

Australian Energy Market Commission

Draft Rule Determination

**National Electricity Amendment (NEM:
Reliability Settings: Information, Safety Net
and Directions) Rule 2008**

Rule Proponent
AEMC Reliability Panel

24 April 2008

Signed: 

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For and on behalf of
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About the AEMC

The Council of Australian Governments, through its Ministerial Council on Energy, established the Australian Energy Market Commission (AEMC) in July 2005 to be the Rule maker for national energy markets. The AEMC is currently responsible for Rules and policy advice covering the National Electricity Market. It is a statutory authority. Our key responsibilities are to consider Rule change proposals, conduct energy market reviews and provide policy advice to the Ministerial Council as requested, or on AEMC initiative.

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Abbreviations

AEMC	Australian Energy Market Commission
Commission	see AEMC
CRR	Comprehensive Reliability Review
EAAP	Energy Adequacy Assessment Projection
GELF	Generator Energy Limitation Framework
IRPC	Inter- Regional Planning Committee
MCE	Ministerial Council on Energy
MT-PASA	Medium Term Projected Assessment of System Adequacy
NEL	National Electricity Law
NEM	National Electricity Market
NEMMCO	National Electricity Market Management Company
NEO	National Electricity Objective
Panel	The AEMC Reliability Panel
PASA	Projected Assessment of System Adequacy
POE	Probability of Exceedance
RERT	Reliability and Emergency Reserve Trader
Rules	National Electricity Rules
SCO	Standing Committee of Officials
SOO	Statement of Opportunities
ST-PASA	Short Term Projected Assessment of System Adequacy

Executive Summary

The Commission's decision

The Australian Energy Market Commission (Commission) makes this draft Rule determination and the attached draft Rule (**see Appendix A**) on the AEMC Reliability Panel's (Panel's) 'NEM Reliability Settings: Information, Safety Net and Directions' Rule change proposal, in accordance with Section 99 of the National Electricity Law (NEL)

Summary of the Rule change proposal

On 15 February 2008, the Panel submitted the 'NEM Reliability Settings: Information, Safety Net and Directions' Rule change proposal to the Commission. This proposal has four main components:

1. Introduction of the Energy Adequacy Assessment Projection (EAAP), a new quarterly information mechanism which will provide the market with projections of the impact of generation input constraints on energy availability;
2. Introduction of the Reliability and Emergency Reserve Trader (RERT), which will replace and enhance the existing Reserve Trader arrangements from 1 July 2008;
3. A requirement that NEMMCO provide the Panel with an annual report on the accuracy of its most recent Statement of Opportunities (SOO) load forecasts and any improvements incorporated into the forecasting process; and
4. Extension of NEMMCO's Reliability Directions powers without sunset from 1 July 2008.

The Panel also sought to have its Rule change proposal processed under a fast tracked Rule making process under Section 96A of the NEL.

On 20 March 2008, the Commission published a notice under Section 95 of the NEL, advising of its intention to commence the Rule change process and fast track the Panel's Rule change proposal under Section 96A of the NEL. This is the first Rule change proposal to be processed by the Commission under a fast tracked Rule making process, following amendments to the NEL which commenced operation on 1 January 2008.

The Commission's reasoning for its decision

The Commission considers that the four components in the Panel's Rule change proposal will or would be likely to contribute to the achievement of the National Electricity Objective by: improving the reliability of supply in the NEM; improving the economic efficiency of dispatch; increasing market based responses to projected shortfalls in supply; and providing cost reflective and reliable supplies of electricity for end use consumers. The Commission also considers that the Panel's proposals

are necessary to address the risks which may arise from the tightening of the supply-demand balance, arising from: energy constraints related to the drought; potential interruptions to fuel supplies (e.g. gas); continued growth in the demand for electricity; and the implications of climate change policies on the energy market. This tightening of the supply-demand balance is projected to occur across the NEM over the medium term^a.

The Commission has decided to make the draft Rule on the Panel's Rule change proposal, however it has made a number of modifications to the Panel's proposed Rule to improve the governance arrangements and implementation of the Panel's proposal. These modifications relate primarily to the EAAP and involve: inserting an 'EAAP Purpose', 'EAAP Principles', and a review process for the EAAP into the draft Rule; and reassigning the responsibility to develop the EAAP Guidelines from the Panel to NEMMCO.

The Commission considers that the EAAP, as an additional source of information for the market regarding when and where energy constraints may impact on energy availability, will lead to an improved market response to projected shortfalls. The Commission suggests that this is likely to: increase the efficiency of investment in generation.; improve the reliability of supply for end use consumers; and reduce average energy prices relative to what they would have otherwise been, by smoothing out high prices during times of energy shortfall

The Commission notes that the current Reserve Trader arrangements have the potential to distort market based responses to reserve shortfalls. However, the Commission considers that it would not be prudent to remove NEMMCO's powers to contract for reserves in current and prospective market conditions, when a tightening of the supply-demand balance is forecast.

In recognition of the potentially distortionary effects of the RERT, the Commission has adopted the Panel's proposals to: impose a sunset and review process on the RERT; increase the flexibility that NEMMCO has to contract for reserves; and ensure that the reserves contracted by NEMMCO do not set the spot price and are only dispatched after all other bids and offers are dispatched. The Commission considers that the Panel's enhancements to the current Reserve Trader arrangements will minimise the distortionary impacts of NEMMCO's intervention, while also ensuring that NEMMCO's power to intervene to maintain supply reliability is maintained over time.

The Commission considers that annual reporting by NEMMCO on its SOO load forecasts is likely to improve the accuracy of its forecasts over time, by increasing transparency in the way it prepares its forecasts, and contributing to continuous improvements in those forecasts . The Commission suggests that an improvement in the accuracy of load forecasts is likely to: improve the accuracy of dispatch; increase the availability of generators during times of high demand; increase market based

^a Reliability Panel, 2007, Comprehensive Reliability Review: Final Report, 21 December, pg. 49.

responses to projected shortfalls in reserves; increase supply reliability; and improve the efficiency of investment in generation and transmission.

The Commission regards NEMMCO's power to issue reliability directions, as necessary to maintain the supply reliability of the market and to provide the market with long term confidence and certainty that NEMMCO is able to intervene to avoid load shedding. For these reasons, the Commission has decided to extend NEMMCO's reliability directions powers without sunset.

Consultation on the draft Rule determination and draft Rule

The Commission invites submissions on this draft Rule determination by **6 June 2008**, in accordance with the minimum six week second round consultation period specified under Section 99 of the NEL. It should be noted that the Commission's timeframe to prepare a final Rule determination following the close of this round of consultation is relatively short. The Commission is intending to publish its final Rule determination for this Rule change proposal by 26 June 2008. While this is shorter than the maximum allowed period of 6 weeks after the second round of consultation closes, this is necessary to enable the RERT to seamlessly take over from the existing Reserve Trader arrangements, which expire on 1 July 2008. As a result, the Commission will necessarily give less weight to late submissions, and depending on their timing may not be able to consider them in making a final determination.

Under Section 101 of the NEL, any interested person or body may request that the Commission hold a pre-determination hearing in relation to the draft Rule determination. Any request for a pre-determination hearing must be made in writing and must be received by the Commission no later than **1 May 2008**.

Submissions may be sent electronically to submissions@aemc.gov.au or by mail to:

Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

1 The Reliability Panel's Rule change proposal

On 15 February 2008, the AEMC Reliability Panel (the Panel) submitted a Rule change proposal, titled 'NEM Reliability Settings: Information, Safety Net and Directions' to the Commission. This Rule change proposal relates to the Reserve Trader arrangements, NEMMCO's Reliability Directions power, and new information mechanisms for projections of energy adequacy and load.

The Panel's Rule change proposal indicated that it was seeking to have its proposal fast tracked under Section 96A of the National Electricity Law (NEL).

On 20 March 2008, the Commission published a notice under Section 95 of the NEL advising of its intention to commence the Rule change process and fast track this Rule change proposal under Section 96A of the NEL.

1.1 Fast Tracked Rule Making process

As raised above, the Commission has approved the Panel's request to process its Rule change proposal under the fast tracked Rule making process in Section 96A of the NEL. The Panel's Rule change proposal is the first proposal to be approved by the Commission for a fast tracked Rule making process under Section 96A of the NEL. This section will explain the fast tracked Rule making process and the Commission's considerations in assessing the Panel's request for a fast tracked process.

1.1.1 What is a fast tracked Rule making process?

The option of a fast tracked Rule making process is one of the amendments that were made to the NEL and commenced operation on 1 January 2008. Once a fast tracked Rule making process has been approved by the Commission, the first round of consultation and option for a public hearing is bypassed. Following the publication of a Section 95 notice initiating the Rule change process, the Commission has five weeks to publish a draft Rule determination. Under Section 96A of the NEL, once the draft Rule determination has been published, the Rule making process will continue as normal with a six week second round of consultation and the publication of a final Rule determination within six weeks of the close of second round consultation.

A simplified diagram summarising the differences between a standard Rule making process and a fast tracked Rule making process, can be found below in **Figure 1¹**.

¹ Note, this diagram is a simplified version of the Rule making process and is not an exhaustive representation of the Rule making procedures under the NEL. This diagram should be used in conjunction with the NEL. This diagram assumes that both Rule change proposals meet the minimum threshold tests to initiate the Rule making process under Section 94 of the NEL and that the Rule change proposal requesting a fast tracked process is approved under Section 96A of the

1.1.2 The Panel's reasons for requesting a fast tracked Rule change process

The Panel suggested in its proposal documents that Section 96A of the NEL applies to its Rule change as:

1. Under Section 87(2) of the NEL, the Panel is considered to be an 'electricity market regulatory body' which has the power to submit a fast tracked Rule change proposal; and
2. The Panel conducted a public consultation on the proposals contained in its Rule change.

1.1.3 The Commission's analysis and decision on the Panel's fast track request

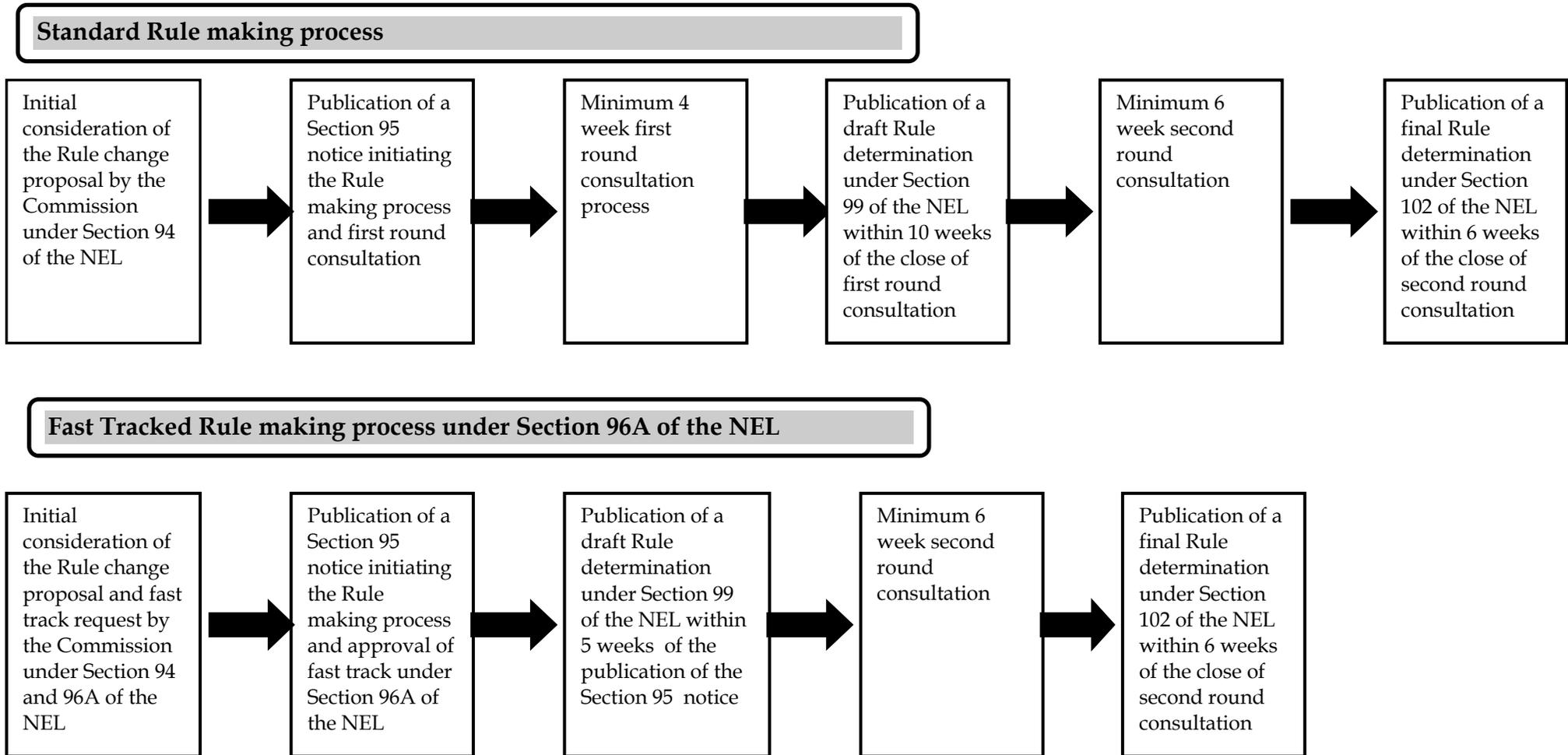
In assessing the Panel's request for a fast tracked Rule making process under Section 96A of the Rules, the Commission considered the following factors:

1. Whether the Exposure Draft that was consulted on during the CRR is consistent with the recommendations contained in the Rule change proposal that was submitted to the Commission;
2. The standard and extent of consultation conducted by the Panel during the Comprehensive Reliability Review (CRR) and on its Exposure Draft in particular; and
3. How well the Panel addressed the issues raised by stakeholders during consultations on the CRR and its Exposure Draft, including its consideration and inclusion of additional or alternative solutions to those suggested by the Panel.

The Commission determined that the Panel had met the minimum requirements for a fast tracked Rule making process under Section 96A of the NEL and approved the Panel's request for fast track.

NEL by the Commission . If a fast tracked process was not approved by the Commission, the Rule change proposal would follow the standard Rule making process.

Figure 1- Standard Rule making process vs. a fast tracked Rule making process



1.2 Background to the Panel's Rule change proposal

The recommendations contained in the Panel's Rule change proposal were developed during the Panel's CRR. This Rule change proposal is the first Rule change to be submitted by the Panel as a result of the Panel's Final Report on the CRR, published on 21 December 2007. A second Rule change proposal from the Panel arising from the CRR, in relation to the level of the value of lost load (VoLL) and the cumulative price threshold (CPT), is expected to be submitted to the Commission during 2008.

1.2.1 Comprehensive Reliability Review

The Commission directed the Panel to undertake a comprehensive and integrated review of the reliability settings for achieving reliability of supply in the National Electricity Market (NEM) in December 2005. An Issues Paper on the CRR was published in May 2006 and following stakeholder consultation, the First Interim Report on the CRR was published in April 2007.

In June 2007, the Ministerial Council on Energy (MCE) wrote to the Commission requesting that the Panel's terms of reference for the CRR be expanded to "consider what, if any, improvements can be made to arrangements, including Reserve Trader, to strengthen the market's ability to manage [generator] input constraints"². This request from the MCE was made in the context of energy shortfalls being projected by NEMMCO if the prevailing drought conditions in south eastern Australia continued.

In August 2007, the Panel published its Second Interim Report on the CRR³ after receiving consultation on the First Interim Report. Appendix C of the Second Interim Report contained an Exposure Draft of Rule changes relating to the introduction of new information mechanisms for energy adequacy, changes to the current Reserve Trader arrangements, and a clarification of NEMMCO's Reliability Directions powers. This Exposure Draft was amended following consultation with stakeholders and the amended Exposure Draft formed the basis of the Panel's 'NEM Reliability Settings: Information, Safety Net and Directions' Rule change proposal, which was submitted to the Commission in February 2008.

² MCE, 2007, Letter requesting an expansion of the CRR's terms of reference, 13 June, p. 1. Available here:

<http://www.aemc.gov.au/pdfs/reviews/Comprehensive%20Reliability%20Review/reliability%20panel%20docs/000Letter%20from%20the%20SCO.pdf>

³ Reliability Panel, 2007, Comprehensive Reliability Review: Second Interim Report. Available at:

<http://www.aemc.gov.au/electricity.php?r=20051215.142656>

1.3 Description of the Panel's Rule change proposal

The Panel's Rule change proposal has four main components which include:

- The Energy Adequacy Assessment Projection;
- The Reliability and Emergency Reserve Trader;
- NEMMCO's Reliability Directions power; and
- NEMMCO's Statement of Opportunities Load Forecasts.

Each component of the Panel's Rule change proposal is described below. A diagram summarising the key elements of the Panel's Rule change proposal can also be found in **Figure 2** below.

1.3.1 The Energy Adequacy Assessment Projection (EAAP)

The Panel has proposed the introduction of a new information mechanism, the EAAP, which will provide at least every quarter, two year projections of the impact of generation input constraints (e.g. water and fuel restrictions) on energy availability.

The EAAP seeks to ensure that the recent information that NEMMCO has been publishing on the impact of the drought on power generation continues to be distributed in the market. In order to assist NEMMCO's assessments of energy adequacy, Scheduled Generators will be required to lodge a quarterly 'Generator Energy Limitation Framework' (GELF) with NEMMCO describing its energy generation constraints.

1.3.2 The Reliability and Emergency Reserve Trader (RERT)

The Panel is seeking to replace the existing Reserve Trader arrangements which are due to expire under the Rules on 1 July 2008, with the RERT, which is an enhanced reserve trader mechanism with a four year sunset period.

The RERT has two main enhancements from the current Reserve Trader arrangements: NEMMCO will be able to contract for capacity reserves for up to nine months in advance of a projected shortfall rather than six months; and NEMMCO will be able to undertake multiple rounds of tendering and contracting when selecting reserve contracts rather than a single round.

The RERT will continue to operate on a regional basis and be funded by Market Customers in the affected regions.

