

# PROCEDURES FOR ISSUE OF DIRECTIONS AND CLAUSE 4.8.9 INSTRUCTIONS

DRAFT REPORT AND DETERMINATION

Published: **June 2019**





## **NOTICE OF SECOND STAGE CONSULTATION – PROCEDURES FOR ISSUE OF DIRECTIONS AND CLAUSE 4.8.9 INSTRUCTIONS**

### **National Electricity Rules – Rule 8.9**

#### **Date of Notice: 04 July 2019**

This notice informs all Registered Participants and interested parties that AEMO is commencing the second stage of its consultation on Procedures for Issue of Directions and Clause 4.8.9 Instructions.

This consultation is being conducted under clause 4.8.9(b) of the National Electricity Rules (NER), in accordance with the Rules consultation requirements detailed in rule 8.9 of the NER.

#### **Invitation to make Submissions**

AEMO invites written submissions on this Draft Report and Determination (Draft Report).

Please identify any parts of your submission that you wish to remain confidential, and explain why. AEMO may still publish that information if it does not consider it to be confidential, but will consult with you before doing so.

Consulted Persons should note that material identified as confidential may be given less weight in the decision-making process than material that is published.

#### **Closing Date and Time**

Submissions in response to this Notice of Second Stage of Rules Consultation should be sent by email to [jonathan.jorgensen@aemo.com.au](mailto:jonathan.jorgensen@aemo.com.au), to reach AEMO by 5.00pm (Melbourne time) on 25 July 2019.

All submissions must be forwarded in electronic format (both pdf and Word). Please send any queries about this consultation to the same email address.

Submissions received after the closing date and time will not be valid, and AEMO is not obliged to consider them. Any late submissions should explain the reason for lateness and the detriment to you if AEMO does not consider your submission.

#### **Publication**

All submissions will be published on AEMO's website, other than confidential content.

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## EXECUTIVE SUMMARY

The publication of this Draft Report and Determination (Draft Report) commences the second stage of the Rules consultation process conducted by AEMO to amend the procedures for the Issue of directions and clause 4.8.9 instructions (Procedures) made under clause 4.8.9(b) of the National Electricity Rules (NER).

The significant increase in the number of directions issued by AEMO since late 2016, especially for power system security (system strength) requirements within South Australia, has highlighted the need for greater clarity and information on the directions process. The Australian Energy Regulator (AER) also noted in its December 2018 compliance report on the South Australian black system event of September 2016, that the Procedures do not explicitly address one of the underlying principles set out in clause 4.8.9(b) of the NER, namely that the costs of a direction should be minimised.

AEMO's review of the Procedures led to proposed amendments in three broad categories, as outlined in the Issues Paper for the first stage of consultation:

- To better reflect the principle of cost minimisation.
- To specify how directed participants should rebid their availability to reflect the direction.
- To remove content that addresses processes already adequately addressed in the NER, and add more detail on the process of determining a direction or clause 4.8.9 instruction, and the difference between them.

AEMO received one formal submission on the Issues Paper, which suggested changes to the draft Procedures in relation to cost considerations and rebidding. In addition, AEMO received a number of drafting suggestions from the AER.

After considering submissions, AEMO's draft determination is to amend the Procedures in the form published in Attachment 1 to this Draft Report. This incorporates additional provisions in relation to rebidding when a directed participant wishes to make its plant commercially available, clarification of the process for confirming verbal directions and some minor drafting changes from the version published with the Issues Paper.



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## 1. STAKEHOLDER CONSULTATION PROCESS

As required by clause 4.8.9(b) of the NER, AEMO is consulting on the Procedures for Issue of Directions and Clause 4.8.9 Instructions (Procedures) in accordance with the Rules consultation process in rule 8.9.

AEMO's indicative timeline for this consultation is outlined below. Future dates may be adjusted depending on the number and complexity of issues raised in submissions.

