



Removal of unaccounted for energy from liable load in the Retailer Reliability Obligation

Overview of the final rule

The Australian Energy Market Commission (AEMC) has made a final rule that amends clause 4A.F.3(b) of the National Electricity Rules (NER). The rule removes unaccounted for energy (UFE) from the calculation of liable load in the Retailer Reliability Obligation (RRO) and makes minor grammatical changes as proposed by AEMO's rule change request.

This rule amendment replaces the term 'adjusted gross energy' (AGE) with a new term, 'adjusted metered energy' (AME), for the purpose of calculating liable load in the RRO. The difference between AGE and AME is that the new term does not include an allocation of UFE. All other aspects of the calculation of liable load and the RRO remain unchanged.

The amending rule will commence on 1 May 2022.

Benefits of the final rule

- It minimises administrative burden on AEMO to calculate and store additional UFE data to only be used for the RRO.
- It is unlikely to undermine market participants' hedging strategies that support reliability in the NEM during 'reliability gap' or any other periods due to the immateriality and unpredictability of UFE.
- It is a proportionate response to the risks faced by liable entities (for the purposes of the RRO) and reliability in the NEM during 'reliability gap' periods.
- It provides regulatory clarity for liable entities on the treatment of UFE in the calculation of liable load in the RRO.

Context and rule change request

On 3 August 2021, the AEMC received a rule change request from the AEMO seeking to remove UFE from the calculation of liable load in the RRO. The rule change request was considered as non-controversial under the expedited process. No objections to using this process were received.

The RRO commenced on 1 July 2019 and requires energy retailers to be accountable for reliability in the power system. The RRO requires liable entities (retailers and opt-in customers) to hold contracts for their share of system peak demand in an identified forecast reliability gap period.

The new settlement methodology implemented by the Global Settlement rule will start on 1 May 2022. This will treat all market customers equally by allocating a share of UFE to all retailers in a distribution area. This means UFE will also be included in AGE and therefore, in the calculation of liable load in the RRO.

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