1.3.3 Reliability Directions

The Panel is seeking to extend the powers in clause 4.8.9 of the Rules that allow NEMMCO to issue Reliability Directions to maintain or re-establish the power

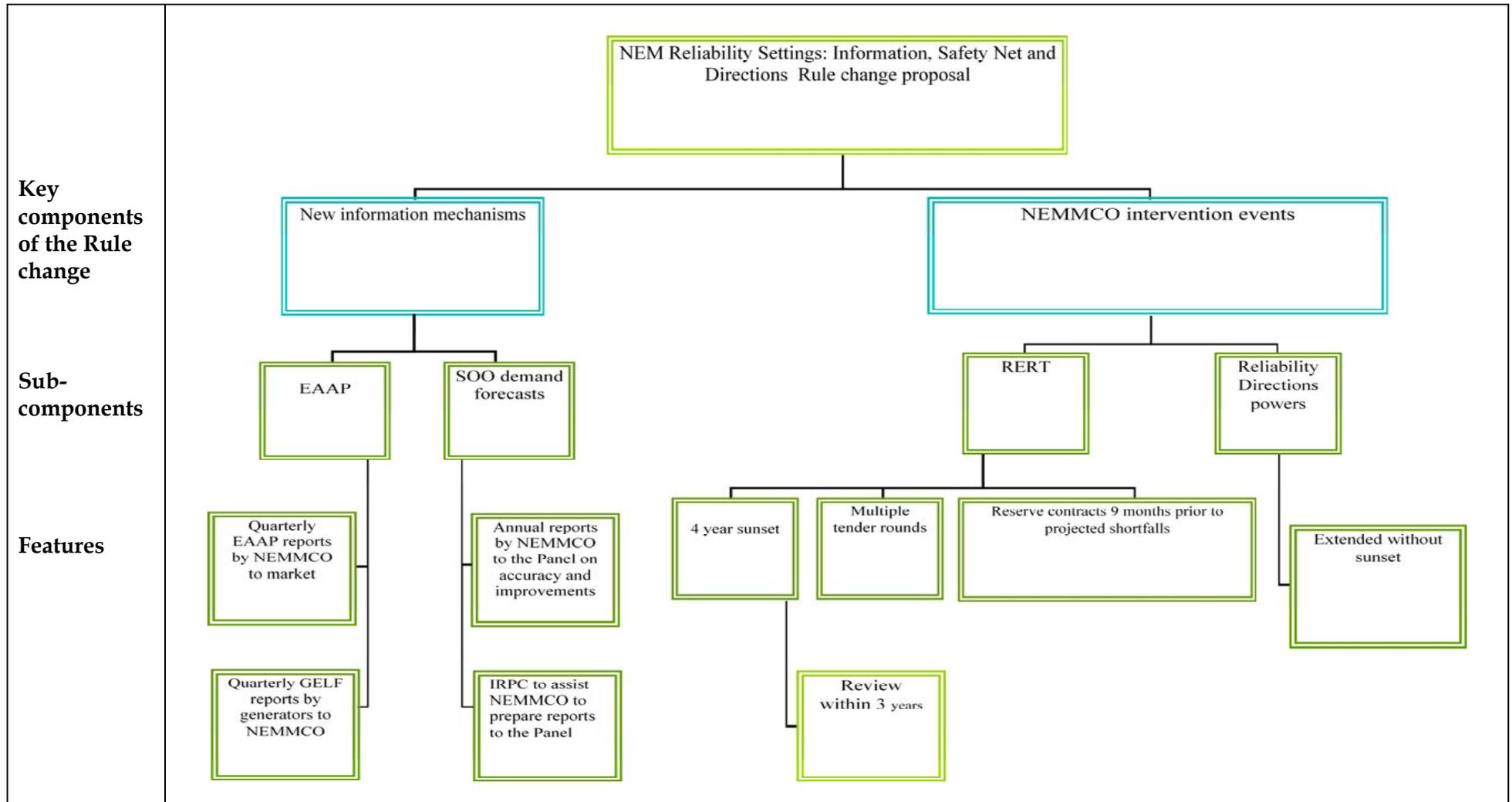
system to a reliable operating state. Under the existing Rules, the Panel suggests that it is unclear whether this power has an expiry date of 1 July 2008. The Panel is seeking to extend this power without a sunset period.

1.3.4 Statement of Opportunities (SOO) Load Forecasts

The Panel is seeking to require:

1. NEMMCO to report to the Panel by 1 November each year on the accuracy of its most recent SOO Load Forecasts and any improvements that have been incorporated into the forecasting process that will apply to the next SOO; and
2. That the Inter-Regional Planning Committee (IRPC) assists NEMMCO in meeting the above reporting obligation to the Panel.

Figure 2- Summary of the Panel's NEM Reliability Settings: Information, Safety Net and Directions Rule change proposal



1.4 The Panel's identified problems with the current Rules and its proposed solutions

Sections 1 and 4 of the Panel's Rule change proposal outlines the Panel's identified problems with the current Rules and how the Panel considers that its proposal will provide a solution to each of the issues it has identified. The four main issues with the current Rules that the Panel has identified are:

1. Generator input constraints;
2. The continued need for a reliability safety net;
3. The continued need for NEMMCO's Reliability Directions powers; and
4. The accuracy of NEMMCO's maximum demand forecasts in the SOO.

1.4.1 Generation input constraints

The Panel suggests that the prolonged and severe drought in eastern and south eastern Australia is having an increasing impact on generator energy constraints. Further, the Panel suggests that such significant energy constraints have not been experienced on the Australian mainland since the start of the NEM and therefore it is uncertain how well the market will operate when faced with relatively widespread potential energy constraints.

To address its concerns regarding generator energy constraints, the Panel has proposed that NEMMCO publish the EAAP- a two year outlook of the impact of generation input constraints on energy availability. The EAAP is proposed to be published at least quarterly and generators will be required to lodge their generation input limitations with NEMMCO to assist NEMMCO in its assessments of energy adequacy. The Panel anticipates that the EAAP will improve the information available to Market Participants in relation to when and where energy constraints may occur ; and, consequentially, should facilitate market responses such as the reallocation of existing fuel and water resources to periods of projected energy constraints.

1.4.2 Continued need for a reliability safety net

The current power that NEMMCO has to contract for reserves when a shortfall of reserve is projected (i.e. Reserve Trader power) expires on 1 July 2008 under clause 3.12.1 of the Rules. The Panel considers that the Reserve Trader arrangements are a market distortion that would not be necessary, if there was an assurance that the market would deliver the required standard of reliability in all circumstances where the supply-demand balance is tight and the level of reserves is low. However, the Panel suggests that as tighter demand-supply conditions are projected and the market's response to these conditions has never been tested, the Reserve Trader arrangements should be retained at this stage.

The Panel states that there are two broad issues with the current Reserve Trader and has proposed changes to address these issues.

1. Firstly, the Panel states that under the current arrangements, NEMMCO is only able to contract for reserves six months prior to a projected shortfall. The Panel considers that this is a short time frame, which means that there are only a limited number of potential sources of reserve capacity available when NEMMCO contracts reserves. However, the Panel suggests that if NEMMCO is allowed to procure reserves too far in advance, NEMMCO may distort investment incentives for new generating plant.
2. Secondly, the Panel also states that under the current arrangements NEMMCO only has one opportunity to tender and enter into contracts for reserves, which may prevent it from entering into the most efficient reserve contracts.

To address the above issues, the Panel has proposed that NEMMCO be allowed to:

1. Contract for reserves up to nine months prior to a projected shortfall to increase competition for reserve contracts and reduce the cost of procurement; and
2. Undertake multiple rounds of tendering and contracting when selecting reserves.

The Panel suggests that a rolling tendering process will allow NEMMCO's reserve contracting to be informed by updated quarterly projections of the impact of generation input constraints (i.e. the proposed EAAP).

The Panel has proposed to call this redesigned Reserve Trader the RERT.

To address concerns regarding the distortionary effect that these arrangements may have on the market, the Panel has proposed that the RERT have a four year sunset period and the Panel be required to review the operation of the RERT within three years of its operation. The Panel has also proposed that it be required to prepare a set of guidelines for NEMMCO's operation of the RERT.

1.4.3 Continued need for NEMMCO's reliability directions powers

The Panel suggests that under clause 4.8.9(h) of the Rules, NEMMCO's powers to issue a direction or clause 4.8.9 instruction to maintain or re-establish the power system cease when NEMMCO's Reserve Trader powers under rule 3.12 cease.

The Panel considers that NEMMCO's power to issue directions for reliability is an important mechanism to manage the reliability of the NEM, and therefore recommends that NEMMCO's power to issue reliability directions be extended indefinitely.

1.4.4 Accuracy of maximum demand projections

The Panel has stated that stakeholders are concerned that NEMMCO's maximum demand projections in the SOO have been systematically too high, particularly at 10% probability of exceedance (POE) demand levels (i.e. 1 in 10 year levels of demand). The Panel notes that stakeholders believe that because of systematically high demand forecasts, NEMMCO may have intervened too often to contract for reserves, which ex-post are not needed, and that the cost of procuring these reserves has been passed on to consumers.

To address stakeholder concerns, the Panel has proposed that NEMMCO report to the Panel annually, with the assistance of the IRPC, on the accuracy of the most recent SOO demand forecasts and any improvements to the process used to prepare the SOO forecasts.

1.5 How the Panel considers that its proposal meets the National Electricity Objective

A Rule change proponent is required to state how it considers its proposed Rule would or would be likely to contribute to the achievement of the National Electricity Objective (NEO).⁴

Section 5 of the Panel's Rule change proposal provides a statement outlining how it considers that its proposed Rule would or would be likely to contribute to the NEO. The Panel has suggested that each component of its proposal will contribute to the NEO in the following ways.

1.5.1 EAAP

There are five reasons why the Panel considers the EAAP will promote the NEO.

The Panel suggests the EAAP will:

1. Promote the efficient use of electricity services by improving the information provided to market participants and stakeholders on the impact of generation energy constraints. The Panel anticipates that this information will lead to market responses which will improve the use of constrained generation inputs.
2. Improve the reliability of supply to consumers and to the national electricity system.

⁴ The NEM Objective was renamed the National Electricity Objective (NEO) following amendments to the NEL, which commenced on 1 January 2008. Despite this change in name, the wording of the NEO is identical to that of the NEM Objective.

3. Reduce the prices paid by electricity consumers, relative to what they would have otherwise been. The Panel notes that average end use consumer prices may reduce through the smoothing of high prices during projected energy shortfalls.
4. Increase the efficiency of investment in generating systems through the more efficient use of existing generation, which will further improve reliability and reduce end use consumer prices.
5. Provide benefits for energy traders in the NEM, as improved projections of energy limitations will improve their ability to determine efficient contracting levels.

1.5.2 RERT

The Panel considers that the RERT will:

1. Lead to a more efficient use of potential electricity services by providing an emergency mechanism that allows additional capacity reserves to be made available over and above those already in the NEM;
2. Increase the reliability of supply to consumers and reduce involuntary load shedding by providing a mechanism for NEMMCO to procure additional reserve capacity during projected shortfalls; and
3. Increase market certainty by providing continuity of the Reserve Trader arrangements and reducing the need for NEMMCO to issue directions to restore the power system to a reliable operating state.

The Panel notes that the RERT also has the potential to provide another opportunity for consumers to negotiate demand side responses, other than directly contracting with a retailer.

1.5.3 Reliability Directions

The Panel suggests that its proposed extension of NEMMCO's Reliability Directions power will lead to a more efficient use of electricity services by allowing NEMMCO to intervene to prevent involuntary load shedding.

The Panel indicates that some of the other benefits that will occur through the extension of NEMMCO's Reliability Directions power include:

1. An increased reliability of supply to consumers;
2. Greater market certainty through the continuity of the current arrangements; and
3. A reduced operational burden on NEMMCO by removing the need for NEMMCO to distinguish between reliability and security directions at the time an incident occurs.

1.5.4 SOO Demand Forecasts

The Panel anticipates that improving the accuracy of demand forecasts will lead to either more efficient investment in transmission and generation services (where high forecasts are avoided) or improved reliability of supply (where low forecasts are avoided). The Panel also suggests that the costs to consumers from over-investment in generation are likely to be reduced. The Panel notes that energy traders in the NEM will also benefit from improved demand forecasts as it will improve their ability to determine efficient contracting levels.

For these reasons, the Panel considers that its Rule change proposal has the potential to satisfy the Rule making test.

1.6 Timetable for the Rule change process

The following key dates outlines the Commission's intended consultation process and timetable for this fast tracked Rule change proposal.

Date	Milestone
20 March 2008	Publication of the Section 95 Notice initiating the Rule change process and approval of a fast tracked Rule change process under Section 96A of the NEL.
24 April 2008	Publication of the draft Rule determination under Section 99 of the NEL. Second round consultation opens.
6 June 2008	Second round consultation closes.
26 June 2008	Publication of the final Rule determination under Section 102 of the NEL. While this is shorter than the maximum allowed period of 6 weeks after the second round of consultation closes, this is necessary to enable the RERT to seamlessly take over from the existing Reserve Trader arrangements, which expire on 1 July 2008.

2 The Commission's draft Rule determination

The Commission has determined in accordance with Section 99 of the NEL to make the draft Rule. A copy of the Commission's draft Rule can be found at **Appendix A**.

This determination sets out the Commission's reasons for making the draft Rule. The Commission has taken into account:

- The Commission's powers under the NEL to make the Rule;
- The proponent's Rule change proposal and proposed Rule;
- Relevant MCE statements of policy principles;
- The Commission's approach and decision making framework; and
- The Commission's analysis as to the ways in which the draft Rule will or is likely to contribute to the achievement of the NEO so that it satisfies the statutory Rule making test.

2.1 The Commission's power to make the Rule

The subject matters about which the AEMC may make Rules are set out in Section 34 of the NEL and more specifically in Schedule 1 to the NEL.

The proposed Rule falls within the subject matters that the AEMC may make Rules about as it relates to the regulation of:

- The national electricity market (as it relates to the Rules for the procurement and dispatching of contracted reserves and non-scheduled reserves);
- The operation of the national electricity system for the purposes of the safety, security and reliability of that system (as it relates to NEMMCO's powers to issue reliability directions and NEMMCO's ability to maintain reliability in the presence of generator energy limitations); and
- The activities of persons participating in the NEM or involved in the operation of the national electricity system (as it involves the provision of market related information by registered generators to NEMMCO and the provision of market related information from NEMMCO to registered participants).

The Commission is satisfied that the proposed Rule is a matter about which the Commission may make a Rule.

Specifically, the Rule is also within matters set out in Schedule 1 to the NEL as it relates to:

- the operation of generating systems, transmission systems, distribution systems or other facilities (item 11 of Schedule 1 of the NEL);
- reviews by or on behalf of the Reliability Panel or any other panel or committee established by the AEMC (item 33b of Schedule 1 of the NEL); and
- confidential information held by Registered participants, the AER, the AEMC, NEMMCO and other persons or bodies conferred a function, or exercising a power or right, or on whom an obligation is imposed, under the Rules, and the manner and circumstances in which that information may be disclosed (item 35 of Schedule 1 of the NEL).

2.2 Relevant MCE statements of policy principles

The NEL requires the Commission to have regard to any MCE statements of policy principles in applying the Rule making test. The Commission notes that currently there are no MCE statements of policy principles that relate to the issues contained in the Panel’s Rule change proposal.

2.3 Assessment of the draft Rule: the National Electricity Objective and the Rule making test

The National Electricity Objective (NEO) is the basis of assessment under the Rule making test and is set out in Section 7 of the NEL:

“The objective of this Law is to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system.”⁵

The Rule making test states:

- (1) “The AEMC may only make a Rule if it satisfied that the Rule will or is likely to contribute to the achievement of the national electricity objective;

⁵ Section 7 of the National Electricity Law

(2) For the purposes of subsection (1), the AEMC may give such weight to any aspect of the national electricity objective as it considers appropriate in all circumstances having regard to any relevant MCE statement of policy principles”⁶.

Under Section 91A of the NEL, the Commission is also able to make a “more preferable Rule”⁷, if the Commission is satisfied that, having regard to the issue or issues raised by the proposed Rule, the more preferable Rule will or is likely to better contribute to the achievement of the NEO. The Commission’s power to make a “more preferable Rule” commenced operation on 1 January 2008, following amendments to the NEL.

2.4 The Commission’s approach and decision making framework

The Panel’s Rule change proposal is the first to be considered under a fast tracked Rule making process, in accordance with Section 96A of the NEL. A fast tracked Rule making process significantly reduces the statutory timeframes of a standard Rule making process. As a result, the fast tracked Rule making process requires the Commission to approach its assessment of the Panel’s Rule change proposal in a different way to how it considers proposed Rule changes under the standard Rule making process. As the Commission has not undertaken a first round of consultation, in preparing this draft Rule determination the Commission has:

1. Assessed the process that was undertaken by the Panel in the development of its Rule change proposal, including the issues that were raised by stakeholders during the CRR and how the Panel addressed these issues in its Rule change proposal; and
2. Assessed the Rule change proposal against the NEO.

In assessing the Panel’s Rule change proposal against the NEO, the Commission has also informed its decision by considering the following criteria:

1. The likely effect of the proposal on the economic efficiency of dispatch;
2. The likely effect of the proposal on inter-regional trading and risk management;
3. The likely effects of the proposal on pricing outcomes and participant responses;
4. The likely effects of the proposal on power system security, supply reliability, and technical issues;
5. Whether the proposal is consistent with principles of good regulatory practice;

⁶ Section 88 of the National Electricity Law.

⁷ Section 91A of the National Electricity Law.

6. The likely long term implications of the proposal and its consistency with public policy settings; and
7. The likely timing and cost of the proposal and any other implementation issues.

2.5 The Panel's consultation process during the Comprehensive Reliability Review

As discussed in Chapter 1, the Panel undertook a range of consultation in developing its Rule change proposal during the CRR. Stakeholders had opportunities to provide written submissions on the development of the Rule change proposal during consultations on an Issues Paper, First Interim Report, Second Interim Report and Exposure Draft Rule. Stakeholders also had opportunities to provide in-person presentations at two public forums which were held during consultations on the CRR Issues Paper and Second Interim Report/Exposure Draft Rule. The consultation conducted appears to have been robust and comprehensive and at a standard similar to the type of consultation conducted during first round consultations by the Commission on Rule change proposals. The Panel alerted the public of its consultations on the Commission website and also emailed interested stakeholders to notify them of the consultation process.

Interested stakeholders appear to have had an adequate opportunity to comment on the development of the recommendations in this Rule change proposal. This is demonstrated by the submissions received from stakeholders- such as NEMMCO, the National Generators Forum, the Major Energy Users, and the Energy Retailers Association of Australia on the Exposure Draft in the CRR's Second Interim Report.

The Panel appears to have considered the range of issues raised by stakeholders during these consultations and has amended its Rule change proposal to reflect and respond to the issues raised where seen as appropriate. For instance, the Panel's Exposure Draft Rule included a requirement that the SOO include projections over ten years of generation energy constraints and reliability of supply. However, following submissions and presentations on the Exposure Draft Rule, which suggested that such a requirement was superfluous as generation input constraints can already be managed within the current SOO and Annual National Transmission Statement process, this requirement was removed from the Panel's proposed Rule.

The Commission notes that in conducting an extended consultation process, such as the process the Panel conducted during the CRR, it may not have been feasible for the Panel to respond to all the issues that were raised during consultations by amending its Rule change proposal. However, there do not appear to have been any ongoing concerns or objections raised by stakeholders in relation to the Panel's consultation process. As a result, it appears that the majority of stakeholders were relatively comfortable with how the Panel responded to the issues they raised during the development of this Rule change proposal, and the recommendations that were reached by the Panel.

A comprehensive list of the issues raised during stakeholder consultations during the CRR and how the Panel responded to the issues raised in developing its Rule change proposal is at **Appendix B**. An outline of the Panel's consultation process on the CRR can be found on page 17 of the Panel's Rule change proposal⁸.

2.6 The Commission's assessment of the Panel's proposed Rule against the National Electricity Objective

This section of the draft Rule determination sets out the Commission's assessment of each component of the Panel's Rule change proposal against the NEO.

2.6.1 The EAAP

2.6.1.1 The Panel's proposal

The Panel is seeking to introduce a new information mechanism, the EAAP, which will provide two year projections of the impact of generation input constraints (e.g. water and fuel restrictions) on energy availability. To assist NEMMCO's assessments of energy adequacy, Scheduled Generators will be required to lodge a quarterly GELF with NEMMCO describing their energy generation constraints. The Panel has proposed that NEMMCO publish the EAAP at least every quarter.

2.6.1.2 The Commission's assessment

The Panel has suggested in its Rule change proposal that the drought in eastern and south eastern Australia is having an increasing impact on energy availability. Further, the Panel has indicated that it is uncertain how well the market will operate when faced with relatively widespread potential energy constraints, as these conditions have not been experienced on the Australian mainland since the start of the NEM.

