



NEM Event – Directions 21 to 25 November 2018

September 2019

Important notice

PURPOSE

Where the Australian Energy Market Operator (AEMO) intervenes in the National Electricity Market (NEM) through the use of directions, AEMO must publish a report in accordance with National Electricity Rules (NER) clause 4.8.9(f) and 3.13.6A(a). This report satisfies those NER obligations, and is based on information available to AEMO at 06 September 2019.

Unless otherwise indicated, terms in this report have the same meanings as those defined in the NER.

All references to time in this report are based on Australian Eastern Standard Time (AEST).

DISCLAIMER

AEMO has made every reasonable effort to ensure the quality of the information in this report but cannot guarantee its accuracy or completeness. Any views expressed in this report are those of AEMO unless otherwise stated, and may be based on information given to AEMO by other persons.

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ABBREVIATIONS

Abbreviation	Expanded name
AEMO	Australian Energy Market Operator
AEST	Australian Eastern Standard Time
DI	Dispatch Interval
MN	Market Notice
NEM	National Electricity Market
NER	National Electricity Rules
PS	Power Station
SA	South Australia

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1. Summary

To ensure adequate system strength for secure operation of the South Australian power system, certain combinations of synchronous generating units must be in service at all times¹.

Clause 4.8.9 of the National Electricity Rules (NER) allows AEMO to intervene in the market by issuing directions or clause 4.8.9 instructions, if AEMO is satisfied that it is necessary to maintain or re-establish the power system to a secure, satisfactory, or reliable operating state. Section 116 of the National Electricity Law allows AEMO to issue directions to take certain action if AEMO considers that it is necessary to maintain power system security or for reasons of public safety.

Between 21 and 25 November 2018, AEMO issued five directions to South Australian Market Participants to maintain power system security across three events. These three directions events are summarised in Table 1.

Table 1 Summary of the five South Australia directions between 21 and 25 November 2018

Direction	Directed Participant	Event No.	Issue time	Cancellation time	Direction instruction
Torrens Island B unit 2	AGL SA Generation Pty Ltd	1	1800 hrs, 21 November 2018	0510 hrs, 22 November 2018	Remain synchronised and follow dispatch targets from 0000 hrs on 22 November 2018.
Pelican Point Gas Turbine (GT) 12	Pelican Point Power Pty Ltd (ENGIE)	2	1100 hrs, 22 November 2018	1730 hrs, 22 November 2018	Remain synchronised and follow dispatch targets from 1130 hrs on 22 November 2018.
Torrens Island A unit 1	AGL SA Generation Pty Ltd	3	1500 hrs, 23 November 2018	1545 hrs, 23 November 2018	Synchronise at 0800 hrs on 24 November 2018 and follow dispatch targets.
Torrens Island A unit 2	AGL SA Generation Pty Ltd	3	1500 hrs, 23 November 2018	1545 hrs, 23 November 2018	Synchronise at 0800 hrs on 24 November 2018 and follow dispatch targets.
Pelican Point GT 12	ENGIE	3	1500 hrs, 23 November 2018	1500 hrs, 25 November 2018	Remain synchronised and follow dispatch targets from 0200 hrs on 24 November 2018.

2. Intervention assessment

2.1 The need for intervention

To ensure adequate system strength for secure operation of the South Australian power system, certain combinations of synchronous generating units must be in service at all times. AEMO continues to investigate system strength requirements in South Australia, and updates the set of viable combinations on a regular basis. The need for intervention, and options considered, were assessed against the set of viable combinations available from 13 September 2018 for each of the direction events.

¹ See <http://www.aemo.com.au/Media-Centre/South-Australia-System-Strength-Assessment>.

For the first direction event, the need for intervention arose due to:

1. AGL submitted rebids at 1412 hrs on 20 November 2018 for Torrens Island A unit 3 to remain offline on the entire 21 November 2018 market day², and for Torrens Island B unit 2 to de-commit at 0000 hrs on 22 November 2018³.
2. AGL submitted a rebid at 1222 hrs on 21 November 2018 for Torrens Island A unit 1 to remain offline on the entire 21 November 2018 market day⁴.

