

6 May 2019

Charles Pople  
Chairman, Reliability Panel  
Australian Energy Market Commission  
Sydney South NSW 1235

Submitted online: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Mr Pople,

## **DEFINITION OF UNSERVED ENERGY– CONSULTATION PAPER**

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) Definition of Unserviced Energy (USE) Consultation Paper.

Origin supports the Reliability Panel in seeking to clarify the definition of USE, as it is an important metric for planning by industry. The definition of USE should continue to be linked to reliability issues only, with security related incidents excluded. Interventions by the Australian Energy Market Operator (AEMO) should continue to be excluded from USE. While we support that contingency events should form the basis of defining the USE, the treatment of multiple generator unit failures (currently classified as a non-credible contingency) requires further consideration.

### ***The Definition of Unserviced Energy Should Focus Only on Reliability.***

The definition of USE should remain solely linked to reliability, thereby serving as a signal for investment at the wholesale level to ensure there is sufficient generation and interconnection. Investment in wholesale capacity will not minimise the amount of load at risk of interruption from security events, and so broadening the definition of USE to include security incidents will result in overinvestment. It is therefore critical that there are separate measures and standards for reliability and security.

Origin considers that the definition of USE in Chapter 10 of the National Electricity Rules is clear. However, if deemed necessary, we are not opposed to changes to the definition aimed at reinforcing that USE should only apply to wholesale interruptions.

### ***Contingency-Based Definition of Unserviced Energy***

We agree that contingency events should continue to form the basis for the definition of USE but note that the events of 10 February<sup>1</sup> (as described in the Consultation Paper) raises questions around the treatment of non-credible contingencies. In our view, while the failure of all four Colongra units is a non-credible contingency event (as currently defined in the rules), it is illogical that this would have no bearing on the USE. The broader issue could be the definition of credible and non-credible contingency events more generally, particularly in the context of a changing market, (i.e. one with an aging generation fleet). One option could be to review the definition of contingency events to test if it is still appropriate for multiple unit failures to be classified as non-credible. Alternatively, the rules could allow for some discretion when considering whether events such as these should count towards the USE. This, however, could result in added uncertainty.

### ***AEMO Reliability Related Interventions Should Not Be Included in USE.***

Origin supports the current approach where reliability related interventions are excluded from the USE. The level of USE should reflect the quantity of unmet demand after all the tools available to the market

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<sup>1</sup> AEMO, System event report, New South Wales, 10 February, 2017.

are utilised. This will provide a more accurate view of the market's overall reliability performance. The Reliability Panel can separately record the level of reliability interruptions that are prevented due to AEMO interventions.

AEMO interventions, whether through the Reliability and Emergency Reserve Trader (RERT) dispatch or instructed load shedding, can often exceed USE, so it is important that any analysis of the effectiveness of intervention is limited to what dispatch or instructed load was actually utilised.

If you wish to discuss any aspect of this submission further, please contact Kian Mohammadiéh at [Kian.Mohammadiéh@originenergy.com.au](mailto:Kian.Mohammadiéh@originenergy.com.au) or on 02 9503 5970.

Yours Sincerely,

A handwritten signature in blue ink, consisting of a series of connected loops and a vertical line at the end, resembling the name 'Steve Reid'.

Steve Reid  
Group Manager, Regulatory Policy