The Commission agrees with the Panel's assessment of the potential for future energy constraints. The Commission also agrees that additional information for the market regarding when and where energy constraints could impact on reliability, is a way to address this risk and should lead to an improved market response to projected shortfalls. The Commission considers that the Panel's proposed EAAP is likely to be an effective mechanism to fulfil this need for additional market information on projected generation input constraints. Further, the Commission notes that the EAAP will serve to formalise and extend the information that NEMMCO has been providing to the market through its Drought Scenarios Investigation Reports⁹, to ensure that the information provided in these reports

⁸ Reliability Panel, 2008, NEM Reliability Settings: Information, Safety Net and Directions Rule change proposal, p. 17. Available at: <http://www.aemc.gov.au/electricity.php?r=20080307.151409>

⁹ In late 2006, the MCE Standing Committee of Officials requested that NEMMCO investigate the

becomes a permanent information source in the market. The Commission considers that as both NEMMCO and Scheduled Generators have been contributing to the preparation of these reports since late 2006, the additional implementation costs associated with the publication of the EAAP are likely to be relatively low for NEMMCO and Scheduled Generators. However, it should be noted that there is an ongoing compliance cost associated with this element of the draft Rule relative to the existing reports being discontinued.

The Panel has anticipated that in the long term, the EAAP will facilitate the reallocation of limited energy inputs to periods of projected shortfall, which will improve the reliability of supply to consumers and reduce average energy prices, by smoothing out high prices during times of energy shortfall. The Commission agrees that this is a potential benefit of the EAAP.

The Commission also considers that the EAAP will improve the efficiency of investment in generation and reduce the likelihood of unnecessary investment costs being passed on to end use consumers. The Commission suggests that this is a potential outcome of the EAAP, as the EAAP will provide the market with more extensive information on when and where projected shortfalls may occur and thus when and where further investment in generation may be required.

The Commission notes that while the EAAP will not be used to trigger market intervention by NEMMCO, the EAAP will provide an additional source of information to assist NEMMCO in making decisions on whether it should intervene in the market through the proposed RERT or its directions powers, in response to a projected shortfall in reserves. The Commission also considers that as the EAAP will improve the quality of information available to NEMMCO, the likelihood of NEMMCO unnecessarily intervening in the market should be reduced. An improvement in the quality of information on projected shortfalls will also provide benefits for jurisdictional governments, as it will assist them to better predict when they may be required to implement potential power restrictions.

The Commission also notes that the Panel has recommended that to support the implementation of the EAAP, the following Guidelines should be developed and published prior to the publication of the first quarterly EAAP:

1. 'EAAP Guidelines' to be developed by the Panel that must be taken into account by NEMMCO in preparing the EAAP (clause 3.7B(m) of the Panel's Draft Rule); and
2. 'GELF Guidelines' to be developed by NEMMCO that must be taken into account by Scheduled Generators in preparing their GELFs (clause 3.7B(i) of the Panel's Draft Rule).

potential impact of the drought on electricity supplies in the NEM. NEMMCO's first 'Drought Scenarios Investigation Report' was published in May 2007. Updated versions of this report were published by NEMMCO in August 2007, December 2007, and March 2008. These reports can be found at: <http://www.nemmco.com.au/nemgeneral/900-0001.htm>

The Commission is proposing a number of changes to the Panel's proposed Rule, which include changes in relation to the implementation process of the EAAP. These changes and the reasoning for them are discussed below.

2.6.1.3 The Commission's changes to the Panel's proposed Rule

The Commission considers that the EAAP, as a new information mechanism on the impact of generation input constraints on energy availability, will be a useful and effective resource for the market which will improve supply reliability. However, to improve the implementation and governance structure of the EAAP, the Commission has made a number of modifications to the Panel's proposed Rule.

These modifications include:

1. Inserting a statement of purpose for the EAAP, the 'EAAP Purpose', into the draft Rule (clause 3.7B(a) of the draft Rule);
2. Reassigning the responsibility to develop and publish the EAAP Guidelines from the Panel to NEMMCO (clause 3.7B(l) of the draft Rule); ;
3. Removing the requirement that NEMMCO develop and publish the GELF Guidelines;
4. Amalgamating the material that was to be included in the proposed GELF Guidelines into the EAAP Guidelines (clause 3.7B(l)(3) to clause 3.7B(l)(8) of the draft Rule);
5. Inserting 'EAAP Principles' which will include the contents of the EAAP and inputs to the EAAP into the draft Rule, which NEMMCO must have regard to in developing the EAAP Guidelines and preparing the EAAP (clause 3.7B(b) of the draft Rule); and
6. Requiring the Panel to conduct a review of the EAAP within three years of the publication of the first EAAP by NEMMCO (clause 3.7B(t) of the draft Rule).

The reasoning for the Commission's modifications is outlined below. The main structural change is to move away from a framework under which the EAAP is prepared consistent with guidelines produced by the Reliability Panel, to a framework in which key parameters for the EAAP are defined in the Rules with supplementary guidelines proposed by NEMMCO following consultation. The Commission considers this approach to be more consistent with comparable mechanisms already contained in the Rules.

2.6.1.4 EAAP Purpose

The Commission notes that under the Panel's proposed Rule there is currently no statement of purpose for the EAAP. The Commission suggests that as the EAAP is a new information mechanism, it is appropriate for a statement of purpose for the EAAP to be inserted into the Rules ('EAAP Purpose'). The Commission has inserted the following statement of purpose for the EAAP into the draft Rule:

“The purpose of the energy adequacy assessment projection [or EAAP] is to make available to Market Participants and other interested persons a quantified analysis of the impact of energy constraints on energy availability over a 24 month period under a range of scenarios”.

The Commission suggests that this statement of purpose will provide high level direction for NEMMCO in developing the EAAP and ensure that the purpose of the EAAP is clear to the market. The inclusion of a statement of purpose is also consistent with good regulatory practice. The Commission is seeking stakeholder feedback on its proposed EAAP Purpose.

2.6.1.5 EAAP Principles

Under the Panel’s proposed Rule, there are currently no principles governing the development and implementation of the EAAP.

The Commission suggests that the insertion of EAAP Principles into the Rules are consistent with good regulatory practice as it will strengthen the governance arrangements around the EAAP.

In addition, the Commission has decided to reassign the responsibility for developing the EAAP Guidelines from the Panel to NEMMCO (see below for the Commission’s reasoning for this amendment). The Commission suggests that the insertion of ‘EAAP Principles’ will provide some external guidance to NEMMCO in relation to how it develops the EAAP Guidelines and prepares the EAAP. The Commission considers that inclusion of EAAP Principles into the Rules is appropriate as under the Commission’s proposed changes to the Panel’s draft Rule, NEMMCO will now become the main body responsible for implementing the EAAP. The Commission has also inserted a requirement that the Panel review the EAAP, which will provide an additional check on how the EAAP is developed and implemented. This is discussed below.

The Commission suggests that the insertion of EAAP Principles in the Rules will also clarify the purpose and role of the EAAP to the market, and improve the consistency of the governance of the EAAP with other existing information mechanisms. For instance, information on the form and inputs to the Medium Term Projected Assessment of System Adequacy (MT-PASA) and Short Term Projected Assessment of System Adequacy (ST-PASA) are outlined in clauses 3.7.2 and 3.7.3 in the Rules respectively.

The Commission has proposed that the EAAP Principles include the content of the EAAP and inputs into the EAAP and that these Principles must be taken into account when NEMMCO develops the EAAP.

The Commission has included the following items under the prescribed content of the EAAP in the draft Rule:

1. a 24 month outlook period;
2. publication at least quarterly;
3. a probabilistic assessment of projected energy availability;
4. projected unserved energy levels for each region in the National Electricity Market with a monthly resolution; and
5. aggregated information on power system adequacy for each scenario NEMMCO identifies for the purposes of the EAAP, based on information received from Registered Participants and on anticipated power system constraints.

The prescribed inputs into the EAAP include the material which is currently outlined in clause 3.7B (f) of the Panel’s proposed Rule under the “Inputs to EAAP” heading. This clause has been moved so that it now sits under the “EAAP Principles” heading along with the prescribed contents of the EAAP outlined above.

The Commission has also included a clause under “Administration of the EAAP”, requiring NEMMCO to have regard to the costs that are likely to be imposed on Scheduled Generators in providing input information for the EAAP, relative to the likely benefits arising from the use of that information in the EAAP. The Commission notes that a number of submissions on the Panel’s Second Interim Report on the CRR¹⁰, highlighted concern regarding the potential costs of complying with their input requirements for the EAAP. The inclusion of a clause recognising the need to ensure that the relative costs and benefits of producing the EAAP are taken into account by NEMMCO will ensure that the obligations that Scheduled Generators have in providing inputs for the EAAP will not be overly onerous or costly.

The Commission is interested in stakeholder feedback on:

1. The need for ‘EAAP Principles’; and
2. The content of the ‘EAAP Principles’ that the Commission has put forward.

2.6.1.6 Development of the EAAP Guidelines by NEMMCO

Under clause 3.7B(m) of the Panel’s proposed Rule, the Panel is required to develop, consult on, publish and amend the EAAP Guidelines which will include:

1. scenarios that NEMMCO must study in preparing the EAAP;

¹⁰ See submissions on the Second Interim Report on the CRR from Macquarie Generation, National Generators Forum, TRUenergy, and Energy Retailers Association of Australia. These submissions are available at: <http://www.aemc.gov.au/electricity.php?r=20051215.142656>

2. modelling assumptions for the EAAP; and
3. the form of output of the EAAP.

Under clause 3.7B(i) of the Panel's proposed Rule, NEMMCO is required to consult on and publish GELF Guidelines, which will specify the type and form of information that Scheduled Generators are required to provide to NEMMCO to assist it to prepare the EAAP. Clauses 3.7B(i)(1) to 3.7B(i)(5) of the Panel's proposed Rule outline the information that the GELF Guidelines must include.

The Commission has decided to amend the Panel's proposed Rule to remove the requirement that the Panel develop and publish the EAAP Guidelines. As raised above, the Commission has decided to reassign this responsibility to NEMMCO, who will be required to develop, consult on, publish and amend an amalgamated version of the EAAP Guidelines, which will include the information requirements of both the EAAP Guidelines and the GELF Guidelines currently specified under the Panel's proposed Rule.

This amalgamated version of the EAAP Guidelines will include:

1. scenarios that NEMMCO must study in preparing the EAAP; and
2. modelling assumptions for the EAAP.

It will also include the information specified under clauses 3.7B(i)(1) to 3.7B(i)(5) of the Panel's proposed Rule, which currently relate to the GELF Guidelines.

It will not include the form of output of the EAAP, which is currently included as a requirement of the EAAP Guidelines under the Panel's proposed Rule, as this will now be part of the EAAP Principles (see above). Under the Commission's draft Rule, NEMMCO will be required to publish this amalgamated version of the EAAP Guidelines by 30 June 2009. The Savings and Transitional Rules in Schedule 4 of the Panel's proposed Rule have also been amended to reflect the requirement that NEMMCO will now be required to develop and publish this amalgamated version of the EAAP Guidelines. Following the finalisation of the EAAP Guidelines, the Commission has required in the draft Rule that NEMMCO publish its first quarterly EAAP by 31 December 2009.

The Commission considers that it is unnecessary for there to be both EAAP Guidelines and GELF Guidelines to be developed by different bodies at different times. The Commission suggests that an amalgamated version of the EAAP Guidelines, which will include the information that was to be part of the GELF Guidelines, will streamline the implementation of the EAAP and allow the first EAAP to be published in a faster timeframe. In addition, as NEMMCO is also the body responsible for preparing and publishing the EAAP, delays between the publication of the EAAP Guidelines and the publication of the first EAAP should also be further reduced.

In relation to the Commission's decision to reassign the responsibility for developing the EAAP Guidelines from the Panel to NEMMCO, the Commission suggests that this will improve the consistency of the EAAP's governance arrangements with other

information mechanisms in the NEM. For instance, the information that the EAAP will provide is relatively similar to the information that is provided by NEMMCO through the ST-PASA and MT-PASA. Under clause 3.7.2(g) and clause 3.7.3(j) of the Rules, NEMMCO is required to document and make available the procedures it uses for preparing the MT-PASA and ST-PASA respectively¹¹. Thus, in relation to both the MT-PASA and ST-PASA, NEMMCO is responsible for determining the form of the information that will be in these documents and producing these documents. It is also consistent with the approach for network constraint formulation information, and the Congestion Information Resource, recommended as part of the Commission's Congestion Management Review.

The Commission does not consider that there is a conflict of interest in NEMMCO being responsible for developing the EAAP Guidelines under which it will be required to produce the EAAP. The Commission notes that in relation to the RERT, it has supported the Panel's proposal that the Panel be the responsible body for developing the RERT Guidelines, rather than proposing that NEMMCO develop its own RERT Guidelines. However, the Commission believes that there is a significant difference in the role of the RERT and the role of the EAAP. While the EAAP is an information mechanism for the market, the RERT is an intervention in the market by NEMMCO. Given the potentially significant impacts that interventions can have on the market, the Commission considers that it is good regulatory practice for the RERT Guidelines to be prepared by a body separate to NEMMCO, whereas it is appropriate for NEMMCO to prepare guidelines on market information it will publish.

The Commission notes that the EAAP will be a new information mechanism, but does not believe that there is a need for the Panel to provide oversight of NEMMCO in relation to the scenarios that NEMMCO must study in preparing the EAAP or the modelling assumptions for the EAAP. The Commission notes that the Panel's Rule change proposal specifically addresses reasons for it to be responsible for developing the EAAP Guidelines, rather than any other body. The Panel's Rule change proposal indicates that it should be required to develop the EAAP Guidelines in order to provide "more detailed direction to NEMMCO"¹², however, it does not explain why NEMMCO requires such direction beyond requirements specified in the Rules or why it should be the Panel that provides NEMMCO with this direction.

As raised above, the form of the EAAP will be specified in the 'EAAP Principles', which will outline the prescribed content of the EAAP and the inputs to the EAAP. The Commission has also amended the Panel's proposed Rule to include a statement of purpose for the EAAP, 'EAAP Purpose'. The Commission considers that the high level direction that will be provided through the 'EAAP Purpose' and 'EAAP Principles', will be sufficient to assist NEMMCO to prepare the EAAP Guidelines

¹¹ NEMMCO's procedures for its preparation of the MT-PASA can be found at:
<http://www.nemmco.com.au/dispatchandpricing/556.htm>

NEMMCO's procedures for its preparation of the ST-PASA can be found at:
<http://www.nemmco.com.au/dispatchandpricing/392.htm>

¹² Reliability Panel, 2008, NEM Reliability Settings: Information Safety Net and Directions Rule change proposal, p. 28. Available at: <http://www.aemc.gov.au/electricity.php?r=20080307.151409>

and the EAAP. The Commission has also inserted a requirement that NEMMCO have regard to the 'EAAP Purpose' and 'EAAP Principles' in developing the EAAP Guidelines and the EAAP, and that it also be required to develop the EAAP Guidelines through a public consultation process.

The Commission is interested in stakeholder feedback on:

1. Its proposal for an amalgamated version of the EAAP Guidelines, which will include the information that the Panel has proposed to be included into the GELF Guidelines; and
2. Its proposal to reassign responsibility for developing the EAAP Guidelines from the Panel to NEMMCO.

2.6.1.7 EAAP Review

The Commission notes that under the Panel's proposed Rule, there is currently no process for the EAAP to be reviewed. The Commission suggests that a review process for the EAAP is necessary, as the EAAP is a new information mechanism which imposes obligations on both NEMMCO and Scheduled Generators to provide inputs to produce the quarterly EAAP. A review process will ensure that the relative costs of producing the EAAP, which will be largely borne by NEMMCO and Scheduled Generators, are assessed against the benefits of the EAAP to the broader market. A review of the EAAP will also assist to identify any improvements that can be made to the EAAP, and assess whether the EAAP is being produced by NEMMCO in accordance with the EAAP Purpose, EAAP Principles, and EAAP Guidelines. The Commission notes that the inclusion of a review process into the Rules will also ensure that the EAAP is consistent with good regulatory practice and other public policy settings.

The Commission has suggested that the Panel be tasked with reviewing the operation of the EAAP within three years of the publication of the first EAAP by NEMMCO. Assigning the review responsibility to the Panel will allow the EAAP to be independently reviewed, as under the Commission's proposed changes to the Panel's proposal, the Panel will no longer be responsible for the development of the EAAP Guidelines or any other facet of the development or implementation of the EAAP. The Commission suggests that a review process after a period of three years will allow NEMMCO an adequate amount of time to resolve any implementation issues that may be associated with the introduction of the EAAP, and will provide the Panel with a clear perspective to assess the relative merits of the EAAP.

The Commission is interested in stakeholder feedback on:

1. Whether a review process for the EAAP is necessary;
2. If the Panel should be the body to perform this task; and
3. If a period of three years following the publication of the first EAAP is an appropriate time for a review of the EAAP?

2.6.1.8 The Commission's decision

The Commission has adopted the Panel's proposal to:

1. Require NEMMCO to publish a quarterly EAAP containing two year outlooks on the impact of generation input constraints on energy availability; and
2. Require Scheduled Generators to lodge quarterly GELFs with NEMMCO.

The Commission has amended the Panel's proposed Rule to:

1. Insert a statement of purpose for the EAAP, the 'EAAP Purpose' (clause 3.7B(a) of the draft Rule);
2. Insert 'EAAP Principles' which will include the proscribed content of the EAAP and inputs to the EAAP, which NEMMCO must have regard to in developing the EAAP Guidelines and preparing the EAAP (clause 3.7B(b) and (n) of the draft Rule);
3. Require NEMMCO publish its first EAAP by 31 December 2009 (clause 3.7B(d) of the draft Rule);
4. Require NEMMCO to develop and publish the 'EAAP Guidelines' by 30 June 2009 (clause 3.7B(q) of the draft Rule);
5. Remove the requirement that NEMMCO develop and publish 'GELF Guidelines', as the material that was to be included in the GELF Guidelines will now be part of the EAAP Guidelines;
6. Require NEMMCO to have regard to the likely costs incurred by Scheduled Generators in providing inputs to the EAAP compared to the likely benefits from the use of that information in the EAAP, when NEMMCO considers what information is required from Scheduled Generators (clause 3.7B(g) of the draft Rule); and
7. Require the Panel to conduct a review of the EAAP within three years of the publication of the first EAAP by NEMMCO (clause 3.7B(t) of the draft Rule).

2.6.2 The RERT

2.6.2.1 The Panel's proposal

The Panel is seeking to replace the existing Reserve Trader arrangements which are due to expire under the Rules on 1 July 2008, with the RERT, which is an enhanced reserve trader mechanism with a four year sunset period.

The RERT has two main enhancements from the current Reserve Trader arrangements:

1. NEMMCO will be able to contract for capacity reserves for up to nine months in advance of a projected shortfall rather than six months; and
2. NEMMCO will be able to undertake multiple rounds of tendering and contracting when selecting reserve contracts rather than a single round.

2.6.2.2 The Commission's assessment

Under clause 3.12.1 of the Rules, NEMMCO's power to tender and contract for reserves in response to a projected shortfall ('Reserve Trader powers') expires on 1 July 2008. The Commission notes that during the CRR, the Panel and stakeholders commented on the distortionary impact of the current Reserve Trader arrangements on the market, and considered whether it was appropriate for these arrangements to continue beyond their expiry date, in light of these impacts. The Panel noted in its Issues Paper on the CRR that the Reserve Trader arrangements may have a distortionary effect on the market as it may "diminish incentives for the market to respond to reserve shortfalls and place an ongoing reliance on central intervention"¹³.

