



VICTORIAN JURISDICTIONAL DEROGATION – RERT CONTRACTING

FINAL REPORT AND DETERMINATION

Published: **10 April 2020**





EXECUTIVE SUMMARY

The publication of this Report and Determination (Report) concludes the consultation process conducted by AEMO to make changes to the Procedure for the Exercise of Reliability and Emergency Reserve Trader (Procedure) under clause 11.121.2 of the National Electricity Rules (NER).

The matter for consultation was a minor update to the Procedure to implement the ‘Victorian Jurisdictional Derogation – RERT Contracting’ rule determination dated 12 March 2020 ([linked here](#)). This update reflects that clause 3.20.3(m) of the NER does not apply to AEMO in respect of multi-year Victorian contracts.

AEMO’s determination is to make the Procedure for the Exercise of Reliability and Emergency Reserve Trader in the form published with this Report.



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1. STAKEHOLDER CONSULTATION PROCESS

AEMO has consulted on a minor update to the Procedure for the Exercise of the Reliability and Emergency Reserve Trader (Procedures) in accordance with clause 11.121.2 of the NER. Due to time constraints, AEMO was excused from following the normal consultation process described in clause 8.9 of the NER and held a single stage public consultation prior to publishing this final determination.

AEMO's timeline for this consultation is outlined below.

Deliverable	Indicative* date
Notice of consultation	20 March 2020
Submissions closed	27 March 2020
Final Report published	10 April 2020

2. BACKGROUND

2.1. NER requirements

Clause 11.121.2 - Procedures

(a) By the effective date, AEMO must amend and publish the Procedure to take into account the Amending Rule, with those amendments to take effect from the effective date.

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

2.2. Context for this consultation

These changes are the necessary updates to the Procedures as a result of the 'Victorian Derogation – RERT contracting' rule determination dated 12 March 2020.

2.3. Consultation outcomes

AEMO issued a Notice of Consultation on 20 March 2020. AEMO received three submissions in respect of the consultation. These submissions are published with this report.

3. SUMMARY OF MATERIAL ISSUES

The issues raised in the submissions are largely focussed on a concern that AEMO's proposed changes to the Procedure do not reflect the new requirements described in clause 9.5 of the new rule. AEMO has responded as follows:

1. It is not necessary for the Procedure to restate provisions that are contained in superior legislative instruments such as the National Electricity Rules (NER) or the RERT Guidelines. AEMO has deliberately avoided doing so in this case and this should not be taken to suggest that AEMO does not consider itself bound by these instruments.
2. The final Procedure will clarify that the process described in section 5 for determining the appropriate quantity of reserve to be contracted under a reserve contract is still applicable for the first year of a multi-year Victorian contract.
3. The final Procedure will explain that AEMO will rely primarily on the existing framework in the NER, and more specifically the RERT principles, for guidance in respect of determining either the quantum



of reserve to contract in subsequent years for a multi-year Victorian contract or whether to enter such a contract at all.

4. DETERMINATION

Having considered the matters raised in submissions and meetings, AEMO's determination is to make the Procedure for the Exercise of Reliability and Emergency Reserve Trader in the form of Attachment 1.



ATTACHMENT 1 – FINAL PROCEDURE

See link on consultation page.