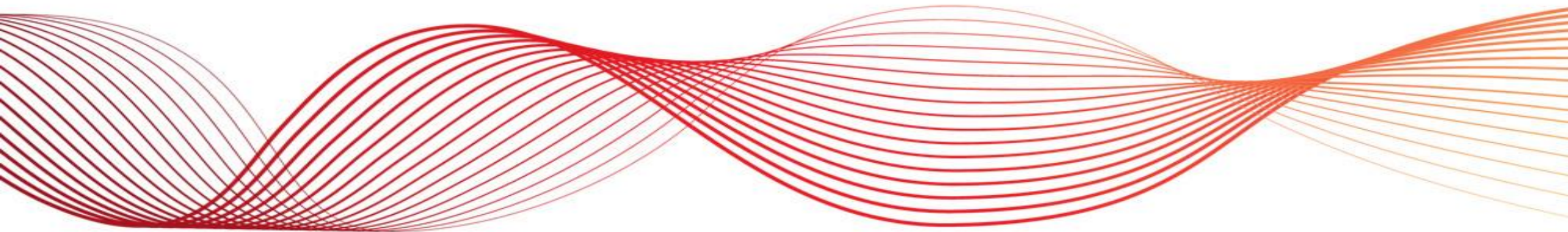


RERT: RELIABILITY AND EMERGENCY RESERVE TRADER

June 2017



OVERVIEW



- Summer 2017/18
- What RERT is
- How RERT works
- How to be involved in RERT

SUMMER 2017-18



For up to date reserve forecasts for summer 2017-18 please refer to June 2017 Energy Supply Outlook (ESO)

<https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/NEM-Electricity-Statement-of-Opportunities>