Some of the specific distortionary effects that the Reserve Trader may have on the market, that were highlighted by the Panel during the CRR, include:

- The Reserve Trader may distort incentives for investment in generation and may lead to under investment, as it reduces market incentives to respond to reserve shortfalls¹⁴;
- NEMMCO is in a weak bargaining position when it contracts for reserves as it only contracts for reserves in response to a projected shortfall. This may increase the potential costs of reserves¹⁵;
- The cost of the Reserve Trader creates an unhedgeable and unpredictable levy on retailers and results in the cost of market inefficiencies being passed on to consumers¹⁶; and
- The Reserve Trader does not induce new supply into the market as it is invoked only months prior to a projected shortfall and as a result relies primarily on a demand response¹⁷.

However, the Panel suggests in its Rule change proposal that while the Reserve Trader arrangements "are a market distortion which would not be necessary under ideal conditions, on balance the prevailing market conditions are such that a revised

¹³ Reliability Panel, 2006, Issues Paper, Comprehensive Reliability Review, May, p. 42. Available at: <http://www.aemc.gov.au/electricity.php?r=20051215.142656>

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Reliability Panel, 2007, Interim Report, Comprehensive Reliability Review, April, p. 74. Available at: <http://www.aemc.gov.au/electricity.php?r=20051215.142656>

¹⁷ Ibid.

form of the reliability safety net provisions needs to be maintained for a defined period of time”¹⁸. The Panel suggests that as tighter demand and supply conditions are forecast over the medium term, it may not be prudent to remove the Reserve Trader arrangements at this time.

The Commission agrees with the Panel’s above analysis regarding an ongoing need for a revised version of the current Reserve Trader arrangements, in light of the potential future risks to the supply reliability of the NEM.

To reduce the distortionary impacts from NEMMCO intervening in the market to respond to a projected shortfall, and preserve market signals to foster a market response to those shortfalls, the Panel’s Rule includes proposals to:

- Increase the flexibility of how NEMMCO is able to tender and contract for reserves;
- Ensure that contracted reserves can not set the dispatch price;
- Ensure that contracted reserves are dispatched (in the case of scheduled reserves) or activated (in the case of non-scheduled reserves) only after all other energy and ancillary service bids and offers have been dispatched;
- Impose a four year sunset period on the RERT; and
- Require that the RERT be reviewed by the Panel after three years of operation.

The Commission considers that these revisions to the current Reserve Trader arrangements provide an appropriate balance between allowing market responses to projected shortfalls to develop and providing a (temporary) mechanism to maintain the supply reliability of the market.

The Commission considers that the Panel’s proposed enhancements to the Reserve Trader arrangements will:

1. Increase the range of sources and providers of reserves for NEMMCO to choose from;
2. Reduce the cost and likelihood of NEMMCO needing to procure reserves, and therefore the cost impact on end use consumers from procuring reserves;
3. Improve the development of market responses by participants to projected shortfalls and the economic efficiency of how electricity services are dispatched and supplied;
4. Improve the ability of NEMMCO to appropriately tailor the amount of reserves to procure if necessary by increasing NEMMCO’s flexibility in how it tenders and contracts for reserves;

¹⁸ The Panel’s Rule change proposal, p. 11.

5. Increase the reliability of electricity supply to end use consumers and reduce the likelihood of load shedding;
6. Reduce the likelihood of NEMMCO intervening in the market through issuing directions to maintain market reliability;
7. Provide the market with confidence and certainty that NEMMCO will be able to contract for reserves in light of a projected tightening in the supply-demand balance; and
8. Provide a signal to the market through the RERT's four year sunset period, that the RERT is a distortionary mechanism which should not be necessary under ideal conditions.

The Commission also agrees with the Panel's principle of 'beneficiary pays', in that the cost of operating the RERT will continue to be recovered from market participants in the affected regions only, as the participants and consumers in these regions would have materially benefitted from the improved supply reliability.

The Commission notes that the Panel has proposed the development and publication of the following guidelines and procedures to support the implementation of the RERT:

1. 'RERT Guidelines' to be developed by the Panel to assist NEMMCO to operate the RERT (clause 3.20.10 of the Panel's Draft Rule); and
2. Procedures for NEMMCO's exercise of the RERT to be developed by NEMMCO (clause 3.20.9(g) of the Panel's Draft Rule).

The Commission agrees that the development and publication of the RERT Guidelines and the procedures for NEMMCO's exercise of the RERT are necessary for the successful implementation of the RERT.

The Commission notes that under clause 8.8.1(a)(4) of the Rules, the Panel is responsible for the development of guidelines for NEMMCO's exercise of its power to enter into contracts for the provision of reserves, and that the Panel's responsibility to develop the RERT Guidelines will be a continuation of this role. The Commission agrees that the Panel should continue to be responsible for developing NEMMCO's guidelines for contracting reserves, due to the distortionary impact that these interventions can have on the market, and to provide long term consistency in the settings of the reliability safety net.

The Commission notes that NEMMCO may be required to operate the RERT prior to the finalisation of the RERT Guidelines. The Commission considers that the RERT is an enhanced version of the Reserve Trader arrangements, and that NEMMCO should be provided with some guidance as to how the RERT should be operated, if NEMMCO is required to operate the RERT prior to the finalisation of the RERT Guidelines by the Panel. A draft version of the RERT Guidelines was published and consulted on during the CRR by the Panel as part of the Exposure Draft on this Rule

change proposal¹⁹. The Commission has decided to amend the Panel's proposed Rule to require NEMMCO to have regard to the Panel's draft RERT Guidelines as published in the Panel's Exposure Draft, in the event that NEMMCO is required to exercise the RERT prior to the finalisation of the RERT Guidelines.

It does not appear that NEMMCO is currently required to develop procedures for its exercise of the Reserve Trader arrangements under the Rules. However, the Commission considers that, as the RERT is a modified version of the Reserve Trader, in accordance with good regulatory practice, it is appropriate that NEMMCO be required to develop information on how it will exercise the RERT.

The Commission notes that, under the Panel's proposed Draft Rule, NEMMCO is not required to publish its procedures on the exercise of the RERT by any date. The Commission believes that a date by which NEMMCO should publish the procedures, should be inserted into the Rules to provide accountability in how NEMMCO implements the RERT, and to ensure the successful implementation of the RERT. The Commission has decided to amend the Panel's proposed Rule to require NEMMCO to publish its procedures on how it will operate the RERT by 30 June 2009.

Further detail on the implementation of the RERT, including detailed timeframes for the development of the RERT Guidelines and NEMMCO's procedures can be found in Chapter 3.

The Commission also notes that, in order to avoid any ambiguity, it has amended the Panel's proposed Rule to refer to 'scheduled' and 'unscheduled' (rather than 'non-scheduled') reserve. In addition, various references in the Rules to 'reserve' (which the Commission understands is largely consistent with the new concept of 'scheduled reserve') have been amended to refer to 'scheduled reserve' as that term is defined for the purposes of the proposed new Rule (see item [27] of Schedule 3 of the Draft Rule).

2.6.2.3 The Commission's decision

The Commission has adopted the Panel's proposal to:

- 1. Replace the existing "Reserve Trader" arrangements under clause 3.12.1 of the Rules with the RERT from 1 July 2008;**
- 2. Place a four year sunset on the RERT and require the Panel to undertake a review of the RERT by 1 July 2011;**
- 3. Allow NEMMCO to undertake multiple rounds of tendering and contracting when selecting reserves under the RERT;**
- 4. Allow NEMMCO to contract for reserves for up to nine months in advance of a projected shortfall of reserves;**

¹⁹ Reliability Panel, 2007, Appendix C, Second Interim Report, Comprehensive Reliability Panel, August, <http://www.aemc.gov.au/electricity.php?r=20051215.142656>

5. **Require the Panel to develop and publish RERT Guidelines to assist NEMMCO to operate the RERT; and**
6. **Following the publication of these RERT Guidelines, require NEMMCO to develop procedures for NEMMCO's exercise of the RERT.**

The Commission has amended the Panel's proposed Rule to:

1. **Require the Panel to publish its first RERT Guidelines by 30 November 2008 (clause 3.20.9(c) of the draft Rule);**
2. **Require NEMMCO to have regard to the draft RERT Guidelines published by the Panel as part of its Exposure Draft on this Rule change proposal, if required to operate the RERT prior to the finalisation of the RERT Guidelines by the Panel (clause 11.X.4(b) in Schedule 4 of the draft Rule); and**
3. **Require NEMMCO to publish procedures on the exercise of the RERT by 30 June 2009 (clause 3.20.8(g) of the draft Rule).**

2.6.3 SOO Load Forecasts

2.6.3.1 The Panel's proposal

The Panel is seeking to require NEMMCO to report to the Panel by 1 November each year on the accuracy of its most recent SOO Load Forecasts and any improvements that have been incorporated into the process used to prepare the Forecasts. The Panel has also proposed that the IRPC assists NEMMCO in meeting this reporting obligation to the Panel.

2.6.3.2 The Commission's assessment

The Commission considers that annual reporting by NEMMCO on the accuracy of its SOO Load Forecasts and any improvements that have been incorporated into the process used to prepare the Forecasts, is likely to improve the accuracy of NEMMCO's SOO Load Forecasts over time. The Commission suggests that this is likely to occur as annual reporting will:

- improve transparency in relation to the process that NEMMCO uses in preparing its SOO Load Forecasts; and therefore
- promote a culture of continuous improvement in the way Forecasts are prepared by NEMMCO.

The Commission suggests that an improvement in the accuracy of SOO Load Forecasts over time is likely to lead to a number of short term, medium term and long term benefits for participants, end use consumers, and the efficiency of the market.

In the short term, the Commission considers that improvements in the accuracy of SOO Load Forecasts will improve the accuracy of dispatch, scheduling and fuel nominations for generators. More accurate information on the level of future demand will improve the efficiency of how generators structure their bids in terms of both price and volume, which will improve the economic efficiency of dispatch. This will occur as generators will be able to more accurately tailor their bids to reflect future demand, which will assist NEMMCO to dispatch an appropriate level of supply to meet demand. Generators will also be able to improve the efficiency of how they manage the operation of their plant and their fuel allocations. This will be particularly beneficial for fuel limited plants, such as gas plants, which may have take or pay contracts for their gas supply, and hydro generators.

In the medium term, improvements in the accuracy of SOO Load Forecasts will assist:

- generators to optimise when to schedule plant maintenance; and
- NEMMCO's decision making in relation to when to procure reserves.

With improved information on future demand, generation owners will be able to more accurately forecast periods of high reserves, low demand and low prices when it may be more preferable to schedule planned maintenance. Improvements in the scheduling of maintenance are likely to increase the availability of plant during times of high demand, which should contribute to improving the reliability of supply and reducing the price of energy for end use consumers.

More accurate demand forecasts will also assist NEMMCO in projecting time periods with low levels of reserves, during which it might be necessary for NEMMCO to tender and contract for additional reserves. A more accurate understanding of likely shortfalls in reserves will contribute to:

- Reducing the likelihood of NEMMCO contracting for reserves unnecessarily, or contracting an excessive volume of reserves, which will reduce the potential costs which are passed on to end users from procuring reserves;
- Reducing the likelihood of NEMMCO contracting an inadequate amount of reserves, which will improve supply reliability; and
- Reducing the market distortions caused by NEMMCO's reserve contracting activities which can displace market based responses to projected shortfalls.

In the longer term, improvements in the accuracy of SOO Load Forecasts will:

- improve the efficiency of investment in generation and transmission as market participants will have more accurate information on the level of likely future demand; and
- reduce the likelihood of the cost of unnecessary and uneconomic investments being passed on to end use consumers through higher energy prices.

The Commission suggests that this new reporting obligation is likely to require minimal implementation by NEMMCO as NEMMCO is already engaged in a

continuous improvement process for the preparation of its SOO Load Forecasts²⁰. The Commission has also amended the Panel's proposed Rule to insert a Savings and Transitional Rule, which would allow NEMMCO to begin preparing for its report to the Panel, prior to the Rule's commencement date.

The Commission agrees with the Panel's proposal that the IRPC be required to assist NEMMCO in meeting this annual reporting obligation as:

1. The IRPC is responsible for assisting NEMMCO to prepare the SOO under clause 5.6.3(a) of the Rules; and
2. Transmission Network Service Providers (many of whom have representatives on the IRPC) have responsibility for preparing demand projections for their respective Annual Planning Reports under clause 5.6.2A of the Rules.

The Commission notes that, under clause 3.13.3(u) of the Panel's proposed Rule, the Panel may publish the annual report it receives from NEMMCO at its discretion. The Commission suggests that in order for the benefits of improvements to the SOO Load Forecasts to be fully realised by the market and participants, NEMMCO's report needs to be published and accessible to the public. As such, the Commission has amended the Panel's proposed Rule to require the Panel to publish NEMMCO's report on the accuracy of its SOO Load Forecasts within 10 business days of receiving NEMMCO's report.

2.6.3.3 The Commission's decision

The Commission has adopted the Panel's Rule change proposal to:

- 1. Require NEMMCO to report to the Panel by 1 November each year on the accuracy of its SOO Load Forecasts and any improvements made by NEMMCO to the forecasting process that will apply to the next SOO; and**
- 2. That the IRPC be required to assist NEMMCO to meet the above reporting obligation to the Panel.**

The Commission has amended the Panel's proposed Rule to:

- 1. Include a Savings and Transitional Rule under Schedule 4 of the draft Rule, which would allow NEMMCO to begin preparing for its report to the Panel prior to the Rule's commencement date (clause 11.X.7 of Schedule 4 in the draft Rule); and**
- 2. Require the Panel to publish NEMMCO's report within 10 business days of receiving NEMMCO's report, rather than allowing the Panel the discretion to publish the report (clause 3.13.3(v) of the draft Rule).**

²⁰ The Panel notes on pg. 10 of its Rule change proposal that in late 2004, NEMMCO engaged KEMA Consulting to independently review its process for preparing its SOO demand forecasts and that NEMMCO is currently evaluating KEMA's recommendations as part of its continual improvement process.

2.6.4 NEMMCO's Reliability Directions powers

2.6.4.1 The Panel's proposal

The Panel is seeking to extend, without a sunset, the powers in clause 4.8.9 of the Rules that allow NEMMCO to issue Reliability Directions to maintain or re-establish the power system to a reliable operating state. Under the existing Rules, the Panel suggests that it is unclear whether this power has an expiry date of 1 July 2008.

2.6.4.2 The Commission's assessment

The Commission notes that currently under clause 4.8.9(a)(1) of the Rules, NEMMCO has the power to issue directions to registered participants to maintain or re-establish the power system to a:

- secure operating state;
- satisfactory operating state; and
- reliable operating state.

Under clause 4.8.9(h) of the Rules it states that:

“NEMMCO's obligations and powers under clause 4.8.9(a) to issue a direction or clause 4.8.9 instruction to maintain or re-establish the power system in a reliable operating state cease when NEMMCO's right to enter into contracts for the provision of reserves in accordance with rule 3.12 ceases”.

Rule 3.12 of the Rules relates to the “Reserve Trader” arrangements and provisions for the calculation of compensation in relation to directions and reserve contracts. Clause 3.12.1 of the Rules indicates that the current Reserve Trader arrangements will cease on 1 July 2008.

The Commission agrees with the Panel that the Rules are currently unclear as to whether NEMMCO's power to issue directions to maintain a reliable operating state (Reliability Directions powers) expire on 1 July 2008. The Commission also agrees that it is desirable to remove this ambiguity in the Rules.

The Commission considers that NEMMCO's power to issue Reliability Directions is required as a ‘last resort’ mechanism to maintain the supply reliability of the NEM, and that this power should be extended beyond its potential expiry date of 1 July 2008. The Commission also considers that NEMMCO's power to issue Reliability Directions should be extended indefinitely, in order to provide the market with long term certainty and confidence that NEMMCO is able to direct participants in the event of projected shortfall to avoid load shedding. The Commission agrees with the Panel's view that an extension of NEMMCO's Reliability Directions powers is likely to contribute to a more efficient use of electricity services and an increased reliability of supply to end use consumers.

2.6.4.3 The Commission's decision

The Commission has adopted the Panel's proposal, without amendments, to extend NEMMCO's Reliability Directions powers in clause 4.8.9 of the Rules without a sunset period.

2.7 Consultation process

The Commission invites submissions on this draft Rule determination by **6 June 2008**, in accordance with the minimum six week second round consultation period specified under Section 99 of the NEL. The Commission is particularly interested in receiving stakeholder feedback on its proposed changes to the EAAP.

It should be noted that the Commission's timeframe (as outlined in Chapter 1) to prepare a final Rule determination following the close of this round of consultation is relatively short. The Commission is intending to publish its final Rule determination for this Rule change proposal by 26 June 2008. While this is shorter than the maximum allowed period of 6 weeks after the second round of consultation closes, this is necessary to enable the RERT to seamlessly take over from the existing Reserve Trader arrangements, which expire on 1 July 2008. As a result, the Commission will necessarily give less weight to late submissions, and depending on their timing may not be able to consider them in making a final determination.

This will be the first round of public consultation that the Commission has undertaken on this Rule change proposal. In accordance with the fast tracked Rule making process set out in Section 96A of the NEL, the Commission did not undertake a first round of consultation following its decision to initiate the Rule making process.

Under Section 101 of the NEL, any interested person or body may request that the Commission hold a pre-determination hearing in relation to this draft Rule determination. Any request for a pre-determination hearing must be made in writing and must be received by the Commission no later than **1 May 2008**.

Submissions may be sent electronically to submissions@aemc.gov.au or by mail to:

Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

All submissions should be prepared and lodged in accordance with the Commission's Guidelines for making written submissions on Rule change proposals, which is available on the Commission's website at www.aemc.gov.au.

3 Implementation of the Panel's Rule change proposal

This Chapter sets out the implementation process for each component of the Panel's Rule change proposal. As outlined in Chapter 1, the final Rule determination for the Panel's Rule change proposal is currently scheduled to be published by 26 June 2008. This Chapter has been written on the basis that the Commission's final Rule determination will be published by this date.

The implementation of the EAAP, RERT and reporting on the SOO Load Forecasts, will require the development and publication of a number of documents. A summary table outlining the timeframes for the publication of these documents can be found below in **Table 1**.

3.1 EAAP

3.1.1 The Panel's proposed implementation process

The Panel is seeking to introduce a new quarterly information mechanism, the EAAP, which will provide the market with two year projections of the impact of generation input constraints on energy availability. In order to assist NEMMCO's assessments of energy adequacy, Scheduled Generators will be required to lodge a quarterly GELFs with NEMMCO, describing their energy generation constraints.

The Panel has suggested that the implementation of the EAAP will require:

1. The development and publication of 'EAAP Guidelines' by the Panel that must be taken into account by NEMMCO in preparing the EAAP (clause 3.7B(m) of the Panel's Draft Rule); and
2. The development and publication of 'GELF Guidelines' by NEMMCO that must be taken into account by Scheduled Generators in preparing their GELFs (clause 3.7B(i) of the Panel's Draft Rule).

3.1.2 The Commission's decision

As discussed in Chapter 2, the Commission has made the following amendments to the Panel's proposed Rule in relation to the EAAP:

1. NEMMCO rather than the Panel will be required to develop the EAAP Guidelines. The EAAP Guidelines will also now include the information that was to be provided in the GELF Guidelines under the Panel's proposed Rule (clause 3.7B(l) of the draft Rule);
2. NEMMCO will be required to publish the EAAP Guidelines by 30 June 2009 (clause 3.7B(q) of the draft Rule);

3. In preparing its EAAP Guidelines, NEMMCO will be required to comply with the 'EAAP Principles' (clause 3.7B(n) of the draft Rule). The EAAP Principles have been inserted into clause 3.7B(b) of the draft Rule by the Commission;
4. NEMMCO will be required to have regard to the likely costs incurred by Scheduled Generators in providing inputs to the EAAP compared to the likely benefits from the use of that information in the EAAP, when NEMMCO considers what information is required from Scheduled Generators (clause 3.7B(g) of the draft Rule);
5. NEMMCO will be required to publish its first quarterly EAAP by 31 December 2009 (clause 3.7B(d) of the draft Rule); and
6. The Panel will be required to review the operation of the EAAP within three years of the publication of the first EAAP by NEMMCO (clause 3.7B(t) of the draft Rule).

