

**18 October 2018**

## **Section 108A Report**

### **Generator technical performance standards**

The AEMC published the generator technical performance standards rule on 27 September 2018. The AEMC is required to publish a report when the publication of a final determination occurs more than a year after commencement of the Commission's assessment of a rule change request. The publication date of the final determination was approximately one week over this threshold.

As discussed below, the timeframe for delivery of the final determination and rule reflected the significant complexity of the issues that were considered by the Commission.

### **Purpose of report**

The Australian Energy Market Commission (AEMC or Commission) is required under section 108A of the National Electricity Law (NEL) to publicly report on rules not made within 12 months of the publication of the notification of the commencement of the rule change process.

This report relates to the Generator technical performance standards rule change request that was completed on 27 September 2018, 12 months and 8 days after the AEMC formally initiated the rule change process.

### **Background**

On 19 September 2017, the AEMC commenced consultation on a rule change request submitted by AEMO proposing changes to the way levels of technical performance are negotiated for equipment connecting to the power system, and the technical requirements for new generating systems.

The technical requirements for connecting generating systems are highly complex, and relate to, among other things:

- the requirements for generating systems to be able to control their active and reactive power and reactive current response, which helps to keep the system stable during normal operation of the power system, and also when the system experiences unexpected frequency and voltage disturbances, and
- the requirements for generating systems to be able to maintain operation in the face of these unexpected disturbances (including faults and contingency events) that can lead to cascading failures and blackouts.

The Commission's considered a wide range of issues in making the rule. The rule included material changes to chapters 4, 5 and 10 of the NER, as well as an extensive set of transitional arrangements, with detailed changes made to over 25 separate clauses of the NER. A number of complex interactions with concurrent market reform processes were managed to ensure consistency of approach, including the Frequency control frameworks review and the Review of the coordination of generation transmission and investment.

We received 37 formal submissions as part of the first round of consultation. Just under half of the submissions were received late. We considered all issues raised by stakeholders in submissions.

On 28 November 2017 we extended the period of time for making a draft determination. On 14 March 2018 we further extended the period of time for making a draft determination until 5 June 2018, and extended the period of time for making a final determination until 2 October 2018. The timeframes were extended due to the complexity of the issues raised by the rule change and further issues raised by stakeholders during consultation.

To assist with its consideration of the rule change request, we convened a technical working group made up of industry experts. The technical working group met on 11 December 2017 and on 1 and 2 February 2018.

Throughout the rule change process the AEMC worked closely with AEMO. AEMO provided formal updated positions on its proposed changes on a number of occasions throughout the rule change process, responding to concerns raised by stakeholders and the Commission.

On 31 May 2018 we published a draft rule and draft determination. Following this we briefed members of the technical working group, the Clean Energy Council, the Australian Energy Council and Energy Networks Australia on the detail of the draft determination. We also held a formal stakeholder workshop on the draft rule on 26 June 2018.

We received 33 formal submissions as part of the second round of consultation, most of which were received on time.

### **Reason for the final rule determination not being made within 12 months**

The final rule determination on the Generator technical performance standards rule change request was not made within 12 months of the publication of the initiation of the rule change request notice under section 95 of the NEL as a result of the detailed and complex nature of the rule change request and the additional and thorough consultation that was undertaken with industry.

The technical performance standards for connecting generating systems to the power system are fundamental to the safety, security, reliability and price of electricity supply. A thorough and detailed analysis of the issues, and consultation with stakeholders, was required so that the important policy issues that arose in this rule change were appropriately considered.

### **Time for making final rule determination**

The Commission published a final determination and rule on 27 September 2018.