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Mr John Pierce
Chair
Australian Energy Market Commission

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By Electronic Submission

Dear Mr Pierce

Request for Rule – System Restart Plan

AEMO submits the attached proposal requesting the Australian Energy Market Commission (AEMC) to make a Rule under section 91 of the National Electricity Law (NEL), relating to AEMO's ability to disclose system restart plans to appropriate participants.

The National Electricity Rules specify that the system restart plan is confidential information. This restricts AEMO's ability to share the plan with other parties involved in the system restart process.

By providing regulatory certainty in relation to the permitted disclosure of system restart plans, the proposed Rule will facilitate more comprehensive preparation and training for system restart, and increase the transparency and efficacy of the restart process. The proposed Rule also clarifies that system restart plans may be prepared on a regional basis.

AEMO requests the AEMC give consideration to making the Rule as proposed.

Any queries concerning AEMO's proposal should be directed to John Deere on 03 9609 8586 or john.deere@aemo.com.au

Yours sincerely



Brett Hausler
Executive General Manager Regulation and Governance

Attachment: Electricity Rule Change Proposal – System Restart Plan Release Provisions



ELECTRICITY RULE CHANGE PROPOSAL

SYSTEM RESTART PLAN RELEASE PROVISIONS

August 2017





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1. SUMMARY

The Australian Energy Market Operator (AEMO) and the System Restart Working Group Steering Committee¹ are concerned that the confidentiality of *system restart plans* is hampering the industry's ability to prepare for, and minimise the impact of, a *major supply disruption*.

The National Electricity Rules (NER) oblige AEMO to prepare a *system restart plan*. The NER also specifies that the *system restart plan* is *confidential information*, which impedes AEMO's ability to share the plan with other parties involved in system restart. This reduces the effectiveness of restart coordination activities, including readiness training.

It is proposed that the NER be amended to enable AEMO to share and discuss *system restart plans* with parties involved in system restart. These parties include the relevant:

- *Jurisdictional System Security Coordinators.*
- *Network Service Providers.*
- *Generators* contracted to provide SRAS.
- Any other *Registered Participant* whose assistance in the successful implementation of the *system restart plan* AEMO considers necessary.
- The Reliability Panel to facilitate its provision of technical advice and assistance in accordance with clause 8.8.3(h).

¹The System Restart Working Group Steering Committee facilitates collaboration of National Electricity Market (NEM) participants on matters relating to power system restart, and reports to the Power System Security Working Group.

2. RELEVANT BACKGROUND

2.1 Current framework

The NER includes a framework for the management of the *power system* following a *major supply disruption*, which is largely contained in clause 4.8.12.

Clause 4.8.12(b) states that the *system restart plan* is *confidential information*.

2.2 Narrative of issue and proposed changes

System restart plans prepared by AEMO are complex and involve information sourced from multiple stakeholders. This information includes:

- *Local black system procedures* submitted by *Generators* and *Network Service Providers* under clause 4.8.12(g) of the NER.
- Data contained in contracts with providers of SRAS procured by AEMO in accordance with clause 3.11.9 of the NER.
- *Jurisdictional System Security Coordinators' jurisdictional load shedding guidelines* provided to AEMO under section 111 of the *National Electricity Law*.

It is necessary for AEMO to assess the feasibility of a *system restart plan* by liaising with each of the parties who supplied information that was used to prepare the *system restart plan*.

AEMO must also jointly develop communication protocols with each *Network Service Provider* under clause 4.8.12(j) of the NER to facilitate the exchange of information between each *Network Service Provider*, *Generator*, and *Customer* on whom the implementation of a *system restart plan* depends.

The confidentiality that applies to *system restart plans* impedes AEMO's ability to fulfil these tasks.

AEMO must be in a position to facilitate system restart preparation by ensuring that:

- All parties likely to be involved in a *power system* restoration are aware of the contents of a *system restart plan*.
- The resultant communication protocols are in place.
- Training is complete to ensure restoration activities run smoothly and efficiently.

Being unable to do so risks delay in recovering from a *major supply disruption* due to inefficient or ineffective plans or preparation.

A related, but minor, issue is that there is more than one *system restart plan*; in fact, there is one for every *region*. AEMO proposes a minor change to clause 4.8.12 of the NER to make this clear.

3. STATEMENT OF ISSUE

3.1 Current Rules

The relevant parts of the NER are extracted below:

4.8.12 System restart plan and local black system procedures

- (a) AEMO must prepare, and may amend, a *system restart plan* for the purpose of managing and coordinating system restoration activities during any *major supply disruption*.
- (b) The *system restart plan* is *confidential information*.

3.2 Issues with the current Rule

Clause 4.8.12(b) of the NER classifies a *system restart plan* as *confidential information*.

Section 54(1)(b) of the *National Electricity Law* requires AEMO to take all reasonable measures to protect from unauthorised use or disclosure information given to it in connection with the performance of its statutory functions and classified under the NER as *confidential information*. A *system restart plan* can only be disclosed if one of the permitted disclosures in Subdivision 2 of Division 6 of the *National Electricity Law* applies (see section 54A(1)) and there is no provision in the balance of clause 4.8.12 of the NER permitting AEMO to disclose a *system restart plan*, as contemplated by section 54A(2) of the *National Electricity Law*.

