Australian Energy Market Commission

HOW MARKET AND EMERGENCY RESERVES WORK TOGETHER

ENHANCEMENT TO THE RELIABILITY AND EMERGENCY RESERVE TRADER FINAL DETERMINATION 2 MAY 2019

We need a well-functioning market to deliver reliable generation and demand response, with clear price signals and information backed up by national policy certainty and targeted reliability tools like the retailer reliability obligation.

The use of the RERT needs to balance reliability and affordability. Emergency reserves are more expensive than market reserves which is why they are used as a last resort.

Market reserves buffer = is part of the market's every day operation

Emergency reserves (RERT) = used when extreme events affect electricity supply

10 Years

AEMO publishes long-term forecasts of demand and supply which help investors make decisions to build more generation and demand response capability

3 Years

Under the planned retailer reliability obligation if a supply gap exists three years out then retailers must bring dispatchable firm capacity to the market

2 Years

AEMO publishes medium term forecasts (the projected assessment of system adequacy) which provide more detailed information for demand response and generation investment and operation

12 months

Final rule extends the lead time for AEMO to buy emergency reserves from 9 to 12 months

Long-notice RERT

10 weeks

Medium-notice RERT

7 days

Short-notice RERT

Your supply today

Investment signals from clear government policies and financial incentives drive power system reliability

AEMO
operates the power system