



Prioritising arrangements for system security during market suspension

The AEMC has confirmed that the rules apply during periods of market suspension regarding prioritising arrangements for system security during market suspension

The Commission's draft determination

The Commission's draft determination addresses the issue of clarity around the applicability of the National Electricity Rules (NER or the Rules) during periods of market suspension. This determination is in response to the COAG Energy Council's rule change request in which they suggested that the applicability of the rules during a period of market suspension was unclear. The Commission recognises the importance of the rules being clear and notes the proponent's assertion that system security should be AEMO's priority during extreme events.

The Commission has determined to clarify the Rules applicability during periods of market suspension, but to do this in the determination itself, rather than in the Rules.

This is because attempting to further clarify what arrangements apply during a period of market suspension in the Rules may create uncertainty or confusion in relation to the interpretation of the Rules. Further, circumstances have changed since the rule change was submitted, with a number of the recommendations made by the AER in its Black System Event report relating to market suspension being actioned.

Stakeholders generally agreed with the position of the Commission on these issues. Several stakeholders did not consider the issues raised in the rule change request material enough to warrant a change. In particular, AEMO submitted that the proposals for additional flexibility as to which NER provisions apply are not appropriate or necessary. Similarly, the AER considered that providing AEMO with flexibility as to which NER provisions it does not need to comply with will not lead to a more optimal outcome during market suspension.

Whilst some did note that clarification might be useful the Commission is of the view that the rules are clear, and has used the draft determination to provide that clarity. The Commission has therefore determined for the reasons outlined above to not make a draft rule.

The rule change request

On the 26 May 2020, the COAG Energy Council made a request to the AEMC to make a rule regarding prioritising arrangements for system security during market suspension. The rule change request seeks to clarify the applicability of the NER during periods of market suspension. This followed on from recommendations made by the AEMC in its BSE report.

The rule change request suggested that the applicability of the NER during a period of market suspension is unclear. It also suggested that rigid requirements for AEMO to comply with all aspects of the NEM may compromise their ability to maintain power system security during a period of market suspension. In doing so, the rule change would establish a transparent framework that would provide AEMO and other participant's clarity on the applicability of the rules during a period of market suspension.

Next Steps

The Commission invites submissions on the draft determination by **13 May 2021**.

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