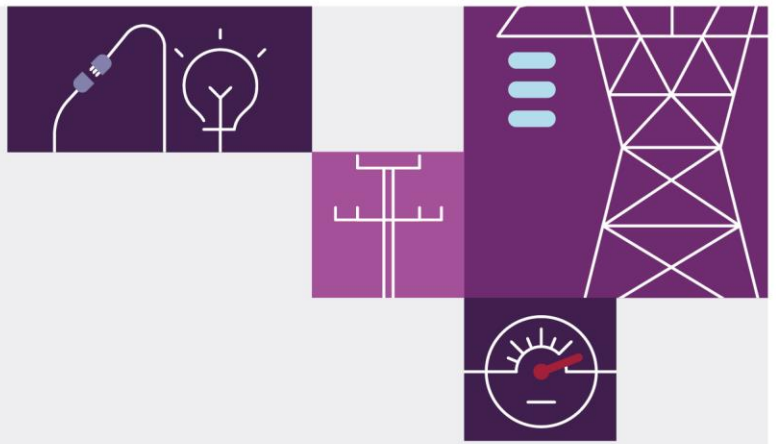


2023 Reserve Capacity Information Pack

August 2023

A report for the Wholesale
Electricity Market





Important notice

Purpose

AEMO publishes this 2023 Reserve Capacity Information Pack under clauses 4.1.10 and 4.7.2 of the Wholesale Electricity Market Rules (WEM Rules).

This publication has been prepared by AEMO using information published in the 2023 WEM Electricity Statement of Opportunities.

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1 Background

Each year, AEMO must publish the Reserve Capacity Information Pack under clauses 4.1.10 and 4.7.2 of the Wholesale Electricity Market Rules (WEM Rules) for the South West Interconnected System (SWIS) in Western Australia (WA).

This Reserve Capacity Information Pack relates to the 2023 Reserve Capacity Cycle and includes the Reserve Capacity Requirement (RCR)¹ for the 2025-26 Capacity Year², as published in the 2023 WEM Electricity Statement of Opportunities (ESOO)³.

The 2023 WEM ESOO provides detailed information on:

- AEMO's 2023 Long Term Projected Assessment of System Adequacy (PASA) for the SWIS over the 10-year Long Term PASA Study Horizon for the 2023-24 to 2032-33 Capacity Years.
- The Availability Classes and Availability Curve developed for the 2025-26 Capacity Year.

Please direct any questions relating to the 2023 Reserve Capacity Information to the WA Reserve Capacity team on (08) 9469 9800 or wa.capacity@aemo.com.au. Any questions relating to the 2023 WEM ESOO, please direct to the WA Future System & Design team on wa.futuresystemdesign@aemo.com.au.

2 Reserve Capacity Requirement

The RCR for the 2025-26 Capacity Year is **5,543 megawatts (MW)**.

¹ The RCR (determined under clause 4.6.1 of the WEM Rules) is the Reserve Capacity Target (RCT) for the Capacity Year commencing on 1 October of Year 3 of a Reserve Capacity Cycle as reported in the Statement of Opportunities Report for that Reserve Capacity Cycle. The RCT for a specific Capacity Year (determined under clause 4.5.10(b) of the WEM Rules) is AEMO's estimate of the total amount of generation or Demand Side Management capacity required in the SWIS to satisfy the Planning Criterion under clause 4.5.9 of the WEM Rules for that Capacity Year.

² A Capacity Year commences at the start of Trading Interval 08:00 on 1 October and ends at the end of Trading Interval 07:30 on 1 October of the following calendar year. All data in this 2023 Reserve Capacity Information Pack is based on Capacity Years unless otherwise specified.

³ Available at <https://www.aemo.com.au/Electricity/Wholesale-Electricity-Market-WEM/Planning-and-forecasting/WEM-Electricity-Statement-of-Opportunities>.

3 Availability Classes

Certified Reserve Capacity (CRC) is classified into two classes based on capacity availability⁴:

- **Availability Class 1:** relates to all generation capacity⁵, and any other capacity that is expected to be available for dispatch for all Trading Intervals, allowing for outages or other restrictions on availability.
- **Availability Class 2:** relates to capacity that is not expected to be available for dispatch for all Trading Intervals.

From the 2023-24 Capacity Year onwards, stand-alone Electric Storage Resources (ESR) have been included in the modelling of Availability Classes. ESR are included in Availability Class 2, as they are only required to make capacity available during the Electric Storage Resource Obligation Intervals (ESROIs)⁶.

The 2023 Long Term PASA determined the minimum capacity required to be provided by Availability Class 1 capacity for the 2025-26 Capacity Year. The Availability Class 2 capacity allowance is equal to the RCR less the Availability Class 1 requirement. Capacity shortfalls occur when:

- Availability Class 1 capacity is less than the minimum Availability Class 1 capacity requirement.
- Availability Class 1 and Availability Class 2 capacity is less than the RCR.

The minimum Availability Class 1 capacity requirement and the capacity associated with Availability Class 2 for the 2025-26 Capacity Year is outlined in Table 1.

Table 1 Availability Classes for the 2025-26 Capacity Year

	2025-26 (MW)
Minimum capacity required to be provided by Availability Class 1	4,510
Capacity associated with Availability Class 2	1,033
RCR	5,543

Source: Ernst & Young (EY).

4 Availability Curve

The Availability Curve⁷ is a two-dimensional duration curve of the forecast minimum capacity requirement for each Trading Interval over a Capacity Year.

