



8 February 2019

Reliability Panel
c/- Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Reference: REL0069

Submitted online: www.aemc.gov.au

Dear Panel Members,

AEMO REQUEST FOR A PROTECTED EVENT DECLARATION – CONSULTATION PAPER

Origin Energy Limited (Origin) welcomes the opportunity to comment on The Reliability Panel's evaluation of the protected event submitted by AEMO.

Origin has supported the protected events concept since its inception, an outcome stemming from the SA Black Event in September 2016 and ruled appropriate by the AEMC. The ability for AEMO to manage identified low probability, high impact events and their subsequent evaluation by the Reliability Panel is beneficial in managing and maintaining system security.

The Reliability Panels approach to evaluating this proposal examining both the economic and power systems engineering aspects is welcomed. At a high level, this transparent approach should examine what will change, practically, from the current arrangements and how the overall costs associated with AEMO's preferred option may contribute towards greater benefits for all consumers.

There are two areas where further evaluation would be welcomed, firstly the use of 2x the VCR value to account for Black Events requires further justification and secondly the structural rating of the transmission network to handle high winds.

The VCR value AEMO have used was derived from a 2014 survey of consumers and CPI calculations were used to derive a 2018 figure. Using CPI to derive a more up to date number appears appropriate, however we question the justification as to why a 2x VCR value is appropriate for black events.

The 2014 VCR survey¹ asked respondents about outages with durations up to 12 hours and their responses were used to calculate an overall VCR. Thus participants were asked about their responses to hypothetical outages that were similar in duration to those experienced in the 2016 SA Black Event.

Origin asks that the Reliability Panel determine if the 2x VCR value that AEMO have used is appropriate, or if another value might be more suitable to test against the economic modelling presented by AEMO.

Our second question centres around AEMO's proposed threshold of 140km/h wind speeds and the destructive wind definition which will lead to market intervention by limiting imports across the Heywood Interconnector.

In undertaking its engineering assessment of AEMO's proposal, the Panel could examine the structural rating of the transmission elements and their ability to withstand high wind speeds. It is our understanding that many of the transmission elements have design tolerances well in excess of 140km/h. An examination of what design ratings are available across the SA Transmission Network

¹ <https://www.aemo.com.au/-/media/Files/PDF/VCR-final-report--PDF-update-27-Nov-14.pdf>, page 11.

would provide a greater indication of where the optimal wind speed threshold should lie, and this would help to minimise market interventions.

AEMO have proposed that intervention would occur when 'destructive winds' are forecast by the Bureau of Meteorology, however the term 'destructive winds' does not appear to be explicitly defined, especially in regard to km/h limits.

Defining this term would provide greater certainty to participants and allow generators to examine forecasts and plan for the operation of gas fired power stations within South Australia when a protected event is called.

Should you have any questions or wish to discuss this information further, please contact James Googan in the first instance via email james.googan@originenergy.com.au or phone, on (07) 3512 4138.

Yours sincerely,



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