Making of National Electricity Amendment (Interim Reliability Measure) Rule 2020

National Electricity Law – Section 90F

I, Daniel Cornelis van Holst Pellekaan, Minister for Energy and Mining for the Crown in right of the State of South Australia, as the Minister administering the National Electricity (South Australia) Act 1996 of South Australia, hereby make the National Electricity Amendment (Interim Reliability Measure) Rule 2020 under section 90F of the National Electricity (South Australia) Law on the recommendation of the Energy Ministers sitting as the Ministerial Council on Energy for the purposes of that section.

This Rule has been signed by me for the purposes of identification of the National Electricity Amendment (Interim Reliability Measure) Rule 2020 and commences operation on 21 August 2020.

Hon, Dan van Holst Pellekaan MO
Minister for Energy and Mining

/ /2020
National Electricity Amendment (Interim Reliability Measure) Rule 2020

1 Title of Rule
This Rule is the National Electricity Amendment (Interim Reliability Measure) Rule 2020.

2 Commencement
This Rule commences operation on 21 August 2020.

3 Amendment to the National Electricity Rules
The National Electricity Rules are amended as set out in Schedule 1.

4 Savings and Transitional Amendment to the National Electricity Rules
The National Electricity Rules are amended as set out in Schedule 2.
Schedule 1 Amendment to the National Electricity Rules

(Clause 3)

[1] Clause 3.9.3C Reliability standard and interim reliability measure

In the heading of clause 3.9.3C, after “Reliability standard” insert “and interim reliability measure”.

[2] Clause 3.9.3C Reliability standard and interim reliability measure

After clause 3.9.3C(a), insert a new clause 3.9.3C(a1):

(a1) The interim reliability measure for generation and inter-regional transmission elements in the national electricity market is a maximum expected unserved energy in a region of 0.0006% of the total energy demanded in that region for a given financial year.

Note: The interim reliability measure is relevant for contracting interim reliability reserves under clause 11.xxx.

[3] Clause 3.9.3C Reliability standard and interim reliability measure

In clause 3.9.3C(b), after “paragraph (a)” insert “and (a1),”.


In clause 3.9.3D(a), after “the reliability standard” insert “and the interim reliability measure”.

[5] Clause 3.20.2 Reliability and emergency reserve trader

After clause 3.20.2(a), insert:

Note: See Rule 11.[xxx] for transitional provisions regarding the operation of RERT as it relates to the interim reliability measure.
[6] Chapter 9  
Transitional Arrangements for Chapter 3 – Reliability and Emergency Reserve Trader.

Omit rule 9.5 and insert “9.5 [Deleted]”.

[7] Chapter 10  
New Definition

Insert the following definition in alphabetical order:

*interim reliability measure*

The measure specified in clause 3.9.3C(a1).

[8] Chapter 10  
Substituted Definition

Substitute the following definition in alphabetical order:

*reliability standard*

The standard specified in clause 3.9.3C(a).
[1] Chapter 11  Savings and Transitional Rules

In Chapter 11, insert a new Part ZZZ[X]:

Part ZZZ[X]  Interim reliability measure

11.XXX  Rules consequential on the making of the National Electricity Amendment (Interim reliability measure) Rule 2020

11.xxx.1 Definitions

For the purposes of this rule 11.[xxx]:

Amending Rule means the National Electricity Amendment (Interim reliability measure) Rule 2020.

commencement date means the date on which the Amending Rule commences operation.

expiry date means 31 March 2025.

interim reliability exceedance occurs in a financial year, for a region, if the interim reliability measure will not be met in that region in that financial year, as determined by AEMO in a statement of opportunities or in an update to a statement of opportunities under clause 3.13.3A(b).

interim reliability reserves mean reserves contracted, or to be contracted (including under a multi-year reserve contract), by AEMO in respect of an interim reliability exceedance.

multi-year reserve contract means a reserve contract for the provision of interim reliability reserves for a region, where the term of the contract exceeds a period of 12 months.

RERT procedures means the procedures developed and published by AEMO in accordance with clause 3.20.7(e).

retailer reliability obligation has the meaning given in section 2 of the National Electricity Law.

11.xxx.2 Expiry date

Other than for clause 11.xxx.5, this rule 11.xxx expires on the expiry date.

11.xxx.3 Application of rule 3.20

For the purposes of procuring interim reliability reserves, rule 3.20 applies as amended and supplemented by this rule 11.xxx.
11.xxx.4 Reserve contracts for interim reliability reserves

Changes to the application of clause 3.20.3

(a) Clause 3.20.3(a) applies in respect of reserve contracts for interim reliability reserves as if the words “Subject to paragraph (f), and in order to ensure the reliability of supply in a region meets the reliability standard for the region” were deleted and “In accordance with this clause 3.20.3 and clause 11.xxx,” is inserted before the words “AEMO may enter”.

(b) Clause 3.20.3(b) applies in respect of reserve contracts for interim reliability reserves as if the reference to “paragraph (f)” was deleted and “clause 11.xxx” was inserted.