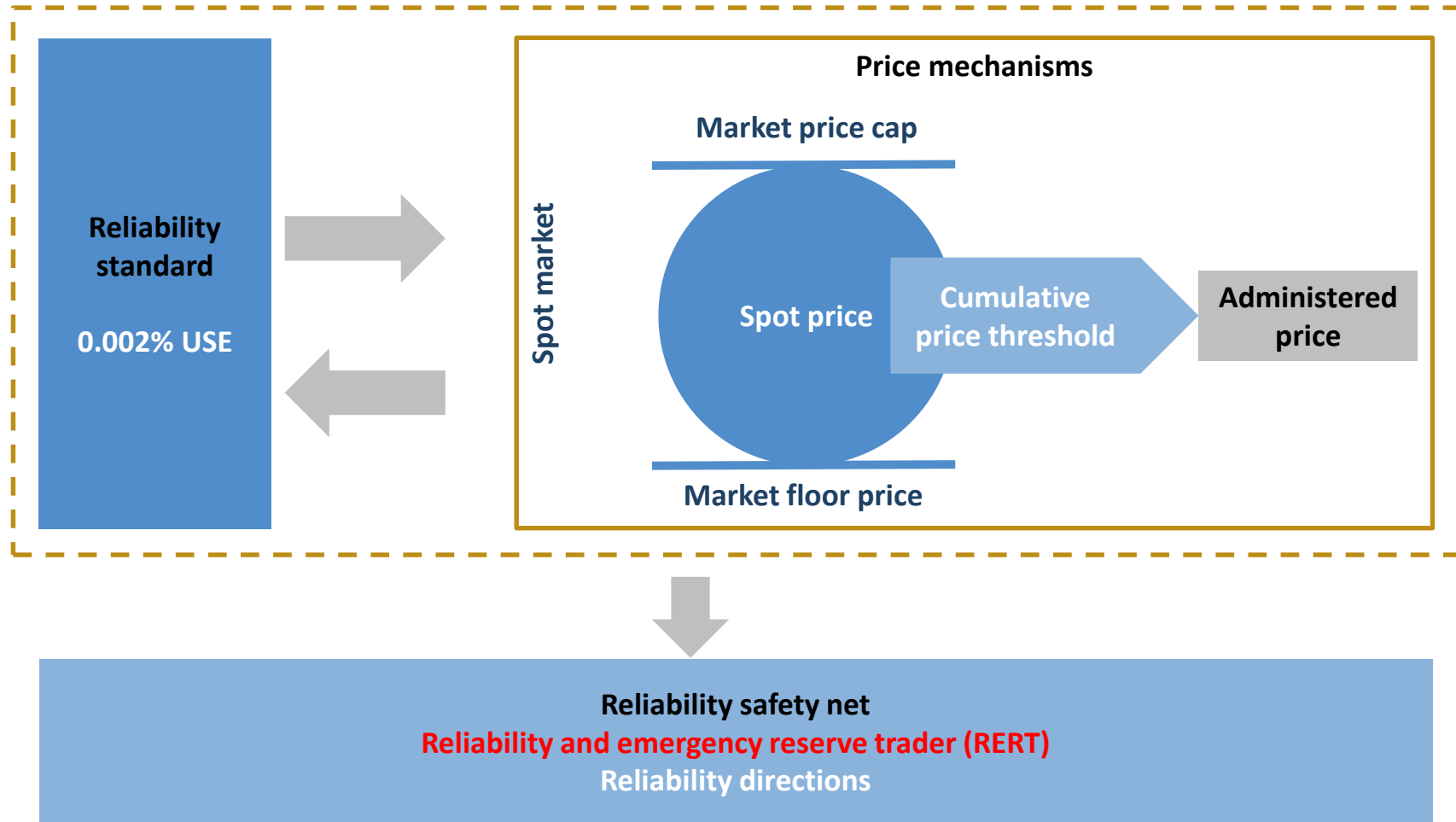
SUMMER 2017-18



What's happening prior to summer:

- New capacity: batteries, diesel, other
- Control schemes → increased network capacity
- Risk mitigation or contingency plans to cover generator and transmission vulnerabilities.
- Better reserve management resulting in earlier intervention and risk awareness
- **Reserve procurement**

WHAT IS RERT - OVERVIEW



WHAT IS RERT - REQUIREMENTS



- Reserve: additional generation or load curtailment
- Must be able to respond on request from AEMO
- Not available to the market or any other agreement or arrangement, including demand side management agreement

WHAT IS RERT - NOTICE TO PROCURE



- Long-notice (10 weeks to 9 months ahead)
 - Procured through direct tender
- Medium-notice (8 days to 10 weeks ahead)
 - Procured from reserve panel members or direct tender.
- Short-notice (3 hours to 7 days ahead)
 - Procured from reserve panel members

WHAT IS RERT - RERT PANEL



- A panel of entities may be formed for medium-notice and short-notice situations
- Panel Agreements:
 - Medium notice - technical and legal
 - Short notice - technical, legal, and price
- No payment for being on the panel

HOW RERT WORKS - OVERVIEW



Operation of the RERT is divided into two stages:

- Stage 1: Procurement - when AEMO is determining whether to enter into reserve contracts
- Stage 2: Activation/Dispatch - when AEMO is considering whether to dispatch scheduled reserves or activate unscheduled reserves

HOW RERT WORKS - OVERVIEW



Stage 1 - Procurement

- Long-notice and medium-notice situations
 - Medium term PASA
 - Energy adequacy assessment projection
 - Other information identified by AEMO
- Short-notice situations
 - Short term PASA and pre-dispatch
 - Other information identified by AEMO

