



Immediate Reliability and Security Measures

The COAG Energy Council has tasked the Energy Security Board (ESB) with providing advice on the implementation of interim measures to preserve reliability and system security in the National Electricity Market, including reviewing the reliability standard, during the transition to the post-2025 market design. This should be achieved by using existing mechanisms where possible. This advice should be provided for Council consideration and decision by March 2020.

Review of the Reliability Standard

- The ESB will undertake a review of the reliability standard that should:
 - include cost/benefit analysis and impacts on prices for consumers by jurisdiction
 - identify options that may reduce energy costs to consumers including by incentivising investment in new generation and interconnection
 - take into account the increased level of risk to reliability, e.g. from ageing thermal generation units
 - reflect community expectations that electricity supply will remain reliable during a “1 in 10” year summer
 - undertake any necessary stakeholder consultation.
- Any new recommended standard will:
 - apply for the 2020-2021 summer and beyond for the purposes of the 2020 Electricity Statement of Opportunities (ESOO), RERT triggering and Retailer Reliability Obligation (RRO) triggering
 - enable AEMO to better capture tail risks (such as anticipated deterioration of generation fleet).
- The ESB will consider broader implications of any new reliability standard (such as any implications for the market price cap) as part of its ongoing reliability work program.
- The ESB will report to the Energy Council with any recommended new reliability standard and draft rule changes pursuant to section 90F of the National Electricity Law (NEL) by March 2020 and, if agreed, the package will be implemented in time for the ESOO for the summer of 2020-21.

System Security Services

- The ESB will provide advice on prioritising initiatives currently underway aimed at identifying the range of essential system security services required as the NEM transitions, how these services can be valued and how they can be efficiently procured.
- The ESB will work with the market bodies to develop a system security workplan that will ensure the numerous current initiatives are fully coordinated and lead to a coherent overall design.

- The ESB will provide advice on arrangements to give visibility of available resources and options to ensure their sufficiency, including ahead markets and unit commitment runs, to ensure that the right resources are available at the right time to ensure co-optimisation of necessary resources and services. This should:
 - include the impact on price paid by consumers, investment and contract markets
 - be coordinated with implementation of current reforms such as access reform, the wholesale demand response mechanism and 5-minute settlement, as well as possible longer-term market design changes under consideration by the p2025 project such as two-sided markets
 - include stakeholder consultation undertaken as necessary.
- Advice on preferred frameworks should be provided by March 2020, with detailed analysis to be provided in final advice by the end of 2020.

Renewable Energy Zones

- The ESB will provide interim advice by March 2020 on options to implement Renewable Energy Zones.