For the second direction event, the need for intervention arose due to:

3. AGL submitted a rebid at 1816 hrs on 21 November 2018 for Torrens Island B unit 2 to de-commit at 0030 hrs on 23 November 2018⁵.
4. ENGIE submitted a rebid at 1049 hrs on 22 November 2018 for Pelican Point Power Station (PS) to de-commit at 1130 hrs on 22 November 2018⁶.

For the third direction event, the need for intervention arose due to:

5. ENGIE submitted a rebid at 1254 hrs on 23 November 2018 for Pelican Point PS to de-commit at 0200 hrs on 24 November 2018⁷.

As a result, AEMO determined that there would be insufficient online synchronous units available to meet system strength requirements following these de-commitments and assessed all available options before directing.

2.2 Assessment of market response and latest time to intervene

Under NER clause 4.8.5A(a) and (c), AEMO must notify the market of any anticipated power system security or reliability issue, and the latest time for market response before AEMO would need to intervene. For each of the direction events, AEMO issued this market notification as listed in Table 2.

AEMO contacted all participants who operate suitable generating units in South Australia to confirm their availability and the latest time to intervene. Those participants indicated they did not intend to adjust their market offers, but identified units that would be available if directed.

For each of the three direction events, AEMO assessed the latest time to intervene taking account of the advised lead times. The latest times to intervene are listed in Table 2.

2.3 Decision to intervene

As all participants contacted had indicated that no market response would be provided, AEMO evaluated the estimated costs, and issued the directions listed in Table 1.

AEMO cancelled the directions when relevant synchronous generating units rebid into the market.

² Rebid reason: 1348~P~020 REDUCTION IN AVAIL CAP~203 PLANT FAILURE 120MW – REDI.

³ Rebid reason: 1348~P~020 REDUCTION IN AVAIL CAP~203 PLANT FAILURE 120MW – REDI.

⁴ Rebid reason: 1220~A~050 CHG IN AEMO PD~50 30MPD DEMAND DECREASE NEM BY AVG 13.

⁵ Rebid reason: 1800~A~010 AEMO DIRECTION~PARTICIPANT D: 65493.

⁶ Rebid reason: 1045~A~MATERIAL CHANGE IN SA PRICE 11:30-19:00 SL~.

⁷ Rebid reason: 1120~A~RESPOND TO PREDISPATCH D+1~.

3. Intervention process

AEMO considers that it followed all applicable processes under NER Clause 4.8 for the management of the directions between 21 to 25 November 2018⁸. Table 2 provides a high-level timeline of the intervention event.

Table 2 Timeline of key events between 21 and 25 November 2018

Time	Events / comments
20 November 2018	
1412 hrs	AGL SA Generation Pty Ltd submitted rebids for Torrens Island A unit 3 to remain offline on the entire 21 November 2018 market day, and for Torrens Island B unit 2 to de-commit at 0000 hrs on 22 November 2018.
21 November 2018	
1222 hrs	AGL SA Generation Pty Ltd submitted a rebid for Torrens Island A unit 1 to remain offline on the entire 21 November 2018 market day.
1503 hrs	AEMO published a market notice seeking a market response and noting the latest time to intervene was 1800 hrs on 21 November 2018 (MN 65485).
1800 hrs	<ul style="list-style-type: none"> Direction issued to AGL SA Generation Pty Ltd for Torrens Island B unit 1 to remain synchronise and follow dispatch targets from 0000 hrs on 22 November 2018. AEMO published MN 65493 declaring a direction was issued to a South Australian participant. AEMO published MN 65494 declaring that an AEMO intervention event had commenced from dispatch interval ending 1805 hrs on 22 November 2018 and that all dispatch intervals during the AEMO intervention event would be intervention price dispatch intervals. Intervention constraints applied to Torrens Island B unit 1 in central dispatch from dispatch interval ending 0005 hrs on 22 November 2018.
1816 hrs	AGL SA Generation Pty Ltd submitted a rebid for Torrens Island B unit 2 to de-commit from 0030 hrs on 23 November 2018.
22 November 2018	
0510 hrs	<ul style="list-style-type: none"> The direction to Torrens Island B unit 2 was cancelled and intervention constraints were revoked. AEMO published MN 65501 declaring the cancellation of the direction.
0943 hrs	AEMO published a market notice seeking a market response and noting the latest time to intervene was 1700 hrs on 22 November 2018 (MN 65507).
1049 hrs	ENGIE submitted a rebid for Pelican Point PS to de-commit at 1130 hrs on 22 November 2018.
1100 hrs	<ul style="list-style-type: none"> Direction issued to ENGIE for Pelican Point GT 12 to remain synchronise and follow dispatch targets from 1130 hrs on 22 November 2018 (PPCCGT direction 1). AEMO published MN 65509 declaring a direction was issued to a South Australian participant. AEMO published MN 65510 declaring that an AEMO intervention event had commenced from dispatch interval ending 1105 hrs on 22 November 2018 and that all dispatch intervals during the AEMO intervention event would be intervention price dispatch intervals. Intervention constraints applied to Pelican Point PS in central dispatch from dispatch interval ending 1135 hrs on 22 November 2018.