HOW RERT WORKS - OVERVIEW

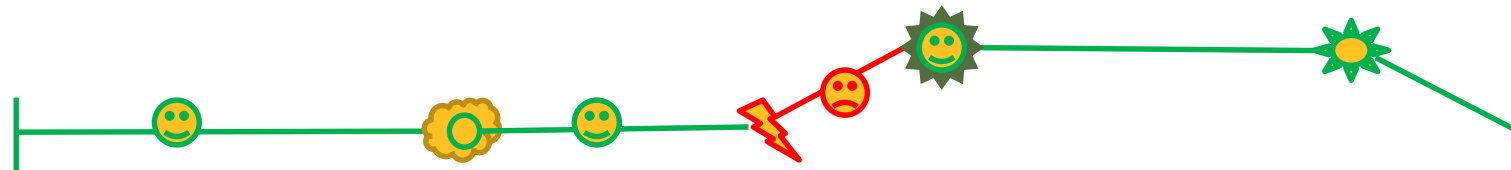
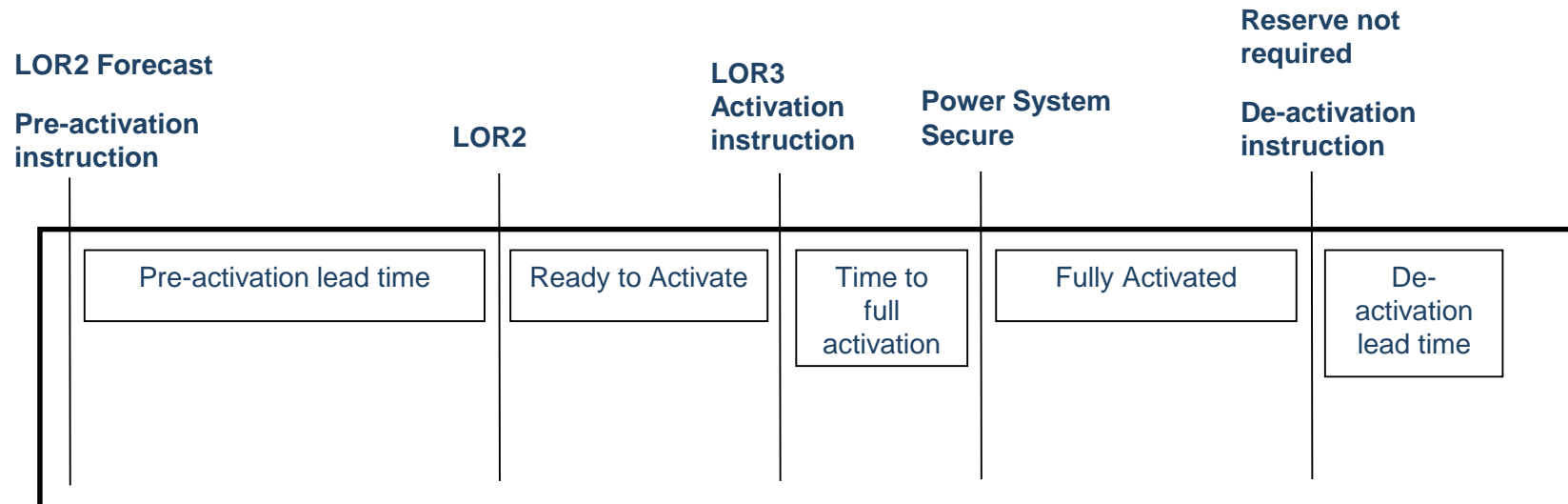


Stage 2 - Activation/Dispatch

- Short term PASA and pre-dispatch
- Other information identified by AEMO
- Select RERT contracts to minimise cost

