



## **Draft National Electricity Amendment (Declaration of lack of reserve conditions) Rule 2017**

under the National Electricity Law to the extent applied by:

- (a) the National Electricity (South Australia) Act 1996 of South Australia;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (f) the National Electricity (Victoria) Act 2005 of Victoria;
- (g) the National Electricity (Northern Territory)(National Uniform Legislation) Act 2015; and
- (h) the Australian Energy Market Act 2004 of the Commonwealth.

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

John Pierce  
Chairman  
Australian Energy Market Commission

## **Draft National Electricity Amendment (Declaration of lack of reserve conditions) Rule 2017**

### **1 Title of Rule**

This Rule is the *Draft National Electricity Amendment (Declaration of lack of reserve conditions) Rule 2017*.

### **2 Commencement**

Schedule 4 commences operation on [the day this Rule is made].

Schedules 1, 2 and 3 commence operation on 9 January 2018.

### **3 Amendment of the National Electricity Rules**

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

### **4 Amendment of the National Electricity Rules**

The National Electricity Rules are amended as set out in Schedule 2.

### **5 Amendment of the National Electricity Rules**

The National Electricity Rules are amended as set out in Schedule 3.

### **6 Savings and Transitional Amendments to the National Electricity Rules**

The National Electricity Rules are amended as set out in Schedule 4.

**Schedule 1                      Amendment to the National Electricity Rules**

(Clause 3)

**[1] 3.13.4                      Spot market**

Omit clause 3.13.4(f)(6)(i) and clause 3.13.4(f)(6)(ii) and renumber the remaining subparagraphs.

## Schedule 2      Amendment to the National Electricity Rules

(Clause 4)

### [1] Clause 4.8.4      Declaration of conditions

Omit clause 4.8.4 (except the heading) and substitute:

*AEMO* may declare the following conditions in relation to a period of time, either present or future:

- (a) *Low reserve* condition – when *AEMO* considers that the balance of *generation* capacity and demand for the period being assessed does not meet the reliability standard as assessed in accordance with the *reliability standard implementation guidelines*.
- (b) *Lack of reserve (LOR)* condition – when *AEMO* determines, in accordance with the *reserve level declaration guidelines*, that the probability of involuntary *load shedding* is, or is forecast to be, more than remote.

### [2] New Clause 4.8.4A      Reserve level declaration guidelines

After clause 4.8.4 insert a new clause:

#### 4.8.4A      Reserve level declaration guidelines

- (a) *AEMO* must make and publish guidelines (*reserve level declaration guidelines*) that set out how *AEMO* will determine a *lack of reserve condition*.
- (b) The *reserve level declaration guidelines* must:
  - (1) describe how *AEMO* continually assesses the probability of *capacity reserves* being insufficient to avoid involuntary *load shedding* given reasonably foreseeable conditions and events (**probability assessment**);
  - (2) describe how the probability assessment applies in relation to different periods of time;
  - (3) specify at least three probability levels (to be called LOR1, LOR2 and LOR3) at which *AEMO* will declare a corresponding *lack of reserve* condition in relation to a specified period of time, indicating an increasing probability of involuntary *load shedding*; and
  - (4) be reviewed by *AEMO* at least once every four years.

- (c) The probability assessment described in the *reserve level declaration guidelines* must be consistent with *good electricity industry practice* and must take into account:
  - (1) actual and forecast *power system* conditions and environmental or other similar conditions;
  - (2) the likelihood of the occurrence and impact on the *power system* of events that are foreseeable in nature but unpredictable in timing; and
  - (3) a prudent allowance for forecasting error.
- (d) *AEMO* may amend, and any person may submit a written request (with reasons) for *AEMO* to amend, the *reserve level declaration guidelines* from time to time.
- (e) When amending the *reserve level declaration guidelines* under paragraph (d), *AEMO* must comply with the *Rules consultation procedures*, except that rule 8.9 is to be read as if:
  - (1) the reference in paragraph (e) to *25 business days* is a reference to *20 business days*;
  - (2) paragraphs (g) to (j) do not apply;
  - (3) paragraph (k)(4) does not apply;
  - (4) paragraph (k)(5) is amended to require summaries of each issue, that the *consulting party* reasonably considers to be material, contained in valid written submission received from Consulted Persons or in meetings, and the *consulting party's* response to each such submission;
  - (5) the references in paragraphs (m) and (n) to the procedures set out in this clause are to be read as if they were references to the procedures set out in this clause, as amended by clause 4.8.4A(e).

## **Schedule 3            Amendment to the National Electricity Rules**

(Clause 5)

### **[1] Chapter 10            New Definitions**

In Chapter 10, insert the following new definition in alphabetical order:

#### ***reserve level declaration guidelines***

The guidelines *published* by *AEMO* under clause 4.8.4A(a).

### **[2] Chapter 10            Substituted Definitions**

In Chapter 10, substitute the following definition:

#### ***lack of reserve (LOR)***

A condition declared by *AEMO* under clause 4.8.4(b).

### **[3] Chapter 10            Omitted Definitions**

In chapter 10, omit the definition of "*involuntary load shedding*".

## **Schedule 4            Savings and Transitional Amendments to the National Electricity Rules**

(Clause 6)

### **[1] Chapter 11            Savings and Transitional Amendments to the National Electricity Rules**

In chapter 11, after Part ZZZD, insert:

#### **Part ZZZE Declaration of lack of reserve conditions**

##### **11.103 Making of lack of reserve declaration guidelines**

###### **11.103.1 Definitions**

- (a) In this rule 11.103:

**Amending Rule** means the National Electricity Amendment (Declaration of lack of reserve conditions) Rule 2017.

###### **11.103.2 Making of lack of reserve declaration guidelines**

- (a) By 9 January 2018, *AEMO* must develop and *publish* the *reserve level declaration guidelines* to take account of the Amending Rule.
- (b) *AEMO* is not required to comply with clause 4.8.4A(e) when making the *reserve level declaration guidelines* for the first time.
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