Deliverable	Date
Notice of first stage consultation and Issues Paper published	18 April 2019
First stage submissions closed	05 June 2019
Draft Report & Notice of second stage consultation published	04 July 2019
Submissions due on Draft Report	25 July 2019
Final Report published	06 September 2019

The publication of this Draft Report marks the commencement of the second stage of consultation.

## 2. BACKGROUND

### 2.1. NER requirements

Clause 4.8.9(b) of the NER requires AEMO to develop procedures for the issuance of *directions*, which may be amended from time to time in accordance with the Rules consultation procedures.

The Procedures must reflect the following principles:

1. AEMO must use its reasonable endeavours to minimise any cost related to directions and compensation to Affected Participants, Market Customers and Directed Participants.
2. A direction should be revoked as soon as AEMO determines that the direction is no longer required.
3. AEMO must take into account any applicable guidelines issued by the Reliability Panel.
4. AEMO must observe its obligations under clause 4.3.2 concerning sensitive loads.
5. AEMO must expressly notify a Directed Participant that AEMO's requirement or that of another person authorised by AEMO pursuant to clause 4.8.9(a) is a direction.

### 2.2. Context for this consultation

Since late 2016, the number of directions issued by AEMO has significantly increased, especially for power system security (system strength) requirements within South Australia. This has increased the need for greater clarity and information in the Procedures.

As noted by the Australian Energy Regulator (AER) in its December 2018 compliance report on the South Australian black system event of September 2016, the Procedures do not explicitly address one of the underlying principles set out in clause 4.8.9(b) of the NER, namely that the costs of a direction should be minimised.

AEMO also identified that the existing Procedures described a number of processes that are already adequately addressed in the NER, while providing limited detail on the process of determining a direction or clause 4.8.9 instruction, or the difference between them.



## 2.3. First stage consultation

AEMO issued a Notice of First Stage Consultation on 18 April 2019<sup>1</sup>. The accompanying Issues Paper<sup>2</sup> explained the development of the Procedures for Issue of Directions and Clause 4.8.9 Instructions, including the requirements of the NER, and invited submissions on alternative approaches.

AEMO received one written submission in the first stage of consultation. A copy has been published on AEMO's website: <https://www.aemo.com.au/Stakeholder-Consultation/Consultations/Procedures-For-Directions-And-Instructions>

In addition, the AER provided AEMO with a number of suggested drafting changes to the Procedures. These are extracted in Appendix A.

## 3. DISCUSSION OF MATERIAL ISSUES

### 3.1. Reflect principle of minimising costs

#### 3.1.1. Issue summary and submissions

Section 5(3) of the current Procedures indicates that AEMO will aim to minimise the effect on interconnector flows and minimise the number of Affected Participants. In doing this, the expected objective would be to minimise the cost of the direction, consistent with the principle in clause 4.8.9(b)(1) of the NER that AEMO must use reasonable endeavours to minimise the costs relating to directions and associated compensation payments.

AGL Energy Limited's submission expressed a view that 'the National Electricity Rules exclude short run marginal costs from AEMO's consideration of the "costs likely to be incurred" [relating to a direction]'.

#### 3.1.2. AEMO's assessment

AEMO proposed to include in the Procedures a more comprehensive description of the factors AEMO considers with a view to minimising costs and compensation amounts, where possible. This information may include (but is not limited to):

- Technical availability of the plant during the possible direction period.
- Lead time required for the plant to deliver a response sufficient to address the requirement.
- Minimum or maximum output and run times.
- Estimated costs of the relevant registered participant in complying with a relevant direction, if issued.

AEMO will use this information to minimise the costs arising from the likely compensation to directed participants, and any other relevant information available to AEMO, to determine which registered participant(s) should be the subject of a direction.

AEMO has not identified any provisions in the NER implying that AEMO cannot consider short run marginal costs in its direction costs assessment. AGL did not articulate why this should be the case, and AEMO considers that specifically excluding short run marginal costs would unnecessarily limit the scope of AEMO's assessment. AEMO is of the view that the proposed changes are flexible enough to accommodate the reasonably foreseeable range of direction scenarios, and are likely to facilitate a fair balance between the interests of market participants and consumers in respect of the cost of electricity.

