



EnergyAustralia

LIGHT THE WAY

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Australian Energy Market Operator
Level 22, 530 Collins Street
Melbourne, VIC 3000

Lodged via email: SRAS2018@aemo.com.au

EnergyAustralia Pty Ltd
ABN 99 086 014 968

Level 33
385 Bourke Street
Melbourne Victoria 3000

Phone +61 3 8628 1000
Facsimile +61 3 8628 1050

enq@energyaustralia.com.au
energyaustralia.com.au

Consultation on SRAS guideline, electrical sub-network boundaries and NSCAS tender guidelines – Issues Paper

EnergyAustralia is one of Australia's largest energy companies with over 2.5 million electricity and gas accounts in New South Wales, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion dollar energy generation portfolio across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market.

We welcome the opportunity to participate in the Australian Energy Market Operator's (AEMO) consultation process and recognise the Issues Paper represents a first step in AEMO's engagement with stakeholders.

The System Restart Ancillary Services (SRAS) guideline is critical to ensuring the System Restart Standard (SRS) is met. This means that the grid is then able to be re-energised in an efficient timeframe following a black system event or other major supply disruption at the lowest cost. The goal of efficiently restoring a secure and reliable system has to be balanced against the potentially significant costs of procuring such services as these cost are ultimately paid for by end-use customers.

We recognise the Reliability Panel's revision of the SRS creates both opportunities (e.g. smaller targets and timeframes) and challenges for AEMO (e.g. balancing those factors contributing to aggregate reliability) as it seeks to provide for a fair and equitable approach to procuring SRAS services.

Of critical importance will be ensuring contracted SRAS are available and capable of operating as expected at the times they are needed most. The events in South Australia of September 2016 highlighted the issues which may arise and therefore prolong such events where SRAS are suddenly unavailable for service and where the testing or procedures are insufficient or incorrectly followed.

We consider the additional testing proposed under the guideline will help mitigate future risks of non-performance by SRAS providers. We understand AEMO in proposing a 'spot' test by providing a minimum 24 hours' notice to a SRAS provider are attempting to replicate a real world scenario. Any form of testing will have implications for transmission network service providers (TNSPs) and generators alike. For example, TNSPs will need to ensure there are no constraints or maintenance occurring on their network. While an SRAS provider is required to have their station manned appropriately in order to back that offer,

the timing of such tests can have a number of commercial implications, for example being required to perform such tests during peak periods.

In principle we agree with AEMO's proposed approach, however consider there a need for discretion in its implementation. Any 'spot' tests required by AEMO should not be scheduled during peak periods in order to minimise the market impacts of these tests, in addition to any potential commercial implications for an SRAS provider.

The efforts of AEMO in completing extensive technical power system studies during the 2015 procurement process, including sourcing data from network service providers and generators, has provided for a comprehensive understanding of the SRAS capabilities across the National Electricity Market. In doing so, AEMO are now in a stronger negotiating position, relative to past processes, as it seeks to procure SRAS services from 1 July 2018 onwards. Despite this we have reservations regarding AEMO's proposed direct procurement/negotiation process. AEMO's proposal is predicated on information provided more than two years ago and would need to appropriately account for new entrants into the market, as well as system upgrades completed by potential SRAS providers (e.g. upgrades to protection control systems) since this time. We consider a competitive process will provide for a least cost SRAS solution over time accounting for any changes in the market for SRAS. For example, with a smaller SRS (and new suppliers entering the market) there is potential for additional competition not present during previous procurements. Any procurement process completed by AEMO should therefore be open to all stakeholders capable of supplying SRAS with direct procurement considered as a last resort option by AEMO.

We appreciate the revisions to the SRS, specifically the introduction of an aggregate reliability measure to procuring SRAS, should provide greater flexibility to AEMO's approach. In considering potential SRAS providers, we note AEMO will consider their individual reliability as part of a broader assessment of aggregate reliability only and will not impose minimum availability or reliability thresholds on any particular generator. However, depending on the location on the network and the operation of individual generators, it is possible only one SRAS provider is available at the time system restart services are required most. It may therefore be more prudent to consider/set minimum availability or reliability thresholds for individuals as part of the procurement process.

Finally, we consider that the boundaries of the electrical sub-networks should not be amended at this time, as that would require the Reliability Panel to review its recent determination on the SRS. To do so would be likely to create additional costs and delays in the procurement of SRAS. It would be more appropriate to review the sub-network boundaries only after implementation of the new SRS and supporting SRAS guideline, and only if it will assist AEMO with procuring SRAS at lower costs.

EnergyAustralia are keen to continue engaging with AEMO on this issue to ensure the best outcome for the market and our customers. If you would like to discuss this submission please contact me on 03 8628 1393 or chris.streets@energyaustralia.com.au.

Regards

Chris Streets
Industry Regulation Lead