



AGL Energy Limited
ABN: 74 115 061 375
Level 24, 200 George St
Sydney NSW 2000
Locked Bag 1837
St Leonards NSW 2065
t: 02 9921 2999
f: 02 9921 2552
agl.com.au

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

Submission via AEMC website

10 January 2022

AGL response to AEMC Enhancing operational resilience in relation to indistinct events rule change draft determination

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

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.

The AEMC draft determination proposes to amend the contingency event framework to enable AEMO to manage threats to the power system that arise due to an indistinct event. Indistinct events are events that can impact multiple generators or transmission lines in an unpredictable and uncertain manner.

AGL participated in the AEMC technical working group (TWG) for this rule change. The TWG considered in detail the issue AEMO sought to have resolved and how this can be best achieved. We would like to take this opportunity to commend the AEMC on this constructive consultative approach to a complex and challenging rule change. This consultative process has led to a draft rule that strikes the right balance in providing AEMO with the necessary tools to address risks to the power system without undermining the existing frameworks to manage system security. In addition to the views we have already provided the AEMC through this forum, outlined below is our response to the key aspects of the draft rule.

We support the AEMC proposal to preserve the current contingency event framework rather than creating a separate framework to manage indistinct events. As noted in our previous submission, the proposed rule posed a risk that a separate framework would overlap, and therefore undermine, the existing contingency event framework.

We therefore support the draft rule that proposes to instil the same levels of transparency and information requirements under the reclassification framework for indistinct events. In particular, we note AEMO will be required to create reclassification criteria when practicable and outline the consequential actions of when contingency event becomes credible in the Power System Operating Procedures. Consistent with the current framework, we agree that a targeted consultation requirement remains appropriate for the development of these reclassification criteria. However we expect AEMO will disclose when this targeted consultation occurs to facilitate any potential feedback from market participants.

As outlined in the draft determination, along with the reclassification framework AEMO must also have a discretionary mechanism to handle credible indistinct events. We acknowledge that not all indistinct events can be readily assessed and for AEMO to consider in advance appropriate reclassification criteria. Further, the nature of indistinct events mean that AEMO cannot comprehensively model the impact of extreme



abnormal conditions on the power system. We therefore agree with the AEMC that the proposed level of discretion is appropriate given the nature of this type of threat to the power system. However, given this discretionary action will likely materially affect market participants, AEMO should also be subject to strict transparency requirements.

We consider robust governance and transparency arrangements are necessary given the broad discretion AEMO is provided under the draft rule. We therefore support the AEMC's proposal to put in place clear reporting requirements in the event AEMO exercises the discretionary mechanism. The draft rule proposes to include the reporting of AEMO's use of the discretionary mechanism under the 'reviewable operating incident' reporting framework. For these types of events, we consider a standalone reporting framework would be more appropriate as the 'reviewable operating incident' is primarily concerned with the actual occurrence of multiple credible contingency events or a noncredible contingency event eventuating. By contrast this reporting requirement is primarily focused on why the discretionary mechanism was used, the actions that were undertaken by AEMO, and why it is not practicable to include reclassification criteria for this type of abnormal condition.

Whilst we note that the AEMC considers the draft rule should only extend market notices to the reclassification of indistinct events that become credible, the market will still need timely disclosure of when AEMO uses the discretionary mechanism. The reporting requirements should therefore include an obligation shortly after the event for AEMO to disclose when the discretionary mechanism was used and the actions taken. Following this AEMO should then be required to provide a more detailed report on the use of the mechanism. This more detailed report could be included in current periodic AEMO reporting such as the AEMO Power system reclassification event report.

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

Yours sincerely,

Chris Streets

Senior Manager Wholesale Markets Regulation