

## Implementing a general power system risk review (ERC0303) – stakeholder workshop

27 April 2021

The stakeholder workshop was held by videoconference on 27 April 2021.

The stakeholder workshop was organised by the Australian Energy Market Commission (AEMC) to consult with interested stakeholders on issues raised by the Australian Energy Market Operator (AEMO) in response to the *Implementing a general power system risk review* draft determination, including in relation to how Network Service Providers (NSPs) interact and interface with AEMO during the preparation for the general power system risk review (GPSRR).

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The attendees of the meeting are listed below.

Attendee	Organisation
Andrew Truswell	KPMG (on behalf of the AEMC)
Cameron Mclean	Powerlink Queensland
Cathy Philipp	Australian Energy Market Commission (AEMC)
Christina Green	Energy Queensland
Dor Son Tan	Energy Networks Australia (ENA)
Greg Hesse	Powerlink Queensland
Hugo Klingenberg	ElectraNet
Jill Caine	Energy Networks Australia (ENA)
Katie Yates	AusNet Services
Louise Thomson	Australian Energy Market Operator (AEMO)
Luke Robinson	Australian Energy Market Operator (AEMO)
Martin Cavanagh	AusNet Services
Olga Iaroshevskaya	KPMG (on behalf of the AEMC)
Patrick Loughrey	Australian Energy Market Commission (AEMC)
Perera Devinda	ElectraNet
Rainer Korte	ElectraNet
Reena Kwong	Australian Energy Market Operator (AEMO)
Sorrell Grogan	Australian Energy Market Operator (AEMO)
Tim Astley	TasNetworks
Verity Watson	Energy Networks Australia (ENA)
Victoria Mollard	Australian Energy Market Commission (AEMC)

After an introduction and recap of the project, the meeting focussed on three areas:

- 1) The process for the GPSRR.
- 2) Potential new obligations on Network Service Providers.
- 3) Potential future costs of the GPSRR.

### Introduction

- The AEMC introduced participants and mentioned that, on 22 April 2021, the AEMC had extended the time to make a final rule. The final rule and determination will now be made on 3 June 2021.

- The project team provided a recap of the draft rule, noting that the GPSRR could leverage off existing arrangements and be driven by risks identified at a high-level elsewhere, with the ability to focus on different risks over time.
- The project team described the desired outcomes from the workshop, which was to discuss the following questions:
  - What is the best process for the identification and assessment of risks?
  - Should inputs from Distribution Network Service Providers (DNSPs) flow via Transmission Network Service Providers (TNSPs) or be directly sought by AEMO?
  - Who is the best party to assess and prioritise certain risks?
  - What is the role of the approach paper if NSP input is sought earlier in the process?
  - How would the process proposed by AEMO fit with NSPs' other planning processes (e.g. Annual Planning Reviews)?
  - How do the answers to the above questions affect the total costs of the GPSRR and the allocation of these costs between parties, such as AEMO and the NSPs?
  - What is the desired level of prescription/detail in the Rules?

### **Stakeholder comments**

Stakeholder general comments included:

- Stakeholders generally agreed that the expansion of the Power System Frequency Risk Review (PSFRR) into the GPSRR is a useful exercise. The expanded review would facilitate consideration of a broader range of risks, as well as deeper consultation and more frequent review.
- However, stakeholders believe that this process would be better served if there was more clarity around some key issues, such as what the obligations on parties would be, and what is required to fulfill these obligations.
- Stakeholders expressed a desire to work collaboratively together to ensure that what is required to undertake the GPSRR is in place and is effective.
- Some stakeholders are concerned that the draft rule is ambiguous about the level of detail required in the risk assessments.
- However, it was also noted that the Rules should not be over-prescriptive in relation to the process and inputs provision.
- It was suggested that some parts of the draft rule could be interpreted as requiring AEMO to first assess all possible events and conditions that could lead to cascading failure, before selecting priority risks. The view was expressed that this needs to be addressed in the final rule, to keep the GPSRR manageable for both AEMO and NSPs.
- It was noted that, in over a year since the original recommendation, much has changed both on the power system, and the reporting requirements. Specifying the risk areas for review is not practical. Given the broad scope of risks and increased frequency proposed, it is important that the rule does not implicitly require duplication of other activities.

Stakeholder comments on the process for the GPSRR included:

- Stakeholders agreed that the GPSRR should leverage off existing processes avoiding duplication.
- Coordination and collaboration between AEMO and NSPs has generally worked well to date in relation to the PSFRR.
- A proposal was made that AEMO be required to develop a GPSRR guideline in consultation with NSPs on the expectations and scope of the information to be provided for the purposes of the review. Some stakeholders expect this to be a more flexible approach than setting out the details directly in the Rules.
- Other stakeholders considered that a guideline or procedure-type document would not be suitable. They see this exercise as part of the ongoing engagement between AEMO and NSPs, which will shift and progress every year. It was noted that the existing processes such as ones applied for the PSFRR purposes could be leveraged for the GPSRR.

- Stakeholders generally agreed that arrangements should consider optimal use of resources between AEMO and NSPs to avoid duplication.

Stakeholder comments on the potential new obligations on the NSPs included:

- Responsibilities between AEMO, TNSPs and DNSPs need to be clearly understood, and additional work funded. The role of Annual Planning Reviews and joint planning work need further consultation and clarification.
- It was suggested that, under some potential approaches, the GPSRR would require an uplift in the contribution to the process to be made by NSPs.
- Some stakeholders are concerned that the GPSRR has the potential to be resource intensive and to become unmanageable.
- Stakeholders commented that the GPSRR needs to be fit for purpose (e.g. a full annual review of all emergency control schemes and EFCS would be disproportionate). It was noted that the emergency control scheme and control and protection system settings analysis that the draft rule mandates as part of the Annual Planning Reviews may represent a material step change. Some stakeholders suggested that it should be considered whether this has a benefit and can be funded, or whether the draft rule requirement needs to be narrowed.
- It was noted that more detailed datasets and new models may be needed for the GPSRR, and that this would require upfront effort to put in place. Existing NSP requirements, such as provision of plant models, may need to be accelerated/re-prioritised. To acquire these inputs will take time and collaboration between AEMO and NSPs. It was also noted that not all NSPs may consider this to be a significant step change as some already have advanced models of frequency controls (e.g. TasNetworks).

Stakeholder comments on the potential costs of the GPSRR included:

- It was noted that if the GPSRR requires a significant amount of extra work, stakeholders would need to be properly resourced.
- For NSPs, a material step change in requirements would raise concerns about unfunded resource implications. Stakeholders noted that clear obligations on NSPs in the Rules would help to secure required funding going forward.
- Stakeholders noted that the discussion of costs is difficult and secondary to the discussions around scope and requirements. There is a need to flesh out questions around responsibilities, scope and process before an effective discussion around costs can be made.
- Stakeholders were of the view that if the GPSRR represents a material increase in workload and resources, there is a need to balance obligations and allow some flexibility in the approach.

### **Next steps**

The project team outlined the next steps for the rule change process, including:

- The intention to reconvene with interested stakeholders at a later stage before the final determination is published.
- The final determination will be published on 3 June 2021.