



Review of the System Restart Standard
AEMC Terms of Reference to the Reliability Panel
30 June 2015

Introduction

These terms of reference are intended to guide the Reliability Panel (the Panel) in developing the System Restart Standard (the Standard).

As set out in clause 8.8.3(aa) of the National Electricity Rules (NER), the Australian Energy Market Commission (AEMC) requests that the Panel undertake a review of the Standard. The purpose, scope and timing for this review are set out below in these Terms of Reference. If there are any inconsistencies between the NER requirements and these Terms of Reference, the NER takes precedence.

Background

In the event of a major supply disruption, System Restart Ancillary Services (SRAS or restart services) may be used to supply sufficient energy to restart power stations in order to begin the process of restoring the power system.

The Panel is responsible for determining the Standard, which sets out several key parameters for system restoration, including the speed of restoration, how much supply is to be restored and the level of reliability of SRAS. The Australian Energy Market Operator (AEMO) then procures restart services to meet the Standard, and develops the System Restart Plan in accordance with the Standard.

On 2 April 2015, the AEMC published a final rule that made a number of changes to the SRAS frameworks in the National Electricity Market. The Reliability Panel is required by the final rule to revise the System Restart Standard as soon as practicable after the commencement of the final rule (1 July 2015), to take into account those changes.

The Panel's review and determination of the Standard must be finalised in time to allow AEMO to amend the SRAS Guidelines, and to be used by AEMO for the next round of SRAS procurement. Accordingly, the Panel must complete its determination of the Standard no later than December 2016.

Scope of this Review

When determining the Standard, the Panel must consider whether all of the relevant requirements in the NER¹ have been met. These NER requirements are described below.

In accordance with clause 8.8.3(aa)(1) of the NER, the Reliability Panel must review and determine the SRS in accordance with the SRAS Objective.

The SRAS Objective is defined in Chapter 10 of the NER as:

¹ For the avoidance of doubt, any reference here to “the NER” refers to the new version of the NER that will commence 1 July 2015 and which will include the changes to the SRAS frameworks made in the final rule.

The objective for system restart ancillary services is to minimise the expected costs of a major supply disruption to the extent appropriate, having regard to the national electricity objective.

Clauses 8.8.3(aa)(2) to (7) of the NER state that the system restart standard must:

- (2) identify the maximum amount of time within which system restart ancillary services are required to restore supply in an electrical sub-network to a specified level, under the assumption that supply (other than that provided under a system restart ancillary services agreement acquired by AEMO for that electrical sub-network) is not available from any neighbouring electrical sub-network;
- (3) include the aggregate required reliability of system restart ancillary services for each electrical sub-network;
- (4) apply equally across all regions, unless the Reliability Panel varies the system restart standard between electrical sub-networks to the extent necessary:
 - (A) to reflect any technical system limitations or requirements; or
 - (B) to reflect any specific economic circumstances in an electrical sub-network, including but not limited to the existence of one or more sensitive loads;
- (5) specify that a system restart ancillary service can only be acquired by AEMO under a system restart ancillary services agreement for one electrical sub-network at any one time;
- (6) include guidelines to be followed by AEMO in determining electrical sub-networks, including the determination of the appropriate number of electrical sub-networks and the characteristics required within an electrical sub-network (such as the amount of generation or load, or electrical distance between generation centres, within an electrical sub-network); and
- (7) include guidelines specifying the diversity and strategic locations required of system restart ancillary services.

Considerations

In addition to meeting the above requirements which are set out in the NER, the Reliability Panel should also have regard to a number of additional matters when determining the Standard. These should include, but are not limited to, the following:

- The value of system restoration to consumers following a major supply disruption, including having regard to measures such as the value of customer reliability determined by AEMO; and
- The estimated costs of sourcing restart services.

Consultation

Stakeholder engagement will be central to the effective development of the Standard. The Panel should consult with as wide a range of stakeholders as possible, including network service providers, generators, consumers, jurisdictional governments and any other relevant bodies.

The Panel should also consider whether holding public forums and/or workshops may be helpful in facilitating more effective engagement with stakeholders.

Timing and deliverables

The Panel must carry out the review to develop the Standard in accordance with the following process:

- Give notice to all registered participants of commencement of this review and invite submissions for a period of at least four weeks.

- Publish an issues paper for consultation with stakeholders at the time of notifying stakeholders of the review. This paper should outline the key issues and questions the Panel will consider when determining the Standard.
- Publish a draft report and invite submissions for a period of at least six weeks.
- At the time of publishing the draft report, notify stakeholders that they may request a public meeting on the draft report within five business days of the draft report being published.
- If stakeholders have requested a public meeting, notify stakeholders that a public meeting will be held. At least two weeks' notice of the public meeting must be given.
- Publish a final report and submit this report to the AEMC no later than six weeks after the period for consultation on the draft report has closed.

As noted above, the Panel must complete its determination of the Standard no later than December 2016.