

5 February 2018

Australian Energy Market Commission (AEMC)
PO Box A2449
Sydney South NSW 1235

Submitted by email to aemc@aemc.gov.au

Reference: ERC0228

System restart plan release provisions, Consultation paper

Snowy Hydro Limited welcomes the opportunity to comment on matters raised in the Consultation Paper from the Australian Energy Market Commission (the Commission) on the System restart plan release provisions.

Snowy Hydro Limited is a producer, supplier, trader and retailer of energy in the National Electricity Market ('NEM') and a leading provider of risk management financial hedge contracts.

Snowy Hydro welcomes the rule change request to allow express authority to share and discuss system restart plans with relevant parties including generators contracted to provide system restart services, network businesses and jurisdictional system security coordinators. We however do not believe it is appropriate to include commercial terms in the release of data as it could damage competition and favour certain generators. Commercial terms such as system restart prices do not affect any aspect related to the system restart plan and hence must not be released to third parties. The Commission has worryingly treated this as a non-controversial rule change without it being formerly mentioned to the Australian Energy Council (AEC) and its members.

Major blackouts can and do happen and when they do the consequences can be severe. As the energy market continues to transform and the technology mix for supply continues to change the risk will continue to increase. Snowy Hydro understands that the system restart plans have received greater attention in recent years largely in response to the South Australian system black events and welcomes the Australian Energy Market Operator (AEMO) endeavour to improve them.

Disclosure of system restart plan confidential information

Snowy Hydro agree with the System Restart Working Group Steering Committee which "*are concerned that the confidentiality of system restart plans is hampering the industry's ability to prepare for, and minimise the impact of, a major supply disruption.*"¹

¹ AEMC, 2018, 'System Restart Plan release provisions rule 2018', pp3

The proposed rule change is consistent with the level of transparency around the majority of other services provided by generators, including the provision of energy and all other ancillary services, where significant detail on bids, outcomes and future intentions are made available via AEMO in almost real time.

Although AEMO intends to disclose the whole or any part of a system restart plan we believe this should be done to an extent that it does not breach commercial confidentiality. The release of this information would damage competition and favour certain market participants. We believe that if the prices which form part of the contractual requirements were disclosed this would damage competition and give certain participants an advantage.

To avoid all doubt, the price and commercial terms is not required in preparing and participating in system restoration activities including training. Snowy Hydro believes that AEMO must not have the express authority to disclose this information as part of a system restart plan.

Snowy Hydro also does not support the release of confidential commercial data to the Reliability Panel. With any three generators in the Panel at any one time the inclusion of commercial data would provide an unfair advantage to the relevant generator representatives on the Reliability Panel.

Region testing

System restart plans are not uniform across all sub-regions and they can vary from sub-region to sub-region. Snowy Hydro therefore understands AEMO's proposal to develop multiple system restart plans covering one or more regions of the entire national grid, as opposed to just one grid-wide plan. As AEMO already in practice develops one system restart plan for every region, the proposed amendment is a sensible change.

Despite the proposal to undertake regional system restart plans, AEMO should always continue to also plan across the entire NEM grid. Impacts in one or two states can impact the whole NEM grid through a reduction in overall supply and limited ability to export across the interconnectors to balance supply and demand. The interconnected nature of the NEM means that the regional system restart plan for each region needs to be integrated with other regions across the entire grid.

Treatment as a non-controversial Rule

The Commission notes that *"AEMO received no objections to the request from stakeholders during prior consultation with the Australian Energy Council (AEC) Wholesale Markets Working Group (WMWG)"*². Snowy Hydro wants to clarify that the AEC WMWG did not receive the rule change before it was formerly submitted to the AEMC rule change process and believe it is pre-emptive for the Commission to treat this as a non-controversial rule change. Although it was discussed at the

² AEMC, 2018, 'System Restart Plan release provisions rule 2018', pp8



AEC WMWG it should not be assumed that this is a non-controversial rule change without the proper consultation.

We understand that the Commission has discretion to use the rule change process where it forms the view that the request is for a non-controversial rule. This rule change has the potential to become controversial if commercial (price) information is released.

Snowy Hydro appreciates the opportunity to respond to the Consultation Paper and any questions about this submission should be addressed to Panos Priftakis, Regulation Manager, by e-mail to panos.priftakis@snowyhydro.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K Ly', with a horizontal line underneath.

Kevin Ly
Head of Wholesale Regulation
Snowy Hydro

