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Lane Crockett
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+61 400 623 155Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235Via email: submissions@aemc.gov.au

Dear Dr Tamblyn,

Re: National Electricity Rule Amendment: Performance Standard Compliance of Generators

Pacific Hydro, Australia's leading renewable energy developer, is committed to maximising Australia's renewable energy opportunities while supporting regional growth and the reduction of Australia's greenhouse gas emissions. To date Pacific Hydro has invested around \$650 million in the Australian renewable energy market, \$400 million of this in wind farm developments under construction.

Being an owner of distribution and transmission connected wind farms, Pacific Hydro has significant experience in the development, operation and management of wind farms and maintains strong working relationships with the Network Service Providers, to whom the farms are connected. Each connection brings different challenges and frequently requires careful consideration of local network issues.

As a company which recognises Australia's significant wind resources and the opportunity they create for our energy future, Pacific Hydro welcomes the opportunity to comment on the proposed rule change "Draft Rule Determination – National Electricity Amendment (Performance Standards Compliance of Generators) Rule 2008".

We provide the following comments:

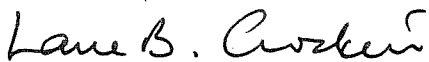
1. We support the proposed Rule 4.14(p) that allows a change to an existing performance standard if all parties agree that a change is required.
2. A rigorous consultation process will be required in the development of the template for generator compliance programs to ensure adequate consideration of specific generator plant technologies and local connection issues. Mechanisms within this development framework should ensure a light handed approach to unreasonable modifications of existing generator compliance arrangements.
3. The requirement for the initial 3 month (proposed Rule 11.19.2) and subsequent 6 month (proposed Rule 4.15(c)(3)) timeframe periods in which the generator must respond to changes to the template may prove unreasonable if the changes are material. Again the framework for modification of the template should ensure a light handed approach where changes will have a material impact on the generator arrangements. We

recommend the requirement to respond to the initial template or the effective date of subsequent changes be extended to 12 months.

4. There should be a recognition that the purpose of the compliance plan is to demonstrate the generator's ability to meet the performance standards, any changes to the compliance template made by the Reliability Panel should be assessed on a cost/benefit basis to ensure the 3 yearly review exercise does not result in a additional regulatory obligation without a benefit to the market.
5. The review period of 3 years provided under the proposed Rule 8.8.3(ba) may coincide with routine (ie. 3 yearly) compliance testing undertaken by generators. Changes that may be required by the review could impact the generators routine testing arrangements. We recommend the review period be extended or the effective date of subsequent changes be extended from 6 months to 12 months.
6. Although the National Electricity Rules adequately provide a dispute mechanism for NEM Participants it is unclear that the Reliability Panel would be included in this dispute process under the NER. Under the existing Rule change proposed participants are left without a NEM dispute mechanism over the template design or modification.

Should you wish to discuss this further please contact Kate Summers on (03) 8621 6442 or via email on ksummers@pacifichydro.com.au.

Yours sincerely



Lane Crockett
General Manager Australia Pacific