

Review of the Operationalisation of the Reliability Standard

Reliability Standard and Settings Review

Joint Stakeholder Forum

Ian Woodward

AEMC Reliability Panel Chairman

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Agenda for Stakeholder Forum

- Introduction from Reliability Panel
- Presentation from AEMO
 - Overview of MRL methodology
 - Overview of the Short Term MRL Report
- Stakeholder Discussion and Questions

Context for the Reviews

- In December 2007 the Panel completed its Comprehensive Reliability Review – foreshadowed future work streams
- On 29 and 30 January 2009 there was involuntarily load shedding incidents in Victoria and South Australia
- The MCE requested the AEMC to
 - “review energy market frameworks in light of the impact on electricity supplies of the extreme heat wave of 29-31 January 2009”
- On 3 March 2009, the AEMC provided the Panel with terms of reference to undertake the following distinct but interrelated reviews:
 - Review of the Operational Arrangements for the Reliability Standard; and
 - Review of the Reliability Standard and Settings.

Review of the Operational Arrangements for the Reliability Standard

Scope

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Main focus of review

- The main focus of the review is to address:
 - the methodology and process used by AEMO for calculating minimum reserve levels (MRLs), which will be applied when AEMO recalculates the MRLs; and
 - the MRLs and associated arrangements and standards to be used in the short-term reserve assessment of reliability, which will be implemented following this review.

Finalised ahead of the 2009/2010 summer

- In addition, the review will address a number of issues that are expected to be finalised ahead of the 2009/2010 summer peak demand:
 - the need for and possible design of a short-term version of the reliability and emergency reserve trader (RERT);
 - potential amendment of the current “Guidelines for management of electricity supply shortfall events” (sometimes referred to as the ‘share the pain’ guidelines); and
 - potential clarification of the current wording of the Reliability Standard.

Anticipated timetable

- The anticipated timetable for the Review of the Operational Arrangements for the Reliability Standard:

Close of submissions on Issues Paper	31 July 2009
Publication of Draft Report	25 September 2009
Close of submissions	30 October 2009
Publication of Final Report by	31 December 2009

Review of the Reliability Standard and Settings

Scope

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National Electricity Amendment

- The scope of the review is defined in the Rules:
 - National Electricity Amendment (NEM Reliability Settings: VoLL, CPT and Future Reliability Review)
 - proposed by Panel following the CRR and made by the AEMC on 28 May 2009
 - replaces the previous annual VoLL review with a biennial review
 - includes a review of the Reliability Standard
 - renamed VoLL to market price cap (MPC)

Review of the Reliability Standard

- The review will consider the Reliability Standard including whether :
 - unserved energy is still the appropriate form of standard
 - a level of 0.002% per annum is appropriate
 - the standard has the most appropriate specification
- This review may be informed by the events in Victoria and South Australia on 29 and 30 January 2009

Review of the Reliability Settings

- The review will also recommend values of the following Reliability Settings to apply from 1 July 2012:
 - market price cap (MPC), previously called VoLL;
 - cumulative price threshold (CPT); and
 - market floor price

Review of the Reliability Standard and Settings – Scope

- The Panel is required to complete this review by 30 April 2010
- Any changes to the Reliability Standard or the market settings would take effect from 1 July 2012.

Anticipated timetable

- The anticipated timetable for the Review of the Operational Arrangements for the Reliability Standard:

Close of submissions on Issues Paper	14 August 2009
Public Meeting	to be confirmed
Publication of Draft Report	16 October 2009
Close of submissions	29 January 2010
Publication of Final Report	30 April 2010

Reliability Panel

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