



Your ref: REL0088

7 August 2023

Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000
Submitted online at: www.aemc.gov.au

Attention: Ben Hiron

Dear Ben

Submission: Reliability Panel, Revoking the South Australian protected event, 6 July 2023

CS Energy welcomes the opportunity to provide a submission to the Reliability Panel's consultation on Revoking the South Australian destructive winds protected event.

About CS Energy

CS Energy is a proudly Queensland-owned and based energy company that provides power to some of our state's biggest industries and employers. We employ almost 500 people who live and work in the Queensland communities where we operate. CS Energy owns and operates the Kogan Creek and Callide B coal-fired power stations and has a 50% share in the Callide C station (which it also operates). CS Energy sells electricity into the National Electricity Market (**NEM**) from these power stations, as well as electricity generated by Gladstone Power Station for which CS Energy holds the trading rights.

CS Energy also provides retail electricity services to large commercial and industrial customers throughout Queensland and has a retail joint venture with Alinta Energy to support household and small business customers in South-East Queensland.

CS Energy is creating a more diverse portfolio of energy sources as we transition to a new energy future and is committed to supporting regional Queensland through the development of clean energy hubs at our existing power system sites as part of the Queensland Energy and Jobs Plan (**QEJP**).

Key recommendations

The NEM is changing and will continue to do so as it transitions to a market with more Variable Renewable Energy (**VRE**) and an overall lower carbon footprint. The ability to effectively and efficiently manage power system security and reliability against this evolving

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landscape is paramount, and CS Energy supports the need to develop flexible and adaptive market and regulatory frameworks that facilitate this outcome.

A key feature of market and power system operations is the contingency reclassification framework that is an integral component and key contributor to the delivery of power system security.

CS Energy is satisfied with the AEMO proposal and justification to revoke the South Australian destructive winds protected event. This position is further reinforced by the detailed scrutiny performed by the Reliability Panel. We support the draft determination to revoke the South Australian destructive winds protected event.

Following the Australian Energy Market Commission (**AEMC**) making the *Enhancing operational resilience in relation to indistinct events*¹ rule on 3 March 2022 and subsequent development of the revised contingency reclassification framework including operationalisation of the framework as detailed in AEMO SO_OP 3715 Power System Security Guidelines², CS Energy is confident that the process is agile and adaptable to the NEM power system that is undergoing constant change and expected transformation.

The revised contingency reclassification framework enables AEMO to initiate appropriate operational actions to maintain the power system in a secure operating state accompanied by market outcomes that are efficient and effective.

The revised contingency reclassification framework demonstrates the incorporation and utilisation of Remedial Action Schemes (**RAS**) and network constraints.

The commissioning of Project Energy Connect (**PEC**) Stage 1 will result in a change to the NEM technical envelope that has resulted in the AEMO request to revoke the South Australian destructive winds protected event. In the event, the current protected event is replaced with an updated protected event that in turn will need to be repeated when PEC Stage 2 is commissioned, it highlights that the Protected Event Framework is arguably not fit for purpose. The Protected Event Framework provided an interim solution pending the completion of the revised contingency reclassification framework. The completion of the revised contingency reclassification framework has provided an opportunity to assess the utility and efficacy of the Protected Event Framework, now and into the future. The authorisation process to approve and revoke is time consuming. Any material changes to the technical envelope may result in a material impact to an approved protected event necessitating a change in accordance with the National Electricity Rules (**NER**). The Protected Event Framework process does not represent the agile and adaptable capability required and delivered by the revised contingency reclassification framework.

This conclusion is further reinforced and reflected in the CS Energy submission on 31 July 2020 to the AEMO Power System Frequency Risk Review (PSFRR) Stage 1³ on page 6,

4. Protected Event

CS Energy has reviewed the references to protected event, its application and further expansion. While understanding the requirement for the protected event, CS Energy is concerned that the current provisions may not be operationally effective. It is noted that the concept of protected event arose from the South Australia Black System Event.

¹ <https://www.aemc.gov.au/rule-changes/enhancing-operational-resilience-relation-indistinct-events>

² https://aemo.com.au/-/media/files/electricity/nem/security_and_reliability/power_system_ops/procedures/so_op_3715-power-system-security-guidelines.pdf?la=en

³ https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2020/psfrr/stage-1/cs-energy-submission-on-draft-report.pdf?la=en

However, as noted in the Report⁴, since the declaration of protected event, AEMO's records indicate it has occurred twice (on 8 August 2019 and 22 January 2020) for a period of around 24 hours in total. CS Energy notes since the declaration of a protected event, AEMO has issued many Market Notices under the "General" category particularly for the South Australia region detailing potential threats to the power system arising from abnormal weather conditions and resultant actions like that for a protected event. CS Energy encourages AEMO to consider if the conditions for a protected event are too onerous and warrant review to obtain the appropriate conditions while achieving the appropriate economic outcome. This review is important to determine if the efficacy envisaged with the protected event is being delivered, and if not, initiate the necessary changes before increasing the number of protected events in the NEM that includes South Australia and as proposed for consideration in the Queensland for the Central South intra connector⁵.

Accordingly, CS Energy is proposing that a review be conducted to determine the relevance and requirement for maintaining the Protected Event Framework following the implementation of the revised contingency reclassification framework.

CS Energy strongly supports the following key deliverable of the contingency reclassification framework process regarding the requirement for AEMO to report every six months on the appropriateness of any reclassifications decisions and measures used to manage these risks. AEMO is also required to review the arrangements for managing priority risks through the annual General Power System Risk Review (**GPSRR**). The delivery of this outcome is paramount in ensuring Participants confidence in the integrity of the contingency reclassification framework and its application.

If you would like to discuss this submission, please contact Henry Gorniak on 0418 380 432 or hgornik@csenergy.com.au or myself on 0407 548 627 or ademaria@csenergy.com.au.

Yours sincerely



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⁴ AEMO, Power System Frequency Risk Review Draft Report Stage 1 Consultation, 2020 – page 16

⁵ Ibid – p35