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The Chairman
Australian Energy Market Commission
Level 5
201 Elizabeth Street
SYDNEY NSW 2000

By Email: submissions@aemc.gov.au

Dear Dr Tamblyn

Request for a Rule change to modify the arrangements for performance standards compliance

The National Generators Forum (**NGF**) requests the making of a new Rule (**Rule Proposal**). The Rule Proposal is designed to respond to recommendations 4, 5, 7, 8 and 9 contained in the Final Report of the AEMC Review of Enforcement of and Compliance with Technical Standards, dated 1 September 2006 (**2006 Review**).

Person requesting the Rule

The National Generators Forum, ABN 83 113 331 623, requests the making of this Rule. The address for notices is GPO Box 1301, Canberra ACT 2601

The NGF has consulted with the AER, NEMMCO and the Standing Committee of Officials of the Ministerial Council on Energy (**SCO**) regarding the Rule Proposal. The drafting of the draft Rule attached as Attachment B (**Draft Rule**) to meet recommendations 4, 5, 7, 8 and 9 of the 2006 Review was based upon the AEMC's drafting in the 2006 Review and modified by NEMMCO. In addition, both NEMMCO and jurisdictional officials assisted in the drafting of specific clauses.

The Ministerial Council of Energy noted in their communiqué of 13 May 2007 the valuable work of the NGF, in consultation with the AER and NEMMCO, in developing Rule changes relating to generator technical standards.

Ministers noted that it was appropriate and consistent with the overall market governance model for the NGF, in consultation with the AER and NEMMCO, to initiate a Rule change proposal based on the AEMC recommendations through the Rule change process.

Issues to be addressed by the proposed Rule

In accordance with a direction from the Ministerial Council of Energy (MCE), the AEMC conducted the 2006 Review in relation to the enforcement and compliance with technical standards. The 2006 Review sets out 12 recommendations.¹ Of these, only recommendation 1 and recommendations 4-9 involved proposing a change to the Rules.

Recommendation 1 concerned a Rule change to ensure that appropriate registered standards would be in place by 30 June 2007. The NGF and NEMMCO, in consultation with TNSPs, formulated a Rule to achieve that recommendation. The Rule² was made in December 2006. Generators, assisted by the NGF, completed that process within the required timeframe.

This Rule responds to recommendations 4, 5, 7, 8 & 9. These recommendations are included in this Rule Proposal as Attachment A.

Recommendation 6 concerns the information to be taken into account in a proceeding for breach of the Rules. The NGF notes that while this Rule Proposal was being developed, the jurisdictions determined that requirements to be considered in considering proceeding with a prosecution and matters to be taken into account during that prosecution should be part of the Law rather than the Rules. As such, this Rule Proposal does not address recommendation 6.

Recommendations 4 and 5 are concerned with the issue identified in the 2006 Review that the framework for compliance programs in the existing Rules may not be effective in establishing and maintaining compliance with performance standards.³

This Rule Proposal addresses this issue by proposing a Draft Rule which requires Registered Participants to institute a compliance program that conforms with guidelines issued by the Reliability Panel. In the 2006 Review, the AEMC proposed that the AER would approve generator compliance plans. The AER, however, considered that it was inappropriate for them to both approve and then audit compliance with plans. As an alternative, the NGF therefore propose that:

- The Reliability Panel, in keeping with their responsibilities to define transmission service standards, approve a template or guideline for generator compliance plans;
- The template would be:
 - developed with the assistance of participants and NEMMCO;
 - effectively define “good industry practice” for the purposes of the Rules
 - allow the AER to audit compliance with the Rules in advance of incidents; and
 - allow for improvement in compliance plans based on market experience; and
- Generators have an obligation to develop and maintain plans using the template.

Recommendations 7 and 8 are concerned with the issues identified in the 2006 Review that the existing Rule 4.15(i) does not make clear that a participant has an obligation to rectify non-conformance with a performance standard within a set period of time.⁴ Furthermore, in

¹ 2006 Review, p8-10.

² Rules 4.16 and 4.17.

³ 2006 Review, p42.