The Commission believes that its changes to the Panel's draft Rule will:

- streamline the implementation of the EAAP; and
- allow the EAAP to be published in a faster timeframe.

The Commission suggests that this will occur as the number of Guidelines which need to be developed and published before the first EAAP can be published by NEMMCO has been reduced. In addition, rather than having both the Panel and NEMMCO responsible for developing Guidelines for the EAAP, NEMMCO will be the sole body responsible for developing Guidelines to support the EAAP's implementation. Further, as NEMMCO is also the body responsible for preparing and publishing the EAAP, delays between the publication of the EAAP Guidelines and the publication of the first EAAP should be reduced.

The Commission also suggests that the inclusion of a review process of the EAAP by the Panel within three years of the publication of the first EAAP, will ensure that the operation and implementation of this new information mechanism is appropriately scrutinised, in accordance with good regulatory practice.

The Savings and Transitional Rules in Schedule 4 of the Panel's proposed Rule have been amended by the Commission to take into account NEMMCO's responsibility for developing the EAAP Guidelines. Any actions taken by NEMMCO to begin preparing for the development of the EAAP Guidelines, prior to the Rule's commencement date, will be taken to satisfy NEMMCO's responsibilities under the Rule.

Table 1- Timeline of the publication of key documents for the implementation of the Panel's Rule change proposal

EAAP			
Document	Developers	Users	Publication date
EAAP Guidelines	NEMMCO	NEMMCO and Scheduled Generators	By 30 June 2009
EAAP	NEMMCO, with input from Scheduled Generators	Market Participants, jurisdictional governments, regulatory bodies etc	By 31 December 2009
Review of the EAAP	The Panel	NEMMCO, Market, Participants, jurisdictional governments, regulatory bodies etc	Within three years of the publication of the first EAAP by NEMMCO
RERT			
Document	Developers	Users	Publication date
RERT Guidelines	The Panel	NEMMCO	By 30 November 2008
Procedures for the operation of the RERT	NEMMCO	NEMMCO	By 30 June 2009
Review of the RERT	The Panel	Market Participants, jurisdictional governments, regulatory bodies etc	By 1 July 2011
SOO Load Forecasts			
Document	Developers	Users	Publication date
Report on the accuracy of NEMMCO's most recent SOO Load Forecasts and improvements made to the forecasting process	NEMMCO	The Panel	By 1 November 2008 and by 1 November each following year. Panel to publish NEMMCO's report within 10 business days of receiving NEMMCO's report.

3.2 RERT

3.2.1 The Panel's proposed implementation process

The Panel has suggested that the implementation of the RERT will require:

1. The development and publication of the RERT Guidelines by the Panel to assist NEMMCO to operate the RERT (clause 3.20.10 of the Panel's Draft Rule); and
2. The development and publication of procedures for NEMMCO's exercise of the RERT by NEMMCO (clause 3.20.9(g) of the Panel's Draft Rule).

3.2.2 The Commission's decision

The Commission intends to make its final Rule determination by 26 June 2008, because such a timeframe will allow the RERT to:

1. Operate from 1 July 2008;
2. Be reviewed by the Panel by 1 July 2011 under clause 3.20.10 of the draft Rule; and
3. Expire under the clause 3.20.1(a) of the draft Rule on 30 June 2012 or a date determined by the AEMC on the advice of the Panel following the Panel's review of the RERT.

The Commission considers that the Panel may have made a typo in clause 3.20.2(a) of its draft Rule as it has stated that the RERT will expire on "1 June 2012". The Commission has amended the date in this clause to "30 June 2012" in its draft Rule, to reflect the intent of the Panel to provide the RERT with a four year sunset as outlined in the body of its Rule change proposal.

As outlined in Chapter 2 and in Table 1 above, the Commission has also amended the Panel's proposed Rule to require:

1. The Panel to publish its RERT Guidelines by 30 November 2008 (clause 3.20.9 (c) of the draft Rule);
2. NEMMCO to publish its procedures for exercising the RERT by 30 June 2009 (clause 3.20.8(g) of the draft Rule); and
3. NEMMCO to have regard to the Panel's draft RERT Guidelines, as published in the Exposure Draft for this Rule change proposal in the Second Interim Report on the CRR, if NEMMCO is required to exercise the RERT prior to the publication of the final RERT Guidelines by the Panel (clause 11.X.4(b) of the draft Rule).

The Commission notes that the Panel conducted a public consultation process in September 2007 on its draft RERT Guidelines as part of the consultation process on

the Second Interim Report on the CRR²¹. However, the Commission suggests that the Panel review the draft RERT Guidelines it consulted on as well as submissions received on the Guidelines, and conduct another consultation process on a revised version of the RERT Guidelines, prior to finalising the Guidelines. The Commission suggests that this will ensure that the finalised version of the Guidelines has taken into account the changes that have been made to the Panel's August 2007 Exposure Draft Rule. It will also allow stakeholders another opportunity to comment on the RERT Guidelines, after reviewing the Commission's final Rule determination and Rule.

The Commission notes that under clause 3.20.9(b) of the draft Rule, the Panel is required to develop and publish the RERT Guidelines in accordance with the Panel's review process as set out in clauses 8.8.3(d)-(l) in the Rules. The Commission's amendment to the Panel's proposed Rule to require the Panel publish its RERT Guidelines by 30 November 2008, will provide the Panel with an adequate amount of time to complete this additional consultation process under the timeframes provided to complete the Panel's review process under clauses 8.8.3(d) to 8.8.3(l) in the Rules.

3.3 SOO Load Forecasts

3.3.1 The Panel's proposed implementation process

Under clause 3.13.3 of the Panel's proposed Draft Rule, NEMMCO would be required to report to the Panel by 1 November each year on the accuracy of demand forecasts in the most recent SOO and any improvements made by NEMMCO or other relevant parties to the forecasting process that will apply to the next SOO.

Under the Panel's Draft Rule the Inter-Regional Planning Committee (IRPC) will also be required to assist NEMMCO in preparing this report to the Panel.

3.3.2 The Commission's decision

The Commission has determined that NEMMCO should begin this reporting obligation in 2008, and consequently be required to submit its first report to the Panel on the accuracy of its SOO load forecasts, and any improvements made to the forecasting process, by 1 November 2008.

The Commission suggests that this reporting obligation would require minimal implementation by NEMMCO, as NEMMCO is already engaged in a continuous improvement process for the preparation of its demand projections.

The Commission has also amended the Panel's proposed Rule to:

²¹ Reliability Panel, 2007, Second Interim Report, Comprehensive Reliability Review, August. Available at: <http://www.aemc.gov.au/electricity.php?r=20051215.142656>

1. Include a Savings and Transitional Rule under Schedule 4 of the draft Rule, which would allow NEMMCO to begin preparing for its report to the Panel, prior to the Rule's commencement date (clause 11.X.7 of the draft Rule); and
2. Require the Panel to publish NEMMCO's report within 10 business days of receiving NEMMCO's report, rather than allowing the Panel the discretion to publish the report (clause 3.13.3(v) of the draft Rule).

3.4 Reliability Directions

3.4.1 The Panel's proposed implementation process

NEMMCO's current powers to issue reliability directions under clause 4.8.9 of the Rules expires on 1 July 2008. Under the Panel's Rule change proposal, this power would be extended indefinitely without a sunset period.

3.4.2 The Commission's decision

As raised above, the final Rule determination for this Rule change proposal is scheduled to be published by 26 June 2008.

If the final Rule determination is published in accordance with this timeline, the Commission suggests that there should be minimal implementation issues and NEMMCO's power to issue reliability directions should continue seamlessly and without interruption following 1 July 2008.

The Commission has made no amendments to the Panel's proposed Rule in relation to NEMMCO's power to issue reliability directions.

Australian Energy Market Commission

Draft National Electricity Amendment (NEM Reliability Settings: Information Safety Net and Directions) Rule 2008

Schedule 1 contains proposed amendments to the National Electricity Rules to incorporate the energy information publication which has been called the Energy Adequacy Assessment Projection (EAAP).

Schedule 2 contains the key clauses relating to the Reliability and Emergency Reserve Trader known as the RERT which will replace the reliability safety net provisions in the Rules and also the Part 7 derogation in Chapter 8A.

Schedule 3 contains the other clauses in the Rules that affect the RERT.

Schedule 4 identifies savings and transitional provisions that will be required to ensure the appropriate guidelines are in place when the Rule commences operation.

Schedule 1 Energy Adequacy Assessment Projection

[1] New clause 3.7B Energy Adequacy Assessment Projection

After rule 3.7A, insert:

3.7B Energy Adequacy Assessment Projection

Purpose of EAAP

- (a) The purpose of the *energy adequacy assessment projection* (or *EAAP*) is to make available to *Market Participants* and other interested persons a quantified analysis of the impact of *energy constraints* on *energy* availability over a 24 month period under a range of scenarios.

EAAP principles

- (b) The *EAAP* must:
- (1) cover a 24 month period, commencing on the day the *EAAP* is *published* under this rule 3.7B;
 - (2) be *published* at least every three months;
 - (3) provide a probabilistic assessment of projected *energy* availability;
 - (4) provide projected *unserved energy* levels for each *region* with a monthly resolution;
 - (5) provide aggregated information on *power system* adequacy for each scenario that *NEMMCO* identifies for the purposes of the *EAAP*, based on information received from *Registered Participants* and on anticipated *power system* constraints;
 - (6) take into account:
 - (A) where relevant, the *medium term PASA* inputs referred to in clause 3.7.2(c);
 - (B) where relevant, the matters *NEMMCO* considers in, and for the purposes of, clause 5.6.5(c) in carrying out the *ANTS review*;
 - (C) *Generator Energy Limitation Frameworks* provided in accordance with paragraph (h), including *GELFs* that apply to more than one *scheduled generating unit* under

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clause 3.7B(1)(6) where those *GELFs* adequately represent the relevant *generating units*;

- (D) *GELF parameters* for each *GELF* which are provided in accordance with the *EAAP guidelines* and are updated in accordance with the *timetable*; and
 - (E) estimates of anticipated generation for the *scheduled generating units* of each *Scheduled Generator* which are provided in accordance with the *EAAP guidelines* and the *timetable*.
- (c) *NEMMCO* must comply with the *EAAP principles* in preparing the *EAAP*.

Administration of EAAP

- (d) *NEMMCO* must *publish* the *EAAP* at least every three months in accordance with the *timetable* and the first *EAAP* must be published by 31 December 2009.
- (e) *NEMMCO* may *publish* additional updated versions of the *EAAP* in the event of *changes* which, in the judgment of *NEMMCO*, are materially significant.
- (f) For the purposes of preparing the *EAAP*, a *Scheduled Generator* must provide *NEMMCO* with the following information in accordance with the *timetable*:
 - (1) updated *GELF parameters* for each *GELF* provided by it in accordance with paragraph (h);
 - (2) an estimate of anticipated generation for the *scheduled generating units* of that *Scheduled Generator* for each month of the *EAAP* as provided in accordance with the *EAAP guidelines*; and
 - (3) other information that supplements the data provided under subparagraphs (1) and (2) that is reasonably required by *NEMMCO* to study the scenarios identified in the *EAAP guidelines*.
- (g) In considering whether information referred to in subparagraph (f)(3) is reasonably required, *NEMMCO* must have regard to the likely costs that may be incurred by the *Scheduled Generator* in preparing and providing that information compared to the likely benefits from the use of that information for the purposes of the *EAAP*.

Generator Energy Limitation Framework

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- (h) A *Scheduled Generator* must prepare and submit to *NEMMCO*, in accordance with the *EAAP guidelines* and for the purposes of the *EAAP*, a description of the *energy constraints* that affect the ability of each of its *scheduled generating units* to generate electricity ('*GELF*' or '*Generator Energy Limitation Framework*'). The *GELF* must be in a form that adequately represents that *generating unit* sufficient for *NEMMCO* to include the *GELF* in the *EAAP*.
- (i) A *GELF* submitted under paragraph (h) must be supplemented by *GELF parameters* for that *GELF* as identified in the *EAAP guidelines*, and those parameters must be updated at least every three months in accordance with the *timetable*.
- (j) Where a *Scheduled Generator* has submitted a *GELF* under paragraph (h) and there has been a material *change* to the *energy constraints* associated with that *GELF*, the *Scheduled Generator* must revise and re-submit the *GELF* in accordance with that paragraph.
- (k) Subject to paragraph (s), a *GELF* or information provided in relation to a *GELF* to *NEMMCO* must be treated by *NEMMCO* as *confidential information*.

EAAP guidelines

- (l) *NEMMCO* must develop and *publish* guidelines (the '*EAAP guidelines*') that:
 - (1) identify scenarios that *NEMMCO* must study in preparing the *EAAP*;
 - (2) identify modelling assumptions for the *EAAP*;
 - (3) identify the components of a *GELF* that a *Scheduled Generator* must include in a *GELF* submitted under paragraph (h);
 - (4) provide detail on the forms of the *GELF* sufficient for a *Scheduled Generator* to meet the requirements of paragraph (h);
 - (5) identify variable parameters specific to a *GELF* ('*GELF parameters*') that are likely to have a material impact on the *GELF* and therefore the *EAAP*, and which may include, but are not limited to, parameters in relation to:
 - (i) hydro storage including pump storage;
 - (ii) thermal generation fuel;
 - (iii) cooling water availability; and

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- (iv) gas supply limitations;
- (6) identify circumstances where a *GELF* submitted under paragraph (h) can apply to a collection of *scheduled generating units* that face common *energy constraints* due to their geographic location, access to fuel source or another similar reason;
- (7) identify the form of information to be submitted by each *Scheduled Generator* in accordance with paragraph (f); and
- (8) identify arrangements for managing the confidentiality of information submitted to *NEMMCO* under this rule 3.7B.
- (m) The scenarios that are identified for the purposes of subparagraph (l)(1) may include, but are not limited to:
 - (1) water conditions such as normal rainfall and drought;
 - (2) material restrictions on the supply of a significant fuel source;
 - (3) other limits on a fuel source for a major form of generation; and
 - (4) any other scenario that *NEMMCO* reasonably considers will have a material impact on the *EAAP*.
- (n) *NEMMCO* must comply with the *EAAP principles* in preparing the *EAAP guidelines*.
- (o) *NEMMCO* must comply with the *EAAP guidelines* in preparing the *EAAP*.
- (p) *NEMMCO* must develop and *publish* the *EAAP guidelines* in accordance with the *Rules consultation procedures*.
- (q) *NEMMCO* must develop and *publish* the first *EAAP guidelines* by 30 June 2009 and there must be a set of *EAAP guidelines* available at all times after that date.
- (r) *NEMMCO* may from time to time in accordance with the *Rules consultation procedures* amend or replace the *EAAP guidelines*.

Provision of information to Scheduled Generators

- (s) *NEMMCO* must provide to each *Scheduled Generator*, based on the relevant *GELF*, an estimate of the likely utilisation of the *scheduled generating units* of that *Scheduled Generator* for the period of the *EAAP*.

Review

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- (t) The *Reliability Panel* must conduct a review of the operation of this rule 3.7B by no later than the end of the third year after the *publication* of the first *EAAP*.

[2] Clause 3.13.3 Standing data

After clause 3.13.3(t), insert:

- (u) By 1 November each year, *NEMMCO* must prepare and provide a report to the *Reliability Panel* on:
 - (1) the accuracy of the demand forecasts to date in the most recent *statement of opportunities*; and
 - (2) any improvements made by *NEMMCO* or other relevant parties to the forecasting process that will apply to the next *statement of opportunities*.
- (v) The *Reliability Panel* must *publish* each report provided to it under paragraph (u) within ten *business days* after being provided with that report.

[3] Clause 3.13.4 Spot market

After clause 3.13.4(x), insert:

- (y) At least every three months, in accordance with the *timetable*, *NEMMCO* must *publish* the *EAAP* in accordance with rule 3.7B.

[4] Clause 5.6.3 Inter-regional planning committee

In clause 5.6.3(a)(7), omit the word “and” (where second occurring).

[5] Clause 5.6.3

In clause 5.6.3(a)(8), omit the matter “.” and substitute:

; and

- (9) provide such assistance as *NEMMCO* reasonably requests in connection with the preparation of the report that is required to be

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provided by *NEMMCO* to the *Reliability Panel* in accordance with clause 3.13.3(u).

[6] Chapter 10 New definitions

In Chapter 10, insert the following definition in alphabetical order:

EAAP guidelines

The guidelines *published* by *NEMMCO* in accordance with clause 3.7B(1) that *NEMMCO* must comply with in preparing the *EAAP*.

EAAP principles

The principles referred to in clause 3.7B(b) that *NEMMCO* must comply with in preparing the *EAAP* and the *EAAP guidelines*.

energy adequacy assessment projection (EAAP)

A projection of *NEMMCO*'s assessment of *energy* availability that accounts for *energy constraints* for each month over a 24 month period, which is prepared and *published* in accordance with rule 3.7B and is measured as *unserved energy* for each *region*.

energy constraint

A limitation on the ability of a *generating unit* or group of *generating units* to generate *active power* due to the restrictions in the availability of fuel or other necessary expendable resources such as, but not limited to, gas, coal, or water for operating turbines or for cooling.

Generator Energy Limitation Framework (GELF)

A description of the *energy constraints* that affect the ability of a *scheduled generating unit* to generate electricity prepared in accordance with the *EAAP guidelines*.

GELF parameters

Variable parameters specific to a *GELF* which are identified in the *EAAP guidelines* and supplement the *GELF*, and are submitted by a *Scheduled Generator* and updated in accordance with rule 3.7B for the purpose of the *EAAP*.

unserved energy

The amount of *energy* that is demanded, but cannot be supplied, in a *region* and which is defined in accordance with the *power system security and reliability standards* and is expressed as:

- (a) GWh; or
- (b) a percentage of the total *energy* demanded in that *region* over a specific period of time such as a year.

Schedule 2 Reliability and Emergency Reserve Trader

[1] New rule 3.20

After rule 3.19, insert:

3.20 Reliability and Emergency Reserve Trader

3.20.1 Expiry of reserve and emergency reliability trader

This rule 3.20 expires on the earlier of:

- (a) 30 June 2012; or
- (b) a date determined by the *AEMC* on the advice of the *Reliability Panel* in accordance with clause 3.20.10.

3.20.2 Reliability and emergency reserve trader

- (a) *NEMMCO* must take all reasonable actions to ensure reliability of *supply* by negotiating and entering into contracts to secure the availability of *reserves* under *reserve contracts* ('reliability and emergency reserve trader' or 'RERT') in accordance with:
 - (1) this rule 3.20;
 - (2) where relevant:

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- (i) clauses 1.11, 3.8.1, 3.8.14, 3.9.3, 3.12, 3.12A.5, 3.15.6, 4.8.5A and 4.8.5B; and
- (ii) any other provision of the *Rules* necessary to exercise the *RERT*;
- (3) the *RERT principles*; and
- (4) the *RERT guidelines*.
- (b) *NEMMCO* must have regard to the following principles ('*RERT principles*') in exercising the *RERT* under paragraph (a):
 - (1) actions taken should be those which *NEMMCO* reasonably expects, acting reasonably, to have the least distortionary effect on the operation of the *market*; and
 - (2) actions taken should aim to maximise the effectiveness of *reserve contracts* at the least cost to end use consumers of electricity.
- (c) In having regard to the *RERT principles*, *NEMMCO* must have regard where relevant to the *RERT guidelines*.