⁸ AEMO. Power system operating procedure SO_OP 3707, "Intervention, direction and clause 4.8.9 instructions", 11 September 2014, available at http://aemo.com.au/-/media/Files/Electricity/NEM/Security_and_Reliability/Power_System_Ops/Procedures/SO_OP_3707---Intervention-Direction-and-Clause-4-8-9-Instructions.pdf.

Time	Events / comments
1730 hrs	<ul style="list-style-type: none"> The direction to Pelican Point GT 12 (PPCCGT direction 1) was cancelled and intervention constraints were revoked. AEMO published MN 65528 declaring the cancellation of the direction.
23 November 2018	
1254 hrs	ENGIE submitted a rebid for Pelican Point PS to de-commit at 0200 hrs on 24 November 2018.
1404 hrs	AEMO published a market notice seeking a market response and noting the latest time to intervene was 1700 hrs on 23 November 2018 (MN 65544). The latest time to intervene was subsequently updated to 1500 hrs on 23 November 2018 (MN 65546).
1500 hrs	<ul style="list-style-type: none"> Direction issued to AGL SA Generation Pty Ltd for Torrens Island A unit 1 and Torrens Island A unit 2 to synchronise at 0800 hrs on 24 November 2018 and follow dispatch targets. Direction issued to ENGIE for Pelican Point GT 12 to remain synchronised and follow dispatch targets from 0200 hrs on 24 November 2018 (PPCCGT direction 2). AEMO published MN 65552 declaring a direction was issued to a South Australian participant. AEMO published MN 65553 declaring that an AEMO intervention event had commenced from dispatch interval ending 1505 hrs on 24 November 2018 and that all dispatch intervals during the AEMO intervention event would be intervention price dispatch intervals. Intervention constraints applied to Pelican Point PS in central dispatch from dispatch interval ending 0205 hrs on 24 November 2018.
1545 hrs	<ul style="list-style-type: none"> The directions to Torrens Island A unit 1 and Torrens Island A unit 2 were cancelled after AGL SA Generation Pty Ltd advised AEMO of their resourcing issues. AEMO extended the direction to Pelican Point GT 12.
25 November 2018	
1500 hrs	<ul style="list-style-type: none"> The direction to Pelican Point GT 12 (PPCCGT direction 2) was cancelled and intervention constraints were revoked. AEMO published MN 65578 declaring the cancellation of the direction.

3.1 Adequacy of responses to AEMO inquiries

NER 4.8.5A(d) permits AEMO to request information from Scheduled Network Service Providers, Scheduled Generators, Semi-Scheduled Generators, and Market Customers.

AEMO is satisfied with the timeliness, adequacy, and effectiveness of all responses to its requests from AGL, Origin, and ENGIE for information prior to issuing the directions between 21 and 25 November 2018.

3.2 Participant ability to comply with the intervention

NER 4.8.9(d) requires that a Registered Participant must immediately notify AEMO of its inability to comply, or intention not to comply, with a direction or clause 4.8.9 instruction.

AEMO did not receive any indication that a Registered Participant would be unable to comply with the direction. AEMO is satisfied that AGL, ENGIE, and Origin complied with the directions listed in Table 1.

4. Dispatch and pricing outcomes

4.1 Changes to dispatch outcomes due to the directions

The directions to Torrens Island A, Torrens Island B, and Pelican Point PS resulted in approximately 7,646 megawatt hours (MWh) of generation being added to the market. Under NER 3.8.1(b)(11), AEMO must ensure that, as far as reasonably practicable, the number of participants affected by the intervention and the resulting changes to interconnector flows are minimised⁹. AEMO considered the application of counter-action constraints to achieve this objective, but concluded this was not practical during this intervention.

