Your Ref: REL0085

2 August 2022

Reliability Panel
C/- Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000
Submitted online via: www.aemc.gov.au

Dear Graham

Submission: Review of the guidelines for identifying reviewable operating incidents

CS Energy welcomes the opportunity to provide a submission to the Reliability Panel's (**the Panel's**) *2022 Reviewable Operating Incident Guideline Review* Draft Report (**Draft Report**).

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 B coal-fired power stations and has a 50% share in the Callide C station (which it also operates). 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.

Key views and feedback

The NEM is changing and will continue to do so as it transitions to a market with more Variable Renewable Energy (**VRE**) and an overall lower carbon footprint. This transition will bring changes in how power system security is managed, and CS Energy thus supports the overarching objective of the Reviewable Operating Incident Guidelines (**the guidelines**) to ensure that incidents of significance to power system security are within the scope of what

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is considered 'reviewable' by the Australian Energy Market Operator (**AEMO**). The learnings from such reviews will likely increase in significance as the power system transitions and, may on occasions, be profound in that a latent issue(s) may be identified and rectified, thereby avoiding a potentially significant adverse outcome under a different set of power system conditions.

Striking the appropriate balance between reviewing operating incidents and identifying power system improvements that do impose costs on market participants must be tempered by the fact that power system security is a non-negotiable.

CS Energy agrees with the timeliness of the review and acknowledges AEMO's desire to amend the guidelines to increase their efficiency and potentially reduce the costs imposed on participants. CS Energy is generally supportive of the first four of AEMO's proposals but aligns itself with the Panel on the fifth. CS Energy also supports the Panel's draft position on defining the boundaries of Queensland's sub-regions.

CS Energy agrees that the first four proposed changes demonstrate operational efficiency and value to all industry stakeholders without compromising power system security. In the event of an incident that is subsequently excluded under this consultation from requiring a reviewable operating incident report, CS Energy would expect AEMO to issue a market notice in an operational timeframe detailing the operating incident and advising why it is exempt from the requirement for a reviewable operating incident report.

CS Energy's comments below focus on the fifth proposal and broader concerns with aspects of the guidelines.

AEMO's proposal five

AEMO's proposal five seeks to limit reporting in respect of non-secure or non-satisfactory operation of the power system to only where critical transmission elements are impacted or affected. CS Energy is concerned that this limitation may inadvertently create potential blind spots regarding the security of the power system particularly against the evolving system landscape.

The National Electricity Rules (**Rules**) outline the symbiotic nature of the power system, with the Glossary defining the power system as *the electricity power system of the national grid including associated generation and transmission and distribution networks for the supply of electricity, operated as an integrated arrangement.*[1] The energy transformation has already seen an increased uptake in the level of distributed energy resources and this is expected to continue. These resources are also expected to play a role in managing power system security in the future. Excluding aspects of the power system in defining reviewable incidents may thus be detrimental to the overall security of the system.

Furthermore, the future operation of the power system is expected to increase in complexity and sophistication with growth in the utilisation of fast protection schemes including but not limited to Emergency Control Schemes, Remedial Action Schemes, System Protection Schemes, Special Protection Schemes, System Integrity Protection Schemes and Network Support Services Agreements. The utilisation and triggering of fast protection schemes during an operating incident should be captured in the guidance provided for AEMO on what is required to be reviewed.

[1] https://energy-rules.aemc.gov.au/ner/396/glossary/p#power-system

Resilience and power system security standards

CS Energy supports the attention drawn by the Panel regarding the resilient operation of the NEM power system. This however, highlights CS Energy's concerns with the lack of a more holistic consideration of power system security frameworks. As recently outlined[2], frameworks for *power system security standards* are lacking. For example,

- The NER provide reference to power system security standards and their oversight by the Reliability Panel but there is no clarity on what these entail;
- The Panel's webpage for system security is not found; and
- The *power system security standards* reference on the AEMO website[3] only refers to the Manual Load Shedding Standard.

Given the Draft Report references the *power system security standards,* to avoid any potential compromise to future power system security, the Panel needs to clarify what is meant by consistency with *power system security standards* as part of this consultation. This could be performed in parallel with consideration of enhancing operational resilience in relation to the indistinct events rule change. In CS Energy's view, this should comprise a review of what should be included in the AEMO System Event Reclassification Reports[4] and inclusion of appropriate criteria and metrics in the *power system security standards.* This approach would assist in determining whether non-credible sudden or unexpected changes in power flow should be included in the guidelines as a new reviewable operating incident that requires AEMO reporting.

Monitoring of recommendations

CS Energy considers this review as an opportunity to assess the efficacy of the overall process, in particular the progress of recommended actions that arise from reviewable incidents. A key benefit as articulated in the Draft Report is that '*actions are recommended for market participants to undertake to reduce the likelihood and/or impact of incident recurrence — the implementation of these actions is monitored and publicly reported on by AEMO.'*[5]

CS Energy notes that most reviewable operating incident reports include recommendations, and has previously expressed concern on the lack of a centralised tracking record detailing the progress status of the recommendations, any delay and associated reasons and updates on completion timeframes. Discussions with AEMO led to a commitment to provide a recommendation summary tracking record on an annual basis in the Power System Frequency Risk Review (**PSFRR**) that will be replaced with the General Power System Risk Review (**GPSRR**) from 2023 onwards. While the commitment is a step in the right direction, ideally this should be a more frequent and dynamic update on the progress status of the

[2] CS Energy submission to *AEMO-AEMC Joint Paper on Essential System Services and Inertia*, 21 July 2022
[3] https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/system-operations/power-system-operation
[4] https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-events-and-reports/power-system-reclassification-events
[5] https://www.aemc.gov.au/sites/default/files/2022-06/Draft%20report.pdf

recommendations arising from reviewable operating incident reports and could be incorporated into an appropriate area on the AEMO website.

If you would like to discuss this submission, please contact Henry Gorniak on 0418 380 432 or hgorniak@csenergy.com.au.

Yours sincerely

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