



National Electricity Amendment (Reclassification of Contingency Events) Rule 2008 No. 8

under the National Electricity Law as applied by:

- (a) the National Electricity (South Australia) Act 1996;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (f) the National Electricity (Victoria) Act 2005 of Victoria; and
- (g) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.



John Tamblyn
Chairman

Australian Energy Market Commission

National Electricity Amendment (Reclassification of Contingency Events) Rule 2008 No. 8

1. Title of Rule

This Rule is the *National Electricity Amendment (Reclassification of Contingency Events) Rule 2008 No. 8*.

2. Commencement

This Rule commences operation on 23 October 2008.

3. Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

Schedule 1 Amendment of National Electricity Rules

(Clause 3)

[1] Clause 4.2.3 Credible and non-credible contingency events

In clause 4.2.3(a), delete the words “a *generating unit* or *transmission element*”, and insert “one or more *generating units* and/or *transmission elements*”.

[2] Clause 4.2.3 Credible and non-credible contingency events

Omit clauses 4.2.3(c), (d) and (f), and insert “[Deleted]”.

[3] New Clause 4.2.3A Re-classifying contingency events

After clause 4.2.3, insert:

4.2.3A Re-classifying contingency events

- (a) *Abnormal conditions* are conditions posing added risks to the *power system* including, without limitation, severe weather conditions, lightning, storms and bush fires.
- (b) *NEMMCO* must take all reasonable steps to ensure that it is promptly informed of *abnormal conditions*, and when *abnormal conditions* are known to exist *NEMMCO* must:
 - (1) on a regular basis, make reasonable attempts to obtain all information relating to how the *abnormal conditions* may affect a *contingency event*; and
 - (2) identify any *non-credible contingency event* which is more likely to occur because of the existence of the *abnormal conditions*.
- (c) As soon as practicable after *NEMMCO* identifies a *non-credible contingency event* which is more likely to occur because of the existence of *abnormal conditions*, *NEMMCO* must provide *Market Participants* with a notification specifying:
 - (1) the *abnormal conditions*;
 - (2) the relevant *non-credible contingency event*;

- (3) whether *NEMMCO* has reclassified this *non-credible contingency event* as a *credible contingency event* under clause 4.2.3A(g);
 - (4) information (other than *confidential information*) in its possession that is relevant to its consideration under clause 4.2.3A(e), the source of that information and the time that information was received or confirmed by *NEMMCO*;
 - (5) the time at which the notification has been issued; and
 - (6) the time at which an updated notification is expected to be issued, where this might be necessary.
- (d) *NEMMCO* must update a notification issued in accordance with clause 4.2.3A(c) as it becomes aware of new information that is material to its consideration under clause 4.2.3A(e), and in any event no later than the time indicated in the original notification under clause 4.2.3A(c)(6), until such time as it issues a notification specifying that the *abnormal conditions* have ceased to have a material effect on the likely occurrence of the *non-credible contingency event*.
- (e) If *NEMMCO* identifies a *non-credible contingency event* which is more likely to occur because of the existence of *abnormal conditions* it must, on a regular basis, consider whether the occurrence of that *non-credible contingency event* is reasonably possible, having regard to all the facts and circumstances identified in accordance with clause 4.2.3A(b).
- (f) In undertaking its consideration in accordance with clause 4.2.3A(e), *NEMMCO* must have regard to the criteria referred to in clause 4.2.3B.
- Note:** Clause 4.2.3A(f) will not come into effect until *NEMMCO* has established the criteria referred to in clause 4.2.3B.
- (g) If, after undertaking a consideration in accordance with clause 4.2.3A(e), *NEMMCO* decides that the existence of the *abnormal conditions* make the occurrence of a *non-credible contingency event* reasonably possible, it must reclassify that event to be a *credible contingency event* and must notify *Market Participants* as soon as practicable.
- (h) If, after reclassifying a *non-credible contingency event* to be a *credible contingency event* in accordance with clause 4.2.3A(g), *NEMMCO* considers that the relevant facts and circumstances have changed so that the occurrence of that *credible contingency event* is no longer reasonably possible, *NEMMCO* may reclassify that *credible contingency event* to be a *non-credible contingency event*. If

NEMMCO does so, it must notify *Market Participants* as soon as practicable.

