



## **System Restart Ancillary Services – Section 108A (NEL) report**

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### **Purpose of report**

The Australian Energy Market Commission (AEMC or Commission) is required under section 108A of the National Electricity Law (NEL) to publicly report on rules not made within 12 months of the publication of the notification of the commencement of the rule change process, including the reason why that rule was not made within the timeframe.

This report relates to the System Restart Ancillary Services rule change request, which commenced on 27 March 2014 and completed on 2 April 2015.

### **Background**

On 27 March 2014, the AEMC commenced consultation on a consolidated rule change based on two rule change requests from:

- The Australian Energy Market Operator (AEMO); and
- A group of stakeholders including the National Generators Forum (NGF), AGL, Alinta Energy, Energy Brix, GDF Suez, Intergen and Origin Energy (the Group of Generators).

The Group of Generators' rule change request sought to clarify the responsibilities of different organisations within the SRAS frameworks, while AEMO's rule change request sought to reduce the cost of SRAS by introducing price arbitration and making SRAS prices more cost reflective.

Given that both of these rule change requests dealt with related issues, the Commission decided to consolidate them.

On 18 December 2014, the Commission made a draft determination to make a more preferable rule. The Commission's more preferable rule made a number of changes to the SRAS frameworks, including clarifying the responsibilities of the Reliability Panel and AEMO, clarifying the nature of the event that SRAS is procured to mitigate, promoting more competitive SRAS markets and increasing the cost reflectivity of SRAS charges.

On 2 April 2015, the Commission made a final determination which made a few minor changes to the draft determination, including introducing new reporting obligations for AEMO and clarifying AEMO's consultation processes.

### **Reasons for the rule determination not being made within 12 months**

On March 27 2014, at the commencement of the rule change, the Commission identified that there were a number of complex issues to be addressed in this rule change. Accordingly the Commission extended the time for making the draft determination by 6 weeks, under section 107 of the National Electricity Law.

On 28 August 2014, the Commission decided to further extend the period of time for the making of a draft determination. The Commission considered that this extension was necessary due to the complexity of issues addressed in the rule change, particularly the potential for interactions between this rule change and the Governance Arrangements and Implementation of the Reliability Standard and Settings rule change. The due date for publication of the draft determination was therefore extended to 18 December 2014.

Given this extension of the time for the making of the draft determination, the final determination was published on 2 April 2015, which was more than 12 months after the publication of the s95 notice in respect of this rule change request.