



Annual Market Performance Review
AEMC Terms of Reference to the Reliability Panel
28 September 2010

Introduction

The National Electricity Rules (Rules) currently require the Reliability Panel (Panel) to undertake a review of the market performance in terms of reliability of the power system, and the power system security and reliability standards. To date, the Reliability Panel has undertaken this review and published its Annual Market Performance Review (AMPR) following the end of each financial year.

In August 2010, the Australian Energy Market Commission (AEMC) published its Final Report for the Review of the Effectiveness of NEM Security and Reliability Arrangements in light of Extreme Weather Events (Extreme Weather Review).¹ In this report the AEMC recommended that the AMPR be expanded to better examine the performance of the power system as a whole (as experienced by consumers at the point of consumption) and the individual segments of the power system (including distinguishing between system reliability and security events). The AEMC considers that the 2010 AMPR could incorporate these additions.

Scope of this review

Clause 8.8.3(b) of the Rules specifies that at least once each calendar year, the Panel must conduct a review of the performance of the market in terms of reliability of the power system, power system security, system restart and other guidelines as determined by the Panel.

Therefore, and in accordance with clause 8.8.3(c), the AEMC requests the Panel to undertake a review of the performance of the market in terms of reliability of the power system. The AEMC requests that the Panel include the recommendations from the Final Report of the Extreme Weather Review where applicable. The AEMC requests that the Panel consider these to be standing terms of reference for the annual review of market performance.

¹ Available at: www.aemc.gov.au/Market-Reviews/Completed/Review-of-the-Effectiveness-of-NEM-Security-and-Reliability-Arrangements-in-light-of-Extreme-Weather-Events.html.

In undertaking this review, the AEMC requests that the Panel review the performance of the national electricity market over the last year and, where possible, include a description and assessment of:

- The reliability of the power system. This includes an assessment of:
 - market performance against the Reliability Standard and the use of the reliability safety net mechanisms. Where there are supply interruptions, the Review should consider the impacts on each class of consumer, and state-wide and national impacts (i.e. the impact on the economy or investment). This should also consider whether the event is within the expected distribution of events or whether changes are required to the market design or settings to improve the performance of the power system; and
 - available market information on forecast and actual supply and demand over different time frames; and
- The security of the power system. This includes an assessment of the arrangements for security and market performance against the power system security standards, including in terms of frequency and voltage.
- The safety of the power system; and
- The performance of the power system as a whole. This includes an assessment of:
 - major power system incidents (including system restart incidents) and the actions of AEMO and registered participants in addressing these incidents. This should also include commentary on any lessons that can be learned from these events;
 - aggregated data to assess the overall performance of the power system. This data should include reliability and security events affecting supply continuity for consumers and be specified by generation, transmission and distribution sector events;
 - data on network performance for both the distribution and transmission networks. This data should be considered for each jurisdiction and, where possible, should consider data on supply interruptions, including the frequency of supply interruptions, the total duration of supply interruptions, and the total amount of energy not supplied during the year; and
 - an assessment of whether the NEM's frameworks and mechanisms are delivering the reliability standard.

Process and timing

The AEMC requests that the Panel conduct this review in accordance with clauses 8.8.3(d) – (l) of the Rules and complete the review as soon as practicable following the end of each financial year.