Capacity certification for Intermittent Generators

Method Review 2018

Stakeholder working group – 28 June 2018

Today

- Project timing
- Capacity product – capacity value
- Key questions
- Is the current method meeting the market objectives
- Recap and next steps

Project timings

EXPLORE 3 months (Apr-Jun)	SELECT 2 months (Jul-Aug)	DESIGN 4 months (Sep-Dec)	IMPLEMENT 3 months (Jan-Mar)
Framework and approach Identify and research issues Other jurisdictions Changes since last review	Formalise review scope Finalise project plan	Main research and analysis Propose method Draft report Publish draft report Formal consultation	Consider stakeholder feedback Final report and recommendations Rule change proposal(s)

Capacity product and capacity value

- Should the calculation of capacity value for IGs reference a definition of capacity product?
  - The market rules do not explicitly define capacity product. Is there an implicit definition of capacity product in the market rules?
- What are the implications of the current planning criterion for the capacity valuation of IGs?
  - Part (a): having sufficient capacity to meet 10% POE peak demand (plus a reserve margin).
  - Part (b): having sufficient capacity to limit expected USE to 0.002 per cent of annual consumption
  - Noting that part (a) has been dominant (and is expected to be dominant in the coming years), should capacity valuation be based on contribution to highest annual peak demand periods only?

Calculation method

- In the WEM, peak LSG (demand net of IGs' output) periods are used as a proxy to identify the highest LOLP periods. Is LSG a suitable measure for identification of highest risk periods in our system? If not, why?
- Should the calculation of the capacity value be based on the contribution during the highest risk periods at all? If not, why?

Other questions

- Do periods used for the calculation of IRCR and those for the calculation of capacity value need to match? If yes, why?
- Network constraints can affect the contribution of resources to the reliability of the system. Should the calculation of capacity value account for network constraints?
- Should the calculation of capacity value, based on current method, use technology/location/facility specific adjustment (K and U) factors?
- Many jurisdictions estimate seasonal capacity values. Should the method account for seasonal capacity contribution? Can the design of RCM allow for seasonal procurement of capacity?
- A battery could be treated as a new facility or facility augmentation regarding RL.

Framework for review

Examine the effectiveness of the method in meeting the wholesale market objectives.

Market objective	How/what looking for	Measure/observation	Finding/assessment
Secure and reliable supply	Supply interruptions caused by lack of system capacity are minimal		
Encourage competition	Does the method represent a barrier to entry into the capacity market		
Avoid discrimination against technologies	Does the method favour one technology over another		
Minimise long term cost to customers			
Measures to manage the amount of electricity used	Not applicable	Not applicable	Not applicable

Recap and next steps

- Meeting note – produced and circulated for comment
- Late June/early July – summary for GB
  - Concept paper
  - Findings and recommended review scope for approval
  - May publish an issues paper

- Progress update to August MAC