

## **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 Council of Australian Governments’ Energy Council 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 [X] 2020.

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

/ /2020

## **Draft National Electricity Amendment (Interim Reliability Measure) Rule 2020**

### **1 Title of Rule**

This Rule is the *Draft National Electricity Amendment (Interim Reliability Measure) Rule 2020*.

### **2 Commencement**

Schedule 1 of this Rule commences operation on [COMMENCEMENT\_DATE].

Schedule 2 of this Rule commences operation on [COMMENCEMENT\_DATE].

### **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.

DRAFT

## 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 USE 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),”.

### [4] Clause 3.9.3D Implementation of the reliability standard

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 “[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).

## Schedule 2 Savings and Transitional Amendment to the National Electricity Rules

(Clause 4)

### [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).

##### 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 supplement 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), if *AEMO* makes a determination to enter into *reserve contracts* for interim reliability reserves, *AEMO* must also consult with persons nominated by relevant *participating jurisdictions* in relation to the maximum amounts payable (per MW) in a *region* for those interim reliability reserves during the applicable procurement process.
- (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 an interim reliability exceedance in that *region* that is forecast to occur at least 10 weeks after the publication of the *statement of opportunities* or an update to a *statement of opportunities* under clause 3.13.3A(b);
  - (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 that year for that *region*.
- (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 than *AEMO* considers is reasonably necessary to ensure the reliability of *supply* in that *region*.
- (j) 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 “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 “to address the 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.
- (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* in clause 3.20.2(b) 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 [14 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).

### **11.xxx.8 RERT procedures**

- (a) By [28 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 [28 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.11 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.12 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.13 Review by the AEMC**

- (a) 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*.
- (b) In conducting its review under paragraph (a), the *AEMC* must:
  - (1) publish the terms of reference of its review;
  - (2) follow the *Rules consultation procedures*; and
  - (3) 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*.