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(Lodged electronically)

System Restart Services, Standards and Testing Rule 2019 (Ref. ERC0278, ERC0281)

Delta Electricity welcomes the opportunity to contribute to the AEMC's deliberations on the rule changes addressing System Restart Services, Standards and Testing. Delta owns and operates the 1,320MW Vales Point power station in NSW and has a retail licence to sell electricity to large customers. Delta has operated coal and gas fired generating plant in the National Electricity Market (NEM) since its start in 1998 and is an active participant in both the electricity and gas trading markets.

As the owner of an asset that has previously been used as an integral third party to an SRAS service, Delta Electricity is concerned by AEMO's proposed rule change which would mandate a third party's uncompensated participation in testing an SRAS provider's service. Wholesale market participants could be exposed to material financial losses and additional costs as a result of any testing undertaken to test SRAS and it is vital to ensure that this risk is alleviated. As the SRAS provider is best placed to manage the impact of the risk through the design of testing procedures and timing decisions, the cost of the risk should be borne by that participant to incentivise the minimisation of market impacts. The AEMC is urged to modify any eventual Rule to either:

1. permit compensation claims from third parties for the impacts and expenses of any testing obligation that arises, particularly if the third party is not provided with avenues to be exempted from participation in the event of certain business or operational conditions that may jeopardise its business objectives; or
2. mandate that the SRAS provider arrange for financially supported agreements between itself and relevant third parties adequately compensating the affected parties for the impact of testing upon scheduled operations and for the costs of personnel and plant as a result of specific activities of the testing.

The following pages provide a table of comments to the AEMC's specific questions in the consultation paper.

Delta welcome discussion of this submission. If any queries arise, please contact Simon Bolt on (02) 4352 6315 or simon.bolt@de.com.au.

Yours sincerely,

Peter Wormald
Manager Regulation, Risk and Strategy

ATTACHMENT 1

Table 1: Questions from the consultation paper and Delta's response

	AEMC Question	Delta Electricity Comments
ASSESSMENT FRAMEWORK		
1	Do stakeholders agree with the proposed assessment framework? Alternatively, are there additional principles that should be taken into account?	Delta Electricity encourages the AEMC to guide the rule change to favour the least complex SRAS generation, transmission and third-party solutions in AEMOs procurement of SRAS. This focus has the greatest potential to minimise technical risks in an actual system black event and avoid an inexpensive single source solution that does not include compensation upon other parties it depends on to adequately perform. If third parties are to be depended upon, these parties need to be brought into the SRAS process by some form of financial agreement and be compensated for any obligatory activity the SRAS provision demands.
DEFINITION OF SRAS		
2	Is it appropriate and/or necessary to expand the definition of SRAS to include system restoration support services, as proposed by AEMO? Will this enhance levels of competition in provision of SRAS, and help to reduce SRAS costs for consumers?	<p>Delta Electricity considers that black system recovery planning has not required this level of complexity before but that as the transition to greater levels of intermittent generation continues, additional support services may become increasingly necessary if intermittent generation and loads cannot be easily isolated in the lowest possible complexity of overall restart action.</p> <p>Delta Electricity is of the view that managing the additional SRAS complexity may create additional risk for system restoration due to</p>

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		limitations on operational staff's ability to efficiently process these additional details during highly stressful, highly dynamic situations.
	If system restoration support services were to be included in the definition of SRAS:	
	(a) do stakeholders have views on the types of services which should be classified as system restoration support services?	Delta has no comment on this question.
	(b) is it appropriate for these services to be prescribed in the SRAS Guideline as opposed to the NER?	Delta considers that support services should be included in the SRAS guidelines but not be procured as separate SRAS. The additional services, if uniquely available from a provider that has no generation capability, should be the subject of a third-party agreement between that provider and the SRAS generator so that coordination of all services can be controlled/coordinated by the SRAS provider via a single point of contact from AEMO/TNSP and not multiple points of contact to minimize complexity of communication during stressful periods on insecure networks.
	(c) could this facilitate the development and future utilisation of these services for purposes other than SRAS and, if so, do stakeholders see benefits in such an outcome?	Delta Electricity has no comment on this question.
	3. Do stakeholders have views on whether AEMO should be able to acquire SRAS from NSPs? What issues are relevant to consideration of this issue?	If NSPs are enabled to provide energy and other market services during a restart, it will be important to appropriately separate the dispatch and market revenue from such assets.

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SRAS PROCUREMENT OBJECTIVE		
3	1. Do stakeholders agree with AEMO's characterisation of the issues identified in the rule change request in relation to the SRAS Procurement Objective?	Delta disagrees with AEMO's proposal to mandate uncompensated testing requirements for third parties.
	2. Would AEMO's proposed changes to the SRAS Procurement Objective result in stronger incentives for generators to invest in SRAS capabilities?	Delta considers the proposed rule changes potentially make the incentives weaker by increasing the complexity of what is required for SRAS provision and testing.
	3. Do stakeholders have views on the potential costs associated with the proposed changes to the SRAS Procurement Objective?	Delta expects that if third parties are allowed compensation as proposed above, the costs will be lower than if they are uncompensated. This would result from SRAS providers exploring the least cost, lowest market impact approach to testing and compliance.
	4. Would replacing the lowest-cost objective with a reference to the NEO provide appropriate and clear guidance to AEMO in relation to the procurement of SRAS?	Delta Electricity agrees that lowest-cost procurement has not allowed AEMO to take into account non-cost factors which can have a material impact on the robustness of the service provided.
SRAS TESTING		
4	1. Do stakeholders agree with AEMO's analysis of the issues in relation to the testing of SRAS in the context of a changing power system?	Delta Electricity has no comment on this question.
	2. Would the proposed change address the issue raised by AEMO? If not, what alternative solutions are there?	Delta Electricity has no comment on this question.