HOW RERT WORKS - FAST EXAMPLE

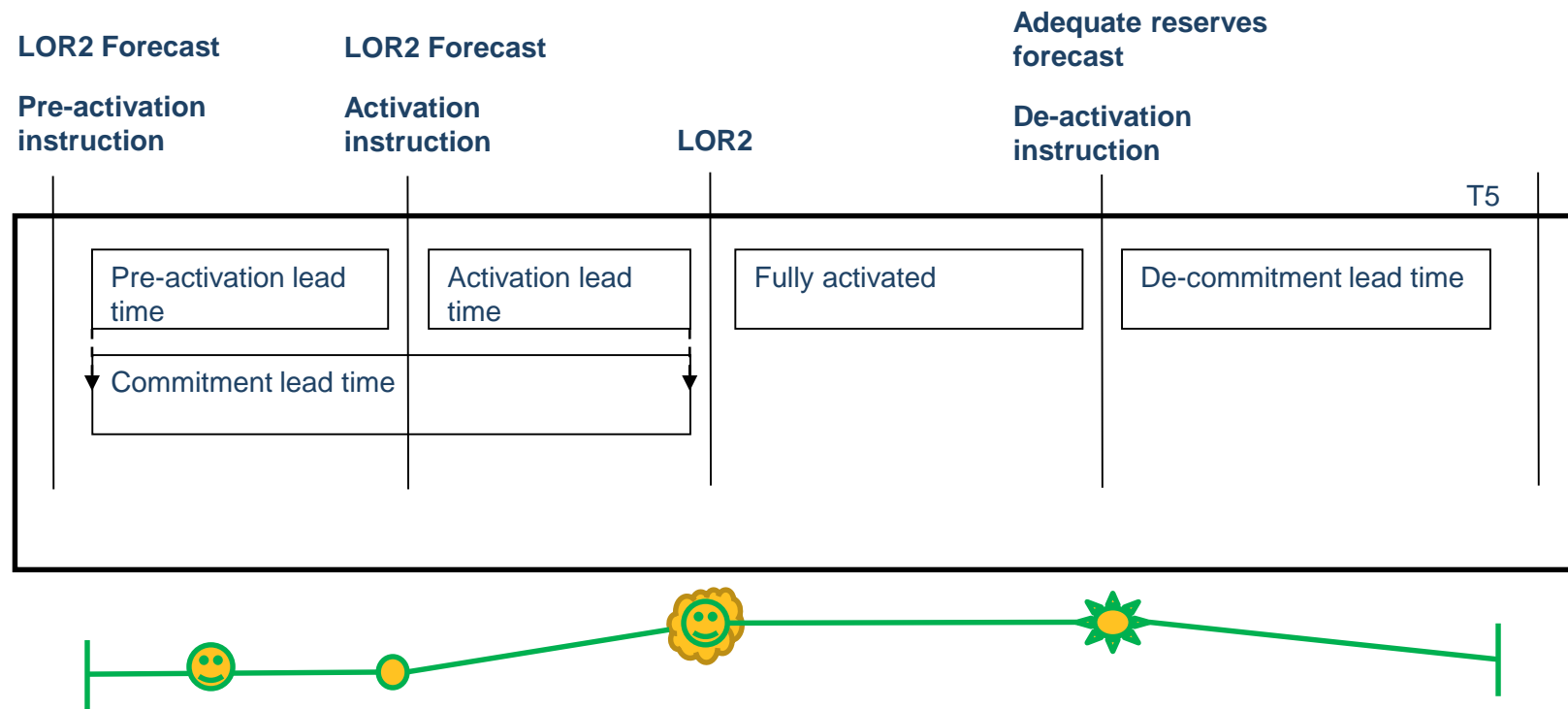
Fast Activation



For Illustration Only

HOW RERT WORKS - SLOW EXAMPLE

Slow Activation



For Illustration Only

HOW RERT WORKS - PAYMENTS



- Availability payment (not for short-notice situations)
- Pre-activation payment (for unscheduled reserves only)
- Usage payment
- Early termination payment (optional for medium and long notice)

HOW RERT WORKS - RECOVERY



- Costs are incurred by market customers in the region where reserves are required
- Cost per market customer is proportional to energy consumption of that customer
- If reserve is required in multiple regions, the cost sharing arrangements must be agreed between the regions and AEMO when entering the contracts.
- Recovered through usual weekly settlement

HOW RERT WORKS - JURISDICTIONS



AEMO must consult with jurisdictions on:

- The cost of associated with the procurement and activation/dispatch of reserves
- The nature of the reserve contracted
- The nature of the expected shortfall
- Cost sharing arrangements between regions

HOW TO BE INVOLVED IN RERT



HOW TO BE INVOLVED IN RERT



www.aemo.com.au/rert

For information on the ARENA – AEMO Demand Response Initiative go to:
arena.gov.au/funding/programs/advancing-renewables-program/demandresponse/