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The Chairman
Reliability Panel
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

By Email: Submissions@AEMC.gov.au

Dear Mr Woodward

REVIEW OF FREQUENCY OPERATING STANDARDS FOR TASMANIA

Eureka Funds Management (Eureka), as a registered Intending Participant in the NEM, appreciates the opportunity to contribute to the review of the Tasmanian frequency standards following the issue of the Draft Report on 28 August 2008.

Eureka is a boutique, independent business formed to manage investments for a small number of institutional investors, predominantly Australian Superannuation Funds. Eureka is currently assessing the feasibility of direct investment in wind farm projects in the north-west of Tasmania with potential total capacity up to 360MW.

As such, Eureka is interested in any actions that may affect that investment, particularly the feasibility of connection (both for turbine selection and for connection options into the grid) and any potential additional constraints or cost implications.

To that end, we generally welcome the Reliability Panel's proposals in the Draft Report – given the general consensus for some form of change to the frequency standards, the proposed changes appear to provide a reasonable balance between allowing the connection of higher efficiency thermal generating units and minimising the increased FCAS costs.

However, as has been noted by a number of stakeholders, from here the critical issue will be the implementation of the proposed changes as there are a number of factors that could significantly affect the successful development of our identified wind farm projects, such as:

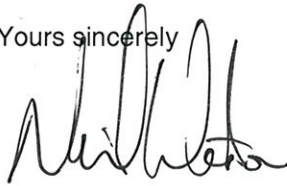
- the potential scale of wind energy development in Tasmania: combining Eureka's proposals with those of Roaring 40s adds up to over 600MW of future wind development in Tasmania, notwithstanding proposals by any other proponents. Given the Federal Government's commitment to renewable energy and Tasmania's

world class wind resource, it is essential that artificial barriers to development are not imposed and investment driven to inferior wind resource sites on the Australian mainland;

- scheduled generation: future large wind farm developments will be treated as “semi-scheduled” generators, rather than non-scheduled, and hence it will need to be appropriately considered in future energy projections;
- remote generation: tripping at the regional node level, rather than at the generation point, for remote generation developments;
- FCAS availability: managing constraints in relation to FCAS availability and cost, so that for large remote generation (i) FCAS costs are reasonable; and (ii) operations are not limited when adequate FCAS is available.

Eureka trusts that the key participants – the Reliability Panel, NEMMCO, Transend – will work together in consultation with the appropriate stakeholders to achieve effective implementation of the proposals in the Draft Report. We look forward to further discussion at the next public meeting scheduled for the end of October.

Yours sincerely

A handwritten signature in black ink, appearing to read "Neil Weston", written over a light blue horizontal line.

Neil Weston
Investment Manager
Eureka Funds Management