<sup>1</sup> [https://www.aemo.com.au/-/media/Files/Stakeholder\\_Consultation/Consultations/NEM-Consultations/2019/Procedures-for-Directions-and-Instructions/SO\\_OP\\_3707-Notice-of-First-Stage-Consultation.pdf](https://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/NEM-Consultations/2019/Procedures-for-Directions-and-Instructions/SO_OP_3707-Notice-of-First-Stage-Consultation.pdf)

<sup>2</sup> [https://www.aemo.com.au/-/media/Files/Stakeholder\\_Consultation/Consultations/NEM-Consultations/2019/Procedures-for-Directions-and-Instructions/Directions-and-Instructions-Procedures-Issues-Paper-Apr-19.pdf](https://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/NEM-Consultations/2019/Procedures-for-Directions-and-Instructions/Directions-and-Instructions-Procedures-Issues-Paper-Apr-19.pdf)



These outcomes directly promote the national electricity objective by maintaining the efficient operation of electricity services for the long-term interests of consumers with respect to price and security of supply.

### **3.1.3. AEMO's conclusion**

AEMO does not intend to refer specifically to short run marginal costs in the Procedures, either to exclude or necessarily include them from consideration in relation to costs likely to be incurred. No substantive changes are proposed from the draft published with the Issues Paper.

## **3.2. Maximum availability during directions**

### **3.2.1. Issue summary and submissions**

AEMO identified that not all generators were aware of the need to rebid their availability once AEMO has issued them with a direction, so that the maximum availability of the directed units reflects the directed quantity of energy or ancillary services.

AEMO proposed to include a requirement in the Procedures for market participants to submit or vary their dispatch offers or bids for scheduled plant once directed, so that the maximum bid availability of energy or ancillary services is equal to the relevant directed quantity for the duration of the direction.

AGL Energy Limited suggested that "equal to" be replaced with "greater than or equal to". AGL suggested that this would allow participants to enter a greater amount of maximum available capacity than the directed quantity, so that the participant can set up the future offers (or bids or rebids) it intends to make once the direction period concludes. AGL said that this better reflects the participant's intentions, as well as cutting out a step for the participant who would otherwise have to amend its maximum available capacity when the direction period concludes.

### **3.2.2. AEMO's assessment**

As set out in the Issues Paper<sup>3</sup>, this step is necessary to create consistency with participant bid parameters during directions and for AEMO's NEM dispatch engine (NEMDE) to identify with key constraint violation penalty (CVP) values that prioritise the direction.

AEMO does not consider that allowing participants to increase maximum availability to a level beyond the directed quantity is either necessary for future offers or a correct reflection of the participant's future intentions. It is not apparent that leaving the maximum availability at a higher than directed quantity would legitimately remove a step in the process for participants once the direction period concludes. A rebid is subject to NER clause 3.8.6(a)(2)(1), which states that a dispatch offer must specify a MW capacity for the intended *self-dispatch level*. For a valid rebid, the participant would need to submit maximum availability data in any event.

Should a generator subsequently decide to run a directed unit for commercial reasons, they can do so by communicating their intent to AEMO once that decision is made and rebidding accordingly. Historically, the process has been for AEMO to revoke or adjust the direction based on the generator's communicated intent to make the unit commercially available, after which the generator will rebid.

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<sup>3</sup> [https://www.aemo.com.au/-/media/Files/Stakeholder\\_Consultation/Consultations/NEM-Consultations/2019/Procedures-for-Directions-and-Instructions/Directions-and-Instructions-Procedures-Issues-Paper-Apr-19.pdf](https://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/NEM-Consultations/2019/Procedures-for-Directions-and-Instructions/Directions-and-Instructions-Procedures-Issues-Paper-Apr-19.pdf)



### 3.2.3. AEMO's conclusion

AEMO intends to retain the requirement for generators to rebid their availability once AEMO has issued them with a direction, so that the maximum availability of the directed units reflects the directed quantity of energy or ancillary services, for both market and operational transparency and efficiency.