⁴ 2006 Review, p55.

the event that the time period for such rectification is disputed, the existing dispute resolution provisions in the Rules may not provide a sufficiently rapid outcome.⁵

This Rule Proposal addresses this issue by proposing a Draft Rule which clarifies the wording of rule 4.15(i) and permits the AER to determine an appropriate timeframe for rectification of non-conformance in the event of a dispute. The dispute resolution mechanism will produce faster resolution of disagreements between NEMMCO and the Registered Participant concerning the timeframe for rectification of non-conformance than is the case under the existing Rules.

Recommendation 9 is concerned with ensuring that the Rules do not confuse the responsibilities of the AER and NEMMCO with respect to enforcement of Rule breaches.⁶

This Rule Proposal addresses this issue by proposing a Draft Rule which requires NEMMCO to notify the AER of any notification it receives regarding non-conformance. As such, the Draft Rule ensures that NEMMCO does not become a de facto decision maker as to whether certain conduct (or omissions) constitute a breach of the Rules.

In addition, while this Rule Proposal was being developed, the NGF became aware that:

- the existing Rules do not contain a provision that readily allows for the correction of performance standards found to be incorrect. While Rule 5.3.8 requires notification of incorrect information, it does not cover what is to be done to correct the standard. Similarly, Rule 4.15 does not allow for a registered standard to be adjusted when a non-conformance is found to be due to an error in the standard; and
- generators feel it should be made clear that Rule 4.15(a) relates to operation of plant that is specifically covered by performance standards rather than applying to the operation of that plant more generally, a matter which is dealt with elsewhere in the Rules.

This Rule Proposal addresses these issues by proposing a Draft Rule which:

- allows for the amendment of a performance standard at any time provided that NEMMCO, the relevant participant and the relevant NSP all agree. This process allows for the timely correction of performance standards that are incorrect; and
- clarifies the wording of rule 4.15, including noting that the rule relates specifically to the operation of plant covered by the relevant performance standards. The term non-conformance has been used in place of non-compliance to make it clear that a variation from a performance standard is not automatically a breach of the Rules.

Description of the proposed Rule

The Rule Proposal:

- allows registered performance standards to be adjusted where all relevant parties agree that the standard is incorrect;
- requires a generator to have (and modify as necessary) a compliance program that is based on defined guidelines issued by the Reliability Panel and that the guidelines should be updated using experience gained during significant power system events;

⁵ 2006 Review, p55.

⁶ 2006 Review, p54.

- makes it clear that the requirement to adopt and implement compliance programs and other obligations under Rule 4.15 exclusively related to the operation of registered performance standards and not the operation of that plant more generally, which is dealt with elsewhere in the Rules;
- clarifies that NEMMCO must advise the AER of any non-conformance with performance standards;
- allows participants to seek review from the AER regarding the time allowed by NEMMCO for non-conformances to be rectified.

In addition, this Rule Proposal addresses transitional issues which arise as a consequence of the amendments to the existing Rules and other consequential amendments.

How the Rule change meets the Market Objective

The National Electricity Market objective is set out in section 7 of the NEL. It provides:

'The national electricity market objective is to promote efficient investment in, and efficient use of, electricity services for the long term interests of consumers of electricity with respect to price, quality, reliability and security of supply of electricity and the reliability, safety and security of the national electricity system.' (**NEM Objective**)

This Rule Proposal promotes efficient investment in electricity services by clarifying the obligations imposed upon participants in relation to conformance with performance standards and the monitoring of compliance with the same. The provisions the subject of this Rule Proposal are intended to influence participants to make efficient investments regarding compliance with performance standards and regarding the implementation of monitoring programs to ensure such compliance.

The performance standards are the agreed standards of performance in respect of the technical standards set out in the Schedules 5.1, 5.2, 5.3 and 5.3a of the Rules. Compliance with these performance standards is therefore relevant to the quality, reliability and security of the supply of electricity. This is apparent from the principle set out in existing Rule 5.1.3(c), which provides:

'This Chapter is based on the following principles relating to *connection* to the *national grid*:

...

