



National Electricity Amendment (Reinstatement of long notice Reliability and Emergency Reserve Trader) Rule 2018 No. 7

under the National Electricity Law to the extent applied by:

- (a) the National Electricity (South Australia) Act 1996 of South Australia;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (f) the National Electricity (Victoria) Act 2005 of Victoria;
- (g) the National Electricity (Northern Territory)(National Uniform Legislation) Act 2015; and
- (h) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

John Pierce
Chairman
Australian Energy Market Commission

National Electricity Amendment (Reinstatement of long notice Reliability and Emergency Reserve Trader) Rule 2018 No. 7

1 Title of Rule

This Rule is the *National Electricity Amendment (Reinstatement of long notice Reliability and Emergency Reserve Trader) Rule 2018 No.7.*

2 Commencement

Schedule 2 commences operation on 21 June 2018.

Schedule 1 commences operation on 13 July 2018.

3 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4 Savings and Transitional Amendments to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

Schedule 1 Amendment to the National Electricity Rules

(Clause 3)

[1] Clause 3.20.3(d) Reserve contracts

In clause 3.20.3(d), omit “10 weeks” and substitute “nine months”.

Schedule 2 Savings and Transitional Amendments to the National Electricity Rules

(Clause 4)

[1] Chapter 11 New Part ZZZI

In Chapter 11, after Part ZZZH, insert:

Part ZZZI Reinstatement of long notice Reliability and Emergency Reserve Trader

11.107 Rules consequential on the making of the National Electricity Amendment (Reinstatement of long notice Reliability and Emergency Reserve Trader) Rule 2018

11.107.1 Definitions

For the purposes of this rule 11.107:

Amending rule means the National Electricity Amendment (Reinstatement of long notice Reliability and Emergency Reserve Trader) Rule 2018.

commencement date means 13 July 2018.

Guidelines means the *RERT guidelines* as in force immediately before the commencement date.

RERT procedures means the procedures made under clause 3.20.7(e).

11.107.2 New RERT guidelines

- (a) With effect on the commencement date, the Guidelines are amended as set out in the following table:

Description of amendments to Guidelines
In section 1 of the Guidelines, omit “under clause 3.20.8 of the National Electricity Rules (<i>Rules</i>) and commence on 1 November 2017” and substitute “under clause 11.107.2 of the National Electricity Rules (<i>Rules</i>) and commence on 13 July 2018”.
Omit section 4.1 of the Guidelines, including the heading, and substitute: 4.1 During Stage 1 of the RERT process

Description of amendments to Guidelines

(a) Long-notice situations where *AEMO* determines it has more than ten weeks of notice of a projected shortfall in *reserves*;

When it is considering whether to enter into *reserve contracts* during Stage 1 of the *RERT* process for long-notice situations, *AEMO* may take into account:

- the details of the outcome of the *medium term PASA*;
- the outcome of the *energy adequacy assessment projection (EAAP)*; and
- any other information that *AEMO* considers relevant.

(b) Medium-notice situations where *AEMO* has between ten weeks and seven days of notice of a projected shortfall in *reserves*.

When it is considering whether to enter into *reserve contracts* during Stage 1 of the *RERT* process for medium-notice situations, *AEMO* may take into account the information identified in paragraph (a) above;

(c) Short-notice situations where *AEMO* has between three hours and seven days of notice of a projected shortfall in *reserves*.

When it is considering whether to enter into *reserve contracts* during Stage 1 of the *RERT* process for short-notice situations, *AEMO* may take into account:

- the details of the outcome of the *short term PASA* and *pre-dispatch* processes; and
- any other information that *AEMO* considers relevant.

In section 5.2 of the Guidelines, omit the paragraph starting “Under some circumstances” and substitute:

Under some circumstances *AEMO* will be required to *dispatch* or *activate reserves* that are contracted under the long-notice or medium-notice situations as well as contracting for additional *reserves* under the short-notice situations. Under these circumstances, *AEMO* should aim to maximise the effectiveness of *reserve contracts* at the least cost to end use consumers of electricity by selecting the least cost combination of *reserves* contracted under the long, medium and short-notice situations. However, where *AEMO* has only a few hours' notice of a *reserve* shortfall it may have insufficient time to determine the least cost combination of *reserves*. In which case *AEMO* should *dispatch* or

