

RERT Report for 2018-19

This AEMO report is made under clause 3.20.6 (c) of the National Electricity Rules and covers Reliability and Emergency Reserve Trader (RERT) activity from 1 July 2018 to 30 June 2019.

This report compliments an AEMO Incident Report that provides holistic event information on the two occasions when RERT was used in 2018-19 (link below).

USE of RERT in 2018-19

AEMO intervened in the market to secure the availability of RERT reserves on the following two dates:

- Thursday 24 January 2019.
- Friday 25 January 2019.

For further information on the use of RERT on the 24th and 25th of January see AEMO’s Operating Incident Report: Load Shedding in Victoria of 24th and 25th January on the AEMO web site:

<https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Market-notice-and-events/Power-System-Operating-Incident-Reports>

Cost of RERT for 2018-19

The total cost of RERT for 2018-19 was \$34.5 million. All costs were incurred as a result of the use of RERT on 24th and 25th January 2019. The table below shows breakdown of the costs (\$ million)¹.

	Pre-activation costs	Activation costs	Other costs ²	Total cost
24 January 2019	0.015	6.554	3.337	9.906
25 January 2019	12.005	12.301	0.237	24.543

Load Shedding Avoided

RERT was used on 24th and 25th January to minimise load shedding during periods of high demand.

Without the use of the RERT, AEMO estimates that a further 1,252 MWh of load would have been required to be shed involuntarily. The RERT mechanism in this instance mitigated the additional economic and social impacts of more widespread load shedding.

Applying the 2019 value of customer reliability (VCR)³, the cost of the load shedding avoided by using RERT would have been \$52 million.

¹ Total cost is \$0.225 M more than reported in Table 21 of AEMO Incident Report: Load Shedding in Victoria on 24th and 25th January 2019. This is due to a payment to one RERT provider that was incomplete at the time the Incident Report was published.

² Other costs represent the 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.

³ The VCR is determined using data from the Bureau of Resources and Energy Economics and consumer surveys, and measures the value different types of energy consumers place on having reliable power supply. For more information, see <https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/Value-of-Customer-Reliability-review>.

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Cost of RERT per Consumer

Commercial and Industrial

Using typical commercial and industrial energy usage tariffs for the 2018 calendar year, the cost of RERT would equate to an annual average of approximately:

- \$0.79 per MWh in Victoria
- \$0.16 per MWh in South Australia⁴

Residential Customer

Using standard energy rates, and typical residential customer usage tariffs over the 2018 calendar year, the total RERT costs on 24 and 25 January would equate to an average annual cost per residential customer of approximately:

- \$3.20 in Victoria.
- \$0.80 in South Australia.

Reserves Used Thursday 24 January

Reserve Condition: LOR2 in Victoria and South Australia and LOR3 Victoria.

AEMO used all available RERT: 366 MW of Short Notice Reserves (contracted on the day) and 30 MW of Long Notice Reserve (previously contracted reserve): 396 MW in total.

Reserves Used Friday 25 January

Reserve Condition: LOR2 and LOR3 in Victoria.

AEMO used all available RERT: 596 MW of Short Notice Reserves (contracted on the day) and 29 MW of Long Notice Reserve (previously contracted reserve): 625 MW in total.

Short Notice Contracts

AEMO used seven short notice contracts on both the 24th and 25th of January 2019. For more detail about these contracts see this link:

https://www.aemo.com.au/-/media/Files/Electricity/NEM/Emergency_Management/2019/RERT-contracted-for-24-and-25-Jan-2019.pdf.

Long Notice Contract

AEMO used one long notice on both the 24th and 25th of January 2019. For more detail about this contract see this link:

http://www.aemo.com.au/-/media/Files/Electricity/NEM/Emergency_Management/2018/New-RERT-Contract-Notification--Flow-Power-Nov-2018.pdf

⁴ The costs of RERT to commercial and industrial customers is provided as a typical guide only. Actual costs billed by retailers may vary significantly based on a number of factors including individual rates, consumption profiles and contractual terms.