

06 March 2018

Ms Anne Pearson
Chief Executive
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Attention: Ms Elizabeth Bowron

**Australian Energy Market Operator's (AEMO) Rule change proposal - Testing
of System Restart Ancillary Services capability - Consultation Paper
(6 February 2018) (ERC0229)**

Energy Networks Australia welcomes the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC) Consultation Paper on AEMO's rule change proposal on Testing of System Restart Ancillary Services (SRAS) capability.

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

AEMO's proposal would exclude the short notice test from the requirement that generators have to provide the relevant network service provider (NSP) with 15 business days' notice of a test. AEMO also argues that the proposed exclusion for the short notice test is deliberately specific to avoid the possibility of inadvertently exempting other forms of testing from the existing 15 business days' notice requirement in the National Electricity Rules (NER).

The proposed exclusion: (i) only covers tests that have been arranged by AEMO with the relevant NSP, and (ii) would not capture other tests under an SRAS agreement, (for e.g. after maintenance or as required by AEMO if it suspects a possible issue).

Energy Networks Australia supports the overall intention of the rule change proposal as the best option to address the issue at hand. The primary reasons include:

- » It will align the requirements in the NER with the requirements contained in AEMO's recently finalised SRAS Guidelines. This will provide clarity to our members, AEMO, SRAS Providers and market participants
- » The updated SRAS Guidelines should facilitate an improvement to existing system restart processes by allowing AEMO to undertake short notice tests on SRAS providers' equipment and facilities. It is crucial that these SRAS providers are able to respond in a timely fashion and operate as anticipated at times of heightened system and stakeholder stress.

Recommendations

Energy Networks Australia recommends that:

1. There should be an obligation on the SRAS Provider to have an agreed test plan in place with the relevant network service provider **at all times**. Such a plan should not be developed on an *as required* basis, e.g. during the lead up to, or immediately before, a 'short notice' test.
2. The AEMC explicitly clarifies that NSPs in participating in these compliance-assuring tests can recover all reasonable costs from the SRAS provider as a result of undertaking these SRAS capability tests.

This entitlement is currently available under clause 3.11.9 (i) (3) of the NER, but to date, has been rarely invoked by our member businesses.

Version 106 of the NER, Clause:

3.11.9 Acquisition of system restart ancillary services by AEMO

states at "(i) A *Network Service Provider* must:

(3) participate in, or facilitate, testing of a *system restart ancillary service* proposed to be provided by a prospective *SRAS Provider* where it is reasonable and practicable to do so, and when participating in or facilitating such activities, the *Network Service Provider* will be entitled to recover from the prospective *SRAS Provider* all reasonable costs incurred by the *Network Service Provider* and for such purposes the activities of the *Network Service Provider* will be treated as *negotiable services*"

Energy Networks Australia members would like to place on the record that in the past, some NSPs have not actually charged for such SRAS testing, but that they could do so in the future. We consider that in doing this, it will lead to long-term system security benefits for consumers and customers with a more stringent system restart testing regime in place in the National Electricity Market.

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.

Yours sincerely,



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