



National Electricity Amendment (Cost Recovery of Localised Regulation Services) Rule 2007 No.5

under the National Electricity Law as applied by:

- (a) the National Electricity (South Australia) Act 1996;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (f) the National Electricity (Victoria) Act 2005 of Victoria; and
- (g) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

A handwritten signature in black ink, appearing to read 'John Tamblyn', is written over a light blue circular background.

John Tamblyn
Chairman
Australian Energy Market Commission

National Electricity Amendment (Cost Recovery of Localised Regulation Services) Rule 2007 No.5

1. Title of Rule

This Rule is the *National Electricity Amendment (Cost Recovery of Localised Regulation Services) Rule 2007 No.5*.

2. Commencement

This Rule commences operation on 1 January 2009.

3. Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

Schedule 1 Amendment of National Electricity Rules

(Clause 3)

[1] Clause 3.9.2A Determination of ancillary services prices

In clause 3.9.2A(b), omit the words “other than” and substitute the word “including”.

[2] References to “local requirements” in clause 3.15.6A

In clauses 3.15.6A(f) and (g), omit the words “*local requirements*” wherever occurring and substitute “*local market ancillary service requirement*”.

[3] References to “local ancillary service requirement” in clause 3.15.6A

In clauses 3.15.6A(f) and (g), omit the words “*local ancillary service requirement*” wherever occurring and substitute “*local market ancillary service requirement*”.

[4] Clause 3.15.6A Ancillary service transactions

Omit clauses 3.15.6A(h)-(k) and substitute:

- (h) The total amount calculated by *NEMMCO* under paragraph (a) for the *regulating raise service* or the *regulating lower service* in respect of each *dispatch interval* which falls within the *trading interval* must be allocated by *NEMMCO* to each *region* in accordance with the following procedure and the information provided under clause 3.9.2A(b):
 - (1) allocate on a pro-rata basis for each *region* and for each *dispatch interval* within the relevant *trading interval* the proportion of the total amount calculated by *NEMMCO* under paragraph (a) for the *regulating raise service* and *regulating lower service* between *global market ancillary service requirements* and *local market ancillary service requirements* to the respective marginal prices for each such service; and
 - (2) calculate for each relevant *dispatch interval* the sum of the costs of acquiring the *global market ancillary service requirements* for all *regions* and the sum of the costs of acquiring *local market ancillary service requirements* for all *regions*, as determined under subparagraph (1).
- (i) In each *trading interval* in relation to:
 - (1) each *Market Generator* or *Market Customer* which has *metering* to allow their individual contribution to the aggregate deviation in *frequency* of the *power system* to be assessed, an ancillary services transaction occurs, which results in a *trading amount* for

that *Market Generator* or *Market Customer* determined in accordance with the following formula:

$$TA = PTA \times -1$$

and

$$PTA = \text{the aggregate of } (TSFCAS \times \frac{MPF}{AMPF})$$

for each *dispatch interval* in the *trading interval* for *global market ancillary service requirements* and *local market ancillary service requirements* where:

TA (in \$) = the *trading amount* to be determined (which is a negative number);

TSFCAS (in \$) = the total of all amounts calculated by NEMMCO under paragraph (h)(2) for the *regulating raise service* or the *regulating lower service* in respect of a *dispatch interval*;

MPF (a number) = the contribution factor last set by NEMMCO for the *Market Generator* or *Market Customer*, as the case may be, under paragraph (j) for the *region* or *regions* relevant to the *regulating raise service* or *regulating lower service*; and

AMPF (a number) = the aggregate of the MPF figures for all *Market Participants* for the *dispatch interval* for the *region* or *regions* relevant to the *regulating raise service* or *regulating lower service*.

or

- (2) in relation to each *Market Customer* for whom the *trading amount* is not calculated in accordance with the formula in subparagraph (1), an ancillary services transaction occurs, which results in a trading amount for that *Market Customer* determined in accordance with the following formula:

$$TA = PTA \times -1$$

and

$$PTA = \text{the aggregate of } \left(TSFCAS \times \frac{MPF}{AMPF} \times \frac{TCE}{ATCE} \right)$$

for each *dispatch interval* in the *trading interval* for *global market ancillary service requirements* and *local market ancillary service requirements* where:

- TA (in \$) = the *trading amount* to be determined (which is a negative number);
- TSFCAS (in \$) = has the meaning given in subparagraph (1);
- MPF (a number) = the aggregate of the contribution factor set by *NEMMCO* under paragraph (j) for *Market Customers*, for whom the *trading amount* is not calculated in accordance with the formula in subparagraph (1) for the *region* or *regions* relevant to the *regulating raise service* or the *regulating lower service*;
- AMPF (a number) = the aggregate of the MPF figures for all *Market Participants* for the *dispatch interval* for the *region* or *regions* relevant to the *regulating raise service* or *regulating lower service*;
- TCE (in MWh) = the *customer energy* for the *Market Customer* for the *trading interval* in the *region* or *regions* relevant to the *regulating raise service* or *regulating lower service*; and
- ATCE (in MWh) = the aggregate of the *customer energy* figures for all *Market Customers*, for whom the *trading amount* is not calculated in accordance with the formula in subparagraph (1), for the *trading interval* for the *region* or *regions* relevant to that *regulating raise service* or *regulating lower service*.

