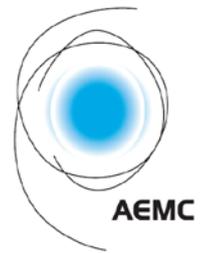


Review of the Reliability and Emergency Reserve Trader Guidelines

AEMC Terms of Reference to the Reliability Panel

29 September 2016



Introduction

The National Electricity Rules (Rules) currently provide for a Reliability and Emergency Reserve Trader (RERT) mechanism that enables AEMO to contract for reserves where reserves are projected to be insufficient to meet the relevant power system reliability standards. AEMO is able to dispatch these reserves to maintain power system reliability and, where practicable, power system security.

Previously, the RERT enabled AEMO to contract for reserves up to nine months ahead of a projected shortfall. The National Electricity Amendment (Extension of the Reliability and Emergency Reserve Trader) Rule 2016 (Amending Rule) reduced this timeframe to 10 weeks.

Scope of this review

Clause 11.90.2 of the Amending Rule specifies that the Reliability Panel must amend the RERT guidelines in accordance with clause 3.20.8 to reflect the amending rule. This must be done no later than 28 February 2017, with the amendments to take effect from the Schedule 2 commencement date (1 November 2017).

The AEMC requests the Reliability Panel to:

1. Amend the RERT guidelines in accordance with the Amending Rule; and
2. Clarify the process that AEMO must follow in contracting for reserves for 'medium term' scenarios (7 days to 10 weeks ahead of a projected shortfall).

The Reliability Panel is not requested to consider other opportunities to improve the RERT at this time.

Process and timing

Clauses 8.8.3(a)(3) and 3.20.8(b) of the Rules requires the Reliability Panel to determine the RERT guidelines in accordance with clause 8.8.3 of the Rules.

For the purposes of this review, the AEMC does not require the Reliability Panel to comply with the timing requirements in clauses 8.8.3(d), (e) or (j) of the Rules. The process to be carried out is as follows:

- a) A draft report and draft RERT guidelines must be published with the notice required under clause 8.8.3(d), for a minimum six week consultation period.
- b) The public meeting required under clause 8.8.3(f) must be offered at least two weeks before the end of the consultation period.
- c) A final report and final RERT guidelines must be published no later than 28 February 2017.