

# Directions Report South Australia Region 30 and 31 January 2009

Prepared by: *Market Operations Performance*

Version No: v3

**FINAL**

## 1. EXECUTIVE SUMMARY

Clause 3.13.6A of the National Electricity Rules (the Rules) requires NEMMCO to publish a report, providing background information related for each direction issued to a Registered Participant. This report provides information on two directions that occurred in the South Australia region on 30 and 31 January 2009.

High temperatures in the South Australia region resulted in NEMMCO declaring LOR3 and LOR2 conditions on 30 and 31 January 2009 respectively.

To reduce the extent of load shedding on both occasions NEMMCO directed a Registered Participant with available generation capacity in the South Australia to increase their output. Intervention pricing was initiated during both directions, so that market prices were calculated as if the directions had not been issued. The directions were cancelled after the power system in South Australia was restored to normal.

NEMMCO's standard operating procedures were followed for the management of both directions, thus ensuring the requirements of clause 4.8 of the National Electricity Rules were satisfied.

## 2. BACKGROUND

Clause 3.13.6A of the Rules requires NEMMCO to publish a report outlining circumstances why a direction was issued. A copy of clause 3.13.6A is provided in Appendix 1.

Details of the directions covered by this report are tabled below:

Direction Issued	Direction Cancelled
12:25 hrs, 30 January 2009 Market Notice 24671 refers	16:35 hrs, 30 January 2009 Market Notice 24693 refers
12:20 hrs, 31 January 2009 Market Notice 24754 refers	15:30 hrs, 31 January 2009 Market Notice 24771 refers

## 3. RULES REQUIREMENTS

### 3.1 Direction – clause 3.13.6A(a)

#### Circumstances giving rise for the need to direct

##### 30 January 2009

High temperatures in the Victoria and South Australia regions on 30 January 2009 caused NEMMCO to declare LOR2 conditions for the Victoria and South Australia regions at 11:10hrs and 12:00hrs respectively. The LOR2 condition in Victoria was upgraded to an LOR3 condition at 12:22 hrs when NEMMCO shed approximately 340MW of load to maintain the NSW-VIC interconnector in a secure state. Definitions for LOR2 and LOR3 conditions are detailed in Appendix 2.

To reduce the amount of load that would have to be shed, NEMMCO at 12:25 hrs issued a direction to a Registered Participant with a generating unit in the South Australia region with spare capacity to increase the unit's output.

At 12:52 hrs NEMMCO declared an LOR3 condition for the South Australia region and gave instructions for approximately 90MW of load to be shed.

##### 31 January 2009

Due to continued high temperatures in the South Australia and Victoria regions, NEMMCO at 12:20 hrs declared an LOR2 condition in South Australia.

Following the declaration of LOR2 condition, NEMMCO issued a direction to a Registered Participant with a generating unit in the South Australia region with spare capacity to increase the unit's output to maintain the power system in a reliable state.

*Basis for latest time for issuing the direction and basis on which NEMMCO determined that market response would not have avoided the need for direction*

On both occasions to manage the power system reliability and reduce the amount of load to be shed, NEMMCO issued a direction to a Registered Participant in the South Australia region with plant that had spare capacity to increase output.

*Changes to dispatch outcomes due to the directions*

No changes occurred to dispatch outcomes due to either direction. On 30 January load shedding had commenced prior to the direction, whilst on 31 January, if the direction had not been issued load shedding would have been initiated at that time.

If the directions had not been issued additional load would have been shed equal to the level of directed generation.

*NEMMCO's process for issuing the directions*

During the directions NEMMCO followed its standard Operating Procedures for the management of Directions and Interventions.

*If applicable, the basis on which NEMMCO did not follow any of the processes set out in clause 4.8 prior to issuing directions*

NEMMCO followed the processes in accordance with clause 4.8 of the National Electricity Rules.

*If applicable, the basis on which it was impractical to set spot and ancillary service prices in accordance with clause 3.9.3(b)*

Intervention pricing was initiated for both directions in accordance with clause 3.9.2(b).

*Information regarding any notification from Registered Participants under clause 4.8.9(d) that they would not be able to comply with a direction*

No information was received from Registered Participants indicating that they would not be able to comply with the direction.

*Details of the adequacy and effectiveness of responses to inquiries under clause 4.8.5A(c)*

Due to the urgency of the situation NEMMCO did not make inquiries under this clause.

**3.2 Compensation – clause 3.13.6A(b)**

In NEM Communication No. 3235, NEMMCO advised Registered Participants it considered both directions as being directions for 'Energy', and compensation for the directions will be determined pursuant to clause 3.15.7 of the Rules.

## National Electricity Rules – clause 3.13.6A

### 3.13.6A - Report by NEMMCO

- (a) *NEMMCO* must, as soon as reasonably practicable after issuing a *direction*, *publish* a report outlining:
- (1) the circumstances giving rise to the need for *direction*;
  - (2) the basis on which it determined the latest time for that *direction* and on what basis that it determined that a *market* response would not have avoided the need for the *direction*;
  - (3) details of the changes in *dispatch* outcomes due to the *direction*;
  - (4) the processes implemented by *NEMMCO* to issue the *direction*;
  - (5) if applicable, the basis upon which *NEMMCO* did not follow any or all of the processes set out in clause 4.8 either in whole or in part prior to the issuance of the *direction*;
  - (6) if applicable, the basis upon which *NEMMCO* considered it impractical to set *spot prices* and *ancillary service prices* in accordance with clause 3.9.3(b);
  - (7) details of the adequacy and effectiveness of responses to inquiries made by *NEMMCO* under clause 4.8.5A(c); and
  - (8) information regarding any notification by a *Registered Participant* that it will not be able to comply with a *direction* under clause 4.8.9(d).
- (b) As soon as reasonably practicable after *NEMMCO* has, in accordance with clause 3.15.10C, included the amounts arising from a *direction* in a settlement statement provided under clause 3.15.15, *NEMMCO* must *publish* details of:
- (1) the *compensation recovery amount* arising from the *direction* as calculated under clause 3.15.8(a) for the period of the *direction*;
  - (2) details of the calculation of the regional benefit determined under clause 3.15.8(b); and
  - (3) a breakdown of the *compensation recovery amount* by each category of *Registered Participant*, as determined by *NEMMCO*, in each *region*.

## APPENDIX 2

### Definitions for LOR2 and LOR3

#### Clause 4.8.4 of the National Electricity Rules.

- (c) *Lack of reserve level 2 (LOR2)* – when *NEMMCO* considers that the occurrence of the *credible contingency event* which has the potential for the most significant impact on the *power system* is likely to require *involuntary load shedding*. This would generally be the instantaneous loss of the largest *generating unit* on the *power system*. Alternatively, it might be the loss of any *interconnection* under *abnormal conditions*.
- (d) *Lack of reserve level 3 (LOR3)* - when *NEMMCO* considers that *Customer load* (other than *ancillary services* or contracted *interruptible loads*) would be, or is actually being, interrupted automatically or manually in order to maintain or restore the security of the *power system*.