However, AEMO has included additional provisions in the draft Procedure to specify the process to be followed by a directed participant wishing to bid commercially during the direction period.

## 4. OTHER MATTERS

### 4.1. Expansion of content

The current Procedures restate some NER processes and requirements, but with little detail of the steps AEMO takes in relation to each requirement. AEMO proposed to revise and expand the content of the Procedures to provide a more detailed description of the process AEMO follows before and after issuing a direction, showing how these steps tie in with relevant NER requirements. The additional detail is intended to help set participants' expectations and understanding of the information AEMO may request from them, and how that information is used.

AEMO proposed to remove the existing section on intervention pricing, as the rules comprehensively cover the circumstances in which AEMO is required to apply intervention pricing.

The AER suggested a number of minor drafting changes on the expanded content. AEMO agrees with the majority of those suggestions, which are noted and addressed in Appendix A. The most significant change is to clause 4.1(b) in relation to the issue of written participant notices. AEMO has decided to split this clause to clarify the status of verbal directions.

To avoid the potential for inconsistency between procedures, AEMO has proposed an additional change to clause 4.2(b) in relation to the content of clause 4.8.9 instructions for load shedding. These will be determined by reference to the jurisdictional load shedding procedures and AEMO's power system security guidelines.

### 4.2. Clarify difference between directions and clause 4.8.9 instructions

Under clause 4.8.9(b) of the NER, the Procedures are only required to provide for the issue of *directions* (as defined in the NER). However, the existing Procedures also address *clause 4.8.9 instructions*.

AEMO considers it is helpful for the Procedures to continue to reference clause 4.8.9 instructions. However, it was necessary to amend the existing Procedures to clarify the difference between the two categories of direction, and to identify the processes and requirements that apply to each of them.

The AER suggested a drafting change to section 2.1(c) of the draft Procedures, which lists some of the NER clauses that apply to directions but not clause 4.8.9 instructions. As noted in Appendix A, AEMO has not adopted the suggestion. .

## 5. DRAFT DETERMINATION

Having considered the matters raised in submissions, AEMO's draft determination is to make the Procedures for Issue of Directions and Clause 4.8.9 Instructions in the form of Attachment 1, in accordance with clause 4.8.9(b) of the NER.



## **APPENDIX A. SUMMARY OF SUBMISSIONS AND AEMO RESPONSES**



No.	Consulted person	Issue	AEMO response
1.	AGL Energy Limited	Section 3(d)(i)(B) of the Procedures provide that AEMO should seek to minimise the costs arising from the likely compensation to directed participants, with reference to the costs likely to be incurred by the participant in complying with a direction. We consider it would be useful to extrapolate in this section that the National Electricity Rules exclude short run marginal costs from AEMO’s consideration of the “costs likely to be incurred”.	Noted, detailed response in 3.1
2.	AGL Energy Limited	AEMO’s Issues Paper asks that stakeholders consider any unintended adverse consequences of the proposed changes. We have identified one area of concern in Section 5(a) of the Procedures, which provides that where a direction relates to scheduled plant, a directed participant must submit a dispatch offer (or bid or rebid) with its maximum available capacity equal to the quantity specified in the direction.  AGL suggests that “equal to” be replaced with “greater than or equal to” given the directed participant will be constrained down to the directed amount in any case. Allowing the participant to enter a greater amount of maximum available capacity than what is directed, means that the participant can set up the future offers (or bids or rebids) it intends to make once the direction period concludes. This better reflects the participant’s intentions, as well as cutting out a step for the participant who would otherwise have to amend its maximum available capacity when the direction period concludes	Noted, detailed response in 3.2. Process for commercial rebidding included in draft Procedures
3.	AER	Section 2.1(a) - refers to AEMO’s authority to issue directions. AEMO may wish to consider incorporating a reference to the fact that under clause 4.8.9 AEMO can issue a direction where AEMO considers it necessary, which is a different threshold to ‘where necessary’.	Noted and incorporated
4.		Section 2.1(c) – sets out relevant provisions of the NER which are applicable to clause 4.8.9 directions. AEMO may wish to consider incorporating a reference to clause 4.8.7(b), which requires AEMO to follow 4.8.9 procedures when a contingency event leads to an actual or potential supply shortfall.	Not included. 2.1(c) is not exhaustive and is intended to illustrate that some NER clauses relate only to directions/AEMO intervention events, not cl 4.8.9 instructions. NER 4.8.7 only points back to 4.8.9 and gives an example of when a direction/cl 4.8.9 instruction could be given, already covered in 4.8.9.
5.		Section 2.3(a) – the reference to clause 4.8.9(b)(1) should read clause 4.8.9(b)(3).	Noted and incorporated



