

ENHANCEMENT TO THE RELIABILITY AND EMERGENCY RESERVE TRADER

FINAL REPORT AND DETERMINATION

Published: **28 February 2020**





EXECUTIVE SUMMARY

The publication of this Final Report and Determination (Report) concludes the consultation process conducted by AEMO to make changes to the:

- Procedure for the Exercise of Reliability and Emergency Reserve Trader; and
- Procedure for the Dispatch and Activation of Reserve Contracts

(collectively 'the Procedures') under the National Electricity Rules (NER).

The matter for consultation was the set of necessary updates to the Procedures as a result of the 'Enhancement to the Reliability and Emergency Reserve Trader' rule determination dated 2 May 2019 ([linked here](#)) and amendments to the RERT guidelines dated 25 July 2019 ([linked here](#)). A high-level summary of the changes to the Procedures is as follows:

- The Procedures have been combined into a single document titled 'Procedure for the Exercise of the Reliability and Emergency Reserve Trader'.
- Most of the content of the existing Procedure for the Exercise of Reliability and Emergency Reserve Trader is a repeat of the rules or RERT guidelines and has been deleted in the combined draft. Redundant content has also been removed from the Procedure of the Dispatch and Activation of Reserve Contracts.
- Provisions have been added to describe the methodologies required by new rule 3.20.7

Key issues raised during the first stage of consultation were:

1. Whether the Procedures should explicitly give primacy to the ST PASA and MT PASA over the ESOO and EAAP.
2. Whether AEMO should only consider publicly available information in carrying out the Reliability and Emergency Trader (RERT) function.
3. Whether AEMO has met the requirement to adequately describe a "*methodology to be used by AEMO to determine the appropriate term of a reserve contract and the amount...*".
4. Whether the methodology for determining VCR values will consider jurisdictional load shedding schedules.

These issues were addressed in AEMO's Draft Report and Determination published on 6 December 2019. AEMO received no submissions in respect of the second stage of consultation. Accordingly, AEMO's final determination is to make the Procedure for the Exercise of Reliability and Emergency Reserve Trader in the form published with the Draft Determination.



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1. STAKEHOLDER CONSULTATION PROCESS

As required by clause 3.20.7(e) of the NER, AEMO consulted on the new Procedure for the Exercise of the Reliability and Emergency Reserve Trader (Procedures) in accordance with the Rules consultation process in rule 8.9.

AEMO's timeline for this consultation is outlined below.

Deliverable	Indicative* date
Notice of first stage consultation published	13 September 2019
First stage submissions closed	25 October 2019
Draft Report & Notice of second stage consultation published	6 December 2019
Submissions due on Draft Report	17 January 2020
Final Report published	28 February 2020

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

2. BACKGROUND

2.1. NER requirements

Under rule 3.20.7(e), AEMO must develop, publish, and may amend from time to time, in accordance with the Rules consultation procedures, procedures for the exercise of the RERT under rule 3.20 that consider the RERT principles and RERT guidelines. These procedures must include several matters, such as measures to be adopted in order to reduce the possibility that generating units or loads likely to be activated under unscheduled reserve contracts are otherwise engaged at the time the unscheduled reserve contracts are entered into by AEMO.

2.2. Context for this consultation

These changes are the necessary updates to the Procedures as a result of the 'Enhancement to the Reliability and Emergency Reserve Trader' rule determination dated 2 May 2019, together with the removal of redundant provisions in procedures.

2.3. First stage consultation

AEMO issued a Notice of First Stage Consultation on 13 September 2019.

AEMO received one written submission in the first stage of consultation. A copy of this submission, has been published on AEMO's website at: <https://www.aemo.com.au/Stakeholder-Consultation/Consultations/Enhancements-to-RERT-rule-change---Update-to-Procedures?Convenor=AEMO%20NEM>.

2.4. Second stage consultation

On 6 December 2019, AEMO issued a Notice of Second Stage Consultation and published a Draft Report and Determination and the Draft Procedures. AEMO received no submissions.



3. SUMMARY OF MATERIAL ISSUES

No new issues were raised in the second round of consultation.

4. FINAL DETERMINATION

Having considered the matters raised in submissions and at meetings, AEMO's final determination is to make the Procedure for the Exercise of Reliability and Emergency Reserve Trader in the form published with the Draft Report and Determination, in accordance with clause 8.9 of the NER.