- (c) the technical terms and conditions of *connection agreements* regarding standards of performance must be established at levels at or above the *minimum access standards* set out in schedules 5.1, 5.2, 5.3 and 5.3a, with the objective of ensuring that the *power system* operates securely and reliably in accordance with the *system standards* set out in schedule 5.1a.'

The 2006 Review expressly states that its recommendations are consistent with the NEM Objective:

'In the view of the Commission, the conclusions and recommendations contained in this report are consistent with the NEM objective and should advance the long term interests of consumers by clarifying standards and promoting greater compliance with those standards.'⁷

⁷ 2006 Review, page 74.

This Rule Proposal seeks to implement the outstanding recommendations from the 2006 Review. As such, the NGF considers that this Rule Proposal promotes the NEM Objective.

Expected costs and benefits of the change and the potential impacts of the change on those likely to be affected

If implemented, this Rule Proposal would be likely to have a number costs and benefits.

Benefits flowing from the implementation of this Rule Proposal would be likely to include:

- Greater compliance with the performance standards and consequent increases in quality, reliability and security of the supply of electricity to the national electricity market (as a result of the establishment of a process for the implementation and maintenance of compliance monitoring programs);
- Greater efficiency in NEMMCO's management of the national electricity market and the AER's enforcement of the Rules (as a result of clarifications and improvements to existing provisions concerning notification of non-conformances with performance standards)
- More accurate enforcement of compliance with the Rules (as a result of allowing incorrect performance standards to be corrected at any time).

Costs flowing from the implementation of this Rule Proposal would be likely to include:

- Small increases in the cost to generators of complying with the Rules (as a result of the institution and monitoring of compliance monitoring programs by generators).
- Small increases in the cost to the Reliability Panel of meeting its obligations under the Rules (as a result of its preparation of compliance monitoring guidelines).

The implementation of this Rule Proposal would be likely to affect Generators, the AER and NEMMCO. In the view of NGF, the likely impact on these parties of implementation include:

- Generators are likely to:
 - Implement and maintain compliance monitoring programs (as a result of the amended provisions for the implementation of these programs)
 - Improve their compliance with performance standards (as a result of the implementation and maintenance of compliance monitoring programs and the ability to alter incorrect performance standards at any time).
- NEMMCO is likely to:
 - Have more accurate information as to the performance of plant connected to the NEM (as a result of the amendments to the provisions requiring notification of non-conformances with performance standards); and
 - Be able to manage the NEM more efficiently (as a result of having more accurate information);

- The AER is likely to:
 - Receive more timely information as to non-conformance by participants with their performance standards (as a result of the amendments to the notification provisions); and
 - Be in a position to more effectively enforce the Rules (as a result of having timely information regarding non-conformance with performance standards)

Use of the process in section 96A of the National Electricity Law

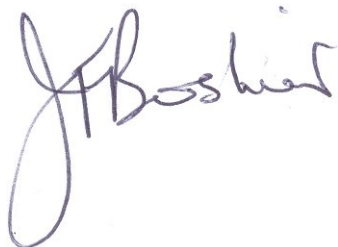
The NGF requests that the AEMC progress this Rule Proposal under the 'Fast Track' process set out in s96A of the NEL in order that this Rule Proposal be implemented without any unnecessary delay. This Rule Proposal may be progressed under the 'Fast Track' process because it meets the criteria set out in ss96A(1)(b) and (2)(b) of the NEL. Specifically:

- The NGF has made this Rule Proposal on the basis of a recommendation for the making of a Rule contained in the 2006 Review, which was an MCE directed review;⁸
- This Rule Proposal is consistent with recommendations 4, 5, 7, 8 and 9 of the 2006 Review; and
- In the view of the NGF, there was adequate consultation with the public by the AEMC on the content of the relevant recommendations during the 2006 Review. Specifically, the AEMC published an issues paper and a draft report prior to its final report. In response to these documents, the AEMC received 28 submissions (18 in response to its issues paper and a further 10 in response to its draft report).⁹

Contacts for this Rule change

The contact within the NGF for this Rule change proposal is Alex Cruickshank, who can be reached on (03) 8633 6026, mobile 0402 060 881 or by email to acruicks@agl.com.au.