- (j) *NEMMCO* must determine for the purpose of paragraph (i):
- (1) a contribution factor for each *Market Participant*; and
 - (2) notwithstanding the estimate provided in paragraph (nb), if a *region* has or *regions* have operated asynchronously during the relevant *trading interval*, the contribution factors relevant to the allocation of *regulating raise service* or *regulating lower service* to that *region* or *regions*,

in accordance with the procedure prepared under paragraph (k).

- (k) *NEMMCO* must prepare a procedure for determining contribution factors for use in paragraph (j) and, where *NEMMCO* considers it appropriate, for use in paragraph (nb), taking into account the following principles:
- (1) the contribution factor for a *Market Participant* should reflect the extent to which the *Market Participant* contributed to the need for *regulation services*;
 - (2) the contribution factor for all *Market Customers* that do not have *metering* to allow their individual contribution to the aggregate need for *regulation services* to be assessed must be equal;
 - (3) for the purpose of paragraph (j)(2), the contribution factor determined for a group of *regions* for all *Market Customers* that do not have *metering* to allow the individual contribution of that *Market Customer* to the aggregate need for *regulation services* to be assessed, must be divided between *regions* in proportion to the total *customer energy* for the *regions*;
 - (4) the individual *Market Participant's* contribution to the aggregate need for *regulation services* will be determined over a period of time to be determined by *NEMMCO*;
 - (5) a *Registered Participant* which has classified a *scheduled generating unit, scheduled load, ancillary service generating unit or ancillary service load* (called a '**Scheduled Participant**') will not be assessed as contributing to the deviation in the *frequency* of the *power system* if within a *dispatch interval*:
 - (i) the *Scheduled Participant* achieves its *dispatch* target at a uniform rate;
 - (ii) the *Scheduled Participant* is *enabled* to provide a *market ancillary service* and responds to a control signal from *NEMMCO* to *NEMMCO's* satisfaction; or
 - (iii) the *Scheduled Participant* is not *enabled* to provide a *market ancillary service*, but responds to a need for *regulation services* in a way which tends to reduce the aggregate deviation; and
 - (6) where contributions are aggregated for *regions* that are operating asynchronously during the calculation period under paragraph (i), the contribution factors should be normalised so that the total contributions from any non-synchronised *region* or *regions* is in the same proportion as the total *customer energy* for that *region* or *regions*.

[5] Clause 3.15.6A Ancillary service transactions

In clause 3.15.6A(na), omit the word “3.15.6A(j)” and substitute the word “3.15.6A(j)(1)”.

[6] Clause 3.15.6A Ancillary service transactions

After clause 3.15.6A(na), insert:

(nb) When a *region* is or *regions* are operating asynchronously, *NEMMCO* must *publish* (where appropriate in accordance with the procedure developed under paragraph (k)), an estimate of the contribution factors referred to in paragraph (j)(2) to be applied for information purposes only by *Market Participants* for the duration of the separation.

[7] Chapter 8A, Part 11 Transitional Arrangement for Market Ancillary Services for Tasmanian Entry

Omit Part 11 of Chapter 8A and substitute:

[Deleted]

[8] Chapter 11 Savings and Transitional Rules

After rule 11.10, insert:

11.11 Rules consequent on making of the National Electricity Amendment (Cost Recovery of Localised Regulation Services) Rule 2007

11.11.1 Definitions

For the purposes of this rule 11.11:

Amending Rule means the National Electricity Amendment (Cost Recovery of Localised Regulation Services) Rule 2007.

commencement date means 1 January 2009.

11.11.2 Action taken by NEMMCO for the purposes of Amending Rule

(a) Any action taken by *NEMMCO* prior to the commencement date for the purpose of amending the procedure prepared by *NEMMCO* under clause 3.15.6A(k) for the purpose of the Amending Rule is taken to have satisfied the equivalent action under the *Rules*.

- (b) Any action taken by *NEMMCO* prior to the commencement date to calculate the *local market ancillary service requirement* to include *regulation services* for the purposes of the Amending Rule is taken to have satisfied the equivalent action under the *Rules*.
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