



National Electricity Amendment (Victorian jurisdictional derogation - RERT contracting) Rule 2020 No. 4

under the National Electricity Law to the extent applied by:

- (a) the National Electricity (South Australia) Act 1996 of South Australia;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (f) the National Electricity (Victoria) Act 2005 of Victoria;
- (g) the National Electricity (Northern Territory) (National Uniform Legislation) Act 2015 of the Northern Territory; and
- (h) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

John Pierce
Chairman
Australian Energy Market Commission

National Electricity Amendment (Victorian jurisdictional derogation - RERT contracting) Rule 2020 No. 4

1 Title of Rule

This Rule is the *National Electricity Amendment (Victorian jurisdictional derogation - RERT contracting) Rule 2020 No. 4*.

2 Commencement

Schedule 1 of this Rule commences operation on 16 April 2020.

Schedule 2 of this Rule commences operation on 12 March 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] Rule 9.5 [Deleted]

Omit rule 9.5 including the heading and substitute:

9.5 Transitional Arrangements for Chapter 3 – Reliability and Emergency Reserve Trader

9.5.1 Definition

In this rule 9.5:

expiry date means 30 June 2023.

multi-year Victorian contract means a *reserve contract* for the provision of *reserve* for the Victorian *region*, with the term of the contract:

- (a) commencing on or after 12 April 2020; and
- (b) exceeding a period of 12 months.

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

9.5.2 Expiry date

- (a) Subject to paragraph (b), this rule 9.5 expires on the expiry date.
- (b) This rule 9.5 continues to apply after the expiry date in respect of multi-year Victorian contracts entered into prior to the expiry date.

9.5.3 Multi-year Victorian contracts – term and volume

- (a) Clause 3.20.3(a) applies in respect of multi-year Victorian contracts as if the words "and rule 9.5.3" were inserted after the words "Subject to paragraph (f)".
- (b) Clause 3.20.3(m) does not apply to *AEMO* in respect of multi-year Victorian contracts.
- (c) *AEMO* must ensure that, having regard to any potential impact of, and interaction with, the retailer reliability obligation:
 - (1) the term of a multi-year Victorian contract (including any extension or renewal of such term) is no longer than:
 - (i) *AEMO* considers is reasonably necessary to ensure reliability of *supply* in the Victorian *region*; and
 - (ii) in any event, three years; and
 - (2) the amount of *reserve* procured under a multi-year Victorian contract:

- (i) for the first year of the contract term, is no more than *AEMO* considers is reasonably necessary to address the relevant *low reserve* condition; and
- (ii) for the remainder of the contract term (including any extension or renewal of such term), is no more than *AEMO* considers is reasonably necessary to ensure reliability of *supply* in the Victorian *region*.

9.5.4 Multi-year Victorian contracts - reporting

- (a) Clause 3.20.6(d)(3) applies in respect of multi-year Victorian contracts 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.
 - (b) Clause 3.20.6(d)(4) does not apply to *AEMO* in respect of multi-year Victorian contracts.
 - (c) In addition to the requirements of clause 3.20.6(d), the RERT report (as defined in clause 3.20.6) must:
 - (1) identify those *reserve contracts* that are multi-year Victorian contracts;
 - (2) include an explanation of why *AEMO* considered:
 - (i) the term of each multi-year Victorian contract to be reasonably necessary to ensure the reliability of *supply* in the Victorian *region*; and
 - (ii) the amount of *reserve* procured under each multi-year Victorian contract to be:
 - (A) for the first year of the contract term, reasonably necessary to address the relevant *low reserve* condition; and
 - (B) for the remainder of the contract term (including any extension or renewal of such term), reasonably necessary to ensure reliability of *supply* in the Victorian *region*,
- including how *AEMO* had regard to any potential impact of, and interaction with, the retailer reliability obligation;
- (3) include the basis on which *AEMO* had regard to the *RERT principles* in clause 3.20.2(b) when entering into such contracts; and
 - (4) for each multi-year Victorian contract, explain 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 Victorian contracts for the same period.

Schedule 2 Savings and Transitional Amendment to the National Electricity Rules

(Clause 4)

[1] Chapter 11 Savings and Transitional Amendment to the National Electricity Rules

In Chapter 11, after Part ZZZV, insert:

Part ZZZW Victorian jurisdictional derogation – RERT contracting

11.121 Rules consequential on the making of the National Electricity Amendment (Victorian jurisdictional derogation - RERT contracting) Rule 2020

11.121.1 Definitions

For the purposes of this rule 11.121:

Amending Rule means the *National Electricity Amendment (Victorian jurisdictional derogation – RERT contracting) Rule 2020*.

effective date means the date on which Schedule 1 of the Amending Rule commences operation.

Procedures means the procedures made under clause 3.20.7(e).

11.121.2 Procedures

- (a) By the effective date, *AEMO* must amend and *publish* the Procedures 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).

[END OF RULE AS MADE]
