

NSCAS TENDER GUIDELINES

PROCUREMENT OF NETWORK SUPPORT AND CONTROL ANCILLARY SERVICES

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VERSION RELEASE HISTORY

Version	Effective Date	Summary of Changes
1.0	25/02/2008	First Issue
1.3	20/12/2011	Revised for <i>National Electricity Amendment (Network Support and Control Ancillary Services) Rule 2011</i>
[2.0]	TBA	Revised for <i>National Electricity Amendment (System Restart Ancillary Services) Rule 2015</i> , including: <ul style="list-style-type: none">• Change references to NMAS to NSCAS.• Incorporate information and testing requirements and evaluation criteria previously specified in forms of Request for EOI and ITT.• Provide for contract period to be specified based on individual circumstances• Provide for publication of form of NSCAS agreement.

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1. INTRODUCTION

1.1. Purpose and scope

These are the NSCAS tender guidelines made under clause 3.11.5 of the National Electricity Rules (**NER**) (**Guidelines**).

These Guidelines have effect only for the purposes set out in the NER. The NER and the National Electricity Law prevail over these Guidelines to the extent of any inconsistency.

These Guidelines apply when AEMO proposes to acquire *network support and control ancillary services* (**NSCAS**) to meet an *NSCAS gap* under clause 3.11.3(c) of the NER.

1.2. Definitions and interpretation

1.2.1. Glossary

Terms defined in the National Electricity Law or the NER have the same meanings in these Guidelines unless otherwise specified in this clause. Those terms are intended to be identified in these Guidelines by italicising them, but failure to italicise a defined term does not affect its meaning.

The words, phrases and abbreviations set out below have the meanings set out opposite them when used in these Guidelines.

Term	Definition
AEMO	Australian Energy Market Operator Limited
Guidelines	These NSCAS tender guidelines, as defined in clause 3.11.5(a) of the NER.
Invitation to Tender or ITT	The documents issued by AEMO inviting a person to submit an offer to provide a specified NSCAS service.
NSCAS	<i>Network support and control ancillary service</i>
NSCAS description	As defined in clause 3.11.4(a) of the NER and published by AEMO under clause 3.11.4(a1).
NSCAS quantity procedure	As defined in clause 3.11.4(a) of the NER and published by AEMO under clause 3.11.4(b).
NSP	<i>Network Service Provider</i>
Request for Expression of Interest or Request for EOI	The documents issued by AEMO requesting information from a person about the technical capability of facilities that could provide an NSCAS to be procured by AEMO.
Respondent	A person who responds to a Request for EOI or an ITT.
TNSP	<i>Transmission Network Service Provider</i>

1.2.2. Interpretation

These Guidelines are subject to the principles of interpretation set out in Schedule 2 of the National Electricity Law.

1.3. Related documents

Title	Location
NSCAS Description	http://aemo.com.au/Electricity/National-Electricity-Market-NEM/Security-and-reliability/Ancillary-services/Network-support-and-control-ancillary-services-procedures-and-guidelines
NSCAS Quantity Guidelines	http://aemo.com.au/Electricity/National-Electricity-Market-NEM/Security-and-reliability/Ancillary-services/Network-support-and-control-ancillary-services-procedures-and-guidelines
Form of NSCAS Agreement	[TBC]

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Acquisition of NSCAS by AEMO

- (a) AEMO is required under clause 3.11.3(c)(4) of the NER to use reasonable endeavours to acquire NSCAS to meet an *NSCAS gap* in circumstances where the conditions in clause 3.11.3(c)(1) and (2) are met.
- (b) When AEMO proposes to acquire NSCAS, it must do so in accordance with clause 3.11.5 and these Guidelines.

