



NEM Event – Direction Report

29 May to 1 June 2020

February 2021

Important notice

PURPOSE

Where the Australian Energy Market Operator (AEMO) intervenes in the National Electricity Market (NEM) through the use of directions, AEMO must publish a report in accordance with National Electricity Rules (NER) clauses 4.8.9(f) and 3.13.6A(a). This report satisfies those NER obligations and is based on information available to AEMO at 16 November 2020.

Unless otherwise indicated, terms in this report have the same meanings as those defined in the NER.

All references to time in this report are based on Australian Eastern Standard Time (AEST).

Disclaimer

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ABBREVIATIONS

Abbreviation	Expanded name
AEMO	Australian Energy Market Operator
DI	Dispatch Interval
MN	Market Notice
NEM	National Electricity Market
NER	National Electricity Rules
PS	Power Station
SA	South Australia
GT	Gas Turbine
ST	Steam Turbine

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1. Summary

To ensure adequate system strength for secure operation of the South Australian power system, certain combinations of synchronous generating units must be in service at all times¹.

Clause 4.8.9 of the National Electricity Rules (NER) allows AEMO to intervene in the market by issuing directions or clause 4.8.9 instructions, if AEMO is satisfied that it is necessary to maintain or re-establish the power system to a secure, satisfactory, or reliable operating state. Section 116 of the National Electricity Law allows AEMO to issue directions to take certain action if AEMO considers that it is necessary to maintain power system security or for reasons of public safety.

Between 29 May and 1 June 2020, AEMO issued one direction to a South Australian Market Participant to maintain power system security. This direction is summarised in Table 1.

Table 1 Summary of the South Australia direction between 29 May and 1 June 2020

Direction	Directed Participant	Event No.	Issue time	Cancellation time	Direction instruction
Pelican Point one Gas Turbine and Steam Turbine 18	Pelican Point Power Limited (ENGIE)	1	1600 hrs, 29 May 2020	1430 hrs, 1 June 2020	Remain synchronised and follow dispatch targets from 0100 hrs, 30 May 2020

2. Intervention assessment

2.1 The need for intervention

To ensure adequate system strength for secure operation of the South Australian power system, certain combinations of synchronous generating units must be in service at all times. If market conditions lead to market participants seeking to decommit synchronous generation AEMO is required to intervene to maintain the required level of synchronous units. The need for intervention, and options considered, were assessed against the set of viable plant combinations available on 29 May 2020.

The requirement to intervene for the direction event in this report arose when the bid in Table 2 was submitted.

Table 2 Participant offers

Event No.	Unit	Offer date	Bid
1	Pelican Point PS	1312 hrs, 29 May 2020	Rebid to de-commit from 0100 hrs, 30 May 2020 ^A

A. Rebid reason: 1305~F~REVISED TOLLING NOMINATION – SL~

¹ AEMO Transfer Limit Advice – System Strength, available at https://aemo.com.au/-/media/files/electricity/nem/security_and_reliability/congestion-information/transfer-limit-advice-system-strength.pdf?la=en.

2.2 Assessment of market response and latest time to intervene

Under NER clause 4.8.5A(a) and (c), AEMO must notify the market of any anticipated power system security or reliability issue, and the latest time for market response before AEMO would need to intervene. For the direction event, AEMO issued this market notification as listed in Table 3.

AEMO contacted all participants who operate suitable generating units in South Australia to confirm their availability and the latest time to intervene. Those participants indicated that no market response would be provided but identified units that would be available if directed.

For the direction event, AEMO assessed the latest time to intervene taking account of the advised lead times. The latest time to intervene is shown in Table 3.

Table 3 Summary of latest time to intervene

Event No.	Latest time to respond	Market Notice
1	1600 hrs, 30 May 2020	MN 75848

3. Intervention process

AEMO considers that it followed all applicable processes under NER clause 4.8 for the management of the direction between 29 May and 1 June 2020.²

3.1 Adequacy of responses to AEMO inquiries

NER clause 4.8.5A(d) permits AEMO to request information from Scheduled Network Service Providers, Scheduled Generators, Semi-Scheduled Generators, and Market Customers.

AEMO is satisfied with the timeliness, adequacy, and effectiveness of all responses to its requests for information prior to issuing the direction between 29 May and 1 June 2020.

3.2 Participant ability to comply with the intervention

NER clause 4.8.9(d) requires that a Registered Participant must immediately notify AEMO of its inability to comply, or intention not to comply, with a direction or clause 4.8.9 instruction.

AEMO is satisfied with the participant complying with the direction listed in Table 1.

² AEMO. Power system operating procedure SO_OP 3707, "Procedures For Issue Of Directions And Clause 4.8.9 Instructions", 06 September 2019, available at https://aemo.com.au/-/media/files/electricity/nem/security_and_reliability/power_system_ops/procedures/so_op_3707-procedures-for-issue-of-directions-and-clause-4-8-9-instructions.pdf?la=en.

4. Dispatch and pricing outcomes

4.1 Changes to dispatch outcomes due to the directions

The direction resulted in approximately 10,960 megawatt hours (MWh) of synchronous generation being directed into the market.

Intervention pricing did not apply to this direction.

Under clause 3.8.1 of the NER, AEMO must operate a central dispatch process to balance power system supply and demand, using its reasonable endeavours to maintain power system security in accordance with NER Chapter 4 and the power system security standards. AEMO notes that in the absence of directions for system security, the central dispatch process would have produced an outcome which would have resulted in the operation of the power system in an insecure state and would therefore have been an infeasible dispatch solution.

4.2 Direction costs

The compensation recovery costs for the direction between 29 May and 1 June 2020 were \$993,027. Direction compensation recovery data can be found on the AEMO website³.

5. Conclusions and further actions

Between 29 May and 1 June 2020, AEMO issued one direction to a South Australian Market Participant to maintain power system security, in response to a forecast lack of system strength in the region.

AEMO is satisfied that all applicable procedures and processes were followed in assessing the need for intervention, determining the latest time to intervene, enacting and managing the intervention and seeking market response from all generators capable of meeting the system strength requirements. The market was informed after the direction was issued.

AEMO is also satisfied with the timeliness and adequacy of participant responses and communication throughout.

³ AEMO. Direction Compensation Recovery, available at <https://aemo.com.au/en/energy-systems/electricity/national-electricity-market-nem/data-nem/settlements-data/direction-compensation-recovery>.