



Reliability Panel

Review of Frequency Operating Standards during Periods of Supply Scarcity for the mainland of Australia AEMC Terms of Reference (3 March 2009)

Introduction

On 6 November 2007, the AEMC Reliability Panel received a request from NEMMCO to review the *frequency operating standards* for restoring load to the mainland of Australia during periods of supply scarcity. In particular, NEMMCO is seeking clarification from the Reliability Panel as to whether it is intended, under the *frequency operating standards*, for sufficient generation to be held in reserve to cover the loss of a generating unit during periods of load restoration following a contingency event.

Scope of the Frequency Operating Standards during Periods of Supply Scarcity Review

Clause 8.8.1(a)(2) of the National Electricity Rules requires the Reliability Panel to:

review and, on the advice of *NEMMCO*, determine the *power system security and reliability standards*;

The *power system security and reliability standards* sets out the frequency levels for the operation of the power system, which is specified in the *frequency operating standards*.

This review will be conducted in accordance with clause 8.8.3 of the National Electricity Rules.

Therefore, the AEMC requests the Panel, in accordance with section 38 of the NEL and clause 8.8.3 of the National Electricity Rules, to undertake a review of the *frequency operating standards* with respect to the level of generation held in reserve while restoring load on the mainland of Australia during periods of supply scarcity.

The *frequency operating standards* for Tasmania is excluded from the scope of this particular review as the Tasmanian *frequency operating standards* are being considered in a separate review by the Panel.

Process

This review is likely to have important implications for NEM stakeholders. Consistent with its philosophy of engaging with those parties, the AEMC requests the Panel to plan to involve stakeholders by seeking submissions and, if requested, holding a forum on the issue being reviewed.

Amendment to the Terms of Reference

On 3 March 2009, the AEMC amended the Terms of Reference to require the Panel to:

- allow additional consultation from stakeholders on the two propositions regarding the minimum frequency during times of supply scarcity and advice from NEMMCO relating to the risks associated with the minimum frequencies; and
- extend the deadline for submitting the final report by one month to the end of April 2009.

Timing

Recognising the extensive work program within the Panel, the Panel should aim to complete its review by 30 April 2009.