There are two potential permitted disclosure provisions under the *National Electricity Law* that could apply:

- Under section 54G, AEMO is authorised to disclose information if the disclosure is necessary for system safety, reliability or security or the proper operation of the NEM (amongst other things). AEMO considers section 54G could be read narrowly to restrict its application to when there exists a risk of a *major supply disruption* and its application might not extend to preparation of a *system restart plan*, its verification, and training in preparation for a *major supply disruption*. At best, the situation would be unclear, and AEMO requires regulatory certainty.
- The other possible permitted disclosure is section 54B, which requires AEMO to secure the written consent of every person from whom information was obtained, but this would only go so far as permitting the disclosure of information provided by others, not the *system restart plan* as a whole. In any event, AEMO considers that a requirement to obtain the written consent of every affected person every time a *system restart plan* is updated to be resource-intensive and time-consuming, hence, largely an infeasible and expensive exercise.

Even if the hurdles encountered thus far could be overcome, there remains the problem of disclosures made by *Registered Participants*. Clause 8.6.1 of the NER states that *Registered Participants* must use all reasonable endeavours to keep confidential any *confidential information*. Thus, they face the same issue concerning disclosure of a *system restart plan* that AEMO faces unless there is an express power to disclose.

This issue is not new. Recent events in South Australia, however, have brought intense focus on the need to ensure that a *system restart plan* is implemented to the letter. It was in the course of AEMO's seeking to increase its training of parties involved in *system* restoration that this issue was brought to light.

Having had this issue brought to the fore, AEMO and the industry require regulatory certainty around the disclosure of a *system restart plan*.

A related, but minor, change is merely to clarify that there is more than one *system restart plan*.

4. HOW THE PROPOSAL WILL ADDRESS THE ISSUES

4.1 How the proposal will address the issues

The proposed change to clause 4.8.12 will enable AEMO to share and discuss *system restart plans* with all necessary parties, in particular, it will:

- Reduce regulatory uncertainty.
- Increase the efficacy of *system restart plans*.
- Provide greater transparency in AEMO's processes.

Comparable to other provisions of the Rules, such as clause 5.3.8(c), which details to whom certain confidential information may be disclosed, the proposed change removes potential uncertainty around the process for AEMO testing the viability of system restart plans and otherwise completing other restart coordination activities.

Alternatives to the proposed rule include:

- Obtaining written consent of each Registered Participant.

As noted in section 3.2, this is largely infeasible due to:

- The number of parties from whom consent will be required.
- The fact that the consent must be in writing.
- The frequency with which *system restart plans* are likely to be updated.

This, however, does not overcome the fact that the system restart plan as a whole is confidential, not just the inputs from third parties.

- Disclose components of *system restart plan* only.

AEMO could provide different components of the *system restart plan* to each party who provided information that was used for that component. The problem with this option is how to disentangle those components from the rest of the *system restart plan*.

This is considered infeasible as it defeats the purpose behind the disclosure, which is to verify information and facilitate training and preparation in conjunction with all affected parties.

The proposed rule will alleviate these problems and facilitate a more productive and efficient basis for AEMO to prepare the industry and governments on how to restore *supply* following a *major supply disruption*.

The cost of implementing a rule change is considered negligible.

4.2 AEMO Procedure changes

Minor updates to AEMO's procedures are expected if the proposed rule is accepted.

4.3 Stakeholder engagement

AEMO briefed the (Australian Energy Council) Wholesale Markets Working Group on 3 August 2016 on AEMO's intentions. No objections were raised.

AEMO presented a draft rule change proposal to the National Electricity Market Wholesale Consultative Forum (NEMWCF) on 29 March 2017, to obtain stakeholder input, and subsequently addressed comments raised in this forum.

AEMO has not engaged in any other formal consultation on the proposed rule. This is not considered necessary as it is a minor change.



5. PROPOSED RULE

5.1 Description of the proposed Rule

It is proposed that clause 4.8.12 be amended by inserting two new provisions between paragraphs (a) and (b) and making minor changes to paragraph (a):

4.8.12 System Restart plan and local black system procedures

- (a) AEMO must prepare, and may amend, a one or more system restart plans for the purpose of managing and coordinating system restoration activities during any *major supply disruption*.
- (a1) A system restart plan may cover one or more regions or the entire national grid.
- (a2) AEMO may disclose the whole or any part of a system restart plan, to the following persons for the purposes of preparing for, and participating in, system restoration activities during a major supply disruption:
 - (1) a Jurisdictional System Security Coordinator;
 - (2) a Network Service Provider;
 - (3) a Generator contracted to provide SRAS;
 - (4) any other Registered Participant whose assistance in the implementation of a system restart plan AEMO considers is necessary; and
 - (5) the Reliability Panel to facilitate its provision of technical advice and assistance in accordance with clause 8.8.3(h).
- (b) The *system restart plans* are *confidential information*.

5.2 Minor/consequential Rule changes

There are no other changes proposed.

6. HOW THE PROPOSED RULE CONTRIBUTES TO THE NATIONAL ELECTRICITY OBJECTIVE (NEO)

It is anticipated that the disclosure of *system restart plans* will promote the efficient operation and use of electricity services with respect to safety, reliability, and security of supply of electricity and the national electricity system, by enabling AEMO to verify key data inputs and facilitate better training in preparation for *supply* restoration following a *major supply disruption*.

This will, in turn, prepare everyone involved in a *supply* restoration to implement a *system restart plan* efficiently and in a timely manner, which should minimise the restoration times and minimise the cost of a *major supply disruption* to customers.

The cost of a *major supply disruption* runs into the hundreds of millions of dollars as witnessed by recent events in South Australia, and any time saved during *supply* restoration will inevitably reduce the monetary impact of a *major supply disruption* on customers.



7. EXPECTED BENEFITS AND COSTS OF THE PROPOSED RULE

The cost of making the proposed rule is negligible. The only changes that AEMO foresees are to its procedures.

The benefit of the rule change is better coordination amongst parties involved in system restart activities.