

Our Ref: D19/152965
Your Ref: ERC0278
Contact Officer: Chris Ridings
Contact Phone: 08 8213 3487
Date: 11/10/2019

Mr John Pierce
Chair - Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

System restart services, standards and testing – Rule change – Consultation paper

We welcome the opportunity to comment on the Australian Energy Market Commission's (**AEMC**) '*System restart services, standards and testing rule*' Consultation Paper. As noted in our rule change proposal, we consider that system restart is a critical service and that planning and testing of this service must be undertaken to ensure that it will operate as planned, when required.

We broadly support the requirement for extended testing of system restart as proposed by the Australian Energy Market Operator (**AEMO**) in their rule change proposal and consider it to be complimentary to our view regarding the sufficiency of planning and testing. We understand that the evolving power system (in particular distributed energy resources and the changing nature of load blocks) provides significant uncertainty to planning for system restart and as such we consider that extending the scope of testing is likely necessary.

When considering the definition of services that fall within the scope of System Restart Ancillary Services (**SRAS**) we support the principle of technology neutrality proposed by AEMO in their rule change proposal. We consider that there is no need for SRAS to be provided strictly by generators and that the ability to provide these services should be open to other technologies that are capable of providing restart capability.

Regarding the framework for the procurement of SRAS, we consider that any framework should not unfairly discriminate in favour of incumbent sources of SRAS and must incorporate a strong level of governance that ensures investment is efficient and in the long term interests of consumers.

SRAS enables the recovery of the power system following major disturbances, where large parts of the power system have collapsed (such as black system events). While such events have a high impact, they have a low probability of occurring. As such, we consider that the current obligation for AEMO to use reasonable endeavours to procure SRAS at least cost remains appropriate. In our view, we consider this provides AEMO with sufficient flexibility in the procurement process and is, in principle, technology neutral. We consider there is sufficient flexibility in the SRAS Procurement Objective for AEMO to consider extending the

timeframe over which SRAS costs are assessed, in which case the longer term efficiencies of higher up-front cost contracts may be realised.

Finally, we support the continued role of the Reliability Panel in determining the System Restart Standard, including factors such as the level of reliability, to ensure that SRAS is a reliable and efficient mechanism to mitigate the economic costs of a major supply disruption.

We thank the AEMC for the opportunity to submit on this process. If you have any questions about our submission or our rule change proposal, please feel free to contact Chris Ridings (08 8213 3487).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'M. Feather', written in a cursive style.

Mark Feather
General Manager, Policy & Performance
Australian Energy Regulator