

# Review of the RERT Guidelines 2019

## Panel publishes updated RERT Guidelines

**The Reliability Panel (Panel) has published a final report for the review of the Reliability and Emergency Reserve Trader (RERT) Guidelines. The guidelines clarify AEMO's use of the RERT, the national electricity market's (NEM) reliability safety net.**

### 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 (Enhanced RERT final rule) that was made on 2 May 2019. The Guidelines provide additional guidance to AEMO on what to take into account when it uses the RERT. The Enhanced RERT 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 Enhanced RERT final rule requires the Panel to amend the Guidelines to reflect the changes made as a result of the final rule by August 2019.

In accordance with the Enhanced RERT final rule, 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 National Electricity Rules to take into account the Guidelines when exercising the RERT.

### Final report

On 25 July 2019 the Panel published a final report on the review of the RERT Guidelines, which sets out its rationale for the amended Guidelines.

The key amendments made to the Guidelines reflect:

- Updated out-of-market provisions: the changes are limited to reflect the Enhanced RERT 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.

The revised RERT guidelines made by the Panel were published with the final report.

In light of the tight implementation time frames associated with the Enhanced RERT final rule, the scope of this review was limited to amending the Guidelines so that they are

consistent with the final rule.

The Panel will undertake a comprehensive review of the Guidelines once the enhanced RERT framework has been used, in order to incorporate any lessons learnt.

### Consultation

A draft report was published for consultation on 23 May 2019. A draft of the Guidelines with the proposed marked-up amendments was also published with the draft report to facilitate stakeholder feedback.

Submissions to the draft report closed on 20 June 2019 and four submissions were received. The final Guidelines incorporate comments received in submissions.

### Next steps

AEMO is required to update its RERT procedures to take into account the Enhanced RERT final rule and the revised Guidelines. The substantive parts of the Enhanced RERT final rule, the revised Guidelines and AEMO's RERT procedures will all commence on 26 March 2020.

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