

5 November 2008

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
Australia

By email: submissions@aemc.gov.au

Dear John,

Submission on the Draft Determination regarding Ramp Rates, Market Ancillary Offers and Dispatch Inflexibility

Thank you for the opportunity to make a submission on the AEMC's draft determination. NEMMCO supports the proposed Rule change and has included some specific comments below for the AEMC's consideration.

Ramp rates

NEMMCO supports the proposal for a minimum ramp rate availability of the lower of 3MW/minute or 3 per cent of the registered unit size. The intention of the proposed Rule is to limit the ability of Generators and Market Participants to use "technical" or "physical" parameters where system security could be compromised. NEMMCO's preliminary analysis of the events of 31 October 2008 indicate that offered ramp rates are likely to have had a bearing on dispatch, pricing and interconnector capacity outcomes for that day.¹ NEMMCO will be publishing a detailed analysis in a Market Event Report shortly.

NEMMCO notes the concerns raised regarding the proposed ramp rate favouring large Generators over smaller Generators and the impact on operating aging plant. Given that one of NEMMCO's key roles is to maintain the security of the power system, we will only support a ramp rate that allows us to do so.

¹ At 13:00hrs, 13:30hrs and 15:00hrs on 31 October the energy price in New South Wales increased to the market price cap of \$10 000/MWh.

Amendments to proposed definitions

NEMMCO's submission to the AER's proposed Rule suggested simplifying the proposed "ramp rate" definition to:

The rate of change of *active power* (expressed as MW/min) required for dispatch.

In the draft Rule, the words "upward and downward" have been removed, however, the words "(expressed as MW/min) of *active power* supplied from a *generating unit*, supplied to a *load* or transferred by a *scheduled network service*." have not been removed and replaced. NEMMCO notes that the AEMC's draft determination does not discuss the issue and we would appreciate the AEMC considering simplifying the definition as suggested.

NEMMCO also considers that the Rules need to clarify that a Scheduled Generator (and Semi-Scheduled as of 31 March 2009) or Market Participant is required to provide two ramp rates as a part of providing a valid dispatch offer and bid, this includes an "up" and "down" ramp rate. In addition, references in the following clauses should omit the term "MW/minute" because this measure is already included in the "ramp rate" definition and its use is redundant. As such, NEMMCO suggests amending the following clauses:

New clause 3.8.3A(b)

- (b) Subject to clauses 3.8.3A(c) and 3.8.3A(i), a *Scheduled Generator* or *Market Participant* to which this clause 3.8.3A applies must provide ~~a ramp rate~~ an up ramp rate and a down ramp rate to NEMMCO for each *generating unit*, *scheduled network service* and/or *scheduled load* that is:

Clause 3.8.4 Notification of scheduled capacity

- (c) for *Scheduled Generators*, two days ahead of each *trading day*:
- (1) a MW capacity profile that specifies the MW available for each of the 48 trading intervals in the trading day;
 - (2) estimated commitment or decommitment times;
 - (3) daily energy availability for energy constrained generating units; and
 - (4) an up ramp rate and a down ramp rate ~~ramp rate constraints~~;
- (d) for *scheduled loads*, two days ahead of each *trading day*:
- (1) a MW capacity profile that specifies the MW available for *dispatch* for each of the 48 *trading intervals* in the *trading day*;
 - (2) daily energy availability for *energy constrained scheduled load*; and
 - (3) an up ramp rate and a down ramp rate ~~ramp rate constraints~~;
- (e) for *scheduled network services*, two days ahead of each *trading day*:
- (1) a MW capacity profile that specifies the *power transfer capability* in each direction available for each of the 48 *trading intervals* in the *trading day*; and
 - (2) an up ramp rate and a down ramp rate ~~ramp rate constraints~~.

Clause 3.8.6 Generating unit offers for dispatch

- (b) the *dispatch offer* must specify for each of the 48 *trading intervals* in the trading day:
- (1) a MW capacity for the intended *self-dispatch level*;
 - (2) an incremental MW amount for each price band specified in the dispatch offer; and
 - (3) an up *ramp rate* and a down *ramp rate* ~~a MW/min ramp rate capability~~;

Clause 3.8.6A Scheduled network service offers for dispatch

- (b) the *network dispatch offer* must specify for each of the 48 *trading intervals* in the *trading day*:
- (1) an incremental power delivery range for each *price band* specified in the *network dispatch offer*; and
 - (2) an up *ramp rate* and a down *ramp rate* ~~a MW/min ramp rate capability~~;

Clause 3.8.7 Bids for scheduled load

- (c) the dispatch *bid* must specify for each of the 48 *trading intervals* in the *trading day*:
- (1) an incremental MW amount for each *price band* specified in the *dispatch bid*; and
 - (2) an up *ramp rate* and a down *ramp rate* ~~a MW/min ramp rate capability~~;

Miscellaneous Drafting Issues

Clause 3.8.3A Ramp rates

NEMMCO considers the drafting of proposed clause 3.8.3A(a) should also be modified so the word order reflects the topics of the sub-paragraphs below.

- (a) This clause 3.8.3A applies to a *Scheduled Generator* or *Market Participant* with *generating units*, ~~*scheduled network services* and/or *scheduled loads*~~ and/or *scheduled network services* providing *ramp rates* to NEMMCO in accordance with the following clauses:
- (1) with respect to notification of scheduled capacity prior to *dispatch*:
 - (i) clause 3.8.4(c);
 - (ii) clause 3.8.4(d); (refers to scheduled loads)
 - (iii) clause 3.8.4(e); (refers to scheduled network services)

The below changes relate to Schedule 2 Amendment of the National Electricity Rules consequent on the commencement of the National Electricity Amendment (Central Dispatch and Integration of Wind and Other Intermittent Generation) Rule 2008 No.2.

- (2) with respect to offers for *dispatch*:
 - (i) clause 3.8.6(b);
 - (ii) ~~clause 3.8.6A(b);~~ and clause 3.8.6(g);
 - (iii) ~~clause 3.8.7(e);~~ clause 3.8.6A(b); and
 - (iv) clause 3.8.7(c).

We look forward to the AEMC's consideration of our submission. If you have any queries on any of the matters raised in this submission please contact Taryn Maroney on (02) 8884 5609.

Yours sincerely,

A handwritten signature in black ink, appearing to read "M. K. Miller". The signature is written in a cursive style with a large initial "M".

Mark Miller
General Manager of Operations