3.20.3 Reserve contracts

- (a) *NEMMCO* may enter into one or more contracts with any person in relation to the capacity of:
 - (1) *scheduled generating units, scheduled network services or scheduled loads* (being *scheduled reserve contracts*); and
 - (2) *unscheduled reserves* (being *unscheduled reserve contracts*).
- (b) *NEMMCO* may determine to enter into *reserve contracts* to ensure that the reliability of *supply* in a *region* or *regions* meets the relevant *power system security and reliability standards* established by the *Reliability Panel* for the *region*.
- (c) *NEMMCO* must consult with persons nominated by the relevant *participating jurisdictions* in relation to any determination to enter into contracts under paragraph (b).
- (d) *NEMMCO* must not enter into, or renegotiate, a *reserve contract* more than nine months prior to the date that *NEMMCO* reasonably expects that the *reserve* under that contract may be required to ensure reliability of *supply*.
- (e) Subject to paragraph (d), *NEMMCO* may :

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- (1) enter into *reserve contracts*; or
- (2) renegotiate existing *reserve contracts*,

in addition to the contracts already entered into by *NEMMCO* under this rule 3.20.

- (f) In entering into *reserve contracts* under paragraph (b) *NEMMCO* must agree with the relevant nominated persons referred to in paragraph (c) cost-sharing arrangements between the *regions* for the purpose of clause 3.20.5.
- (g) If, at any time *NEMMCO* determines that it is necessary to commence contract negotiations for the provision of *reserves*, *NEMMCO* must *publish* a notice of its intention to do so.
- (h) When contracting for the provision of *scheduled reserves* under *scheduled reserve contracts*, *NEMMCO* must not enter contracts in relation to capacity of *generating units*, *scheduled network services* or *scheduled loads* for which *dispatch offers* or *dispatch bids* have been submitted or are considered by *NEMMCO* to be likely to be submitted or be otherwise available for *dispatch* in the *trading intervals* to which the contract relates.

Terms and conditions of a contract

- (i) If *NEMMCO* requests a *Scheduled Generator* or *Market Participant* to enter into a *scheduled reserve contract* in relation to a *scheduled generating unit*, *scheduled network service* or *scheduled load*, then the *Scheduled Generator* or *Market Participant* must negotiate with *NEMMCO* in good faith as to the terms and conditions of that contract.
- (j) If *NEMMCO* requests any other person to enter into a *scheduled reserve contract* in relation to a *scheduled generating unit*, *scheduled network service* or *scheduled load*, or an *unscheduled reserve contract*, *NEMMCO* must only enter into such a contract if:
 - (1) *NEMMCO* has used reasonable endeavours to be satisfied that the person is entering into the contract in good faith; and
 - (2) the contract contains a provision that the person has not and will not otherwise offer the *reserve* the subject of the contract in the *market* for the *trading intervals* to which the contract with *NEMMCO* relates except in accordance with the contract.

3.20.4 Dispatch pricing methodology for unscheduled reserve contracts

- (a) *NEMMCO* must develop in accordance with the *Rules consultation procedures* and *publish* details of the methodology it will use to request that *generating units* or *loads* under *unscheduled reserve contracts* be *activated*.
- (b) In developing the methodology referred to in clause 3.9.3(e), *NEMMCO* must consult *Registered Participants* on measures to be adopted in order to reduce the possibility that *generating units* or *loads* likely to be *activated* under *unscheduled reserve contracts* are otherwise engaged at the time the *unscheduled reserve contracts* are entered into by *NEMMCO*.
- (c) *NEMMCO* may develop and *publish* the methodology developed in accordance with this clause 3.20.4 as part of the methodology *NEMMCO* is required to develop under clause 3.9.3(e).

3.20.5 Reserve settlements

- (a) *NEMMCO's* costs incurred in contracting for the provision of *reserves* are to be met by fees imposed on *Market Customers* in accordance with this clause 3.20.5.
- (b) Included in the statements to be provided under clauses 3.15.14 and 3.15.15, *NEMMCO* must give each *Market Participant* a statement setting out:
 - (1) the aggregate of the amounts payable by *NEMMCO* under *reserve contracts* in respect of the relevant *billing period*;
 - (2) any amounts determined as payable by *NEMMCO*:
 - (i) by the independent expert under clause 3.12.3; or
 - (ii) as a result of a *scheduled generating unit*, *scheduled network service* or *scheduled load* under a *scheduled reserve contract* being *dispatched* or *generating units* or *loads* under an *unscheduled reserve contract* being *activated*,in respect of the relevant *billing period*; and
 - (3) the aggregate of the amounts receivable by *NEMMCO* under the *Rules* in respect of *reserve contracts* during the relevant *billing period*.
- (c) Separate statements must be provided under paragraph (b):

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- (1) for *reserve contracts* entered into by *NEMMCO* specifically in respect of the *Market Participant's region* in accordance with paragraph (d); and
 - (2) for *reserve contracts* other than those entered into for and allocated to a specific *region* or *regions*.
- (d) Where either:
- (1) without the intervention in the *market* of *NEMMCO* a *region* would otherwise, in *NEMMCO's* reasonable opinion, fail to meet the minimum *power system security and reliability standards*; or
 - (2) a *region* requires a level of *power system reliability* or *reserves* which, in *NEMMCO's* reasonable opinion, exceeds the level required to meet the minimum *power system security and reliability standards*,

then *NEMMCO* must recover its net liabilities, or distribute its net profits, under the terms of *reserve contracts* entered into to meet these requirements, from or to the *Market Customers* in that *region* in accordance with paragraph (e).

- (e) In respect of *reserve contracts* entered into by *NEMMCO*, *NEMMCO* must calculate in relation to each *Market Customer* for each *region* in respect of each *billing period* a sum determined by applying the following formula:

$$MCP = \frac{E \times RRC}{\Sigma E}$$

where:

MCP is the amount payable by a *Market Customer* for a *region* in respect of a *billing period*;

E is the sum of all that *Market Customer's adjusted gross energy amounts* in a *region* (the “**relevant region**”) in each *trading interval* which commences between 0800 hours and 1930 hours on a *business day* in the *billing period* excluding any *loads* in that *region* in respect of which the *Market Customer* submitted a *dispatch bid* for any such *trading interval*;

RRC is the total amount payable by *NEMMCO* under *reserve contracts* which relate to the relevant *region* in the *billing period* as agreed under clause 3.20.3(f); and

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ΣE is the sum of all amounts determined as “E” in accordance with this paragraph (e) in respect of that *region*.

- (f) A *Market Customer* is liable to pay *NEMMCO* an amount equal to the sum calculated under paragraph (e) in respect of that *Market Customer*.
- (g) Operational and administrative costs incurred by *NEMMCO* in arranging for the provision of *reserves*, other than its liabilities under the terms of the *reserve contracts* into which it has entered, are to be recovered by *NEMMCO* from all *Market Participants* as part of the fees imposed in accordance with rule 2.11.
- (h) For the purposes of this clause 3.20.5, a re-determination by a panel established under clause 3.12.2 is to be taken to be an agreement between *NEMMCO* and each of the *Market Participants* and *Scheduled Generators*.

3.20.6 NEMMCO’s risk management and accounts relating to the reliability safety net

- (a) *NEMMCO* may enter into insurance arrangements with an insurance provider with a view to minimising potential financial losses in respect of *NEMMCO’s RERT* activities described in this rule 3.20.
- (b) *NEMMCO* must ensure that it maintains in its books separate accounts relating to the *RERT* functions and powers granted to *NEMMCO* under this rule 3.20.

3.20.7 Reporting on RERT by NEMMCO

- (a) If a *scheduled generating unit*, *scheduled network service* or *scheduled load* under a *scheduled reserve contract* with *NEMMCO* is *dispatched* or *generating units* or *loads* are activated under an *unscheduled reserve contract*, then *NEMMCO* must, as soon as practicable thereafter, *publish* a report outlining:
 - (1) the circumstances giving rise to the need for the *dispatch* of *scheduled reserves* or *activation* of *unscheduled reserves*;
 - (2) the basis on which it determined the latest time for that *dispatch* of *scheduled reserves* or *activation* of *unscheduled reserves* and on what basis it determined that a market response would not have

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avoided the need for the *dispatch* of *scheduled reserves* or the *activation* of *unscheduled reserves*;

- (3) details of the changes in *dispatch* outcomes due to the *dispatch* of *scheduled reserves* or *activation* of *unscheduled reserves*; and
- (4) the processes implemented by *NEMMCO* to *dispatch* the *scheduled reserves* or *activate* the *unscheduled reserves*,

and if applicable:

- (5) reasons why *NEMMCO* did not follow any or all of the processes set out in rule 4.8 either in whole or in part prior to the *dispatch* of *scheduled reserves* or the *activation* of *unscheduled reserves*; and
 - (6) the basis upon which *NEMMCO* considered it impractical to set *spot prices* and *ancillary service prices* in accordance with clause 3.9.3(b).
- (b) As soon as reasonably practicable after *NEMMCO* has, in accordance with clause 3.20.6, included the amounts arising under a *reserve contract* in a *final statement* provided under clause 3.15.15, *NEMMCO* must *publish* details of:
- (1) the payments under the *reserve contract* for the relevant *billing periods*; and
 - (2) a breakdown of the recovery of those costs by each category of *Market Customer*, as determined by *NEMMCO*, in each *region*.
- (c) Within 30 *days* of the end of each *financial year*, *NEMMCO* must *publish* a report detailing:
- (1) each occasion on which it intervened to secure the availability of *reserves*;
 - (2) each occasion during the *financial year* when a *scheduled generating unit*, *scheduled network service* or *scheduled load* under a *scheduled reserve contract* was *dispatched* or *generating units* or *loads* under an *unscheduled reserve contract* were *activated*; and
 - (3) its costs and finances in connection with its *RERT* activities according to appropriate accounting standards including profit and loss, balance sheet, sources and applications of funds.

3.20.8 NEMMCO's exercise of the RERT

- (a) Notwithstanding clauses 4.8.5A and 4.8.5B, if *NEMMCO* considers the latest time for exercising the *RERT* by:
 - (1) the *dispatch of scheduled reserves* it has available under *scheduled reserve contracts*; or
 - (2) the *activation of unscheduled reserves* it has available under *unscheduled reserve contracts*,

has arrived, *NEMMCO* may *dispatch* such *scheduled reserves* or *activate* such *unscheduled reserves*.

- (b) *NEMMCO* must follow the relevant procedures in this rule 3.20 prior to *dispatching a scheduled generating unit, scheduled network service or scheduled load* the subject of a *scheduled reserve contract* or *activating generating units or loads* the subject of an *unscheduled reserve contract* unless it is not reasonably practicable to do so.
- (c) Subject to paragraph (b), *NEMMCO* must only *dispatch a scheduled generating unit, a scheduled network service or a scheduled load* the subject of a *scheduled reserve contract* or *activate generating units or loads* the subject of an *unscheduled reserve contract* in accordance with the procedures developed pursuant to paragraph (e).
- (d) In order to effect the *dispatch of a scheduled generating unit, scheduled network service or scheduled load* the subject of a *scheduled reserve contract* or the *activation of generating units or loads* the subject of an *unscheduled reserve contract* *NEMMCO* may:
 - (1) submit, update or vary *dispatch bids or dispatch offers* in relation to all or part of such a *scheduled generating unit, scheduled network service or scheduled load* which is the subject of a *scheduled reserve contract*; or
 - (2) change other inputs to the *dispatch process* to give effect to the *dispatch of scheduled generating units, scheduled network services or scheduled loads* the subject of a *scheduled revenue contract* or the *activation of generating units or loads* the subject of an *unscheduled reserve contract*.
- (e) *NEMMCO* must develop, *publish*, and may amend from time to time, in accordance with the *Rules consultation procedures*, procedures for the exercise of the *RERT* under this rule 3.20 that take into account the *RERT principles* and *RERT guidelines*.

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- (f) When exercising the *RERT* under this rule 3.20, *NEMMCO* must take into account the *RERT guidelines*.
- (g) *NEMMCO* must *publish* the first procedures referred to in paragraph (e) by 30 June 2009.

3.20.9 RERT Guidelines

- (a) For the purposes of this rule 3.20, the *Reliability Panel* must develop and *publish* guidelines (the '*RERT guidelines*') for or with respect to:
 - (1) what information *NEMMCO* must take into account when deciding whether to exercise the *RERT*;
 - (2) the relevance of the *RERT principles* to the exercise of the *RERT*;
 - (3) the actions that *NEMMCO* may take to be satisfied that the *reserve* that is to be the subject of a *reserve contract* is not available to the *market* through any other arrangement;
 - (4) the process *NEMMCO* should undertake in contracting for *reserves* including the process for tendering for contracts for such *reserves*;
 - (5) any specific or additional assumptions about key parameters that *NEMMCO* must take into account in assessing the cost effectiveness of exercising the *RERT*;
 - (6) matters relevant to *NEMMCO* managing a portfolio of *reserve contracts*; and
 - (7) additional forecasts that *NEMMCO* should take into account prior to exercising the *RERT*.
- (b) The *Reliability Panel* must develop, *publish* and amend from time to time, the *RERT guidelines* in accordance with clauses 8.8.3(d) – (l).
- (c) The *Reliability Panel* must *publish* the first *RERT guidelines* by 30 November 2008 and there must be such guidelines in place at all times after that date.

3.20.10 Review of reserve and emergency reliability trader

- (a) The *Reliability Panel* must, no later than one year prior to the date the *RERT* is due to expire under clause 3.20.1, complete a review of the *RERT* ('**RERT review**') to determine:
 - (1) whether the *RERT* should expire on the date specified in clause 3.20.1(a); or

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- (2) whether the *RERT* should expire prior to the date referred to in subparagraph (1) and, if so, that date;
- (b) The *Reliability Panel* must conduct the RERT review in accordance with clauses 8.8.3(d) – (l).
- (c) The *Reliability Panel* may conduct the review referred to in paragraph (a) as part of the review conducted by the *Reliability Panel* under clause 8.8.3(b).
- (d) On receipt of the written report from the RERT review in accordance with clause 8.8.3(j), the *AEMC* may, taking into account the report, make a determination that the RERT is to expire and specify the date of expiry.
- (e) The *AEMC* must *publish* the determination referred to in paragraph (d).

[2] Chapter 8A, Part 7

Omit Part 7 of Chapter 8A.

**Schedule 3 Amendments necessary to implement the
reliability and emergency reserve trader**

[1] Rule 1.11 NEMMCO Rule funds

Omit rule 1.11 and substitute:

1.11 NEMMCO Rule Funds

- (a) *NEMMCO* must continue to maintain, in the books of the corporation:
 - (1) the registration and administration fund;
 - (2) the security deposit fund; and
 - (3) any other fund which the *Rules* provide will be maintained in *NEMMCO's* books,

(each a “*Rule fund*”).
- (b) *NEMMCO* must ensure that there is paid into each *Rule fund*:
 - (1) in the case of the registration and administration fund, all amounts of *Participant fees* and *auction expense fees* and any other amounts payable under the *auction rules* or *SRD agreements* as *NEMMCO* considers necessary from time to time other than those which are to be paid into another *Rule fund*;
 - (2) in the case of the security deposit fund, amounts which are received by *NEMMCO* under clauses 3.3.8A, 3.3.13(a)(2) and 3.3.13(a)(3);
 - (3) in the case of a fund referred to in paragraph (a)(3):
 - (i) all amounts which are received by *NEMMCO* in connection with carrying out its functions or powers in relation to that fund;
 - (ii) all amounts of *Participant fees* which are received or recovered by *NEMMCO* which relate to *NEMMCO's* actual or budgeted costs and expenses for carrying out its functions or powers in relation to that fund; and
 - (4) in the case of each *Rule fund*, income from investment of money in the *Rule fund*.
- (c) In respect of the security deposit fund, *NEMMCO* must keep records, in respect of each individual *Market Participant*, of:

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- (1) security deposits made by that *Market Participant* and actual interest or other income earned on that *Market Participant's* payments to that fund which will be recorded as credits for that *Market Participant*;
 - (2) any application, or return to that *Market Participant*, of monies in the security deposit fund in accordance with clause 3.3.13A;
 - (3) deductions for liabilities and expenses of the security deposit fund referable, or allocated, to that *Market Participant* which will be recorded as debits to that *Market Participant*; and
 - (4) the credit or debit balance for that *Market Participant*.
- (d) NEMMCO must ensure that money from each *Rule fund* is only applied in payment of:
- (1) in the case of the registration and administration fund, costs and expenses of *NEMMCO* carrying out its functions or powers:
 - (i) in relation to a fund referred to paragraph (a)(3) to the extent that such costs and expenses cannot be met from the money contained in that fund; or
 - (ii) other than those functions and powers referred to in subparagraph (i);
 - (2) in the case of the security deposit fund, monies owing to *NEMMCO* by a *Market Participant* or the return of monies to a *Market Participant* in accordance with clause 3.3.13A;
 - (3) in the case of a fund referred to in paragraph (a)(3), costs and expenses of *NEMMCO* carrying out its functions or powers in relation to that fund; and
 - (4) in the case of each *Rule fund*:
 - (i) other than the security deposit fund, reimbursement to a *Registered Participant* or another *Rule fund* to make any necessary adjustment for any excess amounts which are paid as *Participant fees* as a result of any of *NEMMCO's* actual costs and expenses being less than the budgeted costs and expenses or as a result of the payment of any interim *Participant fees*; and
 - (ii) liabilities or expenses of the *Rule fund*.

[2] Clause 3.2.5 Reserves

Omit clause 3.2.5 and substitute:

[Deleted]

[3] Clause 3.8.1 Central dispatch

Omit clause 3.8.1(b)(11) and substitute:

(11) ensuring that as far as reasonably practical, in relation to a *NEMMCO intervention event*:

(A) the number of *Affected Participants*; and

(B) the effect on *interconnector* flows,

is minimised.

[4] Clause 3.8.14 Dispatch under conditions of supply scarcity

Omit clause 3.8.14 and substitute:

3.8.14 Dispatch under conditions of supply scarcity

During times of *supply* scarcity, *NEMMCO* must use its reasonable endeavours to ensure that the actions set out below occur in the following sequence:

(a) subject to:

(1) any adjustments which may be necessary to implement action under paragraph (c); and

(2) any *inflexibilities* associated with a *relevant NEMMCO intervention event*,

all valid *dispatch bids* and *dispatch offers* submitted by *Scheduled Generators* or *Market Participants* are *dispatched*, including those priced at *VoLL*;

(b) subject to:

(1) any adjustments which may be necessary to implement action under paragraph (c); and

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- (2) any *inflexibilities* associated with a *relevant NEMMCO intervention event*,

after all valid *dispatch bids* and *dispatch offers* referred to in paragraph (a) have been exhausted, exercise the *reliability and emergency reserve trader* in accordance with rule 3.20 by:

- (3) *dispatching scheduled generating units, scheduled network services or scheduled loads* in accordance with any *scheduled reserve contract*; or

- (4) *activating loads or generating units* under any *unscheduled reserve contract*;

- (c) any further corrective actions required are implemented in accordance with clauses 4.8.5B and 4.8.9.

