26 October 2016

By electronic submission - reference REL0057

Reliability Panel
PO Box A2449
Sydney South NSW 1235

Attention: Mr Neville Henderson

Dear Neville,

Submission to: System Restart Standard Draft Determination

Hydro Tasmania appreciates the opportunity to comment on the Reliability Panel's (Panel) draft determination for the System Restart Standard (Standard). The Panel has made good progress in developing a more realistic Standard but Hydro Tasmania still has some residual concerns which are discussed below.

As seen recently in South Australia (SA), the risk of a system restart event is real and present. To this end Hydro Tasmania reiterates its concerns, identified in its previous submission[1], regarding the Australian Energy Market Operator (AEMO) procurement of only one System Restart Ancillary Services (SRAS) for Tasmania. Procuring only one SRAS (previously three) exposes Tasmania to an unacceptable level of risk in a system restart condition. In line with our previous submission, the draft Standard[2] and as demonstrated by the lacking performance of the two contracted SA SRAS[3], one SRAS for Tasmania does not provide sufficient or true "n-1" risk coverage.

In addition, the Panel has recognised that Tasmania cannot rely on assistance from any other region during a system restart event due to the technical capability of the Basslink HVDC cable.[4] AEMO is required to procure SRAS to meet the Standard without depending on support from inter-connectors. However, it is commonly acknowledged that black start regions are often assisted by inter-connectors, as happened in SA recently. The recent SA event demonstrates the real risk Tasmania is exposed to and challenges all assumptions

[1] Hydro Tasmania Submission to System Restart Standard (SRS) dated, 18 December 2015 available by clicking on this link - http://www.aemc.gov.au/getattachment/6140fba8-415b-4188-8713-dbde095a6917/Hydro-Tasmania.aspx

[2] Item 4 of the Draft SRS, Aggregate reliability of SRAS; The reliability of any individual SRAS will incorporate the expected start-up performance and availability of that service.

[3] AEMO PRELIMINARY REPORT – BLACK SYSTEM EVENT IN SOUTH AUSTRALIA ON 28 SEPTEMBER 2016, 5 October 2016 - https://www.aemo.com.au/Media-Centre/-/media/BE174B1732CB4B3ABB74BD507664B270.ashx

[4] 6.2.2 The Panels approach to defining the set-points – Draft Determination available by clicking on this link - http://www.aemc.gov.au/getattachment/6d44176a-2f63-4312-8944-3c56595a7afd/Draft-Determination.aspx

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being applied in determining any current SRAS aggregate reliability for Tasmania. The Panel shows that the current procurement approach of one contracted SRAS for Tasmania provides only 0.25% compliance buffer or effectively an 18.75% shortfall in meeting the proposed aggregate reliability[5] Standard. This marginal buffer may accommodate current assumptions but once the relevant single points of failure are factored into the calculations by AEMO it will reveal more SRAS is required in Tasmania to mitigate present system black risks.

Hydro Tasmania supports:

- the draft Standard's linkage between the determination of aggregate reliability for each electrical sub-network and the diversity guidelines.[6] Hydro Tasmania looks forward to working with AEMO and TasNetworks as they identify potential single points of failure to meet the Standard's requirement of aggregate reliability for Tasmania.
- the Panel's removal of the 1000 MW barrier for determining electrical sub-networks.[7] The subsequent introduction of viable island(s) is consistent with the overarching intent of the draft Standard and its notion that each electrical sub-network should not depend on assistance from adjoining regions.

Hydro Tasmania's concerns regarding single points of failure and risks of possible separation of the transmission system between northern and southern Tasmania have been echoed by TasNetworks.[8]

Hydro Tasmania considers these changes will require AEMO to address the unique Tasmanian system and recognise Tasmania's requirement for at least two SRAS. In its earlier submission, Hydro Tasmania suggested that the new standard should be applied as soon as possible and that there was no reason to wait until the end of the current contracts. Now that the form of the new standard is clear, it is apparent that the market will be exposed to some residual risk if the new standard is not implemented as soon as possible. AEMO have the ability under the existing rules to procure additional services if these are required so there should be no impediment to an early implementation. Existing contracts would clearly need to be honoured.

Conclusion

Hydro Tasmania supports the Panel's relevant changes to the Standard. The recognition and clarifications provided concerning single points of failure together with the removal of the 1000 MW sub-network minimum requirement should see AEMO allocate at least two SRAS

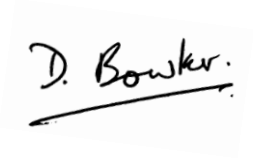
[5] Table 6.3 Range of Aggregate Reliabilities – Draft Determination
[6] 6.4.3 Application of the aggregate reliability by AEMO – Draft Determination
[7] 6.7.3 Panel's consideration for the Draft Standard – Draft Determination
[8] 6.7.2 Stakeholder views – Draft Determination

for Tasmania. Hydro Tasmania appreciates the Panel's offer to do a limited review of the Standard for any affected electrical sub-network(s) to ensure the Standard is still appropriate.

The new Standard (once finalised) should become effective immediately to mitigate against current system restart risks in Tasmania and Hydro Tasmania is keen to work with AEMO and TasNetworks to implement necessary solution(s).

Please contact Prajit Parameswar on (03) 6230 5612 if you would like to discuss any matters associated with this submission.

Yours sincerely,



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