

ELECTRICITY CORPORATIONS ACT 2005

MINISTERIAL DIRECTION

TO: The Electricity Generation and Retail Corporation, formerly known as the Electricity Generation Corporation

I, Dr Mike Nahan, Minister for Energy, acting in accordance with section 111 of the *Electricity Corporations Act 2005*, hereby revoke on 1 October 2018:

- (a) the direction given to the Corporation under section 111 of the *Electricity Corporations Act 2005* on 21 March 2006;
- (b) the *Electricity Corporations (Capacity Cap Exemption) Direction 2008*,

and, in replacement of those directions, I direct the Corporation on and from 1 October 2018 as follows –

Citation

1. This instrument may be cited as the *Electricity Corporations (Capacity Cap) Direction 2016*.

Capacity Cap of 2,275 megawatts

2. The Aggregate Electricity Generation Capacity of the Corporation must not exceed 2,275 megawatts of nameplate design capacity.
3. For the avoidance of doubt, if, immediately before 1 October 2018, the Aggregate Electricity Generation Capacity of the Corporation exceeds 2,275 megawatts of nameplate design capacity, the Corporation must take such action as it determines is required to ensure the Corporation complies with the direction specified in clause 2 on and from 1 October 2018.

Prohibition on establishing new or additional generating works when capacity falls below 2,275 megawatts

4. The Corporation must not:
 - (a) establish any new or additional generating works if those new or additional generating works will cause the Aggregate Electricity Generation Capacity to exceed 2,275 megawatts of nameplate design capacity; or
 - (b) enter into any agreement which:
 - (i) is likely to result in the Corporation:
 - (A) being the registered Market Generator for generating works which are owned by third parties; or
 - (B) applying for an exemption from the requirement to register as a Market Generator for generating works which are owned by third parties; and
 - (ii) if the nameplate design capacity of those third party generating works is included in the Aggregate Electricity Generation Capacity, will cause the Aggregate Electricity Generation Capacity to exceed 2,275 megawatts of nameplate design capacity.

Exemptions from prohibition on establishing new or additional generating works

5. Clauses 2 and 4 of this direction do not apply to generating works which the Minister for Energy approves by written notice to the Corporation as temporarily necessary or appropriate for energy supply requirements or for the security and reliability of the South West interconnected system.
6. The Minister must cause a notice of any approvals under clause 5 to be published in the Gazette as soon as practical after it is given.
7. The Corporation must cease to operate a generating work approved by the Minister under clause 5 on a date specified by the Minister by notice published in the Gazette.

Determination of nameplate design capacity

8. The nameplate design capacity of generating works described in this direction is to be measured at ambient conditions of 15 degrees Celsius and one atmosphere of pressure.
9. Subject to clause 11 of this direction, the nameplate design capacity of existing generating works from the date of this direction is specified in the Schedule.
10. When calculating the Aggregate Electricity Generation Capacity at any time after the date of this direction:
 - (a) if the nameplate design capacity of existing generating works has not changed since the date of this direction, then the Corporation must use the nameplate design capacity of those existing generating works specified in the Schedule; and
 - (b) if the nameplate design capacity of existing generating works has changed since the date of this direction, then the Corporation must use the nameplate design capacity of those existing generating works specified in the Schedule plus the maximum rated output of the new generating works at ambient conditions of 15 degrees Celsius and one atmosphere of pressure.

Calculation of Aggregate Electricity Generation Capacity

11. In calculating the Aggregate Electricity Generation Capacity:
 - (a) the following generating works are to be included:
 - (i) existing generating works owned by the Corporation which do not generate electricity using renewable energy sources and which are still in service at the time of the calculation;
 - (i) any new or additional generating works undertaken since the date of this direction which increases the nameplate design capacity of existing generating works;
 - (ii) any new generating works owned by the Corporation which do not generate electricity using renewable energy sources and which are connected to the South West interconnected system;
 - (iii) generating works which are owned by a third party and which are the subject of an agreement entered into after 7 April 2005, which agreement results in the Corporation being the registered Market Generator for those generating works; and

