



System Restart Ancillary Services

The Commission has made a draft more preferable rule that will improve the arrangements for system restart ancillary services in the National Electricity Market. These changes will help to deliver an ongoing reliable supply of electricity for consumers, at an efficient cost.

Restoring supply after a major blackout

System restart ancillary services (SRAS, or restart services) allow electricity supply to be restored, following a large scale black out of the entire power system. These black outs can have significant economic and social impacts, so it is important there are enough restart services available to quickly restore power supply.

The Reliability Panel is responsible for determining the level of restart services that must be procured, including the speed of restoration and the volume of power to be restored following a major black out. The Australian Energy Market Operator (AEMO) then buys restart services on behalf of consumers to meet these requirements established by the Reliability Panel.

The cost of restart services is recovered from consumers and generators. It is therefore important that an efficient price is charged for these services.

The Commission has improved the frameworks for restart services in the National Electricity Market (NEM). These changes clarify arrangements for determining how many restart services are needed, how restart services will be procured by AEMO and how the costs of providing these services are recovered.

The Commission's draft determination focuses on the delivery of sufficient restart services to maintain a reliable supply of electricity, while recognising the costs and benefits of procuring restart services.

Improvements to the restart service framework

Changes to the NEM restart service frameworks proposed in the draft determination include:

- **Cost-reflective System Restart Ancillary Services:** The cost of providing restart services is currently recovered on a NEM wide basis. However, the cost of providing restart services can differ between NEM regions. The new draft rules recover the cost of restart services on the basis of how each service benefits each region of the NEM. This will send clearer signals to different participants regarding the costs of SRAS, allowing them to make more efficient decisions and improve the efficiency of the prices consumers pay for restart services.
- **Clarifying the purpose of restart services:** Major blackouts may affect a single region, multiple regions, or the whole of the NEM. It is important that enough restart services are available to restore the power system following all kinds of blackouts, including the worst case of a whole NEM blackout. If this kind of blackout occurred, each part of the power system would need to be restored independently. The new draft rules therefore clarify that enough restart services should be procured so that each part of the power system can be restored independently.

Major blackouts can have significant consequences for consumers. Restart services enable the power system to be restored, to maintain reliable supply of electricity to consumers

- **Expanding the range of potential restart services:** AEMO is responsible for buying restart services from generators. The new draft rules expand the options available to AEMO to buy these services. The new draft rules also change how the reliability of restart services is defined, potentially expanding the number of generators that can provide restart services. Finally, the new draft rules also change the amount of information that is published by AEMO on restart service prices. All of these changes will help to increase the degree of competition in the market for restart services, to deliver more restart services where they are needed at an efficient price.
- **Clarifying the objective of the Reliability Panel:** The new draft rules clarify that when determining the level of restart services to be procured, the Reliability Panel needs to consider how best to minimise the impacts of a major blackout for consumers, taking into account the national electricity objective (NEO).
- **Clarifying the objective of AEMO:** The new draft rules clarify that AEMO must procure restart services to meet the requirements established by the Reliability Panel, at the lowest cost possible.

Background

The Commission's draft rule has been made following two rule change proposals that were received from:

- AEMO; and
- a group of stakeholders including the National Generators Forum (NGF), AGL, Alinta Energy, Energy Brix, GDF Suez, Intergen and Origin Energy (the Group of Generators).

The Commission decided to consider these two rule change proposals together, as they dealt with similar issues.

The Commission has made a draft more preferable rule that incorporates some of the changes proposed by the Group of Generators and AEMO.

Stakeholders are invited to provide comment on the draft determination. To allow for the Christmas holiday period and the complexity of the issues covered in this draft determination, we have allowed for an extended consultation period of 9 weeks. Submissions should be provided no later **19 February 2015**.

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