

**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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