



EnergyAustralia

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Australian Energy Market Commission

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Dear Commissioners

Lodged electronically: www.aemc.gov.au (ERC0165)

AEMC 2014, Generator ramp rates and dispatch inflexibility in bidding, Options Paper, 18 December 2014

EnergyAustralia welcomes the opportunity to make a submission on the Generator ramp rates and dispatch inflexibility in bidding options paper (the Paper).

EnergyAustralia is one of the country's leading retailers, providing gas and electricity to more than 2.6 million customers. We own and operate a range of generation and storage facilities, including coal, gas and wind assets, in NSW, Victoria and South Australia.

Our preference is to see a simplified version of Option 1 implemented with maximum capacity used in place of available capacity.

The Paper proposes to treat aggregated and non-aggregated generators differently. Non-aggregated units under option 1 would be similar to the draft determination at 1% of maximum capacity with a cap at 3MW/min, and they will remain unchanged from current rules under option 2. Aggregated units under option 1 will have 3mw/min contributed from each physical unit but will be capped at 1% of available capacity. Option 2 will apply the current rules to each individual physical unit.

Both the options presented in the Paper preferable to the draft determination of 1% of maximum capacity and we are supportive of the consideration given to the physical and administrative impacts that high minimum ramp rates have on large thermal plants. We also find both the options suitably address the concerns presented in the original rule change request and consultation paper.

Option 1 allows for dynamically changing compliance targets which may increase costs to regulate and the likelihood of compliance breaches by generators. The difference between the use of available capacity over maximum capacity is not significant enough to justify the added complexity. We recommend that option 1 is pursued with maximum capacity used to determine ramps rates.

Option 2 increases the total ramp available in the NEM by significant increases to some aggregated units. We don't see a concern with meeting the targets but it is a departure from the proportional distribution of system ramp capability Option 1 provides.

If you any have further questions please contact me on (03) 8628 4518 or at Ben.Hayward@EnergyAustralia.com.au.

Regards

A handwritten signature in black ink, appearing to read 'Ben Hayward', written in a cursive style.

Ben Hayward

Wholesale Regulation