



6 June 2012

Mr Neville Henderson, Chair
The Reliability Panel
Australian Energy Market Commission
PO Box A2499
Sydney South NSW 1235

Submitted on website: www.aemc.gov.au

Dear Mr Henderson

REL0048 - ISSUES PAPER - GUIDELINES FOR IDENTIFYING REVIEWABLE OPERATING INCIDENTS

Origin does not support the Australian Energy Market Operator's (AEMO) proposed amendments to the guidelines for identifying reviewable operating incidents. Power system operating incident reports provide transparency to market participants on operating incidents that may impact generating plant or load across the network. The value of the reports is in the provision of information as to why an event occurred and what actions can be taken to mitigate reoccurrence.

Limiting the criteria for the identification of reviewable operating incident would decrease the transparency to market participants into the operation and maintenance of system security. While the proposed limits would reduce AEMO's reporting costs, the decreased transparency into National Electricity Market (NEM) operations is likely to erode confidence and, therefore, on balance, is unlikely to promote the National Electricity Objective (NEO).

Origin acknowledges the cost imposed on AEMO in preparing the reports and the reduction in merit associated with reporting on incidents on the high voltage sub-network. However, incident reports are important in identifying power system security incidents as well as disruption to generation and load to preserve system security. We consider a 220kV limit is too high; in particular, it does not capture the significant amount of generation and load connected to the 132kV network.

The proposed 200kV threshold is too high

Origin considers the 220kV threshold identified by AEMO is too high and only captures the main high voltage network in each NEM region. There is a substantial volume of generation and load attached to the high voltage network below 220kV. These can be highlighted by:

- approximately 33 power stations totalling 5,640MW are located on the network below 220kV;
- regional load in Queensland, New South Wales, South Australia and Tasmania is served by the 132kV or 110kV network; and
- load in Sydney is serviced via the 132kV network with Brisbane and Hobart both serviced via the 110kV network.

The AEMC Reliability Panel identified the materiality of the above through preliminary analysis that in the FY2010-11, 17 of the 36 reviewable operating incidents occurred on

networks operating at less than 220kV. Under the AEMO proposal, 16 of the 17 incidence would not have been reported - a 44 percent reduction in reporting.

While we recognise there is a cost associated with reporting all these events, the transparency of information is crucial for those participants whose assets connect to the lower voltage networks. In addition, many of the lower voltage networks provide support to the 220kV and above networks. Incidents on the lower voltage networks can therefore affect the performance of the higher voltage networks. AEMO's current reporting therefore provides a more holistic view of power system security compared to the type of information that the TNSP responsible for the affected connection point could provide to the market.

In addition, AEMO's proposal to have TNSPs report on lower voltage incidents does not actually reduce the cost of reporting; rather it just reallocates the cost from AEMO to the TNSPs. This could actually increase the cost of reporting on events because each individual TNSP would require resources to prepare the reports rather than it being done centrally by AEMO. For events that include low voltage assets across regions, it is unclear how TNSPs could report holistically given their jurisdictional focus; AEMO, on the other hand, can provide that cross-regional insight given its NEM-wide operational responsibilities.

The TNSP incident reports are not publicly available. Only the affected connecting party could receive a report. This limits the ability for market participants to learn from previous incidents not directly affecting them. Requiring the TNSPs to publish the reports revisits the earlier position that the proposed change is unlikely to reduce overall market costs, rather transfer those costs from AEMO to TNSPs.

Alternative threshold limit

Origin agrees it is appropriate to review the reviewing the thresholds for reviewable operational incidents reporting. A threshold of 220kV and above is too high, however. If the AEMC Reliability Panel considers a threshold level is required, a threshold of 100kV and above could be more appropriate, based on the level of generation and load connected to the 110kV and 132kV networks. This threshold limit provides participants access to information to understand how and why AEMO makes decisions to interrupt generation and load in order to operate and maintain a secure power system. Understanding and promoting transparent decision making by the market operator is crucial to maintaining participant confidence in the operation of the NEM.

If you have any questions or would like to discuss this submission further, please contact Hannah Heath (Manager, Regulatory Policy) on (02) 9503 5500 or hannah.heath@originenergy.com.au.

Yours sincerely,



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