

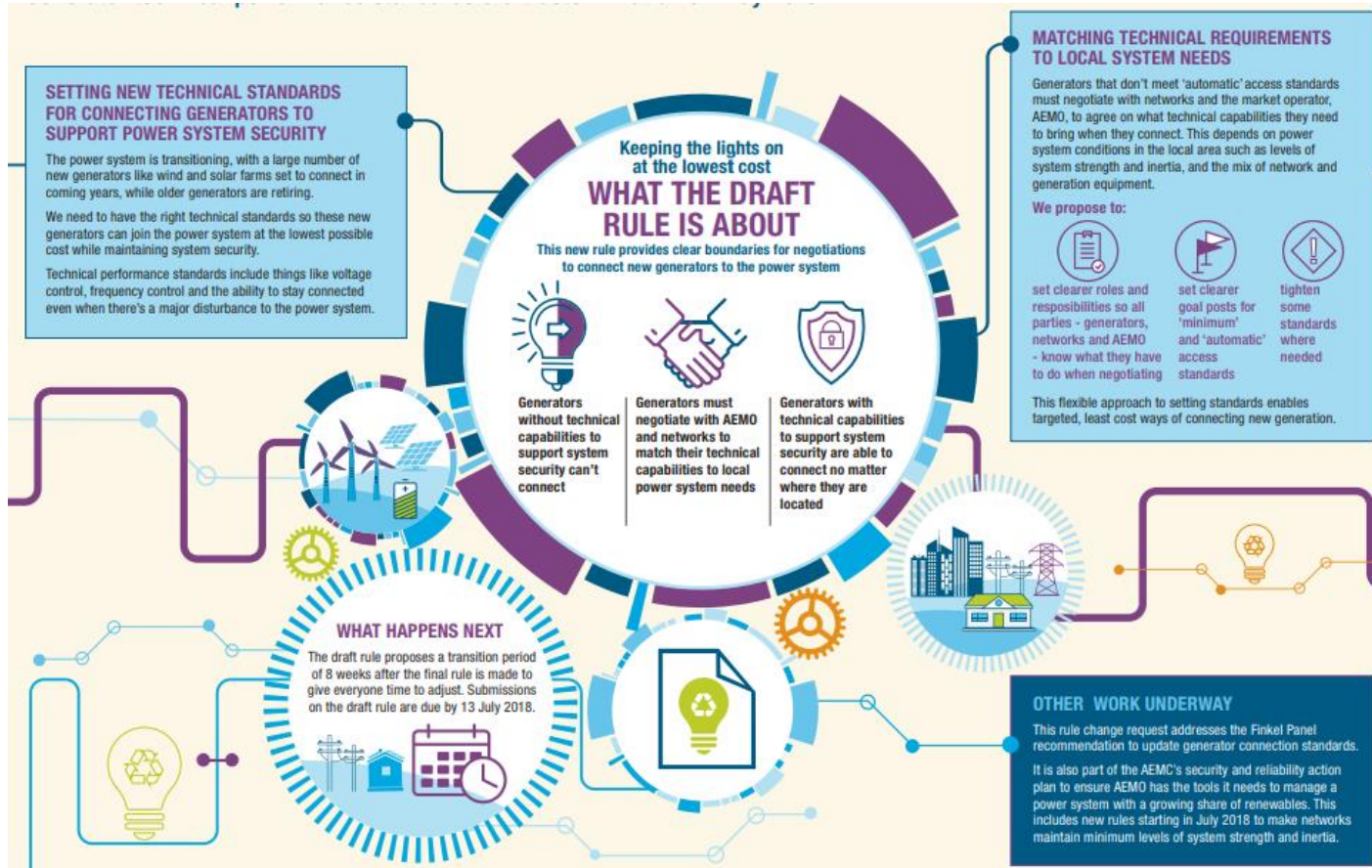
SUPPORTING RENEWABLES WITH RULES THAT PUT CUSTOMERS FIRST

PRESENTATION TO CLEAN ENERGY SUMMIT 2018

JOHN PIERCE AO, CHAIR
31 AUGUST 2018

AEMC

Supporting the transition to renewables at the least cost



Generator technical performance standards

AUSTRALIAN ENERGY MARKET COMMISSION
SUPPORTING FAST RESPONSE ENERGY
FIVE MINUTE SETTLEMENT FINAL DETERMINATION 28 NOVEMBER 2017

Changing the way we operate the power system to encourage:

A efficient investment in new technology like batteries which can back-up variable generation like wind and solar

B efficient consumer participation in the market through demand response

C efficient responses from generators



5
MINUTE
SETTLEMENT

What the new rule is about

We are changing the settlement period for the electricity spot price from 30 to five minutes. This will align the market's price signal with the physical electricity system, which matches demand and supply every five minutes.

Lower wholesale electricity costs

Over time, improved price signals will lead to more efficient decisions by generators lowering wholesale costs which make up around one third of a typical bill.

BENEFITS FOR CONSUMERS

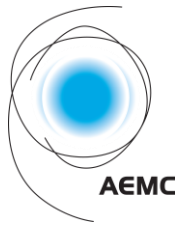
Rewards for customers who respond to demand peaks

For example, factories that invest in smart IT can switch off machines quickly to avoid high spot prices. Homes with smart batteries can earn a high spot price by providing a boost of power when the system needs it.

A more reliable power system

Investment in fast response and flexible technologies which back up the system in real time when the wind stops blowing and the sun stops shining.

Five
minute
settlement



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