	AEMC Question	Delta Electricity Comments
	<p>3. Can stakeholders provide an indication of the costs associated with the proposed changes? How will these costs affect generators, NSPs and consumers, respectively?</p>	<p>Delta Electricity specifically objects to any imposition of mandated testing by third parties without compensation. The absorption of costs by some participants in order to support a contracted party's SRAS is not considered appropriate.</p> <p>Delta considers the costs could amount to as much as several days' lost production on an affected generating unit (or Units) as a result of:</p> <ul style="list-style-type: none"> • Coordination difficulties between SRAS provider and TNSP • Unexpected SRAS provider, TNSP and/or third-party equipment breakdowns elongated the test period or requiring additional testing • Additional allowance in planned outage works for SRAS testing time • Lost production if SRAS testing is not adequately planned by SRAS provider with third party coordination and requires unplanned Unit outage to meet SRAS obligations • Equipment failures caused by unusual conditions of an SRAS test.
	<p>4. Do stakeholders have views on whether the cost recovery arrangements for SRAS testing proposed by AEMO are reasonable and efficient?</p>	<p>Delta Electricity does not support the cost-recovery arrangements proposed by AEMO. A third-party is considered by Delta Electricity to form part of the SRAS provision and the proposed SRAS Rules and related processes should be revised to ensure the affected party receives necessary compensation from the SRAS payment either by way of compensation claim issued upon the SRAS provider or AEMO or</p>

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		by way of SRAS/third party agreement that is put in place as part of the SRAS tender and contract award process.
GENERATOR ACCESS STANDARDS		
5	1. Do stakeholders agree with AEMO's analysis of the issues in relation to the proposed new access standard addressing the capability to provide active and reactive power in system restart conditions?	Delta does not think it is appropriate to require all new generation technologies to provide SRAS services suggested by the proposed Rules. This would potentially add unnecessary costs to consumers.
	2. Would the proposed change address the issue raised by AEMO? If not, what alternative solutions are there?	Delta Electricity does not believe the proposed change will address the issue.
	3. Does the proposed change represent an unnecessary barrier to entry, having regard to the costs imposed by the change and the technical capabilities of different technologies?	Delta Electricity believes the change inserts a new barrier to entry that is not required.
	4. Can stakeholders provide an indication of the costs associated with the proposed change?	Delta Electricity expects that the new standard will add further expense to the process for new and altered connections and will rely on further modelling reports rather than testing that will cost further tens to hundreds of thousands of dollars and not categorically confirm that the black system conditions a unit faces will permit the performance delivery expected even if modelling suggest it will.
ROLES AND OBLIGATIONS OF PARTICIPANTS IN RELATION TO SRAS		

	AEMC Question	Delta Electricity Comments
6	1. Do stakeholders agree with the AER's analysis of the issues in relation to the need to clarify the specific roles and responsibilities of NSPs, AEMO and other market participants in relation to SRAS?	Delta Electricity agrees that interpretative differences can occur in the Rules where english language descriptions permit. e.g. the word capability means possible to some and mandatory to others. Further definitions and revisions to wording around roles and responsibilities should therefore either be included in the Rules or the SRAS guidelines, after consultation with affected parties to obtain agreement as to the impacts of the clarification.
	2. Would the proposed change address the issue raised by the AER? If not, what alternative solutions are there?	Delta Electricity has no comment on this question.
	3. Do stakeholders have views on the role and function of LBSPs and whether this is adequately dealt with under the NER?	<p>Delta Electricity considers the existing Rules and LBSPs to be adequate for the purposes they fulfill. The LBSP information provided by participants should not be considered representations of mandated performance but be considered to be indicative. Such rare conditions will carry a myriad of unexpected and highly stressful situations for operation personnel which may lead to non-conformance despite the best endeavours and intentions of participants.</p> <p>Delta Electricity has observed the changes proposed by AEMO to its LBSP guidelines and anticipates some increased scrutiny upon the internal procedures of Generators previously not taken into account.</p> <p>Delta Electricity considers that AEMO has demonstrated a level of overreach in now requiring this additional detail. AEMO is unlikely to be able to improve the procedures of third parties and ought not to be required to unless a participant's present LBSP already supplies details</p>

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		that appear to offer far less recovery support than participants with similar technology.
INFORMATION PROVISION AND COMMUNICATION PROTOCOLS		
7	1. Do stakeholders agree with the AER's analysis of the issues in relation to the need to clarify the requirements applying to information provision processes and communication protocols in relation to SRAS?	Delta Electricity considers that clarifying reasonable expectations of information provision processes and communication protocols is a reasonable preparatory action.
	2. Would the proposed change address the issue raised by the AER? If not, what alternative solutions are there?	Delta Electricity considers it appropriate to establish protocols to provide greater clarity in the preparation for an event.
	3. Are enhanced communications protocols and other processes likely to deliver materially enhanced resilience of the power system?	Delta's view is that preparation and testing is crucial but that highly uncertain and fluid circumstances during a system black event will always lead to potential for error. The current level of system resilience is quite high and that additional protocols and processes may enhance it if they result in complexity of action and response being reduced.