

# NATIONAL ENERGY GUARANTEE – RELIABILITY REQUIREMENT

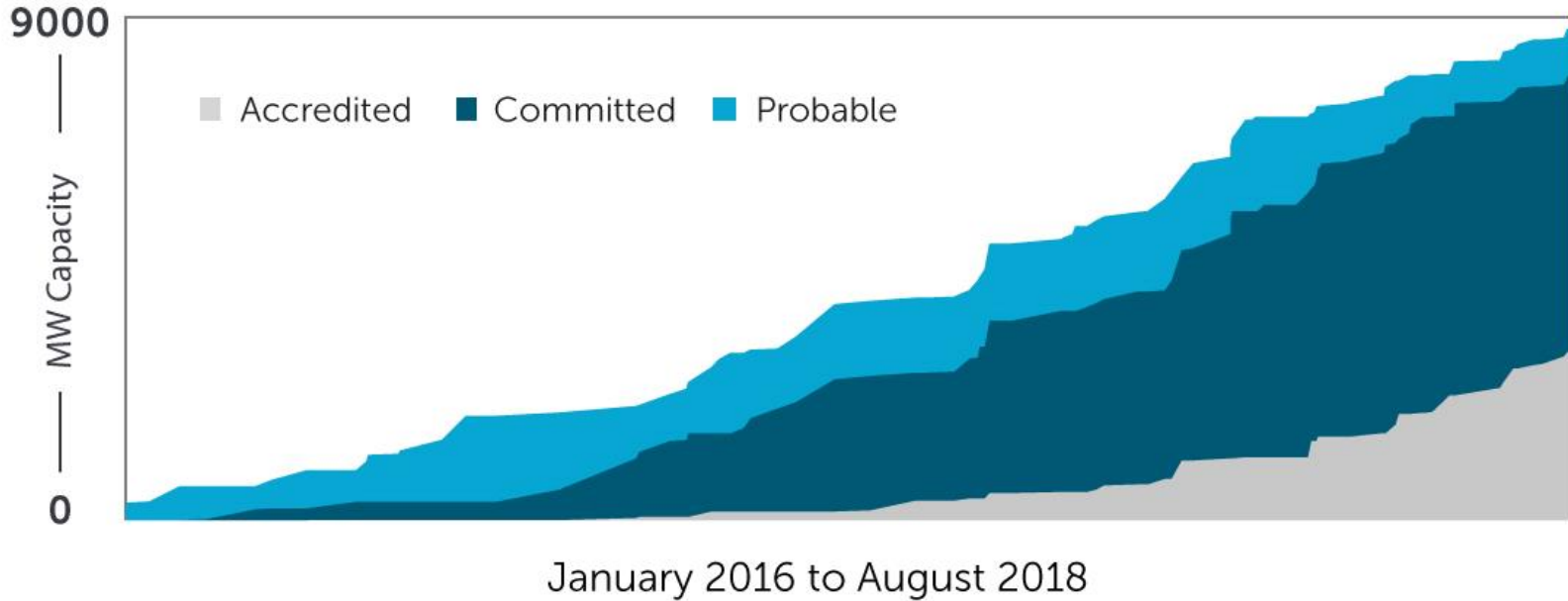
NOVEMBER 2018





## THE NEM IS A MARKET IN TRANSITION

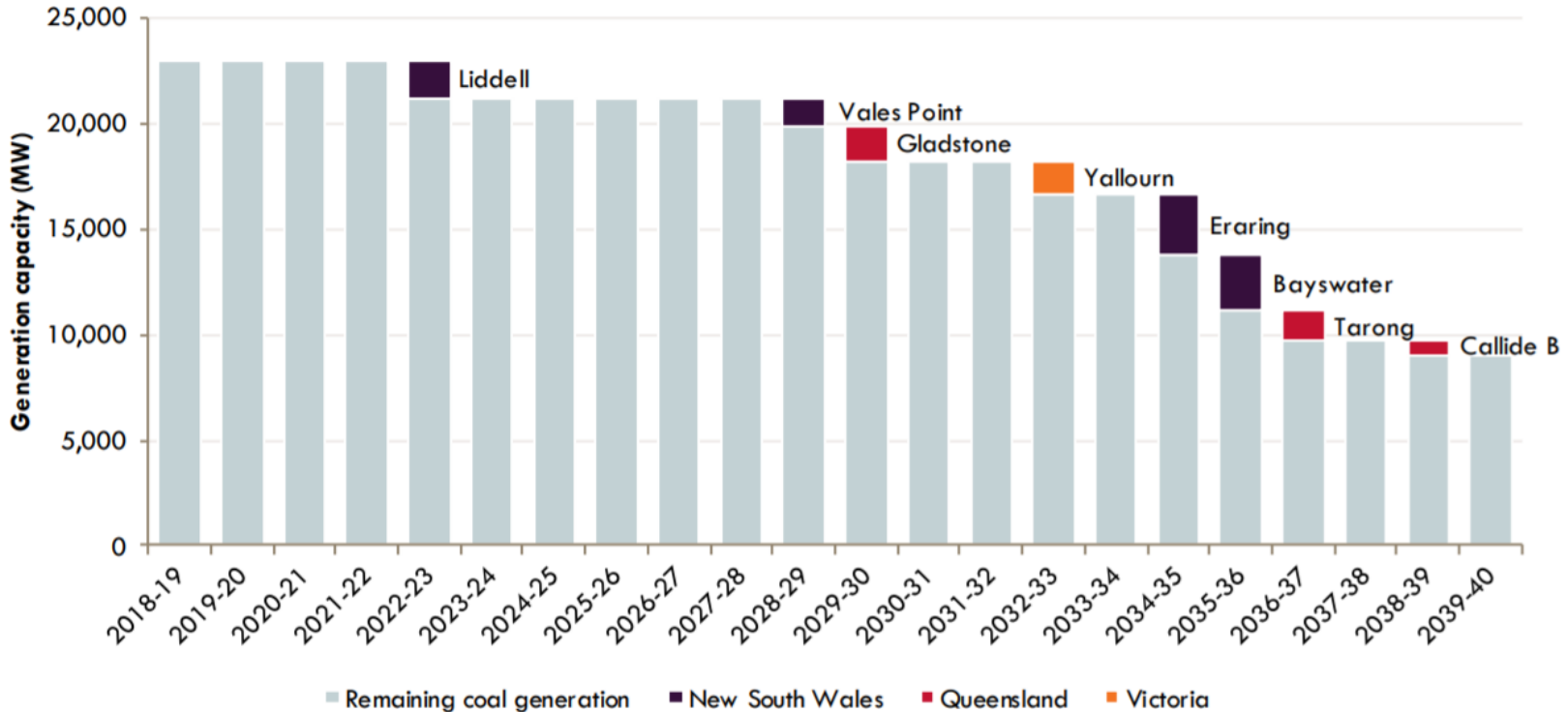
Large-scale renewable energy project pipeline



Source: Clean Energy Regulator



## COAL REMAINS SIGNIFICANT BUT DECREASING



Source: AEMO Integrated System Plan



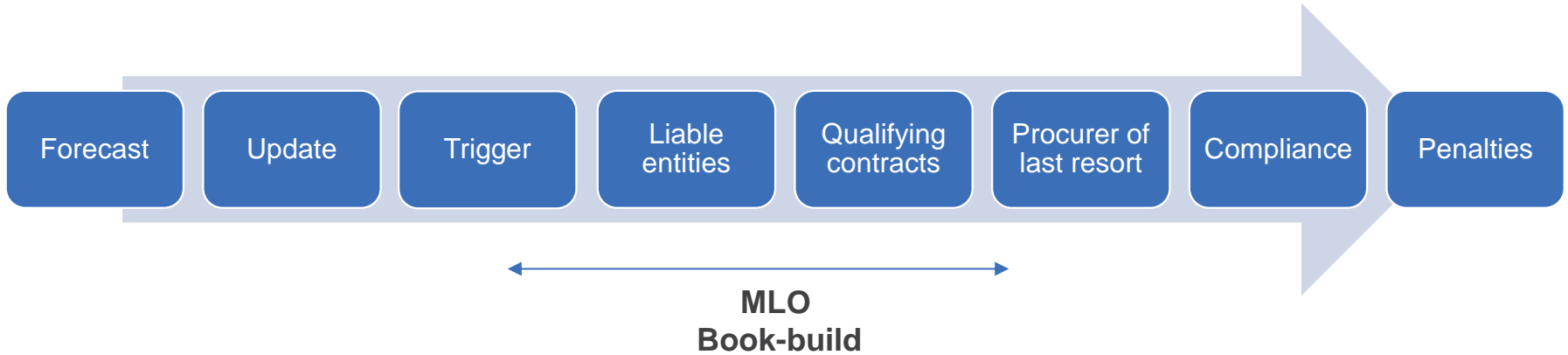
## RELIABILITY AND SECURITY ARE DISTINCT

A power system is:

- **Reliable** when there is enough generation, demand-side and network capacity to supply customers with the energy they demand, with a very high degree of confidence.
- **Secure** when it is able to operate within defined technical limits, such as frequency, even if there is an incident such as the loss of a major transmission line or large generator.



## THE RELIABILITY REQUIREMENT





## ONGOING NEED FOR THE RELIABILITY REQUIREMENT



Forecast unserved energy, neutral demand, only existing and committed projects

- Torrens Island A (SA, 480MW) and Liddell (NSW, 1,800 MW) scheduled to close 2019-2021 and 2022 respectively.
- ESOO 2018 forecasts breach of the reliability standard in NSW, VIC and SA in the medium term without additional capacity.
- Reliability requirement works with existing contracting market to give greater confidence that the reliability standard will be met.
- Complements renewable energy targets to ensure adequate dispatchable capacity is maintained in each NEM-region.
- Encourages VRE to 'firm' – if VRE can sell a firm contract then it is considered dispatchable and can make a greater contribution to meeting the reliability requirement.

**QUESTIONS?**