- (iv) generating works which are owned by a third party and which are the subject of an agreement entered into after 7 April 2005, which agreement results, or is likely to result, in the Corporation applying for an exemption from the requirement to register as a Market Generator for those generating works; and
- (b) the following generating works are to be excluded:
- (i) existing generating works which are no longer in service at the date of the calculation;
 - (ii) existing generating works over which the Corporation has relinquished effective control for the remaining life of those generating works;
 - (iii) any new or additional generating works which are on existing generating works, but do not increase the nameplate design capacity of the existing generating works;
 - (iv) generating works which have a nameplate design capacity of two megawatts or less and which are connected to a distribution system;
 - (v) generating works that generate electricity solely using renewable sources;
 - (vi) generating works which will provide electricity capacity to an electricity system other than the South West interconnected system;
 - (vii) generating works which are owned by a third party and which are the subject of an agreement entered into before 7 April 2005, which agreement results in the Corporation being the registered Market Generator for those generating works;
 - (viii) generating works which are owned by a third party and which are the subject of an agreement entered into before 7 April 2005, which agreement results in the Corporation applying for an exemption from the requirement to register as a Market Generator for those generating works;
 - (ix) during the Relevant Period, generating works approved by the Minister for Energy under clause 5;
 - (x) generating works approved by the Minister for Energy under clause 5 once the Corporation ceases to operate those generating works in accordance with clause 7; and
 - (xi) generating works in the form of a battery storage device; and
- (c) an increase to the nameplate design capacity of any existing generating works as a result of capacity improvement works is excluded if the nameplate design capacity increase is:
- (i) due to capacity improvement works to generating works that generate electricity solely from using renewable sources; or
 - (ii) less than five per cent of the nameplate design capacity specified in the Schedule for the relevant generating works.

Publishing and reporting Aggregate Electricity Generation Capacity

12. The Corporation must prepare and make publicly available on 1 July in each year a statement of its current Aggregate Electricity Generation Capacity.
13. Before commencing the establishment of any new or additional generating works, or entering into an agreement, which may result in an increase in the Aggregate Electricity Generation Capacity as described in this direction, the Corporation must notify the Minister for Energy in writing of:
 - (a) the current Aggregate Electricity Generation Capacity; and
 - (b) the increase in the Aggregate Electricity Generation Capacity which may result from the proposed new or additional generating works or the proposed agreement (if the nameplate design capacity of the third party generating works which are the subject of the agreement is included in the Aggregate Electricity Generation Capacity).

Definitions

14. In this direction, the following terms have the following meanings:

Aggregate Electricity Generation Capacity means the Corporation's total quantity of electricity capacity as determined by the method of calculation specified in this direction.

battery storage device means a device consisting of one or more cells, in which chemical energy is converted into electricity and used as a source of electrical power and, for the purposes of this direction:

- (a) such electricity is taken to be generated by that device; and
- (b) such a device is taken to be generating works.

capacity improvement works are works undertaken by the Corporation on one or more occasions to modify or alter any existing generating works for purposes of increasing the efficiency of its operation.

date of this direction means the date this direction becomes effective under section 113 of the *Electricity Corporations Act 2005*.

distribution system has the meaning given to that term in section 3 of the *Electricity Industry Act 2004*.

existing generating works means generating works which exist at the date of this direction and are listed in the Schedule.

generating works has the meaning given to that term in section 3 of the *Electricity Industry Act 2004*.

Market Generator has the meaning given to that term in the Market Rules.

Market Rules means the *Wholesale Electricity Market Rules* (as amended from time to time) made under the *Electricity Industry (Wholesale Electricity Market) Regulations 2004*.

Nameplate design capacity:

- (a) in relation to existing generating works, means the output of those existing generating works as specified in the Schedule; and
- (b) in relation to new generating works, means the maximum rated output of those new generating works at ambient conditions of 15 degrees Celsius and one atmosphere of pressure.

Relevant Period means the period commencing on the date the notice of approval under clause 5 is given to the Corporation and ending on the date specified by notice under clause 7.

Schedule means the schedule to this direction.

South West interconnected system has the meaning given to that term in section 3 of the *Electricity Industry Act 2004*.

the Corporation means the Electricity Generation and Retail Corporation referred to in section 4 of the *Electricity Corporations Act 2005*, formerly known as Electricity Generation Corporation.



DR MIKE NAHAN MLA
MINISTER FOR ENERGY

17 NOV 2016

SCHEDULE

Table 1 – Aggregate Electricity Generation Capacity 2015-16

Unit Name		Capacity (MW)
Muja AB	1	60
Muja AB	2	60
Muja AB	3	60
Muja AB	4	60
Muja C	5	200
Muja C	6	200
Muja D	7	227
Muja D	8	227
Collie		340
Cockburn		240
Kwinana GT	1	20.8
Kwinana GT	2	100
Kwinana GT	3	100
Pinjar A	1	37.4
Pinjar A	2	37.4
Pinjar B	3	38.3
Pinjar B	4	38.3
Pinjar B	5	38.3
Pinjar B	7	38.3
Pinjar C	9	116.4
Pinjar C	10	116.4
Pinjar D	11	123.8
Mungarra A	1	37.4
Mungarra A	2	37.4
Mungarra B	3	38.3
West Kalgoorlie	2	36.6
West Kalgoorlie	3	25.8
		2,654.9