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Enhancing operational resilience in relation to indistinct events rule change – ERC0304

Submission via AEMC website

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AGL Response to AEMC Enhancing operational resilience in relation to indistinct events rule change

AGL Energy (**AGL**) welcomes the opportunity to comment on Enhancing operational resilience in relation to indistinct events rule change consultation paper (**consultation paper**).

AGL is one of Australia's largest integrated energy companies and the largest ASX listed owner, operator, and developer of renewable generation. AGL is also a significant retailer of energy and telecommunications, providing solutions to around 4.2 million across Australia.

Energy Ministers have proposed a rule change to introduce a new framework to manage indistinct events. Indistinct events are events that can impact on multiple generators and transmission lines in an unpredictable and uncertain manner.

The proposed rule intends to establish two tools to assess and manage these types of indistinct event risks, a standing indistinct event assessment under the protected events framework and a condition dependent indistinct assessment under a newly formed protected operations framework. We discuss each of these components below.

We broadly agree with objective of the proposed rule to ensure AEMO has the necessary tools to assess risks to the system. However as discussed below, it is unclear how the proposed frameworks will assist AEMO in assessing these types of risks given the existing arrangements for standing indistinct events and the current abnormal conditions classification framework for credible contingencies.

Standing indistinct events

As set out in the consultation paper, standing indistinct events are those that could occur at any time under any conditions, such as cyber-attacks. We consider the integration of these types of events will largely draw together existing measures into a single framework, however this is predicated on the existing measures being sufficiently flexible to meaningfully integrate into the protected events framework.

On the face of it, the consultation requirements and the additional oversight of the Reliability Panel may prove beneficial to the industry. Theoretically, assessing varying standing indistinct events that have traditionally managed under separate mechanisms or regulatory requirements will result in a consistent determination and management framework. Particularly when assessing whether costs of taking action do not exceed the expected benefits of any proposed response.

We are concerned that in practice this consolidated approach may result in an overlap of the existing risk mitigation frameworks with the application of the protected events framework. The AEMC should therefore assess what standing indistinct events will likely be subject to this proposed rule and whether the current laws and regulations provide AEMO with the flexibility to integrate these types of events under the



proposed protected events framework. For example, the Commonwealth Department of Industry, Science, Energy and Resources is already undertaking significant work in cyber security to develop appropriate guidance and frameworks. Leveraging existing emergency management processes, clarification of the end-to-end co-ordinator as well as key roles and responsibilities will need to be considered to ensure a consistent approach across all events.

If this overlap can be avoided, the AEMC should also consider when, following the initial determination process, these determinations should be revisited and reviewed by the Reliability Panel. This may be particularly important if the characteristics of the event, such as the types of potential risks and the potential impact change over time.

Condition dependent indistinct events

The consultation paper also outlines a new protected operations framework to determine and manage condition dependent indistinct events. These are events that only become more severe during abnormal conditions, such as storms or bushfires.

As discussed in the consultation paper, we appreciate this new framework aims to address a potential gap in the current contingency event classification process. This is because the assessment of non-credible contingencies is focused on risk to a discrete asset rather than a broader assessment of how abnormal conditions may pose a risk to the system.

For the reasons outlined below, we suggest the AEMC should further consider how the protected operations framework may be integrated into the current classification process to ensure the framework meaningfully addresses risks to the system at least cost.

The consultation paper defines an indistinct event as an event which is over a period of time, widespread, and involves a non-credible failure of multiple assets that are not readily identifiable. However, with respect to the last element of the definition in many instances an indistinct event can be broken down into collection of defined events such as non-credible contingency events. In this case, each non-credible event has a distinct impact on the network but is caused by the same abnormal conditions. What is not readily identifiable is which of those defined events may occur within the same period of time.

Under the current classification framework each non-credible event can only be reclassified if it is reasonably possible. Whilst this threshold for making operational changes is appropriate when assessing an asset in isolation, the classification framework does not appropriately take into account the different risk profile a series of non-credible contingencies, that are caused by the same abnormal conditions, poses to the system.

The protected operations framework should aim to identify which non-credible contingency events collectively pose a risk to the system and then determine if, or when, an appropriate operational management framework should be implemented.

Importantly, this process should also lead to an assessment of what monitoring improvements are needed to better inform AEMO of the real time risks the collective non-credible contingency events pose to the system. This may include AEMO assessing whether:

- current monitoring sources are appropriate or whether new information sources need to be introduced/altered, eg using wind speed measurements closer to the assets under threat rather than using a weather station in the region.



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- stronger third-party information protocols should be in place to inform AEMO of risks to assets due to the abnormal conditions.

This assessment should then also compliment the existing classification process, including the relevant criteria to reclassify events during abnormal conditions. Ideally the monitoring and information improvements implemented as result the protected operations framework assessment should improve the classification criteria for the relevant abnormal condition. An example of this is the criteria, and monitoring systems, already established for the purposes of assessing abnormal conditions arising due to bushfires.

With improvements to the existing credible contingency classification framework this will likely reduce the need to implement greater operational measures under the protected operations framework. It would also ensure there is not an unnecessary overlap of operational measures should the non- credible contingency events become credible.

If the condition dependent indistinct events definition includes circumstances which do not identify these asset specific threats to the network, any operational measures to address the event may provide false comfort. This will ultimately lead to unnecessary costs to the market and in turn customers.

If you have any queries about this submission, please contact Kyle Auret on (03) 8633 6854 or KAuret@agl.com.au.

Yours sincerely,

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