2.2. Requirements for NSCAS tender guidelines

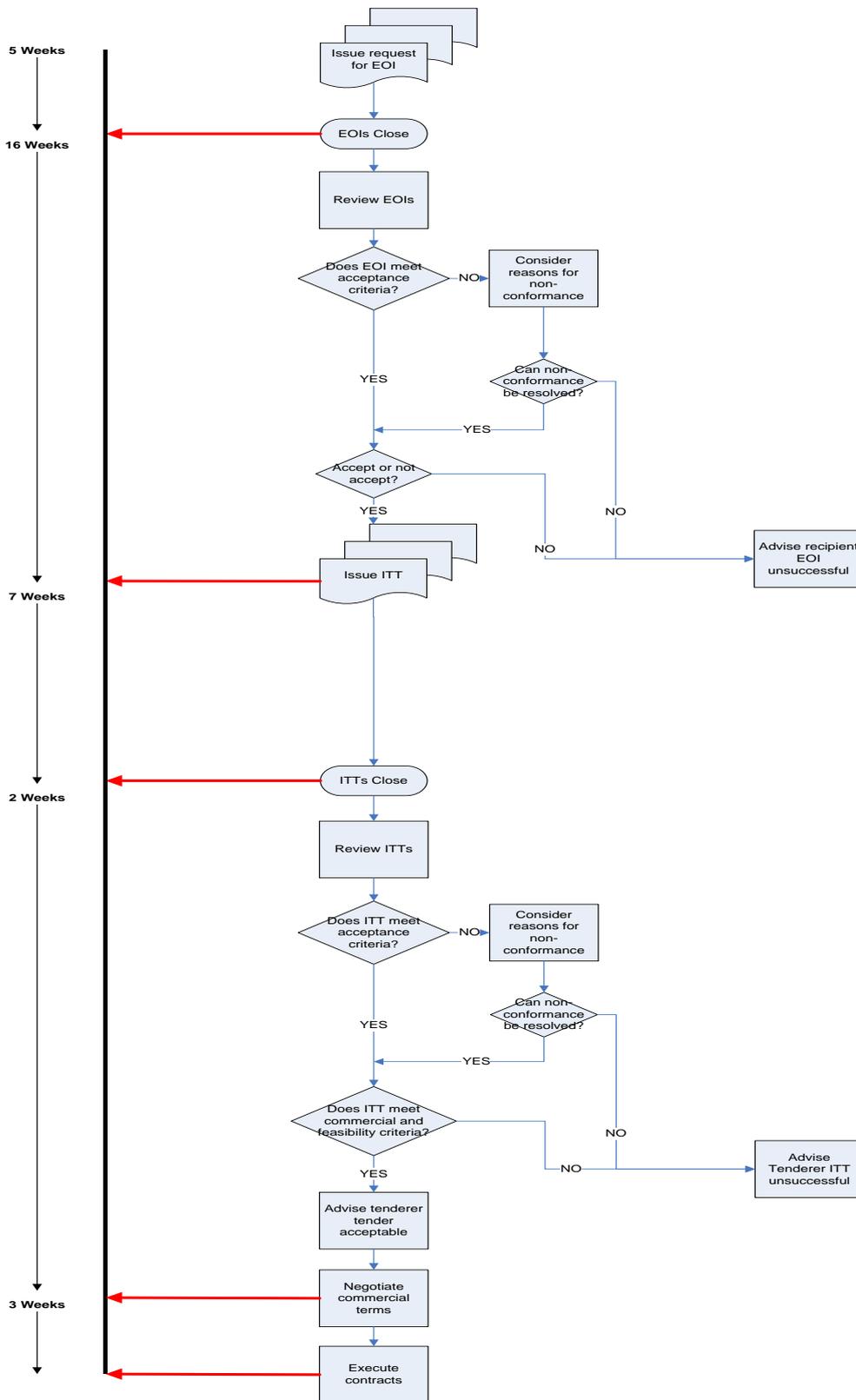
The NSCAS tender guidelines must contain the following (extracted from clause 3.11.5(b) of the NER):

- (1) a requirement for *AEMO* to call for NSCAS expressions of interest before issuing an NSCAS invitation to tender in relation to any required *network support and control ancillary services*;
- (2) a requirement that a person who is to provide *network support and control ancillary services* under an *ancillary services agreement* has the *facility* tested in accordance with the NSCAS tender guidelines;
- (3) a requirement for a *Network Service Provider* or other *Registered Participant* to assist a prospective tenderer in identifying and, if possible, resolving issues that would prevent the delivery of effective *network support and control ancillary services* proposed by a prospective tenderer;
- (4) the timeframes over which *AEMO's* assessment of NSCAS expressions of interest, NSCAS tenders and physical testing of selected *network support and control ancillary services* will occur;
- (5) a requirement for a tenderer to provide data, models and parameters of relevant *plant*, sufficient to facilitate a thorough assessment of the *network* impacts and *power station* impacts of the use of the relevant *network support and control ancillary service*;
- (6) the terms and conditions of the *ancillary services agreement* that a successful tenderer would be expected to enter into with *AEMO*;
- (7) the principles *AEMO* will apply in assessing NSCAS expressions of interest and NSCAS tenders; and
- (8) any other matter considered appropriate by *AEMO*.

