AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

Reliability and Emergency Reserve Trader (RERT) End of Financial Year 2020-21 Report

August 2021

A report for the National Electricity Market

Important notice

PURPOSE

AEMO publishes the Reliability and Emergency Reserve Trader (RERT) End of Financial Year Report under clause 3.20.6 of the National Electricity Rules.

DISCLAIMER

This document or the information in it may be subsequently updated or amended. This document does not constitute legal or business advice, and should not be relied on as a substitute for obtaining detailed advice about the National Electricity Law, the National Electricity Rules, or any other applicable laws, procedures or policies. AEMO has made every reasonable effort to ensure the quality of the information in this document but cannot guarantee its accuracy or completeness.

Accordingly, to the maximum extent permitted by law, AEMO and its officers, employees and consultants involved in the preparation of this document:

- make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this document; and
- are not liable (whether by reason of negligence or otherwise) for any statements or representations in this document, or any omissions from it, or for any use or reliance on the information in it.

Contents

Tables

1. RERT 2020-21 end of financial year reporting

This section addresses AEMO's Reliability and Emergency Reserve Trader (RERT) end of financial year reporting requirements for 2020-21, as required under clause 3.20.6 (g) of the National Electricity Rules (NER)[1].

1.1 Summary of RERT activity

1.1.1 Reserves contracted

AEMO entered into the following RERT contracts during 2020-21:

- Thursday 17 December 2020 – AEMO contracted 38 megawatts (MW) of Short Notice Reserve in New South Wales, with a term duration of 1 hour 10 minutes.
- Tuesday 25 May 2021 – AEMO contracted 15 MW of Short Notice Reserve in Queensland, with a term duration of 2 hours 45 minutes.
- AEMO did not enter into any Long Notice or Interim Reserve contracts in 2020-21 financial year.

1.1.2 Reserves activated

AEMO activated RERT on the following occasions during 2020-21.

Thursday 17 December 2020

AEMO activated RERT in New South Wales from 1720 hrs to 1830 hrs, in response to a forecast Lack of Reserve 2 (LOR 2) condition.

AEMO activated one contract with a total capacity of 38 MW and volume of 44.33 megawatt hours (MWh). An additional 40 MW of RERT capacity was pre-activated but not activated.

The total cost of exercising RERT[2] on 17 December 2020 was $200,570.

Tuesday 25 May 2021

AEMO activated RERT in Queensland from 1700 hrs to 1945 hrs, in response to an actual LOR 2 condition.

AEMO activated two contracts with a total capacity of 15 MW and volume of 39.25 MWh.

The total cost of exercising RERT on 25 May 2021 was $461,017.98.

1.2 Cost of RERT in 2020-21

Table 1 shows a breakdown of the costs associated with exercising RERT in 2020-21. The total cost for each event includes pre-activation, activation, and intervention costs. Please note that the costs detailed below represent the final settlement statements for RERT costs in 2020-21; all payments will be finalised by the 20

[1] For further information about RERT contracts, activations and costs, see the AEMO RERT Reporting web page, at https://aemo.com.au/energy-systems/electricity/emergency-management/reliability-and-emergency-reserve-trader-rert/rert-reporting.

[2] In this report, the total cost of exercising RERT means pre-activation, activation, and intervention costs.

week revision of settlement week 22. Intervention costs have also been revised to reflect final determination of these costs.

Table 1 Costs associated with exercising RERT in 2020-21

	State	Pre-activation ($ million)	Activation ($ million)	Intervention ($ million)[A]	Total cost ($ million)	Cost per MWh ($/MWh)[B]
17 December 2020	NSW	$0	$0.194	$0.006	$0.2006	$4,647
25 May 2021	QLD	$0.103	$0.333	$0.02	$0.461	$10,676.02

A. Intervention costs represent compensation paid to Market Participants due to the intervention event (for example, to compensate for energy generation which is displaced by RERT capacity), and to Eligible Persons (SRA holders) due to changes in interconnector flows, and therefore changes in the value of Settlement Residues. Note that these costs are subject to change under NER clause 3.12.1(a).
B. The cost per MWh has been calculated based on the total cost of each event divided by the MWh delivered for each event. RERT MWh delivered is the amount of RERT actually delivered (as opposed to activated) including any over-delivery, noting that RERT providers have not been paid for over-delivery.

Table 2 presents the total costs per region associated with RERT in 2020-21, which includes availability, pre-activation, activation, and intervention costs. The overall total cost of RERT in 2020-21 was $0.66 million.

Table 2 Total regional RERT costs in 2020-21

State	Availability ($ million)	Pre-activation ($ million)	Activation ($ million)	Intervention ($ million)	Total cost ($ million)	Cost per MWh ($/MWh)
NSW	$0	$0	$0.194	$0.006	$0.2006	$4,647
QLD	$0	$0.103	$0.333	$0.025	$0.461	$10,676.02
Total	**$0**	**$0.103**	**$0.527**	**$0.0317**	**$0.662**	**$ 8196.65**

1.2.1 Estimated avoided cost of load shedding

Table 3 presents the avoided cost of load shedding associated with the RERT events in 2020-21, estimated as the RERT activation volumes multiplied by the relevant Value of Customer Reliability (VCR)[3].

Table 3 Estimated avoided cost of load shedding

Event	New South Wales, 17 December 2020 ($ million)	Queensland, 25 May 2021 ($ million)
Estimated avoided cost of load shedding based on VCR	$2.38	$1.50

[3] VCR is used in planning and operations in the NEM as a proxy representing a customer's willingness to pay for the reliable supply of electricity, See https://www.aer.gov.au/system/files/AER%20-%20Values%20of%20Customer%20Reliability%20Review%20-%20Final%20Report%20-%20December%202019.pdf.