

2 December 2011

Mr Neville Henderson
Chairman, Reliability Panel
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Via www.aemc.gov.au

Dear Mr Henderson,

System Restart Standard

Alinta Energy welcomes the opportunity to make a submission in response to the Australian Energy Market Commission, Reliability Panel (the Panel) issues paper on the System Restart Standard.

Alinta Energy is an active investor in the energy retail, wholesale and generation markets across Australia. Alinta Energy has over 2500MW of generation facilities in Australia (and New Zealand), and maintains around 700,000 retail energy customers in Western Australia, South Australia and Victoria with a commitment to growth in the National Electricity Market (NEM).

Alinta Energy is committed to contributing to energy market developments across Australia and in all regions of the NEM as it pursues its forward growth strategy.

Alinta Energy agrees that system restart ancillary services (SRAS) forms an important element of system security and reliability. In that regard, Alinta Energy welcomes the Panel's timely review for the purposes of determining the System Restart Standard (the Standard).

Alinta Energy notes the considerable work undertaken by the Australian Energy Market Operator (AEMO) means the interim arrangements has proven adequate and suitable to meet developments within energy sector.

Nevertheless, Alinta Energy raises the matters below in response to the AEMC's question.

The value of SRAS should be juxtaposed with the opportunity cost of foregoing energy supply for the duration of time it would take to restart the electrical system in the absence of SRAS. On this basis, the services provided are reasonably priced and should additional redundancy be sought then the economic case for doing so is likely to be justifiable.

Additionally, there are consequential benefits in requiring a high level of availability and reliability from SRAS providers as it pertains to their primary energy services. A countervailing view would be that such high standards may rule out options that may be capable of providing services at a lower level of availability. This is ultimately a policy decision which will impact the selection of providers and is worthy of additional consideration.

As for cost minimisation, the testing obligations placed upon providers are not necessarily onerous but are costly. Appropriate provision must be made to ensure all relevant testing costs are valued and necessary.

Alinta Energy agrees that the existing sub-networks are appropriate; however, we would not be adverse to additional redundancy being built-in via overlapping sub-networks and additional services being provided from adjacent sub-networks in the case of an extreme event. Nevertheless, we believe technological diversity and geographic disparity are key considerations in selecting services across sub-networks.

Flexibility around target timeframes would appear suitable. Specifically, where providers are capable of provided services in excess of the target timeframes these should be identified and rewarded where justified. However, at a general level the current timeframes appear satisfactory and suggest any decision to 'relax' those services should not be taken lightly.

As it currently stands, Alinta Energy suggests the scenarios and restart plans developed by AEMO are suitable and remain viable moving forward.

While not specifically related to the standard, Alinta Energy notes that the growing integration of the energy market, in particular gas and electricity, means the implications of a gas supply event need to be considered in the context of black start and the order in which SRAS providers may be called upon. Further consideration of such matters is warranted going forward.

Should you have any queries in relation to this submission, please do not hesitate to contact me on, telephone, 02 9372 2633.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "J Lowe".

Jamie Lowe
Manager, Market Regulation