



# INFORMATION

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## Extension of time and reduction in scope of the 2022 reliability standard and settings review

### Stakeholder submission invited on new rule change request

The Australian Energy Market Commission (AEMC) has published a consultation paper on a rule change proposal from Dr. Kerry Schott AO, chair of the Energy Security Board (ESB). Dr. Schott seeks to reduce the requirements on the Reliability Panel (Panel) for the 2022 reliability standard and settings review (2022 RSS review) and extend the publication date of the Panel's review. The rule change is being considered as a non-controversial rule change under the expedited process. Submissions close on 25 November 2021.

### Dr. Schott's rule change request

On 13 October 2021, Dr Kerry Schott AO, chair of the ESB submitted a rule change request to the AEMC. The request proposes to:

- Reduce the scope of the 2022 RSS review by removing the need to review the reliability settings in the 2022 RSS review. This responsibility would move to the ESB. The Panel would therefore only review and report on the reliability standard (standard).
- Extend the date of the Panel's review of the standard from 30 April to 30 June 2022.

The aims of the proposed changes are to:

- better align the 2022 RSS review with the work to design a capacity mechanism and provide clarity about how the settings will be considered in the context of the capacity mechanism reform proposal,
- allow for a more streamlined and coordinated process for stakeholders while also allowing for the delivery of the necessary recommendation for the standard and settings, including in the event Ministers do not agree to the ESB's recommendations, and
- avoid the Panel potentially making recommendations on the settings that are inconsistent with any future market design.<sup>1</sup>

### Issues for consultation

On October 28 2021, the AEMC published a consultation paper seeking feedback on key issues arising from the rule change request, including:

- The interactions of a capacity mechanism design, the reliability settings and the 2022 RSS review. In particular, the alignment of the reliability settings and capacity mechanism design, and the timings of the known reliability standard and settings for the period of 1 July 2024-30 June 2028.
- The proposed amendments to extend the time for the reliability standard review and final report. In particular, allowing the Panel adequate time to consider the ESB post 2025 recommendation and final advice in its review.
- The costs of conducting the reliability settings assessments.

### Key dates under the expedited rule making process

The Commission considers that the proposed rule meets the definition of a non-controversial Rule because it is unlikely to have a significant impact on the national electricity market. In reaching this decision the Commission has had regard to the fact that the rule change request:

<sup>1</sup> Dr. Kerry Schott, *Extension of time and scope Reliability Panel's 2022 Reliability Standard and Settings Review*, rule change request, p. 6.

1. Proposes a one-off amendment to the Panel's responsibility for *only* the 2022 RSS review and the extension requested is a two-month delay from 30 April 2022 to 30 June 2022 for the Panel's review of the reliability standard. The Panel's full NER requirements will recommence for the next RSS review.<sup>2</sup>
2. The proposal is to move the Panel's functions of reviewing the settings to the ESB, not remove the function itself.
3. As per the Panel process, any proposed changes to the settings by the ESB are recommendations only. To be enacted, they would then need to be submitted through a rule change.

With the rule change request meeting the test for being a non-controversial rule, the Commission proposes to use the expedited rule making process. The key dates for stakeholders in this process are set out in Table 1 below.

**Table 1: Indicative timelines for the rule change request**

MILESTONE	PROPOSED DATE
Commencement of this rule change process	28 October 2021
Objections to an expedited process due	11 November 2021
Submissions to the consultation paper due	25 November 2021
Final decision and final rule under an expedited process published	23 December 2021

The Commission requests that where possible, evidence should be provided to support stakeholder submissions. Any confidential cost information can be treated as confidential and redacted from submissions published on the AEMC's website. The Commission also welcomes early submissions where possible.

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<sup>2</sup> That is the reliability standard and settings to apply on and from 1 July 2028.