



Draft National Electricity Amendment (Enhancing operational resilience in relation to indistinct events) Rule 2022

under the National Electricity Law to the extent applied by:

- (a) the National Electricity (South Australia) Act 1996 of South Australia;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (f) the National Electricity (Victoria) Act 2005 of Victoria;
- (g) the National Electricity (Northern Territory) (National Uniform Legislation) Act 2015 of the Northern Territory; and
- (h) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

Anna Collyer
Chairperson
Australian Energy Market Commission

Draft National Electricity Amendment (Enhancing operational resilience in relation to indistinct events) Rule 2022

1 Title of Rule

This Rule is the *Draft National Electricity Amendment (Enhancing operational resilience in relation to indistinct events) Rule 2022*.

2 Commencement

Schedule 1 of this Rule commences operation on [18 August 2022].

Schedule 2 of this Rule commences operation on [24 February 2022].

3 Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4 Savings and Transitional Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

Schedule 1 Amendment to the National Electricity Rules

(Clause 3)

[1] Clause 4.2.3 Credible and non-credible contingency events and protected events

Omit clause 4.2.3(a) and substitute:

- (a) A *contingency event* means an event on the *power system* which *AEMO* expects would be likely to involve:
 - (1) the failure or removal from operational service of *plant*; or
 - (2) a sudden and unplanned change to the *loading level* of *plant*.

[2] Clause 4.2.3A Re-classifying contingency events

In the heading of clause 4.2.3A, omit "Re-classifying" and substitute "Reclassifying".

[3] Clause 4.2.3A Reclassifying contingency events

In clause 4.2.3A(b)(1), omit "a *contingency event*" and substitute "the *power system*".

[4] Clause 4.2.3A Reclassifying contingency events

In clause 4.2.3A(b)(2), omit "any *non-credible contingency event* which is more" and substitute "whether a *non-credible contingency event* is more".

[5] Clause 4.2.3A Reclassifying contingency events

In clause 4.2.3A(c), omit "a *non-credible contingency event* which is more" and substitute "a *non-credible contingency event* that is more".

[6] Clause 4.2.3A Reclassifying contingency events

In clause 4.2.3A(c)(2), omit "relevant".

[7] Clause 4.2.3A Reclassifying contingency events

Omit clause 4.2.3A(c)(3) and substitute:

- (3) whether *AEMO* has reclassified the *non-credible contingency event* as a *credible contingency event* under clause 4.2.3A(g), and, if so, any additional measures implemented to maintain *power system security*;

[8] Clause 4.2.3A Reclassifying contingency events

In clause 4.2.3A(d), omit "have a material effect on the likely occurrence" and substitute "increase the likelihood".

[9] Clause 4.2.3A Reclassifying contingency events

Omit clause 4.2.3A(e) and substitute:

- (e) If *AEMO* identifies that a *non-credible contingency event* is more likely to occur because of *abnormal conditions* it must, on a regular basis while the *abnormal conditions* exist, consider whether they make the occurrence of that *non-credible contingency event* reasonably possible, having regard to all the facts and circumstances identified in accordance with clause 4.2.3A(b).

[10] Clause 4.2.3A Reclassifying contingency events

In clause 4.2.3A(f), omit the note.

[11] Clause 4.2.3A Reclassifying contingency events

Omit clause 4.2.3A(g) and substitute:

- (g) If, after undertaking a consideration in accordance with clause 4.2.3A(e), *AEMO* decides that the existence of the *abnormal conditions* make the occurrence of a *non-credible contingency event* reasonably possible, it must:
 - (1) reclassify that event to be a *credible contingency event* and must notify *Market Participants* as soon as practicable;
 - (2) determine, having regard to the *reclassification criteria*, what measures it will implement to maintain *power system security*; and
 - (3) provide *Market Participants* with a notification consistent with the requirements in paragraph (c).

