



## Annual Market Performance Review 2012

Final report published on 27 March 2013

**The Reliability Panel (Panel) published the final report on the annual market performance review (AMPR) which examined the performance of the National Electricity Market (NEM) in the 2011-2012 financial year against the reliability and frequency standards, and other standards and guidelines set by the Panel.**

### What is the AMPR review

Each year, the Panel undertakes a review under the National Electricity Rules (NER) of the performance of the NEM in terms of the reliability and security of the power system. The scope of this review is to consider the reliability, security and safety of the NEM in terms of the performance against the standards and guidelines determined by the Panel under the NER. The Panel has been conducting this annual review since 2006.

### 2012 review overview

In the 2011-2012 financial year, the NEM regions experienced fewer extreme weather events than in the previous year and the temperatures in the summer and winter were milder than average across most of the NEM. Average demand declined and long-term demand projections were significantly revised down. Floods impacted power generation in New South Wales, and the Latrobe Valley experienced a 5.4 magnitude earthquake that had ramifications for the power system across Victoria, South Australia, New South Wales and Tasmania.

### Findings and assessments

The final report sets out the Panel's findings and assessments, which are summarised as follows:

- **Reliability:** in 2011-2012 there was no unserved energy (USE) due to reliability events and the average USE for all regions remained within the reliability standard. The Australian Energy Market Operator (AEMO) was not required to issue any directions for reliability and it was not required to exercise the Reliability and Emergency Reserve Trader mechanism.
- **Security:** there were 40 power system operating incidents that AEMO was required to report on in 2011-2012. Some of the incidents resulted in disruption to customer load, though generally the past financial year was relatively uneventful compared to other years when more extreme weather events impacted security. There were also some incidents where the frequency was outside the frequency operating standards on the mainland and in Tasmania. One of the incidents resulted in under-frequency load shedding in Tasmania.
- **Safety:** the Panel is not aware of any incidents where AEMO has not achieved its obligations with respect to safety in the NEM.

In 2011-2012: there was no unserved energy (USE); the financial year has been relatively uneventful compared to other years when more extreme weather events impacted security; the Panel is not aware of any incidents where AEMO has not achieved its obligations with respect to safety in the NEM.

## Background information

### *What is reliability and the reliability standard*

Reliability of the power system relates to ensuring there is enough capacity to generate and transport electricity to meet all consumer demand. It is measured in terms of USE, which refers to an amount of energy that is required by customers but cannot be supplied. The reliability standard is set by the Panel, and during the year under the review (2011-2012) the standard was set at a maximum permissible USE of 0.002 per cent per region or regions per financial year measured over the long-term.

### *What is security*

Security of the power system refers to maintaining the power system equipment within their technical operating limits. Security issues are managed directly by AEMO and network operators in accordance with applicable technical standards. Maintaining the security of the power system includes maintaining the system within the frequency standards, which are set by the Panel.

### *What is safety*

Safety of the NEM relates to a wide range of important issues including the safe operation of equipment, and the safety of personnel and the public. There is no national safety regulator and each jurisdiction has specific safety provisions relating to transmission and distribution power systems. The safety considerations under this review were closely linked to the security of the power system and operating assets and equipment within their technical limits.

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