

Reliability Panel AEMC

Australian Energy Market Commission
Reliability Panel

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27 September 2011

Our ref: REL0045 11-16460

Mr Matt Zema
Managing Director and Chief Executive Officer
Australian Energy Market Operator
530 Collins Street
Melbourne VIC 3000

By email: matt.zema@aemo.com.au

Dear Mr Zema,

Reliability Panel determination of system restart standard

You may be aware that, under the National Electricity Rules (Rules), one of the functions of the Reliability Panel (Panel) is to determine the system restart standard to apply to the provision of system restart ancillary services (SRAS) for the National Electricity Market (NEM). In September 2011, the Panel received terms of reference from the Australian Energy Market Commission (AEMC) to undertake the work to determine the system restart standard by July 2012. As required by the Rules, AEMO has put in place an interim system restart standard which applies until such time as the Panel has determined the system restart standard.

As clause 8.8.1 requires that the Panel undertake the determination of the system restart standard on the advice of AEMO, I am writing to you to seek AEMO's advice on this matter. Without limitation, we seek your advice on:

- your views on, and details of, the application of the interim system restart standard to date including how it meets the SRAS objectives as defined under clause 3.11.4A(a) of the Rules;
- any views of market participants put to AEMO in consultation, or other processes, relevant to the setting or operation of the interim system restart standard;
- whether any qualitative analysis is available to support whether the interim system restart standard represents an efficient level of SRAS;
- whether you consider there are any aspects of the interim system restart standard that should be updated or amended in the system restart standard;
- whether you consider there are any new areas that should be added to the system restart standard that was excluded from the interim system restart standard; and
- your advice on any other relevant matters including transitional and implementation issues in moving from the interim system restart standard to the final standard.

The Panel at this stage anticipates publishing an Issues Paper to facilitate consultation in November 2011, and then draft and final determinations in February and May 2012 respectively. To facilitate the Panel's initial consultation process, I request AEMO to please provide the advice on this matter by Friday, 21 October 2011. The Panel will publish AEMO's advice on its website.

I note that AEMO has recently commenced consultation to review and amend a number of its SRAS documents and that AEMO anticipates making its determinations on these matters in January 2012. The Panel will liaise with AEMO throughout these processes to ensure that our work streams are complimentary. Would you please nominate an officer responsible for providing advice on SRAS matters throughout the course of the Panel's work on determining the system restart standard.

Please contact Anita Lai, Senior Advisor, on 02 8296 7800 or anita.lai@aemc.gov.au if there are any questions.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Neville Henderson', with a long horizontal flourish extending to the right.

Neville Henderson
Chairman
Reliability Panel