[5] Clause 3.9.3 Pricing in the event of intervention by NEMMCO

Omit clause 3.9.3 and substitute:

3.9.3 Pricing in the event of intervention by NEMMCO

- (a) In respect of a *dispatch interval* where a *NEMMCO intervention event* occurs *NEMMCO* must declare that *dispatch interval* to be an *intervention price dispatch interval*.
- (b) Subject to paragraphs (c) and (d), *NEMMCO* must in accordance with the methodology or assumptions *published* pursuant to paragraph (e) set the *dispatch price* and *ancillary service prices* for an *intervention price dispatch interval* at the value which *NEMMCO*, in its reasonable opinion, considers would have applied as the *dispatch price* and *ancillary service price* for that *dispatch interval* in the relevant *region* had the *NEMMCO intervention event* not occurred.
- (c) *NEMMCO* may continue to set *dispatch prices* pursuant to clause 3.9.2 and *ancillary service prices* pursuant to clause 3.9.2A until the later of:
 - (1) the second *dispatch interval* after the first *dispatch interval* in which the *NEMMCO intervention event* occurred; or
 - (2) if applicable, the second *dispatch interval* after the restoration of the *power system* to a *secure operating state* after any *direction* which constitutes the *NEMMCO intervention event* was issued,

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provided that *NEMMCO* must use its reasonable endeavours to set *dispatch prices* and *ancillary service prices* pursuant to this clause 3.9.3 as soon as practicable following the *NEMMCO intervention event*.

- (d) *NEMMCO* must continue to set *dispatch prices* pursuant to clause 3.9.2 and *ancillary service prices* pursuant to clause 3.9.2A if a *direction* given to a *Registered Participant* in respect of *plant* at the *regional reference node* would not in *NEMMCO*'s reasonable opinion have avoided the need for any *direction* which constitutes the *NEMMCO intervention event* to be issued.
- (e) *NEMMCO* must develop in accordance with the *Rules consultation procedures* and *publish* details of the methodology it will use, and any assumptions it may be required to make, to determine *dispatch prices* and *ancillary service prices* for the purposes of paragraph (b).
- (f) The methodology developed by *NEMMCO* under paragraph (e) must wherever reasonably practicable:
 - (1) be consistent with the principles for *spot price* determination set out in clause 3.9.1;
 - (2) enable *NEMMCO* to determine and *publish* such prices in accordance with clause 3.13.4; and
 - (3) be consistent with the principles for *ancillary service price* determination set out in clauses 3.9.2 and 3.9.2A.

[6] References to clause 3.9.3

In clause 3.9.2(e)(2), omit the words "clauses 3.9.3(a2) and 3.9.3(a3)" and substitute the words "clauses 3.9.3(c) and 3.9.3(d)".

In clause 3.13.6A(a)(6), omit the words "clause 3.9.3(a1)" and substitute the words "clause 3.9.3(b)".

[7] Rule 3.12 Market intervention by NEMMCO

Omit clauses 3.12.1 – 3.12.9 and renumber clauses 3.12.10, 3.12.11 and 3.12.11A as clauses 3.12.1, 3.12.2 and 3.12.3 respectively.

[8] References to clauses 3.12.10, 3.12.11 and 3.12.11A

In the Rules, wherever the clause reference in column A occurs, substitute the clause reference in column B.

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A (old clause number)	B (renumbered clause)
3.12.10	3.12.1
3.12.11	3.12.2
3.12.11A	3.12.3

[9] Clause 3.12.1 Intervention settlement timetable

Omit clause 3.12.1(a) (as renumbered by amendment [7]) and substitute:

- (a) *NEMMCO* must use reasonable endeavours to complete and fulfil its obligations set out in clauses 3.12.2, 3.12.3, 3.15.7, 3.15.7A, 3.15.7B, 3.15.8 and 3.15.10C as soon as practicable and no later than:
- (1) 100 *business days* after the end of the *NEMMCO intervention event* or the end of a series of related *NEMMCO intervention events* if *NEMMCO* is not required to appoint an independent expert pursuant to clause 3.15.7A; and
 - (2) 150 *business days* after the end of the *NEMMCO intervention event* or the end of a series of related *NEMMCO intervention events* if *NEMMCO* is required to appoint an independent expert pursuant to clause 3.15.7A.

[10] Clause 3.12.1 Intervention settlement timetable

In clause 3.12.1(b), omit the words “3.12.11, 3.12.11A” and substitute the words “3.12.2, 3.12.3”.

[11] Clause 3.12.2 Affected Participants and Market Customers entitlements to compensation in relation to directions and reserve contracts

Omit clause 3.12.2 and substitute:

3.12.2 Affected Participants and Market Customers entitlements to compensation in relation to NEMMCO intervention

- (a) In respect of each *intervention price trading interval*:
- (1) an *Affected Participant* is entitled to receive from *NEMMCO*, or must pay to *NEMMCO*, an amount as determined in accordance with this clause 3.12.2 that will put the *Affected Participant* in the position that the *Affected Participant* would have been in regarding the *scheduled generating unit* or *scheduled network service*, as the

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case may be, had the *NEMMCO intervention event* not occurred, taking into account solely the items listed in paragraph (j);

- (2) a *Market Customer*, other than a *Market Customer* which was the subject of any *direction* that constituted the *NEMMCO intervention event*, is entitled, in respect of one or more of its *scheduled loads*, to receive an amount calculated by applying the following formula:

$$DC = ((RRP \times LF) - BidP) \times QD$$

where:

DC (in dollars) is the amount the *Market Customer* is entitled to receive in respect of that *scheduled load* for the relevant *intervention price trading interval*;

RRP (in dollars per MWh) is the *regional reference price* in the relevant *intervention price trading interval* determined in accordance with clause 3.9.3;

LF where the *scheduled load's connection point* is a *transmission connection point*, is the *intra-regional loss factor* at that *connection point* or where the *scheduled load's connection point* is a *distribution network connection point*, is the product of the *distribution loss factor* at that *connection point* multiplied by the *intra-regional loss factor* at the *transmission connection point* to which it is assigned;

BidP (in dollars per MWh) is the price of the highest priced *price band* specified in a *dispatch offer* for the *scheduled load* in the relevant *intervention price trading interval*;

QD (in MWh) is the difference between the amount of electricity consumed by the *scheduled load* during the relevant *intervention price trading interval* determined from the *metering data* and the amount of electricity which *NEMMCO* reasonably determines would have been consumed by the *scheduled load* if the *NEMMCO intervention event* had not occurred,

provided that if DC is negative for the relevant *intervention price trading interval*, then the adjustment that the *Market Customer* is entitled to claim in respect of that *scheduled load* for that *intervention price trading interval* is zero.

- (b) In respect of a single *intervention price trading interval*, an *Affected Participant* or *Market Customer* is not entitled to receive from, or obliged

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to pay to, *NEMMCO* an amount pursuant to this clause 3.12.2 if such an amount is less than \$5,000.

- (c) In respect of each *intervention price trading interval*, *NEMMCO* must, in accordance with the *intervention settlement timetable*, notify, in writing:
- (1) each *Affected Participant* (except *eligible persons*) of:
 - (i) the estimated level of *dispatch* in MW that its *scheduled network service* or *scheduled generating unit* would have been *dispatched* at had the *NEMMCO intervention event* not occurred; and
 - (ii) an amount equal to:
 - (A) the estimated *trading amount* that it would have received had the *NEMMCO intervention event* not occurred based on the level of *dispatch* in subparagraph (i), less:
 - (B) the *trading amount* for that *Affected Participant* (excluding from that *trading amount* the amount referred to in clause 3.15.10C(a)) as set out in its *final statement* provided pursuant to clause 3.15.14 for the *billing period* in which the *intervention price trading interval* occurs;
 - (2) each *eligible person* of:
 - (i) the estimated level of flow in MW of all relevant *directional interconnectors* that would have occurred had the *NEMMCO intervention event* not occurred; and
 - (ii) an amount equal to:
 - (A) the estimated amount that person would have been entitled to receive pursuant to clause 3.18.1(b) had the *NEMMCO intervention event* not occurred based upon the flows referred to in subparagraph (i); less
 - (B) the actual entitlement of that person under clause 3.18.1(b); and
 - (3) each *Market Customer*, the amount calculated by *NEMMCO* in accordance with paragraph (a)(2) for that *Market Customer*.
- (d) *NEMMCO* must include in an *Affected Participant's* or *Market Customer's final statement* provided pursuant to clause 3.15.1 for a

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billing period in which one or more *intervention price trading intervals* occurred:

- (1) the amount notified by *NEMMCO* pursuant to paragraph (c) if the absolute value of such amount is greater than \$5,000; and
 - (2) in all other cases no amount in relation to compensation pursuant to this clause 3.12.2.
- (e) If the figure calculated in accordance with paragraph (c) is:
- (1) negative, the absolute value of that amount is the amount payable to *NEMMCO* by the relevant person; and
 - (2) positive, the absolute value of that amount is the amount receivable from *NEMMCO* by the relevant person.
- (f) Subject to paragraphs (h) and (i), within 7 *business days* of receipt of the notice referred to in paragraph (c) an *Affected Participant* or *Market Customer* may make a written submission to *NEMMCO* in accordance with paragraph (g) claiming that the amount set out in the notice is greater than, less than, or equal to its entitlement pursuant to paragraph (a)(1) as an *Affected Participant* or paragraph (a)(2) as a *Market Customer*, as the case may be.
- (g) A written submission made by an *Affected Participant* or *Market Customer* pursuant to paragraph (f) must:
- (1) itemise each component of the claim;
 - (2) contain sufficient data and information to substantiate each component of the claim;
 - (3) if the *Affected Participant* claims that the amount calculated by *NEMMCO* pursuant to paragraphs (c)(1) or (c)(2) is less than the amount the *Affected Participant* is entitled to receive pursuant to paragraph (a)(1), specify the difference between such amounts (such difference being the “*affected participant’s adjustment claim*”);
 - (4) if the *Market Customer* claims that the amount calculated by *NEMMCO* pursuant to paragraph (c)(3) is less than the amount the *Market Customer* is entitled to receive pursuant to paragraph (a)(2), specify the difference between such amounts (such difference being the “*market customer’s additional claim*”); and

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- (5) be signed by an authorised officer of the *Affected Participant* or *Market Customer* certifying that the written submission is true and correct.
- (h) If an *Affected Participant* or *Market Customer* does not deliver to *NEMMCO* a written submission in accordance with paragraph (f) it shall cease to have an entitlement to compensation under this clause 3.12.2.
- (i) In respect of a single *intervention price trading interval* an *Affected Participant* or *Market Customer* may only make a claim pursuant to paragraph (f) in respect of that *intervention price trading interval* if it claims that its entitlement or liability pursuant to this clause 3.12.2 is greater than \$5,000.
- (j) In determining the amount for the purposes of paragraph (a)(1), the following must, as appropriate, be taken into account:
 - (1) the direct costs incurred or avoided by the *Affected Participant* in respect of that *scheduled generating unit* or *scheduled network service*, as the case may be, as a result of the *NEMMCO intervention event* including:
 - (i) fuel costs in connection with the *scheduled generating unit* or *scheduled network service*;
 - (ii) incremental maintenance costs in connection with the *scheduled generating unit* or *scheduled network service*; and
 - (iii) incremental manning costs in connection with the *scheduled generating unit* or *scheduled network service*;
 - (2) any amounts which the *Affected Participant* is entitled to receive under clauses 3.15.6 and 3.15.6A; and
 - (3) the *regional reference price published* pursuant to clause 3.13.4(m).
- (k) *NEMMCO* must in accordance with the *intervention settlement timetable* calculate the “*additional intervention claim*” being the total of:
 - (1) the sum of the *affected participant’s adjustment claims* and *market customer’s additional claims* in respect of a *NEMMCO intervention event*, or in respect of, in *NEMMCO’s* reasonable opinion, a series of related *NEMMCO intervention events*; plus
 - (2) the total claims by *Directed Participants* pursuant to clauses 3.15.7B(a), 3.15.7B(a1) and 3.15.7B(a2) in respect of that *NEMMCO intervention event*, or in respect of that series of related *NEMMCO intervention events*.

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- (l) *NEMMCO* must in accordance with the *intervention settlement timetable*:
 - (1) refer an *affected participant's adjustment claim* or *market customer's additional claim* to an independent expert to determine such claim in accordance with clause 3.12.3 if the claim is equal to or greater than \$20,000 and the *additional intervention claim* that includes that claim is equal to or greater than \$100,000; and
 - (2) determine in its sole discretion whether all other *affected participants' adjustment claims* and *market customers' additional claims* are reasonable and if so pay the amounts claimed in accordance with clause 3.15.10C.
- (m) If *NEMMCO* determines pursuant to paragraph (l) that an *affected participant's adjustment claim* or *market customer's additional claim* in respect of a *NEMMCO intervention event* is unreasonable, it must in accordance with the *intervention settlement timetable*:
 - (1) advise the *Affected Participant* or *Market Customer*, as the case may be, in writing of its determination including its reasons for the determination; and
 - (2) refer the matter to an independent expert to determine the claim for compensation in accordance with clause 3.12.3.
- (n) For the purposes of clauses 3.15.8 and 3.15.10C(b) any payment pursuant to paragraph (a) must include interest on the sum of that amount less the payment made in accordance with 3.15.10C(a)(1), computed at the average *bank bill rate* for the period from the date on which payment was required to be made under clauses 3.15.16 and 3.15.17 in respect of the *final statement* for the *billing period* in which the *NEMMCO intervention event* occurred to the date on which payment is required to be made pursuant to clause 3.15.10C.

[12] Clause 3.12.3 Role of Independent Expert in calculating payments in relation to intervention by NEMMCO

In clause 3.12.3(a) (as renumbered by amendment [7]), omit the words “3.12.2(f), 3.12.2(g)” and substitute the words “3.12.2(l), 3.12.2(m)”.

[13] Clause 3.12.3 Role of Independent Expert in calculating payments in relation to intervention by NEMMCO

In clause 3.12.3(b) (as renumbered by amendment [7]), omit the words “3.12.2(c)” and substitute the words “3.12.2(f)”.

**[14] Clause 3.12.3 Role of Independent Expert in calculating payments
in relation to intervention by NEMMCO**

Omit clause 3.12.3(b1) (as renumbered by amendment [7]) and substitute:

- (b1) To the extent reasonably practicable, all claims arising out of a single *NEMMCO intervention event* or arising out of, in *NEMMCO's* reasonable opinion, a series of related *NEMMCO intervention events*, should be determined by the same independent expert as part of the same process.

**[15] Clause 3.12.3 Role of Independent Expert in calculating payments
in relation to intervention by NEMMCO**

In clause 3.12.3(c)(1)(i) (as renumbered by amendment [7]), omit the words “3.12.2(f) and 3.12.2(g)” and substitute the words “3.12.2(l) and 3.12.2(m)”.

**[16] Clause 3.12.3 Role of Independent Expert in calculating payments
in relation to intervention by NEMMCO**

In clause 3.12.3(c)(6) (as renumbered by amendment [7]), omit the words “3.12.2(c)” and substitute the words “3.12.2(f)”.

[17] Clause 3.12A.5 Dispatch of restriction offers

Omit clause 3.12A.5(a) and substitute:

- (a) In a *dispatch interval* *NEMMCO* may only *dispatch* the capacity of a *scheduled generating unit* or *scheduled network service* in accordance with the procedures for the *rebidding* and *dispatch* of capacity the subject of an *accepted restriction offer* developed by *NEMMCO* in consultation with *Registered Participants*. Such procedures must as far as reasonably practical incorporate the following principles:
 - (i) *dispatch* of *accepted restriction offers* only after all the capacity of *scheduled loads*, *scheduled generating units* and *scheduled network services* contained in valid *dispatch offers* and *dispatch bids* have been *dispatched*;
 - (ii) recognise any requirement for advance notice or action for generators to operate at minimum generation, provide advance

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notice to *loads* or obtain capacity of *market network services* that are or may become the subject of a *NEMMCO intervention event*;

- (iii) be consistent with the price of *accepted restriction offers* in accordance with clause 3.12A.6; and
- (iv) minimise the *restriction shortfall amount*.

[18] Clause 3.13.6 Reserve trading by NEMMCO

Omit clause 3.13.6 and substitute:

[Deleted]

[19] References to clause 4.8.5A

In clause 3.13.6A(a)(7), omit the words "clause 4.8.5A(c)" and substitute the words "clause 4.8.5A(d)".

[20] Clause 3.15.6 Spot market transactions

Omit clauses 3.15.6(b) and (c) and substitute:

- (b) *NEMMCO* is entitled to the *trading amount* resulting from a *NEMMCO intervention event* and, for the purposes of determining *settlement amounts*, any such *trading amount* is not a *trading amount* for the relevant *Market Participant*.
- (c) A *Directed Participant* is entitled to the *trading amount* resulting from any service, other than the service the subject of the *NEMMCO intervention event*, rendered as a consequence of that event.

[21] Clause 3.15.9 Reserve settlements

Omit clause 3.15.9 and substitute:

[Deleted]

[22] Clause 3.15.10C Intervention settlements

In clause 3.15.10C, omit the words "clause 3.12.2(b)" wherever occurring and substitute the words "clause 3.12.2(c)".

[23] Clause 4.3.1 Responsibility of NEMMCO for power system security

In clause 4.3.1(l), omit the words “initiate action in relation to the trading in *reserves* in accordance with Chapter 3” and substitute the words “initiate action in relation to a *relevant NEMMCO intervention event*”.

[24] Clauses 4.8.5A – 4.8.6

Omit clauses 4.8.5A – 4.8.6 and substitute:

4.8.5A Determination of the latest time for NEMMCO intervention

- (a) *NEMMCO* must immediately *publish* a notice of any foreseeable circumstances that may require *NEMMCO* to implement a *NEMMCO intervention event*.
- (b) A notice referred to in paragraph (a) must include the forecast circumstances creating the need for the *NEMMCO intervention event*.
- (c) *NEMMCO* must, as soon as reasonably practicable after the *publication* of a notice in accordance with paragraph (a), estimate and *publish* the latest time at which it would need to intervene through a *NEMMCO intervention event* should the response from the *market* not be such as to obviate the need for the *NEMMCO intervention event*.
- (d) In order to estimate the time referred to in paragraph (c), *NEMMCO* may request information from a *Scheduled Network Service Provider*, *Scheduled Generator* or *Market Customer* and may specify the time within which that information is to be provided.
- (e) The information that *NEMMCO* may request in accordance with paragraph (d) may include, but is not limited to:
 - (1) *plant* status;
 - (2) any expected or planned *plant outages* and the MW capacity affected by the *outage*, proposed start date and time and expected end date and time associated with the *outage* and an indication of the possibility of deferring the *outage*; and
 - (3) estimates of the relevant costs to be incurred by the *Scheduled Network Service Provider*, *Scheduled Generator* or *Market Customer* should it be the subject of a *direction*, but only if *NEMMCO* considers it reasonably likely that such *Scheduled*

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Network Service Provider, Scheduled Generator or Market Customer will be subject to a *direction*.

- (f) A *Scheduled Network Service Provider, Scheduled Generator or Market Customer* must use reasonable endeavours:
 - (1) to comply with a request for information under paragraph (d); and
 - (2) to provide *NEMMCO* with the information required in the time specified by *NEMMCO*.
- (g) *NEMMCO* must regularly review its estimate of the latest time at which it would need to intervene through a *NEMMCO intervention event*, and *publish* any revisions to the estimate.
- (f) *NEMMCO* must treat any information provided in response to a request under paragraph (d) as *confidential information* and use it for the sole purpose of assessing to which *Scheduled Network Service Provider, Market Customer or Scheduled Generator* it should issue *directions*.

