



Changes to System Operating Procedure 3707

Final Report – Expedited consultation
for the National Electricity Market

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Executive summary

The publication of this final report concludes the expedited rules consultation procedure conducted by AEMO to change the System Operating Procedure 3707 – Procedures for Issue of Directions and Clause 4.8.9 instructions (**Directions Procedures**) under the National Electricity Rules (**NER**) (the **proposal**).

On 30 May 2024, AEMO published a draft report and proposal, outlining the proposed changes to the Directions Procedures. The proposed changes are limited to those required by the *National Electricity Amendment (Improving security frameworks for the energy transition) Rule 2024 (ISF rule change)*¹, which specify the information AEMO must include in a market notice to be published following the issuance of a direction. AEMO has also taken the opportunity to make minor administrative corrections to the Directions Procedures.

AEMO thanks all stakeholders for their feedback on the proposal, which was undertaken as required by NER 4.8.9(b), following the procedure in NER 8.9.3. Submissions on AEMO's proposed Directions Procedures were received from EnergyAustralia and Shell Energy.

AEMO's final determination on the proposal is to amend the Directions Procedures in the form published with this final report, with an effective date of 4 July 2024.

¹ For further details on the ISF rule change please see: [ISF Final Determination](#)

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1. Stakeholder consultation process

AEMO has consulted on the proposal to amend the Directions Procedures, in accordance with the expedited rules consultation procedure in NER 8.9.3.

Note that this document uses terms defined in the NER, which are intended to have the same meanings. There is a glossary of additional terms and abbreviations in Table 3 of Appendix A.

AEMO's process and timeline for this consultation are outlined below.

Table 1 Consultation process and timeline

Consultation steps	Dates
Draft report published	30 May 2024
Submissions due on draft report	28 June 2024
Final report published	04 July 2024

AEMO's consultation webpage for the proposal is available on AEMO's [website](#) containing all published papers, reports and written submissions.

In response to its draft report, AEMO received two written submissions, from EnergyAustralia and Shell Energy.

AEMO thanks all stakeholders for their feedback on the draft report, which has been considered in preparing this final report.

2. Background

2.1. Context for this consultation

The AEMC's final determination and a more preferable rule for the ISF rule change (published 28 March 2024) includes:

- explicit requirements for AEMO to publish a market notice when issuing a direction (noting that in practice AEMO currently publishes a market notice when issuing a direction but it is not codified in the NER); and
- requirements for AEMO to provide specific details in those market notices for directions, such as the identity of directed participants and detail about the nature of the direction.

To meet these requirements AEMO will include additional information in direction market notices and AEMO must therefore update the Directions Procedures.

A summary of the initial proposal is provided in Section 3 of the draft report.

2.2. NER requirements

AEMO is responsible for developing the Directions Procedures in accordance with NER 4.8.9(b). These procedures describe the process and principles AEMO will follow for the issuance of directions. The Directions Procedures may only be amended in accordance with the rules consultation procedures set out in NER 8.9.

As outlined in the ISF rule change the newly established NER clause 4.8.9(k) states that:

"If AEMO has issued a direction, AEMO must, to the extent reasonably practicable, immediately publish a notice setting out:

(1) the Directed Participant and the type of directed resource subject to the direction;

(2) the required actions to be taken by the Directed Participant;

(3) for a direction pursuant to clause 3.15.7(a2)(4), the service or need that was provided (where it is reasonably practicable to identify the service or need);

(4) details of the circumstances that necessitated the direction, including the 'act or thing' referred to in paragraph (a)(1)."

2.3. The national electricity objective

Within the specific requirements of the NER applicable to this proposal, AEMO has sought to make a determination that is consistent with the national electricity objective (NEO) and, where considering options, to select the option best aligned with the NEO.

The NEO is expressed in section 7 of the National Electricity Law as:

to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- (a) price, quality, safety, reliability and security of supply of electricity; and

- (b) the reliability, safety and security of the national electricity system; and
- (c) the achievement of targets set by a participating jurisdiction—
 - (i) for reducing Australia’s greenhouse gas emissions; or
 - (ii) that are likely to contribute to reducing Australia’s greenhouse gas emissions.

