



Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Lodged online

8 February 2017

Dear Mr Pierce,

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RE: ERC0212 - Draft Rule Determination - National Electricity Amendment (Emergency Frequency Control Schemes) Rule 2017

Thank you for the opportunity to comment on the *Draft National Electricity Amendment (Emergency frequency control schemes) Rule 2017*. As the peak body for the health and community services sector in South Australia, the South Australian Council of Social Service (SACOSS) has an established history of interest, engagement and provision of proposed advice on the necessary market mechanisms and policy for essential services. Our research shows that the cost of basic necessities like electricity impacts greatly and disproportionately on vulnerable people. Our advocacy is informed by our members and direct consultations with consumers and other consumer organisations: organisations and individuals who witness and experience these impacts in our community.

SACOSS supports the Australian Energy Market Commission's Draft Rule to enhance the framework for emergency frequency control in the National Electricity Market. SACOSS warmly welcomes the intent of the Draft Rule, to deliver emergency frequency control efficiently and keeping costs as low as possible. SACOSS also welcomes the Draft Rule's provision for clear governance arrangements, including robust cost benefit processes. Considering the system security issues in the South Australian context, SACOSS is firmly of the belief that strong governance is essential to the efficient operation of the market in the long term interests of consumers. SACOSS considers that given the issues emerging in the NEM as a result of the continual process of aligning climate and energy policy, the strengthening of the existing energy market governance framework is a paramount issue. In this context, SACOSS believes that the AEMC Draft Rule is in line with the 2015 Vertigan, Yarrow and Morton Review of Governance Arrangements for Australian Energy Markets and notes that SACOSS continues to remain hopeful that the recommendations of the Vertigan, Yarrow and Morton Review will be fully implemented as a matter of high priority.

SACOSS wishes to draw the Commission's attention to SACOSS' extensive consideration of the provision of a new category of contingency event, the protected contingency event. SACOSS believes that provision of a protected contingency event is an essential measure to address the system security issues we are experiencing in South Australia as a result of the issues surrounding alignment of climate and energy policy. Through the SACOSS participation in the AEMC's System Security Technical Working Group and as a result of more extensive consultations and research, SACOSS believes the proposed governance measures are correct, namely (to quote from the Commission):

- AEMO will decide when an event should be classified as a protected event;
- The Reliability Panel will determine a post-contingency operating state for the protected event. This may include specific bands for frequency following the event, times for frequency restoration, or maximum amounts of load that can be shed, and

- AEMO will then operate the power system so that it will be in a configuration that matches the post-contingency operating state, if the protected event were to occur.¹

In particular, SACOSS notes that the Reliability Panel is the appropriate body to determine a post-contingency operating state for the protected event, given the scale of the costs involved and the long term interests of consumers. SACOSS considers that it is appropriate for this decision to be outside of the market operators decision making parameters, as per the intent of the recommendations of the Vertigan, Yarrow and Morton Review.

We thank you in advance for consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on (08) 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,



Ross Womersley
Chief Executive Officer

¹ <http://www.aemc.gov.au/getattachment/039f10d5-39a6-4a6f-9d69-7683b6070582/Information-sheet.aspx>