



System Restart Ancillary Services

Publication of final rule determination and final rule

The Commission has made new rules that will improve the arrangements for system restart ancillary services in the National Electricity Market. These changes will help to maintain the reliable supply of electricity to consumers at an efficient cost.

Restoring supply after a major blackout

System restart ancillary services (SRAS, or restart services) allow electricity supply to be restored following a large-scale blackout of the entire power system. These blackouts can have significant economic and social impacts, so it is important there are enough restart services available to quickly restore power supply.

The Reliability Panel is responsible for determining the level of restart services that must be procured, including the speed of restoration and how much supply is restored following a major blackout. The Australian Energy Market Operator (AEMO) then buys restart services on behalf of consumers to meet the requirements established by the Reliability Panel.

The costs of providing restart services are recovered from consumers and generators. It is therefore important that an efficient price is charged for these services.

Improvements to the restart services framework

The Commission has improved the frameworks for restart services in the National Electricity Market (NEM). These changes are intended to promote more competitive outcomes in the market for system restart services, to improve the related governance arrangements and to make SRAS prices more cost reflective.

Effective governance arrangements

The new rules clearly define organisational roles and responsibilities to allow different market bodies to exercise their functions effectively, subject to clear accountability and transparent reporting.

- **Clarifying the objective of the Reliability Panel:** The new rules clarify that when determining how quickly the system should be restarted following a major black out, the Reliability Panel needs to consider how best to minimise the long and short term impacts of a major blackout for consumers, having regard to the national electricity objective (NEO).
- **Clarifying the objective of AEMO:** The new rules clarify that AEMO must procure restart services to meet the requirements established by the Reliability Panel, at the lowest cost possible.
- **Clarifying the purpose of restart services:** Major blackouts may affect a single region, multiple regions, or the whole of the NEM. It is important that enough restart services are available to restore the power system following all kinds of blackouts, including the worst case of a whole-of-NEM blackout. If this kind of blackout occurred, each part of the power system would need to be restored independently. The new rules therefore clarify that enough restart services should be procured so that each part of the power system can be restored independently.
- **Reporting and consultation requirements:** The new rules require AEMO to report annually on whether it has procured enough restart services to meet the requirements established by the Panel and the processes it has followed to procure SRAS.

Major blackouts can have significant consequences for consumers. Restart services enable the power system to be restored, to maintain the reliable supply of electricity to consumers

Efficient SRAS market outcomes

The new rules will help to increase the degree of competition in the market for restart services, to maintain the reliable supply of energy at an efficient cost.

- **Enhancing AEMO's flexibility in SRAS procurement:** AEMO is responsible for buying restart services from generators. The new rules expand the options available to AEMO to buy these services. These changes will provide AEMO with more flexibility to seek out the lowest cost restart services while maintaining an appropriate degree of transparency and accountability in the procurement process.
- **Expanding the range of potential restart services:** The new rules also change how the reliability of restart services is defined, potentially expanding the number of generators that AEMO can choose from when procuring restart services.
- **Changing the amount of information published:** The new rules remove the requirement for AEMO to publish the quantity of SRAS it has procured in each sub-network, which potentially will increase the extent of competitive pressure faced by SRAS providers.

Efficient cost recovery

The new rules are intended to make the SRAS charges paid by participants broadly reflect the benefits provided by that service.

- **Cost-reflective System Restart Ancillary Services:** The cost of providing restart services is currently recovered on a NEM-wide basis. However, the cost of providing restart services can differ between NEM regions. The new rules recover the cost of restart services on the basis of how each service benefits each region of the NEM. This will send clearer signals to different participants regarding the costs of SRAS, allowing them to make more efficient decisions and improve the efficiency of the prices consumers pay for restart services

Background to the rule change

The Commission has made this rule in response to two separate rule change proposals, which were received from:

- AEMO; and
- a group of stakeholders including the National Generators Forum (NGF), AGL, Alinta Energy, Energy Brix, GDF Suez, Intergen & Origin Energy (the Group of Generators).

The Commission decided to consider these two rule change proposals together, as they dealt with similar issues.

Differences between the draft and final rules

The Commission's draft determination included a draft more preferable rule that incorporated some of the changes proposed by both the Group of Generators and AEMO.

In response to issues raised by stakeholders, the Commission has made a final more preferable rule that differs from the draft rule in a number of ways. These include:

- a requirement for AEMO to provide guidance on the matters that it must consider when making a decision to follow a particular type of procurement process to acquire system restart ancillary services to meet the SRAS Procurement Objective; and
- additional consultation requirements for AEMO when developing the SRAS Guidelines.

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