



4 October 2012

Mr Neville Henderson
The Reliability Panel
Australian Energy Markets Commission
PO Box A2449
Sydney South NSW 1235

Submitted online: www.aemc.gov.au

Dear Mr Henderson

REL0048 - Review of the Guidelines for Identifying Reviewable Operating Incidents

Origin Energy (Origin) welcomes the opportunity to comment on the Australian Energy Markets Commission (AEMC) Reliability Panel (the Panel) Draft Report on the Review of the Guidelines for Identifying Reviewable Operating Incidents.

Origin broadly supports the Panel's proposed guidelines. As currently drafted, however, there is ambiguity in the wording of the proposed guidelines with the inclusion of references to define a higher voltage transmission network with that of a transmission network with a nominal voltage of 220kV and above. Based on the Panel's Draft Report, the inferred intention of the proposal is for any load interruption on a lower voltage network to preserve the security of the power system on a higher voltage network is classified as reviewable operating incident. References to the 220kV network could create confusion in the guidelines given the importance of the 110kV and 132kV networks in the operation of the National Electricity Market (NEM) and the intention of the guidelines.

Origin supports the Panel's recommendation to allow the Australian Energy Market Operator (AEMO) a degree of discretion in fulfilling their incident reporting obligations as a complimentary measure to broader responsibilities for preserving power system security. While not mandated through the National Electricity Rules (NER), Origin considers it appropriate for the Panel to engage with stakeholders to review the relevance of the guidelines from time to time.

Providing transparency and confidence to participants

Origin considers the guidelines for reviewable operational incidents should be determined on the functional aspect of the interruption to generation or load rather than the voltage level of the network at which the interruption occurred. Any interruption to generation or load on a lower voltage network to preserve the security of the power system at a higher voltage transmission network should be a reviewable operating incident.

Origin recognises the difficulty in selecting an arbitrary level for defining reviewable incidents and supports the Panel's Draft Report to include non-credible contingencies or multiple contingencies that cause loss of generation or capacity at a scheduled or semi-scheduled units. The Draft Report accurately identified a reviewable operational incident on the lower 66kV network. The proposal rule, however, links this to incidents on the distribution network to support the security on the transmission system.

In South Australia, the jurisdictional Transmission Network Service Provider is responsible for several 66kV connection points. Under the Panel's proposed guidelines there is

potential ambiguity surrounding reporting guidelines on networks of varying voltages below 220kV. This could potentially lead to a failure to review and report on incidents where generation and load has been interrupted to support the security of a higher voltage network.

Origin supports the primary objective of AEMO reviewing operational incidents to assess potential impacts to power system security. We welcome the Panel's view that load and generation loss can be relevant to power system security where they may cause frequency, voltage or other disturbances. Participants have significant investments in generation assets on networks below 220kV and interruption to these assets to preserve power system security at higher voltages should be explicitly recognised as a reviewable incident.

Participants as stakeholders in the NEM have an interest in operational incidents reporting related to power system security. The reports provide transparency on AEMO decision making that serve to provide confidence to market participants. Participants have made significant investments in load and generation assets and transparency should be provided where these assets are interrupted irrespective of network voltage to preserve the security of the power system. This interest in transparent AEMO operations extends beyond an individual connection point and extends to the operation of the market as a whole.

AEMO discretion in managing review and reporting obligations

Origin recognises the consideration by the Panel that AEMO has managed the review and reporting obligations for operational incidents well to date. We consider there is limited merit in an overly prescriptive approach in the guidelines to determine how AEMO undertakes reviews and reports on operational incidents. However, as discussed above, Origin considers it important to benchmark the information included in operational reports but agree with the Panel's recommendation to afford AEMO some discretion in determining how the information is reported notwithstanding the reasonable expectations of participants.

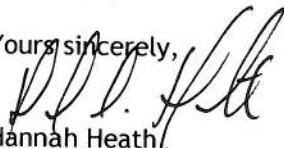
The NEM as an evolving market

While there is no requirement in the NER to review the guidelines for reviewable operational incidents we see merit in undertaking one periodically. The NEM is continually evolving with a diverse and emerging range of generation technologies connecting to the grid in networks of varying voltages. On this basis it seems prudent to review the guidelines under which they should be assessed and the impact these technologies have on the network and power system security.

Further discussions

Should you have any questions or wish to discuss this information further, please contact me on (02) 9503 5500.

Yours sincerely,



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