



INFORMATION

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Extension of time and reduction in scope of the 2022 reliability standard and settings review

The Australian Energy Market Commission (AEMC) has made a final determination on the extension of time and reduction in scope of the 2022 reliability standard and settings review (2022 RSS Review) rule change.

The AEMC'S final determination

The AEMC's final determination is to make a more preferable final rule that requires the Reliability Panel to:

- Review both the reliability standard and settings in the 2022 RSS Review, not just the standard as was proposed.
- Exclude the financial year 2024 from the 2022 RSS Review. The Panel is therefore required to consider the reliability standard and settings of an energy-only market to apply for 1 July 2025 to 30 June 2028, and
- Provide its final report of the 2022 RSS Review to the AEMC by 1 September 2022. The draft determination and rule had proposed the 30 August 2022. The minor change was made to align with the publication cycle of AEMC and Reliability Panel documents.

Benefits of the more preferable final rule

The AEMC has made the more preferable final rule having regard to the issues raised in the rule change request and stakeholder submissions and feedback. The final is largely the same as the draft determination and rule, except for a minor change to the delivery date of the Panel's final report. The AEMC considers that the more preferable rule is likely to be in the long term interests of consumers because:

- The Panel retaining its role of reviewing the reliability settings is likely to promote transparency and predictability. The Panel has a significant role and undertakes its work per well-established guidelines and stakeholder consultation processes. Stakeholders' expressed confidence in the Panel's processes and its ability to consider a wide range of views due to its diverse make-up of industry representatives and expertise.
- Delaying the due date for the 2022 RSS Review final report to September 2022 will give the Panel the time that it needs to undertake the thorough analysis and consultation required to make fit for purpose recommendations on the standard and settings. The Reliability Panel is required, as soon as practicable, to submit a rule change to the AEMC, where it recommends any changes to the reliability standard and settings. The new September requirement will also enable the Panel's analysis and recommendations to be used where appropriate and provide input to the Energy Security Board's (ESB) process in designing a capacity mechanism. The AEMC notes the ongoing collaboration between the Panel and the ESB so that there is alignment between the two processes and that the Panel's work can effectively feed, where possible, into the work of the ESB to design a capacity mechanism and associated settings. The AEMC understands that the ESB and Reliability Panel have now met on two occasions and plan to meet further to discuss the modelling approach and other key considerations as the review progresses.
- Excluding 2024 from the review will provide adequate time for the market and participants to know and adjust to potential changes to the reliability standard and settings that may be implemented following the Panel's final report.

Rule change request from Dr Kerry Schott AO, former chair of the ESB

On 13 October 2021, Dr Kerry Schott AO, chair of the ESB submitted a rule change request to the AEMC. The request proposed to:

- Reduce the scope of the 2022 RSS review by removing the need to review the reliability settings in the 2022 RSS review. This responsibility would move to the ESB. The Panel would therefore only review and report on the reliability standard.
- Extend the date of the Panel's review of the standard from 30 April to 30 June 2022.

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