



3 July 2020

Audrey Zibelman
Chief Executive and Managing Director
Australian Energy Market Operator

Lodged via email: sras.consultation.2020@aemo.com.au

Dear Ms Zibelman

AEMO: ISSUES PAPER ON REVISIONS TO THE SYSTEM RESTART ANCILLARY SERVICE GUIDELINE

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the changes to the System Restart Ancillary Services (SRAS) guidelines that have been proposed by the Australian Energy Market Operator (AEMO).

AEMO should maintain the existing sub-regions for Queensland

Origin does not support the merging of the two Queensland sub-regions. When the issue was last examined in 2016, the Reliability Panel was informed by AEMO that there was a “natural breakpoint” in Queensland between the **South Pine - Palmwoods** and **Halys - Calvale** transmission lines.¹ The network has not altered since this concern was laid out and therefore the technical reason for the existing sub-region division remains.

The main rationale given for the proposed merging of the sub-regions is that there may not be enough competition in the North Queensland sub-region and that most of the SRAS procured will likely be from generators in South Queensland.

The rule change made by the Australian Energy Market Commission (AEMC) earlier this year was to encourage provision from new technologies and allow AEMO to procure in the long-term interests of encouraging competition. Removing the North-Queensland sub-region region could lessen the impetus to supply SRAS in that region and make it less likely for participants to invest in SRAS capabilities. This in turn will work against the goal of increasing the diversity of SRAS sources.

If AEMO does choose to create a single Queensland sub-region, it should ensure that the quantity of the restoration service is not degraded from a reduction in the quantity of SRAS procured. We note that the level of restoration required in each sub-region is specified in the Reliability Standard by the Reliability Panel and is not directly under the control of AEMO. Therefore, any changes to the sub-regions should be accompanied by a recommendation to the Reliability Panel that the quantity of SRAS in the new Queensland sub-region should remain unchanged from the amount procured currently.

Use principles rather than examples to set out the procurement objective

The draft guideline uses examples to demonstrate how AEMO would meet its new long-term procurement objective. However, these do not provide clear guidance for proponents to prepare their bids.

¹ Reliability Panel, 2016, *Final Determination: Review of the Reliability Standard*, p103.

We suggest that these examples are supplemented with principles that AEMO would use when assessing which SRAS to procure. This will provide guidance on what AEMO is looking for in assessing the bids it will receive. Proponents can focus on how they meet the principles, rather than attempting to demonstrate their closeness to one of the examples.

Suggested principles include:

- Providing capability to meet the system restart standard at minimum cost considering the actual and forecast availability and reliability of facilities with black start capability.
- Procuring services consistent with forecast power system development, including consideration of when restoration support services may be needed to supplement black start services.

Black Start Generators should be responsible for energising up to their connection point

The draft guidelines require black start generators to provide capability up to a delivery point on the network. We consider that instead the guideline should set out for each generator a level of service relating to its connection point, as is used for system support generators.

Generators are only capable of providing a service up to its connection point. For generators to provide service to a delivery point they need to negotiate terms with the TNSP. Such agreements can be costly and there is often not a guarantee of service level.

We note that the recent rule change has given AEMO improved capabilities to test the restart flow path in the transmission network. This is the best way for AEMO to have confidence in the ability to restore from a black start generator to the wider system.

Intrusive work should be defined

In clause 4.3.2 the draft guidelines set out that SRAS providing generators will need to complete tests within 20 business days after “intrusive work”. We consider that intrusive work should be defined so that it only covers the installation of new capital equipment. Additionally, where generators are undertaking a series of works over a period of weeks, they should be able to delay the re-test until all elements of the project are complete.

Requiring too many tests after minor work will incur costs for the generator, along with the TNSP and AEMO.

Should you have any questions or wish to discuss this submission further, please contact [REDACTED].

Yours sincerely