- (i) Every six months, *NEMMCO* must issue a report setting out its reasons for all decisions to re-classify *non-credible contingency events* to be *credible contingency events* under clause 4.2.3A(g) during the relevant period. The report:
 - (1) must include an explanation of how *NEMMCO* applied the criteria established in accordance with clause 4.2.3B for each of those decisions; and
 - (2) may also include *NEMMCO's* analysis of re-classification trends during the relevant period and its appraisal of the appropriateness and effectiveness of the relevant criteria that were applied in the case of each reclassification decision.

[4] New Clause 4.2.3B Criteria for re-classifying contingency events

After the new clause 4.2.3A, insert:

4.2.3B Criteria for re-classifying contingency events

- (a) Within six months of the commencement of this clause, *NEMMCO* must establish criteria that it must use when considering whether the existence of *abnormal conditions* make the occurrence of a *non-credible contingency event* reasonably possible under clause 4.2.3A(e).
- (b) *NEMMCO* must review the criteria established under clause 4.2.3B(a) every two years after the date of establishment.
- (c) *NEMMCO* may amend the criteria established under clause 4.2.3B(a).
- (d) In establishing, reviewing or amending the criteria under this clause, *NEMMCO* must:
 - (1) first consult with relevant stakeholders including *Market Participants, Transmission Network Service Providers, Jurisdictional System Security Coordinators* and relevant emergency services agencies;
 - (2) ensure that the criteria include a requirement to have regard to the particulars of any risk(s) to the *power system* associated with the various types of *abnormal conditions* that might arise; and

- (3) *publish* the criteria on its website as soon as practicable after the criteria have been established or amended.

[5] Clause 4.2.4 Secure operating state and power system security

In clause 4.2.4(a)(2), omit the words “*a single credible contingency event*” and substitute “*any credible contingency event*”.

[6] Clause 4.2.5 Technical envelope

In clause 4.2.5(c)(4), omit the words “*a single credible contingency event*” and substitute “*any credible contingency event*”.

[7] Clause 4.5.1 Power system voltage control

In clause 4.5.1(b), omit the words “*single credible contingency event scenarios*” and substitute “*any credible contingency event scenario*”.

[8] Clause 4.8.4 Declaration of conditions

Omit clauses 4.8.4(b) and (c) and substitute:

- (b) *Lack of reserve level 1 (LOR1)* – when *NEMMCO* considers that there is insufficient *short term capacity reserves* available to provide complete replacement of the *contingency capacity reserve* on the occurrence of the *credible contingency event* which has the potential for the most significant impact on the *power system* for the period nominated. This would generally be the instantaneous loss of the largest *generating unit* on the *power system*. Alternatively, it might be the loss of any *interconnection* under *abnormal conditions*.
- (c) *Lack of reserve level 2 (LOR2)* – when *NEMMCO* considers that the occurrence of the *credible contingency event* which has the potential for the most significant impact on the *power system* is likely to require *involuntary load shedding*. This would generally be the instantaneous loss of the largest *generating unit* on the *power system*. Alternatively, it might be the loss of any *interconnection* under *abnormal conditions*.

[9] Clause 4.8.15 Review of operating incidents

After clause 4.8.15(c), insert:

- (ca) With respect to a report that has been prepared by *NEMMCO* in accordance with clause 4.8.15(a)(1) or (3) that relates to an operating incident involving a *non-credible contingency event*, the report must include details of how the re-classification criteria published under clause 4.2.3B were assessed and applied in the context of that *non-credible contingency event*.

[10] Clause 9.37.21 Excitation control system (clause S.5.2.5.13 of schedule 5.2)

In clause 9.37.21(a)(2), omit the words “all *single credible contingency events*” and substitute “any *credible contingency event*”.

[11] Chapter 10 Amended definitions

Omit the following definitions and substitute:

abnormal conditions

A condition described in clause 4.2.3A(a).

involuntary load shedding

Load shedding where the *load shed* is not an *interruptible load* except *load* under the control of underfrequency relays as described in clause S5.1.10.1(a), or a *scheduled load*.

[12] Chapter 10 Deleted definitions

Omit the following definitions:

critical single credible contingency event

An event described in clause 4.2.3(d).

single credible contingency event

An event described in clause 4.2.3(c).

END OF RULE AS MADE
