by the closing date, and may assess any late responses;

- (b) must consult with Western Power on any network access matters related to the proposed Eligible Services specified in the responses in accordance with the WEM Procedure referred to in clause 4.24.18; and
- (c) must, for each response assessed by it, provide feedback to each respondent on whether AEMO or Western Power, as applicable, considers the Eligible Services the respondent proposes to provide would be likely to be capable of meeting the requirements outlined in the call for expressions of interest and contained in the standard Supplementary Capacity Contract.

4.24.2. If AEMO decides to seek to acquire supplementary capacity and:

- (a) the expected start date of the shortfall is at least 12 weeks from the date AEMO becomes aware of the shortfall, then it must call for tenders from potential suppliers of supplementary capacity in an invitation to tender;
- (b) clause 4.24.2(a) does not apply, then it must either:
 - i. call for tenders from potential suppliers of supplementary capacity in an invitation to tender; or
 - ii. negotiate directly with potential suppliers of supplementary capacity.

4.24.3. The only eligible sources of supplementary capacity are the following services (“**Eligible Services**”):

- (a) load reduction, that is measures to reduce a consumer’s consumption of electricity supplied through the SWIS from that which the consumer would have otherwise consumed, but excluding reductions provided by a Market Participant with a Demand Side Programme that does not satisfy its Reserve Capacity Obligations during the current Capacity Year or did not satisfy its Reserve Capacity Obligations during the immediately preceding Capacity Year;
- (b) the production of electricity by Energy Producing Systems that are not Registered Facilities; and
- (c) the production of electricity by Energy Producing Systems that are Registered Facilities, or load reductions provided by loads, but only to the extent that the electricity is generated, or the load reduction is provided, by capacity for which the relevant Market Participant:
 - i. does not hold Capacity Credits in the current Capacity Year or has not held Capacity Credits in the current Capacity Year or the immediately preceding Capacity Year; or
 - ii. provides evidence satisfactory to AEMO, prior to a Supplementary Capacity Contract taking effect, that:
 - 1. costs have been incurred to enable the provision of the capacity through the installation of physical equipment; and
 - 2. the capacity is in addition to the sent out capacity of the Energy Producing Systems, or the maximum amount of load that can be curtailed, that existed prior to the installation of the physical equipment.

4.24.4. A person is not required to be a Rule Participant in order to submit a tender in response to a call for tenders under clause 4.24.2 or enter into a Supplementary Capacity Contract with AEMO. However, if a Rule Participant does enter into a Supplementary Capacity Contract with AEMO, then it must comply with that contract.

4.24.5. AEMO must not call for tenders for supplementary capacity earlier than six calendar months prior to the calendar month in which the shortfall period is expected to start.

4.24.6. If AEMO decides to call for tenders for supplementary capacity, then, no earlier than 30 Business Days and no later than 10 Business Days prior to the proposed closing date for submission of tenders, AEMO must advertise the call for tenders in accordance with clause 4.24.6A. The advertisement must include:

- (a) the date and time by when any person wishing to tender to supply Eligible Services must have completed and lodged with AEMO the form specified in clause 4.24.7;
- (b) contact details for AEMO and Western Power;
- (c) the amount of capacity required;
- (d) the number of hours over which the capacity is expected to be used;
- (e) the time of the day where the capacity is expected to be required;
- (f) the expected term of any Supplementary Capacity Contracts entered into as a result of the call for tenders;
- (g) ~~the maximum contract value per hour of availability for any Supplementary Capacity Contract that AEMO will accept; the location on the website for general information about supplementary capacity;~~
- (h) the location on the WEM Website of the standard Supplementary Capacity Contract; ~~and~~
- (i) the location on the WEM Website of the tender form to be used in applying to provide Eligible Services; ~~and~~
- (j) the location on the WEM Website of the WEM Procedure referred to in clause 4.24.18.

4.24.6A. In advertising the call for tenders in accordance with clause 4.24.6, AEMO must:

- (a) publish a notice on the WEM Website;
- (b) publish a notice on at least one major tender portal; and
- (c) issue a Market Advisory.

4.24.6AA. AEMO must use reasonable endeavours to identify and contact potential Eligible Services providers, and provide them with information regarding a call for tender under clause 4.24.6.

4.24.6AB. Western Power must provide meter related data to AEMO to assist it with identifying potential Eligible Service providers under clause 4.24.6AA.

