



Medium term access reform

Introducing the Congestion
Relief Market



Congestion relief market



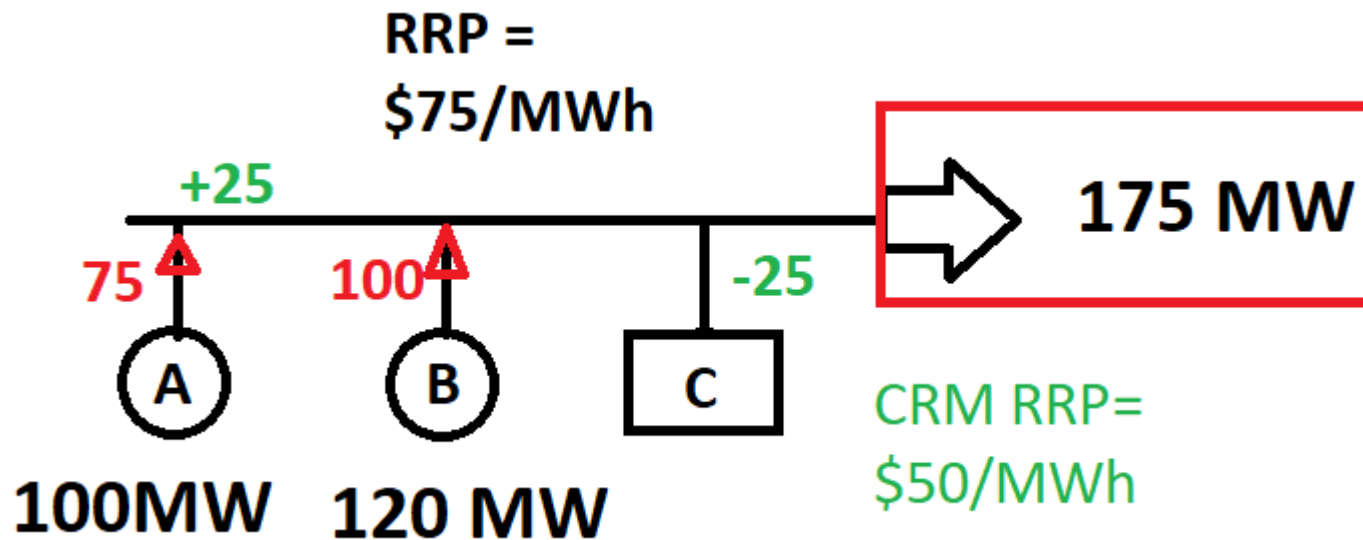
An alternate approach – Introduction

- Market participants have limited options during a constraint
- Constraint can be relieved, by adjusting the generator or load outputs, or by improving power system stability
- There is no incentive to relieve constraints as all participants are exposed to the RRP, and the benefit of doing so is shared amongst all participants behind a constraint
- Nodal pricing introduces too much change, CMM doesn't promote price discovery of congestion, and access rights over-simplify the causes of congestion at the expense of efficiency
- So, consider – an ancillary service that:
 - Facilitates a financial transaction between those who provide constraint relief and those who receive constraint relief;
 - Dispatches the outcomes to physically relieve congestion; and
 - Excludes non-participants from the transaction

Congestion relief market



Simplified example – action on constraint LHS



- Gen A has submitted a bid for 25MW of congestion relief

- Gen B has also submitted a bid for congestion relief however it is priced lower than Gen C's lowest offer

- Market clears 25MW of congestion relief at \$50/MWh to Gen A and C
- Gen C pays a net energy cost of \$25 / MWh [RRP-CRM]
- Identical logic can be applied for action on the RHS of a constraint