

Review of the RERT Guidelines 2019

Panel invites submissions on proposed updates to RERT Guidelines

The Reliability Panel (Panel) has commenced consultation on the draft report for the review of the Reliability and Emergency Reserve Trader (RERT) Guidelines. The guidelines clarify AEMO's use of the RERT, the NEM's reliability safety net. Submissions to the draft report are due by 20 June 2019.

Background

The RERT is a mechanism that allows AEMO to contract for emergency reserves, such as generation or demand response, that are out of market. It forms part of the regulatory framework that AEMO uses as a last resort at times when the market has not provided enough reserves to meet demand e.g. during extreme heat events.

The RERT Guidelines (Guidelines) need to be revised following the AEMC's *Enhancement to the RERT* final rule that was made on 2 May 2019. The final rule provides AEMO with the flexibility it needs to meet the operational challenges arising from the transition that is currently occurring in the NEM, which are making it harder to manage the power system, while minimising the costs of doing so. The final rule requires the Panel to amend the RERT Guidelines to reflect the changes made as a result of the final rule by August 2019.

The Guidelines clarify AEMO's use of the RERT, by providing additional information, including what information AEMO must take into account when deciding whether to exercise the RERT, and also the actions that AEMO may take to be satisfied that the reserve shortfall is unlikely to be addressed by the market. AEMO is required under the NER to take into account the Guidelines when exercising the RERT.

Draft Report

On 23 May 2019 the Panel published a draft report on the review of the RERT Guidelines, which sets out its rationale for the amended Guidelines. To facilitate stakeholder feedback, the Panel has also provided a draft of the Guidelines, with the proposed amendments marked-up, as an appendix to the draft report.

The key amendments proposed to the Guidelines reflect:

- Updated out-of-market provisions: the changes are limited to reflect the final rule, which introduces two distinct types of provisions for scheduled and unscheduled reserves. The Panel has therefore updated the guidance provided to AEMO on the steps it should take into account when considering if a reserve provider is in or out of market.
- Additional reporting requirements: the changes recognise that new reporting streams (e.g. a quarterly RERT report) have been introduced, with the Panel noting that increased transparency may further reduce potential distortions associated with the RERT.
- A new RERT principle that provides guidance on RERT costs: the changes reflect the new principle that RERT costs should not exceed the estimated average value of customer reliability (VCR). The Panel outlines inputs that AEMO should consider when determining the estimated average VCR.

In light of the tight implementation timeframes associated with the final *Enhancement to the RERT* rule, the scope of this review is limited to amending the guidelines so that they are consistent with the final rule.

The Panel will undertake a comprehensive review of the RERT guidelines once the enhanced RERT framework has been used, in order to incorporate any lessons learnt. Submissions to the draft report are due by 20 June 2019.

Next steps

A timetable for completion of the Guidelines is set out below.

Table 1: Project milestones

KEY MILESTONE	DATE
Publish draft report and draft RERT Guidelines — stakeholder submissions invited	23 May 2019
Close of stakeholder submissions	20 June 2019
Public meeting — if requested	June 2019
Publish final report and final RERT Guidelines	By 30 August 2019

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23 May 2019