



Review to Develop the System Restart Standard

AEMC Terms of Reference to the Reliability Panel

20 September 2011

Introduction

In the event of a major supply disruption where generating units are disconnected from the power system, system restart ancillary services (SRAS) would be required to supply sufficient energy to allow power stations to be restarted and connections to be re-established. Under the Rules, the Australian Energy Market Operator (AEMO) is responsible for acquiring SRAS.

In 2006, the Commission made the National Electricity Amendment (System Restart Ancillary Services and pricing under market suspension) Rule 2006 and associated Rule determination. The Rule change related to the arrangements for the standards applying to, the procurement of, and payment for, SRAS.

A requirement introduced by the Rule change is that the Reliability Panel (Panel) is required to determine the system restart standard for the acquisition of SRAS. The system restart standard would set out the requirements that are to be met by AEMO in acquiring sufficient SRAS to restart large generating units following a major supply disruption. The system restart standard must be consistent with the SRAS objective, which is to minimise the expected economic costs to the market in the long term and in the short term, of a major supply disruption, taking into account the cost of supplying system restart ancillary services, consistent with the national electricity objective.¹

In accordance with clause 11.2.1(b)(3), AEMO (NEMMCO at the time) developed an interim system restart standard, which was approved by the Panel, to apply until such time as the Panel determines a system restart standard. This interim system restart standard has been in place since 2006.²

Scope of this Review

Clause 8.8.3(a)(5) of the Rules specifies that the Panel is to determine the system restart standard as soon as practicable.

The AEMC requests the Panel to determine the system restart standard. In accordance with clause 8.8.3(aa) of the Rules. The system restart standard must:

- (1) be consistent with the SRAS objective referred to in clause 3.11.4A(a) of the Rules;

¹ The SRAS objective is set out in clause 3.11.4A(a) of the Rules.

² The interim system restart standard can be found on AEMO's website at: www.aemo.com.au/electricityops/160-0279.html.

- (2) apply equally across all regions, unless the Panel varies the system restart standard between electrical sub-networks to the extent necessary:
 - (A) to reflect any technical system limitations or requirements; or
 - (B) if the benefits of adopting the system restart standard would be outweighed by the costs of implementing such a standard;
- (3) identify the maximum amount of time within which the system restart ancillary services are required to restore supply to a specified level;
- (4) include guidelines on the required reliability of primary restart services and secondary restart services;
- (5) include guidelines to be followed by AEMO in determining electrical sub-networks, including the determination of the appropriate number of electrical sub-networks and the characteristics required within an electrical sub-network (such as the amount of generation or load, or electrical distance between generation centres, within an electrical sub-network); and
- (6) include guidelines specifying the diversity and strategic locations required of primary restart services and secondary restart services.

In undertaking this review, the Panel must consider the national electricity objective contained in section 7 of the National Electricity Law when considering issues that arise in the review and in making its determination. The Panel is also requested to consult with AEMO and consider its advice, and consider any transitional arrangements that may be required.

Process and Timing

The AEMC requests that the Panel involve stakeholders in the Review by seeking stakeholder submissions on key reports and hold a public forum regarding the Review. This stakeholder consultation should be included into the Panel's work program and timetable for the Review.

Clause 8.8.3(a)(5) of the Rules requires that the Panel must determine the system restart standard as soon as practicable. The Panel should aim to complete this review by July 2012.