

26 September 2017

Mr Glenn Gillin  
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Australian Energy Market Operator Ltd  
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By e-mail: [sras2018@aemo.com.au](mailto:sras2018@aemo.com.au)

## System Restart Ancillary Services (SRAS) Guideline – Consultation

Dear Mr Gillin

Energy Networks Australia welcomes the opportunity to make a submission to the Australian Energy Market Operator's (AEMO) consultation on the following:

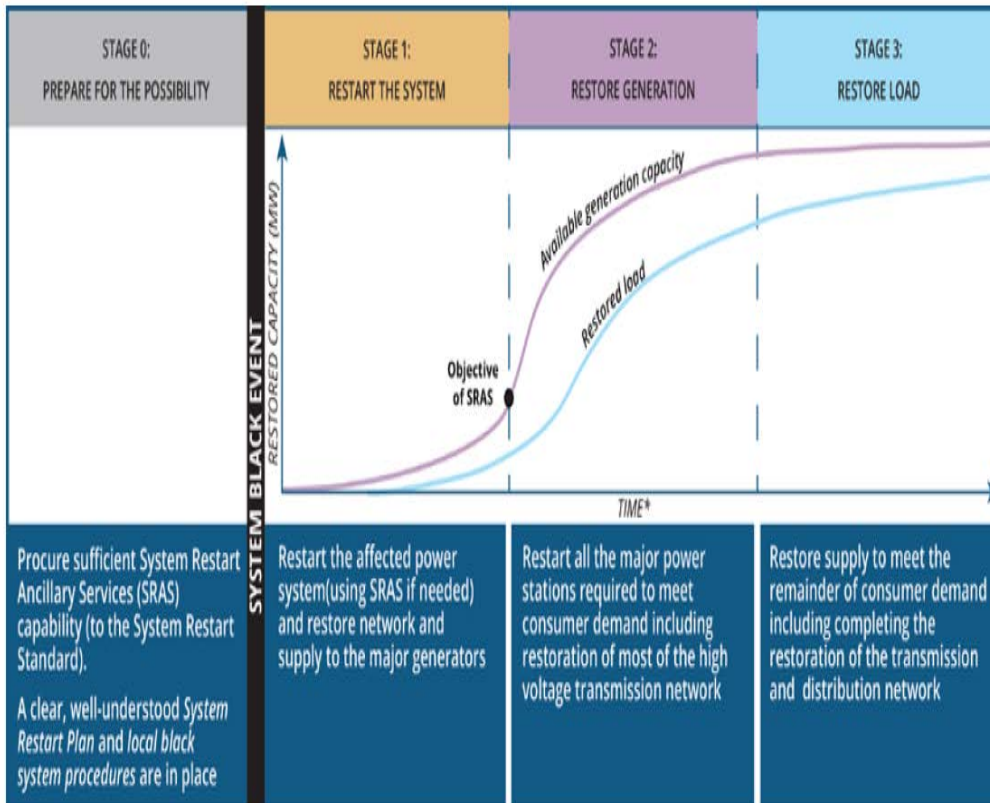
- » Draft SRAS Guideline Report and Determination
- » Draft Electrical Sub-Network Boundaries
- » Draft NSCAS Tender Guidelines

This submission has been primarily informed by member insights gathered during AEMO's recent regional forums conducted across the National Electricity Market (NEM) on this important topic. We thank AEMO for the opportunity to participate in these forums.

Energy Networks Australia members have a keen interest in ensuring a well-designed process exists for each NEM region that balances customer interests in reliable and affordable electricity supply. We support the findings from both the Finkel Independent Review into the Future Security of the NEM and the Reliability Panel's Review of the System Restart Standard, which have highlighted the need for a holistic and well understood process for all stages of the restoration process, including testing of equipment and processes.

Energy Networks Australia considers that AEMO should procure SRAS to ensure that it achieves the best possible outcome for the full system restart process as described in the figure in the Reliability Panel's final report (overleaf):

**Figure 1: Extract from Reliability Panel’s Final System Restart Standard (15 December 2016, Executive Summary, page i)**



\* Stage 1 typically takes less time than stages 2 or 3.

The experience in South Australia on 28 September last year highlights the importance of prioritising Stage 1 of the process. Key decisions regarding SRAS sources for stage 1, will largely determine the degree of success for stages 2 and 3. We suggest that the optimal choice of SRAS sources should be informed by risks arising from (amongst other things) natural disasters and transmission corridor single points of failure.

On this basis, there are opportunities for AEMO to ensure, through its guideline that the configuration of electrical sub-networks and geographical diversity are considerations, which inform all stages of the system restart process, including the selection of SRAS sources. This is consistent with the Reliability Panel’s recommendation to:

*“give consideration to the technical characteristics of the power system as part of its broader power system security responsibility”<sup>1</sup>*

<sup>1</sup> Final Determination, Reliability Panel AEMC Panel Determination pp viii.

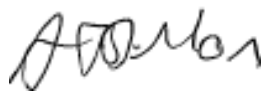
Energy Networks Australia supports involving TNSPs in optimising potential SRAS testing arrangements. AEMO's Draft Report addresses many of the issues we raised in response to the Issues Paper. Outstanding issues for Energy Networks Australia members are summarised below:

1. Our members see **a need for further clarity** around: (a) data requirements, (b) whether the focus on connection point analysis is too narrow and (c) timing requirements for collating data for AEMO's assessment of aggregate reliability measurements.
2. **Establishing clear and workable protocols and arrangements between AEMO and TNSPs in the scheduling and conducting of SRAS testing** as foreshadowed in the Draft Report. Testing windows should only be held open for the minimum time necessary to mitigate against potential deleterious market and performance impacts.
3. **It is still unclear as to what AEMO considers is the best way for TNSPs and SRAS providers to negotiate and recover the potential costs of the proposed SRAS testing arrangements.** Short notice testing can create both costs and risks for TNSPs, customers and generators. It is highly likely that generators will be in a position to address this as part of their quotations and offers. But for TNSP's, AEMO should seek clear involvement from the Australian Energy Regulator (AER) for its considered position as to the regulatory treatment of testing costs and in relation to any potential impacts on existing AER incentive schemes. Energy Networks Australia considers that in due course, AEMO should be preparing for third party indemnities and costs to be part of the contracting arrangements with potential SRAS providers.
4. **That there are residual concerns in the calculation of individual reliability measures.** These values would indicate that there is quite a large confidence interval that may undermine the econometric validity of these 'assumed' values.
5. **Clarification of the decision making process as to why AEMO reverted to 2015 material, rather than undertaking a new economic and technical analysis/examination of the criteria for assessing electrical sub-networks.** At a minimum, AEMO should outline in its Final Report what criteria or 'triggers' it considers are necessary for it to undertake new analyses of these important boundaries.

Energy Networks Australia also notes that a number of member businesses will be lodging individual submissions that will focus on specific jurisdictional issues.

Should you have any additional queries, please contact Norman Jip, Energy Network Australia's Senior Program Manager - Transmission on (02) 6272 1521 or [njip@energynetworks.com.au](mailto:njip@energynetworks.com.au).

Yours sincerely,



**Andrew Dillon**  
**Interim Chief Executive Officer**