6.		<p>Section 3(a)(i) – sets out the requirement for AEMO to ‘notify] and update the market of circumstances that may require a direction’. We suggest AEMO utilise the wording of the NER which is ‘foreseeable circumstances which may require AEMO intervention’. We consider this picks up an important aspect of the obligation – namely that AEMO is required to notify the market of foreseeable circumstances. We also consider AEMO could introduce wording to reflect the temporal aspects of the obligations on AEMO to publish and update notices in an expeditious way.</p>	<p>Partly incorporated. All the provisions for the notification of the market are included in the NER (4.8.5A). The Procedures recognise these requirements but there is no need or intent for the Procedures to reiterate or expand on them.</p>
7.	AER	<p>Section 4.1(a) – we consider the wording of ‘AEMO operator will confirm that the Registered Participant is being issued with a direction or clause 4.8.9 instruction’ still carries a risk of future misunderstandings between AEMO and participants as to the nature of instruction being given. We consider preferable wording to be:</p> <p style="padding-left: 40px;">The AEMO operator will expressly notify the Registered Participant that it is being issued with a direction or clause 4.8.9 instruction, as applicable.</p>	<p>Noted and incorporated. In practice AEMO states whether a direction is a <i>direction</i> or <i>clause 4.8.9 instruction</i> for NER purposes.</p>
8.		<p>Section 4.1(b) – we read the reference to ‘confirm a direction by telephone’ as being ambiguous. As above, the word ‘confirm’ in 4.1(b) could be amended to ‘expressly notify’. Further, we consider that it would be best practice to always issue a written participant notice to a participant subject to a clause 4.8.9 direction. The reason is twofold – to minimise the risk that the participant misheard or misunderstood AEMO’s verbal clause 4.8.9 direction and, in the event of non-compliance with the clause 4.8.9 direction for reasons other than hazard to public safety or material risk of damaging equipment, enhance the AER’s ability to take appropriate enforcement action.</p>	<p>Partly incorporated. AEMO will always issue a participant notice. However, the direction by telephone is considered to be the actual direction. Where the direction is given by telephone the written market notice is a confirmation only.</p>



## ATTACHMENT 1 – DRAFT PROCEDURES FOR ISSUE OF DIRECTIONS AND CLAUSE 4.8.9 INSTRUCTIONS

### 1. INTRODUCTION

#### 1.1. Purpose and scope

These are the procedures for the issue of *directions* made under clause 4.8.9(b) of the National Electricity Rules (NER) (Procedures).

These Procedures have effect only for the purposes set out in the NER. The NER and the National Electricity Law (NEL) prevail over these Procedures to the extent of any inconsistency.

#### 1.2. Definitions and interpretation

##### 1.2.1. Glossary

Terms defined in the NEL and the NER have the same meanings in these Procedures unless otherwise specified in this clause.

Terms defined in the NER are intended to be identified in these Procedures by italicising them, but failure to italicise a defined term does not affect its meaning.

The words, phrases and abbreviations in the table below have the meanings set out opposite them when used in these Procedures.

