



Prioritising arrangements for system security during market suspension

Stakeholder submissions invited on new rule change request

The AEMC has published a consultation paper on a rule change request received from the COAG Energy Council on 26 May 2020 that seeks to clarify the applicability of the National Electricity Rules during periods of market suspension. The Commission is seeking feedback from stakeholders on the rule change request, including a number of specific issues set out in the consultation paper. Submissions are due on 4 February 2021.

The rule change request

In its rule change request, the COAG Energy Council suggests that:

- The applicability of the NER is unclear during a period of market suspension, and this has the potential to create uncertainty for market participants and AEMO, and compromise efforts by AEMO to co-ordinate with market participants to resolve the issues which have resulted in suspension of the market.
- A rigid requirement for AEMO to comply with all elements of the NER, particularly those of a more administrative nature, may compromise its ability to focus on and prioritise actions needed to manage the security and safety of the power system during this period.

In response, the COAG Energy Council proposes to amend the NER by:

- clarifying the applicability of market rules during a period of market suspension thereby reducing uncertainty for AEMO and market participants
- providing AEMO with flexibility to prioritise system security obligations if compliance with a rule provision (particularly an obligation of a more administrative nature) would place a material risk on their ability to maintain power system security during a period of spot market suspension, and
- specifying transparency arrangements applying to any prioritisation of system security over other NER obligations by AEMO during a period of market suspension.

Issues for consultation

In order to assess the rule change request against the National Electricity Objective, the AEMC is seeking feedback on the materiality of the issues and whether they require a regulatory solution through a rule change. To the extent there are material issues, we are also seeking feedback on the most appropriate approach to address the problems identified. Specifically, we are seeking feedback on: the applicability of the Rules; providing AEMO with additional flexibility; and reporting requirements.

Key dates

The AEMC will assess the rule change request following the standard rule change process. The key dates for this process are as follows:

- Submissions to the consultation paper to be received by: Thursday 4 February 2021
- Draft rule determination published: Thursday 15 April 2021
- Submissions to the draft rule to be received by: Thursday 27 May 2021
- Final rule determination published: Thursday 8 July 2021

Background

The rule change request was recommended in the AEMC's *Mechanisms to Enhance Resilience in the Power System – Review of the South Australian Black System Event* report published in December 2019, which considered systemic issues that contributed to the black system event in South Australia.

Existing arrangements provide for AEMO to suspend the operation of the spot market in a region. However, the rules do not explicitly set out the applicability of other provisions of the NER during a period of market suspension, and the extent to which AEMO must comply with these elements.

Additionally, current rule arrangements do not explicitly provide AEMO with flexibility to prioritise core system security requirements during a period of market suspension. This rule change request seeks to provide AEMO with such flexibility.

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