



Wednesday, 8 July 2020

[REDACTED]
Australian Energy Market Operator
Level 22, 530 Collins Street
Melbourne VIC 3000

RE: Revised System Restart Ancillary Services Guideline Issues Paper

ERM Power Limited (ERM Power) welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) consultation on AEMO's Revised System Restart Ancillary Service (SRAS) Guideline Issues Paper (the Paper).

About ERM Power

ERM Power (ERM) is a subsidiary of Shell Energy Australia Pty Ltd (Shell Energy). ERM is one of Australia's leading commercial and industrial electricity retailers, providing large businesses with end to end energy management, from electricity retailing to integrated solutions that improve energy productivity. Market-leading customer satisfaction has fuelled ERM Power's growth, and today the Company is the second largest electricity provider to commercial businesses and industrials in Australia by load¹. ERM also operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, supporting the industry's transition to renewables.

<http://www.ermpower.com.au>

<https://www.shell.com.au/business-customers/shell-energy-australia.html>

Amendment to the definition of SRAS and black start capability

ERM Power supports the proposed changes to the definition of SRAS and black start capability. However, we do not support the removal of current section 5.2 (b) from the Guideline.

If the SRAS Provider is unable to give AEMO all Generator Modelling Data relevant to its offered SRAS, it must give AEMO:

- (i) a list of the missing data and the reasons why it could not be provided; and*
- (ii) any alternative data or assumptions the SRAS Provider considers could be substituted for the missing data, and their source.*

We believe where the provision of alternative data allows AEMO to satisfactorily complete its modelling requirements, that the provision of alternative data should remain permissible under the Guideline.

Introduction of Restoration Support Services

ERM Power offers the following comments with regards to the proposed technical requirements for restoration support services;

¹ Based on ERM Power analysis of latest published information.



3.4.1 (b) - during energisation of network elements (including transformers, lines) of an agreed size; and

3.4.1 (c) - during restoration of load blocks of an agreed size

For clarity, a restoration support service should only be required to support the restoration of transformers or lines or restore load blocks to a size as agreed between AEMO and the service provider.

Amendment to the SRAS Procurement Objective

ERM Power is supportive of the proposed amendments to the SRAS procurement objective. With regards to potential contracting frameworks, we believe there may be value in introducing a “temporary procurement contract” which would allow AEMO to quickly put in place a time limited contract in the event of the temporary but extended unavailability of a currently contracted SRAS or part of the system restart path that could impact the SRAS from providing the restart service if required. AEMO would be allowed to contract this capability from a known but currently uncontracted SRAS provider.

New framework for the physical testing of system restart paths

ERM Power believes this new section of the Guideline is deficient in the area of process for selection of registered participants required to participate in a system restart test. The Guideline should provide details of how registered participants required to participate in a system restart paths test will be selected and the methodology which will be used by AEMO to advise the registered participant that they have been selected as a required *test participant*. We believe it would be helpful for AEMO to advise non-contracted market participants who may be required to participate in the system restart path test as soon as possible after the awarding of SRAS contracts.

With regards to the actual testing of the system restart paths test, we note comments from transmission network service providers (TNSP) at the Guideline Forum on 24 June which indicated that there are particular difficulties involved in testing restoration paths that cover large parts of the network and that the technicalities and costs are not insignificant and could severely constrain the market and interconnector. As market participants receive no compensation for market impacts either during or as a result of any system restart path test, we believe section 4.5 should include details of how AEMO will plan and co-ordinate both the timing and extent of any system restart path test. This should set out the framework to be followed by AEMO for discussion and consultation with TNSP’s and market participants.

SRAS testing and test procedures

ERM Power is generally supportive of the testing requirements as set out in section 4 of the Guideline. We do however suggest an amendment to section 4.5.1 (a) (ii) with regards to scheduling of an out of schedule system restart path test as follows;

“significant changes to generation or network conditions in the Minimum Restart Path within an electrical sub-network have occurred since the date of any previous test which AEMO has assessed may compromise the integrity of the regional restart plan, including:”

Whilst changes may occur in generation or network conditions, these changes may have no detrimental impact on the integrity of the regional restart plan. Only where AEMO has assessed that a detrimental impact may have occurred due to a change should a new out of schedule system restart path test be scheduled.

We recommend that the Guideline also set out that AEMO will provide details of the assessment process as part of meeting the clause 3.11.10 reporting requirements.



Boundaries of electrical sub-networks

AEMO has requested stakeholders' views with regards to consolidating the two electrical sub-networks for the Queensland region to one electrical sub-network for the purpose of SRAS procurement. This is on the basis that *"recent procurement rounds have shown that almost all SRAS-capable generation and non-SRAS generation capable of supporting restoration is located in central and southern areas of the Queensland region."* ERM Power does not support this change for the following reasons.

Geographically, Queensland is the longest physical grid region of the NEM, with long transmission flow paths between the southern and central and central and northern electrical sub-regions. Whilst AEMO have concluded that the restart of generators in the central region may be possible from a "modelled" perspective under perfect conditions, system conditions present at a time of a black system event may be less stable than the perfect "modelled" world resulting in consumers in central and northern Queensland being exposed to lengthy supply restoration delays. Whilst AEMO may view that this risk is somewhat mitigated by the use of clause 4.8.9 Directions as a potential SRAS resource for the central and northern electrical sub-regions, there is no guarantee that the existing SRAS resources in central and northern Queensland will continue to remain available absent a SRAS contract.

Whilst AEMO has compared the Queensland region to other NEM regions which are considered a single region wide electrical sub-network for SRAS procurement purposes, we note that whilst AEMO considers that the Tasmanian region is one electrical sub-network for SRAS procurement purposes, that this view is not shared by TasNetworks or Hydro Tasmania who both consider Tasmania to have three electrical sub-regions and that SRAS sources are procured in each of the three electrical sub-regions. Hydro Tasmania also maintains a number of alternative non-contracted SRAS sources voluntarily in each of these electrical sub-regions as a backup service.²

We believe that before any decision is made to combine the two Queensland electrical sub-networks, a cost benefit analysis should be undertaken to understand the range of economic costs to Queensland of a delay to restoration of electrical supply to central and northern Queensland following a black system event compared to the potential costs savings in SRAS procurement from the proposed change.

In addition, whilst previous SRAS procurement tenders has led AEMO to consider that most SRAS services are located in southern or central Queensland, this was prior to the recent rule change where the definition of a SRAS supply source was changed from a black start generating unit to black start service and restoration support service and additional new services may emerge post this change. In addition, confirmation that AEMO may contract for longer duration SRAS when this leads to the lowest overall costs may facilitate the development of new SRAS resources in the central and northern Queensland area.

Please contact me if you would like to discuss this submission further.

Yours sincerely

[signed]

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² AEMO SRAS Guideline Forum Notes Page 4