



RELIABILITY STANDARD IMPLEMENTATION GUIDELINES

DRAFT REPORT AND DETERMINATION

Published: **15 May 2018**





NOTICE OF SECOND STAGE CONSULTATION – RELIABILITY STANDARD IMPLEMENTATION GUIDELINES

National Electricity Rules – Rule 8.9

Date of Notice: 15 May 2018

This notice informs the *Reliability Panel*, all *Registered Participants* and *interested parties* (Consulted Persons) that AEMO is commencing the second stage of its consultation to amend the Reliability Standard Implementation Guidelines.

This consultation is being conducted under clause 3.9.3D (c) of the National Electricity Rules (NER), in accordance with the Rules consultation procedures detailed in rule 8.9 of the NER.

The proposed amendments are made to ensure the Reliability Standard Implementation Guidelines reflect the introduction of the Reserve Level Declaration Guidelines for lack of reserve conditions.

Invitation to make Submissions

AEMO invites written submissions on this Draft Report and Determination (Draft Report).

Please identify any parts of your submission that you wish to remain confidential, and explain why. AEMO may still publish that information if it does not consider it to be confidential, but will consult with you before doing so.

Consulted Persons should note that material identified as confidential may be given less weight in the decision-making process than material that is published.

Closing Date and Time

Submissions in response to this Notice of Second Stage of Rules Consultation should be sent by email to RSIG_Consultation@aemo.com.au, to reach AEMO by 5.00pm (Melbourne time) on 4 June 2018.

All submissions must be forwarded in electronic format (both pdf and Word). Please send any queries about this consultation to the same email address.

Submissions received after the closing date and time will not be valid, and AEMO is not obliged to consider them. Any late submissions should explain the reason for lateness and the detriment to you if AEMO does not consider your submission.

Publication

All submissions will be published on AEMO's website, other than confidential content.

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EXECUTIVE SUMMARY

The publication of this Draft Report and Determination (Draft Report) commences the second stage of the Rules consultation process conducted by AEMO to amend the Reliability Standard Implementation Guidelines (RSIG) under the National Electricity Rules (NER).

The matter for consultation is proposed revisions to the RSIG to ensure that this guideline is consistent with clause 4.8.4A of the NER – Reserve level declaration guidelines.

The proposed changes to the RSIG are minor in nature involving only sections 1.3, 1.4 and 2.3.2. These changes do not impact the intended operation of the RSIG and aim only to ensure that references to other processes are consistent.

AEMO received one submission, supporting the changes proposed to the RSIG.

AEMO's draft determination is to make the Reliability Standard Implementation Guidelines in the form published on AEMO's website with the Notice of First Stage Consultation on 13 March 2018.



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1. STAKEHOLDER CONSULTATION PROCESS

As required by clause **3.9.3D(c)** of the NER, AEMO is consulting on amendments to the Reliability Standard Implementation Guidelines in accordance with the Rules consultation process in rule 8.9. AEMO's indicative timeline for this consultation is outlined below. Future dates may be subject to change.

Deliverable	Indicative date
Notice of first stage consultation published	13 March 2018
First stage submissions closed	24 April 2018
Draft Report & Notice of second stage consultation published	15 May 2018*
Submissions due on Draft Report	4 June 2018*
Final Report published	20 June 2018*

* Note these dates are later than indicated in the initial notice of consultation.

The publication of this Draft Report marks the commencement of the second stage of consultation.

2. BACKGROUND

2.1 NER requirements

The RSIG are made under clause 3.9.3D of the Rules. They outline how AEMO will implement the National Electricity Market reliability standard. AEMO is required to amend the RSIG in accordance with the Rules consultation procedures in rule 8.9 of the NER.

2.2 Context for this consultation

The matter for consultation is proposed revisions to the RSIG to ensure that this guideline is consistent with clause 4.8.4A of the NER – Reserve level declaration guidelines. Clause 4.8.4A was introduced by the National Electricity Amendment (Declaration of lack of reserve conditions) Rule 2017 No. 17.

The proposed changes to the RSIG for this purpose are minor in nature, involving only sections 1.3, 1.4 and 2.3.2. These changes do not impact the intended operation of the RSIG and aim only to ensure that references to other processes are consistent.

2.3 First stage consultation

AEMO issued a Notice of First Stage Consultation on **13 March 2018**.

