



Draft National Electricity Amendment (NEM Reliability Settings: VoLL, CPT and Future Reliability Review) Rule 2009

under the National Electricity Law as applied by:

- (a) the National Electricity (South Australia) Act 1996;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (f) the National Electricity (Victoria) Act 2005 of Victoria; and
- (g) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

A handwritten signature in black ink, appearing to read 'John Tamblyn', is written over the printed name and title.

John Tamblyn
Chairman

Australian Energy Market Commission

Draft National Electricity Amendment (NEM Reliability Settings: VoLL, CPT and Future Reliability Review) Rule 2009

1. Title of Rule

This Rule is the *Draft National Electricity Amendment (NEM Reliability Settings: VoLL, CPT and Future Reliability Review) Rule 2009*.

2. Commencement

This Rule commences operation on [].

3. Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

Schedule 1 Amendment of National Electricity Rules

[1] References to “VoLL” in various headings

In the headings for clauses 3.9.4, 3.9.5, 3.14.6 and 3.15.10, omit “VoLL” wherever occurring and substitute “Maximum Market Price”.

[2] References to “VoLL” in various clauses

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 (other than clause 3.9.4(c1)), 3.9.5, 3.12A.7, 3.14.3, 3.14.6 and 3.15.10, and in clause (j)(2) in Chapter 8A, Part 8, omit “VoLL” wherever occurring and substitute “The *Maximum Market Price*” (in clause 3.9.4(a)) and “the *Maximum Market Price*” (in the other clauses).

[3] References to “market floor price” in various headings

In the headings for clauses 3.9.6, 3.9.6A, 3.14.6 and 3.15.10, omit “market floor price” or “Market Floor Price” wherever occurring and substitute “Minimum Market Price”.

[4] References to “the market floor price” in various clauses

In clauses 3.3.17, 3.8.6, 3.8.7, 3.9.6 (other than clause 3.9.6(d)), 3.9.6A, 3.14.3 and 3.14.6 and in clause (j)(1) in Chapter 8A, Part 8, omit “*market floor price*” wherever occurring and substitute “*Minimum Market Price*”.

[5] References to “market floor price” in various clauses

In clause 3.15.10, omit “*market floor price*” wherever occurring and substitute “the *Minimum Market Price*”.

[6] 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* on the reliability standard and settings and publish a report on 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) the *reliability standard*;
- (2) the *Maximum Market Price*;
- (3) the *cumulative price threshold*; and
- (4) the *Minimum Market Price*.

[7] Clause 3.9.4 VoLL

In clause 3.9.4(a), omit "cap" and substitute "limit".

[8] Clause 3.9.4 VoLL

Omit clause 3.9.4(b) and substitute:

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

[9] Clause 3.9.4 VoLL

Omit clause 3.9.4(c) and substitute:

- (c) In conducting a review of the *Maximum Market Price* in accordance with clause 3.9.3A, the *Reliability Panel* must have regard to the potential impact of any proposed increase in the *Maximum Market Price* on:
 - (1) *spot prices*;
 - (2) investment in the *National Electricity Market*; and
 - (3) the *reliability* of the *power system*.

[10] Clause 3.9.4 VoLL

In clause 3.9.4(c1), omit "The value of *VoLL* recommended by the *Reliability Panel*" and substitute "The *Maximum Market Price* recommended by the *Reliability Panel* in a review under clause 3.9.3A".

[11] Clause 3.9.4 VoLL

In clause 3.9.4(c2), omit "The *Reliability Panel's* report" and substitute "A report of the *Reliability Panel* under clause 3.9.3A".

[12] Clause 3.9.4 VoLL

Omit clause 3.9.4(d) and substitute:

- (d) In its review of the *Maximum Market Price* under clause 3.9.3A, the *Reliability Panel* may only recommend a change to the *Maximum Market Price* from 1 July in the year commencing 2 years after the year in which the 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 are based as stated in the report of 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 *Maximum Market Price* on *Market Participants* and, in the event of a recommended decrease in the *Maximum Market Price*, any alternative arrangements considered necessary to ensure that the *reliability standard* is maintained.

[13] Clause 3.9.6 Market Floor Price

Omit clause 3.9.6(c) and substitute "[Deleted]".

[14] Clause 3.9.6 Market Floor Price

In clause 3.9.6(d), omit "The value of the *market floor price* recommended by the *Reliability Panel*" and substitute "The *Minimum Market Price* recommended by the *Reliability Panel* in a review under clause 3.9.3A".

[15] Clause 3.9.6 Market Floor Price

In clause 3.9.6(e), omit "The *Reliability Panel's* report" and substitute "A report of the *Reliability Panel* under clause 3.9.3A", and omit “,” and substitute "along with supporting information".

[16] 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 \$150,000 prior to 1 July 2010. Effective from 1 July 2010, the *cumulative price threshold* is \$187,500.

[17] Chapter 10 Deleted and new definitions in Glossary

Omit the definition of “value of lost load (VoLL)” and insert the following new definition after the definition of “maximum demand”:

Maximum Market Price

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

[18] Chapter 10 Deleted and new definitions in Glossary

Omit the definition of “market floor price” and insert the following new definition after the definition of “minimum access standard”:

Minimum Market Price

A price floor on *regional reference prices* as described in clause 3.9.6.

[19] Chapter 10 New definition in Glossary

Insert the following new definition after the definition of “Reliability Panel”:

reliability standard

A standard as set out in the *power system security and reliability standards*, determined by the *Reliability Panel* under clause 8.8.3(a)(1).