2.4. Consultation feedback and responses

On 30 May 2024, AEMO published a draft report and change-marked draft Directions Procedures, inviting feedback on the proposed changes to the Directions Procedures.

AEMO received two submissions in response to the proposed Directions Procedures.

A summary of the stakeholder feedback and AEMO’s response is included in Table 4 of Appendix B of this report.

3. Final changes

In response to the submissions, AEMO has made the following additional changes to the Directions Procedures:

Table 2 Changes made to the proposed Procedures in developing the final Procedures.

Change to final Procedure	Summary of change
Amended Section 4.1 (c)	In response to stakeholder feedback AEMO has replaced the word “will” in Section 4.1 subclause (c) with “may” to confirm that AEMO may issue a participant notice where a verbal direction could not be given.
Amended Section 6.1 (a)	To improve clarity, AEMO has replaced “unit and unit site name” with “participant name and unit Dispatchable Unit Identifier (DUID)” for the Directed Participant details that will be included in market notices under NER 4.8.9(k).
Amended Section 6.1 (c)	In response to stakeholder feedback AEMO has updated subclause 6.1(c) to include “energise and follow dispatch targets” as an example action included in market notices under NER 4.8.9(k).
Amended Section 6.2 (a)	In response to stakeholder feedback AEMO has updated to define Energy as “an increase or decrease in active energy output or consumption (MW)”.
Amended Section 6.2 (b)	To improve clarity, AEMO has replaced the word “energy” in the description of Reserve with “capacity”.
Amended Section 6.2 (c)	In response to stakeholder feedback AEMO has updated to expand the definition of Frequency Control to include maintenance of a level of energy storage to allow the provision of FCAS.
Amended in Section 6.2	AEMO has removed the words “or instruction” from the heading of Section 6.2 as the ISF rule change and Section 6 of SO_OP_3707 only apply to directions

Change to final Procedure	Summary of change
New subclause (h) in Section 6.2	In response to stakeholder feedback AEMO has updated Section 6.2 to include Rate of Change of Frequency as an example of services or needs provided by a direction.
New subclause (f) in Section 6.3	In response to stakeholder feedback AEMO has added the inclusion of Frequency Control as an example circumstance necessitating a direction.
Update to version release history	AEMO has updated the version number and version release history to include details of previously published version 23.

4. Summary of issues

A list of issues raised by respective stakeholders and AEMO's responses are summarised in Table 4 of Appendix B.

5. Final determination on proposal

Having considered the matters raised in submissions to the draft report and at consultation meetings, AEMO's final determination is to amend the Directions Procedures in the form published with this final report, in accordance with NER 4.8.9(b) and with an effective date of 4 July 2024.

6. Appendix A. Glossary

Table 3 Glossary

Term	Definition
ISF	Improving Security Frameworks
NEO	National Electricity Objective
NER	National Electricity Rules

7. Appendix B. Summary of submissions and AEMO responses

Table 4 Summary of submissions and AEMO responses

Issue/comments	Participant	AEMO response
The market notice should capture the start and end times of the direction, including the region it was triggered.	EnergyAustralia	AEMO will include the region of the direction, the commencement time of the direction and it's expected duration in the relevant directions market notices (where expected duration can be identified). In addition, when a direction is cancelled, AEMO will issue a market notice confirming cancellation and the time at which the direction is cancelled.
AEMO should state whether (or not) a direction attracts intervention pricing.	EnergyAustralia	This detail will be included in the relevant directions market notices.
AEMO should include confirmation on the 'Service or Need' required for the direction and that is being (or has been) addressed by the direction.	EnergyAustralia	AEMO will confirm the 'Service or Need' in the relevant market notices and will initiate directions to the extent necessary to meet the identified requirement. The relevant market notices will also include the wording "AEMO may issue or revoke additional directions in order to meet the current requirement, unless sufficient market response is provided". If AEMO is unable to address the identified requirement through the use of directions it will take other appropriate action(s) to meet the identified requirement and update participants via market notices as required.
AEMO should include further details on the issuance of the market notice captured in the Circumstance section, linked to the type of service provided.	EnergyAustralia	To minimise complexity and workload for AEMO control room operators, details in published Market Notices will include a summary of the circumstances necessitating the direction. Additional detail/assessment of the type of service and its appropriateness will be included in AEMO's published direction reports as is required under NER 3.13.6A.