Explanatory Note

Clause 4.24.7 is amended to provide for the inclusion of an 'activation-only' supplementary capacity offering in the tender process. The tender response form is updated to:

- require a response to indicate whether the Eligible Service is being offered on an 'availability and activation' basis (standard offering) or an 'activation-only' basis (alternative offering);
- specify in the tender response form distinct information requirements for the 'availability and activation' service and the 'activation-only' service that reflect the specific characteristics of each offering;
 - for the availability and activation offering, the information requirements are unchanged but have been grouped under the one sub-clause; and
 - for the activation-only offering, responses will be required to specify any restrictions on availability; the maximum quantity of supplementary capacity being offered; and the activation price per MW per hour; and
- require that tender responses indicate the notification time for activating the Eligible Service to allow for consideration of this aspect when assessing tender responses under clauses 4.24.8 and 4.24.8A.

4.24.7. AEMO must prescribe the tender form to be used by those applying to provide Eligible Services. This form must require the provision of the following information:

- (a) the name and contact details of the applicant;
- (b) the nature of the Eligible Service to be provided;
- ~~(bA) whether the Eligible Service is being offered on an:~~
 - ~~i. availability and activation basis; or~~
 - ~~ii. activation-only basis;~~
- (c) ~~[Blank] the amount of the Eligible Service available;~~
- (d) the maximum number of hours over the term of the Supplementary Capacity Contract that the Eligible Service will be available;
- ~~(e) the maximum number of hours on each day during the term of the Supplementary Capacity Contract that the Eligible Service will be available;~~
- ~~(e) for an Eligible Service being offered on an availability and activation basis:~~
 - ~~i. the maximum number of hours on each day during the term of the Supplementary Capacity Contract that the Eligible Service will be available; and~~
 - ~~ii. the time of each day during the term of the Supplementary Capacity Contract that the Eligible Service will be available;~~
 - ~~iii. the quantity of supplementary capacity being offered;~~
 - ~~iv. the values of:~~
 - ~~1. the availability price for the Eligible Service expressed in dollars;~~
 - ~~and~~

2. the activation price for the Eligible Service, expressed in dollars per MW per hour of activation, where this price must reflect direct or opportunity costs incurred;
- ~~(f) the time of each day during the term of the Supplementary Capacity Contract that the Eligible Service will be available;~~
- (f) for an Eligible Service being offered on an activation-only basis:
- i. any restrictions on the availability of the Eligible Service, including the days during a typical week when the Eligible Service will not be available for activation;
- ii. the maximum quantity of supplementary capacity being offered; and
- iii. the value of the activation price for the Eligible Service, expressed in dollars per MW per hour of activation;
- (g) any information required to complete the relevant standard form Supplementary Capacity Contract for the Eligible Service and the applicant, together with full details of any amendments to the standard form Supplementary Capacity Contract required by the applicant;
- (gA) the notification time for activating the Eligible Service;
- (h) the mechanism for activating the Eligible Service;
- (i) the mechanisms available for measuring the Eligible Service provided;
- (j) [Blank] the values of
- ~~i. the availability price for the Eligible Service expressed in dollars; and~~
- ~~ii. the activation price for the Eligible Service, expressed in dollars per hour of activation, where this price must reflect direct or opportunity costs incurred;~~
- ~~where the activation price plus:~~
- ~~iii. the availability price; divided by~~
- ~~iv. the lesser of:~~
- ~~1. the number of hours specified in the advertisement for the call for tenders under clause 4.24.6(d); and~~
- ~~2. the number of hours specified for the Eligible Service in accordance with clause 4.24.7(d);~~
- ~~must not exceed the maximum contract value per hour of availability specified in the advertisement for the call for tenders under clause 4.24.6(g);~~
- (k) the location of the Eligible Service and any associated Transmission Node Identifier and any associated NMI, where applicable;
- (l) evidence that the Eligible Service will have access to a network for the contract period, where applicable; and

- (m) the applicant's consent for Western Power to provide AEMO with relevant information, including information related to meters, meter readings and status of access arrangements, where applicable.

Explanatory Note

Clause 4.24.8 is amended to limit the assessment of tenders under this clause to Eligible Services being offered on an availability and activation basis and to improve phrasing.

- 4.24.8. In determining the result of a call for tenders and entering into Supplementary Capacity Contracts for Eligible Services being offered on an availability and activation basis:
- (a) AEMO must only accept an offer for the provision of Eligible Services;
 - (b) AEMO must ~~not~~ only accept an offer for the provision of an Eligible Service being offered on an availability and activation basis if AEMO is ~~not~~ satisfied that the Eligible Service will be available during times of system peak demand coinciding with the shortfall period;
 - (c) subject to clauses 4.24.8(a), 4.24.8(b) and 4.24.9, AEMO is to seek to enter into the lowest cost mix of Supplementary Capacity Contracts that:
 - i. will meet the requirement for supplementary capacity; or
 - ii. will, if it is not possible to meet the requirement for supplementary capacity, minimise the remaining Reserve Capacity shortfall,where the cost of each Supplementary Capacity Contract is to be defined to be the sum of:
 - iii. the availability price; plus
 - iv. the product of the activation price and the lesser of:
 - 1. the number of hours specified in the advertisement for the call for tenders under clause 4.24.6(d); and
 - 2. the number of hours specified for the Eligible Service in the relevant tender form in accordance with clause 4.24.7(d); and
 - (d) AEMO must be reasonably satisfied that the provider of the Eligible Service has access to a network, where applicable.

