

INTERVENTION, DIRECTION AND CLAUSE 4.8.9 INSTRUCTION

PREPARED BY: Power System Operations

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This document has been created by the Power System Operations Division and will be reviewed from time to time.

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1 Purpose

This Procedure has been produced by the Australian Energy Market Operator Limited (*AEMO*) to provide information about how *AEMO* manages situations that require *direction*, or the issue of clause 4.8.9 instructions, under the provisions of the National Electricity Rules.

2 Application

This Procedure applies to everyone in *AEMO* charged with the responsibility for issuing *directions* or clause 4.8.9 instructions.

3 Related Policies and Procedures

- SO_OP 3715 Power System Security Guidelines
- SO_OP 3717 Procedure for the Dispatch and Activation of Reserve Contracts
- Directions Review 2002 Consultation Final Report

4 Definitions and Interpretation

- (a) In this Procedure, a word or phrase *in this style* has the same meaning as given to that term in the NER.
- (b) Unless the context otherwise requires, this Procedure will be interpreted in accordance with Schedule 2 of the *National Electricity Law*.

5 *AEMO* Actions when issuing a direction or clause 4.8.9 instruction

1. Publish a market notice of the requirement for the *direction* so that there is an opportunity for a market response.
2. Determine and publish the latest time for intervention by *direction*.
3. Determine which Participant should be directed or a *clause 4.8.9 instruction* issued to.
4. Issue a verbal *direction* to the Participant advising of the actions required.
5. Issue a Participant notice confirming the verbal message.
6. Issue a market notice advising that *AEMO* has issued a *direction*.
7. Declare an intervention price dispatch interval.
8. If reasonably practical minimise the effect on Interconnector flows and minimise the number of *Affected Participants*.
9. Revoke the *direction* as soon as it is no longer required.

When *AEMO* issues a *direction* *AEMO* will not advise the participant of the "type" i.e. "energy" or "other" at the time the *direction* is issued.

AEMO will advise the participant of the physical deliverable requirement and the technical reason for the *direction* only.

6 Declaration of Intervention Price Dispatch Interval

Where an AEMO intervention event occurs AEMO must declare that dispatch interval to be an intervention price dispatch interval.

This declaration is independent of whether or not intervention pricing has been initiated.

A *clause 4.8.9 instruction* does not constitute an AEMO intervention event.

7 Declaration of Intervention Pricing

The test for if the intervention price run should be initiated for a *direction* is:

- Could the issue that required the *direction* be resolved by directing plant at the regional reference node?

If YES, then initiate intervention pricing.

8 Intervention Constraints

If intervention constraints are invoked, then the dispatch algorithm performs an Intervention Price run.

Intervention constraints are ignored in the Intervention Price run. This sets the dispatch price and ancillary service prices to that which would have occurred had AEMO not intervened in the market.

9 Affected Participants

To minimise the number of *Affected Participants* AEMO may select Market Participants to become *Affected Participants*.

To minimise the number of *Affected Participants* other units of the directed generator can be constrained by an amount equal to the directed amount. Alternatively, a scheduled generator, that was not the subject of the *direction*, can have its units constrained by an amount equal to the directed amount.

This is referred to as a counter action.

AEMO will only select market participants to become *Affected Participants* if intervention pricing is initiated.

The NER definition of *Affected Participants* does not allow a semi-scheduled generating unit to be an Affected Participant.

10 Effect on Interconnector Flows

AEMO will attempt to minimise the effect on interconnector flows.

Selecting market participants to become *Affected Participants* in the region where the *direction* is issued will minimise the effect on interconnector flows.

11 Issue of Clause 4.8.9 Instructions

AEMO is taken to have issued a *clause 4.8.9 instruction* if AEMO requires a Registered Participant other than in relation to a scheduled plant or a market generating unit to take some action contemplated by clause 4.8.9(a) of the NER or section 116 of the National Electricity Law.

12 Dispatch Sequence

Dispatch will be carried out in the following order:

- All price bands offered including those at MPC.
- Any capacity subject to an accepted restriction offer.
- Plant provided under a reserve contract.
- Any *Affected Participants* whose output was constrained OFF in relation to the dispatch of plant subject to a *direction*.
- Plant subject to a *direction*.

13 Regional Reference Nodes

NSW – Sydney West 330kV node

Qld – South Pine 275kV node

SA – Torrens Island Power Station 66kV node

Vic. – Thomastown 66kV node

Tas. – George Town 220kV node