



06 July 2018

Mr Damien Sandford
Executive General Manager - Operations
Australian Energy Market Operator
GPO Box 200
Melbourne VIC 3001

Dear Mr Sandford

RE Proposed Amendments to the Procedures for the Exercise of Reliability and Emergency Reserve Trader Consultation

ERM Power Limited (ERM Power) welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO's) Proposed Amendments to the Procedures for the Exercise of Reliability and Emergency Reserve Trader (RERT) Consultation Draft Procedure.

About ERM Power Limited

ERM Power is an Australian energy company operating electricity sales, generation and energy solutions businesses. The Company has grown to become the second largest electricity provider to commercial businesses and industrials in Australia by load¹ with operations in every state and the Australian Capital Territory. A growing range of energy solutions products and services are being delivered, including lighting and energy efficiency software and data analytics, to the Company's existing and new customer base. ERM Power also sells electricity in several markets in the United States. The Company operates 497 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland.

www.ermpower.com.au

General comments

ERM Power supports the revision of AEMO's procedure for the exercise of the RERT following the AEMC's decision to reinstate the Long Notice RERT. As part of this review we believe it would also be beneficial to better align AEMO's procedure with the current National Electricity Rules (the Rules) to remove any ambiguity as to the conditions under which AEMO may commence any RERT procurement process or contract for RERT.

Replacement of the term 'forecast reserve shortfall'

In a number of sections of the Procedure, AEMO uses the term 'forecast reserve shortfall' or similar terms. We note that the terminology is not defined terminology under the Rules and we suggest that this be replaced with terminology that provides greater clarity with AEMO's Rules obligations. We offer comments below with regards to suggested improvements.

¹ Based on ERM Power analysis of latest published financial information.

Section 2

AEMO takes this to mean that this Procedure must detail all the processes AEMO will undertake, from the moment a *Low reserve condition or Lack of reserve (LOR) condition in accordance with Rule 4.8.4 is declared* in one or more regions, through to the procurement and entry into reserve contracts and the dispatch of scheduled reserve, or activation of unscheduled reserve.

Section 6

AEMO is permitted by sections 8 .1 and 8.2 of the RERT guidelines to call for reserve offers for reserve in regions, or combined regions where *a Low reserve condition or Lack of reserve (LOR) condition has been declared under Rule 4.8.4 in adjacent regions.*

We believe that regions to be combined under section 6 should be adjacent to one another as from an operational perspective it is unclear how AEMO would combine non-adjacent regions with regards to exercising a RERT contract.

Conclusion

ERM Power supports the revision of AEMO's procedure for the exercise of the RERT following the reinstatement by the AEMC on the Long Notice RERT. As part of this review we believe it would also be beneficial to better align AEMO's procedure with the current National Electricity Rules (the Rules) to remove any ambiguity as to the conditions under which AEMO may commence any RERT procurement process or contract for RERT.

Please contact me if you would like to discuss this submission further.

Yours sincerely,

[signed]

David Guiver
Executive General Manager - Trading

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