Explanatory Note

Clause 4.24.8A is added to allow for the assessment of tenders for Eligible Services being offered on an activation only basis, using criteria that are reflective of the requirements of this service.

4.24.8A In determining the result of a call for tenders and entering into Supplementary Capacity Contracts for Eligible Services being offered on an activation only basis, AEMO must:

- (a) only accept an offer for the provision of Eligible Services;
- (b) have regard to:
 - i. any restrictions on availability specified for the Eligible Service in the

- relevant tender form in accordance with clause 4.24.7(f)(i); and
- ii. the notification time for activating the Eligible Service specified in the relevant tender form in accordance with clause 4.24.7(gA); and
- (c) be reasonably satisfied that the provider of the Eligible Service has access to a network, where applicable.

- 4.24.9. AEMO is not under any obligation to accept any tender, or enter into a Supplementary Capacity Contract in respect of any tender, made in response to a call for tenders under clause 4.24.2.
- 4.24.10. If AEMO negotiates directly with a potential supplier of Eligible Services in accordance with clause 4.24.2(b)(ii), then it must provide the following information to the potential supplier:
- (a) the amount of capacity required;
 - (b) the relevant standard form Supplementary Capacity Contract; and
 - (c) details of the information to be provided by the potential supplier, including:
 - i. the amount of the Eligible Service available;
 - ii. the mechanism for activating the Eligible Service;
 - iii. the mechanisms available for measuring the Eligible Service provided;
 - iv. the availability price for the Eligible Service expressed in dollars;
 - v. the activation price for the Eligible Service, expressed in dollars per hour of activation, where this price must reflect direct or opportunity costs incurred; and
 - vi. the location of the Eligible Service and any associated Transmission Node Identifier and any associated NMI, where applicable.

Explanatory Note

Clause 4.24.11 is amended to correct a cross-referencing error.

- 4.24.11. Subject to clauses 4.24.3, ~~4.24.11B~~ 4.24.11A and 4.24.14, AEMO may at its discretion enter into any negotiated Supplementary Capacity Contract, but must use reasonable endeavours to minimise the cost of Eligible Services acquired in this manner.

- 4.24.11A. Where AEMO has issued a call for tenders under clauses 4.24.2(a) or 4.24.2(b)(i), AEMO must not enter into negotiations for a negotiated Supplementary Capacity Contract under clause 4.24.11 before the completion of the tender, including, to avoid doubt, assessment of all in-time responses received by AEMO in response to the tender.

Explanatory Note

Clause 4.24.11B is amended to clarify that the activation price published by AEMO is expressed in dollars per MW per hour.

4.24.11B. Following the completion of a tender process called under clauses 4.24.2(a) or 4.24.2(b)(i) and any negotiations in accordance with clause 4.24.2(b)(ii), as applicable, AEMO must publish on the WEM Website the following information for each Supplementary Capacity Contract:

- (a) the name of the service provider that has been contracted to provide supplementary capacity;
- (b) the quantity contracted under the Supplementary Capacity Contract;
- (c) whether the contract was entered in through a tender process or direct negotiation; ~~and~~
- (d) the type of the Eligible Service contracted;
- (e) the availability price for the Eligible Service expressed in dollars, as defined in clause 4.24.7(j)(i); and
- (f) the activation price for the Eligible Service, expressed in dollars per MW per hour of activation, as defined in clause 4.24.7(j)(ii).

4.24.12. AEMO must, in consultation with stakeholders, develop and maintain a standard form Supplementary Capacity Contract, which accords with the requirements in clause 4.24.13.

4.24.13. A standard form Supplementary Capacity Contract will require the supplier of an Eligible Service to reduce net consumption, or to increase energy production, on instruction from AEMO and must specify:

- (a) that there are no force majeure conditions;
- (b) the settlement process to be followed, including timing of payments;
- (c) contract variation conditions;
- (d) any conditions required to ensure that if a different person takes over the facility used to provide the Eligible Service, that the person taking over will be bound by the contract obligations (for example, by requiring the execution of a deed of assumption or novation);
- (e) the financial consequences of failing to supply the Eligible Service in accordance with the contract, based on the arrangements which apply under section 4.26 where a Market Participant holding Capacity Credits for a Facility fails to comply with its Reserve Capacity Obligations;
- (f) [Blank]
- (g) the technical standards and verification arrangements which facilities used to provide Eligible Services must comply with; and
- (h) blank schedules specifying:
 - i. the term of the Supplementary Capacity Contract, where this term is not to exceed, but may be shorter than, the Hot Season;
 - ii. the sources of the net consumption reduction or energy production increase;

- iii. the amount of net consumption reduction or energy production increase required;
- iv. the notification time to be given for activation;
- v. the method of notification of activation;
- vi. the minimum duration of any activation;
- vii. the maximum duration of any single activation;
- viii. any limits on the number of times AEMO can request activation;
- ix. the basis to be used for measuring the response;
- x. the availability price;
- xi. the activation price;
- xii. technical matters relating to the facility (including testing); and
- xiii. the fact that activation instructions will be given by AEMO.

