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19 February 2020

Mr John Pierce
Chair
Australian Energy Market Commission
PO BOX A2449
Sydney South NSW 1235

Via online submission

Dear Mr Pierce,

RE: ERC0278 – NATIONAL ELECTRICITY AMENDMENT (SYSTEM RESTART SERVICES, STANDARDS AND TESTING) RULE 2020 DRAFT DETERMINATION

TasNetworks welcomes the opportunity to make a submission to the Australian Energy Market Commission's (**AEMC**) draft determination on the National Electricity Amendment (System Restart Services, Standards And Testing) Rule 2020.

TasNetworks is the Transmission Network Service Provider (**TNSP**), Distribution Network Service Provider (**DNSP**) and Jurisdictional Planner (**JP**) in Tasmania. TasNetworks is also the proponent assessing the business case for Marinus Link, a new interconnector between Tasmania and Victoria. The focus in all of these roles is to deliver safe and reliable electricity network services to Tasmanian and National Electricity Market (**NEM**) customers at the lowest sustainable prices. TasNetworks is therefore appreciative of the AEMC's efforts to review System Restart Ancillary Services (**SRAS**) arrangements in the NEM.

SRAS Definitions and Objective

TasNetworks supports the proposed changes to System Restart Ancillary Services (**SRAS**) framework to expand both black start capability and system restoration support services. In particular, the proposal to allow grid-forming inverters and other emerging technologies to provide black start capability. Voltage-Source Converter (**VSC**) High Voltage Direct Current (**HVDC**) technology, as proposed in the Marinus Link project, has been successfully used overseas to provide rapid network restoration services whilst simultaneously allowing independent control of voltage and frequency. Allowing such technology under the revised SRAS definition should increase the competitive provision of SRAS and thereby lead to lower costs for customers.

TasNetworks notes that the expanded definition of SRAS does not include services provided by Network Service Providers (**NSPs**) and acknowledges the AEMC's rationale for the decision. That is, procurement of SRAS from NSPs would require a number of complex regulatory issues to be worked through prior to implementation. For example, service classification, ring-fencing, shared asset and

registration and licensing considerations. Despite these challenges, TasNetworks considers further investigation is warranted given the potential for additional customer benefits to be realised. To this end, TasNetworks suggests a separate review be progressed to investigate how NSPs can fairly and transparently offer SRAS in future.

In terms of the procurement objective, TasNetworks supports and endorses the clarification that AEMO is to procure SRAS at the lowest *overall* cost to meet the System Restart Standard (**SRS**), taking into account both long and short term costs. TasNetworks considers this will provide sufficient guidance and flexibility to AEMO to meet the SRS in a manner consistent with the long term interests of customers.

SRAS Testing

TasNetworks supports the majority of testing framework elements proposed in the draft rule. This includes the requirement for AEMO to consult with TNSPs in preparing the test program; the 6 month notice and 4 week test window arrangements; the Service Target Performance Incentive Scheme (**STPIS**) exclusion for TNSPs; and the AEMO reporting obligations. TasNetworks also acknowledges and supports the AEMC's position on the immunity from liability provisions for NSPs under section 119(2) of the National Electricity Law. TasNetworks considers these elements will help to provide a robust, flexible and efficient testing regime.

Despite the support for these elements, TasNetworks considers others could be improved to further enhance the SRAS testing framework. These include:

- **Three Year Testing Cycle** – TasNetworks acknowledges and supports the rationale behind the requirement for system testing to be completed in every electrical sub-network at least once every three years. However, TasNetworks considers that AEMO should be granted discretion to take a risk based approach to extending this timeframe in certain situations. For example, where no changes or issues have occurred in an electrical sub-network since the last test; where an actual system restart has occurred successfully in the last three years; or where testing (or retesting) of other electrical sub-networks is deemed a higher priority. Such discretion is likely to lead to a more efficient and cost effective testing regime.
- **NSP Cost Recovery Arrangements** – TasNetworks considers specific cost recovery arrangements for SRAS testing for NSPs should be incorporated as part of the final rule. TasNetworks notes that the opportunity costs from planned outages on large construction projects can be significant. Moreover, although an individual test is unlikely to exceed the materiality threshold for cost pass through, multiple tests could result in significant costs to NSPs. In particular, for those NSPs that have only recently had their revenue determinations finalised leaving them with more than four years before the next determination. TasNetworks therefore suggests that aggregate test expense be used to assess materiality until the next determination.
- **Testing Date Change** – TasNetworks notes that AEMO may change the test date at any time if considered reasonably necessary. Although supporting AEMO discretion within the testing framework, TasNetworks considers this should be accompanied by an obligation to consult with affected participants before a test date is changed. This is so that any local knowledge or concerns, such as the impact on other planned outages, can be considered as part of the date change decision. TasNetworks notes that this would also preserve the consistency with the obligation for AEMO to consult as part of preparing the test program.
- **Affected Participants** – TasNetworks notes that the impacts of SRAS testing will vary from test to test. It is therefore important to comprehensively consider and minimise the impacts of SRAS testing on all participants. This includes impacts to generators, transmission and distribution load customers along with DNSPs.

Communication Protocols and Local Black Start Procedures

TasNetworks agrees the enhanced communication arrangements proposed in the draft determination are a low cost measure that could help to decrease power system restoration timeframes. In particular, new clause 4.8.12(l), which clarifies that AEMO, NSPs, SRAS Providers, Generators, Customers and other Registered Participants must take all reasonable steps to comply with written communication protocols. TasNetworks therefore supports the changes to the communication protocols as drafted.

TasNetworks supports Energy Networks Australia's (**ENA's**) submission and would welcome the opportunity to discuss this submission further with you. Should you have any questions on this submission, please contact Bradley Woods, Regulation and Policy Specialist by phone on (03) 6271 6187 or via email (bradley.woods@tasnetworks.com.au).

Yours sincerely,

Chantal Hopwood

Leader Regulation