

REVIEW OF THE RERT GUIDELINES

Final report released on 15 December 2016

The Reliability Panel has published a final report on amendments to the Reliability and Emergency Reserve Trader Guidelines.

Reliability and Emergency Reserve Trader

A key objective in the provision of electricity services in the National Electricity Market (NEM) is the reliable and secure supply of electricity to customers. A reliable power system is one that has a high likelihood of fully servicing the electricity needs of customers.

An important determinant of reliability in the NEM is the reliability standard, which is the maximum allowable level of electricity at risk of not being supplied to consumers in any NEM region. In its management of power system reliability, the Australian Energy Market Operator (AEMO) can use any one of three reliability intervention mechanisms, of which the Reliability and Emergency Reserve Trader (RERT) is one.

The RERT allows AEMO to contract for reserves ahead of a period where reserves are projected to be insufficient to meet the reliability standard (known as a projected reserve shortfall). AEMO is able to dispatch these reserves to manage power system reliability and, where practicable, security. The RERT, or some form of power for the market operator to contract for reserves, has been a feature of the NEM since its commencement in December 1998.

Background

On 23 June 2016, the Australian Energy Market Commission (AEMC) made a final Rule determination on the RERT provisions in the Rules. Among other things, the final Rule reduced the timeframe in which AEMO may contract for reserves, from nine months to ten weeks ahead of a projected shortfall.

The final Rule required the Reliability Panel (Panel) to amend the RERT Guidelines to reflect the changes made as a result of the final Rule.

Final report

The Panel published a final report on 15 December 2016, which sets out the Panel's changes to the RERT Guidelines and its rationale for those changes. This includes:

- Removing references to 'long notice situations' in the Guidelines. This will provide consistency between the Rules and Guidelines and clarify the processes that may be carried out by AEMO in contracting for reserves.
- Clarifying that AEMO may contract reserves from RERT panel members or other potential reserve providers, in 'medium notice situations'. It is desirable that AEMO continue to have flexibility when contracting reserves in an efficient, cost-effective manner and that AEMO is able to contract reserves from participants that are not necessarily on the RERT panel.
- Clarifying that information about RERT panel members is confidential. This reflects the previous requirements, but was considered to be unclear in the RERT Guidelines.

The RERT Guidelines made by the Panel were published with the final report.

Consultation

A draft report was published for consultation on 29 September 2016. A draft of the Guidelines with the proposed marked-up amendments was also published with the draft report to facilitate stakeholder feedback.

Submissions to the draft report closed on 10 November 2016 and two submissions were received.

Next steps

AEMO is required to update the RERT procedures to take into account changes made to the Rules and the RERT Guidelines.

The new RERT Guidelines, together with the Rules and RERT procedures, will commence on 1 November 2017.

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