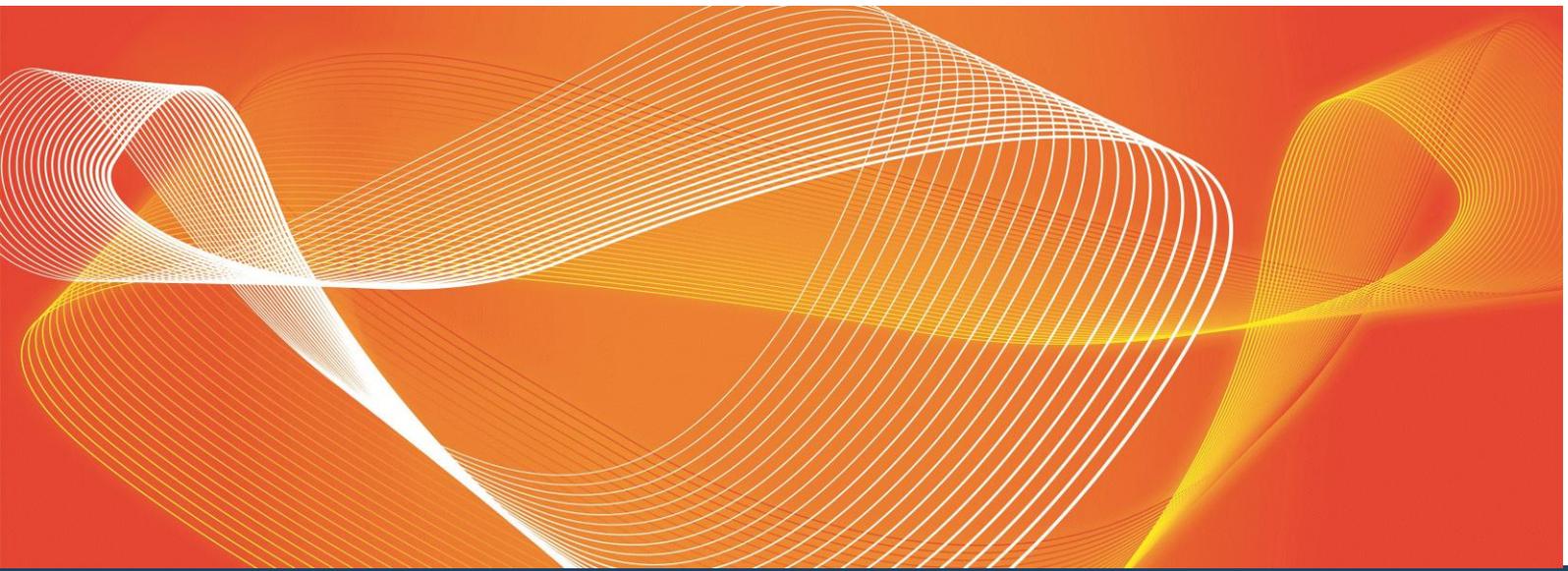


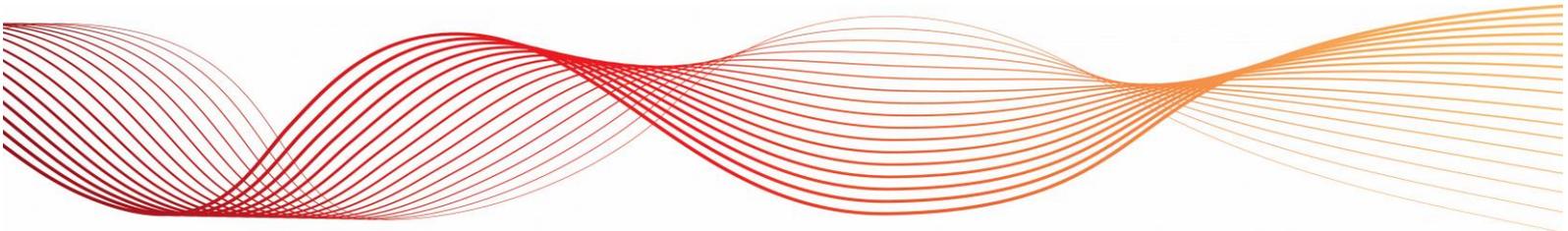


CHANGES TO SYSTEM OPERATING PROCEDURE SO_OP_3707

DRAFT REPORT AND DETERMINATION



Published: 21 AUGUST 2014



NOTICE OF SECOND STAGE CONSULTATION – CHANGES TO SYSTEM OPERATING PROCEDURE SO_OP_3707

NATIONAL ELECTRICITY RULES – RULE 8.9

Date of Notice: 21 August 2014

This notice informs all National Electricity Market Registered Participants, Intending Participants, and interested parties (Consulted Persons) that AEMO is commencing the second stage of its consultation on the review of the System Operating Procedure SO_OP_3707 Intervention, Direction and clause 4.8.9 Instruction.