(c) If AEMO determines that it is necessary to commence contract negotiations for the provision of additional reserves under clause 3.20.3(c) and those reserves are interim reliability reserves, AEMO must identify in the notice published under that clause that those reserves are interim reliability reserves.

(d) In addition to the requirements of clause 3.20.3(d), AEMO must provide the relevant nominated persons referred to in clause 3.20.3(d) the expected maximum charges payable under reserve contracts for interim reliability reserves in a region intended to be entered into by AEMO, including any availability, pre-activation, and activation charges and total capacity to be contracted (in MW) and obtain the approval of those nominated persons with respect to the total capacity to be contracted prior to entering into those reserve contracts.

(e) Clauses 3.20.3(f) and 3.20.3(m) do not apply in respect of reserve contracts for interim reliability reserves.

Contracts for interim reliability reserves

(f) AEMO may enter into a reserve contract (which may, but is not required to be, a multi-year reserve contract), for a region for interim reliability reserves if:

1. there is a forecast of an interim reliability exceedance in that region occurring within the notice period that would apply for long notice situations as set out in the RERT guidelines;

2. the reserve contract is entered into no more than 12 months prior to the first occurrence of the forecast interim reliability exceedance in that region during the term of that reserve contract; and

3. the term of the reserve contract ends before expiry date.

(g) In entering into a reserve contract that is for interim reliability reserves for a region, AEMO must have regard to:
(1) the RERT principles;

(2) any potential impact of, and interaction with, the retailer reliability obligation; and

(3) if the reserve contract is a multi-year reserve contract, whether the total payments made by AEMO under that multi-year reserve contract are likely to be lower than the aggregate payments AEMO would have made under reserve contracts that are not multi-year reserve contracts for the same period.

(h) For a reserve contract for interim reliability reserves for a region that is not a multi-year reserve contract, AEMO must ensure that, at the time of entering into that contract:

(1) the term of the reserve contract is only for a period which AEMO considers is reasonably necessary to address the interim reliability exceedance in the region for that year; and

(2) the amount of reserve procured under the reserve contract, is no more than AEMO considers is reasonably necessary to address the interim reliability exceedance in the region for that year.

(i) For a reserve contract for interim reliability reserves for a region that is a multi-year reserve contract, AEMO must ensure that, at the time of entering into that contract:

(1) the term of the reserve contract is no longer than three years and at least two of those years must relate to years in which there is an interim reliability exceedance for that region of which one of those exceedances must occur in the first year of the term; and

(2) the amount of reserve procured under the reserve contract:

(i) for each year of the term is no more than AEMO considers is reasonably necessary to address the largest interim reliability exceedance that is forecast to occur during the term; and

(ii) is no more, in total, than AEMO considers is reasonably necessary to ensure the reliability of supply in that region.

(j) In a procurement process for interim reliability reserves, AEMO must include a request that a person who offers a multi-year reserve contract also offer a single year reserve contract for interim reliability reserves for the first year of that multi-year reserve contract. AEMO may enter into a multi-year reserve contract despite a person not complying with this request provided AEMO records the basis on which it had regard to the matters in paragraph (g)(3) in respect of that contract.
(k) If AEMO is increasing the amount contracted under, or extending the term of, an existing reserve contract for interim reliability reserves, then any requirements under rule 3.20.3 and this rule 11.xxx apply to that variation as if AEMO was entering into a new reserve contract.

11.xxx.5 Interim reliability reserves – reporting

(a) Clause 3.20.6(d)(2) applies in respect of reserve contracts for interim reliability reserves as if the words “shortfall identified in the relevant declaration under clause 4.8.4” were deleted and “interim reliability exceedance” was inserted.

(b) Clause 3.20.6(d)(3) applies in respect of reserve contracts for interim reliability reserves for a region as if the words “relevant low reserve or lack of reserve condition, including whether they align with any periods identified in the relevant declaration under clause 4.8.4” were deleted and “interim reliability exceedance” was inserted.

(c) Clause 3.20.6(d)(4) does not apply to AEMO in respect of reserve contracts for interim reliability reserves.

(d) In addition to the requirements of clause 3.20.6(d), if AEMO has entered into reserve contracts for interim reliability reserves, the RERT report (as defined in clause 3.20.6) must:

(1) identify those reserve contracts for interim reliability reserves and those which are multi-year reserve contracts;

(2) an explanation of why AEMO considered the amount of interim reliability reserves procured under each multi-year reserve contract was reasonably necessary to ensure the reliability of supply in the region;

(3) an explanation of how AEMO had regard to any potential impact of, and interaction with, the retailer reliability obligation when procuring interim reliability reserves;

(4) the basis on which AEMO had regard to the RERT principles when entering into reserve contracts for multi-year reserve contracts; and

(5) for each multi-year reserve contract entered into in the relevant calendar quarter, an explanation of whether the total payments made by AEMO under the contract are likely to be lower than the aggregate payments AEMO would have made under reserve contracts that are not multi-year reserve contracts for the same period.

