



National Electricity Amendment (NEM Reliability Settings: VoLL, CPT and Future Reliability Review) Rule 2009 No. 13

under the National Electricity Law as applied by:

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

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

A handwritten signature in blue ink, appearing to read 'John Tamblyn', is written over a faint, light blue circular watermark that matches the AEMC logo.

John Tamblyn

Chairman

Australian Energy Market Commission

National Electricity Amendment (NEM Reliability Settings: VoLL, CPT and Future Reliability Review) Rule 2009 No. 13

1. Title of Rule

This Rule is the *National Electricity Amendment (NEM Reliability Settings: VoLL, CPT and Future Reliability Review) Rule 2009 No. 13*.

2. Commencement

This Rule commences operation on 28 May 2009.

3. Amendment of the National Electricity Rules

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

Schedule 1 Amendment of National Electricity Rules

(Clause 3)

[1] References to “VoLL” in various headings

In the headings for clauses 3.9.4, 3.9.5, 3.14.6 and 3.15.10, omit “VoLL” wherever occurring and substitute “Market Price Cap” in clause 3.9.4, “the Market Price Cap” in clause 3.9.5 and “market price cap” in clauses 3.14.6 and 3.15.10.

[2] References to “VoLL” in various clauses

In clauses 3.3.17, 3.8.6, 3.8.6A, 3.8.7, 3.8.7A, 3.8.14, 3.9.2, 3.9.2A, 3.9.4, 3.9.5, 3.12A.7, 3.14.3, 3.14.6 and 3.15.10, omit “VoLL” wherever occurring and substitute “The *market price cap*” in clause 3.9.4(a) and “the *market price cap*” in the other clauses.

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

In clause 3.15.10, insert “the” before “*market floor price*” wherever occurring.

[4] New Clause 3.9.3A Reliability standard and reliability settings review

After clause 3.9.3, insert:

3.9.3A Reliability standard and reliability settings review

- (a) By 30 April of each second year (commencing 2010) the *Reliability Panel* must conduct a review in accordance with the *Rules consultation procedures* on the *reliability standard* and *reliability* settings set out in paragraph (b) of this clause and *publish* a report on the *reliability standard* and *reliability* settings that it recommends should apply from 1 July in the year commencing 2 years after the year in which the review is conducted.

- (b) In conducting a review in accordance with this clause 3.9.3A, the *Reliability Panel* must review the following:
 - (1) the *reliability standard*;
 - (2) the *market price cap*;
 - (3) the *cumulative price threshold*; and

- (4) the *market floor price*.

[5] Clause 3.9.4 VoLL

Omit clause 3.9.4(b) and substitute:

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

[6] Clause 3.9.4 VoLL

Omit clause 3.9.4(c) and substitute:

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

[7] Clause 3.9.4 VoLL

In clause 3.9.4(c1), omit “The value of *VoLL* recommended by the *Reliability Panel*” and substitute “The *market price cap* recommended by the *Reliability Panel* in a review under clause 3.9.3A”.

[8] Clause 3.9.4 VoLL

In clause 3.9.4(c1)(1), omit “the standard for *reliability* established by the *Reliability Panel* as part of the *power system security and reliability standards*” and substitute “the *reliability standard*”.

[9] Clause 3.9.4 VoLL

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

[10] Clause 3.9.4 VoLL

Omit clause 3.9.4(d) and substitute:

- (d) In its review of the *market price cap* under clause 3.9.3A, the *Reliability Panel* may only recommend a change to the *market price cap* from 1 July in the year commencing 2 years after the year in which the review is being conducted where:
- (1) in the *Reliability Panel's* opinion, it is highly probable that the relevant *market* conditions and circumstances on which the recommendation for that year are based as stated in the report of the *Reliability Panel* under clause 3.9.3A will eventuate; and
 - (2) the *Reliability Panel* has given due consideration to the impact of the change to the *market price cap* on *Market Participants* and, in the event of a recommended decrease in the *market price cap*, any alternative arrangements considered necessary to ensure that the *reliability standard* is maintained.

[11] Clause 3.9.6 Market Floor Price

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

[12] Clause 3.9.6 Market Floor Price

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

[13] Clause 3.9.6 Market Floor Price

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

[14] Clause 3.9.6 Market Floor Price

In clause 3.9.6(e), omit “,” and substitute “along with supporting information”.

[15] Clause 3.14.1 Cumulative Price Threshold and Administered Price Cap

Omit clause 3.14.1(c) and substitute:

- (c) The *cumulative price threshold* is \$150,000 prior to 1 July 2010.
Effective from 1 July 2010, the *cumulative price threshold* is \$187,500.

[16] Chapter 10 Deleted Definitions

In Chapter 10, omit the following definition:

value of lost load (VoLL)

A price cap on *regional reference prices*, described in clause 3.9.4.

[17] Chapter 10 New Definitions

In Chapter 10, insert the following new definitions in alphabetical order:

market price cap

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

reliability standard

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

END OF RULE AS MADE