Term	Meaning
AEMO	Australian Energy Market Operator Limited
Direction Period	The period starting at the time from which <i>energy</i> , an <i>ancillary service</i> or another service is to be provided under a <i>direction</i> (as specified in that <i>direction</i> ), and ending at either: (a) the end time specified in the <i>direction</i> , if applicable; (b) otherwise, the time with effect from which AEMO revokes the <i>direction</i> .
NEL	National Electricity Law
NER	National Electricity Rules
Requirement	A requirement for <i>energy</i> , <i>ancillary services</i> or other services that is to be met by AEMO issuing a <i>direction</i>
RP Guidelines	Guidelines for management of electricity supply shortfall events - Equitable Load Shedding Arrangements, issued by the <i>Reliability Panel</i> in December 2009
TNSP	<i>Transmission Network Service Provider</i>

##### 1.2.2. Interpretation

These Procedures are subject to the principles of interpretation set out in Schedule 2 of the NEL.

#### 1.3. Related documents

Reference	Title
N/A	Intervention Pricing Methodology (NER clause 3.9.3(e))
SO_OP_3715	Power System Security Guidelines

Reference	Title
SO_OP_3717	Procedure for the Dispatch and Activation of Reserve Contracts
<i>AEMC Reliability Panel</i>	Guidelines for management of electricity supply shortfall events - Equitable Load Shedding Arrangements, December 2009

## 2. BACKGROUND

### 2.1. Meaning of directions and clause 4.8.9 instructions

- (a) Section 116 of the NEL and clause 4.8.9 of the NER establish that AEMO may, where it considers it is necessary, direct a *Registered Participant* (or authorise another person to direct a *Registered Participant*) to take relevant actions to maintain or restore the security or reliability of the *power system*, or for reasons of public safety.
- (b) The distinction between a *direction* and a *clause 4.8.9 instruction* is set out in clause 4.8.9(a1) of the NER. Either can be a 'direction' in the broader sense used in the NEL. However, for NER purposes different terms are used depending on whether the direction is for:
  - (i) action relating to *scheduled plant* (comprising *scheduled generating units*, *semi-scheduled generating units*, *scheduled load* or *scheduled network services*) or *market generating units* - in which case it is a *direction*; or
  - (ii) any other action (including in relation to *transmission or distribution systems* and *non-scheduled loads*) – in which case it is a *clause 4.8.9 instruction*. Directions for *load shedding* will generally be *clause 4.8.9 instructions*.
- (c) A *direction* is an *AEMO intervention event* for the purposes of the NER, but a *clause 4.8.9 instruction* is not. The NER provisions applicable to *directions* (but not *clause 4.8.9 instructions*) include the following:
  - (i) clause 4.8.9(b) (requirement to prepare these Procedures);
  - (ii) clause 4.8.5A and 4.8.5B (notification and determination of latest time to intervene);
  - (iii) clause 3.9.3 (intervention pricing); and
  - (iv) rule 3.12 and clauses 3.15.7, 3.15.7A, 3.15.7B, and 3.15.8 (payment and settlement of compensation for *Affected Participants*, *Market Customers* and *Directed Participants*).
- (d) For convenience, these Procedures include some matters relating to the issue of *clause 4.8.9 instructions*, as well as *directions*.

### 2.2. NER principles

Clause 4.8.9(b) of the NER requires AEMO to develop procedures for the issue of *directions* that reflect the following principles:

- (1) *AEMO* must use its reasonable endeavours to minimise any cost related to *directions* and compensation to *Affected Participants* and *Market Customers* pursuant to clause 3.12.2 and compensation to *Directed Participants* pursuant to clauses 3.15.7 and 3.15.7A;
- (2) a *direction* should be revoked as soon as *AEMO* determines that the *direction* is no longer required;
- (3) *AEMO* must take into account any applicable guidelines issued by the *Reliability Panel*;



- (4) AEMO must observe its obligations under clause 4.3.2 concerning *sensitive loads*;
- (5) AEMO must expressly notify a *Directed Participant* that AEMO's requirement or that of another person authorised by AEMO pursuant to clause 4.8.9(a) is a *direction*."