11.xxx.6 AEMO exercise of RERT

If AEMO develops standardised forms of reserve contracts for interim
reliability reserves, including for a reverse auction process for demand response, then clause 3.20.7(e1) applies to those forms of contract.

11.xxx.7 RERT guidelines

(a) The *RERT guidelines* must include guidelines for or with respect to the process *AEMO* should undertake in contracting for interim reliability reserves.

(b) By 21 August 2020, the *Reliability Panel* must amend and publish the *RERT guidelines* to take into account the Amending Rule.

(c) The *Reliability Panel* must consult *AEMO*, but is not required to comply with the consultation requirements in clauses 8.8.3(d) – (l), when amending the *RERT guidelines* in accordance with paragraph (b).

(d) If prior to the commencement date, and for the purposes of amending and publishing the *RERT guidelines* to take into account the Amending Rule, the *Reliability Panel* undertook consultation with *AEMO* as required under paragraph (c), then that consultation undertaken is taken to satisfy the equivalent consultation under paragraph (c).

(e) Prior to the expiry date, the *Reliability Panel* must amend and publish the *RERT guidelines* to take into account the expiry of this Amending Rule, such amendments to take effect from the expiry date. The *Reliability Panel* must consult *AEMO*, but is not required to comply with the consultation requirements in clauses 8.8.3(d) – (l), when amending the *RERT guidelines* in accordance with this paragraph (e). To avoid doubt, if the *Reliability Panel* makes other amendments to the *RERT guidelines* unrelated to the expiry of this Amending Rule, the exemption from consultation requirements in clauses 8.8.3(d) – (l) does not apply to those amendments.

11.xxx.8 RERT procedures

(a) By 31 August 2020, *AEMO* must amend the RERT procedures to take into account the Amending Rule.

(b) *AEMO* is not required to comply with the *Rules consultation procedures* when amending the RERT procedures in accordance with paragraph (a).

11.xxx.9 Reliability standard implementation guidelines

(a) By 31 August 2020, *AEMO* must amend the *reliability standard implementation guidelines* to take into account the Amending Rule.

(b) *AEMO* is not required to comply with the *Rules consultation procedures* when amending the *reliability standard implementation guidelines* in accordance with paragraph (a).
11.xxx.10 AEMO preparatory activities

Other than entering into a reserve contract for interim reliability reserves, any action taken by AEMO prior to the commencement date in anticipation of the commencement of the Amending Rule and amendments to the RERT guidelines to be made in accordance with this Amending Rule, is deemed to have been taken for the purpose of the Amending Rule and continues to have effect for that purpose.

Note:
Action taken by AEMO under this clause 11.xxx.10 includes all actions that this rule 11.xxx and the RERT guidelines requires AEMO to take, including:

1. modelling whether there is an interim reliability exceedance;
2. updating the reliability standard implementation guidelines and RERT procedures;
3. publishing the forecast of whether there is an interim reliability exceedance in the statement of opportunities;
4. issuing procurement documents, including tendering (or equivalent) documents and forms of reserve contracts for interim reliability reserves; and
5. negotiating reserve contracts for interim reliability reserves.

11.xxx.11 Reserve contracts entered into before the commencement date

Nothing in this Amending Rule, or the RERT guidelines as amended in accordance with this Amending Rule, affects any reserve contract entered into prior to the commencement date.

11.xxx.12 Review by the AEMC

(a) By 30 April each year, AEMO must provide the AEMC with:

(1) the final bid data (including for bids which did not result in a reserve contract being entered into); and

(2) any records made under clause 11.xxx.4(j),

in respect of any procurement process for interim reliability reserves in the previous calendar year. AEMO is not required to disclose the identity of the tenderers to the AEMC.

(b) The final bid data referred to in paragraph (a) is, for each bid:

(1) the price, including its components;

(2) the proposed duration of the contract;

(3) whether the provider is demand response or generation;

(4) minimum operation in hours;

(5) maximum operation in hours;
(6) the volume or capacity offered;

(7) the region;

(8) which bids resulted in a reserve contract and which did not; and

(9) any other information as agreed between AEMO and the AEMC.

(c) In conjunction with its review of the operation of Chapter 4A under clause 11.116.18, the AEMC must also conduct a review of the interim reliability measure and the procurement of interim reliability reserves by AEMO under this rule 11.xxx and any other matter which the AEMC reasonably believes is relevant to the procurement of interim reliability reserves by AEMO.

(d) In conducting its review under paragraph (c), the AEMC:

(1) must publish the terms of reference of its review;

(2) may publish any bid data provided by AEMO in relation to the review, provided that it is aggregated such that it does not identify any individual tenderer;

(3) must follow the Rules consultation procedures; and

(4) must consult with the Reliability Panel.

Note
This clause does not preclude the AEMC from conducting a review in accordance with section 45 of the National Electricity Law.