Description of amendments to Guidelines
<p><i>activate</i> its long-notice and medium-notice <i>reserve contracts</i> ahead of contracting for further <i>reserves</i> using the short-notice <i>RERT</i>. Nevertheless, where <i>AEMO</i> has sufficient time to perform the necessary analysis it should aim to maximise the cost effectiveness of the <i>RERT</i> by selecting the combination of <i>reserve contracts</i> that has the lowest incremental cost.</p>
<p>In section 6.1 of the Guidelines, omit “sections 6.2 and 6.3” and substitute “sections 6.3 and 6.4”.</p>
<p>In section 6.1 of the Guidelines, omit “section 8.1 or 8.2” and substitute “section 8.1, 8.2 or 8.3”.</p>
<p>Renumber sections 6.2 and 6.3 to section 6.3 and 6.4, respectively.</p>
<p>After section 6.1, insert:</p> <p style="text-align: center;">6.2 Operation of the RERT panel for long-notice situations (more than ten weeks of notice)</p> <p><i>AEMO</i> should not rely exclusively on the <i>RERT</i> panel when it has more than ten weeks’ notice of a projected shortfall in <i>reserves</i>. Under these circumstances, <i>AEMO</i> is expected use a full tender process, which should include requesting tender responses from both members of the <i>RERT</i> panel and other potential <i>reserve</i> providers.</p>
<p>In section 6.4, omit “sections 6.1 to 6.2” and substitute “sections 6.1 to 6.3”.</p>
<p>In the heading of section 7.1, omit “Medium-notice situations of more than seven days of notice” and substitute “Long-notice and medium-notice situations”.</p>
<p>Renumber section 8.2 to section 8.3.</p>
<p>Renumber section 8.1 to section 8.2.</p>
<p>After the heading for section 8, insert:</p> <p style="text-align: center;">8.1 Process for contracting for reserve contracts in long-notice situations (more than ten weeks of notice)</p> <p>The relevant actions that <i>AEMO</i> may take in relation to the exercise of the <i>RERT</i> with more than ten weeks of notice of a projected shortfall in <i>reserves</i> include:</p> <ul style="list-style-type: none"> • establishing arrangements for contracting reserves in situations where there is more than ten weeks of notice of a

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projected shortfall in reserves;

- continually monitoring the *medium term PASA* and the *EAAP*, and any other information *AEMO* considers is relevant, to inform itself of any periods of *low reserves*;
- determining whether to enter into *reserve contracts*;
- consulting with persons nominated by the relevant *participating jurisdictions* which *AEMO* is determining whether to contract for *reserves* in those *participating jurisdictions*;
- calling for tenders in relation to providing *reserves* in the respective *regions* or in some circumstances, combined *regions*;
- evaluating the tenders and dispensing with any tenders that do not provide an undertaking that the *reserves* are not available to the *market* through any other arrangements except on terms agreed with *AEMO*, taking into account:
 - whether the commercial requirements are met;
 - whether the tender is credible, that is, whether it is likely that the tenderer can deliver the offered *reserves*; and
 - the optimal combination of contracts to deliver the *reserves* necessary to meet the shortfall;
- selecting the tenders that *AEMO* considers to be the optimal portfolio of *reserve contracts*; and
- giving consideration to including an early termination clause in the event that the capacity is not needed.

Following contracting of *reserves*, the actions that *AEMO* may take includes:

- monitoring the *medium term PASA* and the *EAAP* to determine if there have been any changes since the tenders were prepared and evaluated; and
- within one month after entering into a contract for *reserves*, publish the name of the counterparty to the contract and the volume and timing of *reserves* procured under the contract.

In section 8.2, omit the dot point starting “giving consideration to including an early termination”.

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In section 8.2, omit the dot point starting “selecting the reserve offers that <i>AEMO</i> ” and substitute: <ul style="list-style-type: none">• selecting the <i>reserve</i> offers that <i>AEMO</i> considers to be the optimal portfolio of <i>reserve contracts</i>; and• giving consideration to including an early termination clause in the event that the capacity is not needed.
In section 9, omit “under the <i>RERT</i> for medium or short-notice situations” and substitute “under the <i>RERT</i> for long, medium and short-notice situations”.

- (b) By the commencement date, the *Reliability Panel* must *publish* the *RERT guidelines* in the form amended by paragraph (a).
- (c) For the purposes of paragraph (b), the *Reliability Panel* is not required to *publish* the *RERT guidelines* in accordance with the *Rules consultation procedures*.

11.107.3 Amendments to RERT procedures

- (a) By the commencement date, *AEMO* must amend and *publish* the RERT procedures to take into account:
 - (1) the Amending rule; and
 - (2) the *RERT guidelines* as amended under clause 11.107.2.
- (b) In amending the RERT procedures under paragraph (a), *AEMO* must consult with *Registered Participants* and other interested parties on *AEMO's* proposed changes to the RERT procedures for a period of not less than two weeks.

11.107.4 Reserve contracts entered into before the commencement date

Nothing in the Amending rule affects any *reserve contract* entered into prior to the commencement date.

[END OF RULE AS MADE]
