



Annual Market Performance Review 2013

The Reliability Panel (Panel) published the draft report on the annual market performance review (AMPR) for 2012-2013. It examines the performance of the National Electricity Market (NEM) in this year against the reliability and frequency standards, and other standards and guidelines set by the Panel.

2012-2013 financial year overview

In the 2012-2013 financial year, the NEM regions generally experienced temperatures that were warmer than normal over spring and summer, but average temperatures in autumn and winter. Average demand continues to decline and long-term demand projections are also being revised down. On occasion, bushfires and lightning activity throughout the NEM caused system incidents that affected market participants and some load customers.

The report sets out the Panel's draft findings and assessments for 2012-2013, which are summarised as follows:

- **Reliability:** there was no unserved energy (USE) due to reliability events and, as such, the USE for all regions was within the reliability standard. The Australian Energy Market Operator (AEMO) was not required to issue any directions for reliability and it was not required to exercise the Reliability and Emergency Reserve Trader mechanism.
- **Security:** there were 49 power system operating incidents that AEMO was required to report on. Some of the incidents resulted in disruption to customer load, though generally the past financial year was relatively uneventful compared to other years when more extreme weather events impacted security. There were also some incidents where the frequency was outside the frequency operating standards on the mainland and in Tasmania; however, these incidents were managed without material impacts on the market or market participants.
- **Safety:** the Panel is not aware of any incidents where AEMO has not achieved its obligations with respect to safety in the NEM.

What is the AMPR

Each year, the Panel undertakes a review under the National Electricity Rules (NER) of the performance of the NEM in terms of the reliability and security of the power system. The scope of this review is to consider the reliability, security and safety of the NEM in terms of the performance against the standards and guidelines determined by the Panel under the NER. The Panel has been conducting this annual review since 2006.

The Panel welcomes comments on the content and format of the report, and is actively exploring ways in which to improve the usefulness of this annual review process and report. Consultation closes on 14 February 2014.

Background information

What is reliability and the reliability standard

Reliability of the power system relates to ensuring there is enough capacity to generate and transport electricity to meet all consumer demand. It is measured in terms of USE, which refers to an amount of energy that is required by customers but cannot be supplied. The reliability standard is set by the Panel and is a maximum permissible USE of 0.002 per cent per region or regions per financial year.

In 2012-2013 the reliability standard continues to be met in all regions of the NEM.

What is security

Security of the power system refers to maintaining the power system equipment within their technical operating limits. Security issues are managed directly by AEMO and network operators in accordance with applicable technical standards. Maintaining the security of the power system includes maintaining the system within the frequency standards, which are set by the Panel.

What is safety

Safety of the NEM relates to a wide range of important issues including the safe operation of equipment, and the safety of personnel and the public. There is no national safety regulator and each jurisdiction has specific safety provisions relating to transmission and distribution power systems. The safety considerations under this review were closely linked to the security of the power system, and operating assets and equipment within their technical limits.

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