⁴ See clause 4.11.4 and the definitions of “Availability Class 1” and “Availability Class 2” in Chapter 11 of the WEM Rules.

⁵ Hybrid Facilities that include both generation and Electric Storage Resource (ESR) capacity are considered to be in Availability Class 1. Amendments to the WEM Rules were gazetted in December 2020 to provide for the participation of ESR capacity under the RCM. See <https://www.erawa.com.au/cproot/21670/2/Wholesale-Electricity-Market-Amendment-Tranches-2-and-3-Amendments-Rules-2020.pdf>.

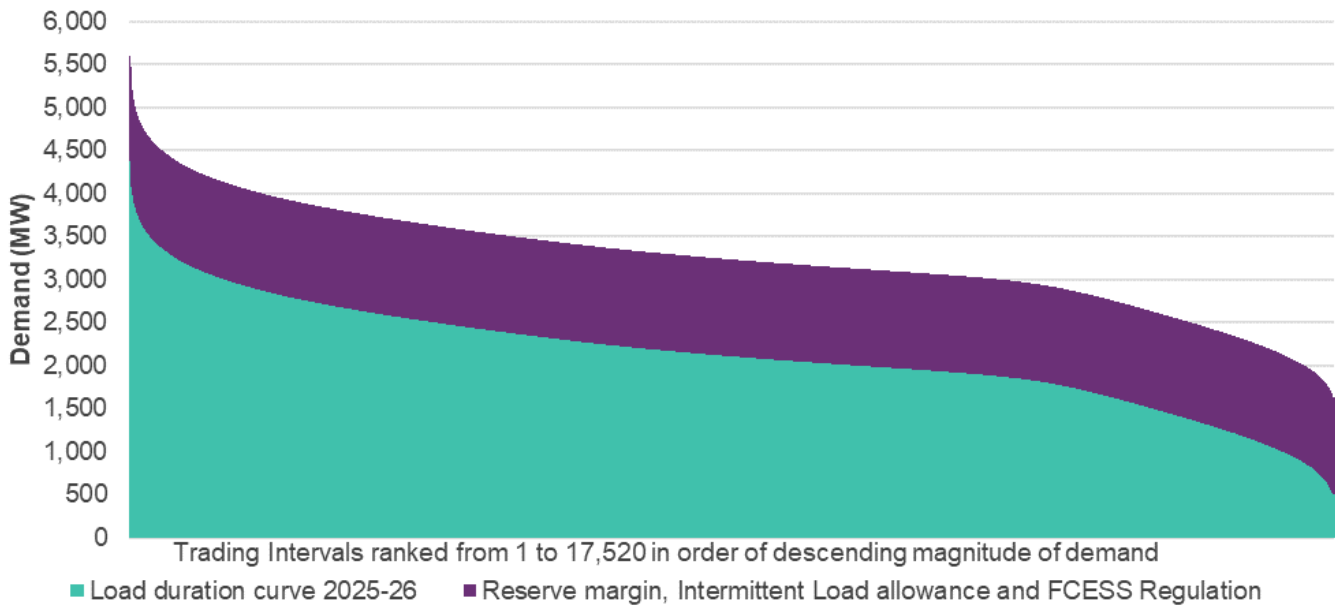
⁶ The 2023 WEM ESOO modelling assumes that ESR is required to be available between 16:30 and 20:30 each Trading Day, as these times generally coincide with peak demand.

⁷ The Availability Curve (defined in clause 4.5.10(e) of the WEM Rules) shows how demand changes over a Capacity Year, with demand on the vertical axis and time on the horizontal axis. It can be used to determine the number of hours when the capacity requirement exceeds a given level of demand.

The minimum capacity requirement for each Trading Interval is calculated as the sum of the forecast demand for that Trading Interval and the difference between the Reserve Capacity Target (RCT) for the Capacity Year and the maximum of the forecast demand for the Trading Intervals in the Capacity Year.

The 2023 Long Term PASA study developed the Availability Curve for the 2025-26 Capacity Year, as shown in Figure 1.

Figure 1 2025-26 Capacity Year Availability Curve



Source: Ernst & Young (EY)

5 Expressions of Interest

The Request for Expression of Interest (REOI) window for the 2023 Reserve Capacity Cycle opened on 13 January 2023 and closed on 1 March 2023⁸. AEMO invited Expressions of Interest (EOI) from project proponents with new Energy Producing Systems⁹ and Demand Side Management capacity who are seeking Certified Reserve Capacity and Capacity Credits for the 2025-26 Capacity Year. A project proponent must submit an EOI to be eligible to seek certification of Reserve Capacity under section 4.8 of the WEM Rules for any new capacity, which includes an upgrade of a Facility.

The 2023 REOI and 2023 EOI Summary Report are available on AEMO's website¹⁰.

⁸ The 2023 Reserve Capacity timetable can be found at <https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/reserve-capacity-timetable>

⁹ The Wholesale Electricity Market Amendment (Tranches 2 and 3 Amendments) Rules 2020 include amending rules with respect to Energy Producing Systems. An Energy Producing System is defined as: "Set of one or more electricity producing resources or devices such as generation systems or Electric Storage Resources". This definition currently has legal effect under the transitional rule specified in clause 1.36C.6 of the WEM Rules.

¹⁰ At <https://www.aemo.com.au/Electricity/Wholesale-Electricity-Market-WEM/Reserve-capacity-mechanism/Expressions-of-interest>.