

AEMC's Final Report On Congestion Management Review

The Australian Energy Market Commission has released the Final Report on the Congestion Management Review which was presented to the Ministerial Council on Energy on 10 June 2008. The Review has examined Rules for the National Electricity Market that govern how network congestion is managed and considers how those Rules could be improved in ways that enable market participants to manage the associated risks more efficiently. Four specific changes are recommended.

“Based on the available historical evidence on the level and duration of network congestion, our review has concluded that congestion has not been a sufficiently material problem in the NEM to justify significant further change to the market Rules at this time,” AEMC chair Dr John Tamblyn says.

“We have formed this view in the context of the other significant reforms that have already been made to the regulation of transmission and the wholesale market over the past three years. It has also been informed by our soon to be completed work on delivering a detailed implementation plan for the Council of Australian Governments initiative to establish national transmission planning arrangements,” says Tamblyn.

“Looking forward we have highlighted the need for further review as climate change policy responses are more clearly defined – particularly the planned implementation of an Emissions Trading Scheme and the focus on renewable energy technologies through Mandatory Renewable Energy Targets,” says Tamblyn.

“The MCE has now agreed to a review by the AEMC of the energy market framework in light of the introduction of climate change policies. These policy responses to climate change carry potentially significant consequences for behaviour in the NEM. The continuing ability for the existing Rules to deliver efficient outcomes needs to be better understood and tested in that context,” he says.

The Congestion Management Review Final Report recommends four incremental improvements that could be made to the Rules to improve the Congestion Management Regime.

These recommendations are: formalising in the Rules the National Electricity Market Management Company's use of fully co-optimised network constraints and improving the availability and quality of information; amending the Rules to implement a new funding arrangement for negative settlement residues; creating a Congestion Information Resource, published by NEMMCO, consolidating and enhancing existing sources of information on congestion risk; and clarifying and strengthening the Rules in respect of rights for generators who fund transmission augmentations as a means of managing congestion risk so that future connecting parties contribute to those funded investments where they benefit from them.

[Source essa news]