Issue/comments	Participant	AEMO response
<p>Section 4.1 subclause (c)</p> <p>The proposed inclusion of “or clause 4.8.9 instruction” in subclause seems to duplicate the issue of a participant notice for a clause 4.8.9 instruction which is issued under subclause (b) and therefore may be unnecessary.</p>	Shell Energy	<p>Section 4.1 subclause (a) outlines that AEMO will issue a verbal <i>direction</i> or <i>clause 4.8.9 instruction</i> unless telephone communication is not possible. Subclause (b) then outlines that AEMO will confirm a verbal <i>clause 4.8.9 instruction</i> with a written participant notice.</p> <p>Subclause (c) confirms that where AEMO cannot give a verbal <i>direction</i> or <i>clause 4.8.9 instruction</i> AEMO will issue a participant notice in place of a verbal <i>direction</i> or <i>clause 4.8.9 instruction</i>. As such SO_OP_3707 correctly describes the process which may be followed if AEMO is unable to give a verbal <i>direction</i> or <i>clause 4.8.9 instruction</i>. To further clarify the process AEMO has replaced the word “will” of Section 4.1 subclause (c) with “may” to confirm that AEMO may issue a participant notice where a verbal direction cannot not be given.</p>
<p>Section 4.3 subclause (b)</p> <p>We agree that a market notice should be issued whenever a direction is revoked. We also consider that when a direction(s) remains active in the same region as the region in which a direction that has been revoked, the relevant market notice should indicate that a direction(s) remains active in the region and refer to the relevant market notice(s) for the other direction(s).</p>	Shell Energy	<p>AEMO will publish a market notice advising participants of the commencement of an AEMO intervention event. AEMO will then issue a market notice for each directed participant which will reference the commencement of AEMO intervention event market notice. When the system conditions requiring the intervention event have ceased AEMO will issue a market notice for the cancellation of each participant direction. Once all the directions forming part of the AEMO intervention event are cancelled, AEMO will issue a market notice advising the market that the AEMO intervention event has been cancelled. In this way participants will know that directions remain active within a region until the AEMO intervention event cancellation market notice is issued.</p>
<p>Section 6.1 subclause (c)</p> <p>It is unclear how the example relates to asynchronous generators or bi-directional units which are energised as opposed to synchronised to the grid. In the case of a bi-directional unit, directions could take the form of maintenance of a defined storage level (MWh) as opposed to maintaining a specific active energy output or consumption.</p>	Shell Energy	<p>The examples included here are not an exhaustive list of required actions. Where AEMO directs a participant to take other action(s) AEMO will include the details of the required actions in the relevant market notices.</p> <p>AEMO does not presently direct in the form of maintenance of a defined storage level in MWh however, AEMO has added “energise and follow dispatch targets” to the required actions section of SO_OP_3707 as an additional example.</p>
<p>Section 6.2 subclause (a)</p>	Shell Energy	<p>AEMO has updated SO_OP_3707 to reflect this change.</p>

Issue/comments	Participant	AEMO response
<p>In our view “Energy” should be further defined as an increase or decrease in active energy output or consumption (MW), as well as maintenance of a defined energy storage level (MWh).</p>		
<p>Section 6.2 subclause © We recommend expanding the definition of Frequency Control to include maintenance of a level of energy storage to allow the provision of FCAS.</p>	Shell Energy	AEMO has updated the Directions Procedures to expand the definition of Frequency Control to include maintenance of a level of energy storage to allow the provision of FCAS.
<p>Section 6.2 subclause (h) We suggest an additional subcategory (h) which refers to the provision of rate of change of frequency (inertia), which in our view is different to FCAS.</p>	Shell Energy	AEMO has updated SO_OP_3707 to include provision of services related to Rate of Change of Frequency.
<p>Section 6.3 Recommend the inclusion of Rate of Change of Frequency (Inertia).</p>	Shell Energy	As Rate of Change of Frequency and the associated system frequency required outcomes are defined in the Frequency Operating Standard, AEMO has added the “Frequency Control – Where AEMO has identified that intervention is required to maintain the Frequency Operating Standard” as an example circumstance necessitating a direction.