

**Question on Notice
No. 821
Asked on Thursday, 18 August 2022**

MR P WEIR ASKED MINISTER FOR ENERGY, RENEWABLES AND HYDROGEN AND MINISTER FOR PUBLIC WORKS AND PROCUREMENT (HON M DE BRENNI)

With reference to the answer provided to Estimates prehearing Question on Notice No. 19 which confirmed that on 15 June 2022 a total volume of 241 MW hours was consumed with the amount payable being over \$4.2m for a period of 5.5 hours when the Reliability and Emergency Reserve Trader (RERT) was engaged—

Will the Minister advise (a) when did the RERT commence, (b) when did the RERT conclude, (c) what was the total cost payable for this entire duration and (d) will these costs be recouped through Queenslanders' energy bills?

ANSWER

(a)

Between 17:00 and 17:30, the Australian Energy Market Operator (AEMO) instructed the activation of 5 reserve contracts totalling 51 MW for use across a 5.5 hour period to protect Queensland from the cost of blackout, and was successful.

(b)

All reserves were de-activated by AEMO at 23:30.

(c)

The total cost payable by AEMO was \$3,735,410. This is \$483,481 less than the previously estimated payment total of \$4,218,891 listed in AEMO's Estimate Payments and Volumes for RERT Activation published on 26 June 2022.

(d)

RERT is an important mechanism that allows AEMO to access additional capacity otherwise not available in the market. This occurs during emergency events when electricity demand is forecast to exceed forecast supply. It supports security and reliability of the power system for Queensland communities and is governed by strict procedures and agreements to ensure it is only utilised if genuinely needed.

Under National Electricity Rules, AEMO recover the cost of RERT from energy retailers on an aggregate basis designed to align with their purchased load at the time of activation, who then fairly recoup these costs from their customers based on their MWh consumption throughout the RERT activation period. In the majority of cases commercial and industrial customers do pay a higher share of RERT costs compared to household consumers.

Cost recovery by AEMO for the 15 June RERT event has already occurred, and AEMO's publicly available August Quarterly RERT Report provides a clear point of reference and justification for costs passed onto market customers, to support security and reliability of the energy system.

The benefits of accessing RERT reserves of course outweigh alternative approaches, which for the 5.5 hour period on 15 June 2022 would have cost an estimated \$10 million. This can also be expressed as the Queensland economy is \$6,270,820 better off as a result of the activation of RERT.

It is noted that this cost is calculated using the latest Value of Customer Reliability of \$41,520 per MWh published by the Australian Energy Regulator.