

## Electricity Pricing Event Report – Sunday to Tuesday, 11 to 13 October 2015

**Market Outcomes:** South Australian Frequency Control Ancillary Service (FCAS) price (sum of all services) was above \$300/MWh for 91 trading intervals (TI) between TIs ending 1200 hrs on 11 October 2015 and 1800 hrs on 13 October 2015. The maximum price reached was \$26,650.11/MWh for TI ending 2300 hrs on 11 October 2015.

South Australian energy and FCAS prices in the other NEM regions were not affected.

At 0400 hrs on 12 October 2015, the rolling sum of the Lower Regulation FCAS price for the South Australia region over the previous 2016 Dispatch Intervals (seven days) exceeded six times the cumulative price threshold of \$207,000. As a result, an administered price cap of \$300/MWh was applied for all FCAS services commencing at dispatch interval (DI) ending 0405 hrs on 12 October 2015 (Market Notice no.49997).

Actual Lack of Reserve Level 2 (LOR2) condition had been declared for the South Australia region between 1055 hrs on 11 October 2015 and 1745 hrs on 13 October 2015 (Market Notice no. 49986 and 50030).

Further information is provided below.

**Detailed Analysis:** The South East – Heywood no.2 275 kV transmission line was on a planned outage from 1045 hrs on 11 October 2015 to 1739 hrs on 13 October 2015. This outage increased the risk of electrical separation between South Australia and Victoria. The risk of separation increased the FCAS requirements for South Australia, and were managed by invoking the constraint sets F-I-HYSE, F-S\_LREG\_0035 and F-S\_RREG\_0035. The F-S\_LREG\_0035 and F-S\_RREG\_0035 constraint sets ensure sufficient Lower and Raise Regulation FCAS is available in South Australia within a period of 30 minutes in the event of electrical separation (Market notice no. 50003).

For DI ending 2025 hrs on 11 October 2015, AGL rebid a total of 140 MW of Lower and Raise Regulation FCAS from Torrens Island A units from bands priced below \$20/MWh to bands priced at \$13,100/MWh.

The Lower and Raise Regulation FCAS prices increased to \$13,100/MWh from TI ending 2100 hrs on 11 October 2015 and continued so till 0400 hrs on 12 October 2015. The Lower and Raise Regulation FCAS prices were elevated due to the increased requirements, predominantly during low demand periods in late evening or early morning.

The prolonged high prices caused the rolling sum of Lower Regulation FCAS price in the South Australia region to exceed six times the Cumulative price threshold, resulting in an Administered price period. An administered price cap (APC) of \$300/MWh was applied for all FCAS services from DI ending 0405 hrs on 12 October 2015.

The flow towards South Australia on the Heywood interconnector was limited up to 113 MW during the planned outage period. The flow on the Murraylink interconnector was limited to 27 MW towards Victoria during the outage period.

The Lower and Raise Regulation price reduced to \$13.80/MWh and \$1.80/MWh respectively, for DI ending 1535 hrs on 13 October 2015 due to step changes in bids submitted by AGL. A total of 98 MW of Lower and Raise Regulation capacity from Torrens Island PS was transferred from bands priced above \$299/MWh to lower priced bands.

The high FCAS prices were forecast in pre-dispatch schedules published from 1300 hrs on 10 October 2015.