4.24.14. AEMO must enter into a Supplementary Capacity Contract in the form of the standard form Supplementary Capacity Contract, except where AEMO considers that one or more variations are reasonably required, having regard to the specific characteristics of the facility providing the supplementary capacity and to any other matter that AEMO considers appropriate, AEMO may enter into a Supplementary Capacity Contract containing such variations.

~~4.24.14A. The notification time for activation specified in a Supplementary Capacity Contract must be aligned, to the extent practicable and considering the characteristics of the facility providing the Eligible Service, with the notification time applicable to a similar type of facility providing a similar service under the WEM Rules.~~

4.24.14A. Matters specified in a Supplementary Capacity Contract, including but not limited to:

(a) the notification time for an activation; and

(b) the method(s) for measuring the response of Eligible Services contracted to reduce their net consumption;

must be aligned, to the extent practicable and considering the characteristics of the facility providing the Eligible Service, with the equivalent provisions applicable to a similar type of facility providing a similar service under the WEM Rules.

4.24.15. AEMO must recover the full cost it incurs in respect of Supplementary Capacity Contracts in accordance with section 4.28 and Chapter 9.

4.24.16. AEMO must verify the ability of each contracted Eligible Service to provide the maximum quantity contracted under the Supplementary Capacity Contract.

4.24.17. [Blank]

4.24.18. AEMO must document in a WEM Procedure:

- (a) the process it follows in:

- i. acquiring Eligible Services;
 - ii. entering into Supplementary Capacity Contracts;
 - iii. ~~[Blank]determining the maximum contract value per hour of availability for any Supplementary Capacity Contract;~~
 - iv. determining how a payment in relation to a Supplementary Capacity Contract is to be made to the party identified in clause 4.29.3(e)(ii) if that party is not a Market Participant; and
 - v. ~~determining under clause 4.24.8(d)~~ that a provider of an Eligible Service has access to the network;
- (b) requirements regarding the information and assistance AEMO may require from Western Power to support:
- i. an expression of interest process or a procurement process for supplementary capacity under this section 4.24; and
 - ii. measuring the performance of activated Eligible Services subject to a Supplementary Capacity Contract;
- (c) requirements, developed in consultation with Western Power, regarding the information that must be provided by those intending to respond to a call for expressions of interest under clause 4.24.1A, or intending to provide supplementary capacity in response to a call for tenders or direct negotiation under clause 4.24.2, who request assistance or an assessment from Western Power in accordance with clause 4.24.18B;
- (d) timelines, developed in consultation with Western Power where applicable, for the provision of requested information and for assistance or an assessment of requests submitted; and
- (e) contact details for Western Power which must be used by AEMO or those applying to provide Eligible Services when assistance or assessment by Western Power is requested in accordance with clause 4.24.18B.

4.24.18A. Western Power must provide information and respond to requests for assistance or assessment related to the provision of supplementary capacity under this section 4.24 in accordance with the WEM Procedure referred to in clause 4.24.18.

4.24.18B. A request to Western Power for assistance or an assessment by those intending to respond to a call for expressions of interest under clause 4.24.1A, or intending to provide supplementary capacity in response to a call for tenders or direct negotiation under clause 4.24.2 or a request to Western Power by AEMO must:

- (a) be in writing and addressed to the contact nominated by Western Power in the WEM Procedure referred to in clause 4.24.18;
- (b) allow sufficient time to enable Western Power to provide the assistance or make the assessment requested in accordance with the timelines specified under clause 4.24.18(d); and
- (c) contain the information and analysis as may be required under the WEM Procedure referred to in clause 4.24.18.

4.24.19. Following each call for tenders for supplementary capacity or otherwise acquiring Eligible Services, the Coordinator ~~must~~ may review the supplementary capacity provisions of this section 4.24 ~~with regard to the Wholesale Market Objectives and must undertake a public consultation process in respect of the outcome of the review.~~

4.24.20. If, following a call for tenders for supplementary capacity or otherwise acquiring Eligible Services, the Coordinator decides to review the supplementary capacity provisions of this section 4.24, the Coordinator must undertake a public consultation process in respect of the outcome of the review.



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