This consultation is being conducted under clause 4.8.9(b) of the National Electricity Rules (NER), in accordance with the Rules consultation requirements detailed in rule 8.9 of the NER.

Invitation to make Submissions

AEMO invites written submissions on this Draft Report and Determination (Draft Report).

Please identify any parts of your submission that you wish to remain confidential, and explain why. AEMO may still publish that information if it does not consider it to be confidential, but will consult with you before doing so.

Consulted Persons should note that material identified as confidential may be given less weight in the decision-making process than material that is published.

Closing Date and Time

Submissions in response to this Notice of Second Stage of Rules Consultation should be sent by email to paul.ryan@aemo.com.au, to reach AEMO by 5.00pm (Melbourne time) on 4th September 2014.

All submissions must be forwarded in electronic format (both pdf and Word). Please send any queries about this consultation to the same email address.

Submissions received after the closing date and time will not be valid, and AEMO is not obliged to consider them. Any late submissions should explain the reason for lateness and the detriment to you if AEMO does not consider your submission.

Publication

All submissions will be published on AEMO's website, other than confidential content.

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EXECUTIVE SUMMARY

The publication of this Draft Report and Determination (Draft Report) commences the second stage of the Rules consultation process conducted by AEMO to review of the System Operating Procedure SO_OP_3707 Intervention, Direction and clause 4.8.9 Instruction under the National Electricity Rules (NER).

The System Operating Procedure SO_OP_3707 has undergone a timely review resulting in the removal of redundant information and the clarification of language used.

There were no submissions received in the first stage of consultation.

AEMO's draft determination is to amend the System Operating Procedure SO_OP_3707 Intervention, Direction and clause 4.8.9 Instruction in the form published with this Draft Report.

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1 Stakeholder Consultation Process

As required by clause 4.8.9(b) of the NER, AEMO is consulting on the review of the System Operating Procedure SO_OP_3707 Intervention, Direction and clause 4.8.9 Instruction in accordance with the Rules consultation process in rule 8.9.

AEMO's indicative timeline for this consultation is outlined below. Future dates may be adjusted depending on the number and complexity of issues raised in submissions.

DELIVERABLE	INDICATIVE DATE
Notice of first stage consultation [and Issues Paper] published	26 June 2014
First stage submissions closed	31 July 2014
Draft Report & Notice of second stage consultation published	21 August 2014
Submissions due on Draft Report	4 September 2014
Final Report published	17 October 2014

The publication of this Draft Report marks the commencement of the second stage of consultation.

Note that there is a glossary of terms used in this Draft Report at **Appendix A**.

2 Background

2.1 NER requirements

NER 4.8.9(b) AEMO must develop, and may amend from time to time, in accordance with the Rules consultation procedures, procedures for the issuance of directions. Such procedures must reflect the following principles:

- (1) AEMO must use its reasonable endeavours to minimise any cost related to directions and compensation to Affected Participants and Market Customers pursuant to clause 3.12.2 and compensation to Directed Participants pursuant to clauses 3.15.7 and 3.15.7A;
- (2) a direction should be revoked as soon as AEMO determines that the direction is no longer required;
- (3) AEMO must take into account any applicable guidelines issued by the Reliability Panel;
- (4) AEMO must observe its obligations under clause 4.3.2 concerning sensitive loads;
- (5) AEMO must expressly notify a Directed Participant that AEMO's requirement or that of another person authorised by AEMO pursuant to clause 4.8.9(a) is a direction.

2.2 Context for this consultation

AEMO has conducted a timely review of the procedure to place the information into a new procedure template, remove redundant information and the clarification of language used.

2.3 First stage consultation

AEMO issued a Notice of First Stage Consultation on 26 June 2014.

AEMO received no submissions in the first stage of consultation.

3 Draft Determination

Considering that no matters were raised in submissions AEMO's draft determination is to amend the System Operating Procedure SO_OP_3707 Intervention, Direction and clause 4.8.9 Instruction in the form of **Attachment 1**, in accordance with clause 4.8.9(b) of the NER.

**Attachment 1 – Draft System Operating Procedure SO_OP_3707
Intervention, Direction and clause 4.8.9 Instruction**

**SYSTEM OPERATING PROCEDURE
SO_OP_3707 INTERVENTION, DIRECTION AND
CLAUSE 4.8.9 INSTRUCTION**

PREPARED BY: REAL TIME OPERATIONS

PROCEDURE TYPE: SYSTEM OPERATING PROCEDURE

DOCUMENT REFERENCE: SO_OP_3707

FINAL APPROVER: MARK MILLER

DOC. VERSION: 19

DATE: 26 JUNE 2014

This document is current to version 62 of the National Electricity Rules

History

Version	Date	Author	Checker	Endorser	Approver	Comments
19	24/06/2014	P Ryan T Veijalainen				Transferred content to new template. General document review
18	16/11/2011	R .Rigoni	P Ryan		H Gorniak	Template revisions. Clarified AEMO actions in section 3. Relocated section on RRN to section 5.1 Clarification to section 9
17	05/07/2011	R Rigoni	F Boros		H Gorniak	Complete review
16	01/0720/09	A Stephens M Hoarau	P Uribe		M Hoarau	Change to AEMO document.