4.8.5B Notifications of last time of NEMMCO intervention

If the latest practicable time for a *NEMMCO intervention event*, as estimated by *NEMMCO* under clause 4.8.5A, is reached and, taking into account *relevant NEMMCO intervention events*, the circumstances described under clause 4.8.5A(a) have not been alleviated, *NEMMCO* must to the extent reasonably practicable immediately:

- (1) *publish* a notice that *NEMMCO*:
 - (i) considers the time for the negotiation of further *reserve contracts* in accordance with rule 3.20 has elapsed; and
 - (ii) intends to implement a *NEMMCO intervention event*; and
- (2) amend the *pre-dispatch schedule* to ensure that it is a physically realisable schedule for all periods in which *NEMMCO* intends to implement a *NEMMCO intervention event*.

[25] References to clause 4.8.6

In clause 3.9.4(c1)(1), omit the words “clauses 4.8.6(a)” and substitute the words “clauses 3.20.8(a)”.

[26] Clause 4.8.9 Power to issue directions and clause 4.8.9 instructions

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Omit clauses 4.8.9(g) – (l) and substitute:

- (g) Any *Registered Participant* who is aware of a failure to comply with a *direction* or *clause 4.8.9 instruction* or who believes any such failure has taken place must notify *NEMMCO* and the *AER* in writing and as soon as practicable of that fact.
- (h) If *NEMMCO* issues a *direction* or *clause 4.8.9 instruction*, *NEMMCO* may, to give effect to the *direction* or *clause 4.8.9 instruction*:
 - (1) submit, update or vary *dispatch bids*, *dispatch offers* or *rebids* in relation to the *plant* of *Directed Participants* and *Affected Participants*;
 - (2) change other inputs to the *dispatch process*; or
 - (3) select a *Market Participant* or *Market Participants* to become *Affected Participants* to implement clause 3.8.1(b)(11).
- (i) When issuing *clause 4.8.9 instructions* to implement *load shedding* across *interconnected regions*, *NEMMCO* must use reasonable endeavours to implement *load shedding* in an equitable manner as specified in the *power system security and reliability standards*, taking into account the *power transfer capability* of the relevant *networks*.
- (j) When issuing *clause 4.8.9 instructions* to implement *load shedding*, *NEMMCO* must comply with its obligations under clauses 4.3.2(e) to (l) and Part 8 of the *National Electricity Law*.

[27] References to scheduled reserve

In clauses 3.7.2(f)(1), 3.7.3(d)(2), 3.7.3(h)(1), 3.8.12, 3.13.4(f)(1), 3.13.4(f)(5), 3.13.4(f)(5A)(iv) and 3.13.4(f)(5B)(iv), omit the word "*reserve*" and substitute the words "*scheduled reserve*".

In Chapter 10 in the definitions of **power system reserve constraint** and **slow start reserve generating unit**, omit the word "*reserve*" and substitute the words "*scheduled reserve*".

[28] Chapter 10 Substituted definitions

Omit the following definitions and substitute:

Affected Participant

- (a) In respect of a particular *direction* in an *intervention price trading interval*:

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- (1) a *Scheduled Generator* or *Scheduled Network Service Provider*:
 - (i) which was not the subject of the *direction*, that had its *dispatched* quantity affected by that *direction*; or
 - (ii) which was the subject of the *direction*, that had its *dispatched* quantity for other *generating units* or other services which were not the subject of that *direction* affected by that *direction*, however, the *Scheduled Generator* or *Scheduled Network Service Provider* is only an *Affected Participant* in respect of those *generating units* and services which were not the subject of that *direction*; or
 - (2) an *eligible person* entitled to receive an amount from *NEMMCO* pursuant to clause 3.18.1(b)(1) where there has been a change in flow of a *directional interconnector*, for which the *eligible person* holds units for the *intervention price trading interval*, as a result of the *direction*; and
- (b) in relation to the exercise of the *RERT* under rule 3.20:
- (1) a *Scheduled Generator* or *Scheduled Network Service Provider*:
 - (i) whose *plant* or *scheduled network service* was not *dispatched* under a *scheduled reserve contract*, that had its *dispatched* quantity affected by the *dispatch* of *plant* or *scheduled network service* under that *scheduled reserve contract*; and
 - (ii) who was not the subject of *activation* under an *unscheduled reserve contract*, that had its *dispatched* quantity affected by the *activation* of *generating units* or *loads* under that *unscheduled reserve contract*;
 - (2) a *Scheduled Generator* or *Scheduled Network Service Provider* whose *plant* or *scheduled network service* was *dispatched* under a *scheduled reserve contract*, that had its *dispatched* quantity for other *generating units* or other services which were not *dispatched* under the *scheduled reserve contract* affected by that *dispatch* of *plant* or *scheduled network service* under that *scheduled reserve contract*, however, the *Scheduled Generator* or *Scheduled Network Service Provider* is only an *Affected Participant* in respect of those *generating units* and services which were not *dispatched* under that *scheduled reserve contract*; or
 - (3) an *eligible person* entitled to receive an amount from *NEMMCO* pursuant to clause 3.18.1(b)(1) where there has been a change in flow of a *directional interconnector*, for which the *eligible person* holds units for the *intervention price trading interval*, as a result of

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the *dispatch* of *plant* or *scheduled network service* under a *scheduled reserve contract* or the *activation* of *generating units* or *loads* under an *unscheduled reserve contract*.

dispatch

The act of initiating or enabling all or part of the response specified in a *dispatch bid*, *dispatch offer* or *market ancillary service offer* in respect of a *scheduled generating unit*, a *scheduled load*, a *scheduled network service*, an *ancillary service generating unit* or an *ancillary service load* in accordance with clause 3.8, or a *direction* or operation of capacity the subject of a *scheduled reserve contract* in accordance with rule 3.20 as appropriate.

[29] Chapter 10 New definitions

In Chapter 10, insert the following definition in alphabetical order:

activate, activated, activation

The operation of a *generating unit* (other than a *scheduled generating unit*) at an increased *loading level* or reduction in demand (other than a *scheduled load*) undertaken in response to a request by *NEMMCO* in accordance with an *unscheduled reserve contract*.

NEMMCO intervention event

An event where *NEMMCO* intervenes in the *market* under the *Rules* by:

- (a) issuing a *direction* in accordance with clause 4.8.9; or
- (b) exercising the *reliability and emergency reserve trader* in accordance with rule 3.20 by:
 - (1) *dispatching scheduled generating units, scheduled network services or scheduled loads* in accordance with a *scheduled reserve contract*; or
 - (2) *activating loads or generating units* under an *unscheduled reserve contract*.

relevant NEMMCO intervention event

A *NEMMCO intervention event* that involves the exercise of the *reliability and emergency reserve trader* in accordance with rule 3.20 as referred to in paragraph (b) of the definition of *NEMMCO intervention event*.

reliability and emergency reserve trader (RERT)

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The actions taken by *NEMMCO* as referred to in clause 3.20.2, in accordance with rule 3.20, to ensure reliability of *supply*.

RERT guidelines

The guidelines developed and *published* by the *Reliability Panel* under clause 3.20.9.

RERT principles

The principles referred to in clause 3.20.2(b).

reserve

Scheduled reserve or *unscheduled reserve*.

reserve contract

A *scheduled reserve contract* or an *unscheduled reserve contract*.

scheduled reserve

The amount of surplus or unused capacity:

- (a) of scheduled generating units;
- (b) scheduled network services; or
- (c) arising out of the ability to reduce *scheduled loads*.

scheduled reserve contract

A contract entered into by *NEMMCO* for the provision of *scheduled reserve* in accordance with rule 3.20.

unscheduled reserve

The amount of surplus or unused capacity:

- (a) of *generating units* (other than *scheduled generating units*); or
- (b) arising out of the ability to reduce demand (other than a *scheduled load*).

unscheduled reserve contract

A contract entered into by *NEMMCO* for the provision of *unscheduled reserve* in accordance with rule 3.20.

[30] Chapter 10 Deleted definitions

In Chapter 10, omit the following definitions:

reliability safety net end date

A date which is the earlier of:

- (a) a date determined by the *AEMC* and published in the South Australian Government Gazette, having regard to any recommendation of the *Reliability Panel* under clause 3.12.1(b); or
- (b) 1 July 2008.

reserve

Short term capacity reserve and *medium term capacity reserve* as contracted by *NEMMCO* under clause 3.12.

reserve contract

A contract between a *Registered Participant* and *NEMMCO* to provide any *reserve* and includes a contract between a *Market Network Service Provider* and *NEMMCO* to facilitate *reserves* in one *region* being made available in another *region*.

[31] Chapter 10 References to clauses 3.12.11 and 3.12.2

In Chapter 10 in the definition of **additional intervention claim**, omit the words "clause 3.12.2(e)" and substitute the words "clause 3.12.2(k)".

In Chapter 10 in the definition of **affected participant's adjustment claim**, omit the words "clause 3.12.2(c1)(3)" and substitute the words "clause 3.12.2(g)(3)".

In Chapter 10 in the definition of **market customer's additional claim**, omit the words "clause 3.12.2(c1)(4)" and substitute the words "clause 3.12.2(g)(4)".

In Chapter 10 in the definition of **Referred Affected Participant**, omit the words "clauses 3.12.2(f) or 3.12.2(g)" and substitute the words "clauses 3.12.2(l) or 3.12.2(m)".

In Chapter 10 in the definition of **Referred Market Customer**, omit the words "clauses 3.12.2(f) or 3.12.2(g)" and substitute the words "clauses 3.12.2(l) or 3.12.2(m)".

Schedule 4 Savings and Transitional Rules

After clause 11.18, insert:

11.X Rules consequent on making of National Electricity Amendment (NEM Reliability Settings: Information Safety Net and Directions) Rule 2008

11.X.1 Definitions

In this rule 11.X:

Amending Rule means the National Electricity Amendment (NEM Reliability Settings: Information Safety Net and Directions) Rule 2008

commencement date means the date the Amending Rule commences operation.

11.X.2 EAAP guidelines

All actions taken by *NEMMCO* prior to the commencement date in anticipation of the commencement date for the purposes of preparing and publishing the first *EAAP guidelines* as required by clause 3.7B(q) are taken to satisfy the equivalent actions required for *EAAP guidelines* under rule 3.7B.

11.X.3 NEMMCO procedures for exercising RERT

All actions taken by *NEMMCO* prior to the commencement date in anticipation of the commencement date for the purposes of developing and publishing the procedures for the exercise of the *RERT* as required by clause 3.20.8(e) are taken to satisfy the equivalent actions required for the procedures under clause 3.20.8.

11.X.4 RERT guidelines

- (a) All actions taken by the *Reliability Panel* prior to the commencement date in anticipation of the commencement date for the purposes of developing and *publishing* the first *RERT guidelines* as required by clause 3.20.9(c) are taken to satisfy the equivalent actions required for *RERT guidelines* under clause 3.20.9.
- (b) If it exercises the *RERT* under rule 3.20 prior to the *publication* of the first *RERT guidelines* as required by clause 3.20.9(c), *NEMMCO* must take into account the draft guidelines set out in Appendix C.3 to the document entitled 'Comprehensive Reliability Review: Second Interim Report' issued by the *Reliability Panel* and dated August 2007.

11.X.5 Timetable

- (a) *NEMMCO* must amend the *timetable* in accordance with clause 3.4.3(b) to take into account the Amending Rule and those amendments are to take effect from the commencement date.
- (b) All actions taken by *NEMMCO* prior to the commencement date in anticipation of the commencement date to amend the *timetable* as required by paragraph (a) are taken to satisfy the equivalent action required under clause 3.4.3(b).

11.X.6 Power system security and reliability standards

- (a) The *Reliability Panel* must amend the *power system security and reliability standards* in accordance with clause 8.8.3 to take into account the Amending Rule and those amendments are to take effect from the commencement date.
- (b) All actions taken by the *Reliability Panel* prior to the commencement date in anticipation of the commencement date to amend the *power system security and reliability standards* as required by paragraph (a) are taken to satisfy the equivalent action required under clause 8.8.3.

11.X.7 Report on statement of opportunities

All actions taken by *NEMMCO* prior to the commencement date in anticipation of the commencement date for the purposes of preparing and providing a report to the *Reliability Panel* as required by clause 3.13.3(u) are taken to satisfy the equivalent actions required for preparing and providing a report under clause 3.13.3(u).

11.X.8 Methodology for dispatch prices and ancillary services prices

- (a) *NEMMCO* may make minor and administrative amendments to the methodology for determining *dispatch prices* and *ancillary service prices* developed in accordance with clause 3.9.3(e).
 - (b) Minor or administrative amendments made by *NEMMCO* to the methodology for determining *dispatch prices* and *ancillary service prices* developed in accordance with clause 3.9.3(e) prior to the commencement date are taken to have been made under paragraph (a).
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B Appendix Issues raised during the Panel’s consultation process on the CRR

Table A- Issues raised by stakeholders during the CRR consultation process and the Panel’s response

1. EAAP

Respondent	Stage of CRR	Issue Raised	Panel’s Response to Issue
NEMMCO	Exposure Draft	The timing of the publication of the EAAP should not be fixed and be specified through market consultations instead	Under the proposed Rule, NEMMCO will be required to consult on the market timetable, in accordance with clause 3.4.3 of the Rules to determine the EAAP publication cycle.
NEMMCO	Exposure Draft	If NEMMCO is able to publish the EAAP more than quarterly then it should have the power to gather the necessary input data from stakeholders.	The Panel suggests that requiring generators to provide information to NEMMCO more than quarterly would be too arduous. However if NEMMCO does receive update information from generators it can update the most recent EAAP using this information, but only using the data that is available to it.
EnergyAustralia	Exposure Draft	The EAAP guidelines should allow for one-off studies to cater for unforeseen circumstances.	The Panel considers that the proposed Rule should not preclude one-off studies and the guidelines should make it possible. However, the Panel considers that generators should not be obliged to provide additional information over and above that required by the consulted on list of scenarios.

NEMMCO	Second Interim Report	The GELF should apply to as many generating units as practical, while maintaining the accuracy of the EAAP studies.	The Panel has included this principle in clause 3.7B(i)(3) of its proposed Rule.
NEMMCO	Second Interim Report	There may be value in NEMMCO providing generators with confidential estimates of their monthly energy production to assist generators in their information provision obligations under the EAAP.	The Panel agrees. However NEMMCO's projections would be only for information and not represent an obligation on generators.
NEMMCO	Second Interim Report	The definition of the USE should be more general in the proposed Rule and be linked to the Panel's reliability standard.	The Panel agrees with NEMMCO and has included a more general USE definition in the proposed Rule.
NEMMCO	Second Interim Report	Clause 3.7B(p)(3) of the Exposure Draft includes a number of examples of possible EAAP scenarios. NEMMCO suggests that this clause should not use a gas pipeline outage as an example because it expects that MT-PASA would largely cover the effect of a gas pipeline.	The Panel agrees that a gas pipeline outage would generally be covered by MT-PASA and has removed this example from its proposed Rule.
NGF, TRUenergy, Energy Supply Industry Planning Council (ESIPC)	Second Interim Report	EAAP should be limited to drought scenarios and exclude fossil fuels as their availability is not stochastic in nature.	The Panel disagrees and considers that all energy constraints should be considered as it is difficult to foresee future impacts in other fuel markets.
ESIPC	Second Interim Report	Gas pipeline arrangements are complicated and difficult to represent in the EAAP.	The Panel disagrees and considers that all energy constraints should be considered as it is difficult to foresee future impacts in other fuel markets.

2. RERT

Respondent	Stage of CRR	Issue Raised	Panel's Response to Issue
Major Energy Users' (MEU)	Exposure Draft	Even if all existing sources of capacity have not been dispatched, that NEMMCO should be able to dispatch reserve contracted under RERT at the contracted energy price, as the RERT contract costs are sunk.	<p>The Panel does not support dispatch under this scenario because this would:</p> <ul style="list-style-type: none"> - undermine the VoLL price signal designed to elicit capacity when the market is distressed; - provide a long term disincentive to generation investors as they may in the future be subject to subsidised competition from contracted reserves under the RERT; - distort the operation of the spot market by offering a different risk profile to reserves receiving a form of 'capacity payment', and tends to reinforce the need for the RERT; and - be a disincentive to future generator investment that may lead to higher energy prices in the long term through a reduction in competition.
International Power Australia and Loy Yang Marketing Company	Exposure Draft	Supply and demand side sources of reserves are not treated equitably in the manner that they are settled.	The Panel has not reached a final view on this issue. The Panel is not proposing a change to this aspect of the current arrangements and has referred this issue to the Commission for further consideration in the Commission's Review of Demand Side Participation in the National Electricity Market.
MEU	Second Interim	It makes little sense for the RERT to have an	The Panel disagrees with the MEU on this point

	Report	expiry date if its operation was to be reviewed.	<p>because it wants to give a clear signal that the RERT is a distortion to the operation of the NEM and ideally should be removed after the review. The outcome of this future review will depend on the Panel's assessment, following consultation with the market, of the conditions that apply in the NEM at that time.</p> <p>Under the proposed Rule the RERT would operate for four years but within three years the Panel would be required to complete a review of the performance of the RERT and its ongoing need.</p>
ESIPC	Second Interim Report	The costs of operating the RERT should be recovered from the market as a whole rather than just from the regions in shortfall.	The Panel notes that, where a group of regions face a joint shortfall of reserves, there is little benefit in NEMMCO contracting for reserves in any regions other than those facing the joint shortfall, with the unaffected regions being on the other side of network congestion at the time of projected shortfall. Therefore, under the Panel's proposal the costs of contracting would only be recovered from the regions affected by the joint shortfall of reserves as these are the regions that would materially benefit from the additional reserves, through improved reliability.
Multiple written submissions and presentations (specific respondents)	Second Interim Report	NEMMCO should have more flexible reserve contracting arrangements.	The Panel is proposing that in addition to any contracts it has already entered into, NEMMCO would be able to enter into reserve contracts or non-scheduled reserve contracts or renegotiate existing reserve contracts or existing

were not specified in the Panel's Rule change proposal)			non-scheduled reserve contracts.
Multiple written submissions and presentations (specific respondents were not specified in the Panel's Rule change proposal)	Second Interim Report	NEMMCO should not administer a series of administered funds to spread the costs of operating the RERT across a number of years.	The Panel has not included this mechanism in the proposed Rule.

3. Reliability Directions

Respondent	Stage of CRR	Issue Raised	Panel's Response to Issue
National Generators Forum'	Exposure Draft	It is difficult to separate reliability and security incidents in real time and hence NEMMCO should be able to give directions to both maintain system security and reliability.	The Panel considers that NEMMCO's power to issue reliability directions should be retained because: in practice it is not always clear at the time of a system incident whether a direction is a reliability direction or a direction to re-establish the power system to a secure operating state; and it is desirable to remove the ambiguity associated with the expiry date. Under the proposed Rule, NEMMCO's power to issue reliability directions

			would be extended without a sunset.
MEU	Exposure Draft	Generators who benefit from a NEMMCO direction should be required to refund their windfall gains in a similar manner to adversely affected generators being compensated.	The Panel considers that this is outside of the scope of the CRR to the extent that it does not directly relate to reliability.

4. SOO Load Forecasts

Respondent	Stage of CRR	Issue Raised	Panel's Response to Issue
NEMMCO	Exposure Draft	Reporting to the Panel on the SOO Load Forecasts should be in November instead of September and the IRPC should be required to assist NEMMCO to prepare the reports to the Panel.	The Panel agrees. The proposed Rule requires reporting to the Panel occur in November instead of September and that the IRPC assist NEMMCO in its reporting.
Multiple written submissions and presentations (specific respondents were not specified in the Panel's Rule change proposal)	Exposure Draft	NEMMCO should not be required to include a ten year projection of generation energy constraints and projected reliability of supply in the SOO, as generation input constraints can already be managed through the SOO and ANTS process.	The Panel has removed the requirement for a ten year projection of generation energy constraints in the SOO from their proposed Rule.