

## TWG Summary

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ERC0304: Enhancing operational resilience in relation to indistinct events Technical Working Group (TWG) 19 January 2022

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### 1. Attendees

- AEMC – Amy Wiech, Clare Stark, Victoria Mollard, Ben Bronneberg, Julius Susanto, Haven Roche
- AEMO – Louise Thomson, Mark Stedwell
- AER – Chris Ridings
- AGL – Kyle Auret
- CS Energy – Henry Gorniak
- Shell Energy – Ron Logan
- TasNetworks – Tim Astley

**Apologies:** Reena Kwong (AEMO), Stephen Hinchliffe (MottMac)

The views expressed by the AEMC in the meeting and captured in this summary are AEMC staff level views and are not the final decisions of the Commission.

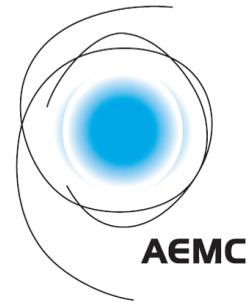
At the start of the meeting the relevant paragraph from the AEMC's competition protocol for the working group was read out. A copy of the of the protocol (attached) was provided to each member of the group prior to the meeting.

### 2. Submissions on the draft rule and determination

AEMC staff noted general support for the draft rule and determination in stakeholder submissions. However, submissions did suggest some changes to the draft determination. AEMC staff summarised the main issues raised in submissions, outlined initial AEMC staff views on how to manage these issues, and sought TWG members' feedback. These issues were grouped broadly into matters relating to AEMO's consultation process, implementation of the rule, and minor amendments.

#### 2.1. **AEMO's consultation process**

- In submissions, stakeholders suggested the addition of Distribution Network Service Providers (DNSPs) to the list of stakeholders AEMO consults with on the reclassification criteria (NER cl. 4.2.3B(d)(1)). TWG members agreed with this position.
- In submissions to the draft determination, stakeholders made broad comments regarding AEMO's targeted and wider consultation practices. It was noted that some of these comments were broader than the scope of this rule change, as well as the fact that some of these comments related to the approach AEMO is expected to use to meet the obligations, rather than the obligations themselves.
- There was discussion on the importance of encouraging transparent and meaningful consultation and the risk of becoming overly prescriptive. It was noted that it is important that broader market participants are aware that targeted consultation is underway so they can engage with their industry colleagues. TWG members were mindful that AEMO has recently undertaken a large review into improving its general stakeholder engagement and that AEMO staff have initiated meetings to update stakeholders on a fortnightly basis and that further improvements in stakeholder engagement may be forthcoming.



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- AEMC staff encouraged TWG members to comment on these broader issues through the [‘Improving consultation procedures in the rules’](#) (ERC0323) rule change, with submissions to the consultation paper closing **3 February 2022**.

### 2.2. Implementation of the rule

#### *Increasing the implementation timeframe to 12 months*

- TWG members supported increasing the implementation timeframe from 6 to 12 months to allow for meaningful consultation on integrating indistinct events into the reclassification criteria.

#### *Reliability Panel guidelines*

- Stakeholder submissions suggested that the Reliability Panel be required to provide guidelines for managing contingency events, rather than simply allowed to.
- AEMC staff clarified that this was not considered necessary in the draft determination given the Reliability Panel can develop guidelines if it determines to do so (See NER clause 8.8.1(a)(2a)).
- TWG members noted a desire to ensure the Reliability Panel understood the new framework and their role in it. AEMC staff noted the draft rule had been presented and discussed with the Panel at their December 2020 meeting. AEMC staff also noted their intention to present the final rule to the Panel.

### 2.3. Proposed minor amendments

#### *Adding ‘significant’, or a specific metric, to the definition of contingency event*

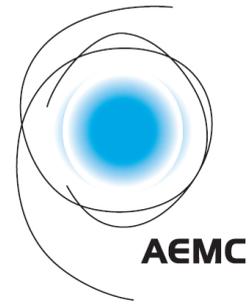
- In submissions to the draft determination stakeholders suggested there was a need to add ‘significant’, or a specific metric, to the definition of a contingency event. This would prevent the potential for immaterial changes potentially being considered contingency events.
- AEMC staff noted that the addition of ‘significant’ may introduce ambiguity as this threshold would be undefined and could be interpreted differently by different parties.
- Some TWG members advocated for the inclusion of a qualification to effectively delineate minor unplanned changes from major changes to the power system. AEMC staff noted that it will consider this issue further on the basis of this feedback.

#### *Explicitly referencing load or consumption in the definition of plant*

- In submissions, stakeholders raised the need to explicitly reference load or consumption in the definition of plant to capture all elements of the power system.
- AEMC staff noted that it is important to ensure this policy intention is reflected in the drafting and will consider this issue further.

#### *Defining indistinct events*

- At previous TWGs and in submissions, stakeholders noted the reference to ‘contingency event analysis’ in defining indistinct events has a highly specific definition which is more limited than the intended meaning in the rule.
- AEMC staff agreed that was not the intention and noted the current thinking was to use ‘contingency event risk assessment’ as proposed at the last TWG. TWG members were generally supportive of this.



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### *AEMO's anticipated actions*

- TWG members generally supported the AEMC's proposal to move AEMO's anticipated actions to the reclassification criteria document from the power system operating procedures to streamline information provision to market participants.

### *AEMO's power system security responsibility*

- In submissions, some stakeholders suggested emphasising the requirement for AEMO to use the standard contingency risk assessment process unless not reasonably practicable by inserting 'AEMO must' into NER cl. 4.3.1.
- However, it was generally agreed that this additional wording was not required as the requirement fell under AEMO's power system security responsibilities, which it must carry out.

### **3. Reporting on discretionary use of emergency measure**

In submissions to the draft rule, there was general support for maintaining the reporting framework for events in the reclassification criteria and expanding this framework to incorporate AEMO's discretionary use of the emergency measure. Stakeholders also supported the introduction of additional reporting for AEMO's discretionary use of the emergency measure as the abnormal conditions triggering reclassification and AEMO's ex-ante management of these risks would not be captured in the reclassification criteria. TWG members generally agreed with these positions. AEMO questioned the benefits of additional reporting given the existing reclassification reporting framework. The AEMC and AEMO agreed to have further discussions on the proposed additional reporting requirement.

AEMC staff set out that a potential approach for an additional report could be to follow the relevant market notice(s) and outline the abnormal conditions creating credible risk(s) to the power system and the preventative actions AEMO took to mitigate the risk(s). TWG members supported this suggestion and noted such events will be relatively unprecedented so timely reporting is critical. Members recognised that additional information may take longer to compile and preferred to leave this to be reported in the 6-month review of reclassifications rather than an earlier report. That is, if there was to be an additional report, then this should provide information akin to what is provided in the reclassification criteria and be followed by more substantial reporting in the 6-monthly reviews and the GPSRR.

The 6-monthly review could then provide the opportunity for a more in-depth analysis by AEMO on the event and initial learnings, followed by a more considered review through the GPSRR. Some TWG members suggested that as timely information is critical while the industry experiences such rapid transition, the 6-monthly report could be reduced to 3 monthly. However, it was noted that AEMO produces a lot of reporting, and doubling the frequency of this review will have consequences for the prioritisation of everything else.