Yours sincerely



John Boshier
Executive Director

⁸ 2006 Review, page 12, states that the 2006 Review was an MCE directed review.

⁹ 2006 Review, p15-16.

Relevant recommendations from the AEMC Review into Enforcement and Compliance with Technical Standards, dated 1 September 2006

1. That a Rule change be proposed that:
 - puts in place a process to settle the content of deemed performance standards for existing generator plant and specifically documents the performance standards for each Generator;
 - imposes a 30 June 2007 deadline for completion of that process;
 - requires that Generators provide NEMMCO with a copy of the relevant connection agreement and with any commercial in confidence information removed; and
 - provides a mechanism for the binding, enforceable and timely resolution of particular issues where the parties disagree and gives the person responsible for resolving any such disagreements the powers to perform this role including the power to compel the production of relevant documents,

and that NEMMCO and/or the electricity supply industry may be the appropriate bodies to propose this Rule change, and that the AER should be consulted.
4. That the MCE propose a Rule change establishing a requirement that the AER issue guidelines setting out specific requirements for Generator, Market Customer, MNSP and NSP, compliance programs. These guidelines should be subject to principles contained in the Rules and should be developed subject to the Rules consultation procedures.
5. That the MCE propose a Rule change that would replace the current framework for determining Generator, Market Customer, MNSP and NSP compliance programs with the following:
 - requiring Generators, Market Customers, MNSPs and NSPs to submit a compliance program to the AER that is consistent with the compliance program principles in the Rules and AER compliance program guidelines;
 - giving the AER, specific power to accept or reject a compliance program based on clear requirements for adequate information, the requirements of the Rules and the compliance guidelines;
 - giving the AER the ability to seek the technical advice of NEMMCO in relation to its decision to accept or reject a compliance program; and
 - requiring the AER to notify the Generator, Market Customer, MNSP or NSP of its decision in writing and give reasons.
7. That the MCE propose a Rule change to allow the AER to determine a timeframe for rectification if a Registered Participant disagrees with NEMMCO's determination of a rectification timeframe under clause 4.15(i).
8. That the MCE propose a Rule change to clarify the wording in clause 4.15(i) of the Rules to make clear that the Registered Participant has an obligation to rectify a performance

standard breach within the time specified by NEMMCO, so that a failure to rectify within that time period will be a breach of the Rules by the Registered Participant.

9. That the MCE propose a Rule change to require NEMMCO to provide all relevant information that it receives in accordance with clause 4.15 on performance standard breaches or potential breaches that it may have to the AER.

ATTACHMENT B

CONSOLIDATED CHANGES TO CLAUSE 4.15 AND OTHER RELEVANT PROVISIONS OF THE NATIONAL ELECTRICITY RULES

Additional Clause:

Clause 4.14(p) Change to a Registered Performance Standard where all parties agree that the change is required

- (p) A performance standard may be amended at any time by agreement between NEMMCO, the relevant Registered Participant and Network Service Provider provided that:
- (1) where the performance standard was established under a transitional arrangement in clause 4.16 or 4.17, the amendment is consistent with the actual plant capability agreed between NEMMCO, the relevant Registered Participant and Network Service Provider, notwithstanding that it may be less than the relevant minimum access standard that applies to applications to connect at the time of agreement; or
 - (2) the amendment satisfies all requirements for negotiated access standards under clause 5.3.4A(b).
- (q) NEMMCO must not withhold agreement under clause 4.14(p) on a matter that is not a NEMMCO advisory matter under clause 5.3.4A(a), unless the proposed amendment would adversely affect power system security.

