



# PROCEDURE FOR THE EXERCISE OF RELIABILITY AND EMERGENCY RESERVE TRADER – AMENDMENT

FINAL REPORT AND DETERMINATION

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## EXECUTIVE SUMMARY

The publication of this Final Report and Determination (Final Report) completes the Rules consultation process conducted by AEMO to consider proposed changes to the Procedure for the Exercise of Reliability and Emergency Reserve Trader (Procedure) under the National Electricity Rules (NER).

On 22 June 2018, AEMO issued the relevant notice of an expedited consultation process, and opened a window until 09 July 2018 to receive written submissions on the matter under consultation. AEMO received one submission by that date.

After reviewing the issues raised in the submission, AEMO considers that the issues raised are better considered as part of the Australian Energy Market Commission's (AEMC) current consideration of the Enhanced Reliability and Emergency Reserve Trader (Enhanced RERT) rule change proposal, or the wording in the Procedure proposed by AEMO during the consultation is consistent with the Reliability Panel's RERT Guidelines. Therefore, AEMO will amend the Procedure in the form published with the consultation on 22 June 2018.



# 1. STAKEHOLDER CONSULTATION PROCESS

As required by clause 11.107.3 of the National Electricity Rules (NER)<sup>1</sup>, AEMO has consulted with Registered Participants and other interested persons on changes to the Procedure for the Exercise of Reliability and Emergency Reserve Trader.

The stages and timing for the completed consultation are shown in Table 1.

**Table 1 Review timetable**

Stage	Date
Notice of Consultation published	22 June 2018
Submissions due on draft amended procedure	09 July 2018
Amended Reliability and Emergency Reserve Trader (RERT) Procedure published	11 July 2018
Changes to RERT Rules, Guidelines and Procedures become effective	13 July 2018

The publication of this Final Report marks the completion of the consultation.

# 2. MATTER UNDER CONSULTATION

The matter for consultation was proposed changes to the Procedure for the Exercise of Reliability and Emergency Reserve Trader.

The AEMC's National Electricity Amendment Rule 2018 No. 7 reinstated the Long Notice Reliability and Emergency Reserve Trader provisions in clause 3.20 (LN RERT), by changing the maximum period where AEMO can enter into, or renegotiate, a reserve contract from ten weeks to nine months before AEMO reasonably expects that the reserve may be required.

This Rules change also required AEMO to amend its RERT procedures in accordance with clause 11.107.3 by 13 July 2018, to reflect the Amending Rule and the amended RERT Guidelines.

# 3. SUBMISSIONS

AEMO received one submission from ERM by 9<sup>th</sup> July 2018.

## 3.1 Views expressed in submissions

In its submission, ERM raised the following issues:

- ERM supports the revision of AEMO's procedure.
- ERM believes it would be beneficial to better align the procedure with the NER to remove any ambiguity as to the conditions under which AEMO may commence any RERT procurement process or contract for RERT:

<sup>1</sup> Clause 11.107.3 of the NER

- ERM notices the term “forecast reserve shortfall” is not a defined term under the NER, and suggested it to be replaced with terminology that provides greater clarity for AEMO’s Rules obligations.
- ERM submitted that AEMO should:
  - In section 2, replace “reserve shortfall has been forecast” with “*Low reserve* condition or *Lack of reserve* (LOR) condition in accordance with Rule 4.8.4 is declared”.
  - In section 6, replace “there is a forecast reserve shortfall” and “combined regions” with “a *Low reserve* condition or *Lack of reserve* (LOR) condition has been declared under Rule 4.8.4 in adjacent regions”

### 3.2 AEMO’s assessment

AEMO welcomes the comments provided by ERM. AEMO notes that:

- Whilst there are a number of changes that could be made to the procedures, in the interests of adequate consultation in the short time available to amend the Procedure (this amended Procedure must be published by 13 July 2018), AEMO has focussed on the minimum changes required to reinstate LN RERT. In the interest of improving Procedure clarity, further improvements may follow in the coming weeks.
- ERM may wish to raise its comments in regard to procurement triggers and the term “forecast reserve shortfall” in the context of the [Enhanced RERT rule change proposal](#) being considered by the AEMC, one of the key matters being considered in that rule change consultation is what is the appropriate procurement trigger for RERT. We note that the deadline for submissions is 26<sup>th</sup> July 2018.
- The term ‘forecast reserve shortfall’ is used throughout the Reliability Panel’s RERT Guideline, which rule 3.20 of the NER requires AEMO to take into account when developing the RERT Procedures and to comply with when entering into reserve contracts. The term “shortfalls” is also currently used in AEMO’s Reliability Standard Implementation Guidelines; AEMO’s Short Term Reserve Management Procedures; and AEMO’s Reserve Level Declaration Guidelines.
- The term “combined regions” is also used in the RERT Guideline.

## 4. FINAL DETERMINATION

AEMO considers that the issues raised are either better considered as part of the AEMC’s current Enhanced RERT rule change proposal, or relate to wording that is consistent with the Reliability Panel’s RERT Guidelines. Therefore, AEMO will amend the Procedure in the form published with the consultation on 22 June 2018.