### 2.3. Reliability Panel guidelines

- (a) Clause 4.8.9(b)(3) of the NER requires AEMO, when issuing *directions*, to take into account any applicable *Reliability Panel* guidelines. As at the effective date of these Procedures, there were no such guidelines applicable to the issue of *directions*.
- (b) The RP Guidelines apply for the purposes of clause 4.8.9(i) of the NER where AEMO issues *clause 4.8.9 instructions* requiring *load shedding across interconnected regions*. The RP Guidelines form part of the *power system security standards*.
- (c) AEMO must use reasonable endeavours to implement *load shedding* in an equitable manner as specified in the RP Guidelines, taking into account the *power transfer capability* of the relevant *networks*.

## 3. BEFORE ISSUING A DIRECTION

- (a) Where AEMO considers that it might have to intervene in the *market* by issuing a *direction*:
  - (i) clause 4.8.5A and clause 4.8.5B of the NER provide for processes under which AEMO notifies and updates the *market* of the circumstances that may require a *direction*, and determines the latest time at which AEMO would need to issue a *direction* to address a Requirement; and
  - (ii) AEMO will issue a *direction* if, by the latest time to intervene, the Requirement still exists and is not expected to be fully met by a *market* response or by action taken under any available *reserve contract*.
- (b) To determine the latest time to intervene, AEMO will first identify the *scheduled plant* or *market generating units* that could reasonably meet the Requirement when it is expected to arise. Identified options should be limited to *plant* within the same *region* as the Requirement as far as reasonably practicable, to minimise the effect on *interconnector* flows and the number of *Affected Participants* in accordance with clause 3.8.1(b)(11) of the NER.
- (c) AEMO will then contact the *Registered Participants* whose relevant *plant* has been identified by telephone to request information under clause 4.8.5A(d) and (e) of the NER, or to confirm information previously provided to AEMO. This information may include (but is not limited to):
  - (i) technical availability of the *plant* during the possible *Direction Period*;
  - (ii) lead time required for the *plant* to deliver a response sufficient to address the Requirement;
  - (iii) minimum or maximum output and run times;
  - (iv) estimated costs of the *Registered Participant* in complying with a relevant *direction*, if issued.
- (d) AEMO will use this information, and any other relevant information available to AEMO, to determine which *Registered Participant(s)* should be the subject of a *direction*. As far as reasonably practicable in all the circumstances, this determination should seek to:
  - (i) minimise the costs arising from the likely compensation to *Directed Participants*, having regard to (without limitation and where relevant):



- (A) the quantity of *energy* or *ancillary services* for which compensation would be payable to an identified *Registered Participant* under clause 3.15.7 of the NER; and
- (B) the costs likely to be incurred by an identified *Registered Participant* in complying with a relevant *direction*;
- (ii) minimise both the number of *Affected Participants* and the associated cost of compensation for *Affected Participants* and *Market Customers* under clause 3.12.2 of the NER; and
- (iii) have the least impact on the ability to maintain security of *supply* to *sensitive loads*.
- (e) AEMO's identification of one or more *Registered Participants* under paragraph (d) will determine the latest time by which it must issue a *direction*. This will usually depend on the time at which the relevant participant(s) need to initiate action to deliver sufficient response by the time the Requirement arises.

