

Review of the Reliability Standard and Settings

Stakeholder Forum

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RELIABILITY
PANEL

AGENDA FOR STAKEHOLDER FORUM

- Introduction from Reliability Panel
- Presentation from ROAM Consulting
- Stakeholder presentations
 - Major Energy Users
 - National Generators Forum
 - Energy Retailers Association of Australia
 - Origin Energy
 - Loy Yang, International Power and TRUenergy
 - Alinta Energy
- Stakeholder discussion and questions
- Concluding comments from the Panel and Chair

CONTEXT FOR THE REVIEW

- On 3 March 2009 the AEMC approved terms of reference requesting the Panel to commence a review of the Reliability Standard and settings
- The review of the Reliability Standard includes whether:
 - unserved energy is the appropriate form of the standard
 - a level of 0.002% per annum is appropriate and
 - the standard has the most appropriate specification
- The review will also recommend values for the other reliability settings which consist of:
 - the market price cap (MPC)
 - the cumulative price threshold (CPT) and
 - the market floor price

DRAFT RECOMMENDATIONS ON THE RELIABILITY STANDARD

The Panel propose to:

- Retain the unserved energy (USE) form of the reliability standard
- Leave the level of the standard at 0.002% USE for each region, and for the NEM
- Retain the current scope of the reliability standard in terms of system security events, industrial action and 'acts of God'
- Retain the current operational approach of targeting to achieve an expectation of no greater than 0.002% USE each year and in each region, and in the NEM
- Consider compliance with the standard each year with the objective of providing continuous improvement to the processes that monitor and maintain reliability in the NEM

DRAFT RECOMMENDATION ON THE RELIABILITY SETTINGS

- In addition, the Panel engaged ROAM Consulting to undertake modelling to assist the panel to assess the reliability settings
- ROAM recommend¹ that:
 - the level of the market price cap (MPC) should be approximately \$16 000/MWh for 2012/13 and 2013/14, in order to meet the Reliability Standard
 - the level of the cumulative price threshold (CPT) should be approximately \$240 000/MWh for these years, to avoid increasing the number of MPC events which are affected by the administered price cap
 - there is no justification for recommending any change to the market floor price

1. Note these figures were updated on 15 January 2010

PROCESS

- Anticipated timetable for the Review:

Public Forum	12 February 2010
Close of submissions on draft report	23 February 2010
Publication of Final Report	by 30 April 2010
- Any changes to the Reliability Standard or the market settings would take effect from 1 July 2012

Reliability Panel

AEMC