



8 May 2015

Commissioner Neville Henderson
Chairman, Reliability Panel
Australian Energy Market Commission
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Sydney South NSW 1235

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Generator Compliance Template Review Draft Report

The Energy Supply Association of Australia (esaa) welcomes the opportunity to make a submission on the Template for Generator Compliance Programs Review 2015 Draft Report (the Draft Report).

The esaa is the peak industry body for the stationary energy sector in Australia and represents the policy positions of the Chief Executives of 37 electricity and downstream natural gas businesses. These businesses own and operate some \$120 billion in assets, employ more than 59,000 people and contribute \$24.1 billion directly to the nation's Gross Domestic Product.

esaa agrees with the approach adopted by the Reliability Panel in this review of the generator compliance template (template) which recognises that the template cannot be a prescriptive list of compliance obligations. As noted, such an approach would be unlikely to result in an efficient or practical representation of good electricity industry practice due to the wide range of technical issues across the various generator types in the National Electricity Market.

esaa supports the draft changes to the introductory section and supporting information of the template, which provide a clear and concise statement of the purpose of the template and of the compliance principles. esaa also supports the new section 1.4 which outlines options for continuous plant monitoring, which may have benefits for some generating plant.

esaa supports the proposed change to section 2.3 (Pre-existing compliance) of the template which recognises that some generating plant have compliance obligations which are related to older versions of the Rules or Code that applied at the time when these generators' connection agreements were established.

In response to the Reliability Panel's questions relating to the current template provisions in the National Electricity Rules (NER) esaa believes that the generator compliance template is a valuable element of the broader compliance framework and that the Reliability Panel is the appropriate body to have responsibility for ensuring that it continues to meet the needs of the industry. esaa would not support assigning

ongoing responsibility for the template to another party as the Reliability Panel has the appropriate level of industry expertise and independence.

Although the template is valuable to industry participants and the Australian Energy Regulator in understanding and applying the generator compliance standards, it is also true that the template is intended as a guide only, and does not form a prescriptive element of the compliance framework. For this reason esaa would have no objection to changes to the NER that removed the requirement for the Reliability Panel to review the template every three years, and believes that the Reliability Panel could apply its judgement, supported by industry and AER feedback, as to when the template required a review and update.

In relation to the current NER obligation on generators to make their compliance programs consistent with the template, esaa suggests that this NER obligation could be removed since as discussed in the Draft Report, the template is a guide rather than a prescriptive list of compliance obligations. esaa also agrees that the requirement for generators to review their compliance programs within six months of a template review could be removed. The key obligation for generators should be that they have a compliance program that demonstrates their compliance with their agreed performance obligations. Since the template is intended as a guide only for how generators might choose to demonstrate their compliance, it seems unnecessary that generators be required to review their compliance plan following a review of the template.

Any questions about our submission should be addressed to Chris Deague, by email chris.deague@gdfsuezau.com or by telephone on (03) 9617 8331.

Yours sincerely



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