

PROPOSED RULE

Reliability Panel Proposed National Electricity Amendment (NEM Reliability: VoLL, CPT, and Future Reliability Review) Rule

This document contains proposed amendments to the National Electricity Rules to incorporate changes to the level and name of VoLL, the level of CPT, and the timing of Future Reliability reviews.

Schedule 1 Amendment of National Electricity Rules

[1] Clause 3.3.17 Scheduled prices

In clauses 3.3.17, 3.8.6, 3.8.6A, 3.8.7, 3.8.7A, 3.8.14, 3.9.2, 3.9.2A, 3.9.4, 3.9.5, 3.12A.7, 3.14.3, 3.14.6, 3.15.10 and in clause (j)(2) in Chapter 8A, Part 8 omit “*VoLL*” wherever occurring and substitute “*MPL*”.

[2] New Clause 3.9.3A Reliability standard and settings review

After clause 3.9.3, insert:

3.9.3A Reliability standard and settings review

By 30 April of each second year (commencing 2010) the *Reliability Panel* must conduct a review in accordance with the *Rules consultation procedures* and publish a report on the review of the reliability standard and settings that it recommends should apply from 1 July in the year commencing 2 years after the year in which the review is conducted. In conducting a review in accordance with this clause 3.9.3A the *Reliability Panel* must review the following:

- (1) reliability standard;
- (2) *MPL*;
- (3) *cumulative price threshold*; and
- (4) *market floor price*.

[3] Clause 3.9.4 VoLL

Omit clause 3.9.4(b) and substitute:

- (b) The value of *MPL* is \$10,000/MWh prior to 1 July 2010. Effective from 1 July 2010, the value of *MPL* is \$12,500/MWh.

[4] Clause 3.9.4 VoLL

Omit clause 3.9.4(c) and substitute:

- (c) The *Reliability Panel* must, as part of its review of the reliability standard and settings under clause 3.9.3A, conduct a review on the value of *MPL*. In conducting a review in accordance with clause 3.9.3A the *Reliability Panel* must have regard to the potential impact of any proposed increase in *MPL* on:
 - (1) *spot prices*;
 - (2) investment in the *National Electricity Market*; and
 - (3) the *reliability* of the *power system*.

[5] Clause 3.9.4 VoLL

Omit clause 3.9.4(d) and substitute:

- (d) As part of the review conducted pursuant to clause 3.9.3A, the *Reliability Panel* may review the value of *MPL* from 1 July in the year commencing 2 years after the year in which the current review is conducted. The *Reliability Panel* may only recommend a change to the level of *MPL* from 1 July in the year commencing 2 years after the year in which the current review is being conducted where:
- (1) in the *Reliability Panel's* opinion, it is highly probable that the relevant *market* conditions and circumstances on which the recommendation for that year were based as stated in the report from the *Reliability Panel* under clause 3.9.3A will eventuate; and
 - (2) the *Reliability Panel* has given due consideration to the impact of the change to the value of *MPL* on *Market Participants* and in the event of a decrease in the level of *MPL*, any alternative arrangements considered necessary to ensure that the reliability standard set out in the *power system security and reliability standards* is maintained.

[6] Clause 3.9.6 Market Floor Price

Omit clause 3.9.6(c) and substitute:

- (c) The *Reliability Panel* must, as part of its review of the reliability standard and settings under clause 3.9.3A, conduct a review on the value of the *market floor price*.

[7] Clause 3.14.1 Cumulative Price Threshold and Administered Price Cap

Omit clause 3.14.1(c) and substitute:

- (c) The *cumulative price threshold* is 15 times *MPL*.

[8] Chapter 10 Deleted and New definitions in Glossary

Omit the definition of “value of lost load (VoLL)” and insert the following new definition in alphabetical order after the definition of “Market Participant registered data”:

market price limit (MPL)

A price limit on regional reference prices, described in clause 3.9.4.
