



11 February 2011

Mr Michael Lyons
Australian Energy Market Operator
Level 22
530 Collins Street
Melbourne VIC 3000

By electronic submission: michael.lyons@aemo.com.au

Dear Mr Lyons,

Re: Feedback on power system incident reporting

The National Generators Forum (NGF) appreciates this opportunity to provide feedback to the Australian Energy Market Operator (AEMO) on the reporting of power system incidents.

The NGF considers that AEMO's Power System Incidents reports play a key role in keeping the market informed of events. We identify a number of options to improve the quality and value of these reports for market participants. They include:

1. timely provision of information that is as comprehensive as possible;
2. publication of a draft report for more significant events;
3. more transparent and open information on the incident, including what did and did not work from an AEMO perspective;
4. critical assessment and identification of improvements to processes and procedures that could help mitigate the risk of a similar incident or place the market in a better position to respond; and
5. ongoing monitoring and reporting against an action plan to assess the process of any recommended improvements.

Making these improvements can provide market participants and other interested stakeholders with access to meaningful information in a timely manner. It supports a proactive approach that encourages ongoing improvements and efficiencies to the management of and response to power system incidents. Such changes are in the best interests of all stakeholders.

We now discuss the options in more detail.

1. Timely provision of comprehensive information

The provision of timely and comprehensive information for power system incidents is important. Market participants rely on the information provided by AEMO to understand what happened and meet their own internal reporting requirements. Accordingly, the NGF would like AEMO to provide more detailed information on power system incidents than it currently does, at every stage of the reporting process. More

comprehensive information can enable participants to understand more fully the impact of power system incidents and respond accordingly in a timely manner. This could include adjusting internal operating practices and managing any resultant compliance obligations.

The provision of real-time information is particularly useful as it provides participants with access to information to meet compliance obligations. The more detailed and comprehensive this reporting is within the first week, the more use it is to participants.

2. Publication of draft report for major events

For the more significant power system incidents, the NGF supports AEMO's suggestion to publish a draft report a short time after the incident occurs (for example at the 38 business day stage). This draft report can provide participants with the information available to AEMO at that time and can give an indicative picture of what happened and where the possible areas for improvement may be. The draft report can also set out AEMO's plan to finalise the report within the current 80 to 120 business day timeframe. By seeking comment on the draft report, participants can offer suggestions to AEMO on possible areas to consider and assess in its final report. Interested stakeholders can also ask for clarification if required. This process improves the quality of the final reports on power system incidents.

3. More transparent and open information on an incident

4. Critical assessment and identification of procedure and process improvements

The current power system incident reports tend to be very technical in nature and focus on what happened in accordance to the current arrangements. To improve both the accessibility and useability of the reports, the NGF recommends that the reports need to report more than just the facts. They need to expand into what worked and what did not, particularly from a market operator perspective. AEMO is in a unique position in terms of access to information. It is important that AEMO provides an open and transparent assessment of power system incidents, including a critique of its own response.

For example, it may be that AEMO followed its procedures to the letter, but there were inefficient steps or conflicting decisions that meant the management of and response to the power system incident was less efficient than it could have been. AEMO is in the best place to undertake a critical assessment of its performance and identify possible inefficiencies or operational challenges. This is an opportunity to identify what went well and where there is room for improvement. Everyone in the market can benefit from such an open and transparent assessment.

Consequently, an important part of the reporting process is for AEMO to identify possible improvements to processes and procedures that could help mitigate the risk of a similar incident or place the market in a better position to respond in the future. The final report provides a milestone to present an action plan for addressing any issues and progressing improvements. The action plan can set out the process for progressing issues. This could include tasking various working groups with developing solutions, for example.

A proactive approach to responding to power system incidents is in the best interests of all market participants.

5. Ongoing monitoring and reporting against action plans

The NGF supports AEMO's recommendation to follow up incidents with ongoing monitoring and reporting. This can map onto an action plan presented in a final incident report. Regular reporting can help ensure that work streams progress in a timely manner and reduce the probability of a recommended change falling through the cracks. This is particularly important for changes occurring with AEMO. Market participants can have little visibility on the progress of internal AEMO improvements. The NGF encourages more transparency in this area in particular.

Encouraged by this consultation, the NGF would also welcome the opportunity to discuss more generally AEMO's reporting on electricity market operations and performance. We are currently reviewing these related reports to help identify possible opportunities to improve their quality and value to market participants. The NGF looks forward to an ongoing dialogue with AEMO on these issues.

Should you wish to discuss any aspect of this submission, please contact Hannah Cole on 02 8345 5500.

Yours sincerely,



Malcolm Roberts
Executive Director