Modifications to clause 4.15

Clause 4.15 Conformance with Performance Standards ~~Compliance~~

- (a) A Registered Participant must:
- (1) ensure that its plant meets or exceeds the performance standard applicable to its plant;
 - (2) ensure that its plant is not likely to cause a material adverse effect on power system security through failing to conform to a performance standard;
 - (3) immediately ensure that its plant ceases to be likely to cause a material adverse effect on power system security through failing to conform to a performance standard if:
 - (i) the Registered Participant reasonably believes that that failure to conform to a performance standard by its plant is likely to cause a material adverse effect on power system security; or

- (ii) *NEMMCO* advises the *Registered Participant* that that failure to conform to a performance standard by the Registered Participant's plant is likely to cause a material adverse effect on power system security. ~~;~~ ~~and~~
- (b) A *Registered Participant* who engages in the activity of planning, owning, controlling or operating *plant* to which a *performance standard* applies must, ~~within 6 months of the later of the date of the establishment of the performance standard in accordance with clause 4.14 or clause 5.3.4A(i) (as the case may be, the registration of the performance standard under rule 4.16 or 4.17) or the commencement of operation of the plant,~~ institute and maintain a compliance program, in accordance with rule 4.15(c), as soon as reasonably practicable, but no later than:
- (1) for newly registered plant, six months after registration.
 - (2) for existing plant, six months after the performance standards are accepted by NEMMCO.
- (c) A compliance program instituted and maintained in accordance with clause 4.15(b) must:
- (1) be consistent with the compliance program guidelines; [AEMC Recommendation 5]
 - (2) monitor the performance of the plant in a manner that is consistent with good electricity industry practice ~~accordance with the provisions of the compliance program;~~
 - (3) ensure that the plant complies with the relevant performance standards be modified to reflect changes made to the compliance program guidelines, by no later than six months after changes are made to those guidelines; and
 - (3) ~~be in accordance with good electricity industry practice; and~~
 - (4) provide reasonable assurance of ongoing compliance with each applicable *performance standard*.
- (ca) The Reliability Panel must establish compliance program guidelines to be used for the development of compliance programs in accordance with clause 4.15(b). The compliance program guidelines must:
- (1) cover all performance standards;
 - (2) define suitable testing and monitoring regimes for each performance standard so that a Registered Participant can select a testing of monitoring regime that can provide the assurances required by clause 4.15(a), clause 4.15(b) and 4.15(c) for their particular plant; and

(3) be assessed after relevant *reviewable operating incidents*, changes to the *Rules* or as considered necessary by the *Reliability Panel* and modified as necessary. [AEMC Recommendation 4]

- (d) The *AER* may request that a *Registered Participant*, who is required to institute and maintain a compliance program in accordance with clause 4.15(b) or clause 5.7.4(a1), deliver to the *AER*:
- (1) the compliance program records setting out the written results of the performance monitoring conducted in accordance with clause 4.15(f) or clause 5.7.4(a2)(1); and
 - (2) any other records maintained in accordance with clause 5.7.3 or clause 5.7.4, if applicable.
- (e) Each *Registered Participant* must maintain the compliance program records and any other records developed or maintained under clause 5.7.3 or clause 5.7.4 for 7 years and deliver such records to the *AER*, in accordance with clause 4.15(d), within 52 business days of the date of the request or such further period as the *AER* requires.
- (f) A *Registered Participant* who engages in the activity of planning, owning, controlling or operating *plant* to which a *performance standard* applies must immediately notify *NEMMCO* if:
- (1) the *Registered Participant* becomes aware that the *plant* is ~~breaching~~ not conforming to a performance standard applicable to the *plant*; or
 - (2) the *Registered Participant* reasonably believes that the *plant* is likely, in the future, to not conform with ~~breach~~ a *performance standard* applicable to the *plant*,

and *NEMMCO* must forward a copy of that notice to the *AER* within 5 business days of receipt. [AEMC Recommendation 9]

- (g) A notice in accordance with clause 4.15(f) must detail:
- (1) the reason for the actual or likely non-conformance of the *plant* with the *performance standard*;
 - (2) the actual or likely time of commencement of non-conformance of the *plant* with the *performance standard*;
 - (3) the expected duration of non-conformance of the *plant* with the *performance standard*; and
 - (4) the expected performance of the *plant* in comparison with the *performance standard*.
- (h) A *Registered Participant* who has notified *NEMMCO*, in accordance with

clause 4.15(f), must notify *NEMMCO* that its *plant* has returned to conformance ~~compliance~~ with the *performance standard* immediately following the *Registered Participant* becoming aware of the return of the *plant* to ~~compliance~~ conformance.

