



Review of the Guidelines for identifying Reviewable Operating Incidents

AEMC Terms of Reference to the Reliability Panel

31 March 2012

Introduction

Under the National Electricity Rules (the rules), the Australian Energy Market Operator (AEMO) is required to conduct reviews on 'reviewable operating incidents' that occur in the national electricity market (NEM).¹ AEMO is also required to prepare, and make publicly available, a report on each review it conducts.² The rules set out the criteria to be used in identifying which operating incidents are reviewable operating incidents.³

To guide AEMO in the application of the criteria for identifying which operating incidents are reviewable operating incidents, the rules require the Reliability Panel (the Panel) to determine 'guidelines for identifying reviewable operating incidents' (the guidelines).⁴ The Panel established the guidelines in 2006. In establishing the guidelines, the Panel formed a technical reference group (TRG) which was made up of industry representatives, including a representative from AEMO (NEMMCO at the time). The TRG developed a draft of the guidelines, which were then publicly consulted on prior to the Panel making the final guidelines.

The AEMC understands that AEMO has written to the Panel recommending that amendments be made to the guideline to improve the operational efficiency with which AEMO conducts its reviews of the reviewable operating incidents. Given AEMO's request and that the guidelines have not been reviewed since their establishment in 2006, the AEMC considers it is opportune to conduct a review of the guidelines.

Scope of this Review

In accordance with clause 8.8.3(c) of the rules, the AEMC requests the Panel to undertake a review of the 'guidelines for identifying reviewable operating incidents' determined under clause 8.8.3(a)(4) of the rules.

In undertaking this review, the Panel must consider the national electricity objective contained in section 7 of the National Electricity Law when considering issues that arise in the review and in making its determination. As required by the rules, the Panel is also to consult publicly, including conducting a public meeting, in carrying out this review.

¹ Clause 4.8.15(b) of the rules.

² Clause 4.8.15(c) of the rules.

³ Clause 4.8.15(a) of the rules.

⁴ Clause 8.8.1(a)(9) of the rules.

The Panel's review should include:

- AEMO's experiences in applying the guidelines and any proposed amendments that it has raised; and
- whether there have been changes in market arrangements (including the reliability settings and standards) that impact the guidelines.

In accordance with clause 8.8.3(a)(4) of the rules, following this review and in accordance with its final report to the AEMC, the Panel may determine new guidelines to replace the existing guidelines.

Process and Timing

The AEMC requests that the Panel conducts this review in accordance with clause 8.8.3 of the Rules and complete it by no later than 31 December 2012.