



3 August 2009

Mr Ian C Woodward  
Chairman  
Reliability Panel  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Dear Ian

**Review of the Operational Arrangements for the Reliability Standard: Issues Paper**

This letter sets out a brief submission by the Victorian Electricity Distribution Businesses (DBs) on the Reliability Panel's Issues Paper titled *Review of the Operational Arrangements for the Reliability Standard*. This submission reflects the views of CitiPower Pty, Jemena Electricity Networks (Vic) Ltd, Powercor Australia Ltd, SPI Electricity Pty Ltd and United Energy Distribution Pty Ltd.

The Victorian DBs are strongly supportive of initiatives aimed at achieving economically efficient improvements in the reliability of supply to electricity consumers. In this regard, we note that the Issues Paper canvasses the possible introduction of an additional short term intervention trigger which would work in tandem with the current lack of reserve trigger (LOR2), and which would be more conservative than the LOR2 trigger. We note that such a proposal, if implemented, suggests an improvement in (ex ante) reliability levels - an outcome that we would favour, subject to the preservation of underlying market signals aimed at fostering an efficient level of generation investment in the wholesale market.

We also note that in the wake of the involuntarily load shedding events which occurred in Victoria and South Australia on 29 and 30 January 2009 (during extreme heatwave conditions at that time), the Panel has developed proposals to enable AEMO to contract for generation reserves at short notice. In relation to this matter, we understand that:

- subject to the views of stakeholders, the Panel intends to develop and submit a Rule change proposal to the AEMC as an urgent Rule; and
- the proposed Rule will include provisions for interim amendments to the Reliability and Emergency Reserve Trader (RERT) Guidelines and Procedures so that the

short-term RERT can be in place by September 2009. This will allow AEMO several months before the 2009/10 summer to form a RERT panel, so that arrangements can be in place prior to the forthcoming summer period.

We welcome proposals that are aimed at providing economically efficient improvements in supply reliability, particularly under extreme conditions such as those that occurred in January of this year. We therefore support the proposals made by the Panel in relation to the short-term RERT for critical emergencies.

Should you wish to discuss any matters raised in this letter in further detail, please contact Rolf Herrmann (CitiPower/Powercor), on 9683 4282, Tom Hallam (SP Ausnet), on 9695 6617, Siva Moorthy (Jemena Electricity Networks), on 8544 9442, or Verity Watson (United Energy Distribution), on 8540 7819.

Yours sincerely



Rolf Herrmann

Manager Regulation

CitiPower and Powercor

On behalf of the 5 Victorian Distributors