3. PROCUREMENT PROCESS

When proposing to acquire NSCAS, AEMO will follow the process depicted in Figure 1, noting that the timeframes depicted in the flowchart are **indicative** only.

Figure 1 Procurement process for NSCAS



3.1. Stage 1 – Request for Expressions of Interest

- (a) AEMO will call for expressions of interest (EOI) for the provision of NSCAS by issuing a Request for EOI.
- (b) A Request for EOI will specify:
 - (i) the type and quantity of NSCAS AEMO requires;
 - (ii) an estimate of the likely frequency and duration for which the NSCAS is expected to be *dispatched*;
 - (iii) the evaluation criteria AEMO intends to apply – see clause 4 of these Guidelines;
 - (iv) timeframes over which AEMO will assess EOIs; and
 - (v) the information to be provided by a Respondent.
- (c) The information to be provided by Respondents to a Request for EOI will generally include, without limitation:
 - (i) a description of the equipment to be used to provide the NSCAS and its capabilities;
 - (ii) evidence of a *connection agreement* between the Respondent and the relevant *Network Service Provider* allowing for the delivery of the NSCAS;
 - (iii) the results of tests demonstrating the capability of the equipment to provide the NSCAS - see clause 5 of these Guidelines;
 - (iv) plant and equipment models and data as specified in the Request for EOI, as required by AEMO to facilitate assessment of the *network* and *power station* impacts of the use of the NSCAS;
 - (v) maintenance records and planned maintenance for relevant equipment over a specified period;
 - (vi) registration status of the Respondent, or proposal to register, under Chapter 2 of the NER; and
 - (vii) relevant experience of the Respondent in relation to the provision of the NSCAS.

3.2. Stage 2 – Invitation to Tender

- (a) AEMO will forward Invitations to Tender (ITTs) to Respondents that AEMO, in its sole discretion, determines have satisfied the assessment criteria outlined in the Request for EOI.
- (b) AEMO may also forward ITTs to Respondents that do not satisfy the criteria outlined in the Request for EOI in its sole discretion, but is not bound to do so.
- (c) An ITT will specify:
 - (i) the type and quantity of NSCAS AEMO requires;
 - (ii) a price structure or pricing components that may or must be included in a tender;
 - (iii) the terms and conditions on which AEMO will contract for NSCAS, in the form of an agreement;
 - (iv) the evaluation criteria AEMO intends to apply – see clause [x] of these Guidelines;
 - (v) timeframes over which AEMO will assess tenders; and
 - (vi) the information to be provided by a Respondent.
- (d) The information to be provided by Respondents to an ITT will generally include, without limitation:

- (i) confirmation of, and any updates to, the information provided in response to the Request for EOI;
- (ii) the price(s) at which NSCAS is offered, in accordance with the structure or components specified in the ITT;

4. EOI AND TENDER EVALUATION CRITERIA

4.1. Specific criteria

- (a) Evaluation criteria specified in a Request for EOI or an ITT will be specific to the NSCAS required and the circumstances in which they are being procured.
- (b) The evaluation criteria specified in clauses 4.2 and 4.3 are therefore provided as a guide to the matters that *AEMO* will generally take into account. Some may not apply in particular circumstances, or additional criteria may be specified in the relevant procurement documents.

4.2. General criteria

In assessing an EOI or a tender, *AEMO* will have regard to:

- (a) whether the Respondent is a *Registered Participant* and, if not, its proposals for becoming a *Registered Participant* in order to provide the NSCAS;
- (b) compliance of the proposed NSCAS with the NSCAS Description;
- (c) application of the NSCAS Quantity Procedure;
- (d) the expected reliability and availability of the NSCAS offered; and
- (e) compliance with the NER.