Important Notice

This document has been prepared by *AEMO* as required by clause 4.8.9(b) of the National Electricity Rules (Rules), and has effect only for the purposes set out in the Rules. The Rules and the *National Electricity Law* (Law) prevail over this document to the extent of any inconsistency.

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Glossary

- a) In this document, a word or phrase *in this style* has the same meaning as given to that term in the NER.
- b) In this document, capitalised words or phrases or acronyms have the meaning set out opposite those words, phrases, or acronyms in the table below or in SO_OP 2000 Glossary.
- c) Unless the context otherwise requires, this document will be interpreted in accordance with Schedule 2 of the *National Electricity Law*.

Table 1 Glossary

Term	Meaning

1 Introduction

- a) This Procedure is made in accordance with clause 4.8.9 of the NER.
- b) AEMO nominates this Procedure to be a *power system operating procedure* under clause 4.10.1(a)(5) of the NER.
- c) If there is any inconsistency between this Procedure and the NER, the NER will prevail to the extent of that inconsistency.

2 Purpose

The purpose of this Procedure is to provide information about how AEMO manages situations that require AEMO to issue a direction, or clause 4.8.9 instructions.

3 Application

This Procedure applies to AEMO and all *Registered Participants*.

4 Related Policies and Procedures

Table 2 Related policies and procedures

Number	Title
	Intervention Pricing Methodology
SO_OP_3715	Power System Security Guidelines
SO_OP_3717	Procedure for the Dispatch and Activation of Reserve Contracts

5 AEMO Actions when issuing a Direction or Clause 4.8.9 Instruction

Where AEMO considers that it might have to intervene in the market by issuing a direction or clause 4.8.9 instruction, AEMO will:

- 1) Publish a Market Notice of the possibility that AEMO might have to issue a direction or clause 4.8.9 instruction so that there is an opportunity for a response from Registered Participants to alleviate that need.
- 2) Determine and publish the latest time for intervention.
- 3) Determine which Registered Participant should be the subject of a direction or clause 4.8.9 instruction.
 - If a direction is to be issued, if reasonably practicable, the determination will aim to minimise the effect on interconnector flows and minimise the number of Affected Participants
- 4) Issue a direction or clause 4.8.9 instruction verbally to the relevant Registered Participant, confirming whether it is a direction or clause 4.8.9 instruction.
- 5) Issue a Participant Notice confirming the direction or clause 4.8.9 instruction.
- 6) Issue a Market Notice advising that AEMO has issued a direction or clause 4.8.9 instruction.
- 7) Revoke the direction or clause 4.8.9 instruction as soon as it is no longer required.

5.1 Content of Directions and Clause 4.8.9 Instructions

A *direction* or clause 4.8.9 instruction *will* specify the physical deliverable requirement only without specifying whether a change in energy generation or consumption, or some other action, is required.

Consistent with clause 4.8.9(c), the *direction* or clause 4.8.9 instruction will be subject to the Registered Participant's best endeavours to comply with it, unless compliance would be a hazard to public safety, or materially risk damaging equipment, or contravene any other law.

When issuing a clause 4.8.9 instruction to shed load AEMO will instruct a TNSP to shed and restore load according to the Sensitive Loads and Priority Load Shedding Schedule procedure for the applicable region.

5.2 Sensitive Loads

Where a *direction* or clause 4.8.9 instruction requires load shedding, AEMO will comply with clause 4.3.2 concerning sensitive loads, by ensuring that any such *direction* or clause 4.8.9 instruction is consistent with the load shedding procedures.

6 Compliance with Directions and Clause 4.8.9 Instructions

In essence, clause 4.8.9(c) and (c1) of the NER require a Registered Participant to whom a direction or clause 4.8.9 instruction is addressed to use its best endeavours to comply with it unless compliance would be a hazard to public safety or materially risk damaging equipment or contravene any other law.

The onus is on the affected Registered Participant to notify AEMO immediately of such an inability to comply under clause 4.8.9(d) of the NER and to deliver a report to AEMO and the AER within 2 business days of the issue of the direction or clause 4.8.9 instruction, detailing the reasons for not complying together with all relevant facts.

7 Intervention Pricing

Where a direction has been issued, AEMO will apply intervention pricing in accordance with the Intervention Pricing Methodology.¹

¹ Available at: <http://www.aemo.com.au/Electricity/Market-Operations/Dispatch/Intervention-Pricing-Methodology>.