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Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH, NSW, 1235

Dear Mr Pierce

Re: Submission on National Electricity Amendment - System restart plan release provisions

The AER welcomes the opportunity to respond to the System restart plan release provisions rule change consultation paper.

We support AEMO's proposal to amend the National Electricity Rules (Electricity Rules) to remove any uncertainty regarding AEMO's ability to disclose the system restart plan to relevant participants. It is essential that the Electricity Rules provide the upmost clarity for AEMO and participants to confidently undertake preparatory measures to ensure the system restart plan is fit for purpose.

Provision of system restart plan(s) to relevant participants

The effective implementation of the system restart plan(s) requires each relevant party to appropriately understand their respective roles and responsibilities and how parties are to interact and communicate during a system restart.

As a result of our review into the 2016 Black System Event in South Australia, we consider the industry will benefit from additional clarity and certainty about roles and responsibilities, particularly when undertaking preparations for a potential major supply disruption. The dissemination of the system restart plan(s) is one key way this can occur. This will not only facilitate the communication of the plan itself but also provide relevant parties the opportunity to check consistency of the system restart plan with their preparatory work, including SRAS testing and the development of local black system procedures.

It also provides a secondary check on the accuracy of the information AEMO relies on through the course of developing, and then making subsequent amendments to, the system restart plan.

With regard to the AEMC's consultation paper question on whether other parties may disclose the system restart plan, we consider AEMO should continue to exclusively co-ordinate and control dissemination. This measure ensures the system restart plan is disclosed only when necessary, preserving the additional controls required when handling confidential information. Should a recipient of the system restart plan wish to disclose the information to another party, it is appropriate that AEMO consider whether it is necessary that the proposed party has the information either in whole or in part.

Application of s54G of the National Electricity Law

In light of the issue identified in the rule change proposal regarding section 54G of the National Electricity Law (s54G) we briefly set out below our views on its application.

We note that a key basis of AEMO's rule change proposal is the uncertainty in how s54G applies to the disclosure of confidential information for the purposes of preparatory work relating to the system restart plan.

We do not consider this provision may be read as narrowly as proposed. We consider s54G is broad in its scope and encompasses circumstances in which AEMO may disclose confidential information for preparatory measures so long as it is necessary for the reasons set out in s54G. In particular s54G(1)(a)(ii) provides AEMO with the authority to disclose protected information (includes confidential information) so long as it is "necessary for the safety, reliability or security of the national electricity system". This is a broad authority that primarily hinges in this context on the 'necessity' of the disclosure.

The system restart plan is a critical component of the system safety net that ensures the electricity system can return to a secure operating state following a major supply disruption. For the reasons set out in the rule change proposal, we consider the preparatory work forms an essential component of the effective implementation of the system restart plan. In our view, so long as the disclosure of the system restart plan to a relevant party is necessary to ensure the system restart plan is fit for purpose then s54G would apply.

Nonetheless, the proposed rule regarding disclosure provides additional clarity and certainty for the industry and AEMO by outlining the relevant parties that the system restart plan would likely be disclosed to for preparatory measures. We consider the proposed rule is therefore supplementary to s54G of the NEL. We note s54G(2) allows AEMO to apply confidentiality conditions when disclosing protected information. Given AEMO's concerns about the application of s54G, for the sake of clarity the AEMC may wish to consider whether the proposed rule should include the same authority to impose conditions of disclosure. This may be particularly important to ensure clause 8.6.1(b)(2) of the Electricity Rules can be as effective as possible.

We welcome the opportunity to discuss the submission with you. If you have any questions please do not hesitate to contact Joanna Gall on 08 8213 3461 or Joanna.Gall@aer.gov.au.

Yours sincerely



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AER Wholesale Markets

Sent by email on: 08.02.2018