Tables 3 and 4 summarise the estimated change to dispatch outcomes resulting from all five directions (as well as the direction to Newport PS in Victoria). These are estimated by comparing against a simulated dispatch with the direction removed.

Directions in one region can cause dispatch changes to other regions. In particular, these changes are driven by economic co-optimisation within the market, and by the interplay between network constraint equations across multiple regions.

Of note is that while these directions displaced market-based generation in South Australia, they also increased exports from South Australia. The increased exports, coupled with an impact on network constraints, resulted in displacement of generation in other NEM regions.

Table 3 Estimated changes to local generation in each region (MWh)

	QLD	NSW	VIC	SA	TAS
Without direction	296,551	334,491	175,702	49,578	62,290
Actual	296,156	332,254	175,358 + 1,304 ^A	44,656 + 7,646 ^B	61,360
Change	-395	-2,237	960	2,723	-930

A. 1,304 MWh is the directed energy for the Newport PS direction in Victoria.

B. 7646 MWh is the directed energy.

Table 4 Estimated changes to interconnector flow between regions (MWh)

	Terranora	QNI	VIC-NSW	Heywood	Murraylink	Basslink
Without direction ^A	-1,687	-6,257	-17,623	-7	746	16,614
Actual ^A	-1,667	-6,123	-14,947	-2,608	439	14,692
Change ^B	20 MWh less into NSW	134 MWh less into NSW	2,676 MWh less into VIC	2,601 MWh more into VIC	307 MWh less into SA	1,922 MWh less into VIC

A. Positive numbers are for flows flowing north or west, negative for flows flowing south or east.

B. Change = |Actual - Without direction|.

⁹ AEMO's power system operating procedure SO_OP 3707 "Intervention, Direction and Clause 4.8.9 Instructions" describes this objective. In practice, AEMO meets the objective by selecting generating units located in the same region as the directed generation (and, if possible, belonging to the same participant) and then constraining the dispatch of the selected generating units by an equal and opposite amount to that of the directed generating units.

4.2 Application of intervention pricing

AEMO declares intervention pricing for periods subject to an AEMO intervention event. Under intervention pricing, NER 3.9.3(b) requires that AEMO set the dispatch price and ancillary service prices at the value which AEMO, in its reasonable opinion, considers would have applied had the intervention event not occurred. AEMO determines and publishes these prices in accordance with the Intervention Pricing Methodology¹⁰.

Intervention pricing applies whenever the direction meets the region reference node test, that is a direction at the region reference node would have avoided the need for the direction.

AEMO's transfer limit advice on South Australia System Strength provides a number of feasible combinations of generating units that provide the needed level of system strength. All combinations of plant in the limit advice can be fully substituted by directing at the region reference node (Torrens Island) in the current system strength scenarios. Accordingly, system strength directions in South Australia pass the region reference node test and intervention pricing is appropriate.

Intervention pricing was applied for this event in accordance with NER 3.9.3(b), and for the full intervention period from:

- DI ending 1805 hrs on 21 November 2018 until DI ending 0510 hrs on 22 November 2018.
- DI ending 1105 hrs on 22 November 2018 until DI ending 1730 hrs on 22 November 2018.
- DI ending 1505 hrs on 23 November 2018 until DI ending 1500 hrs on 25 November 2018.

5. Conclusions and further actions

Between 21 and 25 November 2018, AEMO issued five directions to South Australian Market Participants to maintain power system security, in response to a forecast lack of system strength in the region.

AEMO is satisfied that all applicable procedures and processes were followed in assessing the need for intervention, determining the latest time to intervene, enacting and managing the intervention, applying appropriate intervention pricing, and seeking market response from all generators capable of meeting the system strength requirements. The market was informed after each direction was issued.

AEMO is also satisfied with the timeliness and adequacy of participant responses and communication throughout.

¹⁰ Intervention Pricing Methodology, available at http://www.aemo.com.au/-/media/Files/Electricity/NEM/Security_and_Reliability/Dispatch/Policy_and_Process/2018/Intervention-Pricing-Methodology.pdf.