- (i) If:
- (1) a *Registered Participant* notifies *NEMMCO* in accordance with clause 4.15(f); or
 - (2) *NEMMCO* otherwise reasonably believes that the *plant* of a *Registered Participant*, in respect of which a *performance standard* applies, is not conforming with ~~in breach of~~ that *performance standard*, *NEMMCO* ~~must, in accordance with clause 4.15(j), advise the *Registered Participant* of the period within which the *Registered Participant* must rectify the breach,~~

then:

- (3) *NEMMCO* must, in accordance with clause 4.15(j), advise the *Registered Participant* of the period within which the *Registered Participant* must rectify the ~~breach~~ non-conformance; and
- (4) the *Registered Participant* must rectify the non-conformance within that period, unless the *Registered Participant* seeks a review from the *AER* of the rectification period under clause 4.15(n). [AEMC Recommendation 8]

4.15(j) *NEMMCO* must, when determining the period within which a *Registered Participant* ~~must~~ may rectify a *performance standard* ~~breach~~ non-conformance in accordance with clause 4.15(i), take into consideration:

- (1) the time that *NEMMCO* necessary, in its *NEMMCO*'s reasonable opinion, considers necessary to provide the *Registered Participant* with the opportunity to remedy the ~~breach~~ non-conformance; and
- (2) the need to act to remedy the breach given the nature of the breach the impact on the operation of the *NEM*, including on the power system and the *spot market*, resulting from the non-conformance; and
- (3) any actions required by *NEMMCO* in response to the non-conformance.

(k) [Moved to clause 4.15(q)]

- (l) [deleted] The effectiveness of a compliance regime established in accordance with clause 4.15(b) must be taken into consideration in any proceeding against a *Registered Participant* for a breach of clause 4.15(a).

- (m) ~~[deleted] Any obligation imposed on a *Generator* in accordance with clause 5.7.3(c) ceases to operate upon the commencement of a compliance program by the *Generator* in accordance with clause 4.15(b).~~
- (n) If a *Registered Participant* who is advised by *NEMMCO* of a rectification period considers that *NEMMCO* has not reasonably applied the criteria under clause 4.15(j) in imposing the rectification period, the *Registered Participant* may, within 20 *business days* of being advised by *NEMMCO*, request in writing and with reasons to the *AER* to review the rectification period. [AEMC Recommendation 7]
- (o) If the *AER* receives an application under clause 4.15(n), the *AER* must review the rectification period, within 30 *business days*, and either:
- (1) accept the rectification period imposed by *NEMMCO*; or
 - (2) impose a new rectification period on the *Registered Participant*,
- and provide reasons for its decision. [AEMC Recommendation 7]
- (p) Any rectification period imposed by the *AER* under clause 4.15(o) becomes the rectification period which the *Registered Participant* must comply with and commences on the day the *AER* completes its review under clause 4.15(o). [AEMC Recommendation 7]
- (q) [formerly clause 4.15(k)] If the *plant* of a *Registered Participant* remains operating in a manner that is not in conformance with ~~breach~~ of a *performance standard* for a period greater than that determined in accordance with clause 4.15(i) or clause 4.15(o), *NEMMCO* must notify the *AER* of the ~~breach~~.

Modifications to Clause 5.7.3

(note that the original Code change had proposed that this clause be removed in its entirety once 4.15 was in place.)

Clause 5.7.3 Tests to demonstrate compliance with connection requirements for generators

- (a) Each *Generator* must, within 6 months of commissioning its *plant*, prior to implementing a compliance program in accordance with clause 4.15(b), provide evidence to any relevant *Network Service Provider* with which that *Generator* has a *connection agreement* and to *NEMMCO*, that its *generating system* complies with:
- (1) the applicable technical requirements of clause S5.2.5; and
 - (2) the relevant *connection agreement* including the *performance standards*.