4.3. Additional criteria for tenders

In addition to the criteria in clause 4.2, when assessing a tender, *AEMO* will have regard to:

- (a) the price(s) at which the NSCAS are offered; and
- (b) the impact of any proposed changes to the form of NSCAS agreement provided with the ITT.

5. TESTING REQUIREMENTS

- (a) The test parameters and methods to demonstrate the capability of equipment to provide SRAS will vary depending on the type of NSCAS to be procured, and will be specified in the relevant Request for EOI and NSCAS agreement.
- (b) Tests should generally have been carried out within 12 months prior to the date from which the relevant NSCAS is to commence.
- (c) As a general guide, *AEMO* will require testing information and results demonstrating the parameters set out in the following table for each type of NSCAS as defined in the NSCAS Description.

Table 1 Testing Information

NSCAS Type	Information
Network Loading Ancillary Services	<ul style="list-style-type: none"> The manner in which the test was carried out (including a copy of the test procedure) Response times including simulated outputs with trip signals disabled, if applicable Change in consumption of electricity, for example tripping of a load block, including control signals sent to initiate delivery of service, for example signal to a relay to trip the load block Time taken to enable NSCAS Equipment
Voltage Control Ancillary Services	<ul style="list-style-type: none"> The manner in which the test was carried out (including a copy of the test procedure) The reactive power absorption or generation capability of the NSCAS Equipment that varies the reactive power output of the NSCAS Equipment within the limits specified by the Respondent, if applicable The accuracy of the remote indicators by comparison with a calibrated instrument or other alternative means Time taken to enable NSCAS Equipment Evidence demonstrating that NSCAS Equipment can be sustained for duration stated in the levels of performance nominated by the Respondent.
Transient and Oscillatory Stability Services	<ul style="list-style-type: none"> The manner in which the test was carried out (including a copy of the test procedure) Evidence demonstrating the capability of the NSCAS equipment to improve transient stability limits through actions such as: <ul style="list-style-type: none"> increasing system inertia; improving system voltage regulation; or reducing system impedance Time taken to enable NSCAS Equipment to get ready to improve transient stability limits

6. NSCAS TERMS AND CONDITIONS

- (a) AEMO will publish an indicative form of NSCAS agreement on its website with these Guidelines, setting out the general terms and conditions that a successful tenderer would be expected to enter into with AEMO, subject to amendment as required to:
- update the terms for changes in law, generally accepted conventions or technology; or
 - address matters specific to the NSCAS to be procured.
- (b) The form of agreement for each NSCAS tender process will be issued with the relevant ITT.

7. ASSISTANCE BY OTHERS

- (a) Clause 3.11.5(f) of the NER states:
- A *Network Service Provider* must:
- negotiate in good faith with a prospective tenderer in respect of issues the NMAS tender guidelines require a prospective tenderer to discuss and, if possible, resolve with a *Network Service Provider*; and
 - participate in, or facilitate, testing of a *system restart ancillary service* or a *network support and control ancillary service* required by the NMAS tender guidelines where it is reasonable and practicable to do so, and when participating in or facilitating such activities, the *Network Service Provider* will be entitled to recover from the relevant prospective tenderer all reasonable costs incurred by the *Network Service Provider* and for such purposes the activities of the *Network Service Provider* will be treated as negotiable services.
- (b) AEMO expects that *Network Service Providers* will interpret this clause liberally and provide assistance to Respondents to any call for offers for NSCAS where practicable.

8. PERIOD OVER WHICH EACH NSCAS MAY BE CONTRACTED

AEMO will seek a term that is commensurate with the period within which the relevant TNSP is expected to meet the applicable NSCAS need, with an early termination option if the relevant NSCAS need were to be met in another way.

9. DISPUTES

As required by clause 3.11.5(f)(i) of the NER, if AEMO and an NSCAS preferred tenderer cannot agree on the terms and conditions for the supply of NSCAS, AEMO will issue the NSCAS preferred tenderer a written notice to negotiate. If the parties cannot resolve the terms and conditions of the proposed supply of NSCAS within 21 business days from delivery of that notice, either AEMO or the NSCAS preferred tenderer may refer the matter to the Advisor for the determination of a dispute as to the terms and conditions in accordance with clause 8.2 of the NER.