



Notice

29 December 2020

2020 review of two market rules intended to incentivise the availability of generators

Release of final report

The Economic Regulation Authority has released the [final report](#) for the reviews required by clauses 4.11.1E and 4.26.1D of the market rules. The reviews considered two clauses of the market rules intended to strengthen incentives for generators to have capacity available to the market; that is, to minimise planned and forced outages.

The two clauses of the market rules are:

- Reserve capacity reduction clause – this clause operates as a penalty mechanism by allowing AEMO to reduce the certified capacity of some generators if their outage rates have been above the threshold levels.
- Refund Exempt Planned Outage (REPO) clause – this limits the number of planned outages that generators can take before they pay refunds for unavailable capacity.

The evidence is inconclusive on the effectiveness of the two clauses in improving generator availability. However, the ERA identified a broader concern with the operation of the reserve capacity reduction clause as it allows AEMO to consider only the outages of generators above specified thresholds when assigning capacity credits. In the [final report](#), the ERA proposes:

1. No change to the operation of the reserve capacity reduction clause.
2. Reducing the reserve capacity reduction clause outage thresholds to zero to allow AEMO the flexibility to assess the historical outages of any generator when determining its certified reserve capacity. This change will be supported by developing guidance for AEMO to apply its discretion under the amended reserve capacity reduction clause.
3. No change to the REPO clause, the REPO count limit or the calculation.

The ERA intends to introduce a rule change proposal to implement the proposed change to the outage thresholds and the guidance for AEMO on the reserve capacity reduction clause.

Further information

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