

12 April 2017

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Mr Neville Henderson
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Australian Energy Market Commission



EnergyAustralia

LIGHT THE WAY

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Dear Commissioners

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AEMC, Generating System Model Guidelines, Consultation Paper 15 March 2017

EnergyAustralia is one of Australia's largest energy companies with over 2.5 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion dollar energy generation portfolio across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market.

We welcome the opportunity to provide comment on this proposed Rule change. As you will be aware, there are a number of related reviews and Rule change proposals relating to multiple interacting topics relating to system security. In general, we support steps taken to ensure the ongoing security of supply for our customers in addition to increased transparency in how issues of security are managed by the Australian Energy Market Operator (AEMO).

In respect of this specific Rule change proposal we do have two areas of concern. Primarily these relate to the broad discretion afforded to AEMO to request for detailed generating system information post-connection, as well as the assumed value assigned to the provision of this information.

In the Consultation Paper, the Commission states that 'under AEMO's rule change request, existing generators, TNSPs or other registered participants, would be exempt from having to provide additional modelling information for existing plant, unless "in AEMO's reasonable opinion, there is a risk that the plant will adversely affect network capability, power system security, quality or reliability of supply, inter-regional power transfers or the use of a network by another Network User". This would mean that, in some cases, AEMO would have discretion to require additional information, potentially including both a broader scope and more detailed modelling information, from existing registered participants'.

This drafting of the Rule sees AEMO granted broad discretion to seek information from participants operating existing plant in the network. As it states, this includes potentially much broader and more detailed information. We have concerns that such an exercise could result in much higher costs being imposed upon existing plant.

The consultation paper does note that these costs are likely to be considerably lower for new generators seeking connection. The information required can be sought directly from the equipment manufacturers as part of the design phase of the plant and is likely to be more readily available than for existing generators of varying designs and ages. The estimated value of \$75,000 for this modelling may be appropriate for new generating systems; however we consider that for existing plant it could be much higher depending on the specific scope of the modelling sought by AEMO. This is particularly the case if the required modelling would require physical testing of the units in question. In addition to the cost of this modelling additional costs in the form of lost revenue could also be imposed.

We consider that it would be inappropriate for AEMO to have such broad discretion to seek to impose such additional costs on existing generators under the wide range of scenarios as detailed in the consultation paper.

EnergyAustralia are keen to continue engaging with the Commission on issues relating to system security, to ensure the best outcome for customers. If you would like to discuss this submission please contact me on 03 8628 1393.

Regards

Chris Streets
Industry Regulation Lead