



Enhancement to the RERT Technical Working Group Meeting 3 14 December 2018

The third working group meeting was held via teleconference on 14 December 2018. The attendees of the meeting are listed below.

Member	Organisation
Alister Alford	Woolworths
Paul Austin	AEMO
Paddy Costigan	AEMO
Ron Logan	ERM Power
Craig Oakeshott	Australian Energy Regulator
Ben Skinner	Australian Energy Council
Jennifer Tarr	Stanwell

A number of other members of the technical working group were apologies, due to other commitments.

The AEMC's project team attended and is listed below.

Name	Position
Victoria Mollard	Director
Sarah-Jane Derby	Senior Adviser
Tom Walker	Senior Technical Specialist, Economics
Andre Dauwalder	Senior Lawyer
Thomas Lozanov	Adviser

All enquiries on this project should be addressed to Sarah-Jane Derby on (02) 8296 7823.

The meeting followed the close of submissions to the options paper for this rule change.¹

The AEMC has formed the working group to provide advice and input into the progression of the rule change request.

Technical working group participants reflected on stakeholders' submissions on:

- 1) The appropriateness of the reliability standard.
- 2) Options for the procurement trigger of the RERT.

The appropriateness of the reliability standard

- The appropriateness of the reliability standard is in scope of the rule change request. AEMO provided additional information to the Commission on 8 November 2018 that set out its views on the appropriateness of the reliability standard. These views are summarised as follows:
 - the risk of supply interruptions in the national electricity market is increasing
 - the existing reliability standard is not suited to increasing risk and uncertainty

¹ Submissions closed on 29 November 2018.

- the RERT should be delinked from the reliability standard and that a standing reserve should be created to provide an insurance function in the reliability framework.
- The Commission also set out its approach to considering the appropriateness of the reliability standard in the options paper.
- In response to both of these documents, a number of stakeholders provided submissions to the options paper that considered the reliability standard and the issues that AEMO raised in its additional information to the rule change request paper.
- The technical working group noted that all the stakeholders that commented on the reliability standard in submissions stated that it was appropriate and that changing the standard itself was not necessary.
- It was broadly considered that high-impact, low-probability events (e.g. a system black) were security events and not reliability events. It was acknowledged that RERT reserves are not procured to mitigate such catastrophic events (and would be largely ineffective in these situations in any event).
- There was discussion that reliability-related events involved controlled, precise, rotational load shedding that did not interrupt an individual customer's supply for more than an hour. If an event involved load shedding across the system for greater than 24 hours mandatory restrictions would be imposed. It was also noted consumers reliant on continuous supply were likely to have uninterruptable power supplies installed.

Options for the procurement trigger of the Reliability and emergency reserve trader (RERT)

- The options paper set out three options for how the RERT procurement trigger could be designed and volumes set:
 - Option One – linking the procurement trigger explicitly to the reliability standard and setting the procurement volume to the gap identified by a breach of the reliability standard.
 - Option Two – removing the procurement trigger, and allowing AEMO to make procurement trigger and volume decisions through its assessment model
 - Option Three – changes as per option one, but also providing additional guidance to AEMO on how to operationalise the reliability standard.
- The technical working group discussed the stakeholder feedback on these three options. The technical working group noted that:
 - Most stakeholders explicitly stated their support for the first option.
 - Most stakeholders explicitly stated that they did not support option two, which would effectively delink RERT from the reliability standard and create two sets of standards.
 - Stakeholder views were mixed on option three, and asked a number of clarifying questions about how this would work.
- There was discussion that irrespective of which procurement trigger option was progressed, there might be merit in the AER providing additional oversight over both AEMO's forecasts and AEMO's RERT procurement plan. However, the AEMC noted that:
 - Some of the transparency proposals discussed for the RERT last technical working group meeting will assist with providing confidence in AEMO's forecasts.

- More broadly, forecasting has relevance to issues other than RERT. The recommendations from the Reliability Frameworks Review will help in that regard.²
- It was recognised that developing the additional guidance required for option three would be mathematically challenging and may not be feasible.

Next steps

- The draft determination is scheduled for publication on 31 January 2019.
- The technical working group is next scheduled to meet after the publication of the draft determination.

² These recommendations were:

- A rule change request be submitted to require AEMO to consult on and prepare a new guideline that it will follow in developing and amending its forecasting methodologies.
- AEMO to continuously provide forecast deviation data, after engaging with industry participants on the content and structure of the new data reports.
- A rule change request be submitted for the AER to consult on and prepare a guideline on how it will report on the differences between forecast and actual values in the medium term projected assessment of system adequacy (PASA), short-term PASA and pre-dispatch forecast processes and produce a quarterly public report in accordance with the guideline.

The AEMC expects the above rule changes requests in Q1 2019.