



INFORMATION

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South Australian jurisdictional derogation – Interim reliability reserve eligibility

Initiation of consultation on urgent jurisdictional derogation to help ensure reliability during the upcoming summer period in South Australia

The Australian Energy Market Commission (AEMC) has published a consultation paper in response to a rule change request from Hon Tom Koutsantonis MP, Minister for Energy and Mining in South Australia (the Minister), that seeks a jurisdictional derogation in South Australia. The jurisdictional derogation would allow the Australian Energy Market Operator (AEMO) to consider two generating plants owned by Engie (Snuggery and Port Lincoln) for interim reliability reserve (IRR) in the upcoming summer.

We are proposing to progress this as an expedited rule change due to its urgent nature. Objections to the expedited process are due by 12 December 2024.

The Minister is proposing a jurisdictional derogation to allow AEMO to consider two additional plants for reserve contracts in South Australia

The Minister has proposed a time-limited (two-year) jurisdictional derogation from clause 3.20.3 (g) and (h) of the National Electricity Rules (NER or the Rules) to allow AEMO to consider procuring the Snuggery (63-megawatt (MW)) and Port Lincoln (75MW) peaking generators as out-of-market emergency reserves.

The two generators are currently unable to be considered for out-of-market reserve contracts due to provisions set out in clause 3.20.3 (g) and (h) of the NER. Under these provisions, AEMO and a person cannot enter into scheduled reserve contracts (or IRR contracts) if the relevant generators have been available for dispatch in market within the last 12 months. Both Snuggery and Port Lincoln were available and last dispatched in the market on 1 July 2024 (after which the plants were mothballed).

We are proposing to expedite the rule change request

We consider the rule change request is urgent as we believe that if not addressed urgently, this issue could potentially impact the safety, security or reliability of the national electricity system this upcoming summer.

The urgency stems from the reliability gaps forecast by AEMO and other exacerbating factors. If reliability issues arise and there are insufficient reserves available, AEMO may need to resort to load shedding, which would have potentially severe impacts on the people of South Australia, particularly if this coincides with extreme weather.

Under the expedited process, there is no draft determination and a final determination is made eight weeks after the publication of the consultation paper.

Stakeholders can object to the use of the expedited process by lodging an objection with the Commission by **12 December 2024**.

We are seeking stakeholder feedback to the consultation paper

We have published a consultation paper to initiate this rule change process. Submissions to the consultation paper are due by **2 January 2025**.

We expect to publish a final determination by 23 January 2025.

For information contact:

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