



23 June 2006

John Tamblyn
Chairman
Australian Energy Market Commission
Level 16
1 Margaret Street
SYDNEY NSW 2000

Submissions on Proposed National Electricity Rules Amendments

We refer to the Australian Energy Market Commission (AEMC) rule proposal and the proposed National Electricity Amendment (Technical Standards for Wind Generation) Rule 2006.

Vestas Australian Wind Technology Pty Ltd ("Vestas") has already provided its comments to AusWind of which it is a member, but also wishes to bring the following issues directly to AEMC's attention. Vestas supports the objective of greater flexibility in application of Rules which appears to be the driving force to AEMC's approach on this matter. However, Vestas would like to invite AEMC to consider a number concerns that Vestas has over potential impact of the proposed changes on:

- the industry as a whole,
- wind generation project development,
- contractual landscape surrounding such project developments; and
- the cost implications which would deter greater energy market development.

The changes which Vestas foresees may have such an impact are set out in more detail in the attached table (which for convenience purposes have been added in mark-up to AusWind's submission table), but can be summarised as follows:

- The proposed changes have injected (perhaps unintentionally) a greater degree of uncertainty and subjectivity into the Rules, and consequently into the commercial and contracting environment of wind project development;
- The proposed changes will provide difficult, if not unworkable, contracting environment between the parties, leading to increased costs and delays in project development (this include requirements which potentially require participants to provide representations as to continuous and future Rule compliance;
- The revised Rules require the participants to increasingly rely on third parties such as NSPs or generation unit suppliers to enable participants to comply (including with respect to information provision to NEMMCO), however, Vestas is concerned that the Rules do not pay sufficient regard for pre-existing contractual agreements with such third parties, those third parties' intellectual property

rights, confidentiality, and the costs associated with such compliance (which collectively may have the unintended effect of impeding compliance with the Rules);

- The performance standards and requirements imply a generalistic approach in that there is insufficient recognition of the individual nature of the generation system or its location.

Vestas would like an opportunity to provide supporting information and expand further in relation to the issues and concerns that it raises in its table and in this letter.

Vestas is of a strong view that the impact of the proposed changes on the commercial environment within which it and wind generation project developers operates are significant and that there is considerable benefit in further consultation and expansion on those issues before the Rules are put in place.

Please let us know if you require any further information or have any queries in relation to this letter. Similarly, if you would prefer our tabled comments to be presented in a different form, for instance, not in mark-up form in AusWind's submission table but as a separate table, please let us know and we would be happy to do so first thing next week.

Yours sincerely



Erik Laursen
Managing Director