- (b) ~~[Deleted] Each *Generator* must negotiate in good faith with the relevant *Network Service Provider* and *NEMMCO* to agree on a compliance monitoring program, including an agreed method for its *generating system* to confirm ongoing compliance with the *performance standards*.~~
- (c) If a test required by clause 5.7.3(a) ~~prior to the *Generator* implementing a compliance program in accordance with the requirements of clause 4.15(b), a performance test or monitoring of in-service performance~~ demonstrates that a *generating system* is not complying with one or more technical requirements of clause S5.2.5 and the relevant *connection agreement* or one or more of the *performance standards* then the *Generator* must:
- (1) promptly notify the relevant *Network Service Provider* and *NEMMCO* of that fact;
 - (2) promptly advise the *Network Service Provider* and *NEMMCO* of the remedial steps it proposes to take and the timetable for such remedial work;
 - (3) diligently undertake such remedial work and report at monthly intervals to the *Network Service Provider* on progress in implementing the remedial action; and
 - (4) conduct further tests or monitoring on completion of the remedial work to confirm compliance with the relevant technical requirements or *performance standards* (as the case may be).
- (d) If *NEMMCO* reasonably believes that a *generating system* is not ~~complying~~ conforming with one or more *applicable performance standards* or one or more applicable technical requirements of clause S5.2.5 and the relevant *connection agreement*, *NEMMCO* may instruct the *Generator* to conduct tests within 25 *business days* to demonstrate that the relevant *generating system* ~~complies~~ conforms with those *performance standards* or technical requirements.
- (e) If the tests undertaken in accordance with paragraph (d) provide evidence that the *generating system* continues to ~~comply~~ conform with those requirements *NEMMCO* must reimburse the *Generator* for the reasonable expenses incurred as a direct result of conducting the tests.
- (f) If *NEMMCO*:
- (1) is satisfied that:
 - (i) a *generating system* is not ~~conforming~~ complying with the relevant *performance standards* for that system in respect of one or more of the technical requirements contained in S5.2.5, S5.2.6, S5.2.7 or S5.2.8 and the relevant *connection agreement*; or
 - (ii) a *generating system's* performance is not adequately represented by the applicable analytical model provided under clause 5.7.6(h) or clause S5.2.4; and

- (2) holds the reasonable opinion that the performance of the *generating system*, or inadequacy of the applicable analytical model of the *generating system* is or will impede NEMMCO's ability to carry out its role in relation to *power system security*,

NEMMCO may direct the relevant *Generator* to operate the *generating system* at a particular *generated* output or in a particular mode until the relevant *Generator* submits evidence reasonably satisfactory to NEMMCO that the *generating system* is complying with the relevant *performance standard* and performing substantially in accordance with the applicable analytical model.

- (g) Each *Generator* must maintain records for 7 years for each of its *generating systems* and *power stations* setting out details of the results of all technical performance and monitoring conducted under this clause 5.7.3 and make these records available to NEMMCO on request.

New Clause 8.8.1(a)(2b)

8.8.1 Purpose of Reliability Panel

(2b) on the advice of NEMMCO and Generators, determine, and modify as necessary, the compliance program guidelines.

New definition for Chapter 10

Compliance program guidelines

The guidelines established by the Reliability Panel under clause 4.15(ca) of the Rules.

New clause for Chapter 11

11.19 Rules consequent on the making of the National Electricity Amendment (Compliance programs) Rule 2008

11.19.1 In this rule 11.19:

Amending Rule means the National Electricity Amendment (Compliance programs) Rule 2008.

Old Clause 5.7.3(b) means the clause 5.7.3(b) in the version of the Rules that was in force immediately prior to the commencement of the Amending Rule

11.19.2 Registered Participants are not required to comply with the obligation set out in clause 4.15(b) until 3 months after the Reliability Panel has

established its initial *compliance program guidelines* pursuant to clause 4.15(ca).

11.19.3 *Registered Participants* that implemented compliance programs pursuant to the Old Clause 5.7.3(b) must maintain compliance with those programs until the date that is 3 months after the *Reliability Panel* has established its initial *compliance program guidelines* pursuant to clause 4.15(ca).