AEMO received **one** written submission in the first stage of consultation.

A copy of the written submission has been published on AEMO's website at:

<https://www.aemo.com.au/Stakeholder-Consultation/Consultations/Amendments-to-the-Reliability-Standard-Implementation-Guidelines>

3. PROPOSED AMENDMENTS AND ISSUES RAISED ISSUES

3.1 Proposed amendments

The proposed changes to the RSIG are minor in nature, and consequential on the introduction of clause 4.8.4A of the NER and the subsequent implementation of AEMO's reserve level declaration guidelines. These changes do not impact the intended operation of the RSIG and aim only to ensure that references to other processes are consistent.

Specifically, the proposed changes are:

- Section 1.3
 - Include reference to the reserve level declaration guidelines in the related documents list in table 2.
- Section 1.4
 - Update the description of when AEMO may declare a lack of reserve condition (previously in section 1.3, paragraph 5(b) of the RSIG), to reflect clause 4.8.4A of the NER.
- Section 2.3.2
 - Amend the description of the factors that are taken into account in assessing available capacity reserves to include estimated forecasting errors in addition to credible contingency events. This reflects the introduction of the forecast uncertainty measure (FUM) in the reserve level declaration guidelines.
 - Amend the reference to the three levels of lack of reserve (LOR) to reflect that they are now described in the reserve level declaration guidelines, and no longer in clause 4.8.4 of the NER.

The opportunity has also been taken to convert the RSIG to AEMO's current format for procedures. This has entailed changes to the ordering and presentation of the standard introductory section of the procedures, including the glossary, and changes to formatting and numbering conventions.

3.2 Issues raised

AEMO received one submission in the first stage consultation, from Meridian Energy Australia and Powershop Australia (MEA Group).

MEA Group was supportive of the proposed changes to the RSIG in this consultation.

The submission also noted that the RSIG could become more significant in the market as a result of the reserve level declaration guidelines and AEMO's recent exercise of its reliability and emergency reserve trader (RERT) mechanism. MEA Group encouraged AEMO to include a review of the RSIG, and how it worked in practice, in its reports on the operation of the RERT.

The RSIG amendments proposed in this consultation do not change the scope of application of the RSIG, and no further changes are proposed at this time.

As MEA Group indicates, the application of the reliability standard in accordance with the RSIG will inform AEMO's decisions on the exercise of RERT for reliability purposes. The LOR framework has been, and continues to be, an important factor.

AEMO intends that reports on the activation of RERT contracted reserves will indicate how the RSIG were applied in deciding to activate. AEMO's quarterly reports on the implementation of the reserve level declaration guidelines will also identify any trends or significant changes in the frequency of lack of reserve declarations.



4. DRAFT DETERMINATION

Having considered the submission made, and given that no material issues were raised by consulted persons on the proposed amendments, AEMO's draft determination is to amend the **Reliability Standard Implementation Guidelines**, in accordance with clause **3.9.3D(c)** of the NER, in the form published on AEMO's website with the Notice of First Stage Consultation on 13 March 2018.



APPENDIX A - SUMMARY OF SUBMISSIONS AND AEMO RESPONSES

No.	Consulted person	Issue	AEMO response
1.	Meridian Energy Australia Pty Ltd (MEA Group)	MEA Group noted the proposed changes and is generally supportive.	
2.		MEA Group also noted that the changes to the reserve level declaration guidelines and recent use of the Reserve Energy Reliability Trader (RERT) may result in the Reliability Standard and Implementation Guidelines (RSIG) becoming more significant in the market than has usually been the case.	AEMO agrees with MEA Group that RSIG is important in the context of the use of RERT. This is because RSIG establishes how AEMO should assess the adequacy of <i>Capacity Reserves</i> levels to meet the <i>Reliability Standard</i> . It also explains the options for acquiring sufficient levels of <i>Capacity Reserves</i> when the levels delivered by the market is insufficient, one option being RERT.
3.		MEA Group would encourage AEMO to include a review of the RSIG, and how it worked in practice, in its reports on the operation of the RERT which AEMO is required to publish under Rule 3.20.6.	AEMO endeavours to cover the level of consistency with RSIG it maintained in determining the levels of RERT required in its reports produced under the Clause 3.20.6.