## 4. ISSUE OF DIRECTIONS AND CLAUSE 4.8.9 INSTRUCTIONS

### 4.1. Verbal, participant and market notices

- (a) Unless telephone communication is not reasonably possible, AEMO control room staff will issue a [verbal direction](#) or *clause 4.8.9 instruction* by telephone to the designated 24-hour contact for the relevant *Registered Participant*. The AEMO operator will specify that the *Registered Participant* is being issued with a *direction* or *clause 4.8.9 instruction*, as applicable.
- ~~(b)~~ [AEMO will confirm a verbal direction by issuing a written participant notice to the relevant Registered Participant. This is only a confirmation and Registered Participants are expected to act on the verbal direction within applicable timeframes. The recipient should immediately contact the AEMO control room operator if it considers that a written confirmation may be inconsistent with the verbal direction.](#)
- ~~(b)(c)~~ If ~~at the~~ *direction* or *clause 4.8.9 instruction* cannot be given by telephone, ~~as well as to confirm a direction previously given by telephone,~~ AEMO will issue a written participant notice to the relevant *Registered Participant*. ~~The~~ notice will state that the *Registered Participant* is being ~~issued~~ with a *direction* or *clause 4.8.9 instruction*, as applicable.
- ~~(e)(d)~~ AEMO will publish a Market Notice advising that AEMO has issued a *direction* or *clause 4.8.9 instruction*.
- ~~(d)(e)~~ In the case of a *direction*, AEMO will also advise the market [about the application of](#) ~~of any intervention pricing~~ ~~intervention price dispatch intervals~~ for the purposes of clause 3.9.3 of the NER.

### 4.2. Content of directions and clause 4.8.9 instructions

- (a) A *direction* will specify the quantity of *energy*, *ancillary service* or other service to be delivered:
  - (i) by specified *plant* or at a specified point;
  - (ii) at a specified time; and
  - (iii) for a specified period or until further notice.

~~(b)~~ Clause 4.8.9 instructions for load shedding will be issued to the relevant TNSP(s) in accordance with the applicable jurisdictional load shedding procedures made under clause 4.3.2(h)(1) of the NER, and AEMO's Power System Security Guidelines (SO OP 3715). An instruction will specify:

- ~~(-)~~ the quantity of load reduction to be achieved in that TNSP's region;
- ~~(-)~~ the Region, or at the specified connection point(s), where load is to be shed in a specified area or anywhere in the region; and
- ~~(-)~~ the time to commence load shedding, commencing at or effective by a specified time, or 'as soon as practicable'.

~~(e)(c)~~ A clause 4.8.9 instruction to a TNSP to shed load will be consistent with the Sensitive Loads and Priority Load Shedding Schedule procedure for the applicable region.

### 4.3. Revoking directions

- (a) AEMO will revoke a *direction* from the time when it appears to AEMO that the relevant Requirement no longer exists, or will be met by the *market* without the need for the directed action.
- (b) AEMO will revoke the *direction* by issuing a participant notice to the *Directed Participant*.
- (c) AEMO will publish a market notice when a direction is revoked.

## 5. IMPLEMENTATION OF DIRECTIONS

- (a) Where a *direction* relates to *scheduled plant*, the *Directed Participant* must submit a *dispatch offer, dispatch bid, ancillary service offer* or *rebid* under which its maximum available capacity for *energy* or *ancillary services* (as applicable) is equal to the quantity specified in the *direction* at all times in the *Direction Period*.
- (b) If necessary, AEMO will apply constraint equations in *central dispatch* to give effect to the *direction* and address any technical limitations of *scheduled plant*.
- ~~(c)~~ AEMO may give additional instructions to *Registered Participants* in respect of *scheduled plant* as contemplated in clauses 4.9.2 and 4.9.2A.
- ~~(d)~~ If a *Directed Participant* makes a decision to offer *energy* or *ancillary services* which are subject to a *direction* to the *market* under rule 3.8 of the NER during the *Direction Period*:
  - ~~(i)~~ the *Directed Participant* must promptly notify AEMO of the time and quantity of *energy* or *ancillary services* that it intends to offer by telephone to the AEMO control room;
  - ~~(ii)~~ AEMO must revoke or amend the *direction* as soon as reasonably practicable to reflect the notified intention; and
  - ~~(+)(iii)~~ the *Directed Participant* may then submit a *dispatch offer, dispatch bid, ancillary service offer* or *rebid* (as applicable) in accordance with rule 3.8 reflecting its intention.

## 6. COMPLIANCE REQUIREMENTS

The obligations of *Registered Participants* to comply with *directions* and *clause 4.8.9 instructions* are set out in section 118 of the NEL and in clauses 4.8.9 and 4.8.9A of the NER. *Registered Participants* are expected to be familiar with these obligations and to immediately notify AEMO of any inability to comply with a *direction* or *clause 4.8.9 instruction*.