

WEM Procedure: Credible Contingency Events

Post-consultation changes

Reclassification ambiguity

Comment:

- *"[would be] helpful if it were clearly stated that based on new information, the classification may revert back to a Non-Credible Contingency Event."*

Response:

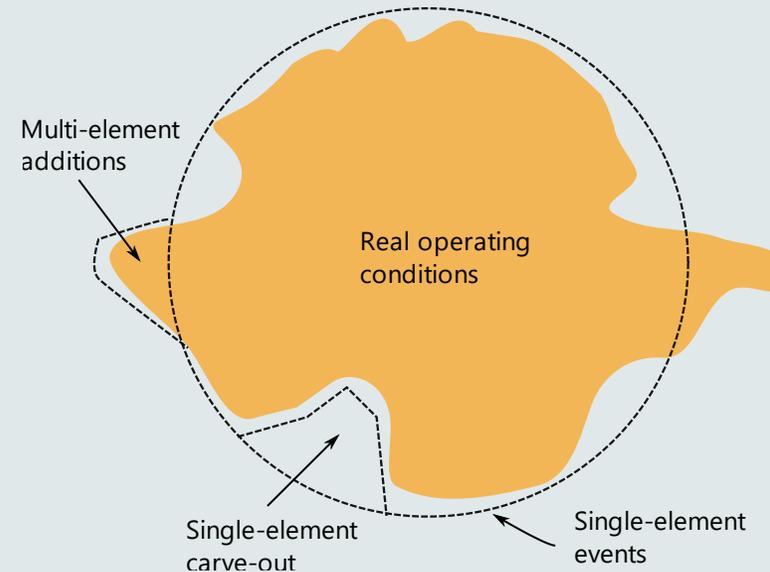
- Reclassification process re-worded and explanatory note added to clarify temporary nature of ALL reclassification events.

Process asymmetry

"the WEM Procedure provides AEMO the ability to reclassify Non-credible Contingency Event as a Credible Contingency Event. However, there is no corresponding paragraph to require AEMO to reclassify a Credible Contingency Event as a Non-credible Contingency Event."

Asymmetry is built into market rule and WEM Procedure to reflect real-world physical and economic probabilities:

- Infinite number of possible failures; AEMO has good control in defining the limited credible set
 - All single element failures:
 - Ability to carve out single-element contingencies where statistical probability is small
 - Hand-curate more complex Contingency Events
- Natural pressure to keep Credible set small to enable flexible dispatch:
 - better utilise network and generation assets in security
- Non-credible does not mean physically impossible
 - Rather, uneconomic (inconsistent with WEM Objectives) to insure against



Suggestions

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- *a) AEMO to undertake a periodic review of the list of Credible Contingency Events and provide authority to reclassify these to Non-credible Contingency Events (if relevant); and*
- *b) AEMO to undertake a review of the re-classification of a Non-credible Contingency Event to a Credible Contingency Event if suggested by a Market Participant."*

Response:

- AEMO is satisfied existing framework already allows correct classification of Contingency Events
 - Includes "direct advice from asset owners" in complex event classifications
- New paragraph to allow ongoing maintenance:

2.1.6 AEMO may update the classification of Credible Contingency Events and Non-credible Contingency Events as it deems necessary to reflect changes in power system operating conditions, including:

- (a) introduction of new technologies, operating or maintenance practices;
- (b) changes in load patterns or demand behaviour; and
- (c) developments in industry standards, or other new information available to AEMO.