



Potential extension of the Reliability and Emergency Reserve Trader

AEMC starts consultation on rule change request from COAG Energy Council

The COAG Energy Council has proposed changes to the National Electricity Rules (NER) to extend the operation of the Reliability and Emergency Reserve Trader (RERT) to 30 June 2019.

The rule change request

The COAG Energy Council has submitted a rule change request that seeks to extend the operation of the RERT from its current expiry of 30 June 2016 to 30 June 2019.

The RERT allows the Australian Energy Market Operator (AEMO) to contract for reserves up to nine months ahead of a period where reserves are projected to be insufficient to meet the reliability standard. AEMO is also able to dispatch these additional reserves, if required, to maintain power system reliability and security. The contracted reserves must not be otherwise available to the market and the costs of the reserve contracts may be recovered from market customers, such as retailers.

The COAG Energy Council considers that the RERT should be extended to address uncertainty in the market arising from:

- demand side policies being less than fully completed, or resolved; and
- a changing generation mix, in which renewable energy is installed and conventional generators exit.

Issues for consultation

A consultation paper has been prepared to facilitate stakeholder comment on the issues raised by the rule change request. The consultation paper considers whether or not the proposed rule:

- could improve the reliability of the electricity system; and
- provides any incremental efficiency gains as a safety net, compared to the potential impact on the market and costs associated with the RERT.

We are also interested in stakeholder views on the impact of a changing generation mix, options for improving reliability through demand management and alternative options for extending the RERT.

Background

The market operator (AEMO) has had the power to contract for reserves since the commencement of the National Electricity Market (NEM). In this time, the market operator has entered into reserve contracts three times (all for Victoria and South Australia regions):

- 15 January 2014 to 17 January 2014 for 650MW for each of these three days;
- 16 January 2006 to 10 March 2006 for a total of 375 MW; and
- 31 January 2005 to 4 March 2005 for a total of 84MW.

On none of these occasions was the reserve capacity dispatched.

Submissions are due by 11 February 2016.

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