

# HOW MARKET AND EMERGENCY RESERVES WORK TOGETHER

ENHANCEMENT TO THE RELIABILITY AND EMERGENCY RESERVE TRADER DRAFT DETERMINATION 7 FEB 2019

Market reserves buffer = is part of the market's every day operation

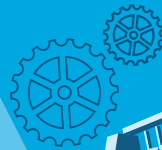
10 Years

AEMO publishes long-term forecasts of demand and supply which help investors make decisions to build more generation and demand response capability



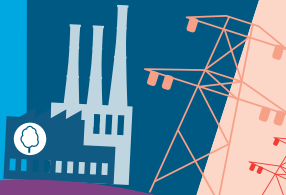
3 Years

Under the planned retail reliability obligation if a supply gap exists three years out then retailers must bring dispatchable firm capacity to the market



2 Years

AEMO publishes medium term forecasts (the projected assessment of system adequacy) which provide more detailed information for demand response and generation investment and operation



12 months

Draft rule proposes to extend the lead time for AEMO to buy reserves from 9 to 12 months

Long notice RERT

10 weeks

Medium notice RERT

7 days

Short notice RERT

Your supply today

**RERT:** AEMO pays a premium for additional generation or demand response to be on stand-by when a shortfall is forecast

The energy security board is developing a retailer reliability obligation for implementation by the COAG Energy Council in mid-year. It is top priority to protect consumers. It puts a legally binding obligation on retailers to contract with generators and demand response so power supplies are there when needed

Investment signals from clear government policies and financial incentives drive power system reliability

**AEMO**  
operates the system to meet the reliability standard