[12] Clause 4.2.3A Reclassifying contingency events

In clause 4.2.3A(h), omit "*AEMO* may reclassify that *credible contingency event* to be a *non-credible contingency event*. If *AEMO* does so, it must notify" and substitute "*AEMO* must reclassify that *credible contingency event* to be a *non-credible contingency event* and notify".

[13] Clause 4.2.3A Reclassifying contingency events

Omit clause 4.2.3A(i) and substitute:

- (i) Every six months, *AEMO* must issue a report setting out its reasons for all decisions to reclassify *non-credible contingency events* to be *credible contingency events* under clause 4.2.3A(g) during the relevant period. The report must include:
 - (1) an explanation of how *AEMO* applied the *reclassification criteria* for each reclassification decision;

- (2) *AEMO's* appraisal of the appropriateness and effectiveness of the *reclassification criteria* and the measures applied to maintain *power system security* as a result of reclassification decisions; and
- (3) *AEMO's* analysis of reclassification trends during the relevant period.

[14] Clause 4.2.3B Criteria for re-classifying contingency events

In the heading of clause 4.2.3B, omit "re-classifying" and substitute "reclassifying".

[15] Clause 4.2.3B Criteria for reclassifying contingency events

Omit clause 4.2.3B(a) and substitute:

- (a) *AEMO* must develop and publish criteria (*reclassification criteria*) that it must use when considering whether the existence of *abnormal conditions* make the occurrence of a *non-credible contingency event* reasonably possible under clause 4.2.3A(e).

[16] Clause 4.2.3B Criteria for reclassifying contingency events

In clause 4.2.3B(b), omit "criteria established under clause 4.2.3B(a)" and substitute "*reclassification criteria*".

[17] Clause 4.2.3B Criteria for reclassifying contingency events

In clause 4.2.3B(c), omit "criteria established under clause 4.2.3B(a)" and substitute "*reclassification criteria*".

[18] Clause 4.2.3B Criteria for reclassifying contingency events

In clause 4.2.3B(d), omit "establishing, reviewing or amending the criteria under this clause" and substitute "reviewing or amending the *reclassification criteria*,".

[19] Clause 4.2.3B Criteria for reclassifying contingency events

In clause 4.2.3B(d)(2), omit "criteria" and substitute "*reclassification criteria*".

[20] Clause 4.2.3B Criteria for reclassifying contingency events

In clause 4.2.3B(d)(3), omit "*publish* the criteria" and substitute "*publish* the *reclassification criteria*".

[21] Clause 4.2.3B Criteria for reclassifying contingency events

After clause 4.2.3B(d), insert a new clause 4.2.3B(e) as follows:

- (e) *AEMO* must, to the extent practicable, include in the *reclassification criteria* the *abnormal conditions* in respect of which *AEMO* may:
 - (1) assess the possible impact of the occurrence of related *credible contingency events* and determine the appropriate response required for the maintenance of *power system security* using methods other than *contingency event* analysis in accordance with clause 4.3.1(j1); or
 - (2) take action in relation to a particular class or classes of *network element, generating unit* or other *connected plant*.

[22] Clause 4.3.1 Responsibility of AEMO for power system security

After clause 4.3.1(j), insert a new clause 4.3.1(j1) as follows:

- (j1) to assess the possible impact of the occurrence of a *credible contingency event* and determine the appropriate response required for the maintenance of *power system security* and in doing so:
 - (1) where reasonably practicable use *contingency event* analysis; or
 - (2) where not reasonably practicable (for example, due to the event involving a large number of multiple *power system elements* or a class or classes of *power system elements*) use other reasonable practices or methodologies determined by *AEMO*;
- (j2) to publish information in the *power system operating procedures* about the actions *AEMO* may determine to take in the circumstances contemplated by paragraph (j1)(2);

[23] Clause 4.8.15 Review of operating incidents

After clause 4.8.15(a)(2), insert a new clause 4.8.15(a)(2A) as follows:

- (2A) an incident where *AEMO*:
 - (i) does not use *contingency event* analysis to determine the appropriate response required for the maintenance of

power system security in respect of a *credible contingency event*; and

- (ii) the response by *AEMO* could not reasonably have been expected having regard to the information published by *AEMO* in the *reclassification criteria* under clause 4.2.3B(e) or the *power system operating procedures* under clause 4.3.1(j2); or

[24] Clause 4.8.15 Review of operating incidents

In clause 4.8.15(ca), omit "re-classification criteria published under clause 4.2.3B" and substitute "*reclassification criteria*".

[25] Clause 5.20A.1 General power system risk review

After clause 5.20A.1(a)(2), insert a new clause 5.20A.1(a)(2A) as follows:

(2A) reviewable operating incidents as defined in clause 4.8.15(a)(2A);

[26] Clause 5.20A.1 General power system risk review

In clause 5.20A.1(a)(3), omit "sub-paragraphs (1) and (2)" and substitute "subparagraphs (1) to (3)".

[27] Clause 5.20A.1 General power system risk review

In clause 5.20A.1(a)(5), omit "paragraph (2)" and substitute "paragraphs (2) and (2A)".

[28] Clause 5.20A.1 General power system risk review

In clause 5.20A.1(c)(3)(iii), omit "and" at the end of the clause.

[29] Clause 5.20A.1 General power system risk review

In clause 5.20A.1(c)(4), omit "modify the scheme." and substitute "modify the scheme; and".

[30] Clause 5.20A.1 General power system risk review

After clause 5.20A.1(c)(4), insert a new clause 5.20A.1(c)(5) as follows:

- (5) for reviewable operating incidents referred to in paragraph (a)(2A), assess:
 - (i) the likelihood of a similar incident reoccurring; and
 - (ii) where relevant, the need to include options for responding to similar incidents in the information published under clause 4.3.1(j2).

[31] Clause 8.8.1 Purpose of Reliability Panel

In clause 8.8.1(a)(2a), after "clause 4.2.6(b)" insert "and clause 4.3.1(j1)".

[32] Chapter 10 Glossary

In the definition of "*plant*", after paragraph (f), insert a new paragraph (g) as follows:

- (g) In relation to the *power system*, includes all equipment involved in the *generation, transmission or distribution* of electrical *energy*.

[33] Chapter 10 Glossary

In chapter 10, insert the following new definition in alphabetical order:

reclassification criteria

Has the meaning given to it in clause 4.2.3B(a).

Schedule 2 Savings and Transitional Amendment to the National Electricity Rules

(Clause 4)

[1] New Part ZZZZ[x] Enhancing operational resilience in relation to indistinct events

In Chapter 11, after Part ZZZZ[x], insert a new Part:

Part ZZZZ[x] Enhancing operational resilience in relation to indistinct events

11.[xxx] Rules consequential on the making of the National Electricity Amendment (Enhancing operational resilience in relation to indistinct events) Rule 2022

11.[xxx].1 Definitions

- (a) In this rule 11.[xxx]:

Amending Rule means the *National Electricity Amendment (Enhancing operational resilience in relation to indistinct events) Rule 2022*.

commencement date means the date of commencement of Schedule 1 of the Amending Rule.

new clause 4.2.3B(d) means clause 4.2.3B(d) as in force on and from the commencement date.

- (b) Italicised terms used in this rule 11.[xxx] have the same meaning as in Chapter 10 as in force on and from the commencement date.

11.[xxx].2 Review of AEMO documents

- (a) By the commencement date, *AEMO* must review and where *AEMO* considers it necessary or desirable amend the *reclassification criteria* and *power system operating procedures* to take into account the Amending Rule.
- (b) In reviewing and amending the *reclassification criteria* and *power system operating procedures* under paragraph (a), AEMO must comply with the consultation requirements in new clause 4.2.3B(d).
- (c) Amendments made in accordance with paragraph (a) must take effect on and from the commencement date.