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Sent: Wednesday, 7 August 2019 7:17 AM
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Subject: COMMONWEALTH - EMBARGO: AER commencement of proceedings against SA wind farm operators [DLM=For-Official-Use-Only]
Attachments: Media Statement - Black System Event legal action (FINAL).pdf

Good morning Tim

The AER will shortly announce the commencement of proceedings against four wind farm operators – subsidiaries of AGL, Neoen, Pacific Hydro and Tilt Renewables.

The media release for this announcement is attached and **under strict embargo** until it has been published later this morning. Subscribers to our website will receive an alert when it has been published.

Key points are below:

- The AER has commenced proceedings against subsidiaries of AGL, Neoen, Pacific Hydro, and Tilt Renewables regarding events on 28 September 2016 when severe weather conditions led to significant damage to South Australian transmission lines causing voltage disturbances.
 - A subsequent loss of wind generation contributed to a State-wide black-out otherwise referred to as a black system event (BSE).
 - Approximately 850,000 customer connections in South Australia lost power on the day.
- The investigation into the BSE has focused on, among other things, the conduct of the four wind farm operators by reference to their Generator Performance Standards (GPS) and applicable National Electricity Rules (NER) obligation. Generators must comply with their GPS and other technical requirements, which include continuous uninterrupted operation (CUO).
- The failure of the relevant wind farms to ride-through network voltage disturbances in accordance with their GPS was a contributing cause of the BSE that affected the South Australian region of the National Electricity Market (NEM) on 28 September 2016.
- GPS consist of the specific standards of performance established for each generator and its plant (generating system) in the NEM and they become part of the Connection Agreement with the relevant TNSP. Under the NER, AEMO maintains a GPS register.
 - Under the NER, generators must ensure that their plant meets or exceeds the plant's GPS.
- CUO is a key obligation in generator performance standards for power system security.
 - Its intention is to ensure that generating systems and their units ride through disturbances such as sudden frequency and voltage changes in a manner to avoid cascading failures within the power system.
- If generators perform in unexpected or unwanted ways, they can cause major supply disruptions and any resultant loss of significant amounts of generation may lead to cascading failures and black-outs. GPS that accurately reflect the capabilities of a generating system and its units, and effective GPS compliance are therefore crucial for the delivery of reliable and secure electricity to customers in the NEM.
- The AER will be seeking declarations, penalties, compliance program orders and costs.

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- The AER is able to institute proceedings in relation to an alleged breach of the NER at any time up to six years after the conduct occurs.
- The AER's investigation into the BSE involved four components—pre-event period, system restoration and market suspension and the event. This announcement relates only to the event component.
 - In December 2018, the AER published a [compliance report](#) on the pre-event period, system restoration and market suspension components.

Please get in touch with any questions or follow up.

Regards,

Francesco

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The AER acknowledges the traditional owners and custodians of Country throughout Australia and recognises their continuing connection to the land, sea and community. We pay our respects to them and their cultures; and to their Elders past, present and future.

South Australian wind farms in court over compliance issues during 2016 black out

The Australian Energy Regulator (AER) has commenced proceedings in the Federal Court against four wind farm operators for alleged breaches of the National Electricity Rules (NER).

Proceedings have been brought against subsidiaries of AGL Energy Limited (ASX: AGL), Neoen SA, Pacific Hydro Pty Ltd and Tilt Renewables Limited (ASX: TLT) in connection with wind farms they operated in South Australia.

The proceedings concern events on 28 September 2016 when severe weather conditions led to significant damage to South Australian transmission lines causing voltage disturbances. A subsequent loss of wind generation contributed to a State-wide black-out or black system event.

Approximately 850,000 customer connections in SA lost power on the day.

The AER alleges that each of these wind farm operators failed to ensure that their plant and associated facilities at the relevant wind farms complied with their generator performance standard requirement to ride-through certain disturbances.

In addition, the AER alleges that the wind farm operators failed to provide automatic protection systems to enable them to ride-through voltage disturbances to ensure continuity of supply, in contravention of the National Electricity Rules.

“The AER has brought these proceedings to send a strong signal to all energy businesses about the importance of compliance with performance standards to promote system security and reliability” AER Chair Paula Conboy said.

“These alleged failures contributed to the black system event, and meant that AEMO was not fully informed when responding to system wide failure in South Australia in September 2016.”

“Providing timely and accurate information to AEMO is critical in ensuring power system security and the effective operation of the wholesale energy markets,” Ms Conboy said.

The AER is seeking declarations, penalties, compliance program orders and costs.

The AER released an investigation report into the blackout in 2018 and these proceedings are the culmination of a series of detailed actions undertaken since the event.

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Notes to editors

The AER has issued proceedings against subsidiaries of:

- AGL Energy Limited in relation to the Hallett 1 (Hallett), Hallett 2 (Hallett Hill), Hallett 4 (North Brown Hill) and Hallett 5 (The Bluff) Wind Farms
- Neoen SA in relation to the Hornsdale Wind Farm
- Pacific Hydro Pty Ltd in relation to the Clements Gap Wind Farm
- Tilt Renewables Limited in relation to the Snowtown 2 Wind Farm (comprising Snowtown Wind Farm Stage 2 North and Snowtown South Wind Farm).

The AER's investigation into the BSE involved four components—pre-event period, system restoration and market suspension and the event. This announcement relates only to the event component.

In December 2018, the AER published a compliance report on the pre-event period, system restoration and market suspension components.

Generators are required to operate their plant in line with generator performance standards that they agree with AEMO. These describe how their systems will perform if adverse events occur. This data is critical to AEMO in operating the power system safely and reliably.

The provision of timely and accurate information to AEMO is an enforcement and compliance priority for the AER: see <https://www.aer.gov.au/about-us/compliance-enforcement-policy-priorities>.

About the AER

The Australian Energy Regulator (AER) works to make all Australian energy consumers better off, now and in the future.

- We regulate electricity networks and covered gas pipelines, in all jurisdictions except Western Australia. We set the amount of revenue that network businesses can recover from customers for using these networks.
- We enforce the laws for the National Electricity Market and spot gas markets in southern and eastern Australia. We monitor and report on the conduct of energy businesses and the effectiveness of competition.
- We protect the interests of household and small business consumers by enforcing the Retail Law. Our retail energy market functions cover New South Wales, South Australia, Tasmania, the ACT and Queensland. We do not set the prices consumers pay.

We drive effective competition where it is feasible and provide effective regulation where it is not. We equip consumers to participate effectively, including through our [Energy Made Easy](#) website, and protect those who are unable to safeguard their own interests. We use our expertise to inform debate about Australia's energy future.