



Your Ref: REL0077

6 October 2020

Graham Mills  
Australian Energy Market Commission  
Sydney South NSW 1235  
Submitted online to: <https://www.aemc.gov.au>

Dear Graham,

### **Submission: Reliability Panel's review of the system restart standard 2020**

CS Energy welcomes the opportunity to provide a submission on the Reliability Panel's review of the system restart standard Consultation Paper (**Paper**).

#### **About CS Energy**

CS Energy is a Queensland energy company that generates and sells electricity in the National Electricity Market (**NEM**). CS Energy owns and operates the Kogan Creek and Callide coal-fired power stations. CS Energy sells electricity into the NEM from these power stations, as well as electricity generated by other power stations that CS Energy holds the trading rights to.

CS Energy also operates a retail business, offering retail contracts to large commercial and industrial users in Queensland, and is part of the South-East Queensland retail market through our joint venture with Alinta Energy.

CS Energy is 100 percent owned by the Queensland government.

#### **General comments**

CS Energy recognises the importance and value provided by the System Restart Standard (**SRS**). The primary purpose of this standard is to provide guidance and set a benchmark to assist the Australian Energy Market Operator (**AEMO**) in procuring sufficient restart ancillary services (**SRAS**) to meet the requirements of the NEM.

In the most recent round of SRAS procurement by AEMO there was a distinct impression that costs were the primary driver rather than a focus on delivering the required outcomes underpinned by the SRS that would demonstrate 'value' with a corresponding price.

Our submission focuses on the AEMO determination to combine the two existing Queensland electrical sub-networks into a single electrical sub-network.

Our detailed comments on the Paper are set out in the Attachment.

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If you would like to discuss this submission, please contact Henry Gorniak (Market and Power System Specialist) on [hgorniak@csenergy.com.au](mailto:hgorniak@csenergy.com.au) or M 0418 380 432.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Teresa Scott', with a stylized flourish at the end.

**Teresa Scott**  
Market Policy Manager

## ATTACHMENT

### 1. Queensland region electrical sub-networks

There are currently two electrical sub-networks for Queensland for the purpose of SRAS – North Queensland and South Queensland. AEMO has responsibility for determining electrical sub-network boundaries under the National Electricity Rules (**NER**). Following consultation with stakeholders AEMO made a SRAS Guideline 2020 Draft Determination<sup>1</sup> to consolidate the north and south Queensland electrical sub-networks into a single sub-network, aligning with the NEM regional boundary for Queensland.

CS Energy has not changed its views on the progressive consolidation of electrical sub-networks in Queensland from three to two and to the proposed one as articulated in its submission to the recent AEMO SRAS Guideline consultation.<sup>2</sup>

The following is an extract from the submission.

CS Energy does not support the proposal for the following reasons:

- i) Previously AEMO reduced the NSW region electrical sub-networks from two to one. However, the current System Restart Standard (**SRS**) for the NSW electrical sub-network requires AEMO to procure two components of SRAS, one for NSW and one for North of Sydney. Regardless of the terminology used, the outcome effectively represents two electrical sub-networks in NSW.
- ii) The Queensland region previously consisted of three electrical sub-networks. AEMO reduced the number of electrical sub-networks from three to two when there were no SRAS offers received for the northern electrical sub-network. Arguably, the northern electrical sub-network should have been retained providing a market signal for SRAS.
- iii) CS Energy is concerned that the allocation of electrical sub-networks does not reflect the Queensland region from a transmission network perspective with natural break points that are likely to arise from a major supply disruption.
- iv) The emergence of a hybrid outcome for the NSW region is not desirable as it ignores the compelling criteria for an electrical sub-network. This would equally apply to the Queensland region in the event of consolidating the existing two electrical sub-networks.
- v) Consolidating the existing two electrical sub-networks in the Queensland region would potentially result in longer restart paths that would be challenging to test and be exposed to a higher probability of being adversely impacted by environmental factors that includes cyclones, floods and bushfires.
- vi) A comprehensive cost benefit analysis coupled with a risk assessment of the network arising from a major supply disruption and the location of existing and desired SRAS providers would need to be conducted before an informed opinion is formed on the appropriate number of electrical sub-networks for the Queensland region.

CS Energy remains concerned with the suppression and ultimate elimination of market signals for the provision of SRAS in those electrical sub-networks that are consolidated and ultimately eliminated.

If it is accepted that the criteria utilised in the determination of electrical sub-networks has not changed, then CS Energy advocates for the retention of the appropriate number of electrical sub-networks for each region and in this case, three for Queensland. This

<sup>1</sup> [https://aemo.com.au/-/media/files/stakeholder\\_consultation/consultations/nem-consultations/2020/sras-guideline/sras-guideline-2020-draft-determination.pdf?la=en](https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2020/sras-guideline/sras-guideline-2020-draft-determination.pdf?la=en)

<sup>2</sup> [https://aemo.com.au/-/media/files/stakeholder\\_consultation/consultations/nem-consultations/2020/sras-guideline/submissions/cs-energy.pdf?la=en](https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2020/sras-guideline/submissions/cs-energy.pdf?la=en)

outcome would highlight the scarcity of SRAS in those electrical sub-networks currently without any contracted SRAS. It is acknowledged that whenever AEMO has made a determination to reduce the number of electrical sub-networks, the Reliability Panel has made amendments to the quantitative settings for SRAS in the affected region prescribed in the SRS to ensure that the SRS is able to guide AEMO’s procurement of SRAS to compensate for the reduction to the number of electrical sub-networks for that region in its next SRAS procurement round.

There has been no demonstration of net benefits in progressively reducing the number of electrical sub-networks and the associated changes to the SRS when compared to retaining the existing and legitimate electrical sub-networks.

Focussing on the reduction in costs alone does not reflect the total benefits, as any assessment has not included legitimate risks such as those expressed in the Powerlink Queensland (as the Jurisdictional System Security Coordinator) submission to the AEMO SRAS Guideline consultation.<sup>3</sup>

CS Energy shares similar concerns as to those expressed in the Powerlink Queensland submission. [REDACTED]

Confidential information has been omitted for the purposes of section 24 of the Australian Energy Market Commission Establishment Act 2004 (SA) and sections 31 and 48 of the National Electricity Law.

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<sup>3</sup> [https://aemo.com.au/-/media/files/stakeholder\\_consultation/consultations/nem-consultations/2020/sras-guideline/late-submissions/sras-submission-powerlink.pdf?la=en](https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2020/sras